

# CHAPTER I

## INTRODUCTION

### A. Background

In recent years, the informal sector in urban Indonesia has shown a rapid growth trend. After the COVID-19 pandemic ended, the informal sector continued to improve to simply expand the market to meet daily needs. Experts believe that the expansion of the informal sector is related to a decrease in the ability of the formal sector to absorb new urban workers. At the same time, the growth of the urban labor force is the result of rural-urban migration, which is faster than the growth of employment opportunities. As a result, there is unemployment, especially among educated youth, along with the expansion of the urban informal sector. (Manning & Effendi, 1995:87 in Oky Safitri & Sukmana, 2020) .

In urban areas, the informal sector is considered to cause many problems, especially those operating in strategic urban locations. This reduces the aesthetics of the city and causes traffic congestion and degradation of the urban environment. As a result, the city government (Pemkot) adopted a policy of limiting space in the informal sector. Even in big cities like Jakarta, the informal sector is persecuted by city law enforcement officers. For example, they were evicted from their premises, or their tools for doing business were confiscated. Apart from these problems, the informal sector has played an important role in reducing

unemployment in big cities (Hasanuddin, 2019). This is because they create their jobs, which will generate enough income for them to live in big cities without becoming unemployed with no income.

According to Sethuraman quoted by Chriss Manning and Tadjuddin Noer Effendi (1995:87) in Febrilianawati (2010), according to a survey conducted in cities in developing countries including Indonesia, around 20-70% of employment opportunities are small-scale activities called the private sector. informal. The informal sector is an economic activity that is not organized and is not covered by government policies. The informal sector is usually used to denote small-scale economic activity and often experiences many difficulties in establishing formal relations. The informal sector referred to here is a small-scale activity aimed at obtaining employment opportunities. Elements that are generally included in this sector are those with less education, fewer skills, and generally migrants (Damayanti, 2015). The informal economy sector plays a role in providing goods and services to the formal sector, one of which is street vendors (PKL) (Daldjoeni, 1998: 224 in Febrilianawati, 2010). Through this informal sector, a group of people earn income and often become a transition of the profession for those who were originally victims of termination of employment (Pasciana et al., 2019).

Street vendors are one of the efforts to advance a city's economy from the small/informal sector. However, the government sees street vendors as community waste that must be cleaned up (Pasciana et al., 2019).

The existence of street vendors as one of the informal sectors in urban areas causes various problems such as congestion, orderliness, cleanliness, and the beauty of the city to decrease (Widyaningrum & Handoyo, 2014). Thus, there are two conflicts of interest, each of which has a positive and negative aspect.

Frequent friction between street vendors and the government is also common in big cities (Suripto, 2017 in Pasciana et al., 2019). The settlement of street vendors' problems must pay attention to other social problems because if there is a discrepancy and error in the settlement of street vendors it will cause even more complex problems. Examples include handling and controlling street vendors by the government through forced evictions which are often opposed by street vendors. The government's reason for evictions is because order or the beauty of the city is better to find solutions or other alternatives such as arranging the buildings where street vendors sell or the merchandise carts with proper buildings and requiring street vendors to keep the environment clean.

This study attempts to determine the impact of relocation on street vendors in the Teras Malioboros who were previously located in the pedestrian area of Malioboro street then changed its location after the Special Region of Yogyakarta Regional Government (Pemda) made a decision to relocate street vendors on 1-7 February 2022 based on Mayor Regulation (PERWALI) Yogyakarta Number 13 of 2022 concerning the revocation of PERWALI Yogyakarta No. 37 of 2010 concerning

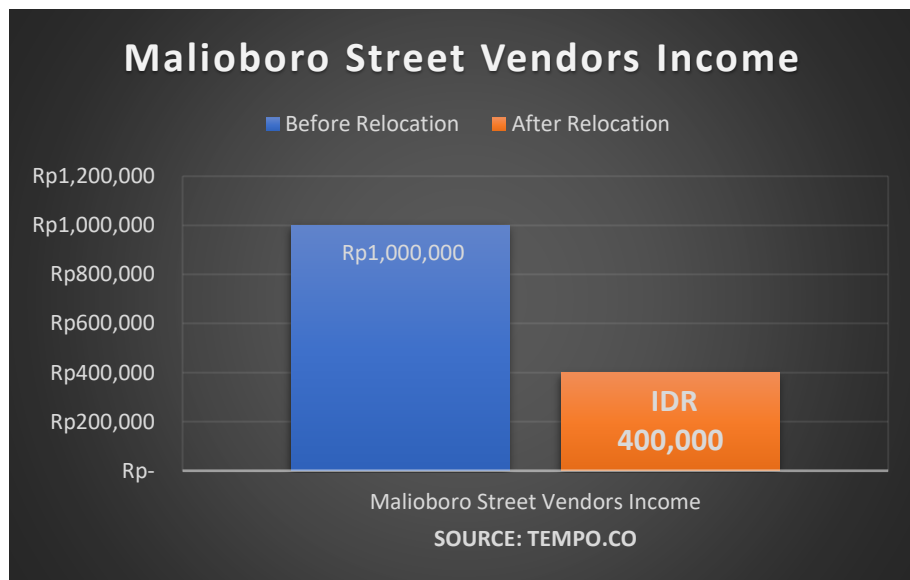
Arrangement of Street Vendors in the Special Area of Malioboro – A. Yani starting as well as the Governor's Circular No. 3 concerning Arrangement of Special Pedestrian Areas on Jalan Malioboro and Jalan Margo Mulyo (Yogyakarta LBH). Quoting from the website, he also added that the regulation should not have been enacted the day before relocation, January 31, 2022. According to the agency, this regulation appears to have been hurried and received little input, which could mean that it violates the human rights of cart drivers and street vendors.

Based on data from the DIY regional government, a total of 1,832 street vendors were relocated. In detail, 799 street vendors will be placed in the former Indra Cinema Building and 1,033 street vendors will be placed in the former DIY Tourism Office Building, consisting of the Pemalni association with 431 street vendors, Handayani with 60 street vendors, Padma with 23 street vendors, Sosrokusumo with 11 street vendors, Lunch Food Vendors Association (PPMS) with 32 PKL, Akik/Pigura Senopati as many as 37 PKL, Yogyakarta Street Vendors Association (PPKLY) Unit 37 association as many as 83 PKL, PKL on Jl. Representatives of four street vendors, Papela 60 street vendors, 40 street vendors at Zero Point, and street vendors on Shoes Jl. Mataram as many as 19 street vendors for placement in the former Cinema Building. Meanwhile, the street vendors placed in the former Tourism Office Building consisted of 923 Tri Dharma street vendors, 65 street vendors in Malioboro Lesehan Traders Association (PPLM), and 45 street vendors at Zero Point (Setiawan, 2022). The research

will be conducted at Teras Malioboro (the name of the post-relocation location) which is where the Malioboro street vendors will be placed after the relocation.

The author's motivation departs from subjective interviews conducted by the author with third parties, other than street vendors, who support the movement against relocation in the area and have directly interviewed street vendors at the location, resulting in the fact that street vendors' income in the Malioboro area has decreased from before the relocation of Rp. 2,000,000 – 3,000,000/day to Rp. 500,000 – 1,000,000/day which is caused by one of the factors, the location plan with a less strategic placement between one kiosk and another.

**Figure 1. 1**



Income of Malioboro Street Vendors

The diagram above is the result of interviews with batik traders in the Teras Malioboro 2 area. The informants explained that 80% of street vendors complained about their declining income. The resource person

explained that the initial turnover could reach Rp. 1,000,000/day, after relocation their income is only Rp. 400,000/day.

The decline in street vendors' income should have been minimized by the government if it had adopted and implemented the stages of the method used by the Government of Singapore before. Research by Azhar Ghani (2011) explains that although at first there was friction between the government and local street vendors, in the end, this friction was mitigated through a program prepared by the Government of Singapore. The research also explains that the new location of street vendors has been promoted by the government, as an important aspect of Singaporean culture and attracts tourists every year, so traders don't have to worry about having trouble finding buyers.

The convenience of traders in attracting buyers can increase their income. This is shown by the research of Wijayanti and Baiquni (2015) which states that the success of relocation is proven by evidence of increased income of traders, living conditions of traders who have changed for the better, and increased vehicle ownership.

The phenomenon of decreased street vendors' income caused by relocation to the Teras Malioboro area caused losses for street vendors. Therefore, based on the data and facts described, the authors are interested in studying the effect of the relocation of street vendors on the income of street vendors in the Teras Malioboro area by raising the title "**Analysis of**

**the Impact of Relocation on the Income of Street Vendors at Teras Malioboro".**

**B. Research Question**

The increasing population growth in the city of D.I Yogyakarta has increased the number of workers. People who tend not to have a steady income generally turn to the informal sector to meet their daily needs. The informal sector does not require qualifications as required in the formal sector.

Based on the background that has been described above, it can be drawn the formulation of the problem, namely "How is the impact of Relocation on the Income of Street Vendors at Teras Malioboro".

**C. Research Objective**

The purpose of this research is to determine the impact of relocation on the income of street vendors at Teras Malioboro.

**D. Benefits of Research**

The results of this study are expected to be useful in two aspects, namely:

1. Theoretical Aspect

Research results can provide benefits such as expanding knowledge about strategies to increase the income of street vendors and minimize the risk of decreasing income after relocation.

## 2. Practical Aspect

The results of this study can provide benefits in the form of suggestions or input as well as references for street vendors and also the government in increasing the income of street vendors after relocation.