

# The Empowerment of Marginalized Community (Street Vendors) for Developing Creative Economy in Payakumbuh City West Sumatra

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## **ABSTRACT**

This study generally aimed to find a model for empowerment of the marginalized community of street vendors for developing creative economy in Payakumbuh City, West Sumatra. While specifically this study aimed to get an overview of: 1) the City Government's efforts in the empowerment of street vendors, and 2) the degree of success of the empowerment program of street vendors by the City Government. This study uses qualitative approach. Data collected through questionnaire, interview, observation, and documentation study in several government agencies and the street vendors in Payakumbuh, West Sumatra Province. Respondents in this study consisted of street vendors with business types of vegetables, fruits, accessories, foods, beverages, and other culinary merchants. Using frequency and percentage tests on responses by 445 respondents of street vendors and some informants in Payakumbuh city, West Sumatra, this study tested some aspects of marginalized community empowerment program Payakumbuh City. The findings of this study indicate that: 1) The empowerment of marginal urban communities (street vendors) by Payakumbuh Government has been running quite well; and 2) The level of success of the street vendors empowerment programs by the Payakumbuh Government during the time is still categorized as quite well, especially when it is measured based on capital movement of the street vendors.

*Keywords:* Marginal Communities, Street Vendors (PKL), Community Empowerment, Capital Movement.

## **INTRODUCTION**

Indonesian economic development that tends to degenerate for

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nearly three decades so far has given rise to problems in various sectors of social and economy. The difficulty of finding a job and the number of employees who are fired is a reality that is much felt by the Indonesian community. The simplest solution of the problem for a small group of people to survive is by selling a variety of merchandise, food, or drink in a small scale. These communities are now more commonly known as street vendors (*Pedagang Kaki Lima* = PKL) or in terms of a somewhat more dignified called as Square Creative Merchants (*Pedagang Kreatif Lapangan*).

Profession or work as street vendors is a real dilemma. On the one hand become a street vendors or PKL is an attempt to hang the needs of everyday life. But on the other hand as the business activities that use public space, street vendors often have to deal with the local laws, which generally prohibit the selling in places that should be used by the general public, such as sidewalks and the road, so the foreclosures in the control operation by officers is something that is greatly feared but could not be avoided by the street vendors. Sulistio (2012) asserted that some consider PKL as illegal, yet some others perceive its existence as a way to overcome unemployment and poverty.

Apart from the increasing poverty, the economic crisis also caused a decline in the productivity of many companies in Indonesia at last few decades, so much going on termination of employment resulting in rising unemployment in the region of Central Java (Mulyanto, 2007). To cope with the increasing number of unemployed, the empowerment of the informal sector, especially street vendors, is indispensable. Although the case described is about conditions in Central Java, but the same case and condition may be occurs in almost all parts of Indonesia as well, including in Payakumbuh, West Sumatra.

Lately, various institutions, both public and private start paying attention to business continuity of street vendors. They should be

rewarded for exceptional struggle. In fact, without capital from the government or any bank, they can still survive and actually able to create jobs as well as the largest contributor to the local government retribution. Therefore, the Ministry of Cooperatives has instructed that street vendors are directed, nurtured, and empowered, because of the impact on local and national economy are very powerful.

Nevertheless, the existence of street vendors becomes uncomfortable when local governments have begun to implement policies relating to issues of city planning and its beauty. Negative stigma about the existence of street vendors as part of the informal economy becomes more viscous when there appears the discourse about the beauty of the city, as if viewed in terms of the aesthetics of the neighborhood where street vendors tend to seem chaotic, rundown, and disturbing the beauty of the city, so the presence of street vendors in various regions need to be evicted to another place.

Based on the above discussion, it is necessary to do a study that will try to gather information, to find, and to identify empowerment model for marginalized communities (street vendors) through Government policies in developing creative economy, particularly for marginalized urban communities in Payakumbuh. In the first year of this study, the focus of research was directed at finding answers of the research questions related to: 1) What efforts have been made the City Government in the empowerment of street vendors in Payakumbuh?; and 2) How does the success level of empowerment program by Payakumbuh Government for street vendors so far?

## **THEORETICAL FRAMEWORK**

### **EMPOWERMENT PROGRAM FOR COMMUNITY**

According to Edi Suharto (2010) the concept of empowerment refers to the ability of a person addressed to vulnerable groups so that they could have the ability and strength in two ways, namely: 1)

have a freedom that includes everything, that is, free to express opinions, freedom from hunger, freedom from stupidity, and freedom in obtaining health; 2) obtain productive resources that can increase revenues in obtaining goods and services needed. Empowerment is a process in achieving the objectives of strengthening or provides empowerment on an individual or group of individuals who are helpless retarded and poverty. In order to realize an empowerment should refer to the results in achieving a better social change from previous conditions. Meanwhile, according to Syarif Makmur (2008) empowerment refers to two tendencies, namely: 1) the process of empowerment oriented to process in giving strength and ability that a person is more empowered, and 2) empowerment tends to motivation or encouragement to the individuals to determine their lives.

Kartasasmita (in Sumaryadi, 2005) explained that the obstacles in the development and implementation of policies that support community empowerment include: 1) lack of understanding or commitment; 2) financial policy barriers, 3) the time period required for a change in the higher levels; 4) diversification of culture, economics, geography, and ethnicity; 5) the structure, function, and behavior of public service. Community empowerment is correlated with the provision of access for the community itself, institutions, and community organizations in getting and utilizing their rights for economic, social, cultural, and political improvement. Therefore, community empowerment is very important to overcome community disability caused by access limitations, lack of knowledge and skills, and poor condition undergone by some of the communities (Pakasi, 2012).

Furthermore Kartasasmita (in Sumaryadi 2005) suggested that community empowerment must be done in three phases, namely: 1) Creating an atmosphere or climate that allows the potential of the developing society; This condition is based on the assumption that every individual and community has the potential to be devel-

oped; 2) Strengthening the potential of the people or the power possessed by implementing concrete measures, accommodates various inputs, provide facilities that are accessible to all people; and 3) Empowering communities in the sense of protecting and defending the interests of vulnerable groups; in the process of community empowerment must be prevented so that they do not get weak, become getting weaker, or increasingly marginalized in the face of strong community.

Based on the above description it can be seen that the process of community empowerment must protect vulnerable groups, so that the weak should not oppressed or marginalized by the powerful. Therefore partiality or protection of vulnerable groups is very important in the process of community empowerment.

In addition, in Governor Regulation of West Sumatra No. 66 Year 2005 on the General Guidelines for the Integrated Program for Community Empowerment in Nagari noted that strategies used in order to increase community empowerment include: 1) Improve the coordination and integration of various sectors that serve to empower the community; 2) Increase the awareness, ability, independence and community care in prioritizing development and active participation of society; 3) Enhancing the role of entrepreneurship as economic actors and move the economy; 4) Encourage medium and large scale entrepreneurs to help small or micro-economic entrepreneurs in the field of production, processing and marketing of products through various patterns accordingly; 5) Developing the capacity of local community organizations to accelerate the process of modernization in the fields of economy, technology, preservation of Minangkabau culture and other cultures; as well as the management of natural resources and environment and local community social solidarity; and 6) Cultivate the community efforts that already exist in order to compete in today's era of globalization. Based on this regulation, it can be seen that the strategy can be

done in implementing the community development effort is an attempt to educate people and raise their awareness to advance and develop so that they can be involved in development, and to enable them to compete with future development.

### **STREET VENDORS AND ITS PROBLEMS IN INDONESIA**

Street Vendors is the person doing the trading business and or services in a public place, either using or not using something, in conducting trading business. Street vendors usually provide wide variety of goods at lower prices. Vendors' stalls are usually located outdoors or under a roof which is easily accessible from the street. They have low-cost seating facilities which are sometimes rudimentary. Their marketing success depends exclusively on location and word-of-mouth promotion. Street vending businesses are usually owned and operated by individuals or families but benefits from their trade extend throughout the local economy (Kumar, 2015). While other opinion explained that the street vendors are traders who conduct informal trading business by using open or closed area, most public facilities determined by the local government as a place of business activities either by using the mobile or disassembly equipment according to predetermined time (Mulyanto 2007). In addition, Kasmad and Alwi (2015) stated that street vendors are a group of people who are engaged in small-scale business and vulnerable to poverty. The street vendors are one source of the problem, which caused the highway traffic jams that occurred in all the major cities in Indonesia.

Marked as a disorder at the margins of urban society, a disruption of public space and transportation flows, street vendors have been rendered objects of control to be policed and written out of rational, urban planning (Sarmiento, 2015). Nevertheless, the economic restructuring and state-led regional integration projects of the last few decades have contributed to the growth of informality

in domestic labor markets producing increasing numbers of informal, immigrant workers, from day laborers and street vendors to street artists, who rely on access to public space to earn a living in the U.S. (Dunn, 2014). Most of street vendors commonly found on sidewalks and public parks, but sometimes they are also found on freeway off-ramps and street medians.

Street vendors have become an unavoidable feature of the urban landscape in the most of major urban centers in Indonesia. One of the characteristics of street vendors in Indonesia is that they generally have small capital and are not likely to get a business loan funds from formal financial institutions, because there is no collateral pledged. In addition their business conditions seemed unconvincing to guarantee repayment capacity (Suwandi, 2013). Therefore, in an attempt to meet venture capital, many of the street vendors borrow money from moneylenders who actually incriminate them and make them fall into a debt-trap.

According to Singh (2015) street vending is global phenomenon and is rapidly increasing in Asian countries due to globalization and economic liberalization as the new policy regime has drastically affected the employment in organized and particularly in manufacturing sector. In addition, Bhowmik (2012) asserted that the globalization and economic liberalization have created employment opportunities on the one hand while it has also displaced workers in large enterprises who have turned to street vending as an alternative source of income.

The existence of street vendors can be perceived from different angles of interests. For the public, especially for lower middle class, the existence of PKL can help them fulfill their daily needs. They can get their daily necessities in a relatively cheaper price from street vendors. Yet, for the government, particularly the local government, PKL is commonly considered to obstruct development, break the urban order and contaminate the urban landscape. Within such

perspective, local governments frequently do many attempts to handle the street vendors in their area both persuasively and repressively (Sulistio, 2012). In addition, the role of the informal sector is complex and controversial. The informal sector also provides jobs, bolsters entrepreneurial activity and helps alleviate poverty and unemployment, especially in the urban area (Njaya, 2014; Singh, 2015).

The experience of developing countries in the world shows that street vendors generally composed of migrant (Manning and Effendi, 1985). Street vending, now, constitutes an established labor market which according to initial studies offers a significant source of employment and income for immigrant communities in the city (Sarmiento, 2015). Economic downturn, rapid urban population growth, political instability, rising unemployment and lower take-home pay drove some Harare residents into the informal sector as food vendors (Njaya, 2014). The trend can also be seen on street vendors in Indonesia. Therefore, the implication of this trend is that there is the strong correlation between street vendors and migration. Thus, while there are socio-economic gaps between rural and urban areas, it will continue to happen rural-urban migration flows (urbanization) which is a source of new faces for street vendors.

In many cases in Indonesia, limited education and skills of migrants in many urban areas cause they prefer the types of business activities that do not require too high education and skills. Their choice fell on the informal sector, that is as street vendors or hawkers. According to Rachbini (in Alisjahbana, 2006), the street vendors who sell their merchandise in various corners of the city in fact is a group of people belonging to marginalized and powerless. They are said to be marginal because they are excluded of the average flow of city life. They are said to be helpless, because they are usually not affordable and not protected by law. They have weak bar-



gaining position and they often be the object of controlling and structuring of the city that often being repressive. Though they play very important actors in the urban informal economy by generating employment and supporting urban poor as well rich (Kumar, 2015).

In addition, the results of research on the factors that affect the income of street vendors in Manahan Surakarta (Diah Ayu Ardiyanti, 2006) revealed that there was an effect of business capital, working hours, working period and business or entrepreneurial attitude towards income of the street vendors, and business capital factor is the dominant factor affecting the income. While Wardoyo (2008), based his study in Sragen, found that business capital and entrepreneurial behavior has a positive effect on operating income of small food and beverage traders in the Gemolong Market Sragen. Ayu Diah Ardiyanti (2006) also revealed that the factors that influence the success of the business of street vendors around the GOR Manahan Surakarta City in 2006, among others, consist of external factors that is: (1) business capital used to develop the business; (2) Competition which provides motivation to achieve success; (3) strategic business location that is able to increase the amount of income; (4) government regulation which provides the opportunity for traders to run and develop their business. The other research finding shows that the emergence of PKL in Bandar Lampung is caused by several factors, such as survival factor, lack of capital for running formal-sector business, reason of fulfilling educational needs, lack of employment, difficult bureaucracy, temporary job, lineages, and as a true profession (Sulistio, 2012).

## THE MODEL OF STREET VENDORS EMPOWERMENT IN INDONESIA

Various studies on empowerment (development) model of street vendors have often done in various places in Indonesia, both in cities and counties. The recommendations also have much to offer.

But not many of the recommendations are accurate and can optimally solve the problem of street vendors. Development of street vendors who often constituted or followed by enforcement of various regulations by the Government, either in the form of laws or local regulations, or Governors, Regents and Mayors regulations, apparently not many are able to overcome and solve the problem of street vendors, in fact it often makes the street vendors are becoming increasingly marginalized (Source: Office of Cooperative and SMEs of West Sumatra, 2009).

Aminuddin Farick M. (2004), which examines the implementation of the Jakarta Provincial Local Regulation No. 5 of 1978, found that the performance cumulative for the implementation of regulation policy is still low. Aminuddin Farick among others recommends that it should be the allocation of funds and placement officers adequately in order to develop the street vendors, as well as the need for regulating the implementation of each article of the Local Regulation 5/1978. While Paulus Wirotomo (2011) found that under Jokowi governance, Solo government has conducted social development by relying more on structural development, through which cultural and social processes are also developed. Any policy study must direct its concern more towards fundamental elements of societal life, i.e. "structure, culture, and social process". Through the structural development, there would be alteration of power relations between informal sector (PKL) actors and other groups in society (for instance in obtaining a space to trade, in their relocation process by the governmental apparatuses). By Local Regulation No 3 of 2008 on the Street Vendors Management, Solo government opted for relocation approach by way of: (1) providing free stalls; (2) facilitating the building of a cooperative in order to help the vendors financially independent; (3) providing space choices/business stalls for street vendors, i.e.: shelter, tent (in sidewalks and streets, with limited time), and pushcarts. Jokowi also instructed non-vio-

lent value in constructing organized- and orderly- street vendors. This means that the mayor had established a cultural development by using structural power (regulation).

Moreover, Bambang Wahyu Sudarmadji and Sri Lestari Munajati (2005) based on their research in the area of street vendors in Bogor City provide several alternatives in the treatment or guidance to the street vendors in Bogor City based on grouping for the street vendors region. Some indication of the treatment plan for each group of the street vendors region are: coaching program for street vendors, the street vendors' setup program, and the demolition program for the street vendors. In addition, in a research report in the Taman Seribu Lampu Cepu City, Ika Prasetyaningrum (2009) found that the main problem of street vendors in the Cepu City include issues related to the presence of street vendors in the evenings. That is, the presence of street vendors in the city is indeed a potential for Taman Seribu Lampu because it gives the crowds to this neighborhood at night. However, on the other hand, the activity of street vendors in the park is not contained in the spatial plan of the city.

Likewise Mabogunje (2009) who conducted a study on informal traders handling problems, including the street vendors, in Pontianak found that the handling is done by the city government to tackle street vendors so far brings good results, but it also realized that the demolition without providing the solution is certainly not the best solution. Meanwhile Halomoan Tamba and Saudin Sijabat (2006), which examines the street vendors as neglected entrepreneurs also provide some offers on the empowerment and development of the street vendors, among other the street vendors empowerment through cooperatives and partnerships programs between public and private sector. Another example, a model of empowerment for the street vendors conducted by the Government of Surakarta in 2006 in cooperation with the Ministry of Cooperatives and SMEs. The street vendors empowerment efforts carried out by means of

business development approach accompanied by efforts to transform the informal sector into the formal sector. On the other hand, Kasmad and Alwi (2015) who conducted study on implementation of street vendors empowerment policy in Makassar City found that one of the causes of failure in the empowerment of street vendors in the city of Makassar is due to the exclusion of stakeholders to overcome street vendors problems. Besides, street vendors empowerment policy in Makassar City are designed base on a top-down approach, so they are considered as objects, which must accept all government programs aimed at them. As a consequence, the interests and needs of the street vendors are not met through the empowerment policies. Therefore, the government needs to change the top-down model of policy and bureaucratic mechanisms for implementation of street vendors empowerment policy in Makassar City. This is somewhat different from the case or condition in Yogyakarta City. Nurmandi (2009), based on his study in Yogyakarta, found that the mayor of Yogyakarta had forced all stake holders to manage street vendors in an integrated system that enable every part of them to empower and to share their knowledge and create the best decision for the street vendors empowerment.

From the various findings of these studies, it is indicated that, in general, the handling (coaching) or empowerment programs all this time often does not favor the street vendors. Yet when we look, the regional income in almost all cities/regencies in Indonesia is largely derived from the market retribution each year that in fact there are many contributions of the street vendors in it.

## **RESEARCH METHODS**

This paper is based on evaluation study on policy implementation. This study uses qualitative approach. The population in this study is all the street vendors at various locations in the Payakumbuh city, West Sumatra. The sample in this study was selected using

proportional stratified random sampling technique. In addition, the researcher also conducted in-depth interviews with several informants.

Data obtained from a sample of respondents (street vendors) that have been established through a questionnaire with closed set of four alternative answers using a Likert scale, ranging from grades 1 to 4 for the negative statements and grades of 4 to 1 for a positive statement. Respondents in this study consisted of street vendors with business types of vegetables, fruits, accessories, foods, beverages, and other culinary merchants. Besides, data also obtained from some informants, especially leaders and cooperatives managers of the street vendors and community leaders were determined purposively. Data in this study were analysed by using descriptive analysis in the form of frequency and percentage. In addition, data were also analysed with interactive models of analysis through data reduction, data display, data interpretation, and making conclusions.

## **RESULT AND ANALYSIS**

Based on some of the Decree of the Governor of West Sumatra of the year 2008 - 2013, as well as the policy of the Department of Cooperatives, Industry, and Trade (Koperindag) West Sumatra, every street vendors are given capital support amounting to Rp. 300 thousand - 2 million per person. Capital support program for the street vendors is intended as a way to make the street vendors to be more motivated in their profession as street vendors.

In order that support programs for the street vendors can achieve the desired goals and motivate the street vendors, the researcher have conducted an evaluation for the success of the program. One form of the benchmarks used in seeing the success rate is by looking at the capital movement of the street vendors. Additionally, in this study, researcher also looks at the efforts of the Payakumbuh Government in developing the street vendors.

## THE EFFORTS OF PAYAKUMBUH GOVERNMENT IN EMPOWERING AND DEVELOPING STREET VENDORS

Many studies on empowerment model for the street vendors had been conducted in various places and in Indonesia. The recommendations also have much to offer. But not many of the recommendations are accurate and can optimally solve the problem of the street vendors. Empowerment and development of street vendors that often constituted or followed by enforcement of various regulations by the Government, either in the form of laws, local regulations, and Governors, Regents, and Mayors legislations, are apparently not able to overcome and solve the problem of the street vendors. Even, in fact, it often makes the street vendors are becoming increasingly marginalized.

The street vendor is one of independent entrepreneurships. Therefore, it requires a space that could hold the life of the street vendors. Space provided should be able to support their activities instead of vice versa. Policies also should be able to provide an umbrella for their activities. But sometimes the expectation of the street vendors as part of the urban marginalized group is often overlooked. Whereas they also want to enjoy a decent and prosperous life as well as their rights are protected in the business. Even though lately the government has begun to care about them, such as by creating and managing them in carrying out their profession as street vendors.

Street vendors empowerment lately has become a government concern in many cities in Indonesia. In the case of Surakarta, for example, Holidin and Rilyan (2012) reported that besides the traditional market, the existence of the street vendors also preserves prospective potentials for Surakarta. Not only contributing to the Local Generated Revenue (PAD), the street vendors also play a role in the informal sector employment, particularly after the crisis of 1998. After that crisis, the number of the street vendors was getting too

large that they deployed the green areas and public facilities. This situation came out as the background for the local government to assign the policy of the street vendors management.

Holidin and Rilyan (2012) also reported that the innovative practices in the traditional market revitalization and street vendors management programs in Surakarta during the leadership of Jokowi were oriented to bureaucratic reform. The implementation of innovative programs was performed consistently, using a change of approach in the context of an egalitarian communication policy among parties in the governance, thus triggering transparency and participation. As a consequence, the market and spatial planning sectors became a breakthrough, overcoming the ego-sector tendency of local government's inter-working units; thus hindering the consequence of enlarging the size of the organization

In the case of the cities in West Sumatra, since 2008, the Department of Cooperatives, Industry and Trade of West Sumatra has launched the Street Vendors Registration Program that accompanied by the provision of capital support. The program begins with registering 1,000 the street vendors in five cities in West Sumatra namely the city Payakumbuh, Bukittinggi, Padangpanjang, Batusangkar, and Sawahlunto city and then continued with the same program for 4,000 street vendors in 16 districts/cities in 2009, and to 2,000 street vendors of 19 districts/cities in West Sumatra in 2010 (Department of Cooperatives and SMEs in West Sumatera, 2009). The program continues to run regularly and gradually until 2014. Based on the results of monitoring and evaluation, the program turned out to be quite a positive impact for the development of street vendors in West Sumatra (Syamsir, 2010 and 2012).

Through Registration and Capital Support program since 2008 - 2013 of Department of Cooperatives, Industry, and Trade of West Sumatra provide support in the form of soft loans to the street vendors who have registered as much as Rp. 300 thousand (in 2008)

and increased gradually until Rp. 2 million (in 2013) by the street vendors through cooperatives in some counties and cities in West Sumatra, including Payakumbuh (Source: Documentation of Department of Cooperatives and SMEs of West Sumatra, 2008-2014).

Soft loans granted to the street vendors is intended as a stimulus in the hope that the beneficiaries (street vendors) can develop successfully, rapidly rising class in the future, free from the winding of moneylenders, and able to raise a cooperative dealer. In addition, registration and capital support programs for the street vendors are also accompanied by a training program for street vendors despite the fact that this training is not maximized. This training is also intended that the capital provided would be more efficient and in turn they will be able to accelerate to the next grade/class (Source: Summary of interviews with informants of Department of Cooperatives and SMEs of West Sumatra, July 14, 2015). Therefore, the role of the City Government should be able to carry out sustainable development, either through training or coaching in terms of the location where the street vendors to run their business. City government should prepare a coaching program within a specified period in order not to stop for nothing.

In other words, at least, with the capital support program implemented by the government through of Department of Cooperatives, Industry, and Trade, or what is now called as Department of Cooperatives and SMEs, then a glimmer of hope is still owned by the street vendors to develop, at least maintain, their business in order to survive for themselves and their families. That means that the motivation to strive and continue the business still exists in the street vendors and perhaps only increased from the usual.

Moreover, the purpose of this capital support program is also to help street vendors apart from the bondage of the moneylenders. Through this study also indicated that a small portion of the street vendors are still trapped by loan sharks because they are not getting



enough capital loans from the Cooperative and there are also street vendors that are squeezed by “rogue elements” in the market. This is partly revealed from interviews conducted with some street vendors and street vendors supervisors of Street Vendors Cooperative Association in Payakumbuh, although the percentage is not so great (Source: Interview Summary, July 15, 2015).

### THE SUCCESS OF STREET VENDORS DEVELOPMENT PROGRAM BY THE GOVERNMENT OF PAYAKUMBUH

The capital growth of street vendors after receiving the capital reinforcement support can be seen in Table 1 below.

TABLE 1. DESCRIPTION OF CAPITAL GROWTH OF STREET VENDORS WHO RECEIVES CAPITAL REINFORCEMENT SUPPORT IN PAYAKUMBUH

Amount of Capital (Rupiahs)	Initial Capital		Before Receiving Capital Support		After Receiving Capital Support	
	f	%	f	%	f	%
No Response	69	15.5	67	15.1	68	15.3
Less than 500,000	55	12.4	11	2.5	2	0.4
500,000-1,000,000	36	8.1	14	3.1	3	0.7
1,000,001-5,000,000	97	21.8	49	11.0	34	7.6
More than 5,000,000	188	42.2	58	13.0	92	20.7
No Capital Support	246	55.3	246	55.3	246	55.3
Total	445	100.0	445	100.0	445	100.0

Table 1 above shows that the capital owned by street vendors who receive capital support in Payakumbuh turned out to be quite diverse, both the number of initial capital they have at the first time they become street vendors, or the amount of capital at a time before or after they get funding. Table 1 also illustrates that the majority of street vendors who receive capital support in Payakumbuh is fairly well established in terms of capital.

Likewise the condition of the street vendors' capital before they receive the capital support. There are some of street vendors who decreased their capital compared to their initial capital, especially those who have capital of more than Rp. 5 million and the owners of capital between Rp. 500,000 – 1,000,000. This means that most

of street vendors do need additional capital in their trade. Furthermore, after they receive the capital support it seem that the movement of their capital are quite positive, especially they who have the capital of more than Rp 5 million, which increased by 14.4% compared to the time before they receive the capital support.

Lack of capital is often an obstacle to the empowerment and development of street vendors. Besides street vendors often face several obstacles such as lack of access to credit, inadequate infrastructure, and limited other resources as supporting the informal sector even though they play very important actors in the urban informal economy by generating employment and supporting urban poor. In addition, according to Yanuasri and Sunaryo (2015) the existence of street vendors are often overlooked in the arrangement of space in a region, although they have an important role in supporting and developing the economy of a community. Basically street vendors grow as a result of the limited employment opportunities in the formal sector.

Furthermore, the capital movement of street vendors who receive the capital support in Payakumbuh city can also be seen from the percentage of their capital movement after receiving the capital support from the Office of Cooperatives, Industry and Trade as illustrated in Table 2 below.

TABLE 2. DESCRIPTION OF CAPITAL GROWTH PERCENTAGE OF STREET VENDORS WHO RECEIVES CAPITAL SUPPORT IN PAYAKUMBUH

Percentage of Capital Growth	f	%	Valid Percent	Cumulative	Percent
No Response	35	13.9	13.9	13.9	
0 - 10 %	98	39.0	39.0	53.0	
11 - 20 %	21	8.4	8.4	61.4	
21 - 50 %	95	37.8	37.8	99.2	
More than 50 %	2	0.8	0.8	100.0	
Total	251	100.0	100.0		

Based on Table 2, it can be understood that in fact the movement of capital percentage of the street vendors in this study tend to be high after they receive capital support. This is partly illustrated by the fairly large percentage of street vendors who has increased the percentage of capital above 20%, which is about 37.8%. In general, it can be said that capital movements of street vendors who received capital support in Payakumbuh be categorized quite well. As shown in Table 3 above, capital movements of street vendors averaged over 20% is quite large.

The finding of this study appears to be in line with the finding of Syamsir (2011) who found that the capital support program for street vendors in West Sumatra for three years is quite able to raise capital of street vendors, although the level of motivation and their satisfaction after receiving the financial support is largely still indicated "low", This is presumably related to the small amount of financial (loans) they receive so that they do not feel so helped or motivated by the capital support.

Actually, entrepreneurship through microcredit schemes possess several advantages to small-scale businesses in a way that it can diversify product and the price offered is negotiable to attract customers. In addition, it is observed that government's aid could help entrepreneurs to start or expand their businesses. In the case of neighboring country like Malaysia, for example, Mohamed et.al. (2014) found that the microcredit schemes can help women entrepreneurs via advice and ongoing monitoring from corresponding parties. The micro-credit financing scheme would also determine the business viability among woman Bumiputera entrepreneurs. The majority of women entrepreneurs have the potential to succeed and continue their business with financial assistance given upon them. The implementation of micro-credit schemes may also increase the number of entrepreneurs. However, in the case of Payakumbuh City, due to capital support they receive is too small, then the support as

if not so meaningful to them in developing their businesses.

During this time, most street vendors in traditional markets in the city of Payakumbuh borrow money (capital) from the moneylenders. This happens because of difficulties in obtaining loans from financial institutions, particularly the banking sector. They were forced to borrow money from the moneylenders, as the moneylenders are considered able to meet their immediate needs and easier terms despite with high interest rates. Moneylenders practices which are prevalent among street vendors in Payakumbuh lead the efforts of street vendors in the city is not developing. Most of their business profits are often used to pay interest on their loans. This condition is the same as the findings of Suwandi (2013) in Surakarta that most street vendors in this city are not likely to get a business loan funds from formal financial institutions and most of them were forced to borrow money from moneylenders who actually incriminate them and make them fall into a debt-trap. However, in the case of Payakumbuh City, the capital support from the Office of Cooperatives, Industry and Trade, then the existence of moneylenders at least could be reduced.

Furthermore, the development or capital movements of street vendors in this study area can also be seen from the street vendors increase in weekly sales turnover (omset) at the time after they receive capital support compared to before they receive the support, as illustrated in Table 3.

Table 3 above illustrates that the weekly sales turnover of street vendors who receive capital support was increased significantly compared to the time before they receive the capital support. Table 3 also shows that the greater part of the street vendors (30.6%) claim to have an increase in weekly sales turnover significantly up to Rp. 1 - 2 million. While the street vendors who have increased their weekly sales turnover between Rp. 2 - 5 million and that of more than Rp. 5 million is also quite a lot, that is about 4.7%.

TABLE 3. WEEKLY OMSET OF PKL BEFORE AND AFTER RECEIVING CAPITAL REINFORCEMENT

	Before		After		Omset Development (%)
	f	%	f	%	
No Response	4	9.0	6	1.3	decreased 7.7 %
Less than 500,000	206	46.3	105	23.6	decreased 22.7 %
500,000 – 1,000,000	137	30.8	134	30.1	increased 0.7 %
1,000,000 – 2,000,000	80	18.0	136	30.6	increased 12.6 %
2,000,000 – 5,000,000	17	3.8	43	9.7	increased 5.9 %
More than 5,000,000	1	0.2	21	4.7	increased 4.5 %
Total	445	100.0	445	100.	

This is, among others, also indicate that the street vendors need and dependence towards the capital is a must. This means that without capital, the street vendors would be difficult to develop. This is partly indicated by the significant increase in the percentage of their sales turnover after receiving capital support, though mostly only move between Rp. 1-2 million. This condition is consistent with research findings of Bambang Wahyu Sudarmadji and Sri Lestari Munajati (2005) in the city of Bogor and the findings of Diah Ayu Ardiyanti (2006) at Manahan Surakarta that revealed that the need for capital is becoming one of the factors that influence the development of the street vendors.

## CONCLUSION AND RECOMMENDATION

Based on the findings of this research and discussion as previously stated, among others, it can be concluded that:

1. The efforts of Payakumbuh Government in developing street vendors may be quite successful. Registration Program for Street Vendors is considered very appropriate in order to evoke the spirit and motivation of the street vendors in business. Through this program the government could have a complete database of the street vendors. Besides, capital assistance program is also quite effective to help street vendors apart from the bondage of the moneylenders.

2. In general it can be concluded that the capital movement of the street vendors which is registered in the year 2008 - 2013 in Payakumbuh still categorized *quite good*. This is partly illustrated by the fairly large percentage of street vendors in the capital increase above 20%, that is about 37.8%.

Based on these conclusions, the recommendations to be presented include:

1. In the development effort, it is necessary to increase the number of the loan of the street vendors in accordance with their expectations, because the need for capital still become quite important for the the street vendors to increase their motivation in business. Besides, it also needed to develop the street vendors regarding business management and entrepreneurial spirit, financial management, and business development strategies, as well as on training in the form of business clinic (assistance).
2. In order to increase the capital movement for the street vendors, it is necessary to control and supervise the street vendors periodically in the form of monitoring and accommodating complaints and constraints they face in the field.

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