



# Informal Typologies

# Informal Enterprise Typologies & Urban Policy

## i) The Informal Sector's Language Problem and Why It Matters

The informal economy has a language problem. The word 'informality' itself states only what it is not, without giving any information about the complex and highly variable nature of the world's largest single employment sector. That's why RRJ actually prefers the term grassroots economy (ekonomi serabut), which better reflects the small scale, organic, and highly interconnected nature of unregistered small enterprises. Attempting to introduce new vocabulary to the already crowded field of socio-economic research is not easy, however, and things can get even more confusing when trying to differentiate between the many different informal typologies one might encounter in Jakarta.

That isn't because those established typologies don't exist; many people familiar with the urban landscape of Indonesia's capital will recognise a familiar cast of informal actors playing their parts. Yet when it comes to academia, policy or debate, the very real lack of appropriate language for discussing the informal economy becomes very obvious indeed, as a fundamental disconnect between the words we use and the reality many of us experience every day.

There are several reasons why the informal sector can be so hard to talk or write about. By its own very loose definition, informality is unregistered, which means we cannot turn to official records or government documentation to find vocabulary, and the enterprises are unlikely to 'declare' any specific operating procedure. In some cases those engaged in informal work may themselves be unsure of exactly how to define their enterprise, or see it as just a small part of how they fulfill their basic needs. Registering a trademark or promoting a specific definition doesn't add much value to an informal business.

Nature abhors a vacuum, however, and so a whole range of slang terms and catch-alls have emerged to fill these gaps in our vocabulary, making it even harder to establish a lexicon which works for everybody. We might simply refer to what is being sold, the person doing the selling, or the specific size or shape of the business itself. In Indonesia, with its hundreds of different languages and dialects, everything from the tools used to the products sold may also have very different local names; enough to make anyone's head spin.

But we figure it out. We manage. Anyone who spends a little time on the streets of Jakarta begins to develop an intuitive understanding of the informal landscape all around them. Familiar words and brightly-coloured signage certainly help, but there is also an unwritten visual code of identification which helps connect informal entrepreneurs with their individual customer base, and they are thriving.

## Why It Matters?

The problems arise when attempting to work at scale. Individually the special recipe or strategic position of a particular informal enterprise, for example, might well make them a perfect choice for a consumer, but in trying to develop policies or planning solutions to manage a city like Jakarta, the language barrier can be a serious obstacle. Millions of informal workers operate unrecognised and unregulated here, and yet they play vital roles in the daily life of their city, providing goods, services and labour to millions of other citizens for mutual benefit.

The ways in which they do this are as diverse as the people themselves, with blanket generalisations and a lack of in-depth understanding likely to only produce inefficient governmental responses, wasted resources and sub-par policy outcomes. On the other hand, effective identification is the first step towards understanding why and how the informal economy operates in the 21st century.

## **ii) The KOTANATOMI Model:**

### **Contested Spaces and Urban Interactions**

Cities have always produced contested spaces, an inevitable outcome where so many different lives exist in such close proximity to one another. In a city like Jakarta, where truly public spaces are extremely rare, it is often the streetside that becomes the primary focus of public life. It is here that legitimate considerations of pedestrian access, traffic management and cleanliness regularly come into conflict with the very real needs of urban citizens for the most precious resource the city has to offer; available space.

The informal economy is a highly sensitive economic system, with each individual entrepreneur making business decisions based on the conditions in their immediate environment. Although often identified as problematic, unsightly or disruptive, it is important to remember that the presence of informal enterprises reflects the presence of demand for their goods and services by other urban citizens. It is no coincidence that bustling pedestrian areas are often the places chosen by mobile street traders to set up their businesses, it is precisely because there are so many potential customers. A rarely-acknowledged fact is that we, as urban residents, actively support the presence of an informal economy by engaging with it as consumers.

Informal activities, then, to some extent reflect the dynamics of supply and demand, a constant process of conflict and resolution regarding exactly how public spaces should function. In most cases this produces a kind of managed equilibrium which allows the city to keep functioning. Imagine for a moment that a particular stretch of pavement was entirely blocked by a number of informal street traders, for example. To begin with, it would be impossible for customers to access those traders at the centre of the group, and if pedestrians were unable to pass at all then the street would cease to function as a pedestrian area, and all the traders' customers would have to go elsewhere. Clearly in this situation neither the traders nor the pedestrians benefit from dominating the contested space, and instead compromise better serves the interests of both.

The daily fluctuations of people and goods moving across Jakarta produce a highly variable and complex landscape of interactions in these contested urban spaces. Finding the right compromise depends on the time of day, the day of the week, the date, the season, the city's crowded cultural and political calendar, and a range of other variables. In order to deal with these multi-dimensional urban interactions, a whole range of informal typologies have emerged, each in response to the conditions for which they are best suited to operate.

Unlike formal enterprises, then, the issues of planning for informality exist not only in space but also in time. A crowded street on a hot day might provide the perfect opportunity for a pedestrian drinks vendor, but at night the distances between each customer is probably better suited to their bike-riding counterpart, who will find it much less stressful than dealing with rush hour traffic. Similarly, a crowded office complex at lunchtime might be well worth a long walk for a hot food vendor and his cart, provided it's not too far from where he set up that morning to meet the commuter rush at the train station. Our preferences change according to a wide range of different variables, and the informal sector adapts quickly and efficiently. They might lack the big brand reputation to bring customers to them, but Jakarta's informal entrepreneurs are experts at providing exactly what we want just when and where we need it most.

It makes sense, then, that using a single definition or general term to describe such a heterogeneous economic sector will inevitably cause problems when it comes to policy implementation. Allocating only certain spots makes the business model of highly successful mobile traders obsolete, while also leaving whole areas unused and underutilized at certain hours of the day or night. Of course, indiscriminate restrictions on any activities considered 'informal' are also likely to have negative economic and social impacts, not only for informal actors but their consumers as well, reducing the use-value of already limited public spaces.

### **iii) KOTANATOMI WHC:**

## **8 Key Typologies of Urban Informal Enterprise**

Given the challenges of identifying informal enterprises based on the enormous variety of products and services on offer, much less their standard operating hours or specific tools and techniques, KOTANATOMI proposes a novel approach to informal policy making, introducing a transformative definition of informal typologies based on the nature of their interactions with the urban space. By doing this, the objective is to create a framework for developing policies focused on the shared outcome of improved public spaces in Jakarta for all.

In developing preliminary KOTANATOMI typologies, RRJ identified the key factors which determine an informal enterprise's interaction with shared urban spaces, including mobility, permanence and obstruction potential. These key characteristics can then be combined with specific information regarding an individual enterprise's size and product or service being provided (appendix 1) to provide a context-specific profile of informal sector activity in a given place or time. Additionally, the typologies provide insight into the anticipated behaviour of individual enterprises operating in a dynamic system.

For the sake of clarity, as far as possible KOTANATOMI typologies conform to Indonesian vocabulary in everyday use throughout Jakarta, however in grouping together enterprises with similar urban space interaction profiles, many more specific terms will be classified under a dominant typology with which they share similar characteristics. The intention is not to reduce or downplay diversity in the informal economy, but to provide practical considerations for larger-scale policy development and implementation.

The 8 informal enterprise typologies are identified below, in alphabetical order, alongside an approximate English-language translation:

## ASONGAN

### [*Peddler*]

**Key features:**

- Mobile
- Pedestrian
- Enterprise can be carried unassisted



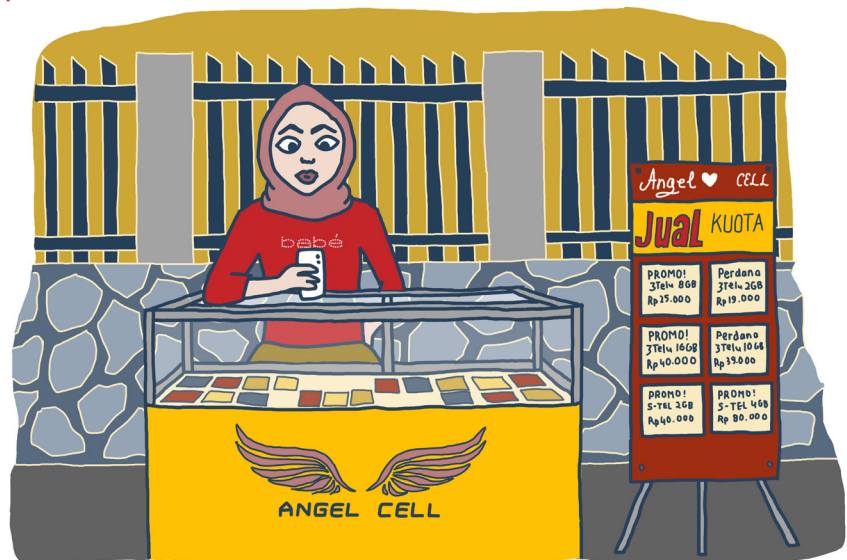
The 'asongan' category of traders and service providers covers all informal enterprises small enough to be transported by a single individual with no vehicle or cart. This makes the typology highly flexible, able to operate in pedestrian areas with minimal disruption, and also to quickly change position according to circumstances, although not across large distances. They are often encountered around public events, spaces where other more obstructive typologies are tightly controlled, or traffic intersections, where they are able to move between vehicles to sell their products. As well as the common definition of 'peddlers,' this typology also includes other informal enterprises with similar characteristics, such as shoe repairers, buskers and Jakarta's famous Ondel-ondel.

## KIOS

### [*Kiosk*]

**Key features:**

- Fixed location
- No external structure
- Products not laid out on the floor



The 'kios' category covers all immobile informal enterprises operating in public spaces without an external structure. This is similar to the type 1 'asongan' peddler, but due to a larger amount or variety of stock or equipment, kiosks are unable to relocate easily in search of new customers. Kiosks of various sizes are a common sight throughout Jakarta, and come in a wide variety of forms, from small glass shelves set up on the streetside, to a range of cold drinks and cigarettes suspended on string from other features of the urban environment. They are also commonly set up in front of large complexes to service lower-paid staff and security officers. They are typically unobstructive, operating out of direct view or taking up minimal space, but are highly variable in terms of size and shape. As well as the common definition of a 'kios' this typology also includes other informal enterprises with similar characteristics, such as streetside mechanics and 'tambal ban.'

## Motor [Motorised]

### Key features:

- Motorised
- Mobile
- Banned from sidewalks/pedestrian areas



The 'motor' category covers all informal enterprises which operate using a motorised vehicle to move from place to place in search of customers. The use of a motorised vehicle severely limits the access of these enterprises to public spaces, particularly sidewalks and other pedestrian areas, but increases the distances they are able to travel. Many goods and services common to other enterprise typologies can be motorised, but typically then are only able to operate from the kerb to service customers on the nearby streetside. When they do enter pedestrian areas, or when they operate in congested traffic areas, they can be more obstructive than other typologies. As well as the common definition of a 'motor' referring to a light-model scooter, this typology also includes other motorised enterprises with similar characteristics, such as 'tahu bulat' trucks.

## PKL [Handcart]

### Key features:

- Mobile
- Pedestrian
- Enterprise carried on cart without the assistance of a motor



One of Jakarta's most iconic informal enterprises, the 'PKL' category covers all informal enterprises constructed around some variant of handcart. Despite their relatively large size the fact that they are moved around on foot means that they are not as disruptive as motorised vehicles, and are able to operate in many pedestrian areas. They are also able to relocate in search of new customers, but the extent to which they do this depends on the individual operating the handcart, and is limited by the size and weight of the cart, which can sometimes create a traffic obstruction. Many larger PKL enterprises carry chairs and tables with them, so are able to quickly expand their operation into a miniature restaurant. As well as the common definition of a 'PKL,' this typology also includes other informal handcart enterprises with similar characteristics, such as 'pemulung' trash collectors, water carriers or mobile soundsystems.

## Sepeda [Bicycle]

### Key features:

- Unmotorised
- Mobile
- Vehicle without a motor



The 'sepeda' typology covers all informal enterprises operating from non-motorised vehicles. Typically these enterprises are able to move quickly from one area to another in search of new customers using the road network, but may also operate in pedestrian areas. Normal two-wheeled bicycles are typically not obstructive to pedestrians, however some larger models are more restricted and will operate largely from the kerbside. Because of their high level of mobility many of these traders specialise in servicing less busy areas, particularly at night when other formal and informal enterprises are unavailable, but are also often seen at very crowded events such as the weekly 'car free day.' As well as the common definition of a 'sepeda' this typology also includes other informal enterprises with similar characteristics, such as pedal-powered condiment or ice

## Tenda [Tent]

### Key features:

- Fixed location
- Temporary external structure
- Large enough to enter, business conducted inside



The 'Tenda' typology covers all informal enterprises which set up a temporary structure in an otherwise public space in order to provide products or services. Although temporary and typically lightweight, these structures are not mobile once erected and therefore limit the enterprise to customers passing nearby. Large enough for a person to enter, these enterprises are much more obstructive than smaller kiosks, and typically occupy spaces which are unused at a given time, for example in front of a formal business which has closed for the day. As well as the common definition of a 'tenda' this typology also includes other temporary structures with similar characteristics.

## Terpal [Tarpaulin]

### Key features:

- Fixed location
- No external structure
- Products laid out on the floor



The 'terpal' typology is very similar to the 'tenda' typology, except that it does not involve setting up any temporary structure. Instead goods are laid out and services provided directly at the street level, making these enterprises more flexible and a little less obstructive, although they do still typically occupy pedestrian spaces. Such enterprises are obviously very exposed to weather and traffic conditions, so typically operated only in particularly crowded areas, where passers-by are likely to see their products and services. As well as the common definition of a 'terpal' this typology also includes other temporary informal enterprises operating directly on the ground, such as fruit and vegetable sellers or informal massage parlours.

## Warung [Store]

### Key features:

- Fixed location
- Permanent structure
- Large enough to enter, business conducted inside



One of Jakarta's most important informal typologies, the 'warung' category includes an extremely wide range of enterprises operating from inside a home or other permanent building, including restaurants, coffee shops and general stores. Unlike true 'home industries,' warung are semi-public spaces intended to serve customers directly. They come in a variety of shapes and sizes, but are often operated by a family or extended social group in a part of their residence. Because they operate from inside permanent structures, warung are among the least obstructive informal enterprises in Jakarta, however they may also sometimes expand into public spaces by setting up chairs, tables or other equipment. As well as the common definition of a 'warung' this typology also includes other informal enterprises operating from inside permanent structures, such as mechanic workshops or printing services.



# Conclusions & Recommendations

Developing a range of typologies for categorising informal enterprises is expected to provide a preliminary framework to begin more in-depth discussion regarding the form, role and function of the informal economy in Jakarta. Each of these typologies requires a unique approach to management and regulation of how they operate in the city's public spaces, reflecting their interaction with the urban environment. Combined with the KOTANATOMI mapping and parameter model (detailed in report 1), these typologies provide a much clearer picture of when, where and how the informal sector operates as a part of everyday life.

The intention is to begin developing innovative and responsive policies which reflect the reality of formal-informal interaction in Indonesia's capital, effectively managing shared public spaces and safeguarding the livelihoods of millions of people. The way in which the informal sector operates depends on a range of external variables, as well as the specific strategy associated with each informal enterprise typology. Therefore, by identifying the typologies we can begin to understand and predict the way in which they are likely to interact with the city around them as a solid foundation for space-specific, time-specific or typology-specific regulation and management best practises.

## Appendix 1: Coding metric for commodity and size of informal enterprises

Size	Explanation
S - Small	Less than 1m/sq, +/- the size of a single person
M - Medium	1-1.5m/sq, +/- the size of 2-3 people
L- Large	1.5-2m/sq, +/- the size of 3-4 people
X - Very Large	More than 2m/sq, +/- large enough to enter

Commodity	Explanation
A - Food Only	Food prepared by the seller
B - Drinks Only	Drinks prepared by the seller
C - Food & Drinks	Not including snacks & pre-package food& drink
D - Other Products	Package drinks/snacks, phone credit, cigarettes etc
E - Services	Services, Performances etc.

