

## **Consumption Pattern of Household Street Vendors in Makassar City**

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### **ABSTRACT**

*Government policy in hacking poverty is still considered not able to reduce the spatial problems such as creating employment in the formal sector or providing representative space (market) to maintain their minimum consumption. The high dependence on PKL business income in maintaining their consumption patterns makes this sector a lot of people are involved in the poor. Based on these problems, the formulation of the problem in this study is first, what is the pattern of household consumption in street vendors in Makassar City. Based on the results of the study, it can be seen that: First, when viewed from the amount of income obtained by the size of the family dependents that are large, most of them can be categorized as non-poor, in the statistical criteria of the Central Bureau of Statistics (BPS). However, for the size of life in Makassar City with the consumer price index (CPI) by referring to the cost of living survey in 2012 most of them could be categorized as relatively low income. Second, this data shows that most of them live below the standard of living in Makassar City. In fact, more than half of them have to live with spending under 3 million rupiah per month. With relatively low income, almost half of the average household expenditure is for food expenditure.*

*Keywords: Consumption Pattern, Street Vendors*

### **INTRODUCTION**

The problem of poverty is still a phenomenon that cannot be separated from developing countries (Ibrahim, 2018; Marbun, 2018; Santoso, 2018). This phenomenon was intensified after it was found that high and consistent growth rates from year to year were not necessarily followed by a decline in poverty (Jencova et al., 2015; Lanjouw & Marra, 2018; Sutter, Bruton, & Chen, 2019). Poverty reduction is at the core of all development problems and is the main policy of development in many developing countries (Aneta, 2012; Hafidhuddin, 2018).

In Indonesia, the rate of economic growth which shows a positive trend after the crisis in 1997/98, where the average growth rate is 6-7 percent per year, is very encouraging and places Indonesia as one of the countries with high growth rates for several years. However, it turns out that this growth has not been able to shift Indonesia's position as a country with the low-middle income country. In fact, based on data from the Central Bureau of Statistics the

phenomenon of inflation as caused by the government's policy of reducing fuel oil subsidies and basic electricity tariffs is very vulnerable to an increase in the relative poverty rate in Indonesia.

The economic growth of Makassar City which is above the average national economic growth about 7-8 percent per year makes the city so attractive, including entrepreneur in the informal sector. The high velocity of money in public spaces does not want to be wasted by entrepreneur in this sector to get profits by peddling their merchandise or services. In fact, the amount of profits available is one of the attractions for urbanization in the city. The use of these spaces such as sidewalks and storefronts by street vendors in running their businesses is a phenomenon that is no stranger to cities like in Makassar.

However, the economic motives of the street vendors make problems for spatial planning in Makassar. The transformation of the public spaces functions to aspects of the urban planning is the main reason for the government to carry out evictions and relocation which can have a direct impact on the street vendor's household business income. As a form of small-scale economic activity that produces and distributes goods and services, these public spaces are their main market to be able to interact intensively and massively with consumers due to the zero explicit cost needed to attract consumers into market. However, the existence of the Makassar City spatial planning policy has become an obstacle for them to be able to run their businesses which has resulted in the loss of part of the entire business income.

The lack of assets and low level of education possessed by entrepreneur encourage them make public space the only alternative in running a business and is a source of livelihood for their households. The existence of the phenomenon of poverty in the community did not dampen their intention to keep trying even though they had to deal with government officials even against the law. Government policy in hacking poverty is still considered not yet able to reduce these spatial problems such as creating jobs in the formal sector or providing representative markets to maintain their minimum consumption.

The high economic growth in Makassar City was responded by the city government by providing supporting facilities and infrastructure to keep the trend of economic growth positive. Therefore, there is often a city government policy that is deemed not pro-poor, such as the eviction of street vendors in several streets in Makassar, among others, which occur in street vendors around Andi Pangeran Petta Rani along 2008-2010. As a business center, the availability of space to run a business is the main capital for businesses including in the informal sector. However, the amount of costs incurred for the use of space has resulted in the majority of business actors in the sector making public spaces as substitutes for the space provided by the government.

The influence of income on consumption patterns is shown by several previous studies. First, research conducted by Thomas (2013) to see the working hypothesis of Keynes's consumption theory in the State of Nigeria shows that income have a significant effect on consumption expenditure at Ekiti State. Second, the same thing is shown in the research conducted by Giang, (2013) where income has a very close relationship with the pattern of consumption of construction workers in Pineleng District, where 65 percent of the consumption pattern is contributed by changes in income patterns. Meanwhile, Kostakis (2012) found that income variables had an important impact on household food expenditure in Greece. In

empirical analysis, this study also shows a strong relationship between the two variables, where the relationship is in accordance with Engle's law.

The high dependence on street vendor's business income in maintaining their consumption patterns has made this sector much in the hands of poor people. Their efforts to live above the poverty line can be partially answered by utilizing these public spaces even though they are always haunted by eviction policies from the government. When compared with Makassar City with a status as a metropolitan city with a relatively higher economic growth rate, it is possible that their average income is in even greater numbers.

Based on these problems, the formulation of the problem in this study is how the pattern of household consumption in street vendors in Makassar City.

## METHOD

Based on the research problems stated earlier, the basic method used in this research is descriptive method (descriptive research). Regarding the descriptive method, describing and comparing the proportion of average business income and other income from street vendors in Makassar City.

The types of data in this study are based on time dimensions, namely cross-section data. The type of data used in this study is primary data. This data is obtained by direct observation at the research location and conducting interviews with respondent households based on the questionnaire (questionnaire and in-depth interviews) that have been prepared in accordance with the objectives of the study while secondary data is obtained from library studies, reports of relevant agencies and data from the village office or other sources that support this research.

The research location was determined purposively based on the area (sub-district and kelurahan) the distribution of street vendors in Makassar City, which is as many as 14 sub-districts (Central Bureau of Statistics in Makassar, 2013: 7). Then the sample is taken using proportional random sampling technique and the determination of the sample size is used Slovin formula as in equation 1.1 with the desired confidence level of 95 percent (Yusuf, 2014).

$$S = \frac{N}{1+N.e^2} \dots\dots\dots (1)$$

Explanation

S = sample

N= Population

e = desired level of accuracy or critical value

The interview technique is used to collect data from respondents by way of question and answer that is done systematically and based on the purpose of the research with a tool in the form of questionnaires and interview guidelines (in-depth interviews). Then observations in the form of data collection techniques in which the researcher conducts observations directly related to empirical data from the research variables.

## RESULTS AND DISCUSSION

The high dependence on the street vendor business is mostly cultivated by people who are classified as poor or vulnerable to poverty in Makassar City. This is done in an effort to keep their consumption patterns. Their efforts to live above the poverty line can be partially answered by utilizing public spaces. Such as establishing semi-permanent buildings on sidewalks or waterways that are not intended for business or without permission from the local government. This activity continues even though the eviction policies from the government always haunt them.

Some phenomena that can be seen in street vendors in Makassar City include; level of education possessed; number of family dependents; business ownership status and business capital. When viewed from the level of education, most of them are not uneducated community groups. Based on data in the field, it shows that the majority of respondents are at least junior high school graduates. Although, there are still around 9 percent who do not graduate from elementary school and have not even received any education at all. Interestingly, it can be seen that there were 19 percent of respondents who had college education qualifications.

**Table 1**  
**Distribution of Respondents with Education Level of Street Vendors in Makassar City, 2017**

Education level	Total	
	Frequency (person)	Percentage (%)
Not in school	6	6
Not graduating from elementary school/ equal	3	3
Finish elementary/ equal	21	21
Finish junior high school/ equal	28	28
Finish senior high school/ equal	23	23
Finish higher School	19	19
Total	100	100

Source: primary data after processing, 2017

The poverty phenomenon that is associated with low education levels is not seen in this case. In fact, there are some of them who have finished their education in college. The difficulty of getting a job in the formal sector is one of the reasons why they chose to cover the sector. In addition, the high rent of land or a place to run a business is the main obstacle faced by them.

By not including land rent as a business expense, they can minimize the fixed costs that must be spent in running the business. Based on the data obtained in the field, the average fixed cost is only 1.14 percent or 54.4 thousand rupiah from the average total business cost per month. If land rent is included as a business expense, it is very possible that the fixed costs that must be borne by them will be even greater, reaching up to 20 percent of the total cost per month.

To start a business they still rely on their own capital. Based on the data obtained in the field there are as many as 96 percent of respondents who run a business using their own capital. Therefore, based on business ownership status shows that almost all respondents are the owners of the businesses they run. Although there are some of them which still belong to other people but the numbers are still relatively very small.

The size of a household has little influence on the level of household consumption. Based on Table 2, it is seen that more than half of the street vendors in Makassar City have dependents above 3 people. In fact, there are around 19 percent who have dependents above 5 people.

**Table 2**  
**Distribution of Respondents Based on the Amount of Family Dependents in Street Vendor Households in Makassar City, 2017**

Number of family dependents (Person)	The number of dependents	
	Frequency (person)	Percentage (%)
1-2	35	35
3-4	47	47
5-6	17	17
> 6	2	2

Source: primary data after processing, 2017

The big size of the household owned by street vendors in the city of Makassar can be a problem for the region. As an urban area, the high needs and prices of food, clothing and shelter and other needs have become factors that can trigger the emergence of socio-economic problems such as poverty, unemployment and homelessness and beggars.

To fulfill their household needs, street vendors in the city of Makassar also have other jobs. As seen in table 3, there are around 67 percent of the respondents who have other jobs. This amount is relatively large compared to households that only work as street vendors. However, not a few of them only depend on the street vendors.

**Table 3**  
**Distribution of Respondents by Other Business Types in Street Vendors in Makassar City, 2017**

Ownership status business capital	Total	
	Frequency (household)	Percentage (%)
PNS/BUMN/D/S	2	2
Tukang Kayu/Bangunan	7	7
Sopir Angkot	15	15
Tukang Becak/bentor	5	5
Wiraswasta lainnya	38	38
Tidak Ada	33	33

Source: primary data after processing, 2017

If the Makassar City government takes decisive action in implementing regional regulations, including Mayor's Decree Number 20 of 2004 concerning Standing Procedures (Protap) for Building Control and Fostering of Informal Sector Traders in the Makassar City area, not a few of them will lose their sources of income. Therefore, efforts to control also need to consider the socio-economic aspects that will result from the government's actions.

Economic motives encourage street vendors in Makassar to take advantage of public spaces to obtain profits provided by the market. Although these actions must conflict with existing regulations. The amount of income obtained by street vendors in Makassar City is below 3.9 million rupiah per month on average. Most of the income comes from operating revenues, which amounted to 63.27 percent of the total income earned by each household. In table 4, it can be seen that half of households that earn under 3 million rupiah and this group also have other sources of income of less than 1.5 million rupiah, which is 72 percent of street vendors in Makassar.

**Table 4.**  
**Distribution of Respondents Based on Income in Street Vendors in Makassar City, per month 2017**

Income class	Business Income		Other Income		Total income	
	Frequency (person)	Percentage (%)	Frequency (person)	Percentage (%)	Frequency (person)	Percentage (%)
< 1.500.000	43	43	72	72	20	20
1.500.001-3.000.000	24	24	20	20	29	29
3.000.001-4.500.000	12	12	4	4	16	16
4.500.001-6.000.000	12	12	0	0	17	17
6.000.001-7.500.000	6	6	0	0	9	9
7.500.001-9.000.000	2	2	4	4	2	2
> 9.000.001	1	1	0	0	7	7

Source: primary data after processing, 2017

If seen from the amount of income obtained by the size of the family dependents that are relatively large then most of them can be categorized as still in the non-poor group, in the statistical criteria of the Central Bureau of Statistics with income above Rp 350,610 per month per capita. However, for the size of life in Makassar with the consumer price index (CPI) of 126.44 or an inflation rate of 3.18 percent by referring to the 2012 survey of living costs of Rp 5,774,957 per month, most of them could be categorized as income relatively low.

The amount of life necessity and the high price make street vendors household have to find various ways to be able to survive in Makassar City. In table 5, it can be seen the amount of expenditure for each street vendor household in Makassar City every month. To be able to live in a city like the Metropolitan city, there are 96 percent of those who spend less than 5 million rupiah per month. This data shows that most of them live below the standard of living in the City. In fact, more than half of them have to live with spending under 3 million rupiah per month.

**Table 5.**  
**Distribution of Respondents Based on Expenditures for Street Vendors in Makassar City, per month 2017**

Kelompok Pengeluaran	Food Expenditures		Non-Food Expenditures		Tetal Expenditure	
	Frequency (Household)	Percentage (%)	Frequency (Household)	Percentage (%)	Frequency (Household)	Percentage (%)
< Rp 1.000.000	30	30	34	34	7	7
Rp 1.000.001-Rp 2.000.000	61	61	42	42	23	23
Rp 2.000.001-Rp 3.000.000	8	8	20	20	33	33
Rp 3.000.001-Rp 4.000.000	0	0	2	2	26	26
Rp 4.000.001-Rp 5.000.000	1	1	2	2	7	7
Rp 5.000.001-Rp 6.000.000	0	0	0	0	3	3
> Rp 6.000.001	0	0	0	0	1	1

Source: primary data after processing, 2017

With relatively low income, almost half of the average household expenditure is for food expenditure. There are 47.29 percent of expenditure allocated for household food needs per month. From the table above, it is seen that there are still households with food expenditure of less than 2 million rupiah per month which is 91 percent. In fact, there are still as many as 30 percent whose expenditure is less than 1 million rupiah per month.

However, a little different is seen in non-food expenditure. There are 76 percent of households with expenditures of less than 2 million or smaller than the amount of non-food expenditure. In fact, there are as many as 24 percent of households with non-food expenditure above 2 million rupiah per month. This data shows that the greater the income of the household, the greater the proportion for non-food expenditure.

The average non-food expenditure is 52.71 percent of the total expenditure of the household every month. The biggest expenditure is the payment of installments and vehicle fuel which reaches 20.79 percent of the total household expenditure in each month. In fact, data shows that there is 11.54 percent of household expenditure allocated for cigarette consumption.

## CONCLUSION

Based on the results of the research and discussion that has been described, it can be concluded: First, if viewed from the amount of income obtained with the size of family dependents that are large, most of them can be categorized as non-poor, in the statistical criteria of the Central Bureau of Statistics (BPS) . However, for the size of life in Makassar City with the consumer price index (CPI) by referring to the cost of living survey in 2012 most of them

could be categorized as relatively low income. Second, this data shows that most of them live below the standard of living in Makassar City. In fact, more than half of them have to live with spending under 3 million rupiah per month. With relatively low income, almost half of the average household expenditure is for food expenditure.

In this study found various things that are considered important to give advice to: First, the next researcher to be able to conduct more in-depth research with various approaches in order to reveal the problems that exist in the street vendor households in the city of Makassar. Second, the Makassar City Government is expected to be able to take policies that favor the interests of the small community, especially street vendors in the city of Makassar. Third, the parties related to both the government and non-government institutions to conduct empowerment activities for street vendors in Makassar City related to strengthening businesses and increasing their capacity.

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