CHARACTERISTICS OF THE INFORMAL SECTOR IN DENPASAR CITY

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Abstract:
Informal sector traders are small-scale trade sectors that have limitations in producing and distributing goods and services in order to earn income. In the city of Denpasar, which is the city center, there are many informal sector traders on the side of the road. This research aims to determine the characteristics of the informal sector in the city of Denpasar. The sample of this study was 50 respondents who were taken based on non-probability sampling and the data collection instruments used were questionnaires. The result of this study indicates that the characteristics of informal sector workers when viewed from the social side which is dominated by workers with education last high school (56%), married status (72%), type of main job (56%), morning working hours (07.00-finished) (64%), daily sales intensity (80%), with a fixed place of sale (56%), the average length of sale is less than 5 years (50%), with their workers (68%). Characteristics, when viewed from the demographic side which is dominated by women (58%), with an age range of 27 to more than 40 years (28%), from Karangasem Regency (34%), where they live contracting/leasing (58%), the type of merchandise sold, is in the form of goods mixed (34%), with holiday intensity never having a day off (70%). Characteristics of the informal sector when viewed from the economic side, namely starting with initial capital an average of more than Rp. 400,000 (40%), and an average monthly income an average of more than Rp. 1,100,000.

Keywords: Informal Sector, Informal Workers, Characteristics of the Informal Sector.

INTRODUCTION

The informal sector is in a dilemma. On the one hand, this sector can absorb many workers who cannot be accommodated in the formal sector. On the other hand, this sector can increase environmental problems. To overcome this problem, several Governments are trying to cope by ignoring the informal sector and hoping that this sector will be destroyed (Milliken, 1987). There are also several Governments trying to suppress the sector so that the environment becomes clean. It is different in developed countries, realizing that they are part of the city's economic growth and supporting it with adequate facilities (López & Fontaine, 2019). The dominant type of work in February 2021 is a group of people who work on informal activities. This condition is different from the period of February 2020 which groups of formal workers dominate. In February 2021, The population working in informal activities was 56.07% of the total working population, 7.04% higher than the period in February 2020. Meanwhile, people working in formal activities accounted for 43.93% of the total working population, which decreased by 7.05% over the same period in the previous year.

The high group of people who work in informal activities indicates that working in the informal sector is a way for workers to earn income in the midst of a slowdown in economic performance due to Covid-19. In addition, the informal sector is relatively easier to explore, given that there are no strict requirements regarding educational background or certain competencies (Bali Province Economic Report, 2021). 07% of the total working population, 7.04% higher than the
period in February 2020. Meanwhile, people working in formal activities accounted for 43.93% of the total working population, decreasing 7.05% compared to the same period in the previous year. The high group of people who work in informal activities indicates that working in the informal sector is a way for workers to earn income in the midst of a slowdown in economic performance due to Covid-19 (K.A.K. Saputra, 2021; Sara, Saputra, & Jayawarsa, 2020).

The growth of the informal sector in Denpasar City, especially in the South Denpasar area, has increased significantly, considering that during the pandemic, many people had to drop out of work and were sent home (Erawati & Krisnadewi, 2018). Considering that the majority of workers in Bali are tourism sector workers who have been affected by the pandemic for the last 2 years. Usually, people who work in the informal sector are migrants from villages to cities. This phenomenon usually occurs in city centers and many road users pass through the area. The selection of merchant stalls often creates obstacles, such as traffic jams and untidy city planning, because it is filled with merchant stalls and police carried out by Satpol PP. However, due to an urgent need and a place that is considered strategic, the informal sector workers will continue to peddle their goods in their original place (Romano et al., 2014). For some informal sector workers, the longer they sell in certain areas, the easier it is for buyers to find their stalls. With minimal capital, informal sector workers hope to get wages or income that can be used to meet their needs (Harrison & Donnelly, 2011).

In Armansyah and Aryaniningrum (2017), the results show that female workers in the informal sector are in the productive age group and have an education equivalent to high school and below. The majority of them have skills but are not used as business capital due to limited funds, most of them have never attended training, worked as traders and have no knowledge of MEA. Wulantari and Armansyah (2018) show the results of research that demographic characteristics such as; age, status, education, skills, and occupation have an impact on the income-earning of women workers in the informal sector while training has no impact on the income gains of women workers in the informal sector.

**Development Economic Theory.** Economic development has a qualitative dimension. Therefore, economic development requires fundamental structural changes, which include efforts to reduce poverty and spread the benefits of food, health, education, and improvement of living standards. Based on this opinion, it can be said that economic development is also an attempt to transform a poor, stagnant, and primary-agricultural economy into a developing economy based on urban life, which is able to survive in a sustainable manner (Chavan, 2005; Jayawarsa, Purnami, et al., 2021). The success of economic development can be indicated by the diffusion of economic growth and economic development. Therefore, this concept clearly distinguishes between the concepts of economic growth and development (Gunawan et al., 2019; Rasoolimanesh et al., 2020).

**Economic Growth Theory.** Economic growth is an increase in economic activity in society that causes an increase in the amount of production of goods and services in a country in a certain period. The classical economic growth theory is several theories expressed by economists regarding economic growth from the point of view of population growth (Nik Abdullah, 2020; Ousama et al., 2020). According to Adam Smith, the economy will grow and develop if there is an increase in population that expands markets and encourages specialization. In contrast to Adam Smith, David Ricardo argues that greater population growth will produce a large workforce, so wages decline and the economy stagnates (Temouri et al., 2021). Next is the neoclassical theory of economic growth. Unlike the previous theory, this theory pays more attention to other things that affect economic growth besides population growth, such as entrepreneurship and investment (Chiou & Shu, 2019; Sara, Saputra, & Jayawarsa, 2020).

**METHODS**

Because the population of informal sector traders in Denpasar City is unclear, the sample is taken using a non-probability sampling method, namely purposive sampling with a sampling
Univariate analysis was conducted to determine the distribution of research subjects by calculating the frequency and quota of 50 respondents. The data used in this research is qualitative. Qualitative data is data in the form of words, sentences, schemes, and pictures obtained from recordings, observations, interviews or written materials and is related to this research, such as an explanation of characteristics of the informal sector in the South Denpasar area. In this study, the type of qualitative data referred to is explanations or descriptions of explanations and results of the characteristics of the informal sector when viewed from the social, demographic and economic perspective.

This study uses primary data. Primary Data is a source of research data obtained directly from the original source in the form of interviews, opinion polls from individuals or groups (people), and the results of observations of an object, event, or test result (object). To obtain data that can be trusted on time and provide an overview of the problem as a whole, a data collection method is used, namely using a questionnaire. This research uses univariate analysis, also known as descriptive analysis. The data analysis technique used in this study used descriptive qualitative analysis. Qualitative descriptive analysis aims to reveal facts, circumstances, phenomena, variables, and circumstances when the research is running. This study, which includes Univariate analysis, which is to find out the characteristics of the informal sector from a social, demographic and economic perspective. Multivariate analysis techniques are basically classified into two, namely dependency analysis and interdependence analysis. Dependency analysis explains or predicts the dependent variable by using two or more independent variables. This classification includes multiple regression analysis, discriminant analysis, multivariate analysis of variance (MANOVA), and canonical correlation analysis.

One of the dependencies analyses is Multiple Regression Analysis which aims to determine the effect of one variable on other variables. In regression analysis, a variable that affects is called the independent variable or independent variable, while the variable that is affected is called the related variable or dependent variable. Multiple linear regression is an appropriate analytical method when the research problem involves one metric dependent variable Y that is influenced or related to more than one metric or non-metric X independent variable. The purpose of this analysis is to estimate/predict the value of Y, if all of the X variables have known values, using multiple regression equations formed using the least-squares method. Besides that, it is also to determine the magnitude of the influence of each independent variable contained in the equation.

Multiple linear regression formula as follows:

\[ Y = a + b_1X_1 + b_2X_2 \]

Information:

- \( Y \) = Economic Variable (Income)
- \( X_1 \) = Economic Variable (Initial Capital)
- \( X_2 \) = Social Variable (Long Sales)
- \( a \) = Constant (value of Y if X = 0)
- \( b_1 \) = Coefficient of independent variable parameters (positive or negative effect).
- \( b_2 \) = Coefficient of independent variable parameters (positive or negative effect).

RESULT AND DISCUSSION

The research object used in this study is the informal sector traders or street vendors in Denpasar City by taking the area in South Denpasar with as many as 50 respondents. Researchers distributed questionnaires to 50 respondents and all questionnaires were redistributed. The purpose of this study was to find out how the characteristics of the informal sector in Denpasar City, especially in the South Denpasar area. In this study, the data used are primary data obtained by surveys and the distribution of questionnaires or questionnaires. Based on the data that has been collected, the answers from the respondents have been recapitulated and then analyzed. The results of the research analysis were assisted by SPSS 21 software. Univariate analysis was conducted to determine the distribution of research subjects by calculating the frequency and
percentage of each research variable. Variables in this study include other characteristics seen in the economy. Based on the research results on the univariate analysis of the characteristics of the respondents, the frequency and percentage based on initial capital are presented.

Table 1. Frequency Distribution Based On Initial Capital

<table>
<thead>
<tr>
<th>Initial Capital for Informal Sector Traders</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 299,999</td>
<td>16</td>
<td>32.0</td>
</tr>
<tr>
<td>300,000 - 399,999</td>
<td>14</td>
<td>28.0</td>
</tr>
<tr>
<td>&gt; 400,000</td>
<td>20</td>
<td>40.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Based on the table above, it is known that the number of respondents who use less than Rp. 299,999, 32%, respondents who use a capital of Rp. 300,000 - Rp. 399,999 as much as 28%, respondents who use capital more than Rp. 400,000 as much as 40%. This condition shows that the average initial capital of informal sector traders in Denpasar City is more than Rp. 400,000 is quite dominant because the goods being sold are not too many and usually, the traders go around at one point in the area and sell them there, so the capital used to sell is also not too much. However, apart from that, informal sector traders are usually the less fortunate, therefore they are only able to have such capital. In the univariate analysis of the characteristics of the respondents, the frequency and percentage based on monthly income are presented.

Table 2. Frequency Distribution Based on monthly income

<table>
<thead>
<tr>
<th>Monthly Income of Informal Sector Traders</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 999,999</td>
<td>10</td>
<td>20.0</td>
</tr>
<tr>
<td>1,000,000 - 1,099,999</td>
<td>14</td>
<td>28.0</td>
</tr>
<tr>
<td>&gt; 1,100,000</td>
<td>26</td>
<td>52.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Based on the table above, it is known that the number of respondents with a monthly income of less than Rp. 999,999 as much as 20%, respondents with monthly income between Rp. 1,000,000 – Rp. 1,099,999 as much as 28%, and respondents with income more than Rp. 1,100,000 as much as 52%. This condition shows that the average monthly income of informal sector traders in Denpasar is more than Rp. 1,100,000, these results are obtained from the survey results and the previous month's income. Informal sector traders can usually earn more if their goods are sold.

Table 3. Cross Tabulation between Initial Capital and Monthly Income

<table>
<thead>
<tr>
<th>Initial capital</th>
<th>Monthly income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 299,999</td>
<td>&lt; 999,999</td>
<td>10.0%</td>
</tr>
<tr>
<td></td>
<td>1,000,000 - 1,099,999</td>
<td>8.0%</td>
</tr>
<tr>
<td></td>
<td>&gt; 1,100,000</td>
<td>14.0%</td>
</tr>
<tr>
<td>300,000 - 399,999</td>
<td>&lt; 999,999</td>
<td>10.0%</td>
</tr>
<tr>
<td></td>
<td>1,000,000 - 1,099,999</td>
<td>8.0%</td>
</tr>
<tr>
<td></td>
<td>&gt; 1,100,000</td>
<td>10.0%</td>
</tr>
<tr>
<td>&gt; 400,000</td>
<td>&lt; 999,999</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>1,000,000 - 1,099,999</td>
<td>12.0%</td>
</tr>
<tr>
<td></td>
<td>&gt; 1,100,000</td>
<td>28.0%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>20.0%</td>
</tr>
</tbody>
</table>

Table 4. Chi Square Results

<table>
<thead>
<tr>
<th>Chi Square</th>
<th>Degrees of Freedom</th>
<th>Significant Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.992a</td>
<td>4</td>
<td>.061</td>
</tr>
</tbody>
</table>
Based on the table above, it can be seen that the relationship between initial capital and income, from this relationship it can be seen that the amount of capital is more than Rp. 400,000 dominate with income of more than Rp. 1,100,000. This can happen because with sufficient capital will be able to increase the type of merchandise to be varied which automatically makes the income of traders also increase. The results of the Pearson Chi Square test show that the calculated Chi Square value is < Chi Square table (8.992 < 9.48773), or p-value > from 0.05 (0.061 > 0.05), it can be interpreted that there is no relationship between initial capital and monthly income. Multivariate analysis in this study uses Multiple Regression analysis to determine the linear relationship between the independent variables (starting capital and length of sale) to the dependent variable (monthly income) in the informal sector in Denpasar City, especially in the South Denpasar area.

Table 5. Multiple Linear Regression Analysis Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>(Constant)</td>
<td>951759.030</td>
<td>109668.730</td>
<td></td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Initial capital</td>
<td>.272</td>
<td>.115</td>
<td>.349</td>
<td>2.361</td>
<td>.022</td>
</tr>
<tr>
<td>Long Selling</td>
<td>16078.368</td>
<td>8331.117</td>
<td>.285</td>
<td>1.930</td>
<td>.060</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Monthly Income

From the results of the coefficient table there is a regression equation given as follows:

\[ Y = a + b1X1 + b1X2 \]

\[ Y = 951759.030 + 0.272X1 + 16078.383X2 \]

From the regression equation, it is interpreted that the constant value of 951759.030 shows the positive influence of the variables (starting capital and length of sale). If the initial capital and duration of selling are constant, the income of street vendors or informal sector traders is 951759.030. The interpretation of parameter b1 or initial capital of 0.272 states that if the initial capital (b1) increases by Rp. 1.00, then income (Y) will increase by 0.272 and the regression coefficient b2 or length of sale of 16078,383 states that if the length of sale (b2) has increased by one year, the income will increase by Rp. 16,078,383.

The informal sector is a small-scale business sector, the informal sector is often found in various areas, especially in city centers, crowds or tourist attractions. This is done to meet the needs of their lives, various types of merchandise are sold with small capital and uncertain income (Sara et al., 2019; Spenkuch, 2017). Denpasar City is the capital city of Bali Province, this makes many informal sector workers sell and go around selling their goods because the city center is full of activities and is usually the center of the crowd. This supports the growth of the informal sector to sell in urban centers to earn more income (Rivers et al., 2017; Saputra et al., 2019). The education level of informal sector traders in South Denpasar City is dominated by elementary, junior high and high school education levels, which means that the level of education of informal sector traders is very low which causes these traders to be not accepted by the formal sector because their human resources are still relatively low. So it can be concluded that education is critical and necessary to support the quality of traders who automatically make innovations to sell to generate income that can provide a decent life for informal sector traders in Denpasar City (Rogerson & Baum, 2020). Informal sector traders with married status occur because the economic needs of informal sector traders in Denpasar City continue to grow along with the number of dependents, so traders must be able to meet their daily needs by selling (Goryakin et al., 2020; Hidayatullah et al., 2019). The role of traders when they already have married status, also makes women or homemakers play a role in finding money for the necessities of life. Due to a lack of education, homemakers choose to work in the informal sector. Not infrequently also teenagers or who have unmarried status or are widows come to work to meet their needs (Anantawikarama Tungga Atmadja et al., 2016).
Traders make the informal sector their main job because the informal sector traders in Denpasar City have quality human resources that are still lacking due to the low level of education. Usually, traders are forced to work in the informal sector, people who choose the informal sector as their primary job are usually motivated by their inability to develop their business due to limited capital, low education, and still minimal income earned by traders. However, traders who use the informal sector as a side job are used to meeting their needs because their income from their main job is still low (Rahmat et al., 2018). Informal sector traders usually use their working hours from morning to night or their merchandise runs out. However, there are also traders who start selling from noon, afternoon and even at night (Anantawikarama Tungga Atmadja et al., 2016). This can be influenced by the type of merchandise being sold, where they usually sell it. Because some traders start selling in the afternoon, such as toy traders who usually open stalls or sell around the fields and they look for the city center because they believe that the city center can provide more income because many activities are carried out in urban areas (Thorhauge et al., 2016).

This research is dominated by informal sector traders in Denpasar City who have the intensity of selling every day, according to traders by selling every day the ability of traders to collect income is greater (Jayawarsa, Saputra, et al., 2021). Traders with the intensity of selling every day in addition to looking for additional income can also make them have the characteristics of the type of merchandise, place and time of selling. The choice of a place to sell is able to provide opportunities for traders to earn more income. Some traders choose to sell at one area or fixed point, for example, only in the Niti Mandala Renon Field Area or around the Sanur beach where the area is usually crowded with people, so traders have more opportunities to sell. However, some traders choose to go around in several areas to look for crowds or it can be said that traders are moving.

Informal sector traders in Denpasar City have been selling for less than 5 years, this happens because of the impact of the pandemic, many tourism sector workers stop working and cannot find work in the formal sector because most of them only have a high school strata education so they choose to become traders informal sector. It is different with traders who have been working in the informal sector for more than 5 years. They do choose to become traders in the informal sector because, apart from education, the majority of traders are from the poor (Mariyatni et al., 2020). Manpower is needed in an effort to assist in the service. Informal sector traders generally do not use additional labor because the volume and type of merchandise they sell are not too much and do not require assistance. However, it is different with informal sector traders who sell various types of merchandise and require additional labor, they will usually be assisted by their children, wives/husbands because they will not have to pay wages to them (Muis et al., 2020).

The sex that dominates the informal sector traders in Denpasar City is women because women traders are usually able to attract buyers because they can be more direct in offering their sales. Informal sector traders are indeed dominated by women workers where homemakers or women participate in fixing their family's economy. It is felt that the income from their husbands is still relatively low and has high dependents. However, there are some street vendors who no longer have husbands but still have dependents such as to support their children. Not infrequently, we also meet traders of the male gender, in general the males are physically better, the advantage usually of male traders is that they can go around selling (Muis et al., 2020).

Age or age can determine the intensity and type of activity that a person can do. In the informal sector, there is no age limit to be able to sell, but increasing age can also have an impact on our sales performance. Informal sector traders in Denpasar City are classified as traders who are still productive for work. Therefore, informal sector traders are usually still of productive age in order to be able to peddle their goods (Chamidah et al., 2020). The average initial capital of informal sector traders in Denpasar City is more than Rp. 400,000 is quite dominant because the goods being sold are not too many and usually the traders go around at one point in the area and sell them there, so the capital used to sell is also not too much. However, informal sector traders...
are usually the less fortunate, and therefore they are only able to have such capital. The average monthly income of informal sector traders in Denpasar is more than Rp. 1.100.000, these results are obtained from the survey results and the previous month's income. Informal sector traders can usually earn more if their goods are sold (Andhika, 2017).

However, it is undeniable that the informal sector lacks knowledge in developing the products they sell because their low educational background causes them to lack knowledge in providing innovations such as merchandise innovation. However, if viewed from the educational factor of informal sector traders in Denpasar City, they are a group of underprivileged people which causes them only to be able to receive low education (Fama & Jensen, 2005). The results of the Bivariate Analysis show that there is no relationship between capital and income. Capital is an input (factor of production) that is very important in determining the level of income. However, that does not mean it is the only factor to increase revenue.

This is because the level of capital is not a benchmark for traders to earn income, large amounts of capital but no buyers will also make traders not earn income. With sufficient capital, traders can buy merchandise that they will resell. With that much capital, traders cannot afford to buy more merchandise because of the limited capital or costs they have. dWith this, traders must know and understand a place that is indeed crowded with innovative goods and is needed by the community (Atmadja et al., 2021; Sara, Saputra, & Utama, 2020).

The study results stated that between initial capital and selling time with an income had a positive and significant effect. It can be seen from the results of the F test with a significance (0.05) so 0.042 < from 0.005. Indicates that H0 is rejected and H1 is accepted. From the regression equation, it is interpreted that the constant value of 951759.030 shows the positive influence of the independent variable (starting capital and length of sale). If the initial capital and duration of selling are constant, the income of street vendors or informal sector traders is 951759.030. The interpretation of the X1 parameter or initial capital of 0.272 states that if the initial capital (X1) increases by Rp. 1.00, then income (Y) will increase by 0.272. Moreover, the regression coefficient X2 or long selling is 16078.383 states that if the length of sale (X2) increases by one year, the income will increase by Rp. 16,078,383.

In the results of the Bivariate Analysis, there are results if there is no relationship between initial capital and income and between selling time and income there is also no relationship. However, in the Multiple Linear Regression test, it is stated that there is a relationship between initial capital and income, while for the length of time there is no relationship. This can happen if the initial capital of informal sector traders is balanced with the length of time traders sell, which can open up opportunities to earn more income. With the availability of capital, it will cause many types of merchandise to be provided to be sold to the community, with sufficient capital traders can make creations on merchandise and can sell goods that are more needed by the community. However, with the help of long-selling, it will give traders experience in mastering the competitor's character, strategic location and buyer's character. So this can help traders earn income because the more experience and capital they have, they can help the economy of informal sector traders in Denpasar City.

CONCLUSION

The characteristics of traders, when viewed from educational backgrounds, are more dominated by traders with high school graduates. The status of informal sector traders is married, traders make the informal sector their primary work, and the working hours of informal sector traders are dominated by morning work, which is from 07.00 until finished. The intensity of selling by traders is selling every day. The informal sector traders usually trade at one location or fixed point and the majority of informal sector traders are seen from the duration of selling less than 5 years.
The majority of informal sector traders in the South Denpasar area are women. Characteristics of informal sector traders seen from age which is dominated by traders in the age range of 27-35 years, 35-40 years and more than 40 years, informal sector traders when viewed from the origin of the majority of traders are immigrants from outside Denpasar City, namely from the Regency of Karangasem, where the majority of traders live, rent a place to live or rent a house, the type of merchandise is dominated by sellers of mixed goods or in the form of food, drinks, masks and others in one stall and informal sector traders have holiday intensity, which is on average do not take a day off.

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