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**THE CONTRIBUTION OF THE INFORMAL SECTOR TO DEVELOPMENT
A STUDY OF STREET FOOD VENDORS
IN JAKARTA INDONESIA**

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Fixy

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ABSTRACT

This thesis discusses how the development strategies and policies implemented by the Government have failed to distribute income and wealth and have exacerbated inequality instead. It shows viewpoints which argued that this kind of development has enriched only a few people while leaving others marginalised. It also reveals that the misconception of ideal development as similar to the state found in developed countries has undermined other forms of economic activities and development which are different from and do not conform to the recipe given by those model countries. It leads to the harsh treatment and affects many economic activities initiated by the marginalised people.

This study tries to point out the importance of the informal sector to development, which forms a large portion of the workforce in many developing countries. It studied how these economic activities provided a means for survival for those people. It assesses the contribution of this sector to job creation, income generation activities, improved livelihoods and living standards. It studied the sustainability of this sector against the economic crisis which started in the middle of 1997. It focused on food businesses operated on the

sidewalks in the area known as the Segi Tiga Emas (the Golden Triangle) in Jakarta. The results of this study revealed a number of interesting findings.

This particular informal sector was found to make a huge contribution to the livelihoods of the people involved in it. It also contributed to the well-being of many people who used its services. Some of the income derived from these businesses was transferred to other provinces from where the vendors came from, meaning it helped in the regional distribution of wealth. As most of these businesses employed relatives or family members it also created jobs for the unemployed. These businesses were found not to be badly affected by the economic crisis and seeing how they had been running for a number of years, they were also sustainable. Unfortunately, this good living enjoyed by the people involved in this sector was only for the self-employed or the owners of the businesses. The wage workers who worked at street food stalls did not receive a good income for their labour nor did they get any protection from the Indonesian Government.

Regardless, the existence of the informal sector should not be curbed or eliminated. The Government should take decisive steps in promoting the development of this sector. This promotion should include steps to protect the rights of the workers in this sector. The development policies and programmes should regard the development of individuals, small groups and marginalised people as an important part of development.

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GLOSSARY

ACFTU	: All China Federation of Trade Unions
ADB	: Asian Development Bank
BPS	: Central Bureau of Statistics
Ekonomi Rakyat	: People's Economy
First World	: Developed countries
GDP	: Gross Domestic Product
GRDP	: Gross Regional Domestic Product
IBRA	: Indonesian Bank Restructuring Agency
ILO	: International Labour Organisation
IMF	: International Monetary Fund
Jabotabek	: Jakarta, Bogor, Tangerang and Bekasi
Kelurahan	: The lowest branch of the Government's body
LDCs	: Less Developed Countries
MSEs	: Micro and Small Enterprises
OECD	: Organization for Economic Cooperation and Development
Pemda	: City Council
Pesantren	: An institution which focuses on Islamic teaching, often considered as an informal education
PREALC	: United Nations Regional Employment Programme for Latin

	America
Ramadhan	: The month in the Islamic Calendar where the Muslims fast
Sakernas	: National Labour Force Survey
SAPs	: Structural Adjustment Programmes
SD	: Elementary School
Segi Tiga Emas	: Golden Triangle (Business District Centre formed by three main streets)
SMA	: Senior High School
SMP	: Junior High School
Susenas	: National Economic Survey
Third World	: Developing and Less Developed Countries
Trantib	: City Public Order Force (Agency) whose job is to clean city streets' off of its offenders
Tukang Ojek	: People who used their motor cycle (or others' that they rent) to transport people to their destination for an agreed fee

CHAPTER I

INTRODUCTION

“oppressed people ... want nothing to do with this kind of development: they aspire simply to survive”
Serge Latouche, 1996 (cited in MuncK and O’Hearn, 1999: back cover)

1.1 Introduction

It can be said that development has become the goal of any administration in power. Countries, particularly the less developed ones have been trying to reach this elusive stage for decades. It is desirable stage, which is hard to define and contentious, that in the end has often been seen as modernisation or westernisation. In his book that examined how the idea of development had evolved Gilbert Rist (1997) argued that most of the pseudo-definitions of development were based upon an ideal condition of what development was supposed to be, that was what the western or developed countries had achieved.

Subsequently, it can be argued that the recipes of development or development theories that have been rigorously followed by many if not all of the less developed countries (LDCs) were based on the experiences of the West, in which the promotion of export oriented industries and

industrialisation are considered as the engine of growth that will lead to development. Rostow asserted in his classic work *The Take-off into Self Sustained Growth* " ... that the rapid growth of one or more new manufacturing sectors is a powerful and essential engine of economic transformation" (Rostow, 1956:47).

"The overwhelming emphasis placed by development theorists in the 1950s on top-down industrialization led many LDCs to institute centrally planned development programs" (Capozzola, 1991:1). Programmes designed to achieve high economic growth but not for an equal distribution of it, which have caused the situation where " ... the gap between the richest and the poorest is twice as big as than it was 30 years ago" (Hoogvelt, 1997:xi).

In some countries, most notably in Asia where they have successfully achieved and maintained high economic growth, an unequal distribution of income or wealth and a high rate of unemployment among people are part of the problems that still need to be addressed. Simon pointed out that "This development strategy has been unable to achieve the anticipated income redistribution and employment objective" (Simon, 1998:548). In other words, the goal of economic development has not been achieved. Simply put, the goal of economic development is the improvement of standards of living, but defining what economic development is would not be that simple.

In spite of the difficulty in defining it, economic development could be defined as " ... the process whereby the real per capita income of a country increases over long period of time" (Meier, 1995:7), which is probably the most accepted definition so far. Meier attached some stipulations to this definition. Firstly, the number of people below an absolute poverty line did not increase, and secondly, the distribution of income did not become more unequal, which unfortunately is the case with economic development in most countries. Instead of increasing the real per capita income, the conventional

economic development has increased inequality between cities and villages and consequently has invoked migration into urban areas and therefore, has increased urban unemployment (Harris and Todaro, 1970:126).

A question of how the unemployed and those who have been laid-off in the development process manage to survive and maintain their livelihoods brings attention to the other sector of the economy, the informal sector, and its contribution to economic growth and equity. The interest in the informal sector is more prominent during economic crises or downturn and as noted by Chris Berry, " ... interest in the informal economies varies accordingly to whether the international economy has been experiencing conditions of boom or slump" (cited in Gerry, 1987:101). Unfortunately, the informal sector is mostly seen not as an alternative source of employment nor as a supportive function of the regular economy, "Rather, informal economies in both the third world and the developed world are characterised as being survival mechanisms for those people who have no choice" (Henry, 1982:466).

1.2 The Formal and Informal Sectors

Hugon (1970) argued that as the Structural Adjustment Programmes (SAPs) in the 1980s became widespread, and deregulation and globalisation started to take their toll causing economic and financial crises, some people began to believe that the informal sector was the cure:

"The international organisations have shifted their focus somewhat from poverty and employment to the emergence of micro-enterprises and the complementary role this can play relative to the public sector and big industry" (Hugon, 1970:71).

1.2.1 The Failings of the Formal Sector

Although the formal sector is able to match population growth usually it is not able to absorb the rapid growth of the workforce. To make matters worse, the Structural Adjustment Programmes (SAPs) which have been forced on to less developed countries (LDCs) by international organisations such as the World Bank and International Monetary Fund (IMF) have led to a decline in employment in the formal sector. Nherera (2000:5) argued that in Zimbabwe and other developing countries, the World Bank and IMF had propagated globalisation throughout the 1990s by prescribing economic reforms such as SAPs which had caused retrenchments and a weakening of currency.

The importance of the informal sector had been emphasised since the early 1970s in the ILO's classic report on Kenyan (Charmes, 1990) but was largely overlooked until 1997. Still, it has succeeded in awakening the awareness of the policy makers that the previous policy has failed to deliver the expected results. Such policy has failed to create a rapid growth of employment in the modern sector and it has failed to improve the standards of living and the equal distribution of income. The decline in employment in the manufacturing sector shows the importance of analysing new forms of economic activity (Perrons, 1999:91).

1.2.2 Growth and Advantages of the Informal Sector and Its Increased Importance in Development Theory

The 1997 Asian economic crisis, in hindsight, can now be seen as a turning point in the economic policies and orientation of many countries hit by it. The policy makers have started to look at the informal sector that has long been neglected but nevertheless has proven to be a survivor and in saving the economy from total collapse. Many development planners in developing

countries have turned to the informal sector as a source of economic growth (McLaughlin, 1990).

There is some recognition at last of the importance of the informal sector in the lives of the people of developing countries. Data from the Ghana Living Standard Survey 1996 revealed that " ... on average in Ghana households earn more than three-fourths of their income from informal sector activities ..." (cited in Canagarajah and Mazumdar, 1997:27).

In Indonesia when most big enterprises were being treated by the Indonesian Bank Restructuring Agency (IBRA), the economy was growing by 4.8% in 2000. This implied that the crippled corporate sector had little to do with the growth, but that the informal sector which was more popular as the common people's economy (*ekonomi rakyat*), accounted for 75% of national economic growth (Jakarta Post, 12/31/2001).

Research conducted by the International Labour Organisation (ILO) showed that the informal economy had actually been expanding during the financial crisis (ILO,2002). However, it does not mean that the only people who would be looking for jobs in the informal sector were those who had been laid-off from the formal sector, for industrialisation has also reduced employment in the agricultural sector. Chen et al. (1999:603) argued that "When opportunities in wage employment in either the modern or the agricultural sector are scarce, men and women turn to the informal sector." Lubell and Zarour (1990) also argued that people who have been laid-off look toward the informal sector as an alternative to maintain their livelihoods. Given the enormous number of people who have been counting on the informal sector, and seeing how it is actually able to provide for the survival of these people, it is reasonable to assume that its contribution to their livelihoods must have been very significant.

According to the World Bank the number of women who worked in non-wage employment before the economic crisis amounted to 79% of women workers, while the majority of the labour force in South Asia is in the agriculture and the informal sector (cited in Chen et al., 1999:603). Although some think that the informal sector is not the basis for an alternative development, it certainly has cushioned and regulated the crisis, particularly in Africa (Hugon, 1990). All this has finally succeeded in shifting the attention to the largest group that has been economically marginalised.

In view of that success, this thesis will further investigate the role of the informal sector as a basis for alternative development for developing countries. It will analyse the contribution of the informal sector particularly of micro and small enterprises that operate in the food industry in Jakarta to development after the economic crisis in 1997. It will try to examine the role of the informal sector in providing income generation activities and employment and whether it is able to improve the livelihoods of the people who depend upon it. It will also try to examine its role in cushioning the impact of decline or economic downturn in the formal sector.

The term 'informal sector' was launched and popularised 30 years ago for the first time by ILO "to describe the activities of the working poor who were working very hard but who were not recognized, recorded, protected or regulated by the public authorities" (ILO, 2002:1). If the formal sector is seen as law abiding, well paid, secure, productive and educated, the informal sector is seen as exactly the opposite. As such, there is not enough data or statistics that relates to the informal sector, which makes research on this field rather difficult. Nevertheless, despite the absence of data and statistics, the informal sector or the informal economy has "... represented a central aspect of the economic and social dynamics of less developed countries ..." (Portes et al., 1989:1).

1.3 Micro and Small-Scale Enterprises

Most of the studies of the informal sector were focused on micro and small enterprises, which enforced the image of the informal sector as the economy of the poor. It also had to do with the fact that most of the people who did not have necessary skills required in the industrial sector were setting up small-scale businesses to meet their basic needs (Capozzola, 1991:2). However, although still small in size, some enterprises which operated in the informal sector did not belong to the poor but the middle income and upper income people (Gaughan and Ferman, 1987:23). Therefore, it is not merely a survival strategy for those without alternatives. This thesis will endeavour to study the reasons of the people to be working in the informal sector and to learn the roles and contributions of this sector to development.

In order to examine the role and contribution of the informal sector to economic development the definition of the informal sector needs to be clarified first. Some of the definitions of the informal sector proposed by a number of scholars will be discussed in Chapter Two. Mead and Morrison stated that "While a number of different measures of enterprise size are possible, the one most commonly used in empirical work refers to the number of workers; many studies focus on enterprises with up to five, 10 or sometimes 20 workers" (Mead and Morrison, 1996:1612). It should be noted that the definition of micro and small-scale enterprises (the informal sector) would be different from country to country.

Since there are a number of different definitions of the informal sector proposed by scholars, I decided to use one particular working definition for my study. This working definition was primarily based on observations (prior to this study) of street food vendors in Jabotabek. However, this definition was also derived from many definitions read in the literature, particularly

concerning the criteria of the micro and small enterprises used by various Ministries and Institutions in Indonesia. In this study, the informal sector studied was the micro enterprises which were businesses with less than 5 people, and the small-scale businesses which employed 5-10 people and ran their businesses on the sidewalks selling foods and beverages in semi-permanent tents or carts.

1.4 The Case of Indonesia

Like other Asian countries, decades of rapid growth in Indonesia was the result of particularly export oriented industry and industrialisation (McVey, 1992), but the growth was not followed by more equal distribution of income. The results of development are more apparent in the island of Java. The flow of money (capital) is concentrated in Jakarta and a few other cities. There is a huge gap in the standards of living among the population, either in town itself or between urban and rural areas. Instead of favouring the majority of the population who live in poor conditions, the Government has been favouring a small group of people who run big enterprises. While the importance of the informal sector has always enjoyed plenty of lip service, policies have overwhelmingly favoured large industries and conglomerates (Jakarta Post, 07/24/2001).

Prior to the economic crisis there was a continuous decline of poverty. The estimated number of people who lived in poverty in 1990 was 15.1%, it declined to 13.7% in 1993, and continued to decline to 11.3% in 1996 (Hill, 1999:5). The economic crisis in 1997 has led to increased poverty. There were a number of estimations of the actual poverty rate in 1997 which will be discussed in Chapter Three. Regardless of the actual figure the economic crisis in 1997 could be seen as a blessing in disguise. It has shifted the attention to the informal sector. The crisis which had direct impacts on

formal sector manufacturing, modern services, a large construction industry and public sector had reawakened new interests and awareness of the role and importance of the informal sector for Indonesian economy. The modern urban economy like Greater Jakarta well-known as Jabotabek was experiencing painful contraction which had caused a major decline in the modern or formal sector (Hill, 1999:26). As a result, many Indonesians have experienced a substantial decline in their living standards.

It was estimated that in 1998 some 5.4 million workers in the non-financial sector were displaced by the crisis, mainly from services (37%), manufacturing (25%), and construction (19%) and the rate of newly unemployed people increased further in 1999 (ILO, 1998). The workforce was forced to shift from employment in large-scale enterprises to rural based and informal activity (Manning and Van Diermen, 2000). A large number of people turned to the informal sector to maintain their livelihoods. The number of new entrepreneurs increased sharply after the economic crisis. It could be argued that this informal sector had saved the economy from total collapse. As there is an apparent mushrooming in the food industry in Jakarta after the crisis, this thesis will endeavour to study this phenomenon focusing on street food vendors.

1.5 The Objectives of the Thesis

The importance of the informal sector has been indicated in the previous part of this chapter, and with regards to that this thesis has two main objectives. Firstly, a study will be conducted to analyse the contribution of the informal sector (micro and small enterprises which operate in the food industry) to development. The study will examine the roles of the informal sector in providing income generation activity, employment, and in cushioning the impacts of economic downturn or decline in the formal sector and improving

the livelihoods of the people. In doing so the study is designed to uncover the survival strategy of these enterprises (the micro and small enterprises), and learn the strengths and weaknesses of this informal sector. It will try to put forward the viewpoint of entrepreneurs who operate in this particular industry, so that the policy makers will have a better knowledge of it. Secondly, the study will try to examine the policy implications of the findings. It will examine the possibility for Government interventions to promote the quality and growth of the informal sector in order to redistribute income and wealth and improve the living standards of the people.

1.6 Research Methodology

The research of this thesis was initially undertaken based on the interests raised by the emergence in the literature of the role of the informal sector in development, and by a number of arguments which insisted that the informal sector had major roles in providing income generation activity, employment, and cushioning the impacts of economic downturn or decline in the formal sector and improving people's livelihood. This kind of method, where theorising comes before the researching of its particular aspects, to test the strength or to refute theories, is known as deduction (May, 1997:30).

A literature review was carried out to study background theories and rationales behind the emergence of the informal sector and its importance for economic development in developing countries. The review will include a study of government policies that relate to the promotion of the informal sector, various report of international institutions such as the World Bank, the ILO, the IMF, and journals, both national and international.

A semi-structured survey questionnaire will be designed for respondents (the micro and small entrepreneurs) who operate in the food industry – mostly street food vendors who ply their wares on the sidewalks or unused spots of

land. This semi-structured survey questionnaire is a combination of closed and open-ended questions and semi-structured interviews with participants. It will be complemented with participant observation.

The sample of the study was chosen among micro and small entrepreneurs who run their businesses in the area known as the Segi Tiga Emas or Golden Triangle (this area is formed by three major streets in Jakarta where the most prominent businesses, agencies, institutions and Embassies are situated). It is chosen as such as this site represents a stark contrast between the informal sector and formal sector, and also to challenge one of the criteria of the informal sector that suggests it involves a clandestine operation. As for the quantitative data, a research of related reports from the BPS (the Central Bureau of Statistics) will be conducted. A full account of the research methodology is given in Chapter Four.

1.7 Thesis Outline

Chapter II will provide a review of the literature. It covers a historical overview of the researches and theories of the informal sector, the theoretical framework of the proposed study and it situates itself within development theory and approaches to development. It examines in greater depth the role and contribution of the informal sector in the creation of jobs, the improvement of the livelihoods of the people, and its role in cushioning the impacts of decline in the formal sector and other issues raised in this chapter.

Chapter III will state the problems and the experiences of Indonesia in promoting the informal sector. It examines the impacts of economic crisis to Government policies on the informal sector promotion and the survival strategy employed by the people. It comprises the rationale, significance and

need for the study and will highlight the need to develop a comprehensive policy for the informal sector promotion.

Chapter IV will outline the research design and methodology and the research that has been conducted. It will explain the approaches, specific procedures, research population or sample, fieldwork and limitations, data collection, and treatment of data.

Chapter V will present the findings of the fieldwork and data analysis.

Chapter VI will be a thorough discussion of the findings and their implications for policy.

Chapter VII presents the conclusions of the study.

CHAPTER II

LITERATURE REVIEW

"The informal sector is like an elephant: we may not be able to define it precisely, but we know it when we see it"
Hernando de Soto (cited in Mead and Morrisson, 1996:1611)

2.1 Introduction

In chapter one it was suggested that the informal sector was finally seen as increasingly important in development theory. In 1990s development theory, the informal economy is now seen as an important contributor to economic growth. This compares to the 1950s and 60s where modernisation theory saw the informal sector (micro and small enterprises) as irrelevant and even as an impediment to modernisation and development via the formal industrial economy (Ozcan, 1995:5), now sees the informal economy as an important contributor to economic growth. In *The Pursuit of Informal Economies* Miller (1987) argued that conventional economic theory used to view economic activities that did not conform to its prescriptions as deviant or aberrations.

Despite this, one of the development recipes – if not the favourite one given to the Third World countries – was the promotion of manufacturing sector. There was no thought of the differences which existed between the developed and underdeveloped countries, of the suitability of a recipe given

to a different context. "There is an unshaken faith in the virtues of European civilization seen as a paragon of human endeavour. Progress is seen as an article of faith which remains unshaken by all evidence to the contrary" (Munck, 1999:198).

Fortunately, the fact that the formal sector (manufacturing sector) cannot absorb surplus labour nor reduce urban poverty finally has brought attention to the informal sector. Since the concept was first introduced there had been years of controversy. Moser noted that it had become a "growth industry" (Moser, 1984:135). Issues such as homogeneity and heterogeneity of the informal sector and the distinctions between the formal and informal sectors had evoked many debates. Some surveys and United Nations Regional Employment Programme for Latin America (PREALC) brought out the fact that the informal sector is indeed "...heterogeneous, with considerable variation in the income of its members and in the capital of its enterprises" (Roberts, 1990:27).

Defining the informal sector is not easy as it covers a vast range of activities each with its own uniqueness. A number of dichotomies have been used to replace the dichotomy between the modern and traditional sectors. Although the ILO considered that "there is no clear dichotomy or split between the 'informal economy' and the 'formal economy'" (ILO, 2002:4), many writers argued that there were dichotomies such as formal and informal (Hart, 1973), structured and unstructured (Weeks, 1975; Sethuraman, 1976), modern and staging post sector (Bugnicourt, 1973; Lachaud, 1976), upper and lower tier (Santos, 1975) and enterprise (firm) and bazaar economy (Geertz, 1963).

This chapter discusses the literature review of the informal sector, starting with definitions of the informal sector. These definitions will be compared with the characteristics of the informal sector studied in order to get a

working definition of it. This chapter also gives a historical overview of the researches and theories of the informal sector, the theoretical framework of the proposed study and its place in development theory and approaches to economic development. It examines in greater depth the role and contribution of the informal sector in the creation of jobs, improvement of the livelihoods of the people, income generation, and its role in cushioning the impacts of decline in the formal sector as well as other issues. The question whether the informal sector could be used as a cure to the problems found in conventional development – for example unequal distribution of wealth – would also be explored. It will assess the strengths and weaknesses of the informal sector and the policy implications of these findings.

2.2 Definitions

The concept of the informal sector first appeared in economic development theory in the early 1970s when the World Employment Programme associated accelerated urbanisation with unemployment and underemployment issues (Charmes, 1990:12). It drew its framework from the dual sector economy outlined by Arthur Lewis (Capozzola, 1991; Charmes, 1990) and defined the informal sector as a way to produce by using labour-intensive methods of production. However, it did not follow Lewis' train of thought that implied that the urban poor was a passive group with no future. Instead, it agreed with the idea of the anthropologists that the poor were very astute in making the best of difficult situation (Roberts, 1990). However, Fortuna and Prates (1991:78) claimed that many academics and planners had been influenced by this dualistic approach and looked at the problems of underdevelopment as a result of one single sector (not a whole system) and had directed policies and plans at the informal sector.

The concept of the informal sector was born at a conference at the Institute of Development Studies at Sussex in September 1971. The term 'the informal sector' emerged from Keith Hart's paper on *Informal Income Opportunities and the Structure of Urban Employment in Ghana* (Hart, 1973). Hart argued that the formal and informal sector were working in tandem, in which he identified the informal sector as "characterized by self-employed individuals entering into enterprises that were small-scale, tending to focus on less profitable activities, with little access to credit for expansion" (cited in Smith, 1990:5).

A number of definitions of the informal sector have been developed since then. The characteristics of the informal sector seemed to evolve with time. Some of the previous criteria of membership of the informal sector are already out of context with the informal sector to date. Two of the conditions for membership of the informal sector set up by Sethuraman (1976) provided a good example.

He argued that there was no fixed working hours in the informal sector. He also stressed that the educational background of the people involved was also low, with only six years of schooling. However, these criteria were no longer applicable to most of the informal sector operating in urban areas. Even some of his other categories which stated that the informal sector did not use electric power and it ran on irregular basis also did not fit the description of the informal sector of today.

Hans Singers' dictum might still be relevant for today's informal sector. He concurred that the informal sector was hard to describe but easy to recognise and that the informal sector enterprises were small and most likely located in a dilapidated structure (cited in Lubell, 1991:11). Regardless, these two descriptions still had something in common. They both emphasised that the informal sector was the economy of the poor.

De Soto proposed an alternative view of the informal sector in his work *The Other Path: The Invisible Revolution in the Third World* in 1989. He argued that legal restrictions had forced the urban poor to pursue employment in the informal sector to provide their economic needs (Capozzola, 1991; Saavedra and Chong, 1999). With regard to the legal issue, there was a notion that the informal sector was considered as criminal by the institutions of society. "Those labelled 'Criminal' specialize in the production of goods and services socially defined as illicit" (Castells and Portes, 1989:15).

Lubell (1991:11) argued that at large, there are two characteristics of the informal sector: small size (micro-scale) and avoidance of regulations. The small size by itself could not be used to classify some businesses as informal sector, for while the micro and small enterprises in underdeveloped and developing countries are most likely operated informally, their counterparts in developed countries are most likely to be registered – meaning they are part of the formal sector. The presence of the informal sector in developed countries is generally perceived as minimal. Sassen-Knoob, 1991:60) argued that although "the criminal activities and underreporting of income are generally recognized as present in advanced industrialized economies, informal sectors are not".

This misconception occurred because most of the literature regarding the informal sector was focusing on its presence in the less developed countries. There was not enough literature discussing the role of the informal sector in the advanced economies at their current stage. In fact the informal sector does exist in these countries. The informal sector is licit although it operates without heeding regulations such as taxes, health, safety and the minimum wage standard (Sassen-Knoop, 1991). Mead and Morrisson asserted that there were three things at the heart of the concept of the informal sector: legality, size, and level of capital (Mead and Morrisson, 1996:1611).

Recently, the term informal sector had been found to be inadequate to reflect the dynamic, heterogeneous and complex aspects of it. The informal economy had been used instead to encompass the expanding and increasingly diverse group of workers and enterprises in both rural and urban areas which operated informally (ILO, 2002). Although in the key indicators of the Labour Market 2001-2002 the International Labour Organisation (ILO) defined the informal sector employment as:

"all own-account workers (excluding administrative workers, professionals and technicians) and unpaid family workers, and employers and employees working in establishments with fewer than five or ten persons engaged, depending on the available information. Paid domestic workers and agriculture are excluded" (cited in ILO, 2002).

Castells and Portes (1991:18) criticised this definition which was used by most international agencies, saying that it had led to a gross underestimation of informal employment since there was a large proportion of wage labourers who worked in micro enterprises who had been exempted from the calculation.

Portes, Castells and Benton stressed that the informal economy was "a process of income generation characterized by one central feature: it is unregulated by the institutions of society in the legal and social environment in which similar activities are regulated" (Portes et al., 1991:3). There were more who agreed with his criticism particularly in the case of the informal sector in Latin America where access to social security like medical insurance, work-related disabilities compensation, pension, job security, and income and prestige are the major factors which differentiate the informal from formal sector (Eckstein, 1967; Murphy et al., 1990).

Regardless of how many definitions had been made, different definitions were used in various studies of the informal sector depending on the local context. In the informal sector survey in Lagos Nigeria, Fapohunda defined the informal sector as enterprises which employed ten workers or less whose owners did not have more than a school certificate standard of education or access to the formal sector capital market (cited in Lubell, 1991:24).

In Kigali, Rwanda, the identification was visual, it was made by the type of the structure used for shelter (Lubell, 1991:30). After considering the cross-country experiences and international standards, Jafri (1997) concluded that the informal sector consisted of enterprises which employed less than 10 workers. As mentioned in the first chapter, the informal sector studied in this research was comprised of micro enterprises and small-scale businesses. The micro enterprises were businesses with less than 5 people, while the small-scale businesses employed 5-10 people. Both ran their businesses on the sidewalks selling food and beverages using semi-permanent tents or carts. In his study of *pedagang kaki lima* in Bandung, Suharto (2002:211) argues that:

"If one defines the street establishment with less than five workers as micro or small enterprises, clearly all establishment in the study locations fall within this category."

In this regard, all the people involved in these businesses were considered as informal sector workers, regardless whether they were the owners of the stalls, the unpaid family workers or the wage workers. Gallaway and Bernasek (2002:313) argued that: "The nature of employment in the informal sector includes both self-employment (home production and petty trading) and wage employment (casual labour, contract labour, and piecework)."

The number of people employed and the location of the businesses were chosen to identify the informal sector studied for a couple of reasons. Firstly, prior observations of street food vendors which ran their businesses in Jabotabek (Jakarta, Bogor, Tangerang and Bekasi) showed that most of them employed not more than 10 people and a few ministries and agencies in Indonesia use a number of workers (less than 10 people) to identify micro and small enterprises. Secondly, most of these street food vendors could be seen running their businesses on the sidewalks or on spot of lands that very likely belonged to someone else. Williams and Windebank (1990) argue that the informal sector can be observed and visible to both society and authorities.

The size of their businesses combined with their sites differentiated these people as the informal workers. They were unlike other workers in the formal sector, and did not operate under the regulatory framework set by the Government. They were unacknowledged and therefore were not entitled to receive any benefits due to other formal workers and business entities. These criteria were chosen as the working definition of the informal sector studied because they were based on the reality observed prior to fieldwork, and would be easy to clarify while conducting this research.

2.3 The Emergence of the Informal Sector Theories

Different names had been used for the explanations of the informal sector as had been discussed above. They were proposed by different groups of people and organisations. Besides the discussions about the definition of the informal sector, there were four major theories discussing the interconnection between the formal and informal sectors, employment and growth. These theories focused on growth with a couple of different approaches that could be used – not particularly to understand the

interconnection between the formal and informal sectors, but to look at the process of economic growth. In that regard these theories were inevitably connected to the existence of and issues within the formal and informal sectors, as economic growth related to both.

The first theory, the lack of growth theory (World Bank, 1995), was in line with the selective reality proposed by orthodox neoclassical economists who argued that the percentage of the workforce in the modern or formal sector would rise as GDP per worker rose. This theory " ... attributes the persistence of informal activities to the lack of, or a decline in the growth of gross domestic product (GDP)" (Chen et al., 1999:603-610). In other words, if GDP rose the formal sector would grow and if GDP declined it was the informal sector that would expand. The observation of the orthodox neoclassical economists was termed 'selective reality' because they based their argument on the experience of the industrialised countries and few developing countries.

The second theory, the jobless growth theory, attributed the persistence of some informal activities to changes in the structure of modern wage employment as GDP rose (UNDP, 1993). This had similarity to the global reality argued by a group of scholars who worked in the informal sector who stated that the share of the workforce in the modern or formal sector slowed down or absolutely declined in the 1980s (ILO, 1995). It could be argued that this phenomenon of the 1980s was related to the Structural Adjustment Programmes (SAPs) which had invoked new economic policies of deregulation, privatisation and modernisation that had caused a decline in the formal sector. The SAPs in Nigeria and the collapse of oil prices plus a major economic crisis with declining performances of key industries and manufacturing had had a huge impact on the formal sector of the economy. This had brought forth the role of the informal sector in the urban economy

which had amounted to about a third of the urban labour force (Simon, 1998:548).

The third theory, the growth from below theory, attributed some of the growth in GDP to the small-scale enterprises that were growing faster than the large-scale firms in the modern sector. There was also another group who had worked closely with women in the informal sector who argued that the informal sector was even larger than what had appeared in the statistics. "Their argument is based on the fact that much of women's paid work – not just their unpaid housework – is not counted in official statistics" (Chen et al., 1999:603-610). As the rate of self-employment has greatly increased in the last decade, a question whether this trend will continue has arisen. Ach, Audrectch and Evans (1992) believed that it had to do with economic development, and as wealth increased, this trend would decrease. One of the approaches to the small business or firm considered small businesses as "a function or outcome of underdevelopment in developing countries" (Ozcan, 1995:13).

The fourth theory, the period of adjustment theory was quite recent and emerged in almost every country undergoing Structural Adjustment. According to this theory the SAPs had caused a marked shift from formal to informal employment. Chen et al. (1999) argued that despite the multitude of theories concerning the persistence of the informal sector in developing countries, all of them are closely linked.

" ... the lack of growth theory is related to the period of adjustment theory as the lack of growth often contributes to the decision to adjust an economy structurally" (Chen et al., 1999:604).

The inter-relationships of the informal sector and its conceptualisation were analysed by PREALC (the United Nations Regional Employment Program for

Latin America) and a group of economists in Ecuador, Peru and Venezuela. There were at least three closely interrelated differences of the effects of industry restructuring between Latin America and developed countries.

Firstly, the informal activities in the developed countries were generated from the top while in the Latin America was quite the opposite. Secondly, the process took place in a different structural context. There was no labour surplus in the developed countries and it was restricted to particular regions or groups. In the developing countries a labour surplus always existed and the informal sector was a response generated by the need to survive. It also served as a buffer for those who had lost their jobs during economic crises. Lastly, an institutional difference was there was a security net providing minimum income for the employed and unemployed in the developed countries which discouraged anyone from going to the informal sector (Tokman, 1990).

2.4 Characteristics of the Informal Sector in Developing Countries

The discussions of the informal sector deals with issues such as: the interconnection between the formal and informal sectors, the criteria of the informal sector, who is involved in the informal sector, the reasons for working in it, the economic goals and decision making processes of micro and small entrepreneurs, the point of view of the Government of the informal sector, and the contribution of the informal sector to development.

2.4.1 Interrelationship between the Formal and Informal Sectors

The connection between the formal and informal sectors is hard to deny. The linkages either backward or forward are always there because these two sectors are interwoven one way or the other. The entrepreneurs in the

informal sector were known to use raw materials provided by the formal sector and they spend their incomes mostly on payments to the formal institutions. Some of the equipment needed to run their businesses also had to be bought from businesses which operated under the legal framework.

In some study, backward linkages (inputs from the formal sector) were significant (Gerry, 1974), but the forward linkages were negligible (Fapohunda, 1976). In his study of *pedagang kaki lima* in Bandung, Suharto (2002:209) reported that backward linkages are apparent particularly on street traders who offer goods and food.

2.4.2 Why Work in the Informal Sector?

The origins of the informal sector in Latin America had been associated with surplus labour, mostly migrants from rural to urban areas, who were unable to find jobs in the modern sector, or those willingly employed in the traditional sector which was not transformed by the modernisation process (Tokman, 1990:95). Therefore, the commonly perceived reason why some people worked in the informal sector was because they were forced into it by unemployment and poverty (Smart, 1990:252). It was hard to find in the literature other reasons that people had for wanting to work in this sector. The literature of the informal sector seemed to be conveying the same message regarding people's reasons to be working in it: no one wanted to work in the informal sector. However some findings from various studies revealed that there were indeed other reasons involved.

2.4.3 Who Works in the Informal Sector?

Most of the discussions above pointed out that the people who were involved in the informal sector were the ones with no choice, who were poor and destitute. However, there were a number of others (Lozano, 1985; Ferman,

Berndt and Selo, 1978; Henry, 1978; Portes, Blitzer and Curtis, 1986) who argued that:

“The informal economy is not a set of survival activities performed by destitute people on the margin of society. Studies in both advanced industrial and less developed countries have shown the economic dynamism of unregulated income-generating activities and the relatively high level of income of many informal entrepreneurs, sometimes above the level of workers in the formal economy (Portes, Castells, and Benton, 1991:12).”

With regard to gender, there were only a quarter female participants in a study in Freetown Sierra Leone, fifteen per cent of female entrepreneurs in Lagos Nigeria and eleven per cent in its Muslim city Kano. The study of manufacturing in Kumasi Ghana only had male workers (Lubell, 1991:26).

One of the important aspects found in the study of the informal sector conducted in Accra was that its existence “ ... was based on an uneven economic development in which migration outpaced the growth in formal employment opportunities” (Roberts, 1990:33). The informal sector was not only seen as the economy of the poor, but also of the migrants.

2.4.4 Decision Making Processes

The origins are not the only thing that differentiates the formal and informal sectors. Their decision making process is also different. The decision making process in most businesses in the formal sector is based on systematic calculation, while most decisions taken by entrepreneurs in the informal sector are based on alertness, instinct, hunches and inspiration (Baumol, 1995). Businesses in the formal sector operate on the premise of optimisation but that is not always the case with businesses in the informal sector.

Souza argues that the economic goal of the informal producers is not to maximise profits. Their objective is “to maximise total income as a return to a package of entrepreneurship, labour provided by himself and the family and semi-fixed capital, instead of aiming at a rate of profits as defined in capitalist terms” (cited in Tokman, 1990:96).

In his work *Peddlers and Princes: Social Development and Economic Changes in Two Indonesian Towns*, Geertz (1963) said that the use of labour in the bazaar economy (the informal sector) would seem irrational from an economic point of view, “but the logic is to minimize risk rather than maximize profit” (cited in Roberts, 1990:32).

2.4.5 Strategies (Strengths and Weaknesses)

A survey of the informal sector in Dakar Senegal revealed that eighty per cent of its micro enterprises had used apprentices in their businesses (Lubell, 1991:33). Its informality has enabled the informal sector to be dynamic. The fact that it does not have to comply with regulations has allowed it to run with no social security, insurance, health support and other benefits due to the workers in the formal sector. These very facts have made the informal sector able to operate with very low overhead costs (Roberts, 1990).

2.4.6 Legality

Since the informal sector is unregistered therefore it is assumed that enterprises in this sector do not pay taxes and would not heed rules and regulations. On the other hand, the enterprises which operate in the formal sector are seen as exemplary ones. This rather distinct assumption is not entirely true. For example, most of the small enterprises in Nigeria were registered, though very few paid taxes (Mead and Morrisson, 1996). Micro

and small enterprises occurred outside the legal boundary (formally accounted economy), because firstly, the system was not adequately designed to acknowledge them and secondly, the desire of these enterprises to evade the system (Gershuny, 1987).

Admittedly, there are some informal entrepreneurs who intentionally stay out of the system. Micro and small entrepreneurs want to evade the system for a number of reasons, to name few the transactions costs and regulations. The transaction costs needed to be paid to obtain a business licence and other facilities are beyond the pocket of the micro and small entrepreneurs. The rules and regulations are difficult to comprehend, irrelevant and prohibitive of their needs. "Research shows that these costs are often well beyond the capacity of small enterprises and potential entrepreneurs" (ILO, 2002:28).

In his draft paper 'The Informal Economy: Issues and Challenges' (2001) De Silva said:

"Where such rules and regulations are cost effective, are predictable and provide the requisite business information, people are more likely to conform to and pay for them. Rules which are poorly designed, are burdensome and involve dealing with corrupt and inefficient bureaucracies increase transaction costs, discourage compliance, impede economic participation in the formal economy". (cited in ILO, 2002:28)

The activities in the informal sector are largely illegal, and elude the Government requirements such as registration, tax and health and safety rules. However, they do not always operate clandestinely for this sector flourishes openly, and their illegal status is the result of a lack of coordination between state agencies, lack of law enforcement and other official obstacles (Roberts, 1990:41).

2.5 The Informal Sector in Comparative Regional Perspective

Despite the importance of the informal sector in both industrialised and developing countries, many studies of this sector have been undertaken in Latin America and Africa. Based on these studies, it was understood that since the 1970s the economic policies in Africa had given the informal sector first rank importance in the light of macro economic development. In the 1980s the informal sector was seen as a key aspect of equilibrium within the entire social system, although actual economic policy still lagged behind the statements made by the officials (Lachaud, 1990) which was the case in most developing countries.

The industrial sector had boosted the Latin American economies between 1950 and 1980 to grow at an average of 5.5 per cent. However, "contrary to the experience of the advanced countries, self employment did not decline with industrialization but remained essentially constant during this thirty-year period" (Castells and Portes, 1991:16).

Research conducted by the Asian Development Bank in Bangladesh and India illustrated that the migrants who formed most of the informal workforce were better informed about job opportunities and made their choices to migrate in a rational fashion not just because they were being lured to the city with false hopes of having a high pay job. The incomes they earned working in the informal sector in most cases were by far much higher than incomes received by the middle level workers who worked in the formal sector and as such were able to send remittances to their families in the provinces. The research stressed that:

Urban migrants make rational decisions about their own future, and almost never return to the provinces – deciding that life is

better and opportunities are greater in urban areas (ADB, 1999:5).

It is clear that these migrants are not the burden of the city. They are quite capable of creating their own jobs and contribute to the development of the city they have come into. Knaap argued that "the urbanisation of a nation's population is a critical spatial aspect of a nation's economic development" (Knaap, 1992:261).

The results of various surveys showed that small-scale urban activities were proliferating, provided the majority of employment, supplied goods and services needed by urban people. Moreover, they provided higher incomes than the rural sector and constituted a basic way of life or survival (Hugon, 1990). But even so, they were frequently harassed by the government officials. Interestingly however, in general they operated with government blessings who tolerated their existence. Portes and Castells found that "Governments tolerate or even stimulate informal economic activities as a way to resolve potential social conflicts or to promote political patronage" (Portes and Castell, 1991:27).

Heather Joshi (1973), in figures presented in a planning document prepared for the Government of Ivory Coast, found that in the Ivory Coast 31% of the working population in 1970 were informal workers – 6% in agriculture, 32% in industry and contraction, 35% in trade, 27% in services (cited in Lubell, 1991:22). Women constituted over half of the retail traders involved in the selling of food, prepared dishes and beverages which was the focus of a good 40% of all retail trade. The ILO Conference says that in Africa the " ... informal work accounted for almost 80% of non-agricultural employment, 60% of urban employment and over 90% of new jobs over the past decade or so" (ILO, 2002:1).

In Kumasi Ghana the enterprises were clustered in specific locations within the city where specific activities were specialised. "In Suame Magazine, the city council owned the land and collected a token rent from the enterprises installed there, but it forbade construction of permanent structures because the council intended eventually to build permanent workshops" (Lubell, 1991:26).

While the studies in Latin America and Africa were mostly focused on the importance of the informal sector, the studies conducted in Asia were triggered by, and used, different perspectives. The informal sector in Asia could not be differentiated from the issue of urbanisation (migration). The massive urbanisation in some cities in China had attracted a lot of attention particularly regarding the role of the informal sector in this phenomenon. A study conducted in Shandong province revealed that most of its migrants had a tendency to be wage earners in the informal sector rather than working in the formal sector (Meng, 2001:81). This was assumed to be the result of their lack of education and skills.

There was much discussion about the status of the people who involved in the informal sector. They were usually referred to as the poor and marginalised. There was no in-depth assessment of their ethnicity. However, the study of the informal sector in Penang Malaysia showed an interesting ethnic pattern. This sector seemed to attract the Chinese community and had lost its attraction to the Malays and Indians (McGee et al., 1991:274).

Since mostly considered as the economy of the poor, work in the informal sector was seen as not something that someone could be proud of. The study of street food vendors conducted in Chonburi Thailand found something different. Most of the people who worked in the informal sector as street food vendors earned as much or more than their customers.

Therefore, not surprisingly, this occupation was considered as a respectable one even for well-educated men and women (Tinker, 1997:61).

Despite its heterogeneity, and the different focuses, approaches, and perspectives used by researchers in their study of the informal sector, most of their studies – particularly ones which were undertaken in the developing countries like Africa, Latin America and Southeast Asia – were focused on street trading (Smart, 1990:251). The interest for this particular study was probably triggered by the apparently huge number of street traders in various developing countries.

This phenomenon offered possibility for those who wanted to learn the correlation between economic development, poverty and the survival strategies of the poor. Some studies aimed to obtain information on the characteristics of street vendors, their vending behaviours, and the extent to which they depended on their businesses for their livelihoods (Walsh, 1982:5). Regardless of the huge number of people involved in street trading, and the research findings which revealed the importance of this sector, the attitude of the governments in Latin America, Africa and Asia towards this type of informal activity was generally hostile.

2.6 The Contribution of the Informal Sector

It has been common for officials, economists, experts in national and international finance and development planning to think that activities in the informal sector are too small to matter (Smith, 1990). Yet, Portes (1994) claimed that crude estimations suggested that the informal production sector accounted for 20 to 50 per cent of employment in many developing countries (cited in Levenson and Maloney, 1998). The case studies conducted by anthropologists and sociologists and their own research convinced ILO that

" ... the economic activities of the informal sector made a contribution both to the growth of the urban economy and to sustaining the growing urban population" (Roberts, 1990:24).

The most prominent contributions of the informal sector are in providing income generation activities, employment and cushioning the impact of economic crises, which is why some consider this sector as a buffer to the formal economy. Ferman's work strongly suggested that the opportunities in the informal economy had made the flaws in the formal economy bearable (cited in Hoyman, 1987:78). Regardless of all these viewpoints, there still remains the most important question of all:

"To what extent are informal economies shaped by the mainstream economy and to what extent do they contribute to it or act against it?" (Miller, 1987:28)

2.6.1 Income Generation

Although often considered as the economy of the poor, some activities in the informal sector deliver a much better income than some occupations in the formal sector. According to a survey conducted by ACFTU (All China Federation of Trade Unions) 65.7% of the laid-off workers in ten cities and one county had higher incomes than before they were laid-off (ILO, 2002:21).

Research conducted in Guadalajara, Mexico, found that the income differences between formal and informal employment were not large. In 1981 the workers in some informal employment could earn more than workers in the formal employment (Roberts, 1991:50). Only a quarter of

research respondents in Sierra Leone indicated that they wanted to go to the formal sector (Lubell, 1991).

One-quarter of the micro and small enterprises (MSEs) in Kenya provided almost all of the household income. Daniels (1999:59) reported that "...almost half of MSEs in urban areas provide all of the household income ...". On average their income is 6.8 times the amount of the poverty line where the poverty line is defined as "... the minimum level of expenditure deemed necessary to satisfy a person's food requirement plus the consumption of a few non-food necessities" (World Bank, 1995:8).

However, there is also a substantial income differentiation within the sector. The people who were able to employ other people usually earned a very high income (Hurley, 1990). On the other hand many small traders and sellers only just manage to survive.

2.6.2 Employment Creation

The informal sector has been growing rapidly not only in developing countries, but also in developed countries. "The bulk of new employment in recent years, particularly in developing and transition countries, has been in the informal economy" (ILO, 2002:1).

Most of the new employment in the cities of developing countries is in the informal sector. It was estimated that the size of the labour force of this sector was between 20-70 per cent of the population (Todaro, 1989; Sanyal, 1991; Maldonado, 1993; Simon, 1997). In Africa it accounted for over 60% of urban employment and over 90% of new jobs (ILO, 2002:16).

The number of self-employed people is increasing, regardless of whether it is because they cannot find employment in the formal economy and cannot

afford to be openly unemployed, or because they find it a good enough profession to support their livelihoods (an economy of last resort versus an economy of choice). "Self-employment and micro-enterprise activity have absorbed some of the formal sector workers who lost their jobs but even more entrants to the urban labour force" (Lubell and Zarour, 1990:387).

As the reason behind many people's desire to be self-employed is connected to the causes of their being unemployed, it is necessary to learn what has caused their redundancy. A distinction also had to be made between traditional unemployment (skilled, casual workers) and the new unemployment caused by the downsizing of the industrial sector in the last decade (Pahl, 1987).

The informal sector is opened for those who want to set up their own business and be their own boss with only a small amount of capital. Self-employment would also be determined by various factors such as, age, experience, personal and educational backgrounds. Meager (1992) found that in both the UK and Germany the self-employed people were "...older individuals who are married and who live in a low unemployment region" (cited in Atkinson and Storey, 1994:13).

Hart argued that the formal and informal sectors were differentiated by how people earned their living, either by making their own money or being paid by someone else (Hart, 1973:68). Despite the fact that most other researchers also defined the informal sector as non-wage employment (Charmes, 1990:14), and own-account businesses, wage-employment also existed in the informal sector.

Individuals who worked for own-account entrepreneurs who were neither apprentices nor family members were termed wage earners. The wage earners were part of the informal workers. Their existence was studied by

Yamada who looked at the relation between the self-employed and their workers as part of the characteristics of the informal sector.

“An employment contract is informal when the employer can raise or lower the employee’s wage at any time and either one can terminate the contract at any time.” (Yamada, 1996:291)

Regarding the legal side of the informal sector and wage earners, Pahl (1987:38) argued that the informal economy was associated with being unemployed and with receiving undeclared income from employers. Those workers who worked for the owners of the micro and small businesses generally earned much less than their employers.

They had no protection from the Government, their wage was far below the minimum wage standards, and as pointed out by Yamada, they had no contracts and no rights. Which once again, according to the much approved definition of the informal sector in Latin America, meant that they were part of the informal sector (Portes, 1991).

Apprentices were usually found in the micro and small enterprises which operated in the informal sector. Like the definition of the informal sector itself, what would be considered as an apprentice might not be similar in every place. In Freetown, Sierra Leone, an apprentice was someone who received meals, shelter, training and occasionally a very small amount of pocket money (Lubell, 1991:23).

Most of the existence of apprentices in the informal sector was related to the lack of formal education and training provided by the Government. It was also one of the strategies applied by the business owners in the running of their businesses. A study of the informal sector in Dakar revealed that most of the urban skilled labour force was trained in the informal sector (Lubell

and Zarour, 1990:392). This is another characteristic that showed how much the informal sector could do on their own.

2.7 Summary

The existence of the informal sector has been argued and studied in many different countries and has been seen as increasingly important in development theory. Despite some agreement on its importance, the informal sector was not that easy to define. Its definition varied from country to country. This implied that in spite of some acknowledgement of the importance of this sector, its contribution to development was bound to be different depending on the activities studied and the local context.

These findings triggered questions regarding the importance and contribution of the informal sector in Indonesia. Since the definitions of the informal sector found in the literature also varied depending on the activities studied and the local context, this study used a working definition of the informal sector based on prior observations of street food vendors in Jabotabek to the study. This definition was derived from and based on various definitions found in the literature and criteria used by a few ministries and agencies in Indonesia, which are dealing with micro and small enterprises. The importance and contribution of the informal sector studied in this thesis is of the street food businesses situated in Jakarta.

Although there were some similarities found in the characteristics of the informal sector studied in various countries, for example its tendency to operate outside the regulatory framework, there was some differentiation as well. The informal sector in Africa and Latin America was seen mostly as the activity of the poor and marginalised, while in some Asian countries some activities in this sector (like the street food vending in Thailand) were considered as good occupations. The people who were involved in this

business came from a relatively good background. They were neither poor nor illiterate, unlike some of the characteristics of the people involved in the informal sector in African and Latin American case studies.

This research will study the people involved in street food businesses in the Segi Tiga Emas area. It will assess whether there are similarities with characteristics of the informal sector as studied in other countries. It will also try to uncover the perception of these informal workers of their own occupation. This study will particularly focus on the role of these businesses in providing income generation activity, employment, and in cushioning the impacts of economic downturn or decline in the formal sector, and also in improving the livelihoods of the people.

There was a stark distinction between the micro and small enterprises in this study and other regular micro and small enterprises operated in the formal sector. The former ran their businesses on premises belonging to someone else. As such they were not recognised by the Government and did not have to pay taxes nor follow other requirements set out by the Government. The latter, although possibly of the same size, ran their businesses under the regulatory framework set by the Government. They were registered, paid tax, and were entitled to services provided by the Government.

This study is designed to uncover the strengths and weaknesses of the street food vendors which operate informally. It will try to bring forward the nature of street food businesses and highlight the possibility for Government intervention (the policy implications of the findings) in the promotion of this sector. This study is carried out in order to come to a reliable conclusion and understanding of the importance, contribution and characteristics of the informal sector, in this case of street food businesses.

CHAPTER III

THE INFORMAL SECTOR IN INDONESIA

3.1 Introduction

Having reviewed the literature on the informal sector above, this chapter examines the impacts of the economic crisis on government policies and the survival strategy employed by the people. It will introduce the problems and experiences of Indonesia in promoting the informal sector.

The Indonesian problems and experiences regarding the informal sector have strong connections with the government viewpoint of development and the way in which it defines development. Like many other governments of developing countries, the Indonesian Government aspires to achieve the level of development that has been achieved by the developed countries, a level of development where the existence of the informal sector is perceived as almost non-existent.

This misconception has made the governments of many developing and less developed countries to consider the existence of the informal sector as signs of

backwardness and development failure. As a result, they have applied strong measures to eliminate this sector. In the case of Indonesia, these measures were particularly directed at those activities which mar the beautiful and modern image of the Capital, regardless of the fact that most of the economically marginalised people who formed a large portion of the population depend on it.

3.2 Overview of Economic Development in Indonesia

3.2.1 Historical Context

Indonesia, which was one of the poorest countries in the world in 1967, had managed to be considered as one of the Asian miracle economies in the 1980s. Prior to the Asian economic crisis in the middle of 1997, its economy had become as large as the economy of all other ASEAN members combined which confirmed its pre-eminence in the region (Case, 2001:97).

The unfavourable oil prices in the mid-eighties caused a change in the direction of Government policies. They became focused on export oriented industrialisation and the promotion of non-oil and gas revenue. As these policies managed to make exports and the private sector as primary engines of growth, they also managed to make other sectors disappear from the attention of policymakers. In spite of this success, the results of this impressive development have not been spread equally among the population.

This was one of the factors which has caused poverty although admittedly it was not the primary cause of it. The gap between the rich and the poor has become more prominent over the years, particularly in urban areas (BPS, 2000:93). As argued in Chapter One, the conventional economic development has increased inequality between cities and villages and consequently has

invoked migration into urban areas and therefore, has increased urban unemployment.

The development policies which so far had been considered as an impressive success continued to focus on the promotion of economic growth, even as it was recognised that they would not benefit the marginalised groups and certain areas of the country. Soegijoko argued that: "These policies have resulted in the emergence of a development pattern consisting of developed areas with urban areas as their centres while at the same time, the lagging areas can be identified" (Soegijoko, 1992:72).

Dwianto and Naoki (2002) argued in their progressing work *Reconsidering [sic] Informal Sector in Urban Development: A Sketch of Pedagang Keliling as One Form of Grass Roots in Jakarta* that migration (urbanisation) from rural to urban areas was the result of the development strategy implemented since the 1960s. This strategy, which preferred industrial modernisation, had led to geographically unequal economic opportunities, and triggered a massive flow of human resources from rural to urban areas (Dwianto and Naoki, 2002:4). Not only has the economic development been concentrated in the urban areas, the development in Indonesia has largely been concentrated in Java and more specifically centred in Jakarta and a small part of Sumatera. Asra found that the level of inter-regional inequality between 1993 and 1996 had almost reached 1978 official calculations of inequality (cited in ADB, 2001:9).

Hill, in his book *Unity and Diversity* (1991) argued that the fortunes of Indonesia's region were tied up to the national fortune, with the economic activity remaining predominantly in Java and to a lesser extent, Sumatera (Hill, 1991:5). The share of power followed the same pattern of inequality found in

economic development, and in the hands of Javanese people. The feelings of discontent among people outside of Java ultimately peaked in demands for independence from a number of provinces in the reform era.

These imbalances of power, economic prosperity and opportunities were not just a new invention of today's administration. There is also a historical context which needs to be understood. Current imbalances are in a way inherited from the Dutch, who had politicised and perpetuated the differences of the vastly diverse population of Indonesia by giving a selected ethnic group (namely the Javanese aristocracy) the chance to be involved in middle-level administration of the country, and offering business opportunities to the small Chinese community which then became much wealthier than the indigenous people (Case, 2001). These occupational structures and the uneven distribution of wealth have left its mark on the history and development of Indonesia. The gap between the Chinese community and the native population (97%) had become much wider (Hill, 1999:97).

The Dutch administration did not leave any noticeable trace of development in Indonesia, however, they had managed to leave behind a number of policies (regulations) which continued to be adhered to by the Indonesian administration. The Dutch held a strong protectionist stance towards the domestic industry, which was run by the East India Company, and had been adopted by the Indonesian Government until deregulation (a more well-known term of structural adjustment) started in the mid-eighties. The dominant position of the Chinese minority in the private sector was also being preserved together with favourable positions for certain groups of people (Bresnan, 1993:246).

The Dutch strategy of divide and rule also caused a strong aversion to any notion of regional development and fostered a centrally controlled development which gave Jakarta an unchallenged authority of economic and administrative control (Hill, 1991:4). Unintentionally, Jakarta had made itself the centre of attraction for people from other less developed provinces who would like to have a better life and opportunity to come and try their luck in the capital.

3.2.2 Economic Crisis and Its Impacts

Like in so many other developing countries, government policies and programmes had been designed to achieve high economic growth. It was believed that without economic growth a sustained poverty reduction could not be achieved (World Bank, 1990:2). With economic growth at 6-7% per annum throughout the nineties becoming less than 9% in 2000, the absolute number of the poor was predicted to be about 20 million people in 2000. This assumption was made without the slightest premonition of the possibility of the Asian economic crisis, much less its impacts on Indonesian economy.

The Indonesian economy contracted by 13.6% in 1998 because of this crisis – this contraction was larger than the combined effects of the decline which occurred in the Philippines' two crises in 1985 and 1986 surrounding the demise of Ferdinand Marcos (Hill, 1999:25). Hill claimed that the fall in GDP was also larger than that which occurred in any year of the great depression in the United Kingdom (cited in Arndt, 1944:22), and was equivalent to two-thirds of the aggregate decline through 1929 to 1932. The Asian Development Bank analysed that the Indonesian GDP had shrunk to almost 14% (ADB, 1999:1).

International Labour of Organisation (ILO, 1998) estimated that in 1998 some 5.4 million workers in the non-financial sector were displaced by the crisis, mainly from services (37%), manufacturing (25%), and construction (19%), and the rate of newly unemployed people increased further in 1999 (cited in Chen et al., 1999). This crisis had a severe effect on the urban population in Java who mostly worked in those sectors, the population who had previously had relatively prosperous lives (ADB, 1999). The unemployment rate increased from 5% in 1996 to 6.4% in 1999. It hit the new urban middle class, and forced the industrial workers into the informal sector and even some into the rural hinterland from which most of them had migrated (Case, 2001:104).

According to the Central Bureau of Statistics (BPS) Jakarta's Gross Regional Domestic Product (GRDP) in 1999 was slightly more than 17% of GDP. This figure indicated how developed Jakarta was in comparison with other provinces, however, this GRDP had actually been fluctuating widely since 1996 (ADB, 2001:5). The effect of the economic crisis was mostly felt in Jakarta where most of the economic activities were concentrated.

3.2.3 Implications for the Informal Sector

The economic crisis had a severe effect on the labour market, particularly in urban areas. There was also a decline in real earnings. The impacts were harshly felt in Java, where approximately two-thirds of the Indonesian population lived. The decline in real earnings in urban areas was sharper than what occurred in the rural areas. Earning in urban areas declined 30% in comparison with 25% decrease in rural areas (ADB, 1999:8).

The economic crisis brought a change in the composition of urban employment. Prior to the economic crisis there were 65.2 % paid workers in Jakarta and 23.9% self-employed people in the informal sector (cited in ADB, 2001:8). These percentages changed with the occurrence of the economic crisis. People were transferring to the informal sector at the highest rate in 1998, which rapidly caused a decline in formal sector employment in 1999 with 23.7% paid workers shifting to work in the informal sector (cited in ADB, 2001:8).

3.2.4 Poverty

The economic crisis caused a tremendous drop in the currency rate, the collapse of the manufacturing sector, and most importantly it increased the number of the poor which in previous years had reduced significantly. The proportion of poor people in the urban population declined from 40.1% in 1976 to 11.3% in 1996, or 54.2 million poor people in 1976 to 22.5 million in 1996. The economic crisis increased the number of the poor to 49.5 million in 1998 (BPS, 2000:100) and it peaked at 24.2 per cent in late 1998 (cited in ADB, 2001:4). It has been noticed that not only the number of poor has been increasing since the economic downturn, but the attention paid to the informal sector has increased as well, as a result of the increased number of people involved in this sector.

Like the definition of the informal sector, the definition of poverty also varies from country to country. In Indonesia itself there are many formulas of poverty. The BPS (the Central Bureau of Statistics) defined poverty as the economic inability to fulfil basic needs, which covered the need for food and non-food items. There are two poverty lines used to differentiate the poor and non poor, the urban poverty line and the rural poverty line. These two poverty lines exist

because there are different income levels, consumption patterns and level of availability of goods and services in urban and rural areas.

**Table 3.1 Poverty Line in Indonesia (Rp)
1976-1999**

Year	Urban			Rural		
	Food	Non Food	Total (PL)	Food	Non Food	Total (PL)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1976	-	-	4,522	-	-	2,849
1978	-	-	4,969	-	-	2,981
1980	-	-	6,831	-	-	4,449
1981	-	-	9,777	-	-	5,877
1984	-	-	13,731	-	-	7,746
1987	-	-	17,381	-	-	10,294
1990	17,520	3,094	20,641	12,617	678	13,295
1993	23,303	4,602	27,905	15,576	2,668	18,244
1996	29,681	8,565	38,246	23,197	4,216	27,413
1998	30,455	11,577	42,032	23,844	7,522	31,366
1998 Dec ¹⁾	71,058	25,901	96,959	56,745	16,035	72,780
1999 Feb ²⁾	70,959	21,450	92,409	59,822	14,450	74,272
1999 Aug ³⁾	64,396	25,449	89,845	52,319	17,101	69,420

Notes : The shaded figures used the 1998 standard, adjusted to the consumption pattern of that year

1) Based on the result of Susenas-Type December 1998

2) Based on the result of Susenas February 1999

3) Based on the result of Susenas Mini August 1999

The urban poverty line in 1990 was Rp 20,614 per capita per month. While the rural poverty line for the same year was Rp 13,295 per capita per month. These poverty lines were increasing up until 1996 when it reached Rp 38,246 in the urban areas and Rp 27,413 in the rural areas. When the economic crisis hit Indonesia in 1997, it was hypothesised that it had increased the number of the poor. Therefore the poverty surveys which were usually conducted every three

years (using the consumption model of Susenas) were improved by increasing the frequency of the survey.

The level of the poverty after economic crisis could be measured either by using Susenas-Type (December 1998), Consumption Model of Susenas (February 1999) or Susenas Mini (August 1999). Still, in order to compare the figures, the method used had to be the same. In that regard, the poverty lines in 1996 was recounted using the new standard (the 1998 method). The result was that in 1996 the urban poverty line increased to Rp 42,032 while the rural poverty line increased to Rp 31,366 per capita per month (BPS, 2000:97).

The poverty lines in 1998 which were measured based on Susenas-type revealed a sharp increase from the lines in 1996. The urban poverty line had increased to Rp 96,959 per capita per income. The rural poverty line had increased to Rp 72,780 per capita per income. The reason why they doubled was because the economic crisis had made the prices of goods and services increase sharply.

Table 3.2 shows that the economic crisis had increased the number of poor, which had decreased previous years. Compared to the figure in 1996, the number of poor in 1998 had increased 6.5 per cent. During the first wave of the economic crisis, some people had opted to go back to their home towns (villages). This trend, however, did not last, for most of them returned to the city not long after their arrival. There were a number of reasons why they decided to return, one of them was because they could not find work in their home towns either.

People are attracted to come to Jakarta (and any other urban areas) to find a better life, and looking at the table 3.2 of the increased number and percentage

of poor it is quite clear why people have this kind of expectation. The number of poor in rural areas was generally higher in comparison with the number of poor in the urban areas, even during the economic downturn when many workers who worked in manufacturing had been laid-off.

**Table 3.2 The Increase in Number and Percentage of the Poor
1976-1999**

Year	Number of the Poor (in million)			Percentage of Population that are Poor		
	Urban	Rural	Urban+Rural	Urban	Rural	Urban+Rural
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1976	10.0	44.2	54.2	38.79	40.37	40.08
1978	8.3	38.9	47.2	30.84	33.38	33.31
1980	9.5	32.8	42.3	29.04	28.42	28.56
1981	9.3	31.3	40.6	28.06	26.49	26.85
1984	9.3	25.7	35.0	23.14	21.18	21.64
1987	9.7	20.3	30.0	20.14	16.14	17.42
1990	9.4	17.8	27.2	16.75	14.33	15.08
1993	8.7	17.2	25.9	13.45	13.79	13.67
1996	7.2	15.3	22.5	9.71	12.30	11.34
1996	9.6	24.9	34.5	13.6	19.9	17.7
Dec 1998 ¹⁾	17.6	31.9	49.5	21.9	25.7	24.2
Feb 1999 ²⁾	15.7	32.7	48.4	19.5	26.1	23.5
	(15.6)	(32.3)	(48.0)	(19.4)	(26.0)	(23.4)
Aug 1999 ³⁾	12.4	25.1	37.5	15.09	20.22	18.17
	(12.3)	(24.8)	(37.1)	(15.0)	(20.0)	

Notes : The shaded figures used the 1998 standard adjusted to the consumption pattern of that year

1) Based on the result of Susenas Type December 1998

2) Based on the result of Susenas February 1999

3) Based on the result of Susenas Mini August 1999

3.2.5 Migration (Urbanisation)

A common view regarding urbanisation was that it was a major impediment to further economic development as it caused various problems (Knaap,

1992:261). In the case of Indonesia Knaap argued that it had been exacerbated by rapid population growth and concentrated growth of urban areas, particularly like that which occurred in Jakarta.

This rapid population growth and the concentrated growth of urban areas has made Jakarta one of the most rapidly growing urban areas in the world and as such has more acute problems to deal with. Housing, sanitation, crime (social unrest), unemployment, and infrastructure, are some of the problems that need to be addressed by the central Government to make living more pleasant in it. It brings out questions about the quality of life in the city and the sustainability of urban development.

Sustainable urban development should serve to reduce poverty while strengthening the ability of local institutions to involve and empower citizens and ensuring that financial resources are sufficient to allow replacement of assets and new investments (ADB, 1999:7).

The fact that the majority of migrants who came to Jakarta and other urban cities had no support from the city authority and had to find their own survival strategies was showing that the development strategy applied in those cities was not sustainable nor friendly enough to those who migrated and had to end up in the informal sector.

The initial policy responses of the Indonesian Government to the staggering urban population growth have generally been negative in nature, such as trying to limit city growth by closing cities to migrants. The general belief has been that urbanisation is something that needs to be curbed, and stopped if possible (Soegijoko, 1992:314).

The concept of the informal sector came when the World Employment Programme associated the accelerated urbanisation with unemployment and underemployment, it showed that there was interconnection between the job availability in the migrants origins with their moving out of it. It can be seen that the number of migrants who had migrated to Jakarta were increasing throughout the years, with the exception of 1995 (see Appendix 1 Life Time Migration). Although the number of in migrants was increasing throughout the years, the number of out migrants was also rising particularly when the economic condition had worsened in Jakarta.

3.2.6 Unemployment

The economic crisis had increased not only poverty but also the rate of unemployment in Indonesia. There are two categories of unemployment. The first one is open unemployment which is the number of people who are looking for a job either for the first time or after being laid-off.

The second one is half unemployment which is the ratio between the number of people who work less than 35 hours per week with the total number of people who work. The poor is presumed to fall under the last category. As most of the poor is assumed to be working in the informal sector, the informal sector then also falls into the last category.

Table 3.3 on the next page presents the workforce percentage by sector in urban and rural areas of 1997-1999. It shows that the employment in industry and other sectors both in urban and rural areas was decreasing after the crisis in 1997. Interestingly, the employment in agriculture both in the rural and urban areas was increasing from 1997 to 1999. This increased number might have

occurred because some people who had been laid-off decided to go back to their home town, and subsequently went into agriculture. While in the urban areas there was an increase in the usage of unused lands for agriculture.

**Table 3.3 Workforce Percentage by Sector in Urban and Rural Areas
1997-1999**

Sector	Urban			Rural			Urban+Rural		
	1997	1998	1999	1997	1998	1999	1997	1998	1999
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Agriculture	3.73	6.28	6.33	29.41	32.30	33.87	15.78	18.09	18.42
Industry	24.20	22.48	25.52	19.22	18.50	19.31	21.87	20.67	22.79
Others*	72.07	71.24	68.15	51.37	49.20	46.82	62.35	61.24	58.79
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
	16175491	15730452	16486853	14313715	13074969	12896695	30489206	28805421	29383548

* Others (besides agriculture and industry) e.g services and trade

Source: Processed from Sakernas (Labour Force Survey)

The growth in each sector of the economy is not always followed by a growth in job opportunities for that sector. To illustrate, the average growth in the industrial sector tended to decline while the average job opportunity in this sector seemed to increase every year which would effect its job elasticity (BPS, 2000:61). The impact of the change in role of the economy to job opportunity is described with job elasticity. The job elasticity is the comparison between the growth in job opportunity and the growth of GDP.

In the case of the industrial sector, it could be seen from *Table 3.4* below that the sensitivity of industrial employment to income growth increased five times during the economic crisis period (from - 0.03 to - 0.16), although overall its sensitivity remains low. The table also conveys that the employment in the agricultural sector with 7.29 job elasticity was very elastic. This means that a one per cent increase in the GDP of the agricultural sector will create 7.29 per

cent job opportunity. Interestingly, the average negative growth of GDP during 1997-99 and the average negative growth of job opportunity during that same period had resulted in a relatively higher job elasticity compare to 1994-96 period. The average negative growths during 1997-99 had 0.66 job elasticity while the average positive growths during 1994-96 had a slightly lower 0.44 elasticity. The informal sector activities are presumed to fall under the category of others' sector. During the 1997-99 this particular sector showed quite good elasticity. One of the conclusions that could be derived from this analysis is that if the other sector was promoted alongside the industrial sector more job seekers would be absorbed.

Table 3.4
The Elasticity of Job Opportunity

Job Opportunity	The Average Growth of GDP/Year (%)		The Average Growth of Job Opportunity/Year (%)		The Elasticity of Job Opportunity	
	1994-96	1997-99	1994-96	1997-99	1994-96	1997-99
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Agriculture	2.65	0.83	0.95	6.05	0.36	7.29
Industry	11.61	-1.48	-0.30	0.23	-0.03	-0.16
Others	8.97	-2.85	7.36	-4.67	0.82	1.64
Total	7.91	-2.76	3.45	-1.83	0.44	0.66

Source: The analysis of Sakernas and National Income (1994-1999)

Open unemployment is all the workforce looking for jobs whether for the first time or those who had had working experiences before. The open unemployment in Indonesia increased slightly from 1997-1999. This increase might be attributed to the economic crisis.

Table 3.5 shows that the unemployment rate of females was always higher than males and that the unemployment rate in the urban area was also higher

compare to the rate in the rural area. The higher rate of female unemployment might be due to the fact that women are the first to be laid-off if there is a reduction of staff in a company. Since the female population is higher than the male, it is understandable that their number is also bigger in the unemployed workforce.

Table 3.5 Open Unemployment by Gender and Residence

Gender	Urban			Rural			Urban + Rural		
	1997	1998	1999	1997	1998	1999	1997	1998	1999
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Male	7.13	8.59	9.96	2.36	2.95	3.52	4.09	5.04	6.03
Female	9.67	10.48	11.29	3.58	3.83	4.33	5.64	6.12	6.88
Male+Female	8.06	9.29	10.46	2.84	3.30	3.84	4.68	5.46	6.36

Source : Based on Sakernas (1997-1999)

Half unemployment is the ratio between people who worked less than 35 hours a week to the number of working people. Half unemployment is also known as underemployment. This working definition of half unemployment is of the traditional standard. Table 3.6 shows that the rate of half unemployment in Indonesia is quite high.

**Table 3.6 Half Unemployment in Indonesia
1997 - 1999**

Gender	Urban			Rural			Urban + Rural		
	1997	1998	1999	1997	1998	1999	1997	1998	1999
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Male	14.36	16.36	16.15	31.27	33.66	33.24	25.35	27.49	26.86
Female	28.80	32.08	31.63	57.03	60.57	58.35	47.92	51.24	49.02
Male+Female	19.57	32.08	31.63	57.03	60.57	58.35	47.92	51.24	49.02

Source : Based on Sakernas

It shows that rural workers experience a higher rate of underemployment than their counterparts in the urban areas. In other words underemployment is not just urban problem, but more likely is a rural phenomenon – and among other factors this is related to the seasonality of agricultural production. Most of the urban workers particularly those in the informal sector who worked long hours and in tandem with the rhythms of life in the urban city, definitely could not be categorised as underemployed.

3.3 Overview of the Informal Sector in Indonesia

The first formal study of the informal sector (of street vendors) in Indonesia was probably the comparative study of street vendors conducted by McGee (1975). He presented the results of his study of the activities and personal features of street vendors in six Southeast Asian cities; a review of government policies and attitudes towards street vendors and some recommendations for revisions of policy based on surveys of street vendors and interviews with government policymakers regarding hawkers' policies (McGee, 1975:2).

As argued before, most of the governments in third world countries thought of the existence of the people who worked in the informal sector as a sign of the backwardness of their country, and as an embarrassment that needed to be rectified as it marred the successful modernisation of the city. They regarded the informal sector activities particularly those conducted on the streets or the sidewalks as illegal (offensive) activities which ruined the smooth functioning of other productive and efficient sectors.

Nevertheless, the informal sector proved to be very resilient. Regardless of the unfriendly environment and lack of support it had flourished and survived. It provided job opportunities for those who were looking for job but could not find one in the formal sector. In 2002, the Central Bureau of Statistics (BPS) revealed that out of 89.7 million people employed in the country, some 62% or 55.6 million people worked in the informal sector (Jakarta Post, 03/13/2003).

It had acted as a cushion for those who were *in dire circumstances and in need* to have a means to support themselves with a hope to leave the informal employment and eventually enter the formal sector. However, later on this informal activity turned into permanent employment and had become another sector that along with the formal sector were the major activities in the city (Dwianto and Naoki).

Lack of data and statistics of the informal sector have resulted in the emergence of crude estimations regarding how much it accounts for in employment. The workforce percentage in Indonesia which is provided in Sakernas (1997-1999) shows that the highest percentage of the workforce was in other field work besides agriculture and industry. This is the case both in the urban and rural areas.

3.4 Street Food Businesses

3.4.1 Health Issues

Health issues do not relate directly to the contribution of the informal sector to development, however, as it catered to a number of people who have their eating outside of their houses, health becomes a necessary point to address. Research conducted to test the level of hygiene of the food provided by street

vendors revealed that no pesticide residues found, however there was a concern for the use of chemical additives in some types of food (Bijlmer, 1991). At large the sanitary issue in the food stall has close link to the availability of water which in most case is not available on their sites.

The attention given to this issue might bring the Government to face the fundamental issue regarding this particular business in the informal sector. Most of the food stalls do not have a water supply to maintain a certain standard of cleanliness. If the Government were to provide water supply it needs to acknowledge the existence of the street food vendors and thereby needs to provide a change of policy and all that that entails as well.

3.4.2 Legal Issues

The evictions of street food vendors from the sites where they run their business has raised some questions of its legality for usually the eviction is conducted in a violent manner. The Trantrib (the public order force) has been known to terrorise the street vendors during the eviction process, and have been known to have the tendency to damage the property belonging to the vendors.

Any agreement which had been made between the street vendors and the Government or other parties who own the land used by the vendors as their working place had never been honoured by the latter parties. In the biggest eviction of sidewalk vendors in 2003, Jakarta's Governor himself had made a promise that all the evictions were to be halted during the holy month of Ramadhan, a promise which like so many other agreements had been broken easily (Jakarta Post, 11/20/03). Interestingly, most vendors did not oppose the

Government effort to put them in order however they did strongly resent the forced evictions (Jakarta Post, 11/20/03).

A more sympathetic approach was taken by the former Coordinating Minister of Political Affairs and Security when the eviction of some street vendors was brought to the public attention and the Government gained a lot of criticism. The Minister then introduced a scheme to improve their living standards. This scheme was in the form of scholarships for some vendors to attend courses at the Jakarta Vocational Training Centre, where afterwards they were given jobs in the formal sector (Tinker, 1997:35).

3.4.3 The Role of the Informal Sector in the Economy

Hospitals, schools, offices, factories and many other institutions in developing countries rely on street food vendors to supply patients' families, visitors, students, employees and labourers with food. On the other hand the street food vendors are also dependent on the existence of this formal sector to ensure the running of their businesses, for most of their customers are coming from those esteemed establishments. The interrelationships between these two sectors are quite obvious.

Rachbini suggested that the offices and supermarkets in the city's high rise buildings would benefit if they allocated some space for street food stalls so that their employees could have easy access to cheap foods during lunch breaks. He stressed that both the formal and informal sectors could work together (Jakarta Post, 03/13/03).

3.5 The Role of the Government

There is a dual standard in how the Government of Indonesia or in this case the Jakarta City Council (the Pemda Jakarta) views the informal sector. On the one hand people who are involved in the informal sector are considered as a welfare problem and part of the negative side of urban life and therefore must be eliminated by any means but on the other hand they are considered as productive people who can provide for themselves. Their ambiguous attitude was reflected in the literature of the informal sector.

The first viewpoint in the literature had a more pragmatic look at this sector. It saw the informal sector as being able to provide the marginalised and the poor a way to earn their living. Its proponents argued their point by stressing the importance of this sector for women who usually had to deal with many barriers in their attempt to enter the labour market (particularly the formal sector). They argued that the informal sector was an important part of a survival strategy not only for women but their families as well (Berger and Bulvinic, 1989). The second viewpoint argued that the informal sector was actually strengthening the marginalisation of the poorest and the most vulnerable and therefore it should be terminated, while the formal sector should be expanded to absorb the workforce (Moser, 1984).

Most of the time the administration adopts the last viewpoint and as a result has created hostile policies towards informal workers. Still, despite all terrible and inhumane treatments of street food vendors, there are times when the Government looks at them with benign views and encouragement. Castells and Portes confirmed that:

“Although those in informal activities are frequently harassed, the informal sector as a whole tends to develop under the auspices of Government tolerance.” (Portes et al., 1991:27)

One of the tolerant times for street food vendors is during Ramadhan (the fasting month). During this time not only the Government lets them open their stalls on the sidewalks to sell food to people who look for something to break their fast with, but in some streets even allows them to build their stalls on the body of the streets and even provides stalls to be rented for a small fee. This example shows the other standard used by the Government in looking at the informal sector as micro-scale enterprises that are expected to give their contribution to the economic development of the city and as such need to be promoted (Dwianto and Naoki, 2002).

The Indonesian economy began to slowly recover in 2000. The growth in GDP in 2002 was expected to be 3.2 per cent and 4.4 per cent in 2003 (ADB, 2003:1). However, the role of the Government in the business of the street vendors seems to be limited to their working spaces in which the Government is more interested in converting those spaces into green areas instead of improving the capabilities of those vendors. Economist Rachbini stated that the Jakarta administration lacked policies and programmes to handle street vendors and had looked for a quick and easy solution by conducting raids and eviction (Jakarta Post, 03/13/03).

Unknown by many people there was a city bylaw (No.2/2002) on private markets which stipulated that the private shopping centres of over 500 square meters in size were required to allocate 20% of their spaces for street vendors (03/13/03). Unfortunately, this ruling was not followed by most of the owners of private shopping centres.

3.6 Summary

The economic crisis of 1997 increased the number of poor and turned the Indonesian economy backward into decline. This crisis however managed to bring an acknowledgment that the informal sector, which had been termed as low productivity occupations by the World Bank, did contribute positively to the process of economic growth and development.

However, regardless of that knowledge the policy makers did not apply friendly policies towards people who worked in the informal sector. This was because the policies made were formulated out of set images and planning ideals, which were often imported from abroad and in most cases were not suitable for less developed countries (McGee, 1975:2).

People who sold food on the streets had experienced the same treatments from their government, they were considered as city offenders and as so were the targets of street cleaning, with their stalls and wares either destroyed or confiscated. The research methodology in the next chapter is designed to discover whether the street food vendors contribute to development and whether they experience any unpleasantness with government officials.

CHAPTER IV

RESEARCH METHODOLOGY AND FIELDWORK

"Research is the process of enquiry and discovery"
(Kitchin & Tate, 2000:1)

"Come and sit here and answer the questions!", said my colleague to the stall owner
Jakarta, July 2003

"Do I get paid?" asked the first food street vendor I asked to participate in my research
Jakarta, June 2003

4.1 Introduction

In this particular chapter I will explain the methods I chose for my research and the reasons for choosing them. It was not easy to decide what kind of method was best for this research. Smith (1990:5) explained that the models used for data gathering and analysis that originated from industrialised countries were inadequate and inappropriate to be used to evaluate the small businesses and micro-enterprises (the informal sector) of Latin America, Africa and Asia.

Governments of the first world countries and their agencies collect materials on a routine basis which provide rich sources of data, available to be used by any researchers interested in many subjects (May, 1997:65). This is not the

case in the developing and underdeveloped countries, which is why the models cannot be used as they are without some adjustments made.

The Bureau of Statistics in the third world countries in general cannot offer much help for researchers who are interested in the informal sector. They either use economic classification systems which have their origin in the first world and are therefore designed to suit the situation in those countries where almost all workers – including self-employed people, are recognised by their governments.

In the third world countries, statistics effectively exclude all workers in unregistered employment, who may form a very large proportion of urban workers (Hurley, 1990:6). Therefore, finding any data and information regarding the informal sector has become a challenge. This study used what limited data was available of the informal sector.

The design of a research methodology for this study has taken a number of issues into consideration. It was chosen to suit thesis objectives. It was expected to find answers to questions such as: Who are the people involved in the informal sector? What is the contribution of the informal sector to development? How much is its contribution to the improvement of people's livelihoods? Does it have any role in cushioning the impact of an economic downturn in the formal sector?

In designing this research methodology considerable thought has been given to the nature of work of the intended participants. The ability of the street food vendors to participate in various research methods had been weighed carefully before deciding which one to be used. Kitchin and Tate asserted that rushing to generate data without thinking of those issues first will lead to a poor piece of work (Kitchin and Tate, 2000:34).

A literature review had been undertaken prior to fieldwork to study background theories and rationales behind the emergence of the informal sector. Fieldwork was carried out in order to find primary data, but research of secondary data was also being conducted at the same time. This chapter presents research design and procedures, methodology in practice which includes the design of survey-interview questionnaire, participant observation, research population, ethics, fieldwork logistics, consent of participants and research conducted, and the treatment of data.

4.2 Research Design and Procedures

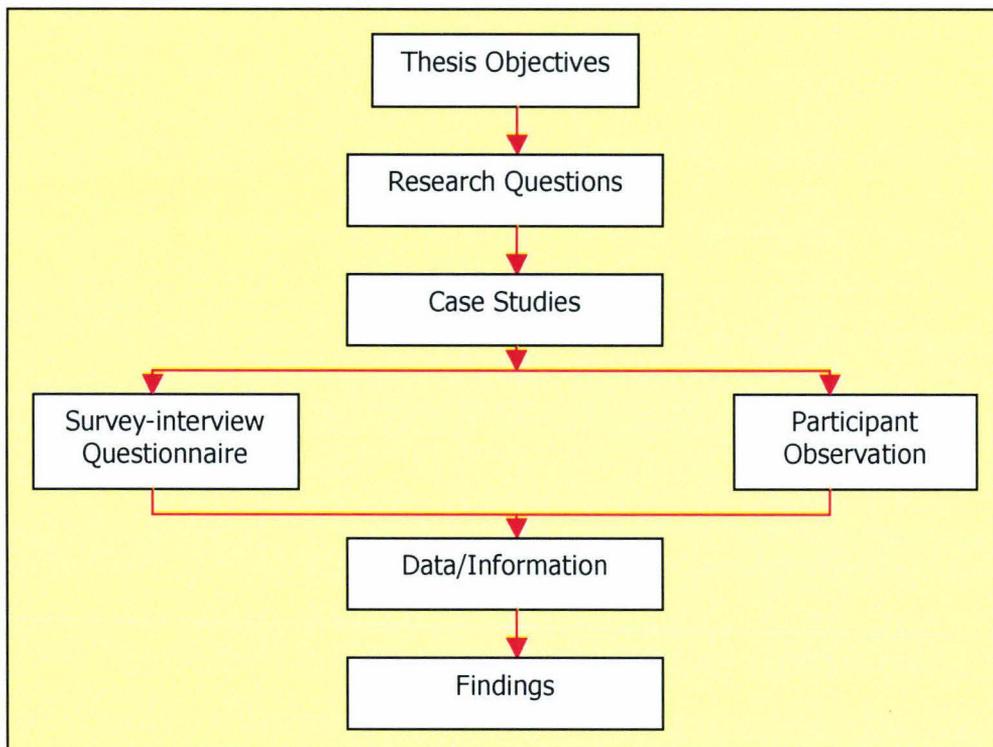
The research design of this study was started with the translation of the objectives of this thesis into research questions which would be brought to the fieldwork. In the fieldwork I used two tools in gathering all data that I needed. This data was analysed and processed afterwards into measurable and valid information (see Figure 4.1 on the next page).

Nardi (2003:7) argued that a reliable procedure was needed to generate ideas about larger groups or categories of people. However, before going into research design it was necessary to decide which research strategy was most appropriate to use. In order to differentiate between research strategies, it was necessary "... to identify the type of research question being asked" (Yin, 2003:7).

Like in other studies the research questions of this study needed adequate explanations and investigations before they could be answered properly. A case study was considered as the most suitable method because it could be used to trace information over a period of time and could provide explanatory answers.

The case study has a unique strength in its ability to deal with a full variety of evidence such as documents, artefacts, interviews and observations. Besides, Yin argued that the 'how' and 'why' questions were more likely to favour the used of case studies while the 'what' question would lead to a survey, although any other research strategies could be used as well.

Figure 4.1 Research Design and Procedures



However, seeing that the questions which needed to be answered in this research were in need to be followed by further how and why questions, a case study was deemed as the best method for this research. Not that it would be a mistake had another method been chosen for Nardi (2003:14) claimed that most research methods "... share similar procedures, sampling strategies, and ethical considerations." Regardless, Yin (2003:2) argued that "... the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events" In other words, "... the

case study as a research strategy comprises an all-encompassing method – covering the logic of design, data collection techniques, and specific approaches to data analysis” (Yin, 2003:4).

A study of clusters of street food vendors in Jakarta was undertaken to get a better picture of this particular sector, to learn its characteristics and to understand who is involved in it. The existence of street food stalls had become one of the important parts of life in Jakarta. It was chosen because in the past few years this particular form of business had been mushrooming distinctively. This fact indicated that street food vending was lucrative enough as a business. The research of its contribution to development and particularly to the livelihoods of the people involved in it could deliver some useful insights for its promotion. These insights could be used by policy makers as well as others who were interested in the informal sector.

The sheer number of people involved in these businesses might be driven by the fact that there were more people forced to find work in the informal sector, and they had chosen to be street food vendors. This apparent increase of people involved in street food businesses might also be caused by a completely unknown reason which needed further investigation. Whatever the reasons were, an Indonesian economist asserted that this business had thrived while the government was still beset by the multifaceted crisis and unable to provide jobs (Jakarta Post, 13/03/03).

Jakarta was chosen as the place to conduct the fieldwork for a number of reasons. Firstly, it is the centre of economic activities in Indonesia. Secondly, the impact of the economic crisis in Jakarta was more devastating than in other places, not to mention the practical reason that I lived there and had observed the growing number of people who had become involved in the informal sector.

I expected that through this case study I would be able to acquire satisfactory understanding of the livelihoods and basic information of the people who were working in the informal sector, particularly of the street food vendors who ran their businesses on the sidewalks of the main streets of Jakarta.

4.3 Methodology in Practice

Figure 4.2 Methodology in Practice

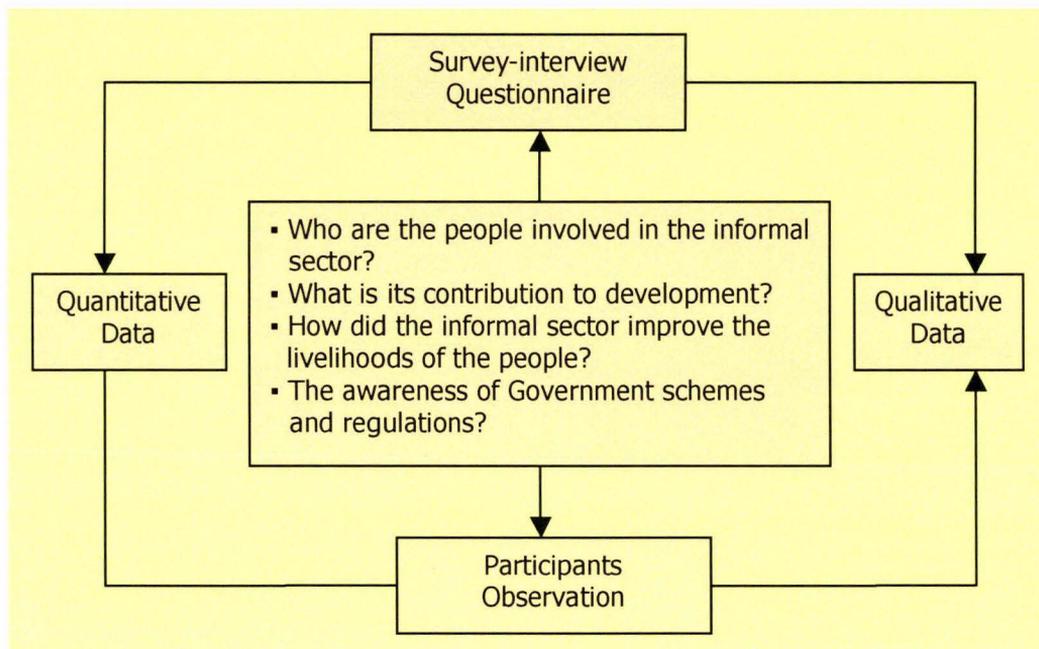


Figure 4.2 illustrates the process of finding answers to research questions. The answers to these questions were researched by using a survey-interview questionnaire and participant observation. These methods were used to gather both qualitative and quantitative data.

4.3.1 Design of Survey-interview Questionnaire

The survey-interview questionnaire in this study was designed to extract both quantitative and qualitative information from the people who worked in the informal sector. Yin (2003:9) argued that it was possible to "... use multiple strategies in any given study (e.g. a survey within a case study or a case study within a survey)". In this study I chose to use a survey within a case study.

This questionnaire was developed before commencing the fieldwork and complemented with informal interviews. It was designed based on the issues related to the theories in literature and with regards to previous similar studies. It was focused on finding answers to similar criteria set. It was "... constrained and structured to accomplish the research goals – in particular to provide the data necessary for analysis" (O'Muircheartaigh, 1997:4).

The questionnaire was designed to be answered by the owners of food stalls with an understanding that adjustments will be made later on depending on the situation found in the field. The choice of questions was created with a purpose of finding answers to research questions. They were grouped into a sequence which was ordered in a way that made the interview flow smoothly and made the respondents felt comfortable.

It comprised of four sections (see Appendix 2). On the top of the questionnaire the status of the respondents was queried first. It questioned whether she/he was the owner, paid worker, unpaid worker of the food stall (or other) to determine how to proceed with the rest of the section. The first section obtained general information about the respondents. The second section was their business information. The third section was household information. The fourth section was concerning their awareness of Government schemes and regulations.

The general information section was aimed at establishing a profile of the informal sector workers. It consisted of questions such as marital status, educational background, gender, place of origin, and age. This part was important to gather data which could be used to compare findings in the fieldwork with other findings from previous studies of the informal sector. Most of the theories regarding the informal sector asserted that it comprised of mostly female workers and sometimes children. There was also a notion that most of the people who worked in it were uneducated. This section was largely designed to find out who involved in the informal sector.

The business information section was designed with three purposes. Firstly, to learn how the informal sector operated. Secondly, to discover whether there was a particular pattern in street food vending business and thirdly to learn whether it interacted with other sectors. This sector was also looking for connections between people's reasons for working in the informal sector and the unavailability of jobs in the formal sector. It looked for the effects of the economic crisis on the informal sector from vendors' viewpoint.

This section had questions such as the number of workers employed in the food stall, who was involved in the business, what facilities were used, working hours, how the economic crisis affected their businesses, open days, the reasons for choosing to be a street food vendor, and their business contacts. In general it was aimed at learning how the informal sector cushioned the impacts of the economic crisis and its contribution to development.

The household information was used to analyse the contribution of the informal sector to the improvement of the livelihoods of the people who worked in it. Some of the questions asked were regarding: residential status,

sources of income in the households, monthly income and differentiation that they experienced in their lives after working in the informal sector.

The last section, concerning the awareness of Government schemes and regulations was constructed with an expectation to uncover the reasons that these respondents work in the informal sector, with regard to regulation compliances. It tried to understand how the people who worked in the informal sector saw the Government. These questions also aimed to learn about their expectations and wishes for the Government.

All questions were designed to be as clear and simple as possible. When translated into Bahasa Indonesia (Indonesian) those questions were asked in Jakartan which is the informal Indonesian that is used in daily conversations. The questions in the questionnaire, particularly the open-ended ones were provided with enough space to write down the answers and explanations given. Plenty of spaces were available on the next page to add comments on any interesting information or issues discovered during the interviews and field observations.

This questionnaire had been carefully discussed with supervisors and had been tested with some colleagues. The comments received were duly noted and had been taken into consideration in modifying the questionnaire. The final questionnaire was taken to the field and was pre-tested to see what modification needed to be done. Most of the modifications were concerning the questions which were directed to the stall owner but were answered by someone else. Some modification was also done in the way the interviews were carried out.

The interviews used both open-ended questions in the questionnaire and informal conversations to obtain more qualitative information and an in-depth understanding of issues faced by street food vendors. These

interviews were not specifically designed to get a particular answer from respondents. There was a desire to learn about the lives and experiences of all street food vendors behind all the interviews conducted with them. Seidman asserted that: "At the root of in-depth interviewing is an interest in understanding the experience of other people and the meaning they make of that experience" (Seidman, 1991:3).

The information gathered from interviews was written down in the space available in the questionnaire form. Unfortunately this method reduced the rapport with the respondents and after a couple of weeks I decided to just note down the important details which I would likely to forget on a small piece of paper. I wrote all other information down to the questionnaire form right after the interview or in idle times when my respondents had to serve their customers.

4.3.2 Participant Observation

The fieldwork timetable which had been planned prior to fieldwork had not worked out as I hope. I could not set a certain number of respondents to be interviewed per day as planned. The respondents themselves could not set a fixed time for interviews because their time depended on the presence of their customers. Since I spent so much time in the field waiting for a chance to have my survey-interview or a suitable time to talk to stall owners, I decided I might as well do participant observation.

There are some who think that researchers who use this method think that they already know what there is to know. While in fact, "...the method encourages researchers to immerse themselves in the day-to-day activities of the people whom they are attempting to understand" (May, 1997:133). This was basically what I did. I spent my time in sites to observe the daily life and activities of food street vendors. I learnt how street food vendors interacted

with their customers and other vendors, saw who their customers were, and how they dealt with problems in their workplace. This method was used to gain a better understanding of things found in the survey and interviews. It was utilised together with theoretical insights to make their behaviours comprehensible (Burgess, 1995:79).

4.4 Research Population

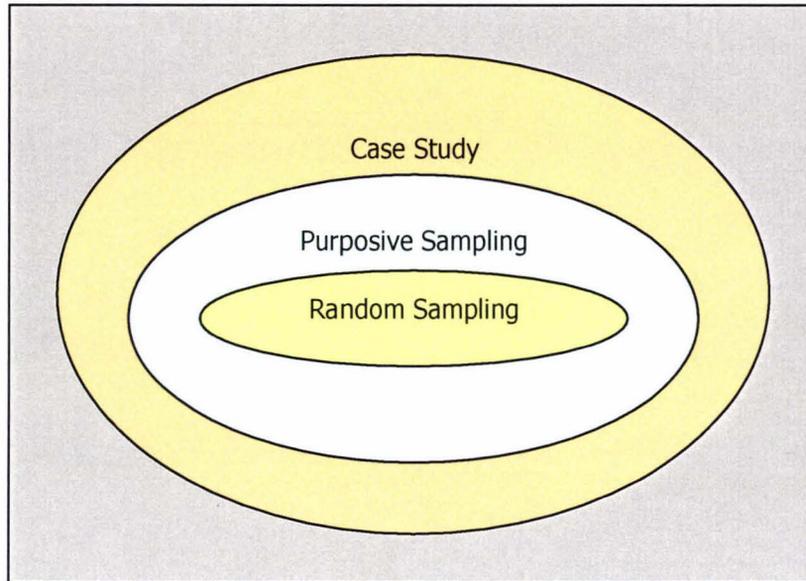
Due to resources and time constraints it was difficult to research a wide range of people. It was not possible to study all street food vendors in Jakarta. Therefore, some sites were chosen with the expectation that from some respondents chosen I would be able to make a generalisation for the whole population of the Segi Tiga Emas / Golden Triangle area. These findings then would enable me to draw conclusions on the contribution of the informal sector (street food businesses), and particularly of the street vendors studied, to development. However, a group of street food vendors that could represent a larger population was needed if a generalisation and conclusions were meant to describe the contribution of street food vendors in Jakarta to development, as this study was limited to just a small number of vendors interviewed in the Segi Tiga Emas area.

Figure 4.3 illustrates the way the population involved in the case study is chosen. In order to determine prospective respondents I chose to use a combination of both of the most common sampling methods – the random sampling method and the purposive sampling method. Merriam explained that in case studies it was common to use these two levels of sampling (Merriam, 1998:65).

The random sampling method which is also known as probability sampling, is used because it enables me to generalise the results of my study. It also

enables me to relate my findings to the general theories of the informal sector. I used the random sampling method in selecting my respondents.

Figure 4.3 Research Population



Since it was impossible for me to determine the number of all street food vendors in Jakarta, I drew maps of the three sites where I conducted my study. The maps were drawn to learn about their population which then enabled me to select a representative sample. The first site (Appendix 3) consisted of three clusters of street food vendors with thirty nine vendors. The second site (Appendix 4) had twenty six vendors and the third site (Appendix 5) had twenty seven vendors. In total there were ninety two stalls in those three sites and I decided to randomly select about one quarter of them to be my sample which meant twenty four food stalls to be surveyed and interviewed.

The second method, the purposive sampling method which is also known as non-probability sampling or judgemental sampling is used because I purposely selected sites which could give me a better understanding of the

interrelationships between the informal sector and the formal sector, and a chance to challenge one of the criteria of the informal sector which suggested that it involved a clandestine operation. In the purposive sampling method it is essential to determine the selection criteria of the people or sites to be studied. Those criteria were set in accordance with the purpose of the study. I used the purposive sampling method in determining my three sites because I did not know and could not study all the street food vendors in every site in Jakarta.

The purposive random sampling or the non-probability sampling method is used when one does not know the entire population (Overton and Van Dierman; 2003:42).

The three sites chosen in this study were situated in the area known as the Segi Tiga Emas (the Golden Triangle) where all the major companies, Government Departments, and Embassies had their offices. I chose this area because of the stark contrast between the object of my study and their surrounding and because I needed to see whether there was any interrelationship between the formal and informal sectors. The second reason was that their very locations which were right in the middle of one of the most important sites in Jakarta was very useful in making a point whether their activities could be determined as clandestine or not and in learning how the authority viewed the informal sector. However, the fact that the very nature of this area could only be described as prosperous limited the findings – other clusters of street food vendors who ran their businesses in poor areas might give researchers totally different findings.

4.5 Ethics

Prior to fieldwork, an ethics meeting was held at Massey University on the 29th May 2003. The meeting was attended by my supervisors Dr. Susan

Maiava and Dr. Tony Banks and Dr. Barbara Nowak of Development Studies and myself, the researcher. We had a thorough discussion of how I would conduct my research to ensure that it shall be carried out in accordance with Massey's human ethics guidance, and how would I protect the interests and safety of all parties involved in and related to my research through the appropriate treatment of the data gathered.

Basically, it was about how to do ethical research. Sociologists and social anthropologists have examined a series of questions concerning the ethical conduct in social research over the last twenty years (Burgess, 1990:185). Some anthropologists had questioned whether "... field researchers working within their own society experience advantages and disadvantages that are less likely to be encountered by researchers working in societies and cultural settings other than their own" (Burgess, 1995:22).

The meeting also discussed the methodology I chose for my research and the possibility of changing it, had the situation found in the field required me to make some adjustments. A letter of introduction (Appendix 6) was written by Dr. Maiava. This letter introduced me and explained the nature of my research and status at the time of conducting my fieldwork. It ensured that the research was genuinely for the purposes of completing a thesis and not for other purposes. This letter was used when I had to conduct research for secondary data where I had to deal with people from various organisations. An information sheet (Appendix 7) had been written to inform the prospective participants of their rights had they decided to participate in this research.

There was no attempt made to gain official permission for this fieldwork as it would not be necessary because this research was conducted in my own country. Moreover, it was carried out in my position as an independent student who had no official affiliations.

4.5.1 Fieldwork Logistics

Fieldwork logistics closely related to resources and time constraints. The fieldwork was planned for 57 days from June to August 2003 in Jakarta, Indonesia. However, those days could not be used effectively for survey interviews. There were a lot of issues which inevitably had taken some of the times which had been allocated for fieldwork. Issues such as heavy traffic, health, participants' time, holidays (Saturday and Sunday when some of the street food vendors did not run their businesses), political factors such as demonstrations and strikes also reduce the time available considerably.

The fact that the study was conducted in my home country also means that more time would be consumed for personal, familial or official matters comparing with the study in another country. The nature of the research which required me to have light morning meals, lunches and afternoon snacks or even dinner in the field meant that the research budget was expanding. Travelling from one site to another on the same day also consumed time and resources.

4.5.2 Consent of Participants and Conducting Interviews

It was planned that the consent of participants would be recorded verbally instead of asking them to sign a formal form of consent. In the field it became apparent that anything related to formality gave them a feeling of unease. Therefore, I only asked for verbal consents.

As the participants needed to have an understanding of the nature of my research and their rights, these things were conveyed to them in a friendly and informative way. There was no intimidating paper shown to scrutinise. The survey interviews which were then held were also conducted in the most

informal manner. The building of rapport was the major factor in conducting this survey interviews. Out of 24 participants asked to be involved in this research only one refused to formally participate.

4.5.3 Treatment of Data

The survey questionnaire and interview results were kept private. They were coded and could not be tracked down to the vendors participated in this research by other people. All data and information was brought back to New Zealand for further analysis and processing. As it took a lot of time to study all the material I could not do my analysis and the processing of data in Jakarta. Although it does not mean that I did not study my data as my fieldwork was proceeding. Seidman argued that "...the researcher can not help but work with the material he or she is getting" (Seidman, 1991:86).

After the process of data analysis and processing had been completed, all data and information gathered would be destroyed. The safety of the participants involved in the research was my uppermost concern in the treatment of all data and information gathered in the fieldwork.

CHAPTER V

FIELDWORK DATA ANALYSIS

"Four years?" said the incredulous small business man. "You're going to spend four years looking at the problems of small businesses and what the Government should do about it? You don't need to do that. I can tell you now what Government should do about it!"
(cited in Storey, 1994:1)

5.1 Introduction

This chapter presents the data collected during fieldwork in Jakarta. The presentation of these findings is arranged in a particular order that makes their analysis easier and more relevant to my research questions. The simplest way to analyse data and information gathered in the fieldwork is by finding the links and patterns in research findings and relate them to the research questions.

I did the first step of data analysis when I was thinking of a way to code my survey-interview questionnaire (see Appendix 2). The data was sorted out first into similar categories before it was coded and analysed. These fieldwork findings consisted of quantitative and qualitative data. Coffey and Atkinson (1996:27) asserted: "Coding can be thought about as a way of relating our data to our ideas about those *[sic]* data."

To help the process of analysis the quantitative data was put into the computer using the programme Excel, while the qualitative data was put into orderly patterns using Microsoft Word. They were organised in conjunction with issues found in the literature review. There are three tables presented in the appendices section which contain most of quantitative data gathered in the fieldwork and act as the main source of information for the writing of this chapter.

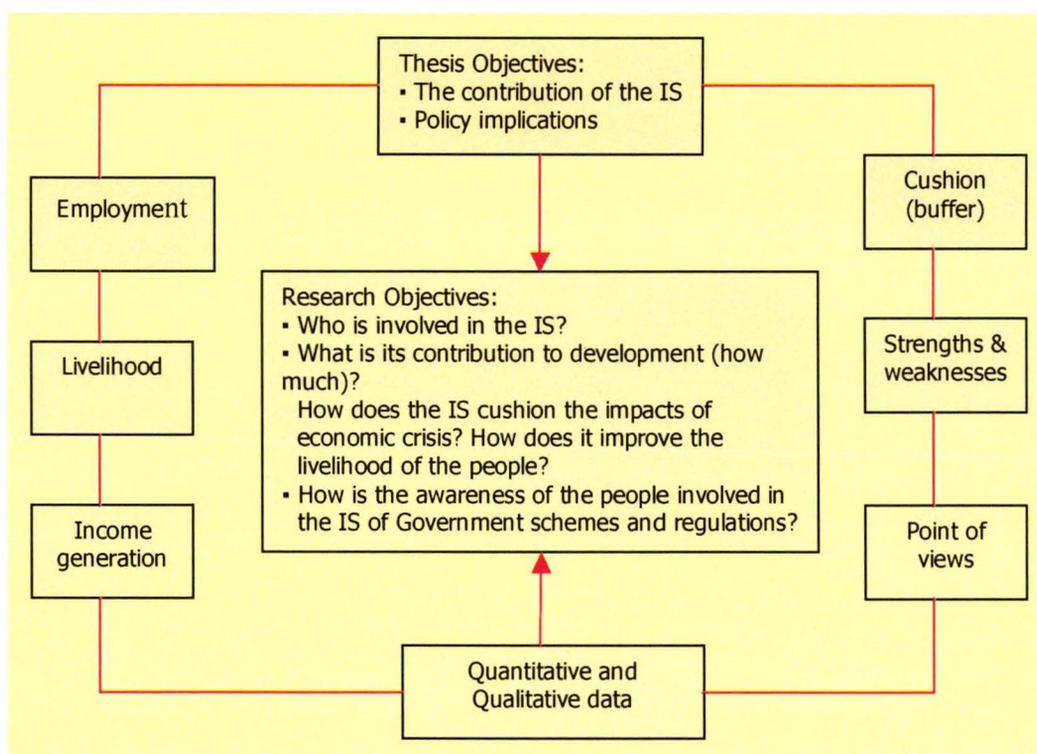
The first table (Appendix 8) concerns the approval, educational background, gender and age of participants involved. The second table (Appendix 9) conveys information such as the number of workers, working hours, open days and daily income of the food stalls. The last table (Appendix 10) consists of marital status, children to support, residential status, place of origin, years spent in Jakarta, years since opening the business, business status, and duration of employment. There are more tables derived from these three tables which are also analysed in this chapter.

This chapter however does not follow with in-depth discussions as these discussions shall be carried out in the next chapter. I decided to do so because if I did thorough discussions in this chapter, I might get distracted by the theories and findings of other people, by what should be discussed rather than laying the simple facts found in the field.

Figure 5.1 is drawn to help one comprehend the connection between thesis objectives, research questions and findings (quantitative and qualitative data found in the field) and directing the process of data analysis in answering those questions. There are two main objectives of this thesis. Firstly, it tries to study the contribution of the informal sector to development. Secondly, this thesis

looks at the policy implications of the findings. These objectives were reinterpreted into research questions. These questions were related to the employment, livelihood and income generation issues of the informal sector. They were also expected to reveal the points of view of the vendors, the strengths and weaknesses of this sector and how it cushioned the impact of the economic crisis. The qualitative and quantitative data found were analysed based on its relevance to the research questions.

Figure 5.1 Connection between Questions and Data Found



This chapter is organised under several sections of topics pertaining to the findings and theories of the informal sector. It also presents and discusses findings that support, or fail to support, or answer research questions, along with unanticipated results and a summary. It was explained in the previous

chapter that the process of this research was started by translating thesis objectives into research questions and then these into measurable and valid information.

It was also explained in the first chapter that the informal sector studied in this research was comprised of micro enterprises, which were businesses with less than 5 people, and small-scale businesses, which employed 5-10 people, all of whom ran their businesses on the sidewalks selling foods and beverages using semi-permanent tents or carts. Therefore, all the people involved in these businesses were considered as informal sector workers, regardless of whether they were the owners of the stalls, the unpaid family workers or the wage workers.

Twenty four participants were randomly chosen to participate in the survey questionnaire. Twenty two agreed to be interviewed and only one refused to participate while another selected participant was not on the site during the entire fieldwork. All the analysis that follows is from these twenty two participants except for some issues where some of them refused to divulge information asked for various reasons. In that case the analysis is conducted based on the information given by those who were willing.

5.2 Street Food Vendors

In order to understand the important contribution of the informal sector to development it is necessary to ascertain the profile of the people involved in it. In this study the profile is of the people who worked in the street food stalls. Table 5.1 sums up the analysis of all my findings. Other details are explained in the various sections below. This table (Table 5.1) is divided into three columns

which present three categories of participants involved in the research. 'Owners' refers to the stalls' owners, 'workers' to the people who work in the stall and are receiving wage in return for their labour. 'Others' refers to respondents who did not work for the stall owners in the usual way. They were either running family businesses which belonged to their family, or were a member of a family, or were standing-in for the owner of the business who was also a relative.

Table 5.1 Owners, Workers, and Others

Characteristics	Owners	Workers	Others
Married % / Age	100% / >26	29% / 26-35	33% / 16-25
Single % / Age	0%	71% / 16-25	67% / <26
Income per month	Rp.3,000,000-30,000,000	Rp.200,000-300,000	Unclear
Male	42%	86%	100%
Female	58%	14%	0%
Education level			
SD	5 (42%)	1 (14%)	-
SMP	-	2 (29%)	2 (67%)
SMA	4 (33%)	2 (29%)	1 (33%)
Others	-	1 (14%)	-
Not providing info	3 (25%)	1 (14%)	-

There were three respondents who fell into this category. One of them was still under 16 years of age. He usually came to their stall after school and functioned from time to time as a stand-in in his father's stall while he went to pray. The other respondent who was the only married respondent in this category (who was not much older than the first respondent) was running his mother-in-law's stall. He had his own business a year ago before marrying his wife. Since he took over his mother-in-law's business, she was able to open a new branch in another place. The last respondent who was about the same age as the second respondent was overseeing his brother's stall, while the said brother had gone back to their home town and to take charge of their family businesses.

These facts show that kinships and family ties are one of the most important factors which influenced respondents' decisions to be involved in street food business. However, this kind of arrangement makes it difficult to categorise them into the other two categories. They were not workers but they were not the owners of the stall either. It was not easy to determine how their participation in this family enterprise was valued. This difficulty particularly applied in measuring their personal income, for they could not clearly explain what kind of arrangement they had for running their businesses. Although this does not mean that there was no profit sharing between them, and their vagueness may be related to the subject of discussion.

5.3. Profile of the Owners

5.3.1 Educational Background and Gender

Table 5.1 Owners, Workers and Others (above) stresses that the percentage of female owners was higher than male owners. Out of twelve owner respondents fifty eight per cent were female. This fact was interesting and might be significant, particularly considering that out of twenty two participants involved in this study the number of male participants was higher. This fact needs to be analysed further using a bigger sample as it raises a few questions, particularly regarding the reasons why one gender was more dominant than the other in some business sectors. What causes the higher number of female owners in this particular business? Why were they more female owners in this rather prosperous area? Why were most of the workers males? Will a study on different sites with different characteristics deliver the same results?

Table 5.2 Educational Background – Owners shows that female owners seemed to have a slightly higher educational background compared to their male counterparts. However, since two of the male respondents did not reveal their educational background, it could not be concluded for certain that female owners had a higher education. There was the possibility that those two male owners had finished their high school, which in that case, would make the male educational level higher than females’.

Table 5.2 Educational Background (Owners)

Owners	SD (Primary School)	SMP (Junior High)	SMA (Senior High)	Others (Inf.Sch)	Not Prov.Info	Total
Male	2 (33%)	-	1 (25%)	-	2 (100%)	5 (42%)
Female	4 (67%)	-	3 (75%)	-	-	7 (58%)
Total	6 (50%)	-	4 (33%)	-	2 (17%)	12 (100%)

However, despite this impressive figure, there was one female owner who confessed that even though she attended elementary school she could not read well. Her reading ability was just enough to enable her to run her business. It was sufficient enough to be used in reading information written in a Bank book she had, or in reading cooking instructions from the food packages she used in her stall.

The level of education of the owners was rather low with only 50% of owners having gone through elementary education (SD) which is a six-year course of study. None of them had gone to junior high school (SMP) which is a three-year course of study after finishing elementary school. One-third of the owners had attended senior high school (SMA) which is also a three-year course of study undertaken after finishing junior high school. None of them had been to College

or University. However, the fact that no university graduates were found in the street food businesses could not be used to draw a conclusion that no university graduates were involved in the informal sector. As a matter of fact, only a few metres away from the sites I studied there were quite a number of these graduates working as *tukang ojek* (people who use their motor-cycle or others' they rent to transport people to their destination for an agreed fee).

5.3.2 Age and Marital Status

Unlike in the survey regarding their educational background where some respondents were reluctant to reveal theirs, all twenty two participants involved in this research did not mind sharing information regarding their age and marital status. Out of twelve owners, four were between 26 and 35 years of age. Two were between 36 and 45 years of age. Five more were between 46 and 55 years of age. There were no respondents above 56 years of age. It should be noted that all five owners between the ages of 46-55 were the only participants involved in this research who belonged to that age bracket. This meant that there were no workers above 45 years of age.

The female participant who confessed she did not read well turned out to be the only respondent interviewed who did not know her own age. She explained that her parents did not make any record of her date of birth which was not something out of the ordinary because many people in the villages were either too remote or did not put any importance in recording the day of birth of their children. This lack of concern for birthdates is more likely to do with lack of education rather than with geographical reasons. This particular female respondent was born in Jakarta although her family originally came from West Java.

Table 5.3 shows that even though all these owners were not exactly young, they were not exactly old either. Most of them were still in their productive years which meant they should be able to choose other lines of work had they wanted to. Even those who were in the age bracket of 46-55 were able to choose their line of work years ago when they first started up their businesses.

No matter what their reasons were for becoming involved in the informal sector, the fact that they chose street food business was saying that this sector was offering something better than other informal activities. Although admittedly lack of capital and skills needed to be engaged in other informal activities would influence their decision in choosing street food vending as their occupation.

Table 5.3 Age and Marital Status (Owners)

Marital Status	Age							Total
	Don't Know	<16	16-25	26-35	36-45	46-55	>56	
Male	-	-	-	1	2	2	-	5 (42%)
Female	1	-	-	3	-	3	-	7 (58%)
	1 (8%)	-	-	4 (33%)	2 (17%)	5 (42%)	-	12 (100%)

Regarding the marital status of all participants, 68% were married, twelve of them were stall owners. In other words 80% of married respondents were stall owners and 100% of the owners were married. Their marital status implied that they must have had dependants to support. Therefore, their job must have been lucrative enough and sustainable enough to provide for their families.

5.3.3 Origin and Years Spent in Jakarta

The number of years spent by the respondents in Jakarta was varied from one year to thirty years, although 90% of the respondents had spent more than 5 years there. There was only one owner respondent who was not clear about how long he had been in Jakarta. This meant that they had all contributed to the development of Jakarta and had a source of income to support themselves.

Most of the respondents had been working in the food industry since the time of their arrival before finally started up their current businesses. Some spent those years working in the food industry or having jobs which related to it either in the formal or informal sectors. Most had been working in hotels, restaurants and other people's food stalls for quite sometime. These experiences had served to replace small business training which they had never had. Throughout the years, as their businesses grew, some respondents had chosen to employ some of their relatives although there were a few who chose to employ other people instead.

Table 5.4 Origin and Years Spent in Jakarta (Owners)

Origin	Years Spent in Jakarta						Total
	0-1	1-5	5-10	10-15	15-20	>20	
East Java	-	-	1	2	-	-	3 (27%)
Central Java	-	1	-	-	-	1	2 (18%)
West Java	-	-	1	-	-	2	3 (27%)
DIY	-	-	-	-	1	1	2 (18%)
Jakarta	-	-	-	-	-	-	-
West Sumatera	-	-	-	1	-	-	1 (9%)
South Sumatera	-	-	-	-	-	-	-
North Sulawesi	-	-	-	-	-	-	-
Total	-	1 (9%)	2 (18%)	3 (27%)	1 (9%)	4 (36%)	11 (100%)

As can be seen in *Table 5.4* (above) all owners came from other provinces. This finding suggested that no native Jakartans are involved in street food businesses. It raised the speculation that some of the native Jakartan (the Betawi people) might work in other forms of informal sector work. Another possibility was that none of the Betawi people are involved in the informal sector.

On the other hand, the high percentage of Javanese respondents (90%) could implicate that most Javanese people had more suitable characteristics for running street food businesses. It is suggested that they were more adept in comparison to people from other ethnicities. Although it is probable that they just happened to prefer street food businesses to other informal jobs and that the sheer number of Javanese in this business did not have to relate to any special characteristics at all.

Regardless, this finding was very peculiar, for had this research studied other food businesses which were a little bit bigger in size (although still in the informal sector) it was very likely that the ethnicity of the entrepreneurs would be different. These facts brought a few questions to mind, such as: what determined ethnic patterns in some businesses? Was it the business itself? Might it be possible that the size of the business determined the ethnicity of the worker or vice versa? Could it be that the ethnic pattern had something to do with the level of development in their place of origin?

Out of twelve respondents, only one did not provide information on the origin and year of opening the stall. *Table 5.5 of Origin and Years of Opening the Current Stall* did not design to single out the year of the economic crisis. It was presented to inform how long had these vendors been in this business. It was

ranged in accordance with the time span revealed by the owner respondents interviewed.

Table 5.5 Origin and Years of Opening the Current Stall

Year of opening stall	Origin						Total
	East Java	Central Java	West Java	DIY	West Sumatera	Not Prov.Inf	
1980-85	-	-	-	1	-	-	1 (9%)
1986-90	-	-	-	-	-	-	-
1990-95	1	1	1	-	-	-	3 (27%)
1996-00	1	-	1	1	-	-	3 (27%)
2000-03	2	1	-	-	1	-	4 (37%)
Total	4	2	2	2	1	1	11 (100%)

The information regarding the impact of the economic crisis on the number of vendors (employment) was extracted from the table by looking at 1996-00 and 2000-03 periods. 64% of respondents started their businesses after 1995. However, there were only three people (27%) who actually started their businesses about the time the economic crisis started. Regardless, a steady increase in the number of people involved in the street food businesses throughout the years could mean that this sector is lucrative enough to attract and support people's livelihoods.

5.3.4 Reasons for Working in the Informal Sector

There were some views which argued that the migration of the people from other provinces to Jakarta was caused by industrial development. Contradictory to these arguments which implied that those people were looking for employment in the formal sector, none of my respondents gave this as their reason for moving into Jakarta. Some were motivated, urged or forced to head

off to the capital for reasons that had nothing to do with a specific intention to look for formal jobs.

Various reasons were given to the question "why did the respondents work in the informal sector as street food vendors?". Generally the reason given by most male respondents was as simple as a necessity to earn a living so that one could eat. Other reason was because there were no jobs available in their home towns so they had to come to Jakarta to look for a better opportunity and a better life. However, some other respondents thought that running their own business regardless how small was preferable to working for other people. These respondents were those who had previously worked for others.

These findings were rather similar to what had been found by Day who found out that most self-employed people said that they chose to start their own business because they wanted to escape the probability of being laid-off; establish a supplementary income; or to be their own boss (Day, 1991:5). Underlying all the responses given there was a feeling of security in having their own business as these respondents then did not have to worry about termination from someone else.

A slight difference between findings in this research and what had been found by Day was that none of the owner respondents in this research considered their occupation as a source of a mere supplementary income. Their businesses were their very livelihoods and their main source of income even in the case where their spouse had their own income.

Some of the reasons given by female respondents for working in the informal sector (as a street food vendor) were quite different. Still, they were agreed

that their businesses had become the main source of income in their family. Although interestingly, none said that fact bluntly. Out of eight female respondents who had agreed to be interviewed (one was not the owner of the stall), only one said that she started her own business because she needed a means to survive. Two others were continuing to run a business left by aging or ailing family members. Three more started their own business because they had more free time after their children had grown up. One respondent said she just wanted to help her brother to run his business. All these female respondents described what they were doing as a good job and some who had had previous work experiences still considered it as a much better job.

Besides generating a good income owning a food stall and being their own boss had boosted the self-confidence of the female owners as they had become more independent. Their jobs had increased their self-esteem and empowered them in a way that their education could not.

The only female owner who said she needed a means to survive 'employed' her husband in her business as well as a number of other employees. Another female owner had become the bread winner since her husband lost his job and health and could only offer her his assistance, for example to guard her stall from time to time while she was leaving for praying and in helping her to open and close the stall.

The two following cases are presented to better explain the various reasons that have driven these people to work in the informal sector. These two particular cases illustrate that financial concerns were certainly not the reason why the two owners interviewed chose to start up their own business on the street. Both

of them were financially secure before and at the time of the venture of their street food businesses.

Case 1:

Mrs. R had just opened her stall recently. It had only been running for three weeks to be exact. Although she was not the only female who had completed high school among female owner respondents, she was the only one who went to a vocational high school which enabled her to work straight away as a nurse in one of the biggest private hospitals in the city. She earned a good salary. Her husband, who worked in a five-star hotel, earned an even better salary and with only a baby son to support it was unnecessary for her to look for supplementary income.

She explained that the nature of her work had put her on a shift schedule which left her with quite amount of free time between the shifts. Due to the current economic condition she felt insecure of her husband's job and that was when the idea to open a food stall started to take place. This idea beckoned more strongly as the days passed and the empty space between vendors in front of the hospital where she worked continued to be empty.

She revealed her concern that: "Even though working in the private sector pays up quite nicely you never know how long it will last. Having this business will help us if something untoward happens in the future."

Case 2:

The reason for Mr. C to come to Jakarta was not because he could not find a job in his hometown. He had already worked as a project manager in a construction company in Surabaya, the second largest city in Indonesia. His position allowed him to have substantial side money but after awhile this very thing made him felt restless. He suddenly felt that money was not everything after all. That was when he decided to quit his job and headed off to Jakarta to start anew. He found that working as street food vendor offered him a chance to earn an honest living and gave him an inner peace of mind.

Table 5.6 is the summary of the very different reasons given by respondents for their involvement in street food businesses. As there were distinct different in

the reasons given by male and female respondents, segregation by gender was made.

**Table 5.6 Reasons for Working in the Informal Sector in Jakarta
(Owners)**

Male	Female
<ul style="list-style-type: none"> • Had to earn a living • No jobs available in their hometowns • It generated a very good income • Wanted to be their own boss • To have a personal satisfaction and peace of mind 	<ul style="list-style-type: none"> • Had more free time • Insecure feelings of economic condition • Continuing family business • Helping relative • Needed a means to survive • Had been laid-off • It was a very good job

5.3.5 Business Strategies

The information regarding business strategies used by the street food vendors was derived from observation of how these vendors dealt with their customers on daily basis and of how they tackled any problems arose in their operation and combined with conversations with customers, other vendors, and open-ended questions in the questionnaire.

There seemed to be a similar pattern in how these vendors ran their businesses, particularly in the number of people employed and the running hours. Firstly, regarding the number of workers employed I found out that all stalls which had been studied employed no more than ten people (see Table 5.7 below).

Ten stalls out of twenty two stalls employed one to two employees. Six stalls employed three to four employees. Six others had five to nine helpers. The

number of people employed usually reflected the number of customers needing to be served at rush hours and the size of the stalls.

Table 5.7 Number of Workers and Working Hours

Number of Workers	Working Hours			Open on	
	5-7	8-11	12-16	Saturday	Sunday
1-2	1 (10%)	3 (30%)	6 (60%)	10 (100%)	4 (40%)
3-4	1 (17%)	3 (50%)	2 (33%)	5 (83%)	1 (17%)
5-9	-	2 (33%)	4 (67%)	6 (100%)	2 (33%)
Total	2 (9%)	8 (36%)	12 (55%)	21 (95%)	7 (32%)

Secondly, in terms of the hours of operation two stalls opened for five to seven hours a day. Eight stalls opened about eight to eleven hours a day. Twelve stalls opened for 12 to 16 hours a day. They all started to open their stall about eight to nine in the morning from Monday to Friday.

Twenty one stalls always opened on Saturday with only one which sometimes opened and sometimes not on that day. There were only seven stalls which chose to run their business on Sunday. The rest considered Sunday as a time to have a break although there were some of them who needed to do their weekly shopping and did some preparation for their weekdays' business.

There was no discernible relation between the number of people employed in the stalls and its opening hours, except that it seemed that the more people that worked in the stalls the longer their opening hours. However, this conclusion was rather lame because it could be seen in *Table 5.7* that there 60% of stalls employed 1-2 workers that opened for 12-16 hours a day. Nevertheless, there was a striking finding regarding the working hours and the number of workers employed. Out of twelve stalls which ran their business that

long, there were only two stalls which actually employed one person. The rest of the stalls employed more than one employee.

There are a few short cases presented below to help to comprehend some of the other strategies employed by the vendors (the owners). These strategies were not explained articulately in the interviews, as they probably did not realise what they were doing these business strategies themselves. There were twenty two participants in this research, but unfortunately there were only twelve owners whom could be interviewed in person. The other ten who let their stalls be run by their employees could not be met. In the case where interviews were held with the workers who worked in the stalls, the cases below were written to describe the strategies applied by the absent owners. The descriptions were necessary because these workers were merely following orders from their bosses and accepting their condition without giving it any thought much less analysis. Some of these cases were enriched by the observations conducted during the fieldwork.

Case 1:

Mrs. A worked in the only stall which opened occasionally on Saturday. She explained that although her stall did not always open on Saturday it did not mean she did not work on that day. It was because her boss who owned a number of similar stalls (selling exactly the same food) rotated his employees on that day and decided which sites they should go to.

She also informed me that her boss had originally considered opening his new stall (the stall where she currently worked) in a place designated by authorities before finally deciding to choose the current site on the sidewalk.

Case 2:

Some street food stall owners let their stalls be run by their workers. These absent owners as well as some who had been interviewed had deliberately chosen to

employ young single males who either lived with them or were housed together with other young workers. This particular policy was followed by giving these young workers a weekly wage which was far below the minimum wage standard set by the Government. More over this low wage was kept in their hands until the end of the year when the time had come for these young workers to go to their hometown to celebrate either Idul Fitri or Christmas or New Year with their family.

Case 3:

Mr. S who was not a stall owner but ran a stall of his friend said: "I was thinking that employing pretty young girls would be good for business but then the poor girls would not have the fortitude needed to work on the street all day long." He employed six young good looking men instead.

Case 4:

Mrs. B who ran a salads stall by herself had more customers than she or her supplies could handle. However, whenever she was in dire straits for example like running out of vegetables or water, all she had to do was just run a few metres away to the stall next to hers and borrow what ever she needed. This kind of strategy was made possible by having a good relationship with the neighbouring vendors.

Case 5:

During one of my observation in one of the stalls I overheard a conversation between Mrs. Q and one of her customers about some recipes that she suggested. Mr. Q acted as a cashier while his wife served their customers as well as supervising their employees. Naturally, I assumed that Mrs. Q was the one who did the cooking while surprisingly it was actually Mr. Q who prepared all the food.

On another occasion when I was having lunch in their stall Mrs. Q invited me to come by next Monday as she was going to serve new recipes. Apparently listening to customers, taking their suggestions, considering their tastes and trying new menus besides their incredible hospitality were some of main strategies employed by Mr. and Mrs. Q.

Table 5.8 summarises strategies employed by stalls owners in the running of their businesses. Most of those strategies were summerised from the five cases presented. There was one interesting finding regarding the arrangement of

cooking. A couple of the stalls did not do any cooking at all, they sub-contracted it to other people. One of them also accepted consignments.

Table 5.8 Business Strategies

- Employed less than ten people
- Overall open long hours
- Rotated workers and stalls to be opened
- Entrust stalls to employees
- Purposely chose sidewalk as a place of running a business over a designated one
- Employed young single males, housed them and kept their wages until the end of the year
- Maintained a good relationship with the vendors nearby
- Listening to customers, taking their suggestions, considering their tastes and trying new menus and being hospitable
- Sub-contract
- Consignment

5.3.6 Vendors' Livelihoods and Well-being

In this study the vendors' livelihoods were assessed by gross profits generated from their stalls. These gross profits from this point forwards would be called income because that was what most of the respondents thought of when the question of income was brought up. When they were asked about their income the first thing that came into their minds was how much money they had by the end of the day. As such, it was the number of the gross profits revealed which was being analysed here (see Table 5.9).

Out of sixteen respondents (this included workers who ran stalls belonged to their employers) who were willing to divulge their stalls' income, there was only one stall which had a daily income between Rp. 10,000 to Rp. 100,000. This

was because it had only been opened for three weeks. There were four stalls which had daily incomes between Rp. 100,000 to Rp. 300,000. Five other stalls had daily incomes between Rp. 300,000 to Rp. 500,000. Six more stalls had daily incomes between Rp. 500,000 to Rp. 1,000,000.

Table 5.9 Daily Income of the Stalls

Working Hours	Daily Income (Gross) (Rp)			
	10,000-100,000	100,000-300,000	300,000-500,000	500,000-1,000,000
5-7	-	1	-	1
8-11	1	1	3	-
12-16	-	2	2	5
Saturday	Opened (100%)	4 Opened (100%)	4 Opened (80%)	6 Opened (100%)
Sunday	Closed (100%)	3 Closed (75%)	3 Closed (60%)	4 Closed (67%)
Total	1 (6%)	4 (25%)	5 (31%)	6 (38%)

The minimum wage standard set by the Government for Jakarta and surrounding areas was just a little bit more than a half million Rupiah per month. This means that these street food vendors were earning far more than the minimum wage standard set by the Government. This astonishing revelation might be one of the reasons why these people stayed in this business for quite a number of years. Unfortunately the wage of the workers who worked in the food stalls was not that good, as most of them received only about Rp. 300,000 per month.

It was difficult to see a certain pattern between working hours and stalls' incomes. Nevertheless, it looked like the income of those who worked longer hours and days were higher than those who worked less hours and days. There were five stalls which fell into the Rp. 300,000-500,000 income bracket, the only one which did not always open on Saturday was actually transferring it workers to another stall, depending on the decision of the owner who owned a number

of similar food stalls in different locations. The fact that this stall could be in that income bracket was impressive, for this food stall was relatively new in that area.

5.3.7 Problems

Unlike other businesses where financing is the biggest problem that has to be solved, street food vendors largely had no financing problems. They did not consider financing as a major issue. Most of the respondents were more concerned about their chances of staying at their current sites over other issues. The uncertainty of the exact time when they had to clear the areas had affected their peace of mind in a way. It had caused them to undermine their own business as something that was not prestigious enough to pursue or to consider as a worthy occupation, regardless of how much income they could generate from it.

There was only one respondent who actually expressed her interest in borrowing money. Interestingly, she was the one who could not read and did not know her own age. She took out her bank book and proudly showed her signature and enthusiastically explained that there was a mobile bank that came down twice a week to their site.

The rest of the respondents were rather reluctant to deal with banks. They preferred to use their own savings or went to seek help from family and friends. The hesitancy to deal with financing institutions was usually perceived by others as related to educational background, in that the lower their education the more intimidated people would be by the banks. Apparently that was not the case in

this particular study because the educated ones also expressed their reluctance in dealing with financial institutions.

Although site was the most important issue for vendors, none of them had been involved in any negotiation regarding their chances of running their business in their current sites with whoever owned the places. In all the sites studied the street food vendors did not have any association of street food vendors to represent their interests to other parties. The only thing that they had which was close to an association was a gathering of people on a monthly basis. This gathering unfortunately did not aim to further the interests of its members but solely to rotate money which was a popular thing to do in the community. This lack of a representative body made the street vendors even more vulnerable than they already were.

This lack of organisation made it difficult for the vendors to fight for their rights – regardless whether they had the right to fight for or not in the first place – in running their business in their current sites. Interestingly, generally the Government or whoever owned the place they took over to run their business were usually considerate enough to offer a replacement site which unfortunately in more cases than not was not in a strategic location.

A few cases below were presented to illustrate problems faced by some vendors. It could be seen that the sites were an important issue for some street vendors in many different ways. The first case shows that it was not easy for a newcomer to be accepted by the rest of the vendors who were there first. Compromises had to be made. However, another vendor who also just opened her stall did not experience the same problem and said obtaining a space was quite easy. She just went to the *Kelurahan* and told them that she wanted to

open a food stall. There was no problem with neighbours either. The second problem shows how the lack of organisation has been used by some people who appointed themselves as a representative. Since they did not have an organisation there was no way the vendors could assess this claim or evaluate whether this pre-emptive action of these people had helped their cause and did not to it worse.

Case 1:

Mrs. A who worked in a newly open stall said that she did not know the process of how her boss got the place, however it was not easy for them to run the business there. They were not allowed to sell any kind of beverages and forced to order from the stall next door. "We are new here so we have to follow what others want us to do."

Case 2:

"There are people from Party X coming down here to help us to talk to the apartment's owner. They are negotiating now so that next year we could continue to run our business in here," explained Mr. C. "We've been told that there would be a new place back there near the graveyard. But that's so far away. People are not going to walk all the way from here to down there."

5.4 Profile of the Workers

5.4.1 Educational Background and Gender

Table 5.10 shows that the level of education of the workers in the street food stalls was spread more evenly compared to the level of education of the owners of the stalls. Mostly, their educational level was slightly higher, with only one respondent who had only elementary school education and just one worker

respondent who was not willing to provide information. Only one participant did not attend any formal education. He went instead to *pesantren* (an informal institution which focuses on Islamic teaching) which is not uncommon in some villages and provinces.

Table 5.10 Educational Background (Workers)

Workers	SD (Primary School)	SMP (Junior High)	SMA (Senior High)	Others (Inf.Sch)	Not Prov.Info	Total
Male	1 (100%)	1 (50%)	2 (100%)	1 (100%)	1 (100%)	6 (86%)
Female	-	1 (50%)	-	-	-	1 (14%)
Total	1 (14%)	2 (29%)	2 (29%)	1 (14%)	1 (14%)	7 (100%)

Besides their level of education which seemed to be a little bit higher, there was another interesting fact found regarding the gender of the workers of the stalls. The fact that most of them were males while most of the stall owners were females was rather peculiar.

5.4.2 Age and Marital Status

Table 5.11 Age and Marital Status shows that the majority of the respondents (72%) who were working in the foods stalls were single, male, and within the age bracket of 16-25 years of age. Nevertheless, there were two married respondents within the age bracket of 26-35 and 36-45 respectively. The remaining five respondents were between 16 and 25 years of age and were all single.

The age of the single respondents and their single status were very likely the reasons which prompted the stall owners for employing them in the first place.

The reason was probably because these young people were unlikely to demand higher wage since they only had themselves to support. The two married and elder worker respondents Mrs. A and Mr. S had a slightly different position than the rest of younger workers interviewed. They were in charge in the stall and were supervising other younger workers.

Table 5.11 Age and Marital Status (Workers)

Marital Status	Age							Total
	Don't Know	<16	16-25	26-35	36-45	46-55	>56	
Male	-	-	5	-	1	-	-	6 (86%)
Female	-	-	-	1	-	-	-	1 (14%)
Total	-	-	5 (72%)	1 (14%)	1 (14%)	-	-	7 (100%)

5.4.3 Origin and Years Spent in Jakarta

Out of seven respondents who worked in food stalls, one did not give information about his origin nor how long he had been living in Jakarta nor the duration of his employment. Therefore the analysis which follows is from the six respondents who were willing to give out that information.

While most of the owners of the food stall were females there was only female who worked as a wage worker. Mrs. A had been working in various food stalls since she had been laid-off from her previous job in a factory and could not find other formal employment. She admitted that her case (most of the workers in street food stalls were men) was exceptional. Not only was she female, she was also married. She informed me that her current boss had never accepted a married employee before.

Another married worker was also of exceptional circumstances. Mr. S ran his friend's business and described his position as purely a wage worker. However, he was involved from the very start of the building of the business, with doing site surveys, market judgments and a simple feasibility study. He did not reveal how much he received for running the stall although it was very clear that he did not get the same salary as other workers in his employment who were mostly paid between Rp. 200,000 – Rp. 300,000 per month. Both of them had been living in Jakarta for more than twenty years. Mrs. A had Jakartan origin, while Mr. S was only born in Jakarta and came from another province out of Java. The rest of the workers were from other provinces and had spent less than ten years in the capital. This is shown in *Table 5.12*.

Table 5.12 Origin and Years Spent in Jakarta (Workers)

Origin	Years Spent in Jakarta						Total
	0-1	1-5	5-10	10-15	15-20	>20	
East Java	2	-	-	-	-	-	2 (33%)
Central Java	-	-	-	-	-	-	-
West Java	-	-	-	-	-	-	-
DIY	-	-	-	-	-	-	-
Jakarta	-	-	-	-	-	1	1 (17%)
West Sumatera	-	-	1	-	-	-	1 (17%)
South Sumatera	-	1	-	-	-	-	1 (17%)
North Sulawesi	-	-	-	-	-	1	1 (17%)
Total	2 (33%)	1 (17%)	1 (17%)	-	-	2 (33%)	6 (100%)

The fact that the only respondent who was native (had Jakartan origin) only worked as a worker in a food stall and did not own her own business was interesting. It revealed to some extent the condition of the Betawi people (native Jakartan) who had been marginalised by development and had long been questioned for their contributions to development of their own town.

5.13 Duration of Employment

Origin	Duration of Employment (month)				
	1-3	4-6	7-9	10-12	>12
East Java	1	-	-	-	1
Central Java	-	-	-	-	-
West Java	-	-	-	-	-
DIY	-	-	-	-	-
Jakarta	1	-	-	-	-
West Sumatera	-	-	-	-	1
South Sumatera	1	-	-	-	-
North Sulawesi	-	-	1	-	-
Total	3 (50%)	-	1 (17%)	-	2 (33%)

Table 5.13 shows the duration of the employment of the workers, with only one out of the seven workers not revealing how long he had been working in the food stall. The duration of employment was largely divided among three categories: firstly, the workers who had been working less than three months; secondly, those who had been employed for almost a year in their current stall; and thirdly, those who had been working in the same place for over a year.

5.4.4 Reasons for Working in the Street Food Stall

One of the workers stressed that he was grateful that he had his job regardless of the fact that he only looked at it as a temporary one for he did not know what he would do if he did not have it. He conceded further that he might be tempted to do something illegal if he did not have a means to support himself.

Some worker respondents said that they came to Jakarta because they wanted to be independent of their parents. One respondent particularly stressed that he

worked in the food stall just for awhile while he was waiting for a better job. Interestingly, he was the only one who pointed out the fact that his job was not good. Coincidence might be one of the causes as to why some of the workers worked in the street food businesses. They came to Jakarta either because they thought it was time to be independent, just having a short visit, or because of other personal reasons.

The case below is representative of the experience of many other young workers. It shows how they ended up in acquiring their current job, while *Table 4.14* shows their different reasons for working in the food stall.

Case 1:

“I was hanging out with some friends when Pak Haji came down and offered me a job in his stall. I had nothing else to do so I agreed,” said E who just arrived in Jakarta from his village after finishing his study.

**Table 5.14 Reasons for Working in the Informal Sector in Jakarta
(The Workers)**

Male	Female
<ul style="list-style-type: none"> • Had to earn a living • No jobs available in their hometowns • Wanted to be independent of parents • Temporary job while waiting for a better one 	<ul style="list-style-type: none"> • Needed a means to survive • Had been laid-off • It was a good job

5.4.5 Workers' Livelihood and Well-being

As stated above 72% of the workers in the street food stalls were young and single males within the age bracket of 16-25. They ran the food stall belonged to their employer, lived with their employers and received a monthly wage between Rp. 200,000 – Rp. 300,000. As most of the workers were young men, they considered their job as an opportunity to learn how to be independent and since they had earned their own money it boosted their self confidence and value. In terms of money, what they earned was not much but since they lived with either the stall's owner or other co-workers, they did not spent much either so it did not really matter. "At least I can buy my own cigarettes," said one of them.

Their employers would see to it that they arrived safe and sound in their villages when it was time for these young workers to go to their hometowns (usually by the end of Ramadhan to celebrate Idul Fitri with their family). Some workers who worked for their relatives instead of living with them lived together in the same house with other workers from their stalls.

The two cases presented below were of the only two married workers in the food stalls. It illustrated their viewpoints of their work which were quite different from other workers. Mr. S asserted that street food businesses generated a very good income but nevertheless he did not want his children to follow in his footsteps. He was the only stall worker who claimed that his job generated a good income without actually informing what his wage was. Mrs. A's description of what she thought of her job also revealed a glimpse of the contribution of the street food business to her employer's livelihood. This again showed that the street food business could deliver extremely good livelihoods for the owner.

Case 1:

“Can you see the car over there?” said Mr. S pointing out at the latest model of a family car which I would never be able to buy with my salary only. “That’s Mr. Q’s car and he’s only selling fried fish! You see how good this job is. Our daily gross income is not that different from restaurants and we don’t have to pay tax!”

Case 2:

“The wage is not that good, when I got sick my wage was cut down, when the stall closed I was not paid. But I still think it’s better than working in the factory. There is no night shift here. I leave home around seven in the morning and come back before five and still have some free time to spend with my son,” informed Mrs. A, she then continued, “My boss is kind and generous, whenever he held birthday parties or celebrations for his family he always invited us. He also organised trips out of town to his villa or to some other resorts.”

5.4.6 Problems

A number of workers expressed their desire to start their own business in the future after learning the trade and accumulating enough capital. However as there was no training available for them regarding of how to run a small business, they had to do their learning by working in others’ street food stalls.

One respondent said he was still not confident enough to run his own business and would continue working until he felt that he was ready. During their work in the street food stalls these workers had come to the conclusion that the most important thing in running street food stalls was location which they considered

to be difficult to obtain. This was also one reason why some of them still had doubt about their success in running a food stall of their own.

Case 1:

J was a friend of K who worked at the food stall I studied. He came to hang around K's stall and gave a hand when needed. He was a *tukang sate* (chicken sate/chicken kebab seller) who pushed his sate's cart around certain areas after the sun set. K's brother was a *tukang nasi goreng* (fried rice seller) who also pushed his cart around certain areas after the sun set. "I wish I could have a place to install my cart instead of pushing it around. It's easier if one has a place to run one's business. Unfortunately it's not easy to get a good place," said J.

K continued: "I sometimes replaced my brother when he could not go out, and found out that his job was not easy. If you have your own place you just have to sit and wait for people who come to eat. I want to have my own stall some day."

5.4.7 Differences as Compared to Owners

The fact that no stall owners were single was as interesting as the fact that all stall owners were over 26 years of age and married. However, this lack of ownership of a stall might have more to do with a lack of capital and experience rather than being young and single. There was also a rather obvious gender division between workers and owners. Almost all workers were males while on the other hand 58% of stalls owners interviewed were females. These findings were particular to the study of these sites in the Segi Tiga Emas and would need to be followed with a further study in order to make a generalisation about other street food businesses in Jakarta.

Income disparity between workers and owners was staggering. The stall owners could earn up to a hundred times more than the stall workers' wages (see Table 5.2.1 Owners, Workers and Others). Besides this income disparity between owners and workers, there was a significant difference between stall owners interviewed and other stall owners who did not. The latter who were the employers of the workers interviewed all had more than one stall, which were situated on the sidewalk, or unused land belonging to someone else. Another interesting thing was that none of the owners that had been interviewed said that it was difficult to obtain a space in their sites. This compared with the workers who seemed to think that obtaining a good site was the biggest obstacle that needed to be tackled before one could run a business.

Case 1:

Mrs. T who ran her business in another site before running her business in her current site said that it was not difficult to get a space in the new site. Her husband who lived nearby advised her that as long as she kept things clean everything would be all right. "I went to the *Kelurahan* to tell them that I wanted to run a business here. And they told me to keep the site clean, and that's all. I only pay Rp 2,500 a day for cleaning fee."

Case 2:

Mr. S said that getting a site was not difficult at all. All he had to do was pay a yearly rent asked by the person who was in charge in that area. When asked who that person was, he could not tell for he did not know for sure nor care. He only worried that his rent would be increased next year as usually happened in his experience. "They would increase the rent and will keep increasing it until finally we were forced to move out and find a new place which was less expensive if we still want to have some profit."

5.5 The Contribution of the Informal Sector to the Economy

5.5.1 Employment Creation

Out of the twelve owners of the food stalls ten employed relatives and family members in their businesses. Two others had chosen to employ other people they did not know. One respondent who ran his brother's business preferred to employ people from his own village. Respondents who did not employ relatives explained that they had found out that other people were easier to deal with. If they were not satisfied with the job done by those people they could be fired quite easily. This unfortunately could not be applied to relatives or family members where there were a number of issues which needed to be considered first before deciding to terminate them.

The respondent who preferred to work with people from his village as compared to other people elaborated his reasoning. He explained that he did not understand the culture of other people and therefore found it difficult to work with them. As to working with people from his own village, he found out that there was no need to have unnecessary conversations and misunderstandings for a simple gesture would be easily understood between them. It saved time and energy.

Table 5.15 Employment in the Informal Sector

Why Employ/Not Employing Relatives?	Why Work for Relatives?
<p><u>Employing relatives:</u></p> <ul style="list-style-type: none">• To give them a chance to learn and have an experience• To ensure that food served was sanitary <p><u>Not employing relatives:</u></p> <ul style="list-style-type: none">• Have no relatives in town• It is easier to work with other people	<ul style="list-style-type: none">• There is more freedom working with relatives compare to other people

Some of the workers interviewed had expressed their desires to have their own business one day which meant in due course they would also be employing other people in their business and creating further employment. Regarding this employment creation, there is one thing that differentiates the street food industry from other industries. The employment growth in this sector was quite static. It might be because the number of people employed in a stall could not outgrow the size of the stall itself nor could it surpass the number of the customers.

5.5.2 Cushioning the Economic Crisis

With so much that had been written about how the informal sector absorbed the newly unemployed from the formal sector, it was rather surprising to find out that there was actually only one respondent who had been laid-off from her work in a factory when it had to reduce its employees as the result of the economic crisis. The reason she worked in the street food stall was because there was no reply to all the CVs she had sent out. Another respondent chose to resign about the time the economic crisis started but it was not because of pressure from the company. His reason was purely personal and had nothing to do with the crisis.

With regard to business four respondents said that the number of customers had slightly reduced after the economic crisis, for some office employees chose to bring food from home in their effort to economise. However, an equal number of respondents stated that the number of customers that came to their stalls did not reduce at all.

One declared that her business was actually improving after the economic crisis. This might be because she had been there long enough for people to learn about her food stall and had nothing to do with the economic crisis. From observations in the field the number of people who chose to have their lunch in the food stalls during lunch time (12.00-13.00) was more than the stall owners and their workers could handle.

Those who started their business just recently (after 2000) observed that the number of vendors who opened new stalls after them has quite high. One of the respondents said that the economic crisis had made not only the number of new vendors increase but the number of *tukang ojek* across her food stall was also increasing sharply. Some of them were university graduates.

5.5.3 Improved Livelihoods and Well-being

The number of years spent by some of the respondents in running their businesses showed that it could support their family and provide them with relatively good livelihoods. It was lucrative enough to make most of the respondents felt content with their occupation. It enabled them to send their children to school, to pay educational insurance, to move to a better residence, to go to their hometowns on a regular basis, to hire helpers to run their businesses where necessary and most of all gave them a sense of security and well-being. Although a couple of workers who worked in the food stalls thought that it was just a temporary job while waiting for a better one yet, some considered it as a chance to learn how to run a business and an opportunity to accumulate some capital before starting their own business when they felt ready and confident enough to do it.

The two cases below describe things that could not be counted in terms of money. The work they had had gave one a better hope for the future and had improved the self-esteem of the other.

Case 1:

Mrs. B did not want to admit that her income was bigger than her husband's but now after she ran her salad stall she felt confident enough that she would be able to see to her children's education. "I hope I can afford to send them to university," she said.

Case 2:

M who worked in his uncle's stall said: "At least I am able to buy my own cigarettes and don't live with my parents anymore."

5.6 Interrelationships between the Informal and the Formal Sectors

One respondent informed me that her business started to flourish noticeably after the completion of the office building right next to her stall. Another respondent whose stall was situated in front of a hospital said that his business improved after the hospital had been opened. Most of the respondents admitted that most of their customers were people who worked in the offices in the buildings around their stalls or people who came to visit the shopping centre or other attractions in the buildings nearby.

All respondents did their shopping for most of their supplies in the traditional markets. These traditional markets were mostly managed by the city council (the Pemda) to whom the traders paid a small amount of rent for the stall

provided while those who displayed their wares outside in the open did not pay at all. Prices in these markets were generally cheaper for produce like vegetables, fish, meat, and eggs particularly if one bought in bulk and had a good relationship with the supplier. Only one respondent bought sugar and tissues in the supermarket where she considered the prices for those things to be cheaper but she conceded that for her household or personal usage she went to the supermarket instead of the traditional market.

Case 1:

Mrs. T ran her food stall throughout the year. The only times when her business slowed down was during the semester breaks when the university students from the university not far from her stall were taking their holiday, and during the holy month of Ramadhan when the majority of her customers would be fasting and soon after took their leave from their offices to go to their home towns.

5.7 Responses to the Impacts of the Economic Crisis

Considering the increased number of people involved in the street food businesses of late (see Table 5.5), it was reasonable to assume that their chosen career had some thing to do with the economic crisis which started in the middle of 1997. However, not even one respondent interviewed stated that their reason to run their businesses had anything to do with the crisis.

This finding was rather contradictory to a number of theories found in the literature. It was argued that the people who worked in the informal sector had found that employment in the formal sector had become scarce and almost

impossible to attain. Therefore they had opted for the informal employment as a response to the scarcity of employment in the formal sector by creating an employment for themselves or working for other people informally.

Not only did the increased number of people involved in the street food businesses not have anything to do with the economic crisis, in general their businesses were not affected badly either, although there were some vendors who had to reduce the quantity of the food served for quite a while.

5.8 Relationship with the Government

The relationship between street food vendors and the Government were almost non-existent. The only thing that could be termed as contact between these two parties was when some vendors looked for approval to have space in their chosen site for their stall. Ironically, the ownership of the sites studied was not that clear.

In one of the three sites the spaces used by the vendors to run their businesses belonged to the management of the apartment building nearby. Most of the vendors were quite sure of this. On the second site the vendors did not know for sure who owned the land. They thought the owner might be the developer of the buildings around them. Only on the third site, some part of the side walks used by the vendors were belonged to the Government or at least their usage was regulated by the City Council.

Despite the unclear ownership of the sites the vendors did not see it as an issue that they should be worried about even if they did want to continue running their business there. They did not make any effort to find out who owned the

land which they were using. There was no measure taken to ensure that they would have a guarantee or approval for running their business on the sites they were using.

5.8.1 The Role of the Government

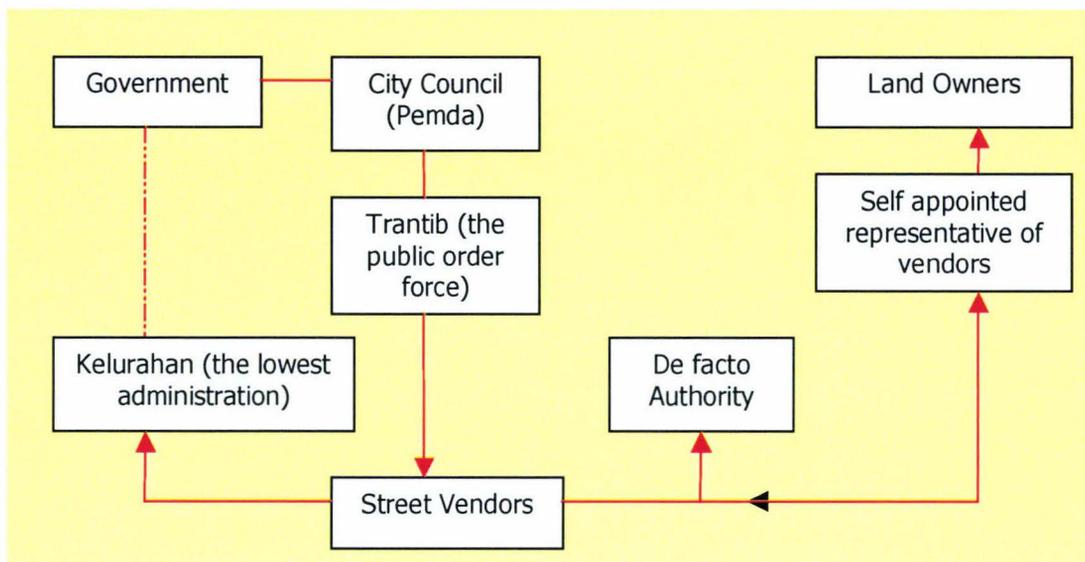
The role of the Government in the businesses of the street food vendors was close to none. Figure 5.2 shows that the street vendors did not have direct access to the Government. They could only initiate direct contact with the *Kelurahan* which was the lowest branch of the administration. This *Kelurahan* did not have the authority to design any policy or programme concerning the street food vendors in their neighbourhood.

The only time the vendors approach the *Kelurahan* was when they informed them that they want to open a stall. Some of the vendors did not even bother to report to the *Kelurahan*. While on the Government side, there was only one time when they initiated contact with the street food vendors. That was when they sent the Trantib (the public order force) to clean up the streets of city offenders.

Another direct contact which could be initiated by the vendors was one with the people that they thought as the ones who was in charge of the site they were using (the *De Facto* authority). In some sites they sought these people when they wanted to open their stall instead of going to the *Kelurahan* to ask for permission.

In one of the sites there were some people who approached the vendors and suggested that they could represent them to negotiate with the land owners. Unfortunately, the vendors were not included in any negotiation that was supposed to take place.

Figure 5.2 Relationship with the Government and Land Owners



Despite this lack of support and encouragement from the Government the street food vendors had managed to run their businesses on their own. Only on one site did the government (the City Council) give their assistance by providing space and stalls which were accompanied by a small rent fee.

On the rest of the sites the authority came in the form of someone who was perceived as an official. This de facto authority was the person to whom some of the vendors paid their renting fee or sanitation fee. Whenever he or she came it meant that some contribution was due to be paid and free meals were to be provided. As the legitimacy of the person who collected the money was in question, the money paid was probably not going into the government coffer. These people were more likely part of one of the gangs which ruled the neighbourhood. Although a few respondents who reported to the *Kelurahan* when they wanted to open their stall said that they paid a sanitation fee to

someone from the *Kelurahan*. Most of other vendors did not know of nor care about the credentials of those people.

The attention from the Government was given by sending real officials (the ones with uniforms and official cars) to chase the street food vendors away. They were sent to confiscate all their assets and bring them to court, charging them as city offenders. This harsh policy however, did not seem to be enforced impartially. On the site where the City Council provided stalls for the vendors, they were left to operate with the Government's blessing.

5.8.2 Experience with Government Officials

Mrs. A related her experience of a time when some officials came and took all the street food vendors in her previous work place to court in an open truck together with all other city offenders: the prostitutes, street children, traffic hawkers, and beggars. Despite her anxiety her employer ordered her to represent him in court as she was the only one of his employees who had a Jakartan ID.

She was not comfortable with her current workplace which was still on the sidewalk for she did not want to go to a court room ever again as the experience had traumatised her. "Every time I see Trantib's car passing by my heart stops beating," she confessed. Trantib was a public order force which is easily recognised through the open trucks and uniforms they used. The Trantib used to drive around certain neighbourhoods when they wanted to clean it of city offenders.

When asked of their expectations of the Government one of the respondents said with gusto that there was no way that the government was going to help them. This viewpoint was shared by others who did not even think enough of the Government except as the possible cause for future eviction from their current work place.

5.8.3 Legal Issues

All respondents were aware of the fact that they were not allowed to sell food on the sidewalks. However, since they had got permission to run their business from the *Kelurahan* (the smallest body of the Government under the City Council) they were not worried.

In one of the sites, owners of the stalls paid rent to some people without knowing for sure who those people were. The vendors did not seem to care about the credentials of those people who might have been gang members. All that mattered to them was that they would be able to run their business in peace if they followed the 'procedures' related to them.

The respondents in another site confided that there was a negotiation going on between the sidewalk's owner (who was not the Government) and some people who tried to fight for their chance to keep running their business in that area (see Figure 5.6). Nevertheless, the City Public Order Agency (Trantib) came and cleared the area of all vendors a day before this fieldwork ended.

I was previously told by some vendors that there was an understanding that they could continue to run their business there until 2004. It might be

interesting if I could find out what had actually happened in the negotiation table if such occasion had indeed ever occurred.

The interviews conducted during fieldwork revealed that the vendors were not overly concerned about the legality of their work place. This was not surprising because in a way they had already got permission from some people who were perceived to be in charge in that area. Surprisingly though, this attitude was also being adopted in the case of having a residence.

One of the respondents lightly conveyed that he lived together with other workers in a house which was built on a piece of land without knowing for sure who owned that land. He further explained that it was all right to do so because other people were doing exactly the same thing. This lack of concern for legal issues on the side of the vendors might be one of the factors which promote the notion that the informal sector was an illegal sector which needed to be eliminated. On the other hand the casual way other parties dealt with the street food vendors further stressed the vulnerability of this sector, of how unprotected it is.

5.9 Overview of the Findings

The quote at the start of this chapter where the owner of a small business stated that he could tell the Government what it should do to help him was unexpectedly far from the sentiments found in the field. None of the respondents had ever given thought about the Government much less considering that the Government was responsible for their livelihoods and well-being. Nor did they think that the Government was supposed to help them in promoting their business or to give them any assistance. Most of them

considered that the ups and downs of their businesses were predestined by God and were not dependent either the Government or customers.

These views in a way were responsible for the lack of innovation in the street food business, because it did not encourage the vendors to look for a new strategy to attract more customers and/or the Government's assistance. They did not think that they had any problems either, except for the uncertainty that they felt about their chances to run their business in the current place. They had generated a very good income from their businesses. These businesses were not just a complementary occupation for them. It was their main source of income.

The economic crisis which had hit many companies did not affect the street food businesses with the same force as it affected other sectors, although a few vendors did say that the number of customers had decreased slightly, but more said that it did not decrease at all and business was the same as usual. Some even had more customers after the economic crisis as more people knew about his stall now. A number of new vendors had come to open their stalls in their site after the economic crisis. Regarding their place of origin, most of the people involved in the street food business came from other provinces. Only one respondent came from Jakarta while most other vendors were Javanese.

In running their business, most respondents did not use any services provided by the Government. This was because those services were not available in their sites. However, in one of those sites, some of the food stalls were built by the City Council and provided with power. The City Council was also taking restitution from stalls owners up until the economic crisis when it had then been waived. Overall the informal sector was comprised of micro and small

businesses and employed less than ten people who were generally young single males, although interestingly, most of the stall owners were females.

The informal sector was able to provide employment, buffered the impacts of the economic crisis, and improved the livelihoods of people involved in it. This sector has proved to be a potential employment source as people who had been working in food stalls would probably one day decided to have their own stall and employ other people.

CHAPTER VI

DISCUSSION

*"No matter how small your business is, it is better than working for someone else", said Mr. Q the owner of a street food stall
Fieldwork, Jakarta 2003*

6.1 Introduction

The findings presented in the previous chapter, are discussed in this chapter. The discussion aims to answer the following questions: Who are the people involved in the informal sector? What is the contribution of the informal sector (micro and small enterprises) to development? How great is its contribution to the improvement of people's livelihoods? Does it have any role in cushioning the impact of economic downturn in the formal sector? The discussion will relate to informal sector theory and will be a comparison of my findings with all others' findings to test the strength, or even to refute the theories of the informal sector.

This chapter will also endeavour to uncover the survival strategies employed by people who run these enterprises (the micro and small enterprises) as well as assessing their strengths and weaknesses. Last but not least, the policy

implications of the findings, of the possibilities for Government intervention to promote the quality and growth of the informal sector in order to redistribute income and wealth and improve the living standards of the people.

6.2 The Street Food Stalls

What is the informal sector? This is a very common question. This sector is difficult to explain and has many definitions, but it is easy to recognise. There was an argument which claimed that most of the micro and small businesses operated in the informal sector were small and most likely located in dilapidated structure (Lubell, 1991). A quote by De Soto summed up the difficulty in explaining the informal sector eloquently:

"The informal sector is like an elephant: we may not be able to define it precisely, but we know it when we see it"

Even though the informal sector is easy to recognise it is not easy to understand. The informal sector is heterogeneous. Every informal activity has its own characteristics. With the accumulation of research findings from various cities and countries its heterogeneity had become evident (Lubell, 1991:12). The informal sector, which had become the focus of this research, was the economic activity of the street food vendors who conducted their business in their food stalls. These food stalls were clustered and situated on the sidewalks and could easily be seen from afar.

Most of the stalls were made of either canvas or plastic tents and were filled with tables and benches made of rough wood. Although the clusters of the stalls were easily spotted, the inside of the stalls were usually not. One needed to flip

back the tent first in order to see whether there were still empty spaces inside of the stalls or whether they were fully occupied. The menu or specialty of the stalls was usually written on the front and sometimes also on both sides of the tent.

Some stalls did not use tents but only a cart, in which the owners stored all of their ingredients, their stove, and other things needed in the running of their business. This cart would be complemented with a couple of benches placed next to or not far from it for the customers to sit on. When it was time to go home, some owners pushed their carts back while some others left them where they were.

6.3 People Involved in the Informal Sector

As the informal sector has become increasingly important, it is necessary to learn who is involved in this sector. This study of street food vendors conducted in Jakarta from June-August 2003 has had some interesting findings. The World Bank claimed that the majority of the labour force in Asia worked in the informal sector and agriculture, with 79% of the non-wage workers before the economic crisis being women (cited in Chen et al., 1999:603).

In this research it was found that there were more males involved in this particular business which was rather different to what had been discussed in the literature. Although not all discussions in the literature claimed that women formed the largest portion of the informal sector workers, as a number of studies in some Latin America and African countries revealed that it was men who formed a large number of the informal workers.

Interestingly, however, fifty eight per cent of the stalls' owners in my research were females. This fact raised a few questions like whether the huge female number claimed to be working in the informal sector by other studies was based on research for a totally different type of work or whether other studies of street food vendors would have found the same findings as mine. A study of the Dakar informal sector revealed that production and service activities were dominated by men, except for hair dressing, some dressmaking and food preparation (Lubell and Zarour, 1990:389).

The definition used to define the informal sector might also cause the difference in research findings. The term "non-wage workers" was probably the key in the difference, for there were indeed a fair number of females helping in some of the stalls. Most of them were family members who were very likely not getting any payment for their assistance.

With regard to their age, a study in the UK and Germany revealed that the self-employed people were older, married, and lived in a low unemployment region (Meager, 1992). All the owners of the street food stalls in this study were married and mostly in the age bracket of 46-55 years of age. Most of them lived not far away from the sites where they ran their businesses. Which meant they lived in a very good location, for the sites where this research was undertaken was known as the Golden Triangle where the price of land per metre square was the highest in Jakarta.

The unemployment rate of this particular area was very likely to be low, although the unemployment rate of the region (Jakarta) was quite high. Islam (cited in ILO, 2002:156) showed in his paper that the growth in open unemployment in Jakarta between 1996-1999 grew 89%. The fact that the

findings in this research had some similarity to the study in the UK and Germany which said that, regardless of the difference in the stage of development between countries, there was a universal aspect to the characteristics of the people involved in the informal sector.

One of the dated criteria of the informal sector categorised it as employment with no fixed working hours or days and that the workers only had less than six years of schooling (Sethuraman, 1976). These dated characteristics were very different from the facts found in the field. There were only two respondents who worked between 5-7 hours a day or in other words two stalls which opened for 5-7 hours, most of the respondents worked between 12-16 hours a day. A study on street traders in Bandung, Indonesia revealed that only 5% of these traders could be categorised as underemployed (Suharto, 2002).

As for the educational background of the participants, it was actually quite good. Half of the owners of the food stalls and one of the workers had an elementary education (six years of schooling). Although none of the respondents had college or university degrees, there were some university graduates doing a different kind of informal activity a few metres away from the cluster of food stalls.

Similar to the situation found in Latin America, where the informal sector had been associated with surplus labour, mostly migrants from rural to urban areas and those who were unable to find jobs in the modern sector, this research showed that most of the participants were migrants. There was only one participant of Jakartan origin. Smart (1990) found in her study of street traders in Hong Kong that not many locally born residents were interested in this business. Despite this, this finding does not imply that the migrants are the only

ones involved in the informal sector, nor does it try to suggest that the local people are not interested in street food business. However, this finding raises a few questions such as: Are Betawi involved in other type of informal activities? Was the fact that most of the people involved in this study were migrants particular to street food business or would a study regarding other informal activities reveal the same information? It has to be understood that not many Betawi are involved in the formal sector, and if not many Betawi are involved in the informal sector either, it raises questions about their occupations and their survival strategies. The contributions of Betawi people in the development of their own town have been questioned particularly by some Betawi leaders. On the other hand, the huge number of Javanese involved in this business might need a further investigation.

Some argued that people who work in the informal sector are people who have no choice. Thirty years ago ILO described the activities in this sector as the activities of the working poor. I learnt that this was not the case in my research. All my respondents ran their businesses in modest dwellings which by western standards might be described as dilapidated. They dressed modestly which even by Indonesian standards was considered as the way the poor dressed. However, some of the participants were neither poor nor destitute when they started up their own businesses. It was not a survival strategy for lack of alternatives. It was a conscious decision.

Gaughan and Ferman (1987:23) asserted that some enterprises in the informal sector belonged to the middle income and upper income people. Most of my respondents had made very good livelihoods from their businesses. Ninety per cent of my respondents had been in their business for more than five years. This analysis however was of the owners of the food stalls. The condition of the

workers was quite different. All of the workers interviewed had only worked in the food stall for less than two years. This might have something to do with the fact that they did not receive a good livelihood from their job. Contrary to the owners who deliberately chose their occupation, most of the workers got the offer to work in the stall by chance.

The most cherished argument regarding the importance of the informal sector in the time of crisis was its ability to absorb the laid-off workers. Interestingly, there was only one participant in this study who had been laid-off from her previous work because of the economic crisis. It might be because there not many laid-off workers chose to work in the informal sector, or they might be working in different kinds of informal activities seeing how heterogeneous it is.

6.4 The Contribution of the Informal Sector to Development

6.4.1 Employment

The champions of the informal sector such as McGee, Dwianto and Naoki, and Rachbini argue that the labour surplus in Jakarta had been absorbed by the informal sector. This argument is in line with analysis done by PREALC which stated that since labour surplus always exists in developing countries, the informal sector has become a response to it (cited in Tokman, 1990). Although at first glance this sector did not seem to employ a lot of workers as it only employed a small number of people, the sheer number of people who made their own-businesses with one or two helpers might have helped to reduce the number of employment seekers.

The attention given by ILO to this sector was also related to " ... its capacity to absorb surplus labour and thereby ameliorate some of the most negative

conditions of urban poverty” (Despres, 1990:97). Various studies had been conducted to determine whether or not the informal sector could absorb surplus labour. However, after a relatively extensive review of the literature, Moser (1984) finally concluded that it remained an exceedingly ‘fuzzy’ concept.

Business operation and strategies of the formal and informal sectors were quite different, particularly in the use of labour. The unregulated informal sector could afford not to follow Government regulation regarding workers’ rights (labour standards) and could choose strategies that were deemed best for their business. Namely, employing young, single, and underpaid males.

Being on the street is one of the business strategies used by one of the street food stalls which was known across the country or at the very least in its biggest cities. This stall was the stall where Mrs. A worked, whose owner had decided to install his stall on the sidewalk even when he had been offered a relatively good place to run his business legally. This stall had grown from one stall to many. It had its own kind of ‘franchise’ which had been franchised to mostly relatives and had been the source of employment not only for them but also for a number of people they employed. Still, according to Mrs. A – the only married person working in this chain of stalls – the people employed were young and single, preferably males.

In Jakarta alone these stalls could be found easily in the cluster of street food stalls, on the sidewalks of the main streets, on the pavements in front of shops and other similar business entities. The sizes of these stalls were relatively the same, the number of the workers in each stall was still few, but the number of the stalls themselves was certainly not. The owner of this stall was of Chinese descent. He was the only Chinese who owned a street food stall in this study,

apart from Mr. S who ran his friend's business. He was not included in the data and analysis of the owners because he was one of the ten stall owners whom I had not the chance to interview. If all the street food vendors could follow the success of this stall, it would contribute more to their livelihoods as well as to development.

The issue of child labour was found in some literature, however, the fieldwork findings only found one respondent under 16, who actually was not working in the stall, as he just acted as a stand-in while his father left the stall to pray. Sometimes, he came to their stall after school just to give a hand. Their stall was run by his father. It could be run by one person. A number of children were found in some stalls, not working, but playing around with other adults. They were brought there because their parents had to work all day long and there was no one at home to look after them.

With regard to employment, some think that underemployment is a natural side of the informal sector (Fields, 1975). The facts found in the field brought a different light. Ninety nine per cent of the respondents worked for more than eight hours a day, six days and for some seven days a week. This meant that their working hours were above the standard used in determining underemployment criteria.

6.4.2 Income Generation Activities

Although the informal sector often considered as the activity of the poor, Hart (1973) argued that some activities in the informal sector generated very good incomes. A number of findings like the ones found in China and Kenya (Daniels, 1999:59) showed that some activities provided higher incomes than those set as

poverty lines. More than half of the laid-off workers in ten cities in China earned higher incomes from their informal activities than their previous jobs (ILO, 2002:21). Most of my respondents (the owners) had incomes about six to sixty times higher than the minimum wage standard set by the Government. Some advice given by former Minister of Political Affairs and Security to some street vendors who secured jobs in the formal sector was for them not to be disappointed for earning less than they used to from their vending businesses (Jakarta Post, 13/07/1990).

Unfortunately, the wage of the workers who worked in the food stalls was only about half the minimum wage standard set by the Government. Their work and working hours were unlimited as most of them lived with their employers and as such usually ended up doing some errands that did not relate directly to the stall's work. Their predicament was completely unrecognised by the government. This was not surprising considering the fact that the government did not even give much attention to the owners of the stalls.

Some suggest that people worked in the informal sector because they wanted to have a supplementary income (Day, 1991). However, none of my owner respondents thought of their work as a side job, except for one respondent who just started her business three weeks prior to this research. The rest of the respondents considered their business as a fulltime job, the main source of income, even for those whose spouses had their own income.

Not everyone is ignorant of the lucrative side of these businesses. One of the respondents had been interviewed a few times. He had been interviewed by a radio station, appeared on TV and had been written about in papers. On all these occasions he did not give an answer to the most interesting question:

'How much does he make from his business?' However, the fact that people had asked him to talk revealed that his business was extremely successful. The nature of street food stalls is that they are in plain sight of everybody. As such it is easy to see which stall is overcrowded and which one is not. This in a way is an advertisement for the stall. As to the income this business provides, it is not that difficult to guess how much money these street food vendors make. One just has to be there at the peak hours to make a rough calculation. To illustrate, if the vendors spend Rp 5,000 to buy a kilo of fish which comprises of five fish, they could sell one fried fish for Rp 3,500. If they buy a kilo of beef for Rp 10,000 they could sell one small piece of beef for exactly the same price as the fish. In short, if they spend Rp 10,000 for raw materials, in return they could make Rp 30,000 at the very least for each item they sell.

6.4.3 Improved Livelihoods and Well-being

A good income derived from their business has enabled the vendors to send their children to school and move into a better residence. Their businesses had not merely succeeded in maintaining their livelihoods, but had improved them significantly. Ninety per cent of the respondents who owned their own business had been running it for more than five years. Almost all of the respondents interviewed came from other provinces, and regardless of how long they had been in Jakarta they still went to their home town at least once a year, and that meant that their incomes were also shared by relatives who lived there. The villages where they came from were also enjoying some benefits, as these vendors usually built or renovated the old houses belonged to their relatives. The improvement in livelihoods did not only happen in the city where they lived but had also been transferred to the rural areas. Hart (1973) found in his fieldwork in Ghana that the migrants retained their ties with their hometowns or

villages and sent their money back. The habit to send remittances back home may be shared by all migrant workers.

Livelihoods are not just about having a secure and financially better job or income. Improved livelihoods cover improvement in multiple aspects of one's life which results in one's well-being. Interviews held with some respondents revealed other benefits of working as street food vendors. Most of them had achieved contentment in their job. The female respondents had improved self-confidence and most of them felt that they now could save some money for their children's education. Besides that, the whole family had a better diet now as they eat from the food served in the stall.

6.4.4 Cushioning the Impact of the Economic Crisis

The informal sector has been known to expand during financial crisis (ILO, 2002). In Africa, not only did it expand, it also cushioned and regulated the crisis (Hugon, 1990). My findings showed that the increased number of street food vendors happened throughout the years, not just during the economic crisis. Since this increase arose in a gradual pattern, it was hard to relate it to the economic crisis, much less to the role of the informal sector in cushioning the impacts of the economic crisis. This increase probably had nothing to do with redundancy in the formal sector as there was only one respondent found who had been laid-off.

This fact also contradicted one of the theories regarding the emergence of the informal sector, which argued that the lack of growth was the cause of the increase in unemployment and the increase of the informal sector. The number of street food vendors in my site started to increase even before the economic

crisis and kept on increasing even after the economic condition started to improve. Castells and Portes (1989) argued that economic growth did not mean that the number of people involved in the informal sector declined.

Despite all the argument about what had caused the informal sector to grow, the fact that the Indonesian economy was growing by 4.8% in 2000 while the formal sector was still crippled has made some economists argue that it was boosted by the informal sector (Jakarta Post, 12/31/2001). Further investigation might be needed to ascertain whether the informal sector really cushioned the impact of the economic crisis as argued by some.

Regardless of the small number of laid-off workers who came to the informal sector (street food business), this particular sector had indeed acted as a cushion for the people who worked in it and other people as well. Most of the respondents interviewed claimed that their business was not affected by the crisis. This was probably because the prices had increased while the real income had decreased. This made eating at restaurants and other formal establishments become more expensive and eating at street food stalls had become less expensive.

Even some vendors who said that the number of customers had slightly declined for a while were not overly concerned with the economic crisis. They were mostly agreed that their business was a good one because they did not have to worry about being fired, nor did they have to worry that it would go bankrupt – for people still had to eat no matter what. This showed that the street food businesses had cushioned the vendors and their customers from the impact of the economic crisis. It would not be easy to measure its role in cushioning the

impact of the economic crisis to the economy as a whole as this sector was unregistered and not counted in the statistics.

6.5 Reasons for Working in the Informal Sector

It has been argued by some (Hart, 1973; Sethuraman, 1976; De Soto, 1989) that people worked in the informal sector because they had no other choice. The non-existence of the unemployment benefit in developing countries has made having a job a necessity. As employment in the formal sector was scarce, informal employment became an alternative. Contrary to that, none of the answers given by my respondents directly implied that they did what they did because there was no other choice. Although in general they did say they need to earn their living, their existences as a street food vendor was not because there was no other kinds of jobs.

One respondent who had been in the business for years said: "I'm too old to look for another job now. Who would employ an old man like me?" He might say so now, but years ago he did not have to ask that question and yet he decided to work as a street food vendor. He also expressed his contentment with his business by saying: "No matter how small your business is, it is better than working for someone else." Hurley (1990) argued that people who employed other people had a very high income, which probably was one of the reasons why some respondents chose to stay in the business for years. It had been discussed above how high the incomes of the stalls' owners were.

In his study Lessinger (1985) found out that a lot of migrant workers chose to be street hawkers because they did not want to face the insecurity found in wage labour. Day (1991:5) also found that the informal workers wanted to

escape the probability of being laid-off. Some respondents said that they felt content and secure in their jobs. One who had a secure job in the formal sector had expressed her anxiety of losing it as one of the reasons why she opened a food stall.

In chapter five, *Table 5.6* (Reasons for Working in the Informal Sector in Jakarta Owners) revealed different reasons for male and female respondents in their decisions to work as street vendors. Some might argue that those reasons were related to the lack of choice available for these people. It was either working or not working, which in general might be correct for men. However, the reasons for women working in the informal sector were totally different.

Most of my female respondents seemed to base their decision to work on the fact that they finally had some free time. What they meant by free time was that their household chores were not as demanding as before. It was either because their children had grown up or still at the age which required less attention in comparison with other stages in their development.

Some worked because their relatives, either father or mother in-law who used to run the business had taken ill so they had to take over. Again, it showed that their decision to work was very much influenced by concern for the family, and related very much to its well-being and not merely for money. An investigation by Galloway et al. (2002:1) of the labour force participation decisions of married urban women and men in Indonesia learnt that the work women did at home affected their decision whether or not to participate in the labour market.

Other respondents gave various reasons for working in the informal sector but no matter what their reasons were, they have one thing in common. Their

decision had been thought through carefully and working in the food stall had been weighed as a good enough job. This was also the case with some of the underpaid wage workers.

Most of them were young and had just finished their schools and did not know what to do with their lives. Almost all of them got their job by sheer accident, mostly when they were hanging out with friends. Some said that they did not have to look for a job because they were still young, and their family would support them if they needed any money. However, as there was nothing else to do they took the job offered. Some stuck with their job because it was a good learning experience for them. These were those who were interested in becoming street food vendor themselves.

The street food business was not an economy of last resort for most owners, it was an economy of choice. After his study of the urban informal employment Yamada asserted that people worked in the sector by choice and not just as in involuntary activities or transitory employments which offered meagre earnings (Yamada, 1996:289). However, for the workers in my research it seems more suitable to call it an 'economy of chance' since most of them did not work in it out of necessity or choice.

One of the workers said he would only stay in the food stall until he got a better job. When asked how many application forms had he sent he admitted that he had not sent any yet. This illustrated that despite their meagre income and the insecurity of their job, these young workers had no pressure to find a better one. Most seemed to think that their job was good enough for the moment, and that it was relatively easy to do.

6.6 Issues

6.6.1 Legal Issues

The informal sector has been accused of a tendency to avoid regulation. It was often seen as an illegal activity. In my study I learnt that most of the vendors did not heed the regulations pertinent to them (for example the rule which bars them from selling food on the sidewalks) not because they have not aware of the rule, but because they had had 'permission' to run their business in that particular site. In two of my sites some of them acquired permission from the *Kelurahan* which was the lowest branch of Government (the City Council). This indicated that these vendors did care about regulations. Although there were some vendors who deliberately chose to run their businesses on the street, regardless of the fact that they could afford to find some space in the shopping malls, or even to turn their food stalls into a small restaurant. This was because they did not want to be taxed.

6.6.2 The Strengths

The common business strategy found in the fieldwork was the owners' strategy to hire young and single males. A study conducted in one of urban cities in Brazil revealed the preference of the personnel managers of new enterprises to hire younger men and women because they believed that these group of people were more easily dismissed (Despres, 1990:110). This might be one of the reasons why the owners of the stall employed this group besides the fact mentioned by a manager of one of the food stalls interviewed that a job on the street was a tough one and female workers might not be able to cope with it.

He happily advised that the daily income gained in his stall did not much differ from some restaurants where he used to work and further stated that the overhead cost of running a food stall was just a pittance. He did not have to worry about tax, power, equipments, wage standard and other things which should be heeded if one was running a restaurant. Moreover, it only took a few million Rupiah to establish a street food stall. Another owner of a food stall who owned a chain of street food stalls deliberately chose to be on the street. Being on the street is usually seen as the vulnerable side of street vendors, but actually plays an important role in gaining high profit. In this sense it is true that some people in the formal sector deliberately evade the regulated system. Some others do not deliberately evade the system but see the system as too costly, incomprehensible, and most importantly prohibitive of their needs. The system was not made for their interests.

Regarding the working hours, most of the food stalls opened six days a week for 12-16 hours a day. In some of the stalls there was a shift made between usually two workers. One was to be in the stall from morning till afternoon, and the other one was to be there from noon till it was time to close it. This shift could be rearranged quite easily to suit the needs of the owner because these workers were staying in the owner's house. This arrangement was very beneficial for the owners, however, it was really an exploitation of the workers. They were underpaid and overworked because by living with their bosses they had to do all their biddings not only regarding the food stalls' work but other work as well. Moreover, most of the stall owners kept their salaries for almost a year.

Based on field observations I found out that most vendors had very good relationships with their neighbours. These relationships enabled them to get quick support and help every time they needed them. In some of the informal

interviews some vendors explained that newcomers were welcome as long as they did not sell the same wares sold in their own sites. However, although the same principle was applied in the other sites, one of the newcomers said that the welcome was not that genuine. They were bullied by the neighbour next door into not selling any beverages.

6.6.3 The Weaknesses

The youth and lack of experience of the young, single male workers which was considered as assets by the owners might also be their handicaps. These young people did not know how to interact with their customers much less to take a quick decision required on few occasions. They had been employed to '*jaga warung*' which in English could be translated into 'guarding the stall' which indeed they carried out literally. There was no sense of ownership involved. They were there to sit and wait for customers and gave them whatever food has available. They had no interest in finding out the customers' thoughts about the food served, what should be done differently, and many other things that the more mature and experienced sellers would notice.

Although financing was not a major issue for most vendors, the lack of ready capital might have some influence, in that not many vendors thought about opening another branch or making new improvements in their stalls. Other factors contributing to this probably included the fact that they had to be constantly involved in the running of their business and they had to be physically on the site all those hours when their stalls were opened. The working hours of the people employed in the business varied from five to sixteen hours a day. The explanation given for the duration of their work was that it was set according to the likely time when their wares would have sold

out. On the occasion when all the things they had brought sold out early in the day they would go home early. This working style did not leave any room for introspection much less time to do anything else.

One of the most crucial things that was lacking in these clustered vendors was the lack of organisation. This very thing had made one of the clustered vendors lose their site. Had they had an organisation to represent their interests, things might have been different. Their voices would be heard and taken into consideration and given more thought by whoever they were dealing with.

6.6.4 The Role of the Government (Policy Implications)

The Government has always had a contradictory stance regarding street vendors. On the one hand it detests their existence and has released rules created to hamper their movements in efforts to eliminate them. On the other, it offers chances for those vendors to continue their businesses and prosper. Some street vendors in one of my sites had been offered a new location to run their business as an alternative to their current site which was declared forbidden to be used for street vending. Unfortunately this new site was a distance away from anywhere and practically hidden from public view.

Another well meaning gesture from the Government was the release of a mandatory regulation which required the management of certain shopping malls to give some space for street food vendors. Unfortunately it did not work out for a number of reasons which came either from the vendors, the management or the customers' side, who did not like this kind of arrangement. These kinds of unworkable policies made by the Government were the result of its ignorance of

the nature of the informal sector. Suharto (2002:288) argues that a holistic framework is needed to better understand the urban informal sector.

In an ADB study of urban sector strategy it argued that the Indonesian Government was far behind in providing adequate schemes to suit the pace of development in urban areas. There were many outdated regulations and the Government's stance needed to be readdressed (ADB, 1999:1). A serious in-depth study is needed before any policy is made, which is not the case when it comes to various issues regarding the informal sector.

This study showed that street food businesses had managed to support people's livelihoods even when the country was in the economic crisis. Therefore the Government should do everything to promote this sector instead of trying to eliminate it. Regardless of the nature of the sector studied, there were few things that could be said with confidence about the informal activities except that: "...they are durable, pervasive and flexible" (Miller, 1987:35).

As such, constructive Government attention (that is, intervention) is needed. Besides all the impressive facts found about this informal sector, there are a lot of issues which could be addressed by the Government to improve the way this particular informal sector has been run. The Government could try to rectify the negative side of the informal sector, for example, the huge income disparity between the owners of the stalls and their workers.

This particular business has a huge potential to grow but lack of education – not formal education, but formal business training and courses – has blinded the vendors to the best possibilities that they could have reached, to other ways of running a business, and to strategies that could be used in marketing. It is time

to bring the informal sector into a regulatory framework tailored to suit its characteristics. It is time for the Government to give serious consideration to this sector and put its development as their priority.

6.7 Summary

The findings found in this research in some ways differed greatly from the arguments found in the literature. Women, who were supposed to dominate the work in the informal sector, were not the ones who formed the majority in the street food businesses. The notion that there are no fixed hours in the informal sector and the low educational background were also unfounded. These differences in research findings happened probably because all the research had labelled a whole range of different situations under the same name: 'the informal sector'. Miller (1987:34) insisted that it should be made clear which sector or type of activity is being discussed.

Overall, there are three major things that could be used to define this sector. It could be looked at from its legality, its size and/or its level of capital (Mead and Morrisson, 1996). The street food businesses that I studied in general could be termed as illegal because they ran their businesses on sites which did not belong to them, although in some sites they had had 'permission' to use it. However their illegality does not mean that they are engaging in criminal activities.

The sizes of these stalls ranged from a vendor with just a cart and a couple of benches to proper stalls. However, these stalls were still small in size with the width of the sidewalks and four meters length at the most. Some stalls which used unused land could have a greater width and length than those which ran

their businesses on the sidewalks. Most of these stalls used more capital to build more permanent stalls, but again overall, the capital used in this sector was not much. The nature and characteristics of street food businesses have made this particular informal sector resilient and sustainable.

The direct contribution of street food businesses to people's livelihoods and well-being was impressive. The scale of this type of activity in Jakarta alone was also impressive. Therefore their collective role in development is unquestionable.

CHAPTER VII

CONCLUSIONS

What is the contribution of the informal sector to development?
"The answer obviously depends on what informal economy in what economic sector is studied" (Miller, 1987:29)

7.1 Introduction

This chapter summarises the assessment of the informal sector which has been discussed thoroughly in the previous chapters. It will conclude all the findings regarding the contribution of the informal sector to development, based on the results found during the fieldwork. These conclusions will address the informal sector's contribution to people's livelihoods, income generation activity, employment and its role in cushioning the impacts of the economic crisis. It will also sum up the strengths and weaknesses of the informal sector studied. Lastly, it will put forward the policy implications of the findings.

7.2 The Contributions of the Informal Sector to Development

The disparity between provinces and towns and the extremely high concentration of development in Jakarta have attracted many migrants to the Capital. These migrants formed a large part of the informal workers.

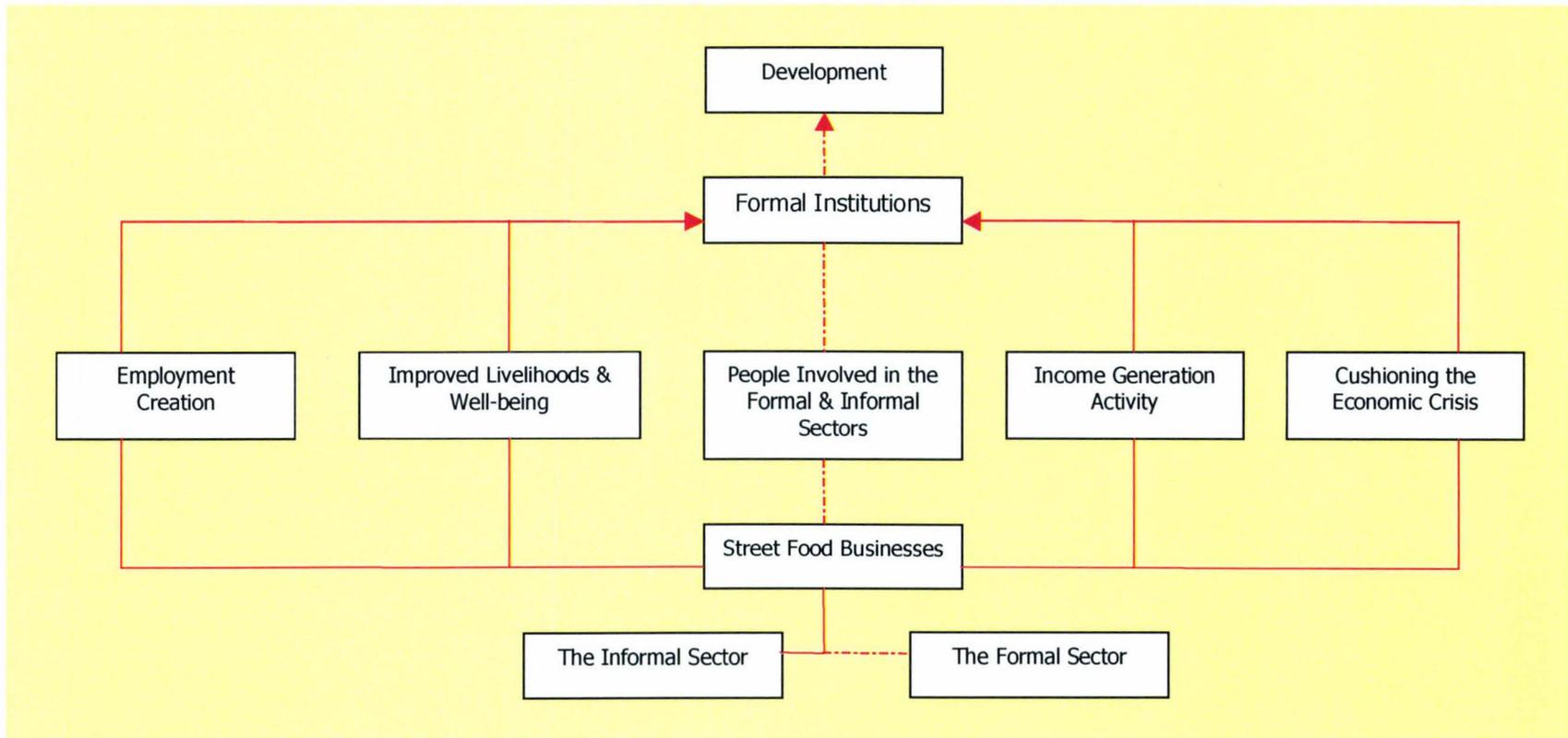
Figure 7.1 on the next page shows the four major contributions of the city's informal sector to development. It illustrates that this sector is able to provide employment for a lot of people, it is open for those who cannot find employment in the formal sector and those who intentionally want to work in the informal sector.

Street food businesses could absorb people from either the informal sector or the formal sector who wanted to start their own business. These businesses could provide employment, improve the livelihood and well-being of the people involved in it, generate income and cushion the impacts of the economic crisis for the vendors and their customers. Their contributions were beneficial for those who worked in the formal and informal sector alike. Although street food businesses did not pay any tax to the Government, any money derived from these businesses would be spent in a formal establishment and hence would indirectly go to the Government. The income of the people working in the informal sector would eventually end up in payments for the services rendered by the Government. It would be spent one way or another in payment for development.

Regardless of the many figures and studies which revealed that the economic crisis had been harsh on the urban people and their livelihoods, in this particular study of street food vendors, the impacts of the economic crisis were not that significant. The interviews conducted with twenty four participants in three different sites revealed that the people who were involved in this business did not actually feel the harshness of the crisis, and could hardly recall whether there was a crisis. There was a slight decline in the number of the customers who came to a few stalls for a short period, but overall business was as usual.

Poster
of 1991/92

Figure 7.1 The Contribution of the Informal Sector to Development



The number of street food vendors in the three sites studied was increasing steadily throughout the years. However, this increase could not be related to the economic crisis which started in the middle of 1997. Neither could it be linked to the assumption that when people lost their jobs in the formal sector they would start looking for jobs in the informal sector. There was only one respondent found who had suffered being laid-off from her former job in the formal sector.

Despite this rather unexpected finding, street food businesses did have their own share in absorbing the workforce. This particular informal sector was able to create employment not only for most of the family members and relatives of the owners of the businesses but for other people as well. This absorptive capacity of the informal sector means that the social costs of unemployment plus the low wages in the formal sector are not borne by the Government or the private sector but spread out among the population. It also provided opportunities for young workers to learn the trade, and had they wanted to be their own boss one day they would have enough experience and training.

There were some in the literature (Hart, 1973; De Soto, 1989; Capozzola, 1991; Tokman, 1990) who suggested that the informal sector was the economy of the poor, and just a temporary one at that, until they could find a better job. This research found that the street food businesses generated a very high income even compared to some formal jobs in the private sector. As such, it was the main source of income for most of the street food vendors. Some of the vendors might have had nothing much when they started their businesses, but with the income they generated from their

current businesses they could not be categorised as poor people. The terms poor and oppressed are probably suitable to describe the workers who worked in those food stalls who were mostly underpaid. They did not enjoy other benefits received by other wage earners who worked in the formal sector. They were unprotected by the labour standards set by the Government.

A proponent of the informal sector promotion policy (Hugon, 1990; Lubell and Zarour, 1990) argued that the informal sector had acted as a cushion for the impacts of the economic crisis. Looking at how little effect was endured by street food vendors during and after the economic crisis, one had to admit that this sector has shown an amazing resilience and sustainability in weathering the crisis. It was particularly beneficial for the vendors and their customers.

7.3 The Strengths and Weaknesses of the Informal Sector

Most of the businesses in the informal sector do not have a formal place to run their businesses. This is sometimes seen as a downside of the sector. However, the facts found in the field contradicted this view. The sites, or to be precise, their informal sites, were the most important thing in these businesses.

It might be an exaggeration, but being on the street on the sites which were surrounded by many other impressive tall buildings full of people who worked in the formal sector helped make street food businesses thrive. The formal sector was providing the informal sector with loyal customers with good purchasing power.

Another thing which had made this sector very profitable for the owners was the lack of regulations for informal activities. This sector was unregulated. The owners of these businesses did not have to pay tax to the Government, and some of them had only to submit a small amount of payment to certain people. They did not have to follow the minimum wage standard set by the Government, and they did not have to pay any attention to whatever rights their workers were entitled to have.

Although sites were their biggest strength it was also their most vulnerable point. Their livelihoods depended solely on the chance that neither the *Trantib* (public order force) nor the site's owners wanted to evict them from the sites which they had been using. They had no institutional body to represent their interests to others and therefore they had no bargaining power.

These are the strengths and weaknesses from the owners' point of view, from the workers' points of view, their vulnerable state still have some advantages. They could leave their work at anytime they wanted to without repercussions and consequences. They did not have to do much besides being in the stall and enjoyed enough free time when the peak hours had finished. They could socialise with other young people in their site.

Despite their very low wage, they did not have to pay rent as they boarded with their employers. They also had a small amount of pocket money and had free training on how to run a small business. Still, they had been taken advantage of by their employers and robbed of their rights.

7.4 The Policy Implications of the Findings

The findings of this study showed that street food vendors had been able to make a good living from their work. Their businesses were not just a survival strategy or an alternative occupation. This particular informal sector was not only important to the people involved in it, it was without doubt appreciated by their customers who were mostly workers of the formal sector who worked in the surrounding areas. There was an interrelationship between these two sectors whether directly or indirectly (see Figure 7.1).

The street food vendors offered a variety of traditional culinary delights and other beverages from different parts of Indonesia to suit the tastes of their customers who were mostly migrant workers. Their presence had assisted those people in saving money and time so they did not have to go to the more expensive restaurants and cafes. This sector has shown its supportive role in the formal economy and the economy as a whole.

Looking at all these positive contributions, the government should take decisive action, rather than trying to eliminate the vendors, it should instead be facilitating them and recognising them as an important factor in development. There are a lot of schemes that could be designed to promote street food businesses and to improve the quality of this informal sector. A number of courses could be provided for these entrepreneurs, for example it could start with sanitary courses and progress to culinary courses, presentation courses and to bookkeeping courses.

There is also the financing aspect of the business that needs to be considered. Although most of the vendors did not think that they had any

financial problems, it did not mean that they would not welcome any offers given as long as the offers suited their needs. Regarding the huge differentiation between the income of the owners and their workers, the Government could also put pressure on the owners to increase the wage of their workers at least to the level of the minimum wage standard.

In order to have realistic economic policies, a full understanding of the importance of the informal sector needs to be obtained first. This could be accomplished through a comprehensive and extensive study of this sector. This study showed how different findings could be if the research was conducted on a particular case. Considering how heterogeneous the informal sector is, this calls for massive research and study.

7.5 Summary

I would not go so far as to conclude that the informal sector is the cure to the problems found in conventional development. Nor am I going to claim that the informal sector is the cure to the economic crisis. However, from my study I have come to a conclusion that this particular informal sector generates a very good income and gives most people (particularly the business owners) involved in it good livelihoods. This sector is resilient and can definitely weather the economic crisis. It creates employment and contributes to other sectors as well.

Therefore, it is imperative that the Government takes this sector seriously and tries to promote its development. Their existence in itself is questioned " ... the accuracy and usefulness of formulations about mainstream economies and neoclassical analysis" (Miller, 1987:35). The Government then

should not adhere to every recipe (conventional development theory) from developed countries nor should the improvement in the Indonesian economy since the economic crisis be allowed to divert their attention from the recognition of the importance of the informal sector.

However, despite all its contributions, the informal sector has exactly the same problems found in conventional development. There was a huge disparity of income between the owners and the workers. Most of the workers received a monthly wage between Rp 200,000 – Rp 300,000, while the monthly gross income of the stalls were between Rp 3,000,000 – Rp 30,000,000 which is up to 100 times higher. The wage of the wage workers who worked at street food stalls did not even come close to the minimum wage standard. Some entrepreneurs deliberately chose not to run their businesses in a relatively good location which had been designated by the Government just to evade the consequences of coming into the 'light'. There was an exploitation of labour which could occur because of lack of regulation for this particular sector.

Regardless of whether the informal sector could be promoted as the engine of growth for development or not, there is the undisputable fact of its importance for the livelihoods of a huge number of people who do not work in the formal sector. The existence of street food vendors has become an essential part of urban life where the people in big cities have a tendency to eat out. These people who work in the formal and informal sectors, and have to be outside of their houses all day long, could testify that street food stalls offer a good choice for eating and have become an important part of their lives. These facts show the complementary role of the informal sector to private and public sectors as argued by Hugon (1970).

These facts alone should be enough for the Government to promote this sector instead of trying to eliminate it without giving those people involved in street food businesses alternatives to support their livelihoods. The attention given to the informal economies would reconnect economics to society, it would recognise the marginalised people who worked in particular unprotected sectors in order to improve their lives (Miller, 1987:35).

Lynn (2003:10) argued that economic development should create opportunities for individuals to choose productive activities that in themselves and through the income they created allow greater security and participation in social and community life. The informal sector can do this.

Appendix 1:

Life Time Migration 1971, 1980,1990, 1995

Province	1971			1980			1990			1995		
	In Migrants	Out Migrants	Net Migrants	In Migrants	Out Migrants	Net Migrants	In Migrants	Out Migrants	Net Migrants	In Migrants	Out Migrants	Net Migrants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
East Java	273,228	749,848	-476,620	443,451	1,597,851	-1,164,400	564,401	2,479,487	-1,915,086	808,995	2,879,389	-2,070,394
Central Java	253,447	1,798,001	-1,544,524	336,611	3,227,892	-2,891,281	509,401	4,524,988	-4,015,587	672,978	5,014,822	-4,341,844
West Java	371,448	1,192,987	-821,539	963,870	1,487,935	-524,065	2,319,890	1,751,879	640,011	3,615,099	1,891,615	1,723,484
DIY	99,782	266,933	-167,151	175,789	253,447	-77,658	264,842	508,215	243,373	347,245	861,679	-514,434
Jakarta	1,791,635	132,215	1,659,420	2,565,158	400,767	2,164,391	3,141,214	1,052,234	2,088,980	3,371,384	1,589,285	1,782,099
West Sumatera	87,901	324,897	-235,996	131,438	558,804	-427,366	216,014	642,908	-426,894	260,845	837,493	-576,648
South Sumatera	327,312	199,060	128,252	608,497	333,024	275,473	932,032	443,384	488,648	1,038,898	580,077	458,821
North Sulawesi	48,668	60,837	-12,169	88,266	121,231	-32,965	87,715	153,466	-65,751	76,084	218,240	-142,156

Source : 1971, 1980, 1990 Cencus and 1995 Intercensal Population Census

Appendix: 2

The Informal Sector Survey Questionnaire

**Street Food Vendors, June – August
Jakarta - Indonesia**

Location: _____ No. of questionnaire: _____

Type of business: _____ Date: _____

Status of respondent: Owner: Paid worker Unpaid worker
 Other: _____

A. General Information of Respondent:

1. Gender: Male Female
2. Age: I don't know Under 16
 16 - 25 26 - 35 35 - 46
 46 - 55 Over 56
3. Marital status: Single/Never Married Married
 Living Together Separated/divorced
 Widowed
4. Do you support children? No
 Yes. How many? _____
 Young Teenagers Adults
5. Do they support you?

6. Are you the head of the household?
 Yes No
7. If you're not the head of the household, who is?

8. How many people live with you? (Please explain)

9. What is your highest level of formal education:
- | | |
|---|---|
| <input type="checkbox"/> None | <input type="checkbox"/> Senior High School (SMA) |
| <input type="checkbox"/> Elementary School (SD) | <input type="checkbox"/> Diploma (D3) |
| <input type="checkbox"/> Junior High School (SMP) | <input type="checkbox"/> University (S1) |
10. Did you finish your highest level of education?
- Yes No
11. Did you have any informal educations? (Please explain)
- _____
12. Province of origin: _____
13. How long have you been living in Jakarta?
- _____
14. What motivated you to move to Jakarta?
- _____

B. Business Information:

1. Tell me about your business (What do you do?)
- _____
2. How many people work with you to run this business (including yourself)?
- 1 2 >5 >10
3. How many of them are your family (relatives)?
- All of them None
- Other. Please specify _____
4. What are the advantages of having family working for you?
- _____
- _____
5. If you're not employing your family (relatives), what is your reason?
- _____
- _____
6. How long have you been running your business here?
- _____
- _____

7. Did you find it difficult to install your stall in this area? (Please explain)
- _____
- _____
8. How much money did you spend to build your stall and make it ready to be used?
- _____
9. Do you use water and electricity in your stall?
- Only water Only electricity Both
- Gas Other _____
10. Do you have to pay for those facilities? (Please explain)
- _____
11. What did you do before starting your own business?
- Stayed in the village Studied
- Worked in a factory/office/for someone
- Ran another business. (Please explain) _____
- Other _____
12. Why did you choose to be a street food vendor? (Tick as many boxes as is appropriate)
- Can't find another employment
- Don't have enough education to work in the formal sector
- I have to work and earn a living and couldn't afford to be unemployed
- It's run in the family
- To contribute to (augment) family income
- It's a temporary job while waiting for a better one
- It's easy to be a food street vendor
- I want to be my own boss
- Other. Specify _____
13. If you were a food street vendor when we experienced the economic crisis in 1997,
- a) What impact did that have on your business?
- _____
- b) How did you cope? _____
- c) What about other street vendors in this area?
- _____
14. If you weren't, did the economic crisis influence your decision of becoming a street food vendor?

15. Compared to before the economic crisis how is your business progressing now?

It's better now It was better before

Nothing has changed
Why is that? _____

Other. Please explain _____

16. Do you think you have more competitors (in this area) after the economic crisis?

Yes, there are more competitors

There isn't any new competitor (please explain) _____

Other _____

17. How do you know that you're doing well in your business?

When all the things that I bought in the morning sold out in the evening

When I have had enough money to buy things needed for tomorrow's business

When I can pay the school's fee of my kids and other bills

From my written record. (Please explain) _____

Other _____

18. What were your expectations when you started this business?

I didn't have any expectations. (Please explain) _____

I wanted to open a small restaurant someday

I wanted to provide work for my family

Other _____

19. If you had financial problems in your business where did you go for financial support?

I borrowed money from friends

I borrowed money from relatives. (Please specify)

- I went to pawn shops
- I went to the bank. (Please explain the name of the bank and your reason for going there)
-
-

Other _____

20. Where do you go to buy things and raw material needed to be used in your business?

- Traditional market Supermarket/hypermarket
- Never in the supermarket/hypermarket Wholesale outlet
-
- Some in the traditional market and some in the supermarket
- Other _____

21. What do you use for your transportation?

- Public transportation Rent a car/motor bike
- My own car I walk
- Other _____

22. Do you buy your things from one particular seller (supplier)?

- Always Sometimes Never
- Who/Where? _____

23. If you always buy from one particular seller (supplier), what is the reason?

- He/she offers better price He/she is very friendly
- He/she offers better quality He/she is a relative
- Other. (Please explain) _____

24. Did you ever receive any preferential treatment from this particular seller (supplier)?

- Yes No

25. If you received preferential treatment from your seller (supplier), what were they?

- Discount Credits Delivery
- Other _____

26. Who are your customers?

27. What are your strategies to attract them?

28. What time did you go for your shopping and close your business?

29. Do you run your business on Sunday and Saturday?

Yes No Sometimes

Why not? _____

30. If not, do you run your business somewhere else those days?

C. Household Information:

1. Do you live in your own house?

Yes No, we rent it

Other. (Please explain) _____

How far away is it from here? _____

2. How would you describe the place where you live? (Tick as many boxes as is appropriate)

Free of flood Flooded occasionally

Close to everywhere Safe

Too crowded Unsafe

Other _____

3. What is the monthly income of your household?

Rp 300,000 - Rp 500,000 Rp 1,000,000 - Rp 1,500,000

Rp 500,000 - Rp 700,000 Rp 1,500,000 - Rp 2,000,000

Rp 700,000 - Rp 1,000,000 > Rp 2,000,000

4. How many sources of income do you have in your household?

Just one

More than one

Other _____

5. If there are other sources of income, how much does the income from your business contribute to the household income compare to others'?

Twice as much Just as much

I don't know. (Please explain)

-
- Other _____
6. Did your household income remain as it was when you're not a street food vendor?
- Yes No I don't know
- Other _____
7. Are there any differences in your household before and after you're working as street food vendor? (Tick as many boxes as is appropriate)
- Before we were more worried about money
- Now we can afford to have more varieties of food on our table
- We can buy things that we couldn't afford before. (Please specify)
-
- I can bring my family from the village here
- We've moved into a better place
- Other _____
8. If you had a chance would you like to be working in the formal sector and leave your business behind?
- Yes, I prefer to work in the formal sector to the informal sector
- It depends on the work. (Please specify)
-
- No. (Please explain)
-
9. Do you think your business generates more income compare to some work in the formal sector?
-
-
10. If you had been redundant before, how did you manage to maintain your livelihood during your redundancy? (Tick as many boxes as is appropriate)
- Living off our saving
- By selling some of our things
- By doing some errands and odd jobs
- By living off relatives

My spouse started to work. Please explain

Going back to the village

Other _____

11. Do you think you're faring much better than most of your neighbours who aren't a street vendor?

I don't know

Not really. (Please explain) _____

I think so. (Please specify) _____

Other _____

12. Do you discuss your business with your family?

No Always Sometimes

Other _____

13. Do you have a separate budget for your household and business?

No Yes

D. The Awareness of Government Schemes and Regulations:

1. Have you ever been involved in a survey of the informal sector before?

I haven't remembered Never

Yes. (Please explain)

2. Had any of government officials ever visited this area?

No, they hadn't Yes, they had

3. If they had, what had they been doing here?

4. Have you ever received any supports from government?

The only things that we have received are harassment and threats

Some training. (Pleas explain)

-
- Loans. (Please explain)
-
- Never
- Other. (Please specify)
-

5. Are you aware of the rules and regulations affecting your business?

Yes No I don't care

6. If yes, what are they? (Please explain)

7. If you're not allowed to run your business here, why are you still running it?
(Tick as many boxes as is appropriate)

- I need to work to support my family
- It generates a good income
- Other people have been running their business for ages here, so there is nothing to worry
- What else can I do?
- Other. (Please specify)
-

8. What do you think the Government should do? (Tick as many boxes as is appropriate)

- They should leave us alone
- Stop harassing us
- Give us financial support
- I don't know
- Other _____

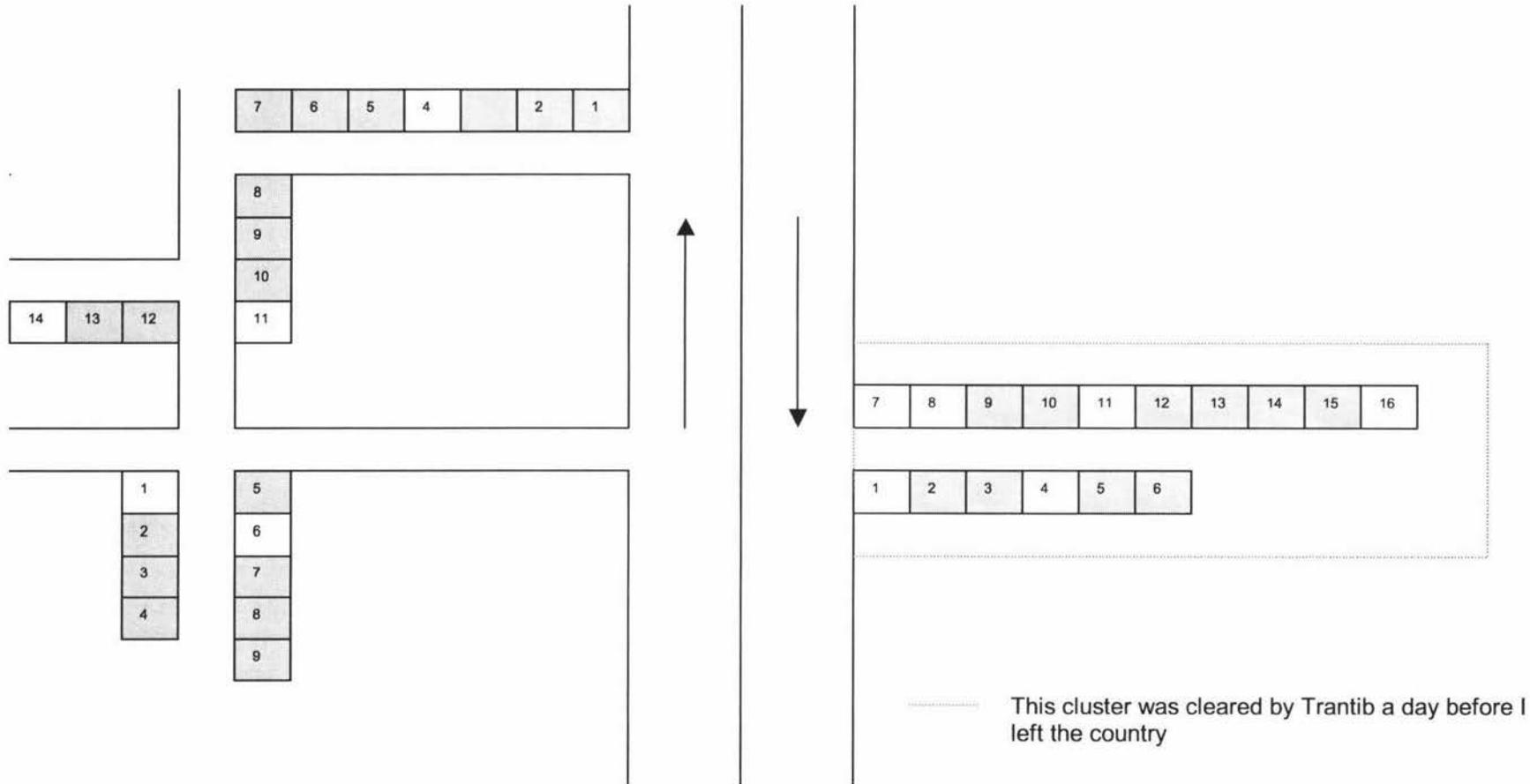
9. What positive things could the Government do to support the street vendors?

10. Is there any organisation for street food vendors in this area?

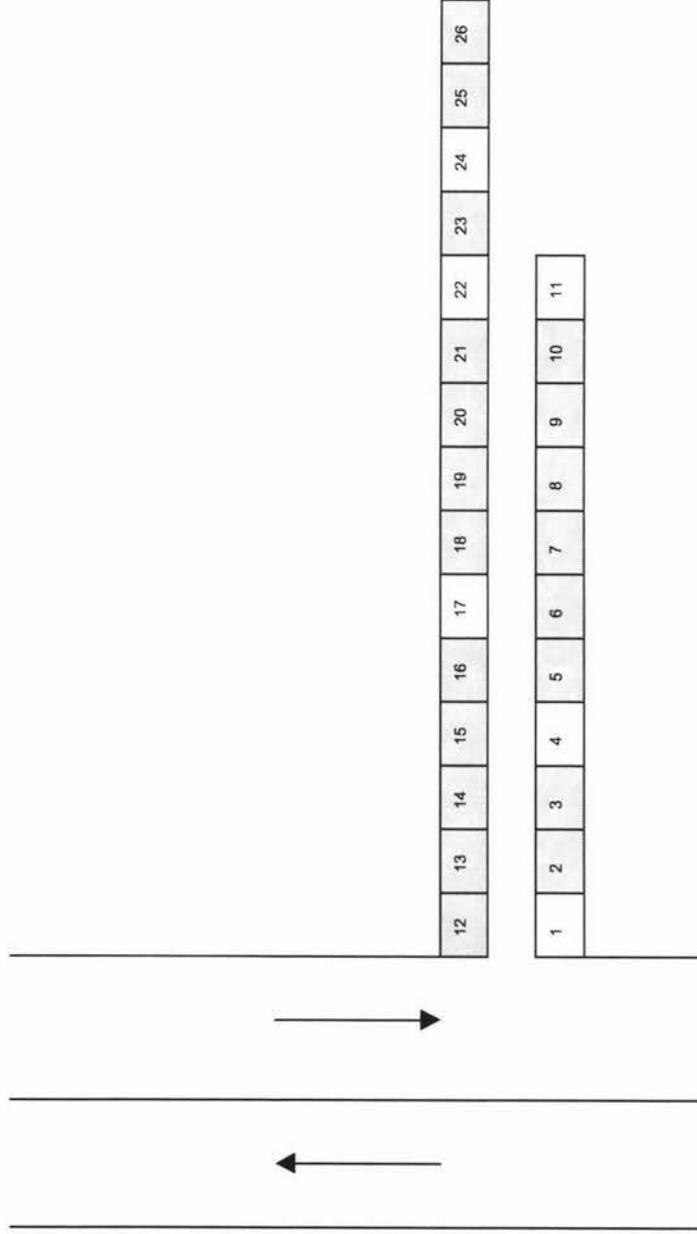
- I don't know No there isn't any Yes, there is
- Other

Appendix: 3

SITE 1

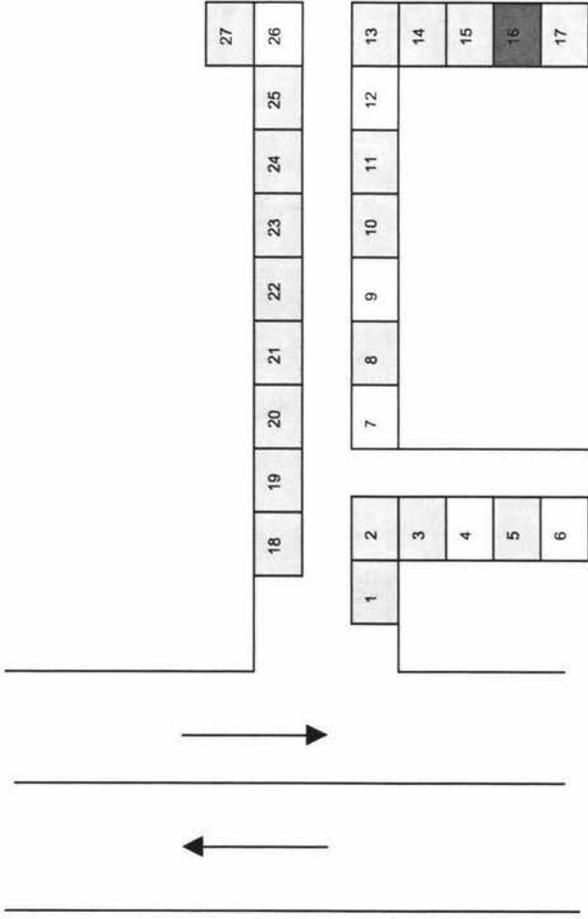


SITE 2



This vendor was not on the site during the fieldwork

SITE 3



Refused to be interviewed

Appendix 6:

3 June, 2003

TO WHOM IT MAY CONCERN

I am writing to introduce Ms. Fixy who is currently enrolled as a Masters degree (M.Phil) candidate at the Institute of Development Studies, Massey University, New Zealand. Ms. Fixy is at present working, under my supervision, on her thesis which examines the contribution of the informal sector to development in Jakarta with particular reference to street food vendors.

In order for Ms. Fixy to develop her thesis, she wishes to interview a variety of people. Both Ms. Fixy and myself would like to assure you that this research has met ethical guidelines with regard to confidentiality and integrity, and any information gathered will only be used for the purposes of meeting her research objectives.

Any assistance that you can provide will be of great benefit to Ms. Fixy and we would both very grateful for your time.

Please feel free to contact me directly if you require any further information.

Yours sincerely

Dr. Susan Maiava
Lecturer
Institute of Development Studies
School of People, Environment and Planning
Massey University
Fax: 64-6-3505737
Email: S.L.Maiava@massey.ac.nz

Appendix 7:

**The Contribution of the Informal Sector to Development
(A Case Study of Street Food Vendors in Jakarta – Indonesia)
June - August 2003**

INFORMATION SHEET

I am Fixy a Master of Philosophy Student in Development Studies at Massey University, Palmerston North, New Zealand. I am conducting a research of the contribution of the informal sector to development in Jakarta, Indonesia. I am looking particularly at its roles in providing income generation activity, employment, cushioning the impact of the crisis and improving the livelihoods of people.

I am interviewing a number of street food vendors in the Segi Tiga Emas area, Jakarta. I would be grateful if you would agree to be interviewed for my research for about half an hour at your convenience.

- You have the right to refuse to participate and decline to answer any particular questions if you decide to participate.
- You also have the right to think first before deciding whether or not to participate.
- Taking part in this research is voluntary and you could withdraw from the activity involved at any time and this will not have any consequences on your families and business opportunities.
- The participation is confidential and that no information that could be used to identify you and your business would be used in the thesis unless you give permission to the researcher.
- You can ask any questions about the study at any time during participation.
- You also have the right to ask for the audio/video tape to be turned off at any time during the interview.
- All data and information will be kept secure during the research and the writing of the thesis.
- All notes, questionnaires, and other relevant information will be destroyed after the data have been transformed into computerised analysis.
- All the information gathered in the research conducted will only be used for my thesis and publication and no other purposes.

All questions regarding the research can be addressed to my supervisors who are supervising my thesis or they could be asked to me. Our contact addresses are:

Dr. Susan Maiava
Development Studies Institute.
Economics
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Planning
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Palmerston North – New Zealand
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This information sheet has been written in English and would be translated into Indonesian (Bahasa Indonesia).

This research has been approved by the Development Studies Programme Ethics Committee, Massey University.

Appendix 8:

Approval, Educational Background, Gender and Age

No	Participant	Approval		Educational Background					Gender		Age						
		Agreed to be interviewed	Refused to be interviewed	No Schooling	SD	SMP	SMA	Others	Male	Female	Don't know	<16	16-25	26-35	35-46	46-55	>56
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1	A	Yes					SMA			F							
2	B	Yes				SMP			M								
3	C	Yes				SMP			M								
4	D	Yes				SMP				F							
5	E	Yes						Pesantren	M								
6	F	Yes				SMP			M								
7	G	Yes							M								
8	H	Yes			SD					F							
9	I	Yes			SD					F							
10	J	Yes					SMA		M								
11	K	Yes			SD				M								
12	L	Yes					SMA			F							
13	M	Yes					SMA		M								
14	N	Yes							M								
15	O	Yes					SMA			F							
16	P																
17	Q	Yes							M								
18	R	Yes			SD					F							
19	S	Yes					SMA		M								
20	T	Yes					SMA		M								
21	U	Yes			SD					F	Don't know						
22	V	Yes			SD				M								
23	W	Yes			SD				M								
24	X		Yes							F							
	Total	22	1	0	7	4	7	1	14	8	1	1	7	5	3	5	0
	%	96%	4%	0%	37%	21%	37%	5%	64%	36%	4%	4%	32%	23%	14%	23%	0%

Fieldwork Data : Jakarta, July-August 2003

Not on the site during the fieldwork
 Refused to be interviewed

Appendix 9:

Number of Workers, Working Hours and Days, Daily Income (Gross)

No	Participant	Number of Workers			Working Hours			Open On		Daily Income of the Stall (Gross) (Rp)			
		1-2	3-4	5-9	5-7	8-11	12-16	Saturday	Sunday	10,000-100,000	100,000-300,000	300,000-500,000	500,000-1,000,000
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	A			5									
2	B		3										
3	C	1											
4	D		3										
5	E	2											
6	F	1											
7	G	1											
8	H	1											
9	I		3										
10	J	1											
11	K		3										
12	L		4										
13	M			5									
14	N	2											
15	O	1											
16	P												
17	Q	2											
18	R			5									
19	S			5									
20	T	2											
21	U		3										
22	V		4										
23	W			9									
24	X	1											
	Total	10	6	6	2	8	12	21	7	1	4	5	6
	%	46%	27%	27%	10%	36%	54%	95%	32%	6%	25%	31%	38%

Fieldwork Data : Jakarta, July-August 2003

-  Not on the site during the fieldwork
-  Refused to be interviewed
-  Sometimes open on Saturday and Sunday

Appendix 10:

Marital Status, Children, Origin, Residence, Years Spent in Jakarta, Year of Starting the Business, Business Status, Duration of Employment

No	Participant	Marital Status		Children to Support	Residence			Origin	Years Spent in Jakarta	Year of Starting the Business	Business Status			Duration of Employment
		Married	Single		Rent a House	Own a House	Others				Owner	Worker	Others	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1	A			3				Surabaya	7	1998				
2	B							Padang	6	1997				2 years
3	C							Cirebon	10	1996				1 year
4	D			1				Jakarta	Born in Jakarta	2003				2 months
5	E							Madura	1	Unclear				2 months
6	F							Kuningan	15	1993				a stand-in
7	G							Madura	12	1993				
8	H			1				Pekalongan	5	2001				
9	I			3				Yogyakarta	28	1999				
10	J			2				Surabaya	7	2002				
11	K							East Java	2	2001				2 years
12	L			4				Tegal	30	Unclear				
13	M							East Java	4	1996				
14	N							Cirebon	9	1999				
15	O							Padang	12	2003				
16	P													
17	Q													
18	R			3				Purwokerto	8	1995				
19	S			2				Manado	Born in Jakarta	2003				7 months
20	T							Lubuk Linggau	2	2003				1 month
21	U							Bogor	Born in Jakarta	1993				
22	V			5				Yogyakarta	20	1985				
23	W													
24	X													
	Total	15	7		10	6	4				12	7	3	
	%	68%	32%		50%	30%	20%				54%	32%	14%	

Fieldwork Data : Jakarta, July-August 2003

Not on the site during the fieldwork
 Refused to be interviewed

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