

**BUKTI KORESPONDENSI**  
**ARTIKEL JURNAL INTERNASIONAL BEREPUTASI**



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## Artikel yang diSubmit

### The Street Vendor's Welfare in Indonesia: What Factors Affect It?

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**Abstract:** This study aims to describe the educational profile, financial capital, geographical distance, and social networks of street vendors in Semarang. It also describes street vendors' welfare and analyzes the influence of education, financial capital, geographical distance, and social networks on the street vendors' welfare. This study used a mixed-method approach which is the combination of both the quantitative and qualitative methods. The results showed that the street vendors in Semarang city had different profiles ranging from educational backgrounds, financial capital in running their business, geographical distance from selling to the public crowd, and their social network. The fact is that the street vendors' welfare level is deficient in Semarang city, which makes some variables influence them. Furthermore, the results also informed that education, financial capital, geographical distance, and social networks simultaneously affect street vendors' welfare with a determination value of r-square ( $r^2$ ) of 0.783 or 78.3%.

**Keywords:** *Geographical Distance; Social Networks; Welfare; Financial Capital; Street Vendors; Education*

#### 1. Introduction

The informal sector in the economic order is undoubtedly, and it is also a business that is unofficially registered, irregular, and not well organized (Rothenberg et al., 2016; Stuart et al., 2018). This sector is a shadow economy because its activities are not recorded in the official government statistics (Mróz, 2018). Also, they are not covered by state regulations and taxes (Horn, 2018; Rei, 2008). The informal sector's economic activities are also known as the underground economy because the informal sector was covered by limited legal activities and illegal ones (Feige, 1990; Losby et al., 2002; Petrova, 2018). The informal sector comprises of business people that have a low level of education, nonvalid business license, no specific hours for business, not well organized, and others (Portes et al., 1989; Mitullah, 2003; Charnes, 2012; Mbula & Vincent, 2016; Mukherjee, 2016; Alma, 2018).

The existence of the informal sector in developing countries is synonymous with low productivity because the level of education and skills of those that work in the industry is low, that they do not have the opportunity or ability to work in the formal sector (International Labour Organization, 2012; Matthias, Uma & Venkatram, 2015). Most people who work in the informal sector are poor and do not get legal and social protection (Adhikari, 2012; International Labour Organization (ILO), 2000; Mehrotra, 2009; Stuart et al., 2018). Most people who work in the informal sector often face problems such as being pressured by a tout, paid illegally, running into debt by lending money, and not receiving any financial institutions' assistance (Berensmann et al., 2002). However, the informal sector is the primary choice for the unskilled poor. Although this shadow economy provides livelihoods to millions of people and represents a kind of a "safety net" for many poor individuals and families, its adverse effects on the economy and society significantly exceed its positive impact (Camacho et al., 2017; Golubovic & Dzunic, 2015). However, if appropriately managed, this informal sector can provide a sustainable livelihood for urban communities (Ruzek, 2015).

Indonesia is a developing country, and it has many businessmen engaged in the informal sector, it is not officially covered by government agencies. Still, it helps in creating business and employment opportunities. The economic crisis in 1998 led to a lot of layoffs (PHK) in the formal sector (Sherlock, 1998 and Islam, 1998). This had an impact on the formal sector's inability to accommodate workers as expected. Therefore, this brings about the informal sector to be the solution and control the community's economy.

The kind of businesses that people go into in the informal sector is not different from the one they do in the formal sector. This business includes the provision for food at low prices by following the community's level of income. The businessman's motives to work in the informal sector are very diverse that some see it as optional, and some are forced into it. However, the formal sector entrepreneurs need street vendors to help them peddle their manufactured goods. The informal economy helps in marketing the formal economy's products (Bromley, 1978; Khasnabis et al., 2006). The informal sector sells daily household items such as school supplies, cosmetics, drinking water, etc. This supply and marketing chain stimulates the urban area's economic growth, but the PKL is different from other informal sectors. A street vendor is a person that offers goods for sale to the public without having a permanent built-up structure to sell the goods. Street vendors tend to be stationary by occupying a space on the pavements or other public and private spaces. They may be mobile by moving from one place to another by carrying their wares on pushcarts or in baskets on their heads (Bhowmik, 2005).

PKL are entrepreneurs with a bit of capital but can carry out production activities in a broad sense. This production activity includes the production and selling of goods and the provision of services to meet their consumer's needs. These entrepreneurs' activities are carried out in places that are strategic, economical, and informal environment. According to Sekhani, R., Mohan, D., & Medipally (2019), street vendors have always remained an integral part of several economies worldwide. This study was supported by McGee and Yeung (1977) in Sekhani, R., Mohan, D., & Medipally (2019), opining that "street vendors offer goods or services for sale in public places. They are doing this on the streets and pavements and play a significant role in shaping the country's economy's unregulated or informal aspects. Street vending is viewed as part of the informal sector because they provide employment opportunities for people.

The large number of street vendors in the city of Semarang makes the public spaces to be more dense and full. Widjajanti (2016) mentioned that street vendors in Semarang are overgrowing in every urban area. They are very observant in utilizing the remaining public space such as the sidewalk, a little shoulder of the road, and other public spaces. Based on Widjajanti (2016a) study, the street vendors were very good at seeing these opportunities. They considered the locations between residential and educational activities to be strategic. Their smartness in seeing this strategic location has caused creativity to utilize the space for doing their activities or hawking their wares. For instance, they would use the area that was at a place between educational and residential activities and thereby form a linear space along the circulation path between the two activities.

Generally, the street vendors' education level is deficient, and some are even educated in a bit. Martinez & Estrada (2017) explain that work in the informal sector is faced with numerous challenges such as low educational levels and poor economic background. They are exposed to social and financial difficulties because of the non-regulated character of the informal sector. The trading capital of street vendors is generally small and many of them have a little profit that can only be used to meet the needs of daily life.

Several studies have shown that educational background, financial capital, geographical distance, and social networks are closely related to street vendors' welfare. These variables, either individually or collectively, affect the income and welfare of the street vendors. According to Anggraini (2019), capital, length of business, and working hours positively affect the income of Small and Medium Enterprises (UMKM). Handhika (2017) found that the street vendors' revenue is influenced by initial capital, length of business, number of employees, opening hours, and education level. Also, Harahap (2017) study stated that working capital and income affect street vendors' welfare. Ifotania (2010) concluded that the level of education, working hours, and type of business simultaneously affect street vendors' income. Research results of Setyaningsih et al. (2019) show that business initial capital, number of workers, and length of business has a significant effect on the street vendor's income. Furthermore, social capital, most especially trust and networking contributes to the improvement of the welfare of street vendors (Nurbaiti & Chotib, 2020).

However, the study on the influence of education, financial capital, geographical distance, and social networks on street vendors' welfare has empirical support. This study has a novelty on street vendors compared to others because geography and social network factors have not been used as a variable to examine whether the welfare of street vendors in the city of Semarang is influenced or not. This study tends to answer the following problems.

- (1) How the profiles of education, financial capital, geographical distance, and social networks of the Semarang Street vendors?
- (2) How the welfare of street vendors in Semarang?
- (3) How much influence does education, financial capital, geographical distance, and social networks on the street vendors' welfare in Semarang?

## 2. Literature Review

The development of urbanization in Semarang city has led to the growth of various informal sectors that the migrants go into. One sector that is mostly done by immigrants i.e the food sector. The street vendors that sell food are called culinary street vendors, and they are found in all corners of Semarang.

The rapid development of Semarang as a metropolitan has attracted street vendors, and they are all scattered in the sub-districts of the city. The PKL that occupy public spaces includes organized and unorganized street vendors, and the number of unorganized street vendors is more than the organized one. According to Syarifuddin et al. (2017), 78% of unorganized street vendors in Semarang and mobile street vendors have also developed in the last ten years. Mobile street vendors usually use cars, three-wheeled or two-wheeled motorbikes found in several corners of the city. The numbers of mobile street vendors are increasing because of their high mobility, and they tend to be found on the sides of the road in almost all public spaces in the city of Semarang. They sell different kinds of vegetables, bread, snacks, drinks, fruits, rice, cooking oil, cooking spices, and various other household necessities. Some others sell clothes, credit for cellphones, motorcycle tires, satellite dishes, plants, and others.

In 2012, the number of street vendors in Semarang was 11,981 and increased by 567 in 2009, while it decreased to 6,315 in 2015. However, it was estimated to increase in 2021, and this is in line with the development of the

city of Semarang as a metropolitan. The spread of COVID-19 was also calculated to impact the number of workers who work as street vendors because they experience layoffs in the formal sector.

The goal pursued by street vendors in running their business is the welfare that influences many factors such as education, geographical distance, business capital, social capital, and others. The welfare of street vendors is also related to the government's policies or district because the place the street vendors do their business is usually located in the public spaces that are under the government's authority (Bromley, 2000).

The link between government policy and the welfare of the street vendors requires researchers to discuss the concept of a prosperous country. This concept is essential because it tends to clarify the kind of welfare state model that the Indonesian government implemented. The government policies related to the survival and the welfare of street vendors are influenced by what the government considers. There are many approaches, paradigms, and welfare models applied by the state or government to organize the people's lives.

The basic idea of the welfare state model comes from the state's strategy in managing resources for the welfare of the people (Andersen, 2012). The welfare state model is seen from Esping Andersen's, and i.e. the liberal, corporatist, and democratic welfare state model (Andersen, 2012). The United States adopts the liberal welfare state model formulates policies that allow people to obtain social insurance benefits, establish social safety nets, and provide care for the poor. Also, the corporate welfare state model is adopted by Germany as a policy of providing social insurance benefits to the public concerning work and income. The democratic welfare state model is adopted by Sweden and stipulates that social assistance also should be the citizens' responsibility and not only the state.

The government can improve people's welfare through social policies. In this research, a condition of social welfare is conceived in three elements. They are, first, the degree to which social problems are managed, second, the extent to which needs are met and, finally, the degree to which opportunities for advancement are provided (Midgley, 1999). These three elements apply to individuals, families, groups, communities, and even whole societies.

The government is responsible for increasing income through an investment from both the country and abroad. Investment such as banking, property, hotels, agriculture, plantations, marine, trade, oil and gas, and others are obtained from the formal sector. The acquisition of large and the speed of growth are suspected to be the main reasons the government policies focus more on developing the formal economic sector.

The different formal sector, the informal economic sector, namely the small or retail trade, such as food and beverage sector have not received much attention from the central and regional governments. However, the publication of the Presidential Regulation (Perpres) No. 125/ 2012 regarding the Coordination of Structuring and Empowerment of street vendors affects the future of PKL. Also, the Home Affairs Ministry Regulation (Permendagri) No. 41/ 2012 regarding the Guidelines for Structuring and Empowering PKL, making the government pay attention to PKL. This attention is given to registered or official street vendors, while the unregistered or unofficial street vendors are given less attention. This was reinforced by Nilakusmawati, D. P. E., Susilawati, M., & Wall, G. (2019) that stated, "the policy of empowerment of the program of street vendors by the government are not optimal." This lack of optimization is indicated by the number of unregistered street vendors relocated and even evicted from their selling places.

Social policies related to social welfare services must guarantee all residents' rights, including the welfare of the street vendors. Therefore, the policies taken are not partially organized but comprehensively and empower street vendors by involving the state and society. The policies also activate social welfare institutions by following the basis of the state philosophy, Pancasila.

Many studies have been found on the influence of education, financial capital, geographic distance, and social networks on business success and street vendors' welfare. Here are some research results related to the above problems. Knowledge and education influence the success of informal sector traders (Karondo & Tumaini, 2021; Nirathron, 2006a). Financial capital affects the business continuity of street vendors (Gatere, 2016; Marliati, 2020). Likewise, the use of public space (geographic factors) contributes to street vendors' survival (Widjajanti, 2016b; Winter, 2017). Food vendors mostly sell near housing, transportation hubs, and workplaces (Rosales Chavez et al., 2021). Social networks also play an important role in determining street vendors' success and welfare (El-Azzazy, 2019; G. F. Kebede, 2015; Mramba, 2015). Research on the welfare of street vendors is also quite a lot (Giraldo et al., 2020; Nilakusmawati, D. P. E., Susilawati, M., & Wall, 2019), but not much is related to other variables such as education, capital, social networks, and others. However, previous studies only looked for a partial relationship between one variable and another. This study is different from previous studies because the variables studied, namely education, financial capital, geographical distance, and social networks were studied together which are thought to influence the welfare of street vendors. This research study has also not been found in many previous studies.

### 3. Research Method

This study used mixed methods that combine quantitative and qualitative methods and are used to obtain more complete, valid, reliable, and objective data (Creswell, 2014). The design used is sequential exploratory. The following image can explain it.

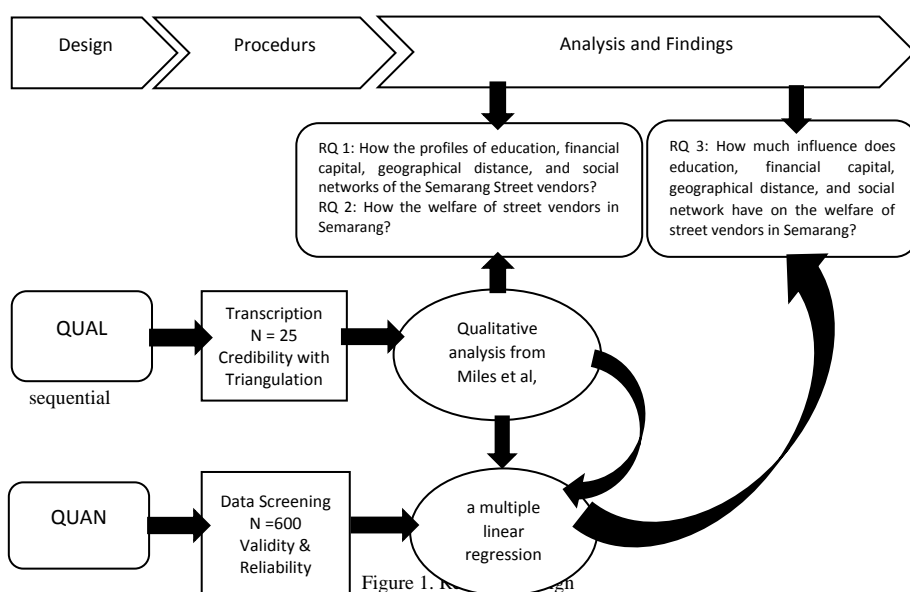


Figure 1. Research Design

The mixed method begins with qualitative methods to describe the profile of education, financial capital, geographical distance, and social networks of street vendors in Semarang and to describe the welfare of street vendors in Semarang. After that, quantitative methods were used to examine the effect of education, financial capital, geographical distance, and social network on the welfare of street vendors in Semarang.

This study's location was chosen to make it easier for the collection of data and be accountable for having them as the material for the study. The purpose of determining the location was to identify the object and the area used in Semarang city, where street vendors run businesses in strategic public spaces. The unit of analysis is street vendors who trade in 13 research locations. The distribution of this analysis is seen in figure 2.



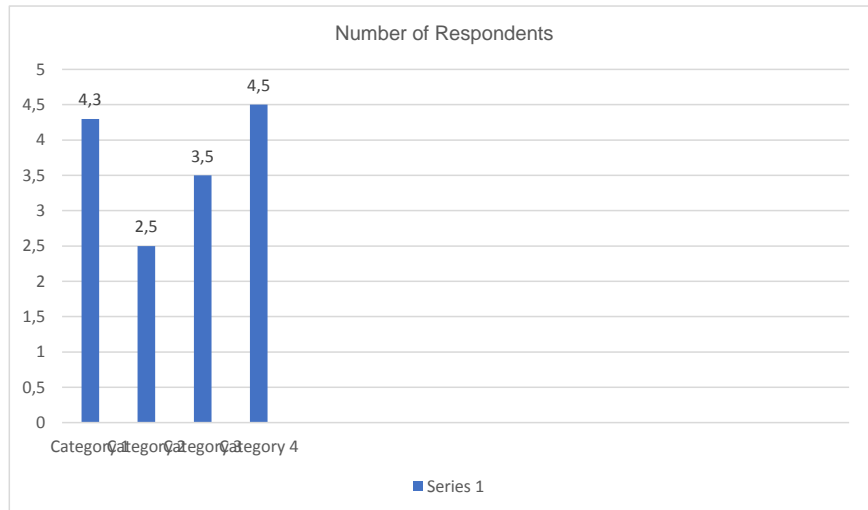


Figure 2. Distribution of Research Analysis Units

The data sources in this study were the informants consisting of street vendors in Semarang City, the events that occur at the location of data, and the documents available at the area in the form of notes and policies. The data was collected through interviews, documentation, observation, and collection tools in the form of interview guidelines, field notes, and observation sheets. The data validity test was conducted through informant reviews and triangulation of both the sources such as informants, events, and documents and triangulation of tools such as interviews, observation, and documentation.

The qualitative data analysis techniques were used to answer the first problem (RQ 1) dan the second problemn (RQ 2). This qualitative analysis stage is data condensation, display, and drawing and verifying conclusions (Miles et al., 2014). Quantitative analysis techniques were used to answer the third problem (RQ 3).

In the analysis of quantitative data, independent and dependent variables are used, in which the independent variables are thought to influence the dependent variable. The independent variables are education, financial capital, geographical distance, and social networks symbolized as X1, X2, X3, and X4. In contrast, the dependent variable was the welfare of the street vendors that were symbolized as Y. The operational definition of the welfare variable was quoted from Reid's view (Fahrudin, 2014) as the existence of employment opportunities, a meaningful life, decent security from deprivation or poverty, obtaining justice, and having a productive and stable economy. Also, the definition of social welfare as stipulated in Law No. 11/ 2009 was a condition for the fulfillment of the material, spiritual and social needs of citizens to live appropriately and develop themselves. This is because they tend to carry out their social functions and create variable indicators for the street vendors' welfare.

Based on the table for determining the number of samples from a population of 6000 with an error level of 1%, a sample of 598 people was obtained. The sample used at the initial stage was 600 and the technique used was a questionnaire by providing a set of questions or written statements to the respondent to be answered. There was a questionnaire with five main types of variables to be distributed: education, financial capital, geographical distance, and social networks as independent variables and the welfare of street vendors as the dependent variable.

Quantitative data analysis techniques were used to answer the third problem in this study: how the influence of education, financial capital, geographical distance, and social networks on the welfare of traders in Semarang City looks like. The statistical analysis technique used was the multiple linear regression test. Before this test was carried out, it was necessary to test for linearity and significances, and the following is the formula for performing a multiple linear regression test:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_n X_n$$

Description:

Y = Dependent variable or response.

X = Independent variable or predictor.

$\alpha$  = Constant.

$\beta$  = Slope or estimate coefficient.

Test rules significance:

a. F count  $\geq$  F table with a significant level of 5% (0.05), then Ho is rejected.

- b.  $F_{count} \leq F_{table}$  with a significant level of 5% (0.05), then  $H_0$  is accepted.  
 In calculating the regression test, researchers used the help of the SPSS program.

#### 4. Results

##### 4.1. Profile of Education, Financial Capital, Geographical Distance, and Social Network of Street Vendors in Semarang

This study used four variables that include education, financial capital, geographical distance, and social networks. The data collected showed that the level of education of the street vendors in Semarang City was divided into three categories. (1) One hundred sixty-two traders did not go to school, and some only graduated from elementary schools which is equivalent to 27%. (2) Three hundred ninety-six traders of PKL graduated from secondary education, either Junior High School (SMP) or Senior High School (SMA) and are equivalent to 66%. (3) Also, there are 42 traders of PKL with diplomas or undergraduate and are equal to 7% in total. Most of the street vendors in Semarang were dominated by secondary education graduates, either junior or Senior high school. Currently, junior, or senior high school graduates do not allow them to enter the job market that requires higher competence.

The composition of street vendors (PKL) in Semarang City based on their latest education level is seen through the diagram of Figure 3 below.

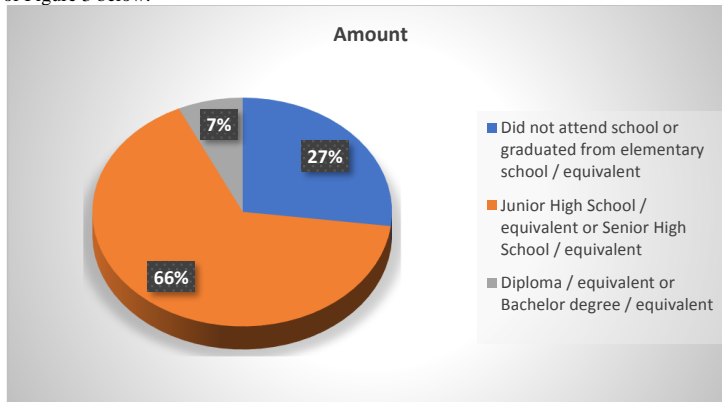


Figure 3. PKL in Semarang City based on Latest Education.  
 Source: Primary Data Processed, 2020

This tends to be assumed that the level of education a person has affects the amount of income they receive from work. This is because education can provide knowledge and not only in its implementation at work but also as a basis for self-development in utilizing existing facilities and infrastructure for seamless work. Simanjuntak (1985) in (Rezkiti, 2017) explained that a person tends to increase income by having a high level of education in Human Capital theory. The hypothesis test results by Kusumawardhani (2014) also showed that the level of education has a positive effect on the income of 38 textile traders in Pasar Sentral Benteng, Selayar Islands Regency.

The amount of monthly capital of traders and street vendors in Semarang City is divided into five categories, as illustrated in table 1 below.

Table 1. Street vendors in Semarang City based on Monthly Capital.

Monthly capital (rupiah)	Quantity	Percentage
0-2.000.000,00	342	57
>2.000.000,00-4.000.000,00	77	13
>4.000.000,00-6.000.000,00	29	5
>6.000.000,00-8.000.000,00	44	7
>8.000.000,00	108	18
<b>Total Number</b>	<b>600</b>	<b>100</b>

Source: Primary data processed, 2020

Capital is an influencing variable on income because when business capital is added, traders can buy goods in large quantities and more various kinds according to the needs of the customers, which impacts the increase of their income. Based on table 2 above, street vendors in Semarang City were dominated by traders with monthly capital of Rp. 0.00 to Rp. 2,000,000.00 as many as 342 respondents that are equivalent to 57%. The second place was dominated by traders with monthly capital of more than (>) IDR 8,000,000.00, as many as 108 respondents equivalent to 18%. Traders also dominated the third place with monthly capital ranging from IDR 2,000,000 to IDR 4,000,000, as many as 77 respondents equivalent to 13%. Then, it was followed by traders with monthly capital ranging from Rp. 6,000,000.00 to Rp. 8,000,000.00 as many as 44 respondents that are equivalent to 7%. The last place was occupied by street vendors that had monthly capital ranging from Rp. 4,000,000.00 to Rp. 6,000,000.00 as many as 29 respondents that are equivalent to 5%.

This study also described the distance profile from the trading locations to the crowded place and social networks. Based on the distance from trading locations to crowded areas, the traders were classified into five categories. The category that dominated and became the first rank belonged to the traders with a distance from the trading location to the crowded place of more than 200 meters or (>200 m) as many as 323 respondents, equivalent to 54%. Then in the sequence, they were followed by traders with 0 - 50 meters, and they are 108 respondents that are equivalent to 18%, then traders with a distance of > 150-200 meters as many as 90 respondents equal to 15%. Then followed by traders with a distance >50-100 meters as many as 54 respondents equivalent to 9%, and finally traders with >100 - 150 meters as many as 25 respondents equal to 4%. The distance referred to be the distance from trading locations to crowded places such as roads, malls, hospitals, offices, colleges, or schools. The data on the distance between traders and areas of the crowd are seen through the bar chart in Figure 4 below.

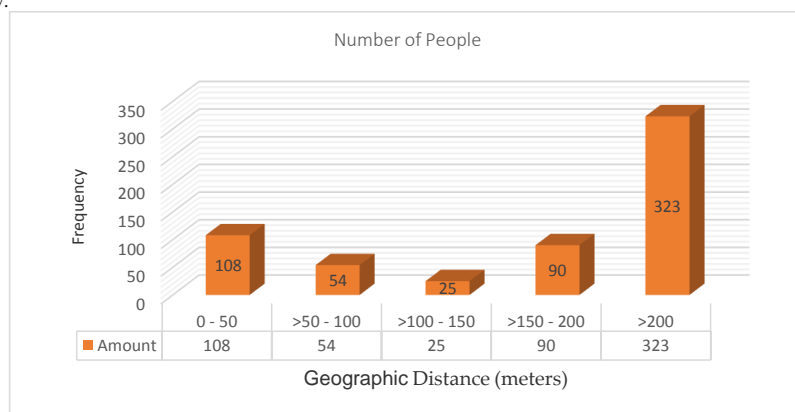


Figure 4. Street vendors in Semarang City based on distance from trading locations to crowded places  
Source: Primary Data Processed, 2020

Furthermore, this study used two leading indicators: participation in PKL communities and social media for the seamless run of a business to describe the social network profiles of street vendors in Semarang City. The first indicator was the participation of traders in the association or merchant community, and this makes the street vendors divided into five categories, as illustrated in table 3 below.

Table 2. Street Vendors in Semarang City based on Social Networks (Participation in Paguyuban/Community)

Participation in Paguyuban	Number of Respondents	Percentage
<b>Do not follow</b>	449	75
<b>Non-active members of the Association</b>	53	9
<b>Active Members of the Association</b>	98	16
<b>General Paguyuban Management</b>	0	0
<b>Core Management</b>	0	0
<b>Total number</b>	600	100

Source: Primary data processed, 2020

From table 2, it could be concluded that most of the street vendors in the city of Semarang were not part of a community. This was shown by 449 respondents, equivalent to 75%, and 98 respondents are equal to 16% as

members of an association or community and become active members. Meanwhile, there are 53 respondents, equivalent to 9% that were registered at the association and business community but not active.

The second indicator of social networks was the use of social media to run a business. Based on these indicators, street vendors were divided into five categories, and the first was that 246 respondents did not use social media and are equivalent to 41%. Second, the type of traders who only used one social media and 150 respondents equal to 25%. The third is the category of traders that used two social media, and they were 126 respondents equivalent to 21%. The fourth was the category of traders who used three social media. They were 78 respondents, equal to 13%. The fifth one is street vendors (PKL) in Semarang City that used more than three social media as many as 0 respondents equivalent to 0%. This distribution could be seen in Figure 5 below.

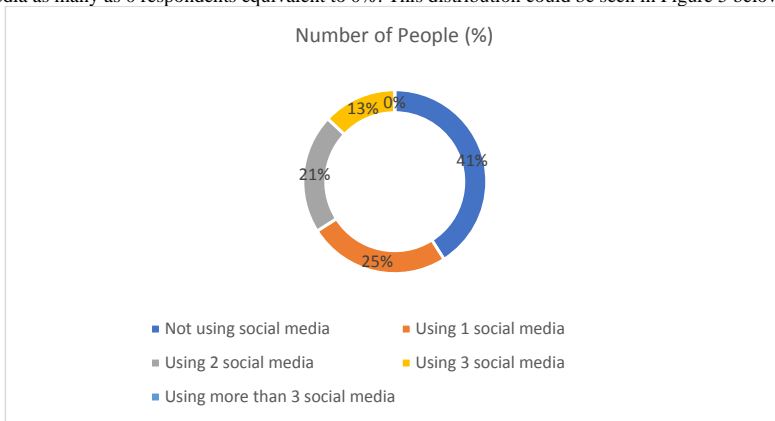


Figure 5. Street vendors in Semarang City based on the use of social media.  
Source: Primary Data Processed, 2020

#### 4.2. The Social Welfare of Street Vendors in Semarang

The social welfare related to the street vendors is interpreted as a condition where life necessities are met, such as clothing, shelter, food, health, and interacting with their environment to improve their standard of living. This social welfare is seen from several indicators that include assets owned, savings of money deposit institutions such as banks and cooperatives, investment ownership such as deposits, gold investment, property business, securities, investing in cooperatives/CV/PT/other joint ventures, and others. Based on this study's results, the assets owned by street vendors in the city of Semarang are categorized as shown in Figure 6 below.

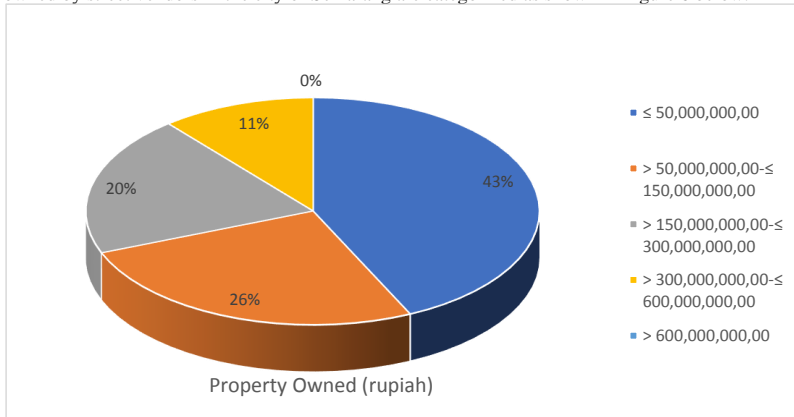


Figure 6. The welfare of PKL in Semarang City based on Total Assets Owned  
Source: Primary Data Processed, 2020

The pie chart indicated that the street vendors in Semarang are classified into five main categories that tend to explain the amount of the assets over the number of the street vendors that owned them. The first was that the street vendors in Semarang were dominated by those with total assets of less than or equal to ( $\leq$ ) IDR

50,000,000.00 as many as 257 respondents equivalent to 43%. Second, the street vendors that had total assets of >IDR 50,000,000 - ≤IDR 150,000,000.00 were as many as 158 respondents equivalent to 26%. Third, the street vendors with total assets of > IDR 150,000,000.00 - IDR 300,000,000.00 were as many as 120 respondents, equivalent to 20%. The fourth was a category for those with total assets worth >IDR 300,000,000.00 - ≤IDR 600,000,000.00 as many as 65 respondents equivalent to 11%, and the fifth or the last category as those with total assets worth more than (>) IDR 600,000,000.00.

Another indicator used to describe the welfare of street vendors in Semarang was the ownership of a certain amount of money saved in money-saving institutions such as banks and cooperatives. This was like the total value of assets where the street vendors in Semarang were also divided into five categories. The first was 238 respondents, equivalent to 40% that did not have any savings, while the second was that there were 256 respondents equivalent to 43% that had savings of less than or equal to (≤) IDR 10,000,000. The third were traders that had savings of >IDR 10,000,000.00 - ≤ IDR 30,000,000.00 as many as 69 respondents equivalent to 12%. The fourth was those traders that had savings of >IDR 30,000,000.00 - ≤ IDR 50,000,000.00, and they were 14 respondents equal to 2%, and the fifth was also 23 street vendors that had savings of more than (>) IDR 50,000,000.00 equivalent to 4%. This tends to be seen through the bar chart in Figure 7 below.

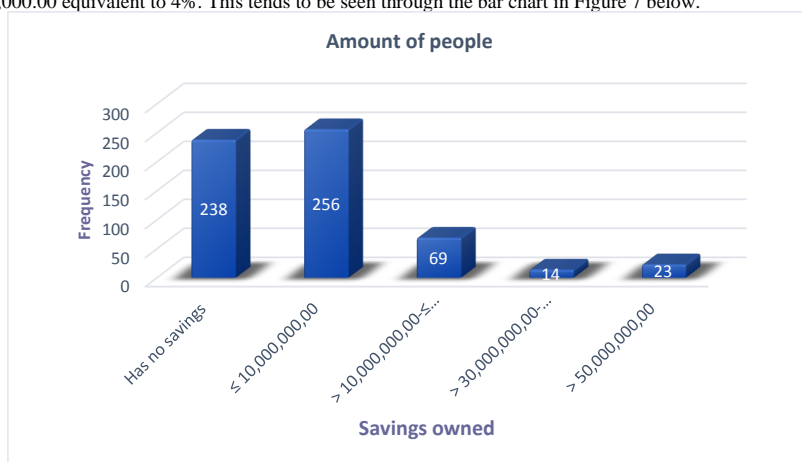


Figure 7. The welfare of PKL in Semarang City based on Total Savings Owned  
Source: Primary Data Processed, 2020

The ownership of investments such as deposits, gold investment, property business, securities, stock investment in cooperatives/CV/PT/other joint ventures was another indicator to be considered. When viewed from this indicator, 547 respondents, equivalent to 91%, did not have any investment in the form of deposits, gold investment, property business, or other forms. Still, only 53 respondents that are equivalent to 9%, have 1 type of investment. This tends to be seen in Table 3 below.

Table 3. The Welfare of Street Vendors in Semarang City based on Investment Ownership

Investment ownership	Amount	Percentage
Have No Investment	547	91%
Has 1 Form of Investment	53	9%
Has 2 Form of Investment	0	0%
Has 3 Form of Investment	0	0%
Has More than 3 Forms of Investment	0	0%
<b>Total number</b>	<b>600</b>	<b>100%</b>

Source: Primary Data Processed, 2020

Moreover, when viewed from the indicators of assets, total savings, and investment, it tends to be concluded that street vendors in Semarang City had a low level of welfare. This was based on the data obtained that 43% of the street vendors in Semarang City had total assets less than or equal to (≤) IDR 50,000,000, and 40% had no

savings. However, only 43% of street vendors in Semarang had savings of less than or equal to ( $\leq$ ) IDR 10,000,000, and 91% of them did not have any investments in the form of deposits, gold, property business, or other forms of property.

#### 4.3. The Influence of Education, Financial Capital, Geographical Distance, and Social Networking on the Social Welfare of Street Vendors in Semarang

The data obtained were analyzed using IBM SPSS data processing software, and social network, geographical distance, education, and financial capital are set as independent variables. In contrast, the dependent variable was the welfare of the street vendors. This tends to be seen through the output in Table 5 below.

Table 4. Independent Variables and Variables bound (Variables Entered / Removed)

Model	Variables Entered	Variables Removed	Method
1	Social Network, Distances Geography, Education, Financial Capital <sup>b</sup>	.	Enter
a. Dependent Variable: Welfare			
b. All requested variables entered			

Source: Primary Data Processed through SPSS, 2020

From the further analysis in table 5, it tends to be seen that the correlation value (R) was 0.885, and this was the percentage of the influence of the independent variable towards the dependent one called the coefficient of determination and was the result of squaring R. This led to the coefficient of determination (R<sup>2</sup>) as 0.783 that the influence of the independent variables such as social networks, geographical distance, education and financial capital towards the dependent one known as welfare was 78.2%. The remaining 21.8% was influenced by other factors outside the X variable to make the value of e to be =  $100\% - R^2 = 100\% - 78.3\% = 21,8\%$ .

Table 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.885 <sup>a</sup>	.783	.782	.4266
a. Predictors: (Constant), Social Network, Distance_Geography, Education, Financial Capital				

Source: Primary Data Processed through SPSS, 2020

Table 6 found that the calculated F value was 536.678, and the significance or probability value was 0.00, which means that it was smaller than 0.050. Therefore, education, financial capital, geographical distance, and social networks simultaneously influenced street vendors' welfare.

Table 6. ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	390.744	4	97.686	536.678	.000
	Residual	108.302	595	.182		
	Total	499.046	599			

a. Dependent Variable: Welfare

b. Predictors: (Constant), Social Network, Geographic Distance, Education, Financial Capital

Source: Primary data processed through SPSS, 2020

From table 7 below, the regression equation of  $Y = \beta_0 + \beta_1 + \beta_2 + \beta_3 + \beta_4 + \varepsilon$  or  $Y = 2.143 + 0.302X_1 + 0.229X_2 + 0.232X_3 + 0.075X_4 + e$  was obtained. The regression equation showed a constant of 2.143, and the coefficient of the effect of education (X1) on the PKL Welfare was 0.302. Meanwhile, the regression coefficient of the effect of financial capital (X2) on PKL Welfare was 0.229, that of geographical distance (X3) on PKL Welfare was 0.232, and also that of the influence of Social Networks (X4) on PKL Welfare was 0.075.

Tabel 7. Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
1		B	Standard Error	Beta		
	(Constant)	2.143	.143		15.005	.000
	Education	.032	.024	.359	12.519	.000
	Financial Capital	.229	.027	.291	8.471	.000
	Geographic Distance	.232	.019	.290	12.251	.000
	Social Network	.075	.017	.115	4.385	.000

Dependent variable: Welfare

Source: Primary Data Processed through SPSS, 2020

However, based on the output results above, the t value for education (X1) was 12.519 with a significance value of 0.000, smaller than 0.050. This tends to be concluded that education (X1) partially or individually influences the street vendors' welfare. Meanwhile, the t value for financial capital (X2) was 8.471 with a significance value of 0.00, which was smaller than 0.050. This means that financial capital (X2) partially or individually influences the welfare of the street vendors.

The t value for geographical distance (X3) was 12.251 with a significance value of 0.00, which was smaller than 0.050. This was concluded that the geographical distance (X3) partially or individually affects street vendors' welfare. The t value for social networks (X4) was 4.385 with a significance value of 0.00 that is less than 0.050, and this is concluded that social networks (X4) partially or individually affect the welfare of street vendors.

In the regression analysis output, the beta value of education was 0.359, and that of financial capital was 0.291, the geographical distance beta value was 0.290, and that of the social network was 0.115. From these data, it tends to be seen that education (X1) had the highest beta value, and this was concluded that education (X1) influences the welfare of street vendors.

## 5. Discussion

Most city government officials view street vendors as an informal sector that disturbs the city's beauty and that they have to be organized and disciplined (Batréau & Bonnet, 2015; Racaud et al., 2018). Street vendors are also seen as creating unfair competition for more established shop owners and reduce their profits by offering pirated and counterfeit goods (Forkuor et al., 2017). Some governments, such as Bangkok and Thailand, pay attention and allow street vendors to run their businesses (Kusakabe, 2006). Street vendors in Bangkok have developed as an economic entity and have succeeded in reducing poverty (Nirathron, 2006b).

The increase in urbanization in cities makes many public spaces occupied by traders to market their products. The occupation of public spaces by urban communities is one of their problems in developing countries (Brown, 2006). Generally, informal sector traders or street vendors (PKL) use public spaces to trade, and this makes them use the area for marketing their products and not to be limited to small traders. Still, traders now use this opportunity to have a significant turnover. On the streets in the last ten years, people were able to find many traders with substantial capital to small traders, and they realize that their merchandise tends to be sold quickly by the way they approach their customers.

The public space tends not to be a problem for middle-up class PKL because they can rent the public space from the government officials but tends not to happen to the lower-class street vendors. These lower-class street vendors are forced to use public space to fulfill their daily needs to maintain their life. They generally use sidewalks, a little shoulder of the road, government office yards, school or university parks, or other public spaces that are not meant to be used. With the help of limited capital, the street vendors, education, skills, and access to economic resources are forced to occupy the public spaces to trade and run their businesses.

The informal sector's existence, most especially the street vendors in cities, tends not to be underestimated. They have no small role in developing the economy because they help provide employment opportunities and

absorb the workforce for people that are not accommodated in the formal sector (Cuevas et al., 2009; Tichelaar, 2015). The pressure is on the formal sector to provide decent wages and working conditions that encourage the informal sector's growth (Nazara, 2010). The informal sector makes a positive contribution that enables the formal sector to survive in Indonesia by distributing goods and its relationship with the informal sector (Mcintyre-mills & Romm, 2019). The informal sector is also a safety valve for the unskilled and poorly educated urban dwellers, as it provides an alternative source of income. Street vendors and the urban informal sector also contribute to the survival of the poor urban dwellers (Lyenda, 2005; Kebede, 2011)

Generally, street vendors come from the middle to the lower class groups of society, but there have been many PKL that come from the middle to upper layers in recent years. During the Covid19 pandemic, many business people went to the streets to market their products to earn profits. The Pizza Huts businessmen and several bakers have sent their marketers to the roadside to sell their products for easier access to buyers. PT. Telekomunikasi Indonesia (Telkom) also sends its marketers to the streets to pick up potential buyers. However, the roads are no longer under the control of only the lower-class street vendors and the upper-middle-class street vendors.

This study showed that the factors of education, financial capital, geographical distance, and social networks have some influence on the welfare of street vendors. Therefore, the implication is that the street vendors fought for their welfare by themselves because they have an entrepreneurial ethos and unyielding spirit. However, the welfare gains tend to be higher if the government, through the pro-people policies, provides opportunities for street vendors to run their business. These opportunities are likely to be in the form of issuing regulations that provide room for movement and empower the street vendors as economic entities. The city government's strategy is to prepare the areas that are easily accessible to the community to make the street vendors trade safely and comfortably, which tends to help the street vendors sell their merchandise.

Moreover, suppose the land in urban areas is no longer possible to be used. In that case, the city government has to cooperate with business people from the formal sector to allow street vendors to trade in the places provided by them. Also, suppose this tends not to be possible because the city is overcrowded. In that case, the city government must regulate and organize existing public spaces to be used by the street vendors to make them run their businesses. This is in harmony with the Roever & Skinner (2016) study that the poor urban dwellers, most especially those working as street vendors, deserve to access the public spaces to run their businesses seamlessly. In addition, government policies favoring street vendors will impact maintaining the livelihoods of street vendors sustainably. Several studies support this (Assan & Chambers, 2014; Milgram, 2011; Patel et al., 2014; Timalisina, 2011; Uwitije, 2016).

## 6. Conclusions

This study established three conclusions that are (1) street vendors in Semarang City who had different profiles ranging from the educational background, financial capital in running their businesses, geographical distance from selling to the public crowd, and the kind of social network they have (2) The street vendors have a sufficient level of welfare to meet the needs of daily life (3) the education, financial capital, geographical distance, and social network simultaneously influenced street vendors' welfare. This proves that PKL as an economic entity had an undeniable role in that factor's function. These factors, i.e., education, financial capital, geographical distance, and social networks. The government policies responsible and sided with street vendors were such a determining factor for their survival, which is why it needs proper government regulations and policies (Becker, 2004). This research implies that geographical factors and social networks positively affect the welfare of street vendors. That is why the government in managing street vendors must pay attention to street vendors access to public spaces and street vendors institutions beneficial for a sustainable future.

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## Conflicts of Interest:

The authors declare no conflict of interest.

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**Bukti Penerimaan (*Received*) Artikel  
oleh Pihak Jurnal**

## Bukti Penerimaan (*Received*) Artikel oleh Pihak Jurnal

The screenshot shows a Gmail interface with the following elements:

- Browser Tabs:** Kotak Masuk (1,567) - elvarazaki, [PM] Submission Acknowledgem...
- Address Bar:** mail.google.com/mail/u/4/#search/planning+Malaysia/FMfcgzGkZZlwXhwVzmhgDnIGQhLtGGSG
- Gmail Header:** Search for "planning Malaysia", "Active" status, and UNNES profile.
- Left Sidebar:** Compose button, Mail folder (7,204 items), Chat (3 contacts), Spaces, and Meet.
- Email Content:**
  - Subject:** [PM] Submission Acknowledgement (External)
  - From:** Mansor Ibrahim (pmjournal@gmail.com) via planningmalaysia.org
  - To:** me
  - Date:** Sun, Jul 25, 2021, 7:14 AM
  - Text:**

The following message is being delivered on behalf of **Planning Malaysia**.

assalamualaikum Eko - Handoyo:

Thank you for submitting the manuscript, "The Street Vendor's Welfare in Indonesia: What Factors Affect It?" to **PLANNING MALAYSIA**. With the online journal management system that we are using, you will be able to track its progress through the editorial process by logging in to the journal web site.

Manuscript URL:  
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If you have any questions, please contact me. Thank you for considering this journal as a venue for your work.

Mansor Ibrahim  
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**Bukti Konfirmasi *Review*  
dan Hasil *Review* Pertama**

## Bukti Konfirmasi Review

The screenshot shows a Gmail interface with a search bar containing "planning Malaysia". The main content is an email from "MIP Journal" dated Oct 5, 2021, 11:53 AM. The email subject is "PMJ2021: Reviewer's Comment (D07)". The body of the email contains the following text:

Assalamu'alaikum wrt. Wbt / Good Day  
Dear Author,

**Title:** The Street Vendor's Welfare in Indonesia: What Factors Affect It?  
**Decision:** **Accepted with Revision**

Kindly refer attached for Reviewers' Comments, and please ensure that the following Guidelines is fulfilled:

1. All papers must undergo English proofreading by a Certified Proofreader. Authors must submit the certificate of proofreading to the Editorial Board. Language assessing applications such as Grammarly, can only be used as supporting documents.
2. All papers must be formatted according to the PMJ template.
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5. All papers must include citations or refer to at least 2/3 articles from Planning Malaysia. Kindly refer to [www.planningmalaysia.org/publications](http://www.planningmalaysia.org/publications) for the published articles
6. Author must ensure that all citations are included in the Reference List and vice versa.
7. Author must ensure that your Turnitin result does NOT exceed 24% similarities prior publication.
8. Revised papers must address all the comments made by reviewers.
9. Payment of publication fees must be made prior to publication.

We hope that the comments made by the reviewers will be of benefits to authors in revising their papers in order to ensure quality publication. We also would like to reiterate that authors must observe the requirements listed above to ensure their papers will be selected for publication in the Journal.

The screenshot also shows the Windows taskbar at the bottom with the time 7:36 and date 18/01/2022.

## Hasil Review Pertama



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Tel : (603) 03-78770636 / 78770637 Fax: (603) 7877-9636 Email: pmjournal@gmail.com

### REVIEWERS' COMMENTS AND EDITORIAL BOARD DECISION

**TITLE** : The Street Vendor's Welfare in Indonesia: What Factors Affect It?

The comments of the reviewers are enclosed for your consideration:

\* Please ticks "X"

NO	QUESTIONNAIRE	COMMENTS BY REVIEWERS <i>(Please add remarks in the space provided and use extra sheets if necessary)</i>	* Please ticks "X"		
			YES*	NO*	NOT SURE*
1.	Is the theme of the paper sufficiently significant to deserve publication?	This article could provide insights on the basis for informal sector planning	x		
2.	Is there anything new in the manuscript?				x
3.	Does the theme lie in the ambit of PLANNING MALAYSIA Journal?				x
4.	Is the rationale of the study sound and appropriate?	The article wishes to assess education, financial capital, geographical distance and social networks influence on welfare. However, justification of why it is important to do so is not presented.		x	
5.	Is the article title succinct and apt?			x	
6.	Does the abstract report the gist of the article?	Underlying theory, brief problem statement, respondents and main contribution are missing.		x	
7.	Can the abstract be understood on its own?	No		x	
8.	Is the approach or methods suitable for the study in question?	Explanation on methods did not present the respondents' selection criteria, the justification of sampling size, selection of data collection areas, the reliability and validity of data collection instruments and data collected.		x	
9.	Is the interpretation or discussion logical and relevant to the results?	LR mentions on policy, welfare state model, investment, registered street vendors, use of public space, social networks."  YET  Discussion presents on monthly capital, distance to crowded area, participation in association, utilization of social media, life necessities, savings, investment ownership.		x	





**REVIEWERS' COMMENTS AND EDITORIAL BOARD DECISION**

**TITLE** : The Street Vendor's Welfare in Indonesia: What Factors Affect It?

NO	QUESTIONNAIRE	COMMENTS BY REVIEWERS <i>(Please add remarks in the space provided and use extra sheets if necessary)</i>	YES*	NO*	NOT SURE*
10.	Are the tables and figures suitably constructed and necessary?	Some tables/figures should be removed as it contributes nothing. For example Table 4, Table 6, Figure 3, Figure 5.  Geographic distance (Figure 4) is calculated from which point to which point?		x	
11.	Should more tables or figures be included?			x	
12.	Is the conclusion justified by the data and analysis?	Many points (as listed in 9) are not discussed.		x	
13.	Does the manuscript read well?	Since the study employed 2 methods, the explanation should be discussed based on ROs, and should clearly show how the qualitative and quantitative data complement each other.		x	
14.	Has the relevant literature been taken sufficiently into consideration?	LR should be able to justify the connectivity between the discussed points and the research direction		x	
15.	Other Comments:				

The Editorial Board of the Planning Malaysia Journal has decided that the manuscript is:

Accepted without Revision	<input type="checkbox"/>	Accepted with Minor Revision	<input type="checkbox"/>	Accepted with Major Revision	<input checked="" type="checkbox"/>	Rejected	<input type="checkbox"/>
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In order for papers to be published in the Planning Malaysia Journal (PMJ), the following must be fulfilled:

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5. All papers must include citations or refer to at least **2/3 articles from Planning Malaysia**. Kindly refer to [www.planningmalaysia.org/publications](http://www.planningmalaysia.org/publications) for the published articles
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7. Revised papers must address all the comments made by reviewers.
8. Payment of publication fees must be made prior to publication.



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**REVIEWERS' COMMENTS AND EDITORIAL BOARD DECISION**

**TITLE** : **The Street Vendor's Welfare in Indonesia: What Factors Affect It?**

We hope that the comments made by the reviewers will be of benefits to authors in revising their papers in order to ensure quality publication. We also would like to reiterate that authors must observe the requirements listed above to ensure their papers will be selected for publication in the Journal.

**Hasil *Proofread* Artikel, Sertifikat  
*Proofread*, dan Artikel Hasil Revisi  
Pasca *Proofread***

## Hasil Proofread Artikel

### The Street Vendor's Welfare in Indonesia: What Factors Affect It?

Eko Handoyo<sup>1\*</sup>, Tutik Wijayanti<sup>2</sup>

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**Abstract:** This study aims to describe the educational profile, financial capital, geographical distance, and social networks of street vendors in Semarang. It also describes street vendors' welfare and analyzes the influence of education, financial capital, geographical distance, and social networks on the street vendors' welfare. This study used a mixed-method approach which is the combination of both the quantitative and qualitative methods. The results showed that the street vendors in Semarang city had different profiles ranging from educational backgrounds, financial capital in running their business, geographical distance from selling to the public crowd, and their social network. The fact is that the street vendors' welfare level is deficient in Semarang city, which makes some variables influence them. Furthermore, the results also informed that education, financial capital, geographical distance, and social networks simultaneously affect street vendors' welfare with a determination value of r-square ( $r^2$ ) of 0.783 or 78.3%. This study recommends the need for further and in-depth studies on the influence of geographical factors and social networks on the welfare of street vendors.

**Keywords:** *Geographical Distance; Social Networks; Welfare; Financial Capital; Street Vendors; Education*

#### 1. Introduction

The informal sector in the economic order is undoubted, and it is also a business that is unofficially registered, irregular, and not well organized (Rothenberg et al., 2016; Stuart et al., 2018). This sector is a shadow economy because its activities are not recorded in the official government statistics (Mróz, 2018). Also, they are not covered by state regulations and taxes (Horn, 2018; Rei, 2008). The informal sector's economic activities are also known as the underground economy because the informal sector was covered by limited legal activities and illegal ones (Feige, 1990; Losby et al., 2002; Petrova, 2018). The informal sector comprises of business people that have a low level of education, nonvalid business license, no specific hours for business, not well organized, and others (Portes et al., 1989; Mitullah, 2003; Charnes, 2012; Mbula & Vincent, 2016; Mukherjee, 2016; Alma, 2018).

The existence of the informal sector in developing countries is synonymous with low productivity because the level of education and skills of those that work in the industry is low, that they do not have the opportunity or ability to work in the formal sector (International Labour Organization, 2012; Matthias, Uma & Venkatram, 2015). Most people who work in the informal sector are poor and do not get legal and social protection (Adhikari, 2012; International Labour Organization (ILO), 2000; Mehrotra, 2009; Stuart et al., 2018). Most people who work in the informal sector often face problems such as being pressured by a tout, paid illegally, running into debt by lending money, and not receiving any financial institutions' assistance (Berensmann et al., 2002). However, the informal sector is the primary choice for the unskilled poor. Although this shadow economy provides livelihoods to millions of people and represents a kind of a "safety net" for many poor individuals and families, its adverse effects on the economy and society significantly exceed its positive impact (Camacho et al., 2017; Golubovic & Dzunic, 2015). However, if appropriately managed, this informal sector can provide a sustainable livelihood for urban communities (Ruzek, 2015).

The informal sector has links to the formal sector. The informal economy helps in marketing the formal economy's products (Bromley, 1978; Khasnabis et al., 2006). The informal sector sells daily household items such as school supplies, cosmetics, drinking water, etc. This supply and marketing chain stimulates the urban area's economic growth, but the PKL is different from other informal sectors. A street vendor is a person that offers goods for sale to the public without having a permanent built-up structure to sell the goods. Street vendors tend to be stationary by occupying a space on the pavements or other public and private spaces. They may be mobile by moving from one place to another by carrying their wares on pushcarts or in baskets on their heads (Bhowmik; 2005).

PKL are entrepreneurs with a bit of capital but can carry out production activities in a broad sense. This production activity includes the production and selling of goods and the provision of services to meet their consumer's needs. These entrepreneurs' activities are carried out in places that are strategic, economical, and informal environment. According to Sekhani, R., Mohan, D., & Medipally (2019), street vendors have always remained an integral part of several economies worldwide. This study was supported by McGee and Yeung (1977) in Sekhani, R., Mohan, D., & Medipally (2019), opining that "street vendors offer goods or services for sale in public places. They are doing this on the streets and pavements and play a significant role in shaping the country's economy's unregulated or informal aspects. Street vending is viewed as part of the informal sector because they provide employment opportunities for people.

**Commented [A1]:** Justification for why education, financial capital, geographical distance, social network affect welfare? it's important to connect.

**Commented [A2]:** Add the underlying theory, the problem statement is too short, the main respondents and contributions are not listed.

Articles cannot be understood only based on abstracts

**Commented [A3]:** Can you explain if there is anything new from this article?

Like other big cities in Indonesia, Semarang also faces the problem of urbanization, namely the number of street vendors who run businesses in the city. Widjajanti (2016) mentioned that street vendors in Semarang are overgrowing in every urban area. They are very observant in utilizing the remaining public space such as the sidewalk, a little shoulder of the road, and other public spaces. Based on Widjajanti (2016a) study, the street vendors were very good at seeing these opportunities. They considered the locations between residential and educational activities to be strategic. Their smartness in seeing this strategic location has caused creativity to utilize the space for doing their activities or hawking their wares. For instance, they would use the area that was at a place between educational and residential activities and thereby form a linear space along the circulation path between the two activities.

Several studies have shown that educational background, financial capital, geographical distance, and social networks are closely related to street vendors' welfare. These variables, either individually or collectively, affect the income and welfare of the street vendors. According to Anggraini (2019), capital, length of business, and working hours positively affect the income of Small and Medium Enterprises (UMKM). Handhika (2017) found that the street vendors' revenue is influenced by initial capital, length of business, number of employees, opening hours, and education level. Also, Harahap (2017) study stated that working capital and income affect street vendors' welfare. Ifotania (2010) concluded that the level of education, working hours, and type of business simultaneously affect street vendors' income. Research results of Setyaningsih et al. (2019) show that business initial capital, number of workers, and length of business has a significant effect on the street vendor's income. Furthermore, social capital, most especially trust and networking contributes to the improvement of the welfare of street vendors (Nurbaiti & Chotib, 2020).

Previous research only examined the welfare of street vendors from one or two factors, but this research conceptually examines the welfare of street vendors in a comprehensive manner. This study has a novelty on street vendors compared to others because geography and social network factors have not been used as a variable to examine whether the welfare of street vendors in the city of Semarang is influenced or not. This study tends to answer the following problems.

- (4) How the profiles of education, financial capital, geographical distance, and social networks of the Semarang Street vendors?
- (5) How the welfare of street vendors in Semarang?
- (6) How much influence does education, financial capital, geographical distance, and social networks on the street vendors' welfare in Semarang?

## 2. Literature Review

The development of urbanization in Semarang city has led to the growth of various informal sectors that the migrants go into. One sector that is mostly done by immigrants i.e the food sector. The street vendors that sell food are called culinary street vendors, and they are found in all corners of Semarang.

The rapid development of Semarang as a metropolitan has attracted street vendors, and they are all scattered in the sub-districts of the city. The PKL that occupy public spaces includes organized and unorganized street vendors, and the number of unorganized street vendors is more than the organized one. According to Syarifuddin et al. (2017), 78% of unorganized street vendors in Semarang and mobile street vendors have also developed in the last ten years. Mobile street vendors usually use cars, three-wheeled or two-wheeled motorbikes found in several corners of the city. The numbers of mobile street vendors are increasing because of their high mobility, and they tend to be found on the sides of the road in almost all public spaces in the city of Semarang. They sell different kinds of vegetables, bread, snacks, drinks, fruits, rice, cooking oil, cooking spices, and various other household necessities. Some others sell clothes, credit for cellphones, motorcycle tires, satellite dishes, plants, and others.

In 2012, the number of street vendors in Semarang was 11,981 and increased by 567 in 2009, while it decreased to 6,315 in 2015. However, it was estimated to increase in 2021, and this is in line with the development of the city of Semarang as a metropolitan. The spread of COVID-19 was also calculated to impact the number of workers who work as street vendors because they experience layoffs in the formal sector.

The goal pursued by street vendors in running their business is the welfare that influences many factors such as education, geographical distance, business capital, social capital, and others. The welfare of street vendors is also related to the government's policies or district because the place the street vendors do their business is usually located in the public spaces that are under the government's authority (Bromley, 2000).

The link between government policy and the welfare of the street vendors requires researchers to discuss the concept of a prosperous country. This concept is essential because it tends to clarify the kind of welfare state model that the Indonesian government implemented. The government policies related to the survival and the welfare of street vendors are influenced by what the government considers. There are many approaches, paradigms, and welfare models applied by the state or government to organize the people's lives.

The basic idea of the welfare state model comes from the state's strategy in managing resources for the welfare of the people (Andersen, 2012). The welfare state model is seen from Esping Andersen's, and i.e the liberal,

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corporatist, and democratic welfare state model (Andersen, 2012). The United States adopts the liberal welfare state model formulates policies that allow people to obtain social insurance benefits, establish social safety nets, and provide care for the poor. Also, the corporate welfare state model is adopted by Germany as a policy of providing social insurance benefits to the public concerning work and income. The democratic welfare state model is adopted by Sweden and stipulates that social assistance also should be the citizens' responsibility and not only the state.

The government can improve people's welfare through social policies. In this research, a condition of social welfare is conceived in three elements. They are, first, the degree to which social problems are managed, second, the extent to which needs are met and, finally, the degree to which opportunities for advancement are provided (Midgley, 1999). These three elements apply to individuals, families, groups, communities, and even whole societies.

The government is responsible for increasing income through an investment from both the country and abroad. Investment such as banking, property, hotels, agriculture, plantations, marine, trade, oil and gas, and others are obtained from the formal sector. The acquisition of large and the speed of growth are suspected to be the main reasons the government policies focus more on developing the formal economic sector.

The different formal sector, the informal economic sector, namely the small or retail trade, such as food and beverage sector have not received much attention from the central and regional governments. However, the publication of the Presidential Regulation (Perpres) No. 125/ 2012 regarding the Coordination of Structuring and Empowerment of street vendors affects the future of PKL. Also, the Home Affairs Ministry Regulation (Permendagri) No. 41/ 2012 regarding the Guidelines for Structuring and Empowering PKL, making the government pay attention to PKL. This attention is given to registered or official street vendors, while the unregistered or unofficial street vendors are given less attention. This was reinforced by Nilakusmawati, D. P. E., Susilawati, M., & Wall, G. (2019) that stated, "the policy of empowerment of the program of street vendors by the government are not optimal." This lack of optimization is indicated by the number of unregistered street vendors relocated and even evicted from their selling places.

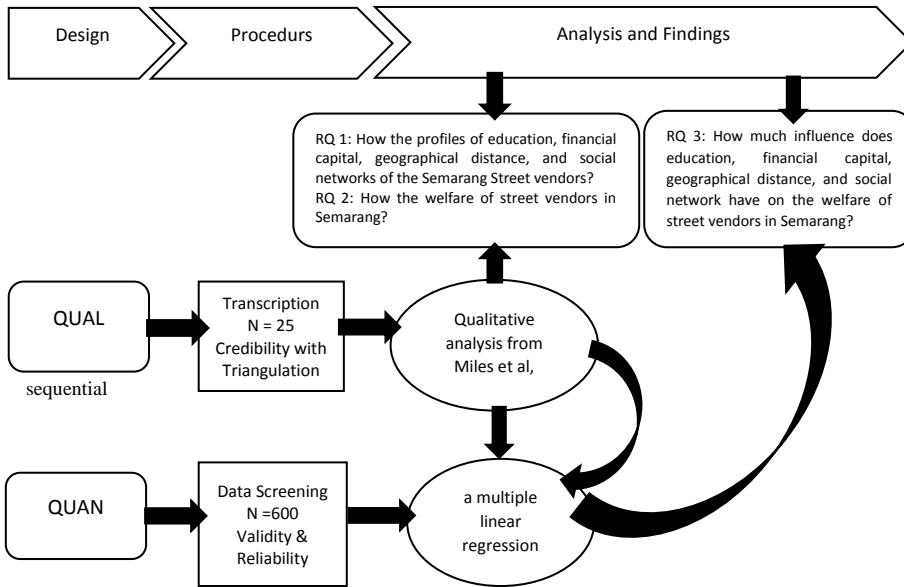
Social policies related to social welfare services must guarantee all residents' rights, including the welfare of the street vendors. Therefore, the policies taken are not partially organized but comprehensively and empower street vendors by involving the state and society. The policies also activate social welfare institutions by following the basis of the state philosophy, Pancasila.

Many studies have been found on the influence of education, financial capital, geographic distance, and social networks on business success and street vendors' welfare. Here are some research results related to the above problems. Knowledge and education influence the success of informal sector traders (Karondo & Tumaini, 2021; Nirathron, 2006a). Financial capital affects the business continuity of street vendors (Gatere, 2016; Marliati, 2020). Likewise, the use of public space (geographic factors) contributes to street vendors' survival (Widjajanti, 2016b; Winter, 2017). Food vendors mostly sell near housing, transportation hubs, and workplaces (Rosales Chavez et al., 2021). Social networks also play an important role in determining street vendors' success and welfare (El-Azzazy, 2019; G. F. Kebede, 2015; Mramba, 2015). Research on the welfare of street vendors is also quite a lot (Giraldo et al., 2020; Nilakusmawati, D. P. E., Susilawati, M., & Wall, 2019), but not much is related to other variables such as education, capital, social networks, and others. However, previous studies only looked for a partial relationship between one variable and another. This study is different from previous studies because the variables studied, namely education, financial capital, geographical distance, and social networks were studied together which are thought to influence the welfare of street vendors. This research study has also not been found in many previous studies.

### 3. Research Method

This study used mixed methods that combine quantitative and qualitative methods and are used to obtain more complete, valid, reliable, and objective data (Creswell, 2014). The design used is sequential exploratory. The following image can explain it.

**Commented [A5]:** Does not explain how the criteria for selecting respondents, justification for selecting respondents, measuring samples, selecting regions based on what, reliability and validity of data collection instruments and data collected is not clearly stated



The mixed method begins with qualitative methods to describe the profile of education, financial capital, geographical distance, and social networks of street vendors in Semarang and to describe the welfare of street vendors in Semarang. After that, quantitative methods were used to examine the effect of education, financial capital, geographical distance, and social network on the welfare of street vendors in Semarang.

This study's location was chosen to make it easier for the collection of data and be accountable for having them as the material for the study. The purpose of determining the location was to identify the object and the area used in Semarang city, where street vendors run businesses in strategic public spaces. The unit of analysis is street vendors who trade in 13 research locations. The distribution of this analysis is seen in figure 2.

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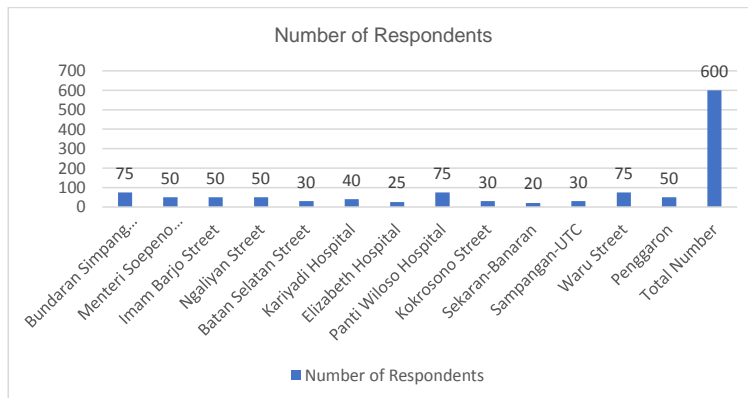


Figure 2. Distribution of Research Analysis Units

The research sample was selected randomly by taking into account the proportion of the research area. The number of samples 600 (rounded off from the number 598) is based on the sampling table. The selected sample is Culinary and Non-Culinary Street vendors who trade in locations for at least 1 year. The 13 research locations were selected based on the number of street vendors who trade in these locations. The largest number of samples

were taken at the Simpang Lima Roundabout, Kokroso Street, and Waru Street because in these three locations the most street vendors were running businesses.

The data sources in this study were the informants consisting of street vendors in Semarang City, the events that occur at the location of data, and the documents available at the area in the form of notes and policies. The data was collected through interviews, documentation, observation, and collection tools in the form of interview guidelines, field notes, and observation sheets. The data validity test was conducted through informant reviews and triangulation of both the sources such as informants, events, and documents and triangulation of tools such as interviews, observation, and documentation.

The qualitative data analysis techniques were used to answer the first problem (RQ 1) dan the second problem (RQ 2). This qualitative analysis stage is data condensation, display, and drawing and verifying conclusions (Miles et al., 2014). Quantitative analysis techniques were used to answer the third problem (RQ 3).

In the analysis of quantitative data, independent and dependent variables are used, in which the independent variables are thought to influence the dependent variable. The independent variables are education, financial capital, geographical distance, and social networks symbolized as X1, X2, X3, and X4. In contrast, the dependent variable was the welfare of the street vendors that were symbolized as Y. The operational definition of the welfare variable was quoted from Reid's view (Fahrudin, 2014) as the existence of employment opportunities, a meaningful life, decent security from deprivation or poverty, obtaining justice, and having a productive and stable economy. Also, the definition of social welfare as stipulated in Law No. 11/ 2009 was a condition for the fulfillment of the material, spiritual and social needs of citizens to live appropriately and develop themselves. This is because they tend to carry out their social functions and create variable indicators for the street vendors' welfare.

Based on the table for determining the number of samples from a population of 6000 with an error level of 1%, a sample of 598 people was obtained. The sample used at the initial stage was 600 and the technique used was a questionnaire by providing a set of questions or written statements to the respondent to be answered. There was a questionnaire with five main types of variables to be distributed: education, financial capital, geographical distance, and social networks as independent variables and the welfare of street vendors as the dependent variable.

Quantitative data analysis techniques were used to answer the third problem in this study: how the influence of education, financial capital, geographical distance, and social networks on the welfare of traders in Semarang City looks like. The statistical analysis technique used was the multiple linear regression test. Before this test was carried out, it was necessary to test for linearity and significances, and the following is the formula for performing a multiple linear regression test:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_n X_n$$

Description:

Y = Dependent variable or response.

X = Independent variable or predictor.

$\alpha$  = Constant.

$\beta$  = Slope or estimate coefficient.

Test rules significance:

- a. F count  $\geq$  F table with a significant level of 5% (0.05), then Ho is rejected.
- b. F count  $\leq$  F table with a significant level of 5% (0.05), then Ho is accepted.

In calculating the regression test, researchers used the help of the SPSS program.

## 4. Results

### 4.1. Profile of Education, Financial Capital, Geographical Distance, and Social Network of Street Vendors in Semarang

This study used four variables that include education, financial capital, geographical distance, and social networks. The data collected showed that the level of education of the street vendors in Semarang City was divided into three categories. (1) One hundred sixty-two traders did not go to school, and some only graduated from elementary schools which is equivalent to 27%. (2) Three hundred ninety-six traders of PKL graduated from secondary education, either Junior High School (SMP) or Senior High School (SMA) and are equivalent to 66%. (3) Also, there are 42 traders of PKL with diplomas or undergraduate and are equal to 7% in total. Most of the street vendors in Semarang were dominated by secondary education graduates, either junior or Senior high school. Currently, junior, or senior high school graduates do not allow them to enter the job market that requires higher competence.

This tends to be assumed that the level of education a person has affects the amount of income they receive from work. This is because education can provide knowledge and not only in its implementation at work but also as a basis for self-development in utilizing existing facilities and infrastructure for seamless work. Simanjuntak (1985) in (Rezkiti, 2017) explained that a person tends to increase income by having a high level of education in Human Capital theory. The hypothesis test results by Kusumawardhani (2014) also showed that the level of education has a positive effect on the income of 38 textile traders in Pasar Sentral Benteng, Selayar Islands Regency.



The amount of monthly capital of traders and street vendors in Semarang City is divided into five categories, as illustrated in table 1 below.

Table 1. Street vendors in Semarang City based on Monthly Capital.

Monthly capital (rupiah)	Quantity	Percentage
0-2.000.000,00	342	57
>2.000.000,00-4.000.000,00	77	13
>4.000.000,00-6.000.000,00	29	5
>6.000.000,00-8.000.000,00	44	7
>8.000.000,00	108	18
<b>Total Number</b>	<b>600</b>	<b>100</b>

Source: Primary data processed, 2020

Capital is an influencing variable on income because when business capital is added, traders can buy goods in large quantities and more various kinds according to the needs of the customers, which impacts the increase of their income. Based on table 2 above, street vendors in Semarang City were dominated by traders with monthly capital of Rp. 0.00 to Rp. 2,000,000.00 as many as 342 respondents that are equivalent to 57%. The second place was dominated by traders with monthly capital of more than (>) IDR 8,000,000.00, as many as 108 respondents equivalent to 18%. Traders also dominated the third place with monthly capital ranging from IDR 2,000,000 to IDR 4,000,000, as many as 77 respondents equivalent to 13%. Then, it was followed by traders with monthly capital ranging from Rp. 6,000,000.00 to Rp. 8,000,000.00 as many as 44 respondents that are equivalent to 7%. The last place was occupied by street vendors that had monthly capital ranging from Rp. 4,000,000.00 to Rp. 6,000,000.00 as many as 29 respondents that are equivalent to 5%.

This study also described the distance profile from the trading locations to the crowded place and social networks. Based on the distance from trading locations to crowded areas, the traders were classified into five categories. The category that dominated and became the first rank belonged to the traders with a distance from the trading location to the crowded place of more than 200 meters or (>200 m) as many as 323 respondents, equivalent to 54%. Then in the sequence, they were followed by traders with 0 - 50 meters, and they are 108 respondents that are equivalent to 18%, then traders with a distance of > 150-200 meters as many as 90 respondents equal to 15%. Then followed by traders with a distance >50-100 meters as many as 54 respondents equivalent to 9%, and finally traders with >100 - 150 meters as many as 25 respondents equal to 4%. The distance referred to be the distance from the location of the street vendors to trade to crowded places namely roads, malls, hospitals, offices, colleges, or schools. The data on the distance between traders and areas of the crowd are seen through the bar chart in Figure 3 below.

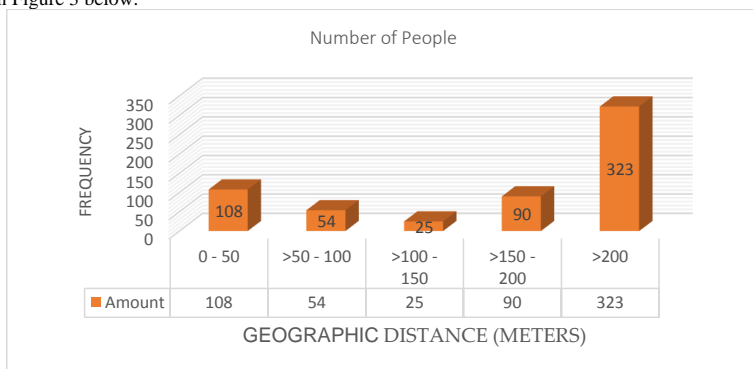


Figure 3. Street vendors in Semarang City based on distance from trading locations to crowded places

Source: Primary Data Processed, 2020

Furthermore, this study used two leading indicators: participation in PKL communities and social media for the seamless run of a business to describe the social network profiles of street vendors in Semarang City. The first

Commented [A7]: Geographical distance calculated from which point?

indicator was the participation of traders in the association or merchant community, and this makes the street vendors divided into five categories, as illustrated in table 3 below.

Table 2. Street Vendors in Semarang City based on Social Networks (Participation in Paguyuban/Community)

Participation in Paguyuban	Number of Respondents	Percentage
Do not follow	449	75
Non-active members of the Association	53	9
Active Members of the Association	98	16
General Paguyuban Management	0	0
Core Management	0	0
Total number	600	100

Source: Primary data processed, 2020

From table 2, it could be concluded that most of the street vendors in the city of Semarang were not part of a community. This was shown by 449 respondents, equivalent to 75%, and 98 respondents are equal to 16% as members of an association or community and become active members. Meanwhile, there are 53 respondents, equivalent to 9% that were registered at the association and business community but not active.

The second indicator of social networks was the use of social media to run a business. Based on these indicators, street vendors were divided into five categories, and the first was that 246 respondents did not use social media and are equivalent to 41%. Second, the type of traders who only used one social media and 150 respondents equal to 25%. The third is the category of traders that used two social media, and they were 126 respondents equivalent to 21%. The fourth was the category of traders who used three social media. They were 78 respondents, equal to 13%. The fifth one is street vendors (PKL) in Semarang City that used more than three social media as many as 0 respondents equivalent to 0%.

#### 4.2. The Social Welfare of Street Vendors in Semarang

The social welfare related to the street vendors is interpreted as a condition where life necessities are met, such as clothing, shelter, food, health, and interacting with their environment to improve their standard of living. This social welfare is seen from several indicators that include assets owned, savings of money deposit institutions such as banks and cooperatives, investment ownership such as deposits, gold investment, property business, securities, investing in cooperatives/CV/PT/other joint ventures, and others. Based on this study's results, the assets owned by street vendors in the city of Semarang are categorized as shown in Figure 4 below.

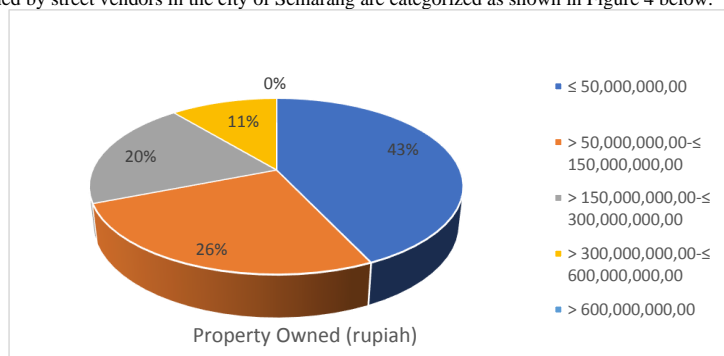


Figure 4. The welfare of PKL in Semarang City based on Total Assets Owned  
Source: Primary Data Processed, 2020

The pie chart indicated that the street vendors in Semarang are classified into five main categories that tend to explain the amount of the assets over the number of the street vendors that owned them. The first was that the

street vendors in Semarang were dominated by those with total assets of less than or equal to ( $\leq$ ) IDR 50,000,000.00 as many as 257 respondents equivalent to 43%. Second, the street vendors that had total assets of >IDR 50,000,000.00 -  $\leq$  IDR 150,000,000.00 were as many as 158 respondents equivalent to 26%. Third, the street vendors with total assets of > IDR 150,000,000.00 - IDR 300,000,000.00 were as many as 120 respondents, equivalent to 20%. The fourth was a category for those with total assets worth >IDR 300,000,000.00 -  $\leq$  IDR 600,000,000.00 as many as 65 respondents equivalent to 11%, and the fifth or the last category as those with total assets worth more than (>) IDR 600,000,000.00.

Another indicator used to describe the welfare of street vendors in Semarang was the ownership of a certain amount of money saved in money-saving institutions such as banks and cooperatives. This was like the total value of assets where the street vendors in Semarang were also divided into five categories. The first was 238 respondents, equivalent to 40% that did not have any savings, while the second was that there were 256 respondents equivalent to 43% that had savings of less than or equal to ( $\leq$ ) IDR 10,000,000. The third were traders that had savings of >IDR 10,000,000.00 -  $\leq$  IDR 30,000,000.00 as many as 69 respondents equivalent to 12%. The fourth was those traders that had savings of >IDR 30,000,000.00 -  $\leq$  IDR 50,000,000.00, and they were 14 respondents equal to 2%, and the fifth was also 23 street vendors that had savings of more than (>) IDR 50,000,000.00 equivalent to 4%. This tends to be seen through the bar chart in Figure 5 below.



Figure 5. The welfare of PKL in Semarang City based on Total Savings Owned  
Source: Primary Data Processed, 2020

The ownership of investments such as deposits, gold investment, property business, securities, stock investment in cooperatives/CV/PT/other joint ventures was another indicator to be considered. When viewed from this indicator, 547 respondents (91%) did not have any investment in the form of deposits, gold investment, property business, or other forms. Still, only 53 respondents (9%) have 1 type of investment. While those who have 2 types of investment or more do not exist (0%).

Moreover, when viewed from the indicators of assets, total savings, and investment, it tends to be concluded that street vendors in Semarang City had a low level of welfare. This was based on the data obtained that 43% of the street vendors in Semarang City had total assets less than or equal to ( $\leq$ ) IDR 50,000,000, and 40% had no savings. However, only 43% of street vendors in Semarang had savings of less than or equal to ( $\leq$ ) IDR 10,000,000, and 91% of them did not have any investments in the form of deposits, gold, property business, or other forms of property.

#### 4.3. The Influence of Education, Financial Capital, Geographical Distance, and Social Networking on the Social Welfare of Street Vendors in Semarang

The data obtained were analyzed using IBM SPSS data processing software, and social network, geographical distance, education, and financial capital are set as independent variables. In contrast, the dependent variable was the welfare of the street vendors.

The results of statistical data processing show that the correlation value (R) was 0.885, and this was the percentage of the influence of the independent variable towards the dependent one called the coefficient of determination and was the result of squaring R. This led to the coefficient of determination (R<sup>2</sup>) as 0.783 that the influence of the independent variables such as social networks, geographical distance, education and financial

**Commented [A8]:** Discussions about monthly capital, distance to crowded areas, participation in associations, use of social media, necessities of life, savings, and ownership of investments are irrelevant to the ones already mentioned (policy, welfare state model, investment, registered street vendors, use of public spaces, social networking)

capital towards the dependent one known as welfare was 78.2%. The remaining 21.8% was influenced by other factors outside the X variable to make the value of e to be = 100% - R<sup>2</sup> = 100% - 78.3% = 21, 8%.

Tabel 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.885 <sup>a</sup>	.783	.782	.4266

a. Predictors: (Constant), Social Network, Distance\_Geography, Education, Financial Capital

Source: Primary Data Processed through SPSS, 2020

The results of statistical calculations show that the calculated F value was 536.678, and the significance or probability value was 0.00, which means that it was smaller than 0.050. Therefore, education, financial capital, geographical distance, and social networks simultaneously influenced street vendors' welfare.

From table 4 below, the regression equation of  $Y = \beta_0 + \beta_1 + \beta_2 + \beta_3 + \beta_4 + \epsilon$  or  $Y = 2.143 + 0.302X_1 + 0.229X_2 + 0.232X_3 + 0.075X_4 + e$  was obtained. The regression equation showed a constant of 2.143, and the coefficient of the effect of education (X1) on the PKL Welfare was 0.302. Meanwhile, the regression coefficient of the effect of financial capital (X2) on PKL Welfare was 0.229, that of geographical distance (X3) on PKL Welfare was 0.232, and also that of the influence of Social Networks (X4) on PKL Welfare was 0.075.

Tabel 4. Coefficients<sup>a</sup>

Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
1	B		Beta			
	(Constant)	2.143	.143		15.005	.000
	Education	.032	.024	.359	12.519	.000
	Financial Capital	.229	.027	.291	8.471	.000
	Geographic Distance	.232	.019	.290	12.251	.000
	Social Network	.075	.017	.115	4.385	.000

Dependent variable: Welfare

Source: Primary Data Processed through SPSS, 2020

However, based on the output results above, the t value for education (X1) was 12.519 with a significance value of 0.000, smaller than 0.050. This tends to be concluded that education (X1) partially or individually influences the street vendors' welfare. Meanwhile, the t value for financial capital (X2) was 8.471 with a significance value of 0.00, which was smaller than 0.050. This means that financial capital (X2) partially or individually influences the welfare of the street vendors.

The t value for geographical distance (X3) was 12.251 with a significance value of 0.00, which was smaller than 0.050. This was concluded that the geographical distance (X3) partially or individually affects street vendors' welfare. The t value for social networks (X4) was 4.385 with a significance value of 0.00 that is less than 0.050, and this is concluded that social networks (X4) partially or individually affect the welfare of street vendors.

In the regression analysis output, the beta value of education was 0.359, and that of financial capital was 0.291, the geographical distance beta value was 0.290, and that of the social network was 0.115. From these data, it tends to be seen that education (X1) had the highest beta value, and this was concluded that education (X1) influences the welfare of street vendors.

## 5. Discussion

Most city government officials view street vendors as an informal sector that disturbs the city's beauty and that they have to be organized and disciplined (Batr au & Bonnet, 2015; Racaud et al., 2018). Street vendors are also seen as creating unfair competition for more established shop owners and reduce their profits by offering pirated and counterfeit goods (Forkuor et al., 2017). Some governments, such as Bangkok and Thailand, pay attention and allow street vendors to run their businesses (Kusakabe, 2006). Street vendors in Bangkok have developed as an economic entity and have succeeded in reducing poverty (Nirathron, 2006b).

The increase in urbanization in cities makes many public spaces occupied by traders to market their products. The occupation of public spaces by urban communities is one of their problems in developing countries (Brown, 2006). Generally, informal sector traders or street vendors (PKL) use public spaces to trade, and this makes them use the area for marketing their products and not to be limited to small traders. Still, traders now use this opportunity to have a significant turnover. On the streets in the last ten years, people were able to find many traders with substantial capital to small traders, and they realize that their merchandise tends to be sold quickly by the way they approach their customers.

The public space tends not to be a problem for middle-up class PKL because they can rent the public space from the government officials but tends not to happen to the lower-class street vendors. These lower-class street vendors are forced to use public space to fulfill their daily needs to maintain their life. They generally use sidewalks, a little shoulder of the road, government office yards, school or university parks, or other public spaces that are not meant to be used. With the help of limited capital, the street vendors, education, skills, and access to economic resources are forced to occupy the public spaces to trade and run their businesses.

The informal sector's existence, most especially the street vendors in cities, tends not to be underestimated. They have no small role in developing the economy because they help provide employment opportunities and absorb the workforce for people that are not accommodated in the formal sector (Cuevas et al., 2009; Tichelaar, 2015). The pressure is on the formal sector to provide decent wages and working conditions that encourage the informal sector's growth (Nazara, 2010). The informal sector makes a positive contribution that enables the formal sector to survive in Indonesia by distributing goods and its relationship with the informal sector (Mcintyre-mills & Romm, 2019). The informal sector is also a safety valve for the unskilled and poorly educated urban dwellers, as it provides an alternative source of income. Street vendors and the urban informal sector also contribute to the survival of the poor urban dwellers (Iyenda, 2005; Kebede, 2011)

Generally, street vendors come from the middle to the lower class groups of society, but there have been many PKL that come from the middle to upper layers in recent years. During the Covid19 pandemic, many business people went to the streets to market their products to earn profits. The Pizza Huts businessmen and several bakers have sent their marketers to the roadside to sell their products for easier access to buyers. PT. Telekomunikasi Indonesia (Telkom) also sends its marketers to the streets to pick up potential buyers. However, the roads are no longer under the control of only the lower-class street vendors and the upper-middle-class street vendors.

This study showed that the factors of education, financial capital, geographical distance, and social networks have some influence on the welfare of street vendors. Therefore, the implication is that the street vendors fought for their welfare by themselves because they have an entrepreneurial ethos and unyielding spirit. However, the welfare gains tend to be higher if the government, through the pro-people policies, provides opportunities for street vendors to run their business. These opportunities are likely to be in the form of issuing regulations that provide room for movement and empower the street vendors as economic entities. The city government's strategy is to prepare the areas that are easily accessible to the community to make the street vendors trade safely and comfortably, which tends to help the street vendors sell their merchandise.

Moreover, suppose the land in urban areas is no longer possible to be used. In that case, the city government has to cooperate with business people from the formal sector to allow street vendors to trade in the places provided by them. Also, suppose this tends not to be possible because the city is overcrowded. In that case, the city government must regulate and organize existing public spaces to be used by the street vendors to make them run their businesses. This is in harmony with the Roever & Skinner (2016) study that the poor urban dwellers, most especially those working as street vendors, deserve to access the public spaces to run their businesses seamlessly. In addition, government policies favoring street vendors will impact maintaining the livelihoods of street vendors sustainably. Several studies support this (Assan & Chambers, 2014; Milgram, 2011; Patel et al., 2014; Timalsina, 2011; Uwitije, 2016).

## 6. Conclusions

This study established three conclusions that are (1) street vendors in Semarang City who had different profiles ranging from the educational background, financial capital in running their businesses, geographical distance from selling to the public crowd, and the kind of social network they have (2) The street vendors have a sufficient level of welfare to meet the needs of daily life (3) the education, financial capital, geographical distance, and social network simultaneously influenced street vendors' welfare. This proves that PKL as an economic entity had an undeniable role in that factor's function. These factors, i.e., education, financial capital, geographical distance, and social networks. The government policies responsible and sided with street vendors were such a determining factor for their survival, which is why it needs proper government regulations and policies (Becker, 2004). This research implies that geographical factors and social networks positively affect the welfare of street vendors. That is why the government in managing street vendors must pay attention to street vendors access to public spaces and street vendors institutions beneficial for a sustainable future. In addition to the policy implications, this study recommends the need for further and in-depth studies on the influence of geographical factors and social networks on the welfare of street vendors.

**Commented [A9]:** Many points on policy, welfare state model, investment, registered street vendors, use of public space, social networks are not listed

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## Artikel Hasil Revisi Pasca *Proofread*

### The Street Vendor's Welfare in Indonesia: What Factors Affect It?

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**Abstract:** This study aims to describe the educational profile, financial capital, geographical distance, and social networks of street vendors in Semarang. It also describes street vendors' welfare and analyzes the influence of education, financial capital, geographical distance, and social networks on the street vendors' welfare. This study used a mixed-method approach which is the combination of both the quantitative and qualitative methods. The results showed that the street vendors in Semarang city had different profiles ranging from educational backgrounds, financial capital in running their business, geographical distance from selling to the public crowd, and their social network. The fact is that the street vendors' welfare level is deficient in Semarang city, which makes some variables influence them. Furthermore, the results also informed that education, financial capital, geographical distance, and social networks simultaneously affect street vendors' welfare with a determination value of r-square ( $r^2$ ) of 0.783 or 78.3%.

**Keywords:** *Geographical Distance; Social Networks; Welfare; Financial Capital; Street Vendors; Education*

#### 1. Introduction

The informal sector in the economic order is undoubted, and it is also a business that is unofficially registered, irregular, and not well organized (Rothenberg et al., 2016; Stuart et al., 2018). This sector is a shadow economy because its activities are not recorded in the official government statistics (Mróz, 2018). Also, they are not covered by state regulations and taxes (Horn, 2018; Rei, 2008). The informal sector's economic activities are also known as the underground economy because the informal sector was covered by limited legal activities and illegal ones (Feige, 1990; Losby et al., 2002; Petrova, 2018). The informal sector comprises of business people that have a low level of education, nonvalid business license, no specific hours for business, not well organized, and others (Portes et al., 1989; Mitullah, 2003; Charnes, 2012; Mbula & Vincent, 2016; Mukherjee, 2016; Alma, 2018).

The existence of the informal sector in developing countries is synonymous with low productivity because the level of education and skills of those that work in the industry is low, that they do not have the opportunity or ability to work in the formal sector (International Labour Organization, 2012; Matthias, Uma & Venkatram, 2015). Most people who work in the informal sector are poor and do not get legal and social protection (Adhikari, 2012; International Labour Organization (ILO), 2000; Mehrotra, 2009; Stuart et al., 2018). Most people who work in the informal sector often face problems such as being pressured by a tout, paid illegally, running into debt by lending money, and not receiving any financial institutions' assistance (Berensmann et al., 2002). However, the informal sector is the primary choice for the unskilled poor. Although this shadow economy provides livelihoods to millions of people and represents a kind of a "safety net" for many poor individuals and families, its adverse effects on the economy and society significantly exceed its positive impact (Camacho et al., 2017; Golubovic & Dzunic, 2015). However, if appropriately managed, this informal sector can provide a sustainable livelihood for urban communities (Ruzek, 2015).

Indonesia is a developing country, and it has many businessmen engaged in the informal sector, it is not officially covered by government agencies. Still, it helps in creating business and employment opportunities. The economic crisis in 1998 led to a lot of layoffs (PHK) in the formal sector (Sherlock, 1998 and Islam, 1998). This had an impact on the formal sector's inability to accommodate workers as expected. Therefore, this brings about the informal sector to be the solution and control the community's economy.

The kind of businesses that people go into in the informal sector is not different from the one they do in the formal sector. This business includes the provision for food at low prices by following the community's level of income. The businessman's motives to work in the informal sector are very diverse that some see it as optional, and some are forced into it. However, the formal sector entrepreneurs need street vendors to help them peddle their manufactured goods. The informal economy helps in marketing the formal economy's products (Bromley, 1978; Khasnabis et al., 2006). The informal sector sells daily household items such as school supplies, cosmetics, drinking water, etc. This supply and marketing chain stimulates the urban area's economic growth, but the PKL is different from other informal sectors. A street vendor is a person that offers goods for sale to the public without having a permanent built-up structure to sell the goods. Street vendors tend to be stationary by occupying a space on the pavements or other public and private spaces. They may be mobile by moving from one place to another by carrying their wares on pushcarts or in baskets on their heads (Bhowmik; 2005).

PKL are entrepreneurs with a bit of capital but can carry out production activities in a broad sense. This

production activity includes the production and selling of goods and the provision of services to meet their consumer's needs. These entrepreneurs' activities are carried out in places that are strategic, economical, and informal environment. According to Sekhani, R., Mohan, D., & Medipally (2019), street vendors have always remained an integral part of several economies worldwide. This study was supported by McGee and Yeung (1977) in Sekhani, R., Mohan, D., & Medipally (2019), opining that "street vendors offer goods or services for sale in public places. They are doing this on the streets and pavements and play a significant role in shaping the country's economy's unregulated or informal aspects. Street vending is viewed as part of the informal sector because they provide employment opportunities for people.

The large number of street vendors in the city of Semarang makes the public spaces to be more dense and full. Widjajanti (2016) mentioned that street vendors in Semarang are overgrowing in every urban area. They are very observant in utilizing the remaining public space such as the sidewalk, a little shoulder of the road, and other public spaces. Based on Widjajanti (2016a) study, the street vendors were very good at seeing these opportunities. They considered the locations between residential and educational activities to be strategic. Their smartness in seeing this strategic location has caused creativity to utilize the space for doing their activities or hawking their wares. For instance, they would use the area that was at a place between educational and residential activities and thereby form a linear space along the circulation path between the two activities.

Generally, the street vendors' education level is deficient, and some are even educated in a bit. Martinez & Estrada (2017) explain that work in the informal sector is faced with numerous challenges such as low educational levels and poor economic background. They are exposed to social and financial difficulties because of the non-regulated character of the informal sector. The trading capital of street vendors is generally small and many of them have a little profit that can only be used to meet the needs of daily life.

Several studies have shown that educational background, financial capital, geographical distance, and social networks are closely related to street vendors' welfare. These variables, either individually or collectively, affect the income and welfare of the street vendors. According to Anggraini (2019), capital, length of business, and working hours positively affect the income of Small and Medium Enterprises (UMKM). Handhika (2017) found that the street vendors' revenue is influenced by initial capital, length of business, number of employees, opening hours, and education level. Also, Harahap (2017) study stated that working capital and income affect street vendors' welfare. Ifoania (2010) concluded that the level of education, working hours, and type of business simultaneously affect street vendors' income. Research results of Setyaningsih et al. (2019) show that business initial capital, number of workers, and length of business has a significant effect on the street vendor's income. Furthermore, social capital, most especially trust and networking contributes to the improvement of the welfare of street vendors (Nurbaiti & Chotib, 2020).

However, the study on the influence of education, financial capital, geographical distance, and social networks on street vendors' welfare has empirical support. This study has a novelty on street vendors compared to others because geography and social network factors have not been used as a variable to examine whether the welfare of street vendors in the city of Semarang is influenced or not. This study tends to answer the following problems.

- (7) How the profiles of education, financial capital, geographical distance, and social networks of the Semarang Street vendors?
- (8) How the welfare of street vendors in Semarang?
- (9) How much influence does education, financial capital, geographical distance, and social networks on the street vendors' welfare in Semarang?

## 2. Literature Review

The development of urbanization in Semarang city has led to the growth of various informal sectors that the migrants go into. One sector that is mostly done by immigrants i.e the food sector. The street vendors that sell food are called culinary street vendors, and they are found in all corners of Semarang.

The rapid development of Semarang as a metropolitan has attracted street vendors, and they are all scattered in the sub-districts of the city. The PKL that occupy public spaces includes organized and unorganized street vendors, and the number of unorganized street vendors is more than the organized one. According to Syarifuddin et al. (2017), 78% of unorganized street vendors in Semarang and mobile street vendors have also developed in the last ten years. Mobile street vendors usually use cars, three-wheeled or two-wheeled motorbikes found in several corners of the city. The numbers of mobile street vendors are increasing because of their high mobility, and they tend to be found on the sides of the road in almost all public spaces in the city of Semarang. They sell different kinds of vegetables, bread, snacks, drinks, fruits, rice, cooking oil, cooking spices, and various other household necessities. Some others sell clothes, credit for cellphones, motorcycle tires, satellite dishes, plants, and others.

In 2012, the number of street vendors in Semarang was 11,981 and increased by 567 in 2009, while it decreased to 6,315 in 2015. However, it was estimated to increase in 2021, and this is in line with the development of the city of Semarang as a metropolitan. The spread of COVID-19 was also calculated to impact the number of workers who work as street vendors because they experience layoffs in the formal sector.

The goal pursued by street vendors in running their business is the welfare that influences many factors such as education, geographical distance, business capital, social capital, and others. The welfare of street vendors is also related to the government's policies or district because the place the street vendors do their business is usually located in the public spaces that are under the government's authority (Bromley, 2000).

The link between government policy and the welfare of the street vendors requires researchers to discuss the concept of a prosperous country. This concept is essential because it tends to clarify the kind of welfare state model that the Indonesian government implemented. The government policies related to the survival and the welfare of street vendors are influenced by what the government considers. There are many approaches, paradigms, and welfare models applied by the state or government to organize the people's lives.

The basic idea of the welfare state model comes from the state's strategy in managing resources for the welfare of the people (Andersen, 2012). The welfare state model is seen from Esping Andersen's, and i.e. the liberal, corporatist, and democratic welfare state model (Andersen, 2012). The United States adopts the liberal welfare state model formulates policies that allow people to obtain social insurance benefits, establish social safety nets, and provide care for the poor. Also, the corporate welfare state model is adopted by Germany as a policy of providing social insurance benefits to the public concerning work and income. The democratic welfare state model is adopted by Sweden and stipulates that social assistance also should be the citizens' responsibility and not only the state.

The government can improve people's welfare through social policies. In this research, a condition of social welfare is conceived in three elements. They are, first, the degree to which social problems are managed, second, the extent to which needs are met and, finally, the degree to which opportunities for advancement are provided (Midgley, 1999). These three elements apply to individuals, families, groups, communities, and even whole societies.

The government is responsible for increasing income through an investment from both the country and abroad. Investment such as banking, property, hotels, agriculture, plantations, marine, trade, oil and gas, and others are obtained from the formal sector. The acquisition of large and the speed of growth are suspected to be the main reasons the government policies focus more on developing the formal economic sector.

The different formal sector, the informal economic sector, namely the small or retail trade, such as food and beverage sector have not received much attention from the central and regional governments. However, the publication of the Presidential Regulation (Perpres) No. 125/2012 regarding the Coordination of Structuring and Empowerment of street vendors affects the future of PKL. Also, the Home Affairs Ministry Regulation (Permendagri) No. 41/2012 regarding the Guidelines for Structuring and Empowering PKL, making the government pay attention to PKL. This attention is given to registered or official street vendors, while the unregistered or unofficial street vendors are given less attention. This was reinforced by Nilakusmawati, D. P. E., Susilawati, M., & Wall, G. (2019) that stated, "the policy of empowerment of the program of street vendors by the government are not optimal." This lack of optimization is indicated by the number of unregistered street vendors relocated and even evicted from their selling places.

Social policies related to social welfare services must guarantee all residents' rights, including the welfare of the street vendors. Therefore, the policies taken are not partially organized but comprehensively and empower street vendors by involving the state and society. The policies also activate social welfare institutions by following the basis of the state philosophy, Pancasila.

Many studies have been found on the influence of education, financial capital, geographic distance, and social networks on business success and street vendors' welfare. Here are some research results related to the above problems. Knowledge and education influence the success of informal sector traders (Karondo & Tumaini, 2021; Nirathron, 2006a). Financial capital affects the business continuity of street vendors (Gatere, 2016; Marliati, 2020). Likewise, the use of public space (geographic factors) contributes to street vendors' survival (Widjajanti, 2016b; Winter, 2017). Food vendors mostly sell near housing, transportation hubs, and workplaces (Rosales Chavez et al., 2021). Social networks also play an important role in determining street vendors' success and welfare (El-Azzazy, 2019; G. F. Kebede, 2015; Mramba, 2015). Research on the welfare of street vendors is also quite a lot (Giraldo et al., 2020; Nilakusmawati, D. P. E., Susilawati, M., & Wall, 2019), but not much is related to other variables such as education, capital, social networks, and others. However, previous studies only looked for a partial relationship between one variable and another. This study is different from previous studies because the variables studied, namely education, financial capital, geographical distance, and social networks were studied together which are thought to influence the welfare of street vendors. This research study has also not been found in many previous studies.

### **3. Research Method**

This study used mixed methods that combine quantitative and qualitative methods and are used to obtain more complete, valid, reliable, and objective data (Creswell, 2014). The design used is sequential exploratory. The following image can explain it.

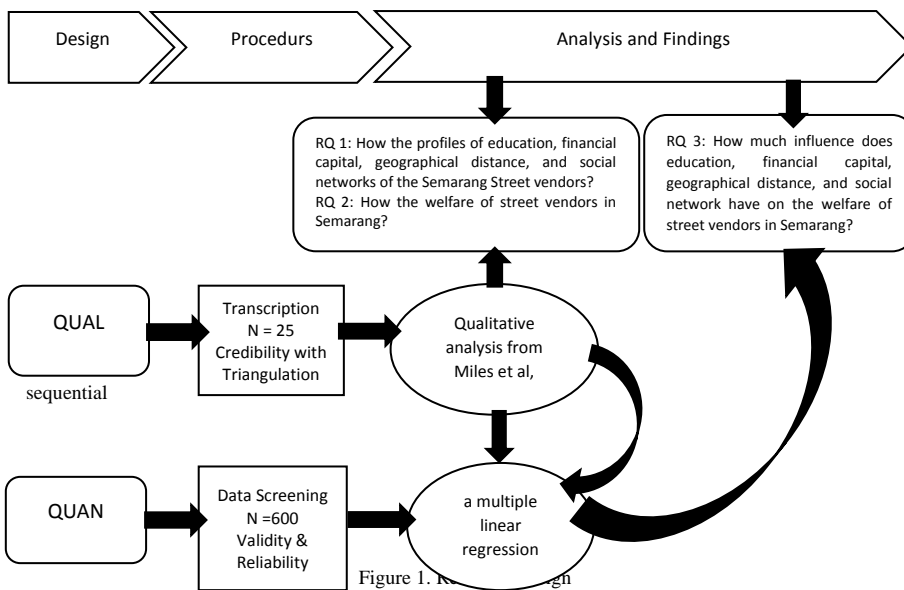


Figure 1. Research Design

The mixed method begins with qualitative methods to describe the profile of education, financial capital, geographical distance, and social networks of street vendors in Semarang and to describe the welfare of street vendors in Semarang. After that, quantitative methods were used to examine the effect of education, financial capital, geographical distance, and social network on the welfare of street vendors in Semarang.

This study's location was chosen to make it easier for the collection of data and be accountable for having them as the material for the study. The purpose of determining the location was to identify the object and the area used in Semarang city, where street vendors run businesses in strategic public spaces. The unit of analysis is street vendors who trade in 13 research locations. The distribution of this analysis is seen in figure 2.

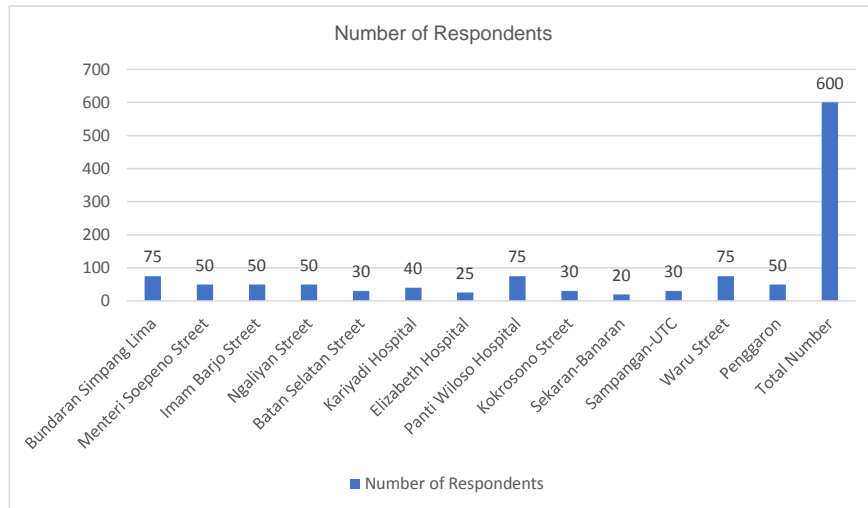


Figure 2. Distribution of Research Analysis Units

The data sources in this study were the informants consisting of street vendors in Semarang City, the events that occur at the location of data, and the documents available at the area in the form of notes and policies. The data was collected through interviews, documentation, observation, and collection tools in the form of interview guidelines, field notes, and observation sheets. The data validity test was conducted through informant reviews and triangulation of both the sources such as informants, events, and documents and triangulation of tools such as interviews, observation, and documentation.

The qualitative data analysis techniques were used to answer the first problem (RQ 1) dan the second problemn (RQ 2). This qualitative analysis stage is data condensation, display, and drawing and verifying conclusions (Miles et al., 2014). Quantitative analysis techniques were used to answer the third problem (RQ 3).

In the analysis of quantitative data, independent and dependent variables are used, in which the independent variables are thought to influence the dependent variable. The independent variables are education, financial capital, geographical distance, and social networks symbolized as X1, X2, X3, and X4. In contrast, the dependent variable was the welfare of the street vendors that were symbolized as Y. The operational definition of the welfare variable was quoted from Reid's view (Fahrudin, 2014) as the existence of employment opportunities, a meaningful life, decent security from deprivation or poverty, obtaining justice, and having a productive and stable economy. Also, the definition of social welfare as stipulated in Law No. 11/ 2009 was a condition for the fulfillment of the material, spiritual and social needs of citizens to live appropriately and develop themselves. This is because they tend to carry out their social functions and create variable indicators for the street vendors' welfare.

Based on the table for determining the number of samples from a population of 6000 with an error level of 1%, a sample of 598 people was obtained. The sample used at the initial stage was 600 and the technique used was a questionnaire by providing a set of questions or written statements to the respondent to be answered. There was a questionnaire with five main types of variables to be distributed: education, financial capital, geographical distance, and social networks as independent variables and the welfare of street vendors as the dependent variable.

Quantitative data analysis techniques were used to answer the third problem in this study: how the influence of education, financial capital, geographical distance, and social networks on the welfare of traders in Semarang City looks like. The statistical analysis technique used was the multiple linear regression test. Before this test was carried out, it was necessary to test for linearity and significances, and the following is the formula for performing a multiple linear regression test:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_n X_n$$

Description:

Y = Dependent variable or response.

X = Independent variable or predictor.

$\alpha$  = Constant.

$\beta$  = Slope or estimate coefficient.

Test rules significance:

a. F count  $\geq$  F table with a significant level of 5% (0.05), then Ho is rejected.

- b.  $F_{count} \leq F_{table}$  with a significant level of 5% (0.05), then  $H_0$  is accepted.  
 In calculating the regression test, researchers used the help of the SPSS program.

#### 4. Results

##### 4.1. Profile of Education, Financial Capital, Geographical Distance, and Social Network of Street Vendors in Semarang

This study used four variables that include education, financial capital, geographical distance, and social networks. The data collected showed that the level of education of the street vendors in Semarang City was divided into three categories. (1) One hundred sixty-two traders did not go to school, and some only graduated from elementary schools which is equivalent to 27%. (2) Three hundred ninety-six traders of PKL graduated from secondary education, either Junior High School (SMP) or Senior High School (SMA) and are equivalent to 66%. (3) Also, there are 42 traders of PKL with diplomas or undergraduate and are equal to 7% in total. Most of the street vendors in Semarang were dominated by secondary education graduates, either junior or Senior high school. Currently, junior, or senior high school graduates do not allow them to enter the job market that requires higher competence.

The composition of street vendors (PKL) in Semarang City based on their latest education level is seen through the diagram of Figure 3 below.

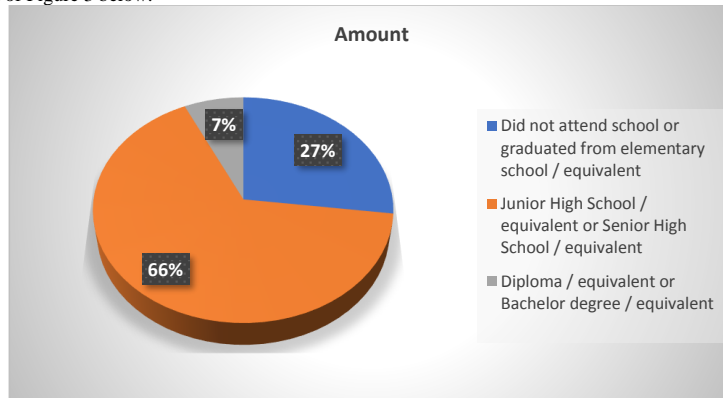


Figure 3. PKL in Semarang City based on Latest Education.

Source: Primary Data Processed, 2020

This tends to be assumed that the level of education a person has affects the amount of income they receive from work. This is because education can provide knowledge and not only in its implementation at work but also as a basis for self-development in utilizing existing facilities and infrastructure for seamless work. Simanjuntak (1985) in (Rezkiti, 2017) explained that a person tends to increase income by having a high level of education in Human Capital theory. The hypothesis test results by Kusumawardhani (2014) also showed that the level of education has a positive effect on the income of 38 textile traders in Pasar Sentral Benteng, Selayar Islands Regency.

The amount of monthly capital of traders and street vendors in Semarang City is divided into five categories, as illustrated in table 1 below.

Table 1. Street vendors in Semarang City based on Monthly Capital.

Monthly capital (rupiah)	Quantity	Percentage
0-2.000.000,00	342	57
>2.000.000,00-4.000.000,00	77	13
>4.000.000,00-6.000.000,00	29	5
>6.000.000,00-8.000.000,00	44	7
>8.000.000,00	108	18
<b>Total Number</b>	<b>600</b>	<b>100</b>

Source: Primary data processed, 2020



Capital is an influencing variable on income because when business capital is added, traders can buy goods in large quantities and more various kinds according to the needs of the customers, which impacts the increase of their income. Based on table 2 above, street vendors in Semarang City were dominated by traders with monthly capital of Rp. 0.00 to Rp. 2,000,000.00 as many as 342 respondents that are equivalent to 57%. The second place was dominated by traders with monthly capital of more than (>) IDR 8,000,000.00, as many as 108 respondents equivalent to 18%. Traders also dominated the third place with monthly capital ranging from IDR 2,000,000 to IDR 4,000,000, as many as 77 respondents equivalent to 13%. Then, it was followed by traders with monthly capital ranging from Rp. 6,000,000.00 to Rp. 8,000,000.00 as many as 44 respondents that are equivalent to 7%. The last place was occupied by street vendors that had monthly capital ranging from Rp. 4,000,000.00 to Rp. 6,000,000.00 as many as 29 respondents that are equivalent to 5%.

This study also described the distance profile from the trading locations to the crowded place and social networks. Based on the distance from trading locations to crowded areas, the traders were classified into five categories. The category that dominated and became the first rank belonged to the traders with a distance from the trading location to the crowded place of more than 200 meters or (>200 m) as many as 323 respondents, equivalent to 54%. Then in the sequence, they were followed by traders with 0 - 50 meters, and they are 108 respondents that are equivalent to 18%, then traders with a distance of > 150-200 meters as many as 90 respondents equal to 15%. Then followed by traders with a distance >50-100 meters as many as 54 respondents equivalent to 9%, and finally traders with >100 - 150 meters as many as 25 respondents equal to 4%. The distance referred to be the distance from trading locations to crowded places such as roads, malls, hospitals, offices, colleges, or schools. The data on the distance between traders and areas of the crowd are seen through the bar chart in Figure 4 below.

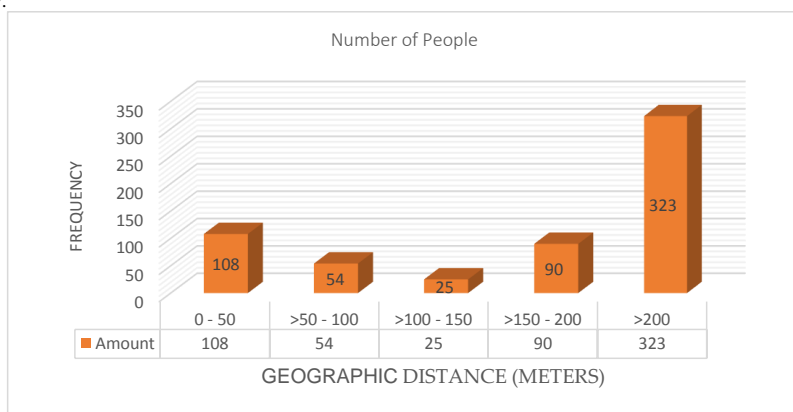


Figure 4. Street vendors in Semarang City based on distance from trading locations to crowded places  
Source: Primary Data Processed, 2020

Furthermore, this study used two leading indicators: participation in PKL communities and social media for the seamless run of a business to describe the social network profiles of street vendors in Semarang City. The first indicator was the participation of traders in the association or merchant community, and this makes the street vendors divided into five categories, as illustrated in table 3 below.

Table 2. Street Vendors in Semarang City based on Social Networks (Participation in Paguyuban/Community)

Participation in Paguyuban	Number of Respondents	Percentage
Do not follow	449	75
Non-active members of the Association	53	9
Active Members of the Association	98	16
General Paguyuban Management	0	0
Core Management	0	0

Total number	600	100
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Source: Primary data processed, 2020

From table 2, it could be concluded that most of the street vendors in the city of Semarang were not part of a community. This was shown by 449 respondents, equivalent to 75%, and 98 respondents are equal to 16% as members of an association or community and become active members. Meanwhile, there are 53 respondents, equivalent to 9% that were registered at the association and business community but not active.

The second indicator of social networks was the use of social media to run a business. Based on these indicators, street vendors were divided into five categories, and the first was that 246 respondents did not use social media and are equivalent to 41%. Second, the type of traders who only used one social media and 150 respondents equal to 25%. The third is the category of traders that used two social media, and they were 126 respondents equivalent to 21%. The fourth was the category of traders who used three social media. They were 78 respondents, equal to 13%. The fifth one is street vendors (PKL) in Semarang City that used more than three social media as many as 0 respondents equivalent to 0%. This distribution could be seen in Figure 5 below.

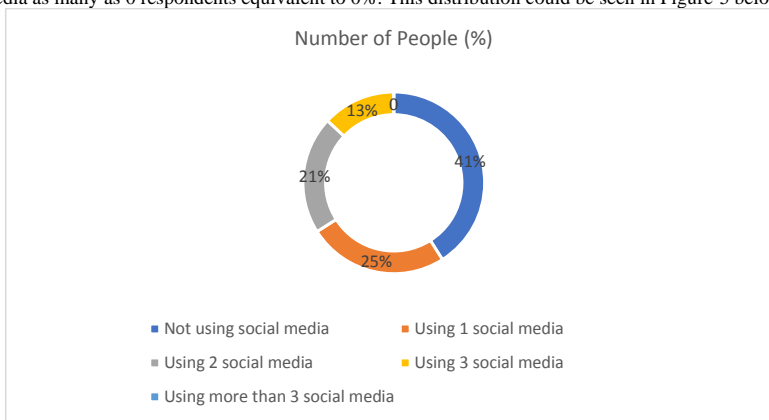


Figure 5. Street vendors in Semarang City based on the use of social media.

Source: Primary Data Processed, 2020

#### 4.2. The Social Welfare of Street Vendors in Semarang

The social welfare related to the street vendors is interpreted as a condition where life necessities are met, such as clothing, shelter, food, health, and interacting with their environment to improve their standard of living. This social welfare is seen from several indicators that include assets owned, savings of money deposit institutions such as banks and cooperatives, investment ownership such as deposits, gold investment, property business, securities, investing in cooperatives/CV/PT/other joint ventures, and others. Based on this study's results, the assets owned by street vendors in the city of Semarang are categorized as shown in Figure 6 below.

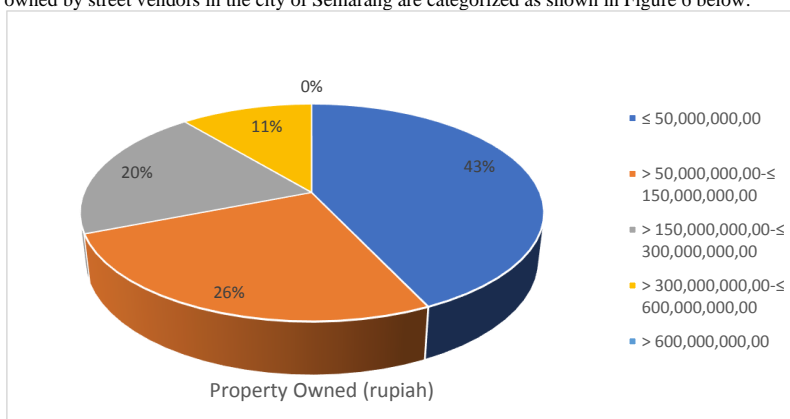


Figure 6. The welfare of PKL in Semarang City based on Total Assets Owned

Source: Primary Data Processed, 2020

The pie chart indicated that the street vendors in Semarang are classified into five main categories that tend to explain the amount of the assets over the number of the street vendors that owned them. The first was that the street vendors in Semarang were dominated by those with total assets of less than or equal to ( $\leq$ ) IDR 50,000,000.00 as many as 257 respondents equivalent to 43%. Second, the street vendors that had total assets of >IDR 50,000,000.00 -  $\leq$ IDR 150,000,000.00 were as many as 158 respondents equivalent to 26%. Third, the street vendors with total assets of > IDR 150,000,000.00 - IDR 300,000,000.00 were as many as 120 respondents, equivalent to 20%. The fourth was a category for those with total assets worth >IDR 300,000,000.00 -  $\leq$ IDR 600,000,000.00 as many as 65 respondents equivalent to 11%, and the fifth or the last category as those with total assets worth more than (>) IDR 600,000,000.00.

Another indicator used to describe the welfare of street vendors in Semarang was the ownership of a certain amount of money saved in money-saving institutions such as banks and cooperatives. This was like the total value of assets where the street vendors in Semarang were also divided into five categories. The first was 238 respondents, equivalent to 40% that did not have any savings, while the second was that there were 256 respondents equivalent to 43% that had savings of less than or equal to ( $\leq$ ) IDR 10,000,000.00. The third were traders that had savings of >IDR 10,000,000.00 -  $\leq$  IDR 30,000,000.00 as many as 69 respondents equivalent to 12%. The fourth was those traders that had savings of >IDR 30,000,000.00 -  $\leq$  IDR 50,000,000.00, and they were 14 respondents equal to 2%, and the fifth was also 23 street vendors that had savings of more than (>) IDR 50,000,000.00 equivalent to 4%. This tends to be seen through the bar chart in Figure 7 below.



Figure 7. The welfare of PKL in Semarang City based on Total Savings Owned  
Source: Primary Data Processed, 2020

The ownership of investments such as deposits, gold investment, property business, securities, stock investment in cooperatives/CV/PT/other joint ventures was another indicator to be considered. When viewed from this indicator, 547 respondents, equivalent to 91%, did not have any investment in the form of deposits, gold investment, property business, or other forms. Still, only 53 respondents that are equivalent to 9%, have 1 type of investment. This tends to be seen in Table 3 below.

Table 3. The Welfare of Street Vendors in Semarang City based on Investment Ownership

Investment ownership	Amount	Percentage
Have No Investment	547	91%
Has 1 Form of Investment	53	9%
Has 2 Form of Investment	0	0%
Has 3 Form of Investment	0	0%
Has More than 3 Forms of Investment	0	0%
<b>Total number</b>	<b>600</b>	<b>100%</b>

Source: Primary Data Processed, 2020

Moreover, when viewed from the indicators of assets, total savings, and investment, it tends to be concluded that street vendors in Semarang City had a low level of welfare. This was based on the data obtained that 43% of the street vendors in Semarang City had total assets less than or equal to ( $\leq$ ) IDR 50,000,000, and 40% had no savings. However, only 43% of street vendors in Semarang had savings of less than or equal to ( $\leq$ ) IDR 10,000,000, and 91% of them did not have any investments in the form of deposits, gold, property business, or other forms of property.

#### 4.3. The Influence of Education, Financial Capital, Geographical Distance, and Social Networking on the Social Welfare of Street Vendors in Semarang

The data obtained were analyzed using IBM SPSS data processing software, and social network, geographical distance, education, and financial capital are set as independent variables. In contrast, the dependent variable was the welfare of the street vendors. This tends to be seen through the output in Table 5 below.

Table 4. Independent Variables and Variables bound (Variables Entered / Removed)

Model	Variables Entered	Variables Removed	Method
1	Social Network, Distances Geography, Education, Financial Capital <sup>b</sup>	.	Enter

a. Dependent Variable: Welfare

b. All requested variables entered

Source: Primary Data Processed through SPSS, 2020

From the further analysis in table 5, it tends to be seen that the correlation value (R) was 0.885, and this was the percentage of the influence of the independent variable towards the dependent one called the coefficient of determination and was the result of squaring R. This led to the coefficient of determination (R<sup>2</sup>) as 0.783 that the influence of the independent variables such as social networks, geographical distance, education and financial capital towards the dependent one known as welfare was 78.2%. The remaining 21.8% was influenced by other factors outside the X variable to make the value of e to be =  $100\% - R^2 = 100\% - 78.3\% = 21,8\%$ .

Table 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.885 <sup>a</sup>	.783	.782	.4266

a. Predictors: (Constant), Social Network, Distance\_Geography, Education, Financial Capital

Source: Primary Data Processed through SPSS, 2020

Table 6 found that the calculated F value was 536.678, and the significance or probability value was 0.00, which means that it was smaller than 0.050. Therefore, education, financial capital, geographical distance, and social networks simultaneously influenced street vendors' welfare.

Table 6. ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	390.744	4	97.686	536.67	.00
	Residual	108.302	595	.182	8	0 <sup>b</sup>

Total 499.046 599

a. Dependent Variable: Welfare

b. Predictors: (Constant), Social Network, Geographic Distance, Education, Financial Capital

Source: Primary data processed through SPSS, 2020

From table 7 below, the regression equation of  $Y = \beta_0 + \beta_1 + \beta_2 + \beta_3 + \beta_4 + \epsilon$  or  $Y = 2.143 + 0.302X_1 + 0.229X_2 + 0.232X_3 + 0.075X_4 + \epsilon$  was obtained. The regression equation showed a constant of 2.143, and the coefficient of the effect of education (X1) on the PKL Welfare was 0.302. Meanwhile, the regression coefficient of the effect of financial capital (X2) on PKL Welfare was 0.229, that of geographical distance (X3) on PKL Welfare was 0.232, and also that of the influence of Social Networks (X4) on PKL Welfare was 0.075.

Table 7. Coefficients<sup>a</sup>

Model		Unstandardized Coefficients	Standard Error	Beta	t	Sig.
1	(Constant)	2.143	.143		15.005	.000
	Education	.032	.024	.359	12.519	.000
	Financial Capital	.229	.027	.291	8.471	.000
	Geographic Distance	.232	.019	.290	12.251	.000
	Social Network	.075	.017	.115	4.385	.000
	Dependent variable: Welfare					

Source: Primary Data Processed through SPSS, 2020

However, based on the output results above, the t value for education (X1) was 12.519 with a significance value of 0.000, smaller than 0.050. This tends to be concluded that education (X1) partially or individually influences the street vendors' welfare. Meanwhile, the t value for financial capital (X2) was 8.471 with a significance value of 0.00, which was smaller than 0.050. This means that financial capital (X2) partially or individually influences the welfare of the street vendors.

The t value for geographical distance (X3) was 12.251 with a significance value of 0.00, which was smaller than 0.050. This was concluded that the geographical distance (X3) partially or individually affects street vendors' welfare. The t value for social networks (X4) was 4.385 with a significance value of 0.00 that is less than 0.050, and this is concluded that social networks (X4) partially or individually affect the welfare of street vendors.

In the regression analysis output, the beta value of education was 0.359, and that of financial capital was 0.291, the geographical distance beta value was 0.290, and that of the social network was 0.115. From these data, it tends to be seen that education (X1) had the highest beta value, and this was concluded that education (X1) influences the welfare of street vendors.

## 5. Discussion

Most city government officials view street vendors as an informal sector that disturbs the city's beauty and that they have to be organized and disciplined (Batréau & Bonnet, 2015; Racaud et al., 2018). Street vendors are also seen as creating unfair competition for more established shop owners and reduce their profits by offering pirated and counterfeit goods (Forkuor et al., 2017). Some governments, such as Bangkok and Thailand, pay attention and allow street vendors to run their businesses (Kusakabe, 2006). Street vendors in Bangkok have developed as an economic entity and have succeeded in reducing poverty (Nirathron, 2006b).

The increase in urbanization in cities makes many public spaces occupied by traders to market their products. The occupation of public spaces by urban communities is one of their problems in developing countries (Brown, 2006). Generally, informal sector traders or street vendors (PKL) use public spaces to trade, and this makes them use the area for marketing their products and not to be limited to small traders. Still, traders now use this opportunity to have a significant turnover. On the streets in the last ten years, people were able to find many

traders with substantial capital to small traders, and they realize that their merchandise tends to be sold quickly by the way they approach their customers.

The public space tends not to be a problem for middle-up class PKL because they can rent the public space from the government officials but tends not to happen to the lower-class street vendors. These lower-class street vendors are forced to use public space to fulfill their daily needs to maintain their life. They generally use sidewalks, a little shoulder of the road, government office yards, school or university parks, or other public spaces that are not meant to be used. With the help of limited capital, the street vendors, education, skills, and access to economic resources are forced to occupy the public spaces to trade and run their businesses.

The informal sector's existence, most especially the street vendors in cities, tends not to be underestimated. They have no small role in developing the economy because they help provide employment opportunities and absorb the workforce for people that are not accommodated in the formal sector (Cuevas et al., 2009; Tichelaar, 2015). The pressure is on the formal sector to provide decent wages and working conditions that encourage the informal sector's growth (Nazara, 2010). The informal sector makes a positive contribution that enables the formal sector to survive in Indonesia by distributing goods and its relationship with the informal sector (Mcintyre-mills & Romm, 2019). The informal sector is also a safety valve for the unskilled and poorly educated urban dwellers, as it provides an alternative source of income. Street vendors and the urban informal sector also contribute to the survival of the poor urban dwellers (Iyenda, 2005; Kebede, 2011)

Generally, street vendors come from the middle to the lower class groups of society, but there have been many PKL that come from the middle to upper layers in recent years. During the Covid19 pandemic, many business people went to the streets to market their products to earn profits. The Pizza Huts businessmen and several bakers have sent their marketers to the roadside to sell their products for easier access to buyers. PT. Telekomunikasi Indonesia (Telkom) also sends its marketers to the streets to pick up potential buyers. However, the roads are no longer under the control of only the lower-class street vendors and the upper-middle-class street vendors.

This study showed that the factors of education, financial capital, geographical distance, and social networks have some influence on the welfare of street vendors. Therefore, the implication is that the street vendors fought for their welfare by themselves because they have an entrepreneurial ethos and unyielding spirit. However, the welfare gains tend to be higher if the government, through the pro-people policies, provides opportunities for street vendors to run their business. These opportunities are likely to be in the form of issuing regulations that provide room for movement and empower the street vendors as economic entities. The city government's strategy is to prepare the areas that are easily accessible to the community to make the street vendors trade safely and comfortably, which tends to help the street vendors sell their merchandise.

Moreover, suppose the land in urban areas is no longer possible to be used. In that case, the city government has to cooperate with business people from the formal sector to allow street vendors to trade in the places provided by them. Also, suppose this tends not to be possible because the city is overcrowded. In that case, the city government must regulate and organize existing public spaces to be used by the street vendors to make them run their businesses. This is in harmony with the Roever & Skinner (2016) study that the poor urban dwellers, most especially those working as street vendors, deserve to access the public spaces to run their businesses seamlessly. In addition, government policies favoring street vendors will impact maintaining the livelihoods of street vendors sustainably. Several studies support this (Assan & Chambers, 2014; Milgram, 2011; Patel et al., 2014; Timalsina, 2011; Uwitije, 2016).

## 6. Conclusions

This study established three conclusions that are (1) street vendors in Semarang City who had different profiles ranging from the educational background, financial capital in running their businesses, geographical distance from selling to the public crowd, and the kind of social network they have (2) The street vendors have a sufficient level of welfare to meet the needs of daily life (3) the education, financial capital, geographical distance, and social network simultaneously influenced street vendors' welfare. This proves that PKL as an economic entity had an undeniable role in that factor's function. These factors, i.e., education, financial capital, geographical distance, and social networks. The government policies responsible and sided with street vendors were such a determining factor for their survival, which is why it needs proper government regulations and policies (Becker, 2004). This research implies that geographical factors and social networks positively affect the welfare of street vendors. That is why the government in managing street vendors must pay attention to street vendors access to public spaces and street vendors institutions beneficial for a sustainable future.

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**Conflicts of Interest:**

The authors declare no conflict of interest.

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**Bukti Konfirmasi *Submit* Revisi Pertama,  
Respons kepada *Reviewer*, dan  
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# Bukti Konfirmasi *Submit* Revisi Pertama

The screenshot shows a Gmail interface with the following elements:

- Browser Tabs:** Kotak Masuk (1,567) - elvarazaki, PMJ2021: Reviewer's Comment, Download file | iLovePDF.
- Address Bar:** mail.google.com/mail/u/4/#search/planning+Malaysia/FMfcgzGikFwKtcbQJnBgIZfpLNrSnL
- Gmail Header:** Search for "planning Malaysia", "Active" status, and UNNES logo.
- Left Sidebar:** Compose button, Mail folders (Inbox: 7,204, Starred, Snoozed, Important, Sent, Drafts: 60, Spam: 17), Chat (Ida, Pascasarjana; Didi Pramono; Ida, Pascasarjana. Kafr...), Spaces, Meet.
- Email 1 (Oct 19, 2021, 9:49 AM):**
  - From:** Eko Handoyo <eko.handoyo@mail.unnes.ac.id> to MIP
  - Text:** Dear Publisher, Hereunder attach is my final revised manuscript entitle The Factors Affecting the Welfare of Street Vendors in Indonesia. I also send the certificate of proofreading of NPS. I hope my manuscript can be published soon. Thank you in advance. Kind regards, Eko Handoyo UNNES-Indonesia
  - Attachments:** Manuscript\_MEH\_T..., Certificate of Proof...
- Email 2 (Oct 19, 2021, 4:15 PM):**
  - From:** Eko Handoyo <eko.handoyo@mail.unnes.ac.id> to MIP
  - Text:** Dear Publishers, I'm sorry I can't send the last revised manuscript again because there are things that need to be improved, especially in the method section.

The Windows taskbar at the bottom shows the time as 7:51 on 18/01/2022, with icons for various applications like Word, Chrome, and File Explorer.

**Respons kepada *Reviewer***

<b>Komentar Reviewer</b>	<b>Perbaikan</b>
<p>The article wishes to assess education, financial capital, geographical distance and social networks influence on welfare. However, justification of why it is important to do so is not presented</p>	<p><b>Explain the importance of assessing the influence of education, financial capital, geographical distance, and social networks on welfare</b></p> <p><b>In Introduction:</b> According to previous studies, educational background, financial capital, geographical distance, and social networks significantly influence the overall welfare of street vendors, including income (Anggraini, 2019; Harahap, 2017; Ifotania, 2010; Nurbaiti &amp; Chotib, 2020; Setyaningsih et al., 2019). Geographically, small business economic actors operate in urban centers with high economic value (Utomo et al., 2018).</p> <p><b>In Literature Review:</b> Mostly, the previous studies focused on the influence of education, financial capital, geographic distance, and social networks on business success, also street vendors' welfare. These include knowledge and education influence on the success of informal sector traders (Karondo &amp; Tumaini, 2021; Nirathron, 2006a). The effects of financial capital on the business continuity of street vendors (Gatere, 2016; Marliati, 2020), and the use of public space (geographic factors), and the survival of street vendors (Winter, 2017). In general, food vendors mostly sell near housing, transportation hubs, and workplaces (Rosales Chavez et al., 2021). Social networks also play an important role in determining the success and welfare of street vendors (El-Azzazy, 2019; Kebede, 2015; Mramba, 2015). Although several studies have been conducted on the welfare of street vendors (Giraldo et al., 2020; Nilakusmawati, D. P. E., Susilawati, M., &amp; Wall, 2019), most of them did not focus on essential variables, such as education, capital, and social networks. Specifically, they mainly focused on the partial relationship between variables. This study bridges the existing gap by focusing on education, financial capital, geographical distance, and social networks, the variables that influence the welfare of street vendors</p>
<p>Underlying theory, brief problem statement, respondents and main contribution are missing.</p>	<p><b>Add appropriate theory and previous research results</b></p>

Mostly, the previous studies focused on the influence of education, financial capital, geographic distance, and social networks on business success, also street vendors' welfare. These include knowledge and education influence on the success of informal sector traders (Karondo & Tumaini, 2021; Nirathron, 2006a). The effects of financial capital on the business continuity of street vendors (Gatere, 2016; Marliati, 2020), and the use of public space (geographic factors), and the survival of street vendors (Winter, 2017). In general, food vendors mostly sell near housing, transportation hubs, and workplaces (Rosales Chavez et al., 2021). Social networks also play an important role in determining the success and welfare of street vendors (El-Azzazy, 2019; Kebede, 2015; Mramba, 2015). Although several studies have been conducted on the welfare of street vendors (Giraldo et al., 2020; Nilakusmawati, D. P. E., Susilawati, M., & Wall, 2019), most of them did not focus on essential variables, such as education, capital, and social networks. Specifically, they mainly focused on the partial relationship between variables. This study bridges the existing gap by focusing on education, financial capital, geographical distance, and social networks, the variables that influence the welfare of street vendors.

**Added brief problem statement**

Specifically, this study examines the following problems:

1. The welfare of street vendors in Semarang.
2. The influence of education, financial capital, geographical distance, and social networks on the street vendors' welfare in Semarang.

**Added respondents and main contribution**

A sample of 598 (rounded up to 600) was obtained from a population of 6000 with an error level of 1%.

**Added main contribution**

This study conceptually examines the welfare of street vendors comprehensively. It has a novelty on street vendors since geographical and social network factors have not been used as a variable to examine welfare in Semarang.

<p>Explanation on methods did not present the respondents' selection criteria, the justification of sampling size, selection of data collection areas, the reliability and validity of data collection instruments and data collected</p>	<p><b>Briefly explain about sample selection and instrument validity, because the number of pages is limited to a maximum of 13 pages</b></p> <p>→ The unit of analysis is the street vendors trading in 13 study locations, as shown in figure 1. The sample was selected randomly by examining the proportion of the study location. A sample of 598 (rounded up to 600) was obtained from a population of 6000 with an error level of 1%. This included the Culinary and Non-Culinary Street vendors who traded in the respective locations for at least 1 year. Furthermore, the 13 study locations were selected based on the number of streets vendors. The largest samples were taken at the Simpang Lima Roundabout, Kokrosoho Street, and Waru Street.</p> <p>→ Moreover, the data validity test was conducted through informant reviews and triangulation of the sources.</p>
<p>Some tables/figures should be removed as it contributes nothing. For example Table 4, Table 6, Figure 3, Figure 5. Geographic distance (Figure 4) is calculated from which point?</p>	<p><b>Delete all figures and tables, then reformat to Figures 1, Figure 2, Table 1 and Table 2.</b></p>
<p>Many points (as listed in 9) are not discussed.</p>	<p><b>Concluding based on data analysis, according to the purpose</b></p> <p>This study established that street vendors in Semarang city: (1) have low welfare even though they can meet their daily living needs, (2) simultaneously welfare is affected by the education, financial capital, geographical distance, and social network. Therefore, the government should formulate appropriate policies that promote the survival of street vendors. Access to public spaces and institutions that are beneficial for a sustainable future of street vendors should be encouraged. Geographical factors and social networks have a positive effect on the welfare of street vendors, so further and in-depth studies are needed on the influence of geographic factors and social networks on the welfare of street vendors.</p>
<p>Since the study employed 2 methods, the explanation should be discussed based on ROs, and should clearly show how the qualitative and quantitative data complement each other.</p>	<p><b>In addition to presenting quantitative data, this study also presents qualitative data from narrated observation results. One of them is:</b></p> <p>Most street vendors come from the middle- and lower-class groups of society. During the Covid-19 pandemic, most business people went to the streets to market their products. The Pizza Huts businessmen and several bakers sent marketers to the roadsides to enhance</p>

	access to buyers. PT. Telekomunikasi Indonesia (Telkom) also sends marketers to the streets to pick potential buyers.
All papers must undergo English proofreading by a Certified Proof reader. Authors must submit the certificate of proofreading to the Editorial Board. Language assessing application such as Grammarly, can only be used as supporting document.	<b>Have proofread the article and get a proofread certificate</b>

## Artikel yang Diresubmit

### THE FACTORS AFFECTING THE WELFARE OF STREET VENDORS IN INDONESIA

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#### Abstract

This study aimed to examine how the welfare of street vendors is influenced by education, financial capital, geographical distance, and social networks. A mixed-method approach that combines both quantitative and qualitative methods was used. The results showed that the welfare of street vendors is at a low level and is simultaneously influenced by education, financial capital, geographical distance, and social networks with a determination value of r-square ( $r^2$ ) of 0.783 or 78.3%. However, there is a need for further and in-depth studies on the influence of geographical factors and social networks on the welfare of street vendors, especially on geographical factors with a significant influence on welfare.

#### Keyword:

*Geographical Distance; Social Networks; Welfare; Financial Capital; Street Vendors; Education*

#### INTRODUCTION

The informal sector has a significant contribution to the economic order, though its businesses are not officially registered, irregular, and poorly organized (Rothenberg et al., 2016; Stuart et al., 2018). Since the activities of this sector are not recorded in the official government statistics or covered by state regulations and taxes, it refers to a shadow economy (Horn, 2018; Mróz, 2018; Rei, 2008). Furthermore, it is also referred to as the underground economy because it is characterized by limited legal activities (Feige, 1990; Losby et al., 2002; Petrova, 2018). The informal sector comprises people with a low level of education, invalid business license, no specific hours for operating, inappropriately organized, and poor business actors (Charmes, 2012; Mitullah, 2003; Mukherjee, 2016; Portes et al., 1989; Stuart et al., 2018).

Although the shadow economy is a source of livelihoods to millions of people and represents a "safety net" for most poor individuals and families, the adverse effects on the economy and society significantly exceed its positive impact (Camacho et al., 2017; Golubovic & Dzunic, 2015). However, it can provide a sustainable livelihood for urban communities when appropriately managed (Ruzek, 2015).

The shadow economy has a significant link to the formal sector. For instance, it helps in marketing the formal economy's products and sells daily household items, such as school supplies, cosmetics, and

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drinking water (Bromley, 1978; Khasnobis et al., 2006). The supply and marketing chain stimulates economic growth in urban areas, though the role of Street Vendors is not recognized.

A street vendor is an entrepreneur with sufficient capital for production activities and offers goods for sale to the public without a permanent built-up structure for transactions. Street vendors are often stationary and occupy spaces on the pavements or other public and private spaces. Furthermore, they may be mobile and move to different places, carrying their wares on pushcarts or baskets (Bhowmik, 2005). They participate in the production and selling of goods and services to fulfil the needs of consumers. However, the respective activities occur in places that are strategic, economic, and informal environments.

Like other big cities in Indonesia, Semarang faces the problem of urbanization, including many street vendors. They are very observant in utilizing the remaining public spaces, such as the sidewalk and a small road shoulder. Furthermore, the vendors are good at exploiting opportunities and often consider the strategic locations between residential and educational place. This has made them creative in utilizing spaces for their activities or hawking wares.

According to previous studies, educational background, financial capital, geographical distance, and social networks significantly influence the overall welfare of street vendors, including income (Anggraini, 2019; Harahap, 2017; Ifotania, 2010; Nurbaiti & Chotib, 2020; Setyaningsih et al., 2019). Geographically, small business economic actors operate in urban centers with high economic value (Utomo et al., 2018).

This study conceptually examines the welfare of street vendors comprehensively. It has a novelty on street vendors since geographical and social network factors have not been used as a variable to examine welfare in Semarang. Specifically, this study examines the following problems:

- (10) The welfare of street vendors in Semarang.
- (11) The influence of education, financial capital, geographical distance, and social networks on the street vendors' welfare in Semarang.

## LITERATURE REVIEW

Urbanization affects urban economic development (Rakhmatulloh et al., 2018). For instance, it has led to various informal sectors in Semarang city, with most immigrants selling food. The street vendors who sell food are called culinary street vendors and are found throughout Semarang. The rapid development of this metropolitan city has attracted street vendors currently scattered in the sub-districts. Both organized and unorganized street vendors occupy the public spaces. In general, the number of unorganized vendors surpasses the organized. According to Syariffuddin et al. (2017), 78% of vendors in Semarang are unorganized, and their number has significantly increased in the last ten years. Mobile street vendors usually use cars and three-wheeled or two-wheeled motorbikes found throughout the city. Essentially, they are significantly increasing due to their high mobility and can be found on the roadsides in almost all public spaces. They sell different kinds of vegetables, bread, snacks, drinks, fruits, rice, cooking oil, spices, other household necessities, clothes, credit for cellphones, motorcycle tires, satellite dishes, and plants.

Welfare is the goal pursued by street vendors, though difficult to achieve. It is significantly affected by various factors, including education, geographical distance, business capital, and social capital. Furthermore, it is affected by government policies or districts because of operating in the public spaces (Bromley, 2000). It is vital to examine the link between government policy and the welfare of street vendors, focusing on the concept of a prosperous country. This concept clarifies the kind of welfare state model that the Indonesian government implemented. The policies on survival and the welfare of

street vendors are influenced by what the government considers. There are many approaches, paradigms, and welfare models applied by the government to organize people's lives.

The basic idea of the welfare state model comes from the strategy of managing resources for the welfare of the people and includes the liberal, corporatist, and democratic aspects (Andersen, 2012). The United States adopts the liberal welfare state model to formulate policies that allow people to obtain social insurance benefits, establish social safety nets, and care for the poor. Moreover, this model was adopted by Germany to provide social insurance benefits to the public concerning work and income. In Sweden, it stipulates that social assistance is the mutual responsibility of both citizens and the state.

The government can improve the welfare of the people through social policies. Social welfare is conceived in three elements: how social problems are managed, needs to be met, and opportunities for advancement (Midgley, 1999). These three elements apply to individuals, families, groups, and communities.

The government is responsible for increasing income through investments both in the country and abroad. In general, investments, such as banking, property, hotels, agriculture, plantations, marine, trade, and oil and gas, are in the formal sector. The need for rapid economic growth is the main reason the government policies focus more on developing the formal economic sector.

The informal economic sector, which includes the small or retail trade like food and beverage, has not received much attention from the central and regional governments. However, the publication of the Presidential Regulation (Perpres) No. 125/ 2012 regarding the Coordination of Structuring and Empowerment of Street Vendors affects the future of street vendors. The Home Affairs Ministry Regulation (Permendagri) No. 41/ 2012 regarding the Guidelines for Structuring and Empowering of Street Vendors has also shifted government attention to registered or official street vendors than the unregistered ones. Nilakusmawati, D. P. E., Susilawati, M., & Wall, G. (2019) stated "the policy of empowerment of the program of street vendors by the government is not optimal". This is indicated by the number of unregistered vendors relocated or evicted from their selling places.

Social policies related to social welfare services should guarantee rights to all citizens, including the welfare of the street vendors. Therefore, the policies taken are not partially organized but comprehensively and empower street vendors by involving the state and society. They activate social welfare institutions by following the basis of the state philosophy, Pancasila.

Mostly, the previous studies focused on the influence of education, financial capital, geographic distance, and social networks on business success, also street vendors' welfare. These include knowledge and education influence on the success of informal sector traders (Karondo & Tumaini, 2021; Nirathron, 2006a). The effects of financial capital on the business continuity of street vendors (Gatere, 2016; Marliati, 2020), and the use of public space (geographic factors), and the survival of street vendors (Winter, 2017). In general, food vendors mostly sell near housing, transportation hubs, and workplaces (Rosales Chavez et al., 2021). Social networks also play an important role in determining the success and welfare of street vendors (El-Azzazy, 2019; Kebede, 2015; Mramba, 2015). Although several studies have been conducted on the welfare of street vendors (Giraldo et al., 2020; Nilakusmawati, D. P. E., Susilawati, M., & Wall, 2019), most of them did not focus on essential variables, such as education, capital, and social networks. Specifically, they mainly focused on the partial relationship between variables. This study bridges the existing gap by focusing on education, financial capital, geographical distance, and social networks, the variables that influence the welfare of street vendors.

## **RESEARCH METHOD**

This study used a sequential exploratory design and mixed methods that combine quantitative and qualitative to obtain complete, valid, reliable, and objective data (Creswell, 2014). A qualitative

approach was used to describe the welfare of street vendors in Semarang (RQ1). In contrast, the effect of education, financial capital, geographical distance, and social network on the welfare of street vendors in Semarang (RQ2) was examined quantitatively.

The unit of analysis is the street vendors trading in 13 study locations, as shown in figure 1.

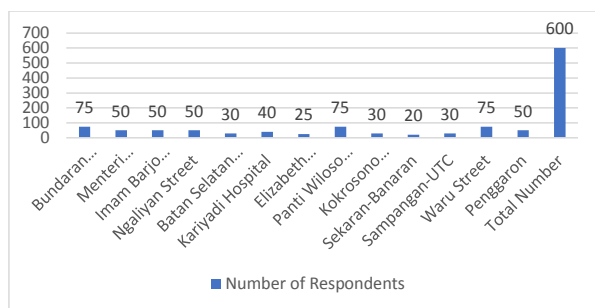


Figure 1. Distribution of Research Analysis Units

The sample was selected randomly by examining the proportion of the study location. A sample of 598 (rounded up to 600) was obtained from a population of 6000 with an error level of 1%. This included the Culinary and Non-Culinary Street vendors who traded in the respective locations for at least 1 year. Furthermore, the 13 study locations were selected based on the number of streets vendors. The largest samples were taken at the Simpang Lima Roundabout, Kokroso Street, and Waru Street.

Interviews and observation were used to collect qualitative data, while questionnaires were utilized to obtain quantitative data by giving respondents a set of questions or written statements. There was a questionnaire with five main variables, including education, financial capital, geographical distance, and social networks as independent variables and the welfare of street vendors as the dependent variable. Moreover, the data validity test was conducted through informant reviews and triangulation of the sources.

The qualitative data analysis techniques were used to answer the first problem (RQ 1) and included data condensation, display, and drawing and verifying conclusions (Miles et al., 2014). Similarly, quantitative analysis techniques were used to answer the second problem (RQ 2) with independent and dependent variables. Specifically, the independent variables influence the dependent variable, including education, financial capital, geographical distance, and social networks symbolized as X1, X2, X3, and X4. Contrastingly, the dependent variable was the welfare of the street vendors, symbolized as Y. The statistical analysis technique used was the multiple linear regression test. Before this test, linearity and significance were examined. The following formula was used to perform a multiple linear regression test.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_n X_n$$

Description:

Y = Dependent variable or response.

X = Independent variable or predictor.

$\alpha$  = Constant.

$\beta$  = Slope or estimate coefficient.

Test rules significance:

- a.  $F \text{ count} \geq F \text{ table}$  with a significant level of 5% (0.05), then  $H_0$  is rejected.
- b.  $F \text{ count} \leq F \text{ table}$  with a significant level of 5% (0.05),  $H_0$  is accepted.

In calculating the regression test, researchers used the help of the SPSS program.

## RESULTS

### 1. The Social Welfare of Street Vendors in Semarang

The social welfare related to the street vendors is interpreted as a condition where life necessities are met, including clothing, shelter, food, health, and interacting with the environment to improve their living standards. Social welfare is examined based on several indicators, including assets owned, savings of money deposit institutions, such as banks and cooperatives, investment ownership like deposits, gold investment, property business, securities, and investing in cooperatives/CV/PT/other joint ventures. The results show that the assets owned by street vendors in Semarang are categorized as shown in Figure 2 below.

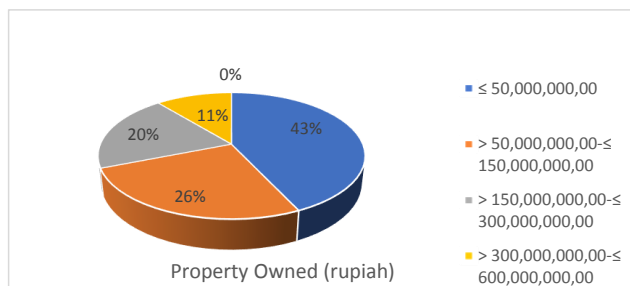


Figure 2. The welfare of PKL in Semarang City based on Total Assets Owned

Source: Primary Data Processed, 2020

The street vendors in Semarang are classified into five main categories. The dominant category was for vendors with total assets of less than or equal to ( $\leq$ ) IDR 50,000,000.00, specifically 257 (43%) respondents. Second, 158 (26%) had total assets of >IDR 50,000,000 -  $\leq$ IDR 150,000,000.00. Third, 120 (20%) had total assets of > IDR 150,000,000.00 - IDR 300,000,000.00. The fourth was a category had 65 (11%) respondents with total assets worth >IDR 300,000,000.00 -  $\leq$ IDR 600,000,000.00. The last category had individuals with total assets worth more than (>) IDR 600,000,000.00.

The ownership of a certain amount of money saved in money-saving institutions, such as banks and cooperatives, was also used to examine the welfare of the vendors. In this regard, vendors were also divided into five distinct categories. The first had 238 respondents (40%) without any savings, while the second one had 256 (43%) with savings of less than or equal to ( $\leq$ ) IDR 10,000,000. The third category had savings of >IDR 10,000,000.00 -  $\leq$  IDR 30,000,000.00, specifically 69 (12%). The fourth one had 14 (2%) respondents with savings of >IDR 30,000,000.00 -  $\leq$  IDR 50,000,000.00. The fifth category had 23 (4%) vendors with savings of more than (>) IDR 50,000,000.00.

The ownership of investments such as deposits, gold investment, property business, securities, stock investment in cooperatives/CV/PT/other joint ventures was also considered. A total of 547 respondents (91%) did not have any investment in the form of deposits, gold investment, property business, or other forms. Only 53 (9%) had 1 type of investment.

Based on the indicators of assets, total savings, and investment, street vendors had a low level of welfare. The data obtained showed that 43% had total assets less than or equal to ( $\leq$ ) IDR 50,000,000, while 40% had no savings. Furthermore, 43% had savings of less than or equal to ( $\leq$ ) IDR 10,000,000, while 91% did not have any investments in deposits, gold, property business, or other forms of property.

### 2. The Influence of Education, Financial Capital, Geographical Distance, and Social Networking on the Social Welfare of Street Vendors in Semarang

The data obtained were analyzed using IBM SPSS data processing software, with the social network, geographical distance, education, and financial capital as independent variables. The dependent variable was the welfare of the street vendors.

The statistical data processing showed that the correlation value (R) was 0.885. This was the percentage of the influence of the independent variable on the dependent one, also called the coefficient of determination (R<sup>2</sup>). Specifically, the coefficient of determination (R<sup>2</sup>) was 0.783. This means that the independent variables, including social networks, geographical distance, education, and financial capital, influenced 78.3% of the dependent variable. The remaining 21.8% was influenced by other factors outside the X variable to make the value of e to be = 100% - R<sup>2</sup> = 100% - 78.3% = 21, 8%.

Table 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.885 <sup>a</sup>	.783	.782	.4266
a. Predictors: (Constant), Social Network, Distance_Geography, Education, Financial Capital				

Source: Primary Data Processed through SPSS, 2020

The statistical calculations show that the calculated F value was 536.678, while the significance of probability was 0.00, smaller than 0.050. Therefore, education, financial capital, geographical distance, and social networks simultaneously influenced the welfare of street vendors.

From table 2, the regression equation of  $Y = \beta_0 + \beta_1 + \beta_2 + \beta_3 + \beta_4 + \epsilon$  or  $Y = 2.143 + 0.302X_1 + 0.229X_2 + 0.232X_3 + 0.075X_4 + e$  was obtained. There was a constant of 2.143 and 0.302 as the coefficient of the effect of education (X1) on the Street Vendors Welfare. Furthermore, the regression coefficient of the effect of financial capital (X2) on Street Vendors Welfare was 0.229, while geographical distance (X3) on Street Vendors Welfare was 0.232. The influence of Social Networks (X4) on Street Vendors Welfare was 0.075.

Table 2. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Standard Error	Beta			
1						
	(Constant)	2.143	.143			
	Education	.032	.024	.359	15.005	.000
	Financial Capital	.229	.027	.291	12.519	.000
	Geographic Distance	.232	.019	.290	8.471	.000
	Social Network	.075	.017	.115	12.251	.000
Dependent variable: Welfare						

Source: Primary Data Processed through SPSS, 2020

The t value for education (X1) was 12.519 with a significance value of 0.000, smaller than 0.050. Therefore, education (X1) partially or individually influences the welfare of the street vendors. The t

value for financial capital (X2) was 8.471 with a significance value of 0.00, smaller than 0.050. This means that financial capital (X2) partially or individually influences the welfare of the street vendors.

The t value for geographical distance (X3) was 12.251 with a significance value of 0.00, smaller than 0.050. Therefore, the geographical distance (X3) partially or individually affects street vendors' welfare. The t value for social networks (X4) was 4.385 with a significance value of 0.00, less than 0.050, meaning that social networks (X4) partially or individually affect the welfare of street vendors.

In the regression analysis output, the beta value of education was 0.359 while financial capital had 0.291. Furthermore, the geographical distance beta value was 0.290, while the social network had 0.115. Therefore, education (X1) had the highest beta value and significantly influenced the welfare of street vendors.

## DISCUSSION

According to most government officials, street vendors are part of the informal sector that interferes with the beauty of the city (Batréau & Bonnet, 2015; Racaud et al., 2018). Furthermore, they create unfair competition for more established shop owners and reduce their profits by offering pirated and counterfeit goods (Forkuor et al., 2017). Some governments, such as Bangkok and Thailand, allow street vendors to run their businesses (Kusakabe, 2006). In Bangkok, they have developed as an economic entity and have succeeded in reducing poverty (Nirathron, 2006b).

Urbanization increases land values and economic growth and development (Marzuki & Jais, 2020). For this reason, most public spaces are occupied by traders, a major problem in developing countries (Brown, 2006). Generally, street vendors use public spaces to trade and market their products and have a significant turnover. In the last ten years, many traders with substantial capital have been realized in cities. The number of small traders continues to surge because their merchandise is often sold quickly.

The potential of street vendors and the entire informal sector cannot be underestimated. For instance, it offers employment opportunities and absorbs the workforce not accommodated in the formal sector (Cuevas et al., 2009; Tichelaar, 2015). The formal sector is pressured to provide decent wages and working conditions, promoting the informal sector (Nazara, 2010). Furthermore, the informal sector makes a positive contribution that enables the formal sector to survive by distributing goods (Mcintyre-mills & Romm, 2019). It is also a "safety haven" for the unskilled and poorly educated urban residents because it provides alternative sources of income, contributing to their survival.

Most street vendors come from the middle- and lower-class groups of society. During the Covid-19 pandemic, most business people went to the streets to market their products. The Pizza Huts businessmen and several bakers sent marketers to the roadsides to enhance access to buyers. PT. Telekomunikasi Indonesia (Telkom) also sends marketers to the streets to pick potential buyers.

This study showed that education, financial capital, geographical distance, and social networks influence the welfare of street vendors. Therefore, these individuals fight for their welfare because they have an entrepreneurial ethos and unyielding spirit. However, the welfare gains tend to be higher in case the government, through the pro-people policies, provides opportunities for them to run their business. These include issuing regulations that provide room for movement and empowerment as economic entities. The city government should prepare the areas that are accessible to the community for street vendors to trade safely and comfortably.

In case the land in urban areas is no longer usable, the city government should cooperate with investors from the formal sector to allow street vendors to trade in their places. Suppose this is not possible because the city is overcrowded, the government should regulate and organize existing public spaces to be used by the street vendors. This is in line with Roeber & Skinner (2016), which stated that the poor urban residents, specifically street vendors, need to access the public spaces to run their

businesses seamlessly. Additionally, government policies favoring street vendors will help to maintain their livelihoods sustainably (Assan & Chambers, 2014; Milgram, 2011; Patel et al., 2014; Timalsina, 2011; Uwitije, 2016).

## CONCLUSIONS

This study established that street vendors in Semarang city: (1) have low welfare even though they can meet their daily living needs, (2) simultaneously welfare is affected by the education, financial capital, geographical distance, and social network. Therefore, the government should formulate appropriate policies that promote the survival of street vendors. Access to public spaces and institutions that are beneficial for a sustainable future of street vendors should be encouraged. Geographical factors and social networks have a positive effect on the welfare of street vendors, so further and in-depth studies are needed on the influence of geographic factors and social networks on the welfare of street vendors.

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**Bukti konfirmasi artikel *accepted***

## Bukti konfirmasi artikel *accepted*

The screenshot shows a Gmail interface with the following elements:

- Browser Tabs:** Submissions | PLANNING MALAY, THE FACTORS AFFECTING THE W, Manuscript for publication - eko.
- Address Bar:** mail.google.com/mail/u/4/#search/planning+Malaysia/KtbxLrjRfWmJVNfQPtzHHPJDsnjfhJpsq
- Gmail Header:** Search for "planning Malaysia", "Active" status, and UNNES logo.
- Compose Button:** A red "Compose" button is visible at the top left.
- Mail List:**
  - Inbox:** 7,217 items
  - Starred:**
  - Snoozed:**
  - Important:**
  - Sent:**
  - Drafts:** 60 items
  - Spam:** 17 items
- Chat List:**
  - Ida, Pascasarjana (Message: Ida: Alhamdulillah, sehat, am...)
  - Didi Pramono (Message: You: inovasi pembelajaran)
  - Ida. Pascasarjana. Kafr...
- Spaces and Meet:** Both sections are collapsed with plus signs.

**Email 1 (Received Dec 9, 2021, 10:58 AM):**

**From:** MIP Journal <pjournal@gmail.com>  
**To:** me

Dear Author,  
Thank you for your email. We have notified the Finance Department on your payment.  
The amount is correct RM800/paper. Publication Fee is according to the number of papers accepted, not the number of Authors.

We are in the midst of final editing for the next issue, Vol19(4), which is expected to be published very soon.  
We will update Authors accordingly.

Regards.

...

**Email 2 (Received Dec 9, 2021, 2:32 PM):**

**From:** Eko Handoyo <eko.handoyo@mail.unnes.ac.id>  
**To:** MIP

Dear MIP,

Thank you so much for the reply.  
I am looking forward to the publication of my paper on your regular issue as soon as possible.  
Please keep me updated accordingly.  
Once again, thank you very much.

Kind regards,

Eko Handoyo

**Taskbar:** Windows Start button, File Explorer, Paint, Google Chrome, Microsoft Word, and system tray with time 9:31 and date 19/01/2022.

**Bukti Konfirmasi Artikel *Published* Secara  
*Online* dan Artikel yang Dipublikasikan  
Secara *Online***

## Bukti Konfirmasi Artikel *Published Secara Online*

The screenshot shows a web browser window with three tabs: 'Submissions | PLANNING MALAYSIA', 'THE FACTORS AFFECTING THE WELFARE OF STREET VENDORS IN INDONESIA', and 'Manuscript for publication - eko'. The address bar shows the URL 'planningmalaysia.org/index.php/pmj/article/view/1048'. The website header is blue with the journal logo and name 'PLANNING MALAYSIA JOURNAL', ISSN 1675-6215, and eISSN 0128-0945. The user 'handoyoeko64' is logged in. The navigation menu includes 'ABOUT', 'CURRENT', 'ARCHIVES', and 'CONTACT', along with a search bar. The article title is 'THE FACTORS AFFECTING THE WELFARE OF STREET VENDORS IN INDONESIA'. The authors are 'Eko Handoyo' and 'Tutik Wijayanti', both from the Faculty of Social Sciences, Universitas Negeri Semarang. The DOI is 'https://doi.org/10.21837/pm.v19i18.1048'. The keywords are 'Geographical Distance, Social Networks, Welfare, Financial Capital, Street Vendors, Education'. A word cloud on the right side of the page contains terms like 'children', 'youth', 'GIS', 'Melaka', 'quality', 'satisfaction', 'urban planning', 'Langkawi', 'Geyserpark', 'Urban Sprawl', 'travel behaviour', 'sustainability', 'design', 'Community', 'Public transport', 'Malay', 'tourism', 'housing', 'valuation', 'planning', 'Housing', 'public space', and 'awareness'. The Windows taskbar at the bottom shows the date '19/01/2022' and time '9:34'.

## Artikel yang Dipublikasikan Secara *Online*



**PLANNING MALAYSIA:**  
*Journal of the Malaysian Institute of Planners*  
**VOLUME 19 ISSUE 4** (2021), Page 231 – 243

### **THE FACTORS AFFECTING THE WELFARE OF STREET VENDORS IN INDONESIA**

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#### **Abstract**

This study aimed to examine how the welfare of street vendors is influenced by education, financial capital, geographical distance, and social networks. A mixed-method approach that combines both quantitative and qualitative methods was used. The results showed that the welfare of street vendors is at a low level and is simultaneously influenced by education, financial capital, geographical distance, and social networks with a determination value of r-square ( $r^2$ ) of 0.783 or 78.3%. However, there is a need for further and in-depth studies on the influence of geographical factors and social networks on the welfare of street vendors, especially on geographical factors with a significant influence on welfare.

**Keywords:** Geographical Distance; Social Networks; Welfare; Financial Capital; Street Vendors; Education

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## **INTRODUCTION**

The informal sector has a significant contribution to the economic order, though its businesses are not officially registered, irregular, and poorly organized (Rothenberg et al., 2016; Stuart et al., 2018). Since the activities of this sector are not recorded in the official government statistics or covered by state regulations and taxes, it refers to a shadow economy (Hom, 2018; Mróz, 2018; Rei, 2008). Furthermore, it is also referred to as the underground economy because it is characterized by limited legal activities (Feige, 1990; Losby et al., 2002; Petrova, 2018). The informal sector comprises people with a low level of education, invalid business license, no specific hours for operating, inappropriately organized, and poor business actors (Charmes, 2012; Mitullah, 2003; Mukherjee, 2016; Portes et al., 1989; Stuart et al., 2018).

Although the shadow economy is a source of livelihoods to millions of people and represents a "safety net" for most poor individuals and families, the adverse effects on the economy and society significantly exceed its positive impact (Camacho et al., 2017; Golubovic & Dzunic, 2015). However, it can provide a sustainable livelihood for urban communities when appropriately managed (Ruzek, 2015).

The shadow economy has a significant link to the formal sector. For instance, it helps in marketing the formal economy's products and sells daily household items, such as school supplies, cosmetics, and drinking water (Bromley, 1978; Khasnobis et al., 2006). The supply and marketing chain stimulates economic growth in urban areas, though the role of Street Vendors is not recognized.

A street vendor is an entrepreneur with sufficient capital for production activities and offers goods for sale to the public without a permanent built-up structure for transactions. Street vendors are often stationary and occupy spaces on the pavements or other public and private spaces. Furthermore, they may be mobile and move to different places, carrying their wares on pushcarts or baskets (Bhowmik, 2005). They participate in the production and selling of goods and services to fulfill the needs of consumers. However, the respective activities occur in places that are strategic, economic, and informal environments.

Like other big cities in Indonesia, Semarang faces the problem of urbanization, including many street vendors. They are very observant in utilizing the remaining public spaces, such as the sidewalk and a small road shoulder. Furthermore, the vendors are good at exploiting opportunities and often consider the strategic locations between residential and educational place. This has made them creative in utilizing spaces for their activities or hawking wares.

According to previous studies, educational background, financial capital, geographical distance, and social networks significantly influence the overall welfare of street vendors, including income (Anggraini, 2019; Harahap, 2017; Ifotania, 2010; Nurbaiti & Chotib, 2020; Setyaningsih et al., 2019).

Geographically, small business economic actors operate in urban centers with high economic value (Utomo et al., 2018).

This study conceptually examines the welfare of street vendors comprehensively. It has a novelty on street vendors since geographical and social network factors have not been used as a variable to examine welfare in Semarang. Specifically, this study examines the following problems:

- (1) The welfare of street vendors in Semarang.
- (2) The influence of education, financial capital, geographical distance, and social networks on the street vendors' welfare in Semarang.

#### **LITERATURE REVIEW**

Urbanization affects urban economic development (Rakhmatulloh et al., 2018). For instance, it has led to various informal sectors in Semarang city, with most immigrants selling food. The street vendors who sell food are called culinary street vendors and are found throughout Semarang. The rapid development of this metropolitan city has attracted street vendors currently scattered in the sub-districts. Both organized and unorganized street vendors occupy the public spaces. In general, the number of unorganized vendors surpasses the organized. According to Syarifuddin et al. (2017), 78% of vendors in Semarang are unorganized, and their number has significantly increased in the last ten years. Mobile street vendors usually use cars and three-wheeled or two-wheeled motorbikes found throughout the city. Essentially, they are significantly increasing due to their high mobility and can be found on the roadsides in almost all public spaces. They sell different kinds of vegetables, bread, snacks, drinks, fruits, rice, cooking oil, spices, other household necessities, clothes, credit for cellphones, motorcycle tires, satellite dishes, and plants.

Welfare is the goal pursued by street vendors, though difficult to achieve. It is significantly affected by various factors, including education, geographical distance, business capital, and social capital. Furthermore, it is affected by government policies or districts because of operating in the public spaces (Bromley, 2000). It is vital to examine the link between government policy and the welfare of street vendors, focusing on the concept of a prosperous country. This concept clarifies the kind of welfare state model that the Indonesian government implemented. The policies on survival and the welfare of street vendors are influenced by what the government considers. There are many approaches, paradigms, and welfare models applied by the government to organize people's lives.

The basic idea of the welfare state model comes from the strategy of managing resources for the welfare of the people and includes the liberal, corporatist, and democratic aspects (Andersen, 2012). The United States adopts the liberal welfare state model to formulate policies that allow people to obtain social insurance benefits, establish social safety nets, and care for the poor.



Moreover, this model was adopted by Germany to provide social insurance benefits to the public concerning work and income. In Sweden, it stipulates that social assistance is the mutual responsibility of both citizens and the state.

The government can improve the welfare of the people through social policies. Social welfare is conceived in three elements: how social problems are managed, needs to be met, and opportunities for advancement (Midgley, 1999). These three elements apply to individuals, families, groups, and communities.

The government is responsible for increasing income through investments both in the country and abroad. In general, investments, such as banking, property, hotels, agriculture, plantations, marine, trade, and oil and gas, are in the formal sector. The need for rapid economic growth is the main reason the government policies focus more on developing the formal economic sector.

The informal economic sector, which includes the small or retail trade like food and beverage, has not received much attention from the central and regional governments. However, the publication of the Presidential Regulation (Perpres) No. 125/ 2012 regarding the Coordination of Structuring and Empowerment of Street Vendors affects the future of street vendors. The Home Affairs Ministry Regulation (Permendagri) No. 41/ 2012 regarding the Guidelines for Structuring and Empowering of Street Vendors has also shifted government attention to registered or official street vendors than the unregistered ones. Nilakusmawati, D. P. E., Susilawati, M., & Wall, G. (2019) stated "the policy of empowerment of the program of street vendors by the government is not optimal". This is indicated by the number of unregistered vendors relocated or evicted from their selling places.

Social policies related to social welfare services should guarantee rights to all citizens, including the welfare of the street vendors. Therefore, the policies taken are not partially organized but comprehensively and empower street vendors by involving the state and society. They activate social welfare institutions by following the basis of the state philosophy, Pancasila.

Mostly, the previous studies focused on the influence of education, financial capital, geographic distance, and social networks on business success, also street vendors' welfare. These include knowledge and education influence on the success of informal sector traders (Karondo & Tumaini, 2021; Nirathron, 2006a). The effects of financial capital on the business continuity of street vendors (Gatere, 2016; Marliati, 2020), and the use of public space (geographic factors), and the survival of street vendors (Winter, 2017). In general, food vendors mostly sell near housing, transportation hubs, and workplaces (Rosales Chavez et al., 2021). Social networks also play an important role in determining the success and welfare of street vendors (El-Azzazy, 2019; Kebede, 2015; Mramba, 2015). Although several studies have been conducted on the welfare of street vendors (Giraldo et al., 2020; Nilakusmawati, D. P. E., Susilawati, M., & Wall, 2019), most of them did not focus on essential variables, such as education,

capital, and social networks. Specifically, they mainly focused on the partial relationship between variables. This study bridges the existing gap by focusing on education, financial capital, geographical distance, and social networks, the variables that influence the welfare of street vendors.

### RESEARCH METHOD

This study used a sequential exploratory design and mixed methods that combine quantitative and qualitative to obtain complete, valid, reliable, and objective data (Creswell, 2014). A qualitative approach was used to describe the welfare of street vendors in Semarang (RQ1). In contrast, the effect of education, financial capital, geographical distance, and social network on the welfare of street vendors in Semarang (RQ2) was examined quantitatively. The unit of analysis is the street vendors trading in 13 study locations, as shown in Figure 1.

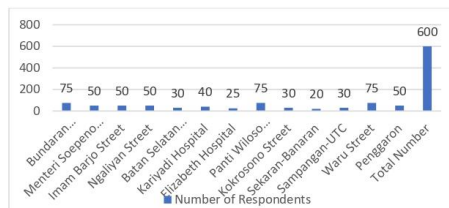


Figure 1. Distribution of Research Analysis Units

The sample was selected randomly by examining the proportion of the study location. A sample of 598 (rounded up to 600) was obtained from a population of 6000 with an error level of 1%. This included the Culinary and Non-Culinary Street vendors who traded in the respective locations for at least 1 year. Furthermore, the 13 study locations were selected based on the number of streets vendors. The largest samples were taken at the Simpang Lima Roundabout, Kokroso Street, and Waru Street.

Interviews and observation were used to collect qualitative data, while questionnaires were utilized to obtain quantitative data by giving respondents a set of questions or written statements. There was a questionnaire with five main variables, including education, financial capital, geographical distance, and social networks as independent variables and the welfare of street vendors as the dependent variable. Moreover, the data validity test was conducted through informant reviews and triangulation of the sources.

The qualitative data analysis techniques were used to answer the first problem (RQ 1) and included data condensation, display, and drawing and verifying conclusions (Miles et al., 2014). Similarly, quantitative analysis techniques were used to answer the second problem (RQ 2) with independent and dependent variables. Specifically, the independent variables influence the dependent variable, including education, financial capital, geographical distance, and social networks symbolized as X1, X2, X3, and X4. Contrastingly, the dependent variable was the welfare of the street vendors, symbolized as Y. The statistical analysis technique used was the multiple linear regression test. Before this test, linearity and significance were examined. The following formula was used to perform a multiple linear regression test.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_n X_n$$

Description:

Y = Dependent variable or response.

X = Independent variable or predictor.

$\alpha$  = Constant.

$\beta$  = Slope or estimate coefficient.

Test rules significance:

a. F count  $\geq$  F table with a significant level of 5% (0.05), then Ho is rejected.

b. F count  $\leq$  F table with a significant level of 5% (0.05), Ho is accepted.

In calculating the regression test, researchers used the help of the SPSS program.

## RESULTS

### The Social Welfare of Street Vendors in Semarang

The social welfare related to the street vendors is interpreted as a condition where life necessities are met, including clothing, shelter, food, health, and interacting with the environment to improve their living standards. Social welfare is examined based on several indicators, including assets owned, savings of money deposit institutions, such as banks and cooperatives, investment ownership like deposits, gold investment, property business, securities, and investing in cooperatives/CV/PT/other joint ventures. The results show that the assets owned by street vendors in Semarang are categorized as shown in Figure 2 below.

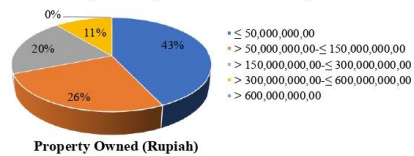


Figure 2. The welfare of PKL in Semarang City based on Total Assets Owned  
Source: Primary Data Processed, 2020

The street vendors in Semarang are classified into five main categories. The dominant category was for vendors with total assets of less than or equal to ( $\leq$ ) IDR 50,000,000.00, specifically 257 (43%) respondents. Second, 158 (26%) had total assets of  $>$ IDR 50,000,000 -  $\leq$ IDR 150,000,000.00. Third, 120 (20%) had total assets of  $>$  IDR 150,000,000.00 - IDR 300,000,000.00. The fourth was a category had 65 (11%) respondents with total assets worth  $>$ IDR 300,000,000.00 -  $\leq$ IDR 600,000,000.00. The last category had individuals with total assets worth more than ( $>$ ) IDR 600,000,000.00.

The ownership of a certain amount of money saved in money-saving institutions, such as banks and cooperatives, was also used to examine the welfare of the vendors. In this regard, vendors were also divided into five distinct categories. The first had 238 respondents (40%) without any savings, while the second one had 256 (43%) with savings of less than or equal to ( $\leq$ ) IDR 10,000,000. The third category had savings of  $>$ IDR 10,000,000.00 -  $\leq$  IDR 30,000,000.00, specifically 69 (12%). The fourth one had 14 (2%) respondents with savings of  $>$ IDR 30,000,000.00 -  $\leq$  IDR 50,000,000.00. The fifth category had 23 (4%) vendors with savings of more than ( $>$ ) IDR 50,000,000.00.

The ownership of investments such as deposits, gold investment, property business, securities, stock investment in cooperatives/CV/PT/other joint ventures was also considered. A total of 547 respondents (91%) did not have any investment in the form of deposits, gold investment, property business, or other forms. Only 53 (9%) had 1 type of investment.

Based on the indicators of assets, total savings, and investment, street vendors had a low level of welfare. The data obtained showed that 43% had total assets less than or equal to ( $\leq$ ) IDR 50,000,000, while 40% had no savings. Furthermore, 43% had savings of less than or equal to ( $\leq$ ) IDR 10,000,000, while 91% did not have any investments in deposits, gold, property business, or other forms of property.

#### **The Influence of Education, Financial Capital, Geographical Distance, and Social Networking on the Social Welfare of Street Vendors in Semarang**

The data obtained were analyzed using IBM SPSS data processing software, with the social network, geographical distance, education, and financial capital as independent variables. The dependent variable was the welfare of the street vendors.

The statistical data processing showed that the correlation value (R) was 0.885. This was the percentage of the influence of the independent variable on the dependent one, also called the coefficient of determination ( $R^2$ ). Specifically, the coefficient of determination ( $R^2$ ) was 0.783. This means that the independent variables, including social networks, geographical distance, education, and financial capital, influenced 78.3% of the dependent variable. The remaining

21.8% was influenced by other factors outside the X variable to make the value of e to be =  $100\% - R^2 = 100\% - 78.3\% = 21, 8\%$ .

Table 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.885 <sup>a</sup>	.783	.782	.4266
<b>a. Predictors: (Constant), Social Network, Distance_Geography, Education, Financial Capital</b>				

Source: Primary Data Processed through SPSS, 2020

The statistical calculations show that the calculated F value was 536.678, while the significance of probability was 0.00, smaller than 0.050. Therefore, education, financial capital, geographical distance, and social networks simultaneously influenced the welfare of street vendors.

From table 2, the regression equation of  $Y = \beta_0 + \beta_1 + \beta_2 + \beta_3 + \beta_4 + \epsilon$  or  $Y = 2.143 + 0.302X_1 + 0.229X_2 + 0.232X_3 + 0.075X_4 + e$  was obtained. There was a constant of 2.143 and 0.302 as the coefficient of the effect of education (X1) on the Street Vendors Welfare. Furthermore, the regression coefficient of the effect of financial capital (X2) on Street Vendors Welfare was 0.229, while geographical distance (X3) on Street Vendors Welfare was 0.232. The influence of Social Networks (X4) on Street Vendors Welfare was 0.075.

Table 2. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Standard Error	Beta			
1						
	(Constant)	2.143	.143		15.005	.000
	Education	.032	.024	.359	12.519	.000
	Financial Capital	.229	.027	.291	8.471	.000
	Geographic Distance	.232	.019	.290	12.251	.000
	Social Network	.075	.017	.115	4.385	.000
<b>Dependent variable: Welfare</b>						

Source: Primary Data Processed through SPSS, 2020

The t value for education (X1) was 12.519 with a significance value of 0.000, smaller than 0.050. Therefore, education (X1) partially or individually influences the welfare of the street vendors. The t value for financial capital (X2) was 8.471 with a significance value of 0.00, smaller than 0.050. This means that financial capital (X2) partially or individually influences the welfare of the street vendors.

The t value for geographical distance (X3) was 12.251 with a significance value of 0.00, smaller than 0.050. Therefore, the geographical distance (X3) partially or individually affects street vendors' welfare. The t value for social networks (X4) was 4.385 with a significance value of 0.00, less than 0.050, meaning that social networks (X4) partially or individually affect the welfare of street vendors.

In the regression analysis output, the beta value of education was 0.359 while financial capital had 0.291. Furthermore, the geographical distance beta value was 0.290, while the social network had 0.115. Therefore, education (X1) had the highest beta value and significantly influenced the welfare of street vendors.

## DISCUSSION

According to most government officials, street vendors are part of the informal sector that interferes with the beauty of the city (Batréau & Bonnet, 2015; Racaud et al., 2018). Furthermore, they create unfair competition for more established shop owners and reduce their profits by offering pirated and counterfeit goods (Forkuor et al., 2017). Some governments, such as Bangkok and Thailand, allow street vendors to run their businesses (Kusakabe, 2006). In Bangkok, they have developed as an economic entity and have succeeded in reducing poverty (Nirathron, 2006b).

Urbanization increases land values and economic growth and development (Marzuki & Jais, 2020). For this reason, most public spaces are occupied by traders, a major problem in developing countries (Brown, 2006). Generally, street vendors use public spaces to trade and market their products and have a significant turnover. In the last ten years, many traders with substantial capital have been realized in cities. The number of small traders continues to surge because their merchandise is often sold quickly.

The potential of street vendors and the entire informal sector cannot be underestimated. For instance, it offers employment opportunities and absorbs the workforce not accommodated in the formal sector (Cuevas et al., 2009; Tichelaar, 2015). The formal sector is pressured to provide decent wages and working conditions, promoting the informal sector (Nazara, 2010). Furthermore, the informal sector makes a positive contribution that enables the formal sector to survive by distributing goods (Mcintyre-mills & Romm, 2019). It is also a "safety haven" for the unskilled and poorly educated urban residents because it provides alternative sources of income, contributing to their survival.

Most street vendors come from the middle- and lower-class groups of society. During the Covid-19 pandemic, most business people went to the streets to market their products. The Pizza Huts businessmen and several bakers sent marketers to the roadsides to enhance access to buyers. PT. Telekomunikasi Indonesia (Telkom) also sends marketers to the streets to pick potential buyers.

This study showed that education, financial capital, geographical distance, and social networks influence the welfare of street vendors. Therefore, these individuals fight for their welfare because they have an entrepreneurial ethos and unyielding spirit. However, the welfare gains tend to be higher in case the government, through the pro-people policies, provides opportunities for them to run their business. These include issuing regulations that provide room for movement and empowerment as economic entities. The city government should prepare the areas that are accessible to the community for street vendors to trade safely and comfortably.

In case the land in urban areas is no longer usable, the city government should cooperate with investors from the formal sector to allow street vendors to trade in their places. Suppose this is not possible because the city is overcrowded, the government should regulate and organize existing public spaces to be used by the street vendors. This is in line with Roeber & Skinner (2016), which stated that the poor urban residents, specifically street vendors, need to access the public spaces to run their businesses seamlessly. Additionally, government policies favoring street vendors will help to maintain their livelihoods sustainably (Assan & Chambers, 2014; Milgram, 2011; Patel et al., 2014; Timalisina, 2011; Uwitije, 2016).

#### CONCLUSIONS

This study established that street vendors in Semarang city: (1) have low welfare even though they can meet their daily living needs, (2) simultaneously welfare is affected by the education, financial capital, geographical distance, and social network. Therefore, the government should formulate appropriate policies that promote the survival of street vendors. Access to public spaces and institutions that are beneficial for a sustainable future of street vendors should be encouraged. Geographical factors and social networks have a positive effect on the welfare of street vendors, so further and in-depth studies are needed on the influence of geographic factors and social networks on the welfare of street vendors.

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