LUNCH IN INDONESIA: JUST A FORMALITY?
A QUALITATIVE RESEARCH ON INFORMAL ECONOMY AND THE ROLE OF WARUNG RESTAURANTS IN MODERN YOGYAKARTA

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Master thesis

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A QUALITATIVE RESEARCH ON INFORMAL ECONOMY AND THE ROLE OF WARUNG RESTAURANTS IN GROWING YOGYAKARTA

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SUMMARY

Background
Cities in Java grow in a tremendous pace, in terms of population, size and economics. In 2013, Indonesia reached a population of nearly 250 million, whilst more than 50 % of the population is residing in urban areas [compared with less than 20 % in the 1960s]. This urban growth, together with the uprising of Indonesia as a global economic and political power, leads to the acknowledgment that the way to organize Indonesian cities is dynamically changing. This contains dozens of urban functions. Currently we can see that several functions of cities are left in the informal sector. Fully reliable figures are difficult to expose, but the estimation is that at least one-third of the city of Yogyakarta’s [Central Java] income is derived from the informal sector. The informal economy – an economy based on and constructed through social relations and negotiations – is inextricably connected with contemporary Yogyakarta.

The ‘warung’ sector, in this, is a thriving informal sector. The small warung restaurants are representative for Indonesian street life and their presence is outnumbered, which is explained by the cheap prices, accessibility, and the highly flavored food. The magnitude of this specific sector is without parallel and preserves Indonesian habits and social cohesion, whilst the enriched Indonesian cuisine remains untouched. The question is whether these formally unofficial businesses are vital enough to let a modernizing or globalizing city as Yogyakarta work. One of these informal businesses is the warung restaurant, and because of its cheap prices, huge clientele and frequent appearance it seems to be a central phenomenon in everyday life of Yogyakarta’s citizens.

The warung sector is a sector with high socio-economic potential, yet the potential is unused as government[s] in Yogyakarta do not actively participate in strengthening the possibilities of unofficial economic activities – even when their cultural and social value is immeasurable.

Research goal
This master thesis is focused on the role warung entrepreneurs have in Yogyakarta and in the development of the city. By extracting the relative importance of the warung sector the goal is to establish a thorough understanding of how city governments interact and cooperate with informal economic activities.

Research method
The research is conducted in three steps. Firstly, with use of maps, literature and observations an illustration is made of how warung entrepreneurs, alter the image of Yogyakarta. This perspective is strengthened in the second section, in which an analysis is made on how important the small restaurant is for the city, by measuring its magnitude, criticality and substitutivity. Interviews, observations and literature have developed an intensive analysis of economic activities within the warung sector. Third and lastly, the research reflects on the way how governments deal with informal elements warung restaurants and how rules are accomplished on informal entrepreneurs.
Research results

The informal economy is not per se an isolated sector, excluded from any form of legal procedures, facilities and markets. In fact, most of the practices in a warung enterprise have demonstrable overlaps with practices in formal equivalents. Even if there is no overlap, the entrepreneurs have the ability to adopt formal standards – *formality* is within reach. Just the last step is missed: the step of registering and present legal accountability.

The warung eatery is more than just a social phenomenon as the economic and political value is priceless. The large labor absorption capacity, for example, is apparent and needs anticipation. The employees working in the sector are vulnerable because of poor working conditions, ill-educated background, lacking skills and restricted possibilities to outgrow a marginal position.

What is more? Because of weak regulatory frameworks warung entrepreneurs are unable to guarantee food hygiene and quality. Furthermore, entrepreneurs and their families are unable to improve their financial position because of lacking property right systems, educational programs and social security. Additionally, a weak execution of regulations has enabled entrepreneurs to operate wherever they want, and thereby they altered the purpose and use of public space.

This thesis on the warung sector has exposed the apathy of the Indonesian government. So far, warung enterprises have not earned the attention of policy makers, as small-scale enterprises, like the warung entrepreneur, are taught to manage themselves. We should question ourselves if that is how the economy and society should function.

Conclusion

To label the warung sector as informal is perchance unjustified, yet the sector clearly exposes the riches and deficits of the informal characteristics in the socio-economic climate of Yogyakarta. The city breaths informality: informality is everywhere. The informal character of the warung enterprise might be a perfect playground for creativity and market mechanisms, the reality is that the sector is vulnerable for false competition and deception market, which by all means is undesirable.

Informal activities are integrated parts in the city and the necessity exists that they should not be seen as a separate component of the city. Exactly this reasoning pleads for the full acceptance of micro or small-scale enterprises – instead of the current state of mind, wherein governments barely pay attention to small economic activities. The unambiguous willingness to improve the socio-economic conditions among small entrepreneurs is absent, whilst the presence of tens or hundreds of thousands micro and small entrepreneurs should tell us another story. So far, labeling Indonesia as an economic power is a misnomer, since that story should include an economic improvement of the overall population and should not just focus on an expansion of the domestic elite or wealthy foreign investors.
Figure 1.1 One of the many warung establishments in urban Java [upper picture] and the typical representation of food inside warung establishments [lower picture].

PREFACE

Dear reader, selamat siang,

In September 2013 I attended a reading of urban scientist Christine Hentschel. She stipulated the urge for Southern cities to “theorize back” since most urban life in the world is happening in Latin America and Asia and not in Europe and the United States. By far, more people live in cities in the Global South than in the Global North. We should ground urban theory in a greater diversity of urban experiences. Hence, we should ‘take a look’ elsewhere, take a look in the so-called periphery of the world. This idea inspires me, as I believe in the need of some new kind of urban studies, studies that are not only directed to cities in the global South, but are also derived from them.

In my work and studies I attempt to connect my activities with this ideology, and so I tried to do with this project. With pleasure I present you my final product of my master program in Human Geography, my precious master thesis. In the summer of 2011 I started my premaster on the Radboud University to get accepted for the master’s program. Two-and-a-half year later I can confirm that the program has inspired me to delve into the economic development of regions – here in Nijmegen, and on the other side of the world, in Yogyakarta. I am grateful for my time at the Radboud University as the provision of academic insights, literature and stimulating lecturers has significantly contributed to my professional and intellectual development. This Master thesis has been a top to it all.

Regarding the realization of this thesis I want to show gratitude to a number of essential contributors of the thesis. First of all, the CPPS in Yogyakarta and all its members. The possibility to perform an internship combined with the equipment of academic literature, the support of finding useful contacts for interviews has been highly valuable – Pak Hadna, Ibu Liza, Pak Mulyadi and Ibu Wattie; I am forever thankful.

The same accounts for my translators Danti and Satria; Buitenbeentjes-friends Josse, P-J, Sander and Stan; my girlfriend Elpida and my honey-friends Anne, Annelies and Jelle. Thanks for your continual support, critical reviews and trust in my process of writing this thesis. Thanks guys, I owe you. Also many credits to my colleagues and managers of Olympia Uitzendbureau, the company I have been working since 2011 till now. Thanks to them I could work in a stimulating environment and make an earning aside my study activities.

Also, the support of my supervisor and Radboudian Lothar Smith has been invaluable. Without your constant input of articles and refreshing perspectives this thesis would have been of a much lower quality than it is now. I enjoyed our cooperation, you are an excellent supervisor – very thoughtful, critical and precise.

I want to wish all readers happy reading, and I hope that the thesis, or any part of it, are educational and inspiring. I welcome any questions, comments and suggestions regarding this Master thesis.

Thanks, terima kasih,
Peter de Boer
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# LIST OF ACRONYMS AND INDONESIAN TERMS

## Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>p.c.</td>
<td>Personal communication, used to refer to interviews and personal communication.</td>
</tr>
<tr>
<td>RT</td>
<td>Rukun tetangga, term used to denote a neighborhood associative</td>
</tr>
<tr>
<td>RW</td>
<td>Rukun warga, term used to denote a neighborhood associative chairman</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and micro enterprises</td>
</tr>
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## Indonesian terms*

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Nasional</td>
<td>National government</td>
</tr>
<tr>
<td>Propinsi / Pemda</td>
<td>Provincial government</td>
</tr>
<tr>
<td>Kota</td>
<td>Literally means city and is used to refer to the city’s government</td>
</tr>
<tr>
<td>Kecamatan</td>
<td>Literally means city district and is used to denote city district government</td>
</tr>
<tr>
<td>Camat</td>
<td>Head of the kecamatan</td>
</tr>
<tr>
<td>Kelurahan</td>
<td>Literally means sub district and is used to denote sub district government, also referred to as kampong.</td>
</tr>
<tr>
<td>Lurah</td>
<td>Head of the kelurahan</td>
</tr>
<tr>
<td>Rukun tetangga [RT]</td>
<td>Neighborhood associative</td>
</tr>
<tr>
<td>Rukun warga [RW]</td>
<td>Chairman of neighborhood associative</td>
</tr>
<tr>
<td>Perda</td>
<td>Legal text</td>
</tr>
<tr>
<td>Undang-Undang</td>
<td>Law</td>
</tr>
<tr>
<td>Bappeda</td>
<td>Regional Planning Agency</td>
</tr>
<tr>
<td>BPOM</td>
<td>Health Inspection</td>
</tr>
<tr>
<td>Dinas Daerah</td>
<td>Tax Office</td>
</tr>
<tr>
<td>Dinas Kesehatan</td>
<td>Ministry of Health and Hygiene</td>
</tr>
<tr>
<td>Dinas Perhubungan</td>
<td>Ministry of Transportation and Infrastructure</td>
</tr>
<tr>
<td>Dinas Perindustrian</td>
<td>Ministry of Industry, Trade &amp; Cooperatives [equivalent of Room of Chambers]</td>
</tr>
<tr>
<td>Dinas PU</td>
<td>Ministry of Public Works</td>
</tr>
<tr>
<td>Makan</td>
<td>To eat</td>
</tr>
<tr>
<td>Warung</td>
<td>Small-scale restaurant</td>
</tr>
<tr>
<td>Warteg</td>
<td>Small-scale restaurant with a specific type of cuisine from the region of Tegal</td>
</tr>
<tr>
<td>Padang</td>
<td>Small-scale restaurant with a specific type of cuisine from the region of Padang</td>
</tr>
<tr>
<td>Satay</td>
<td>Small-scale restaurant specifically offering satay-dishes</td>
</tr>
</tbody>
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* Indonesian terms are further explained in chapters 1.1.A [concerning warung restaurants] and 2.3 [concerning governmental structure].
1. INTRODUCTION

This master thesis is about the complex and elusive phenomenon ‘informal economy’. Informal economy is part of the economy as a whole, but exemplifies itself, in contrast with ‘formal’ economy, with a lack of – or even nonexistent – planning and monitoring by the government. I consider informality as a ‘hot topic’. Emerging economies like India, Brazil, Turkey and Indonesia exemplify their daily economic activities with informality, yet they are rapidly rising. So, how should we perceive the informal character of these countries? At what level are governments responsible for the well-doing of the accidental, creative and intangible informal economy? Can we, as ‘Western’ geographers and spatial planners learn from what is out there? Perhaps, we should too be thinking of integrating informal activities with our formal economy. To develop a thorough understanding of how governments interact with the informal sector, this thesis is attempted to test, complement and revise the theories on informal economy.

This master thesis focuses on the informal economy in Yogyakarta, Indonesia. The archipelago is greatly strengthening her economic and political position and Indonesian cities, like Yogyakarta, become important nodes on the globe. I am particularly interested in what is happening within these nodes. How do the cities work? Since the informal economy occupies a great deal of the city – Yogyakarta’s informal economy comprises 37 % of the city’s total economy (OECD, 2012a) – a particular attention on informal practices is justified. Moreover, the shadowing effect of the informal economy – which is substitutive to dependencies on a regulated capitalist mechanism – contributes greatly to think alternatively on how ‘our’ cities could work. While it is easily set aside as a natural phenomenon – informality is a composition of spontaneous and contingent events – there must be rules and norms, global or local, that are structurally integrated in the daily life of Yogyakarta. By understanding informality, in relation with a modernizing economy, we learn from the ‘cities of the future’ for the cities of the future.

I concentrate specifically on the informal selling sector in Yogyakarta. More precisely: the warung entrepreneurs. A warung provides food and drinks and are typically represented in Javanese city streets. Warung are incorporated in small restaurants. Examples of warungs are warteg, padang, satay, oleh oleh and warung makan. There are some 170,000 wartegs in Indonesia (Salahuddin Uno, 2011), in numbers padang and warung makan are their equivalent. Both are mostly situated in the urban areas of the country: the small restaurants are representative for Indonesian street life. Food and drinks can – because of the existence of the warungs– easily be consumed and thus play a significant role in the everyday lives of Javanese inhabitants, families, elderly, workers, students, but also tourists. This thesis endeavors to expose what role the warung entrepreneurs play in contemporary and prospective Yogyakarta. The idea is fed by the statement of warung representatives that Java cannot evolve to a global node without the existence of the cheap, various and healthy food that is provided by warung and the like (Salahuddin Uno, 2011). This statement was a reaction on the announcements of new tax policies, in which the Jakarta Provincial Government opted to set a ‘warteg-tax’ (Jakarta.go.id, 2012; Salahuddin Uno, 2011), a measure that caused broad resistance, but would contribute to ‘formalize’ the informal market. The new sales tax adds 10% to
the cost of operation of the warung entrepreneurs, most likely a cost that directly is passed on to the customer (Salahuddin Uno, 2011). Such a policy might be targeting the wrong crowd since the small restaurants assure the presence of low-priced food and thereby ‘feeds’ the low-class inhabitants, the one group that represents the majority of the working class in Java. Taking care of the workers is needed to industrialize and modernize the Javanese cities and this should not be interrupted.

Does this tell us that we should embrace informal economic activities? One way or the other, enterprises like warung restaurants seem to be an important part of the whole Javanese economy. We might be able to easily transform the story of warungs to other ‘informal actors’: cab drivers, bicycle repairmen, the market merchants and parking attendants. And these stories might illustrate basic ideas of how we – urban planners worldwide – can apply informal ideas in our economy. In a country suffering from a financial crisis, we could need some creativity on how to keep our economic engine running. In this thesis, therefore, I try to acquire profound knowledge on the role of informal economy and how we can deal with certain informal elements.

1.1 RESEARCH GOAL

In my pursuit of in-depth insights in the position and role of the informal economy several key questions arise: what positions and roles can the informal economy fulfill in an urban economy? What are the capacities of the informal sector? What is the practicality of informal activities? How hard do we need an informal sector? What and where is the boundary dividing informal and formal? Or should we not speak in terms of boundaries, since the distinction between the two is very blurry, or perhaps too thin to exist? The questions might be delicate and multi-interpretatable, but it has all to do with the urge to put informality central in the debate of urbanization: modern and modernizing cities tend to coordinately push their cities to the future, while unintended but strongly anchored informal dynamics are seen as irrelevant.

This thesis emphasizes the influence of warung restaurants on economic functioning the city of Yogyakarta. These restaurants are accepted and well-known phenomena in Indonesia. It seems clear that informal settings, like the setting of warung “are functionally integrated parts of many cities and cannot simply be erased” (Dovey, 2012). This recognition of informality in the urban economy means that governments have to take into account activities happening within the informal sector. This set of thoughts, and the focus on warung entrepreneurs, led to the following research goal:

By outlining the relative position of warung entrepreneurs in the development of Yogyakarta the goal is to establish a thorough understanding of how city governments should interact and cooperate with informal economic activities.

Before expanding this research, I want to elucidate two key notions in this thesis, namely the warung entrepreneurs and the concept of informal economy. Why? Informal economy can be perceived as a vague and open phenomenon. It requires clarification on what level and why informal economic activities
are integrated in agglomerated areas, worldwide. Appreciating this urban integration, consequently, teaches the heterogeneity of the urban economies, whilst understanding this economic integration also indicates plain complications of informal elements on everyday life and economic growth in a city as Yogyakarta.

Then, readers who have never visited Indonesia [or South East Asia] are unlikely to be familiar with the warung business or the Indonesian food culture. Clarifying the phenomenon warung restaurant helps to recognize the integrality of informal and formal economic activities. Warung restaurants are unique in their setting since they are capable to combine divergent formal economic essentials with informal elements. Studies on informal economies usually focus on micro entrepreneurs: self-employed men and women with seemingly few possessions. Warung restaurants offer an alternative perspective: they seem to be bigger in terms of revenues and accommodation, are less mobile since they are stuck to buildings or sites and, unlike self-employed informal fellow entrepreneurs, have personnel. And besides their numerous presence, warung restaurants are literally able to provide the whole society of an essential need: food.

1.1.A WHAT ARE WARUNG RESTAURANTS?
A warung literally means small restaurant, or small shop, in Bahasa [the official Indonesian language]. A warung is a small business that provide typical Indonesian food and beverages at affordable prices. Fried rice and noodles can almost always be found, as well as snacks such as fruit, fried bananas, coffee, tea and soft drinks. Additionally, other daily necessities like cosmetics and cigarettes are sold. Warungs are hardly indistinguishable from each other. Besides, the difference in the offered food and the ethnic origin of the entrepreneurs, warungs reserve a recognizable business concept [figure 1.1 & 1.2].

Figure 1.2 General setup of a warung restaurant.

The provided dishes are usually presented in glass cases that are surrounded by a counter and tables where customers can take a seat and consume their meals. Unlike the traditional food stalls or mobile kitchens, you can find lots of different dishes (Barley & Thee, 2010). People experience the warung as attractive places to go since they are “murah [easy], bersosial [social areas] and typically Indonesian” (TheCleansound, 2011). The prices are attractive: “you can find lots of different dishes at affordable prices: the bill for a meal at a warung is usually less than Rp 15,000 [that is $1.55 or €1.20]” (Barley & Thee, 2010). Lunching at warung is an essential part of daily life in Indonesia since the Indonesian streets are filled with these food facilities. The ‘regular’ Indonesian daily consumes his or her lunch [or dinner] at a warung or a similar restaurant and therefore, food establishments are dispersed over the whole city. As said before: warungs are functionally integrated parts of Javanese cities.

Consuming lunch or dinner in warteg, padang or warung makan is really common, as they are easily accessible and a great variety of high quality food is offered. Meals are rather cheap and the number of establishments is enormous. Objective numbers are difficult to narrate [a common problem in the informal economy!], but according to Iuwpin, an umbrella organization for padang restaurant owners in Jakarta alone there were at least 20,000 padang restaurant establishments in the year 2003 (Kompas.com, 2003). The current number of warteg firms in Java is estimated to be more than 170,000 (Salahuddin Uno, 2011). Main importance is that the restaurants mark street life in the major Javanese cities and daily supply a large part of the Javanese population.

Clearly, the affordability and the numerous presence of warungs are important for the lower class inhabitants to provide themselves with food. Warung entrepreneurs, in their turn, profit from the existence of a large group of lower class customers. Hence, it is apparent that the warung entrepreneurs and the lower class customers are keen to maintain the cheap prices. In formalizing the informal market this affordability became central in debates. The Jakarta Provincial Government opted to set a ‘warteg-tax’ (Jakarta.go.id, 2012; Salahuddin Uno, 2011). This measure, that caused broad resistance, would contribute to get a grip on the informal markets. Evidently, the sales tax rule would also extract more income for Indonesian governments. The sales tax adds 10% to the cost of operation of the warung entrepreneurs, most likely a cost that directly is passed on to the customer (Salahuddin Uno, 2011). When the influential politician Joko Widodo was elected as governor of the Jakarta Regency [in October 2012] he argued that “the taxes would burden the city’s small and medium-scale food-and-beverage businesses” (TheJakartaPost, 2012). Other opponents of the new tax law, like the warung association general secretary Arief Mukhtiono, argue that “the regulation would do more harm than good” because “people who go to warungs are underprivileged” (Nirmala, 2012). Warung and food stalls are part of the everyday amenities the lower class inhabitants in Indonesia make use of. They provide food for the ones that earn less than the minimum wage. “The government should remember that the tax would hit those who could least afford it” (Mukhtiono in Nirmala, 2012). On the other hand, arguments that governments should have more control on warung and other food stalls precisely because these entrepreneurs play a significant role in the everyday struggle of the [urban] poor, are equal plausible. This deliberation on warungs is exemplary in the discussion on informal economy.
1.1.B INFORMAL ECONOMY: WHAT AND WHERE IS IT?

The concept of informal economy has two important characteristics: it is “[1] hidden from official observation and [2] is carried out for the purpose of creating a positive income effect” (Renooy, 1990: 11). Most of the warung facilities are owned and run by families: everybody participates, unless he or she is working somewhere else. Warung entrepreneurs play with the rules of property: they can start a restaurant in every single building; they use the ‘public’ pavements for tables and chairs; and construct kitchen facilities that are practical. As long as they are enriching are safety rules and hygiene guidelines adopted. They cooperate with parking attendants to create smooth access routes. The informal conditions are obvious. But, are these informal activities recognizable in every economy? I would say yes.

Informal entrepreneurs are characterized by low resource-base, family ownership, small-scale, labor-intensive and adaptability to [new] technology and their ease to enter unregulated but competitive markets (Blunch, Canagarajah, & Raju, 2001). In a highly regulated market it is less likely that the listed activities sprout. However, in a high regulated economy too informal economy occurs. I live in Nijmegen [the Netherlands] and in front of my house there are three small shops: one sells home decorations; the second sells self-made jewelry and the third sells mobile phones and its accessories. The three shops are officially sole proprietorships, but in order to function they eagerly make use of the voluntary helping hands of family and friends. Thanks to the efforts of these social relations chores are done, inventories are delivered on time and [social] marketing takes places, while the shop owner can concentrate on selling products. An alternative example of informality is the agglomerated economy of IT-hub Silicon Valley. Entrepreneurs in Silicon Valley benefited from the geographic concentration since technology innovators could easily connect by meeting in person. Knowledge exchange, experimentation and entrepreneurship were encouraged by the region’s dense social networks (DeLanda, 2006: 79). Places like Silicon Valley render that ideas crossed corridors and streets more easily than formal information channels (Glaeser, 2012: 36). Information flowed richly because of social relations, an informal way of interacting.

The examples given in the prior paragraphs have one important correlation: the formal sector needs informality and its attached social relations to enable growth, whilst employees and entrepreneurs need a safety net or shadowing economic activities to facilitate continuity in everyday economies. Technical maintenance that is performed by an acquaintance in a social network may be, for some, simply an image of poverty or underdevelopment, but it is much more one of entrepreneurial flexibility, adaptation and creativity (Dovey, 2012). Furthermore, due to social interaction and collaborative practices, entrepreneurs learn from one another about changing markets and technologies (DeLanda, 2006: 79). To allow this informal entrepreneurship and its unofficial actions, governments need to turn on a blind eye.

At the same time and contrarily, governments need to keep an eye on informal activities, in order that excesses like false competition and discrimination do not occur. The duality of perspectives on the

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1 The example depicts the earlier years of Silicon Valley. Contemporary patent ‘wars’ demonstrate that knowledge exchange became strategic and question the informality of Silicon Valley: perhaps innovation has become a formal business.
informal sector demonstrates the thin line of state influence and questions the balance of power between state and society. Most of these discussions are focused on the economies in the global South, since informal activities occupy between twenty and fifty percent of the total GPD in these economies (Blunch et al., 2001; Charmes, 2000; OECD, 2012a). Informal economy in the global South is a sector that represents itself with a lack of influence by governmental agencies and with the everyday struggle people have to get income, in order to survive. The term informal economy thus is a very social concept, and is used to debate discussions on social protection and poverty reduction. Informality occupies a great deal of the cities and is easily set aside as a natural phenomenon. Indeed, informality is a composition of spontaneous and contingent events, but there certainly are rules, global, national, regional or local, that structural pressure the daily life of informal actors. Because of this it is important to acknowledge that the entrepreneurs in the informal sector face the same challenges as those in the formal sector, but on a somewhat larger scale or with differing depth (Blunch et al., 2001).

1.2 RESEARCH SIGNIFICANCE

1.2.A SOCIETAL SIGNIFICANCE

The initial inspiration for this research is the uprising of Indonesia as a global economic and political power. Indonesia benefits from the growing role of Asian nation states in the global economic arena and follows the pace of China and India in economic growth (Ananta, Soekarni, & Arifin, 2011: 57). However, the macro-economists which argue that Indonesia logically and imminently will become a global power might reason too simplistically since there are many factors that can influence its emerging market status.

I am optimistic about the distinctive abilities of Indonesia to acquire a flourishing economy with a prosperous middle-class, pleased consumers and an equal distribution of wealth. Nevertheless, this status is not acquired without struggles and therefore the process of becoming an economic power needs to be critically reviewed.

A various range of domestic issues, from fears of overheating to an increase in protectionist measures and concerns about poor corporate governance could trouble the rapid growth of the Indonesian economy (Bland, 2012). Especially the latter is from vital importance if we want to review the informal economy. Informal economy is a result of spontaneous urban development, and commonly is left untouched by the government. This is an issue that is triggering, since question marks can be placed at the intentions Indonesian governments have with the informal sector. When seeking answers for the question whether certain informal elements contribute to or stagnate the modernization of cities, we can discuss what the role of governance could and should be. By focusing on one substantial element in the Indonesian economy [i.e. warung entrepreneurs] this thesis contributes to a better understanding of the informality in urban Java and to expose the informal elements that influence economic growth.
The role of informal economy in the process of modernization and economic growth should not be underestimated since informal economy covers a great part of life in Yogyakarta: it is there, and it is there to stay. Whenever we try to understand why and how a city is growing, we need to access the economy by intensively inquiring what is happening in cities. I want to guide Yogyakarta to a prosperous future, and a proper functioning of the informal economy is one of the many elements that deserves attention. Let us focus on informal economy, and thereby contribute to a coordinated prospect.

1.2.B SCIENTIFIC SIGNIFICANCE

Cities in Java grow in tremendous pace, both in terms of place as in population numbers. The consequence is that the manner of how to organize these cities is dynamically changing. Issues concerning environmental threats [such as the flood consequences in Jakarta in January 2013], good governance, food security, public health, crime and business climate have to be dealt with differently. Java is not a “stand-alone” case. The way we arrange or disarrange cities all over the world remains a hot topic. Whether it are metropolises in the South like Rio de Janeiro and Bangkok or large cities in Europe like Athens and Brussels: we talk about arranging social just, ecologic sound and economic viable cities. Just like these themes, discussions on informality can be held in every corner of the world.

The scientific significance of this study lies in several arguments. A need for urban studies directed at the global South is one. Robinson (2002 in Roy, 2005) suggests that the field of urban studies is constituted through a duality: global cities versus megacities. Global cities are theorized as First World command nodes of a global system of ‘informational’ capitalism: models for the world. In contrast, megacities, located primarily in the global South, are conceptualized in terms of crisis: big but not powerful (Robinson, 2002 in Roy, 2005). Cities of the global South are never able to theorize back and this is disrespectful towards anything what is developed and developing in the global South. It is outdated, why should we, European policymakers, neglect the urban tales of the developing countries? I believe there is an urgency for urban studies to move beyond the dichotomy of Western ‘models’ and global South ‘problems.’ A possible route is through approaches that seek to learn from Southern cities (Roy, 2003 in Roy 2005), move the center of theory-making to the cities of the South, such as Yogyakarta.

Another urge exists in the need for localized, geographic research. This process can be enabled by focusing on specific economical phenomena in the global South, since that depicts the necessity of local research. Geography is confronted by the potentially most destabilizing implications of globalization. The danger is that we tend to overlook the value and role of, for example, informal economies as complementary on the processes of [global] value chains. According to some commentators globalization is expunging local difference and hence the relevance of space and place (Martin, 2004 in Rigg, 2007: 10). The ‘fear’ of a borderless world where cultural homogenization, media imperialism, transnational domination and economic integration are propelled and controlled by an increasingly powerful phalanx of multilateral institutions is great. The world has been folded out completely and the manner how space and place can be bridged accelerates quickly: geography has become relative. It sounds like the death knell of
geography. This is unjustified, because we cannot simply argue that formal procedures evolved to fit a Western cultural context are expected to fill the same role in the global South context. Geography remains significant in order to point out “minutiae and distinctiveness of the everyday of the local” (Rigg, 2007: 10-11): globalization does not expunge the local and the everyday. By scrupulously explaining the significance of small-scale entrepreneurs – such as the food selling entrepreneurs – I argue that local events have noteworthy influences on regional development. This research has a certain anthropological ‘plug’, which is needed for a [human] geographical research: “anthropological attention focuses on patterns of individual and small-group exchange relationships within specific markets, on institutional structures that organize markets, and on the social, political, and spatial hierarchies through which markets link social classes, ethnic groups, or regional societies into larger systems” (Bestor, 2001). I recognize Bestor’s handhold to carry out a thorough research that exposes the equal importance of local contingencies and global structures in explaining geography.

1.3 RESEARCH QUESTIONS

The remaining part of this chapter anticipates on the role of warung entrepreneurs in Javanese cities is. An important starting point here is that these entrepreneurs are not necessary fully part of the informal sector, nor of the formal sector, they are ‘floating in the middle’ and operating on the thin line that both divides and links the informal and formal sector. Central argument for the latter is that warung entrepreneurs and similar food facilitators are not per se informal. Although they ‘feed’ the informal economy they do have recognizable, prescribed business concepts and over the years these firms are steady housed in Javanese cities. The restaurants are an important link between cities and its people. Then again, there is a lack of interaction between local entrepreneurs and local governments and their spatial master plans (TheJakartaPost, 2010, 2011). As a result, warung restaurants are scarcely controlled by governments which give them an informal status.

The idea that warungs are floating in the middle of informality and formality made me realize that the setting of Yogyakarta supports an analogy of méta, méso and micro levels [figure 1.3]. Hence, informality can be perceived from different positions. In this, the city [or the city government] is considered as an actor that yields the méta level. The people ‘on the ground’ that [re]produce local events and are the livelihood of Yogyakarta, are considered to be actors producing informality on micro level. What is left is the in-between level: méso. This is the level where actors that ‘float in the middle’ produce or facilitates the image of informality. This reasoning gets more content in the theoretical background [chapter 2].

An analogy of méta, méso and micro level is a complete way to analyze the urban economy, understood as complex living systems evolving within dynamically changing complex natural systems. Moreover, the analogy captures a certain triangulation, since it captures perspectives on the informal economy from three different levels: official authorities and urban planners on a local level [city and district governments] represent the méta level, whilst insights of people [the society, or the consumers and employees of warung], embody the micro level. In the méso-level we step in the shoes of the firm itself –
the warung enterprise – to analyze informality from an entrepreneurial perspective. The notion of the three levels is the initial perspective to portray warung entrepreneurs and encloses the methodology and theoretical background.

Figure 1.3  Analogy of méta, méso and micro levels


To acquire sufficient and relevant information about the contribution of warung entrepreneurs to Javanese cities, the research questions in the master thesis is mainly reasoned from this three-level analogy:

What is the role and position of warung entrepreneurs in the development of Yogyakarta as a modern global city?

The main question follows the line of the three-level analogy [Figure 1.3] and the research goal explicated in chapter 1.1. Following the three-level analogy enabled a process in which various research topics are studied. In the introduction I plotted the high significance of warung restaurants for the functioning and the image of Yogyakarta. To test this statement, and consequently strengthen or weaken the importance of warung eateries for the city of Yogyakarta I prepared the sub question to be found on the following page.

1) What is the relative importance of warung entrepreneurs in Yogyakarta?
This first sub question exposes on what level warung restaurants have altered the image of Yogyakarta. The analysis of this question depicts the various meanings warungs have, for example for the local economy, for people and for city life. The question demonstrates an essential perception wherein ‘hard’ factors are analyzed to convince the reader of the relative importance of warung entrepreneurs of the city in Yogyakarta, and it contributes to general supposition on the importance of informal economic activities in Yogyakarta. Also the first sub question gives insight in what manner this ‘image-altering’ is an ongoing process and provides a general impression on the informal and formal characteristics of the warung sector.

To bridge the gap between informal and formal characteristics of the warung restaurants the second sub question is concentrated on the various processes happening in the warung sector:

2) For whom and for what reasons is the presence of warung entrepreneurs in Yogyakarta important?

The examination of this question provides an insightful representation on the areas that are influenced by warung entrepreneurs, both positively as negatively. Think of food culture, the provided labor potential, the accessibility for customers and the adoption of quality standards when reviewing the micro-level of analogy and of the use of public space, the importance of property rights and market mechanisms when reviewing the méta-level of analogy.

Each area is thoroughly investigated and provides complications and benefits resulting from the presence of warung entrepreneurs. To evaluate the pros and cons of the presence of warung entrepreneurs in Yogyakarta a connection is made with the governmental interaction:

3) How and in what manner do warung entrepreneurs relate and interact with official authorities and, consequently, what is the balance of power between state and the warung entrepreneurs?

The three sub questions are prepared and applied on every level of analogy – micro, méso and méta [see Figure 1.3].
2. LUNCH IN INDONESIA

Food, it makes your body work, grow and repair itself. The kind of food you eat can affect the efficiency of these processes, which is very useful in staying healthy. Food, in a sense, functions as a fuel of the world. The strengthening force of healthy, nutritious and highly flavored food has contributed to the progress of economies worldwide. Although I cannot find exclusive proof for this relation, the argument that food provides people with vitality – an essential ingredient required for astute minds and healthy human capital – is solid. So, discussions on food, whether it is about hunger, food security, the level of influence of corporate giants of the US and Europe in the Global South, realizing the provision of fresh and clean food, food accessibility and the organization of food networks and facilities are expedient.

I directed my research on the latter, since the location of food provision generates many discussions on how consuming food influences the mode of entrepreneurship and everyday life. Indonesia is one of the countries where food is the centre of society. Indonesian eateries, such as the warung restaurant, are ‘fuel stations’ for students, blue-collar workers, white-collar workers, families, retirees, policemen and lecturers, preserve the Indonesian cuisine and are entrenched in daily routines. Food, from economic, social, cultural, healthily, political and globalizing perspective, is indelible for Indonesian society, but the traditional and fragile set-up of the restaurants might not stroke with Indonesia’s desire to become a less-traditional and modern economy. This chapter offer profound insights in this desire of obtaining a strong economy and how this relates to the concepts of modernization, small-scale entrepreneurship, everyday life, informal economy and warung restaurants.

2.1 THE EMERGING ECONOMY OF INDONESIA

Several [macro]economists have already accepted that Asia will become more important now that globalization is coming to a full circle (Aalbers, 2009; Jacques, 2012). For example, Indonesia’s economic performance, in 2008, was one of the best in the world in terms of GDP. A growth of six percent – a declining growth compared with 2007 – was world’s third highest, after China and India (Ananta et al., 2011: 46), Indonesia is considered to have an active role in the emerging of what some scholars call “a new global era” (Jacques, 2012), an era in which Asian nation states will gain increasing control the world in terms of economics, technology and politics.

Several economists, supported by the largest financial institutions, foresee a prominent role for Indonesia in the future global economy. In 2007 / 2008 Indonesia’s GDP was ranked sixteenth, while the expectation for 2050 is that Indonesia develops into the eight largest economy [figure 2.1] (Hawksworth & Cookson, 2008; Wilson & Stupnytska, 2007). After the Asian Financial Crisis [1997-98], Indonesia has made the economy susceptible to exogenous shocks (Ananta et al., 2011: 7) as Indonesia had sought to strengthen its economy by maintaining steady macroeconomic policies and enhancing the reliability of its
financial system. This endeavor has contributed to the resilience of the economy against modest external shocks, like the ‘credit crunch’ occurring after the collapse of large financial centers in New York.

![GDP comparison chart](image)

**Figure 2.1:** GDP in 2007 and 2050 compared with US [US = 100]

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<tr>
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Furthermore, the increasing industrialization and the increasing export of palm oil, copper ore and concentrate, coffee, textile, wood and wooden furniture has guided Indonesia to a prominent international position (Ananta et al., 2011: 65; United Nations, 2013). Finally, Indonesia has a population of almost 250 million people: an internal market means with access to 250 million consumers. Indonesia does not have to rely on exports for its products because the existence of this huge outlet. Indonesia is developing, the flow of international capital going into the country is growing and the average income is rising. Indonesia is, or soon will be, flourishing.

But what does GDP exactly say when we execute cross-country growth analysis? It turns out that a certain comparison tends to overstate the magnitude of income disparities (Temple, 1999). When we apply purchasing power parity [PPP] analysis, which says that exchange rates should eventually adjust to make the price of a basket of goods the same in each country (The Economist, 2012), it is more plausible to make statements on income disparity. The informal Big Mac Index [founded by The Economist], an index based on the theory of PPP, exposes the uprising of spending power among citizens in Asian nation states [and other emerging markets such as Brazil and Argentina]. The construction of a world table of national accounts – such as in figure 2.1, the PPP and the Big Mac Index – that are comparable across
space and time, is a research-intensive and honorable exercise, but it merely relies on obtaining price data for a wide range of goods (Temple, 1999).

Apparently, price seems to be an ultimate indicator for explaining economic development. The data in figure 2.1 and the PPP analysis are apparent and comprehensible and show that the Indonesian macro-economic prospects are great. However, sound macroeconomic policies do not clarify what is happening ‘on the ground’ – on micro-scale. What macro-economic cross-country analysis misses is the measurement of the quality of life and the narrowing or widening of economic disparity and inequality: “What usually escapes attention is that economic progress has ‘trickled down’ very unevenly across groups and regions” (von Luebke, 2011). The Indonesian economy has expanded rapidly in capital-intensive sectors, while labor-intensive sectors have grown much slower. Agriculture and manufacturing continue to absorb a large share of the labor force and, for that matter, most of Indonesia’s poor and unskilled workers. Yet the labor-intensive manufacturing has grown 3.3 per cent between 2008 and 2010, compared to more than 6 per cent growth in capital-intensive sectors as financial industry and trade (von Luebke, 2011). Unless the sectoral growth pattern becomes more balanced, equitable employment and welfare will drift further out of reach. This perspective makes it clear that the statement that Indonesia will become an economic power should not be taken for granted and needs critical side notes. Income distributions remains unequal, and quite surprisingly this is not central in Indonesian debates: “national and regional parliaments should be debating redistributive policies such as the promotion of labor-intensive industries, the introduction of progressive taxes, and the enforcement of minimum health and education standards” (von Luebke, 2011).

What does this imply for this research? Income disparity is an issue of great concern in Indonesia and the very fact that the Indonesian government lacks in arranging social security empowers the informal sector. Although the national income is rising, numerous Indonesian have to organize their selves in order to make an income. And this evolves in the ascending of many self-propelling small and micro enterprises. The playground produced by the social apathetic and numb Indonesian government is perfectly suitable for informal activities.

Let us focus on the impact of population growth and on the provided information in Figure 2.1, which tells us clearly that the national income of Indonesia is rising – according to the most recent census in 2010, Indonesia counts a population of more than 237 million (United Nations, 2013; World Gazetteer, 2012). By 2015, this will continue to grow and approach 250 million inhabitants (Ananta et al., 2011: 234). The prior factors have led to an increasing middle-class – a growing consumer market. This aspect has immediately impact on the modernization of the Indonesian society and economy, as characteristics and abilities of consumers are significantly changing.

In the next chapter I elaborate on the modernization of Indonesia and what this inflicts on [small-scale] entrepreneurship. Thereby I also made the connection with national policies and governmental dogmas that lack to overcome the national income disparity, in order to explain how creative but needful undertakings emerge.
2.2 MODERNIZATION IN INDONESIA

Apart from the changing economic condition, there is the question in what manner Indonesia became or becomes a more modern nation state, with a modern market mechanism. Does modernization apply for Indonesia? And if so, what does it do with the country? There are many pillars that could explain the enactment of modernization in Indonesia and among these pillars are cultural homogenization; transnational domination; [global] economic integration and media imperialism. For me, explicating the influence of media imperialism and cultural homogenization is too much of a hot potato. When driving through Yogyakarta I see that global forms or ideologies are certainly grounded in Indonesian society: I see ‘global’ menu in restaurants, with hamburgers and pastas; I see people driving large SUVs; I see men wearing jerseys of their English or Spanish football club; and everywhere I hear American or Korean music. But I cannot point out if this is cultural homogenization, and whether this has infinite impact on the daily life of the Indonesians, because I also see Indonesians sticking to their own identity: everyone eats ayam goreng, people prefer to speak their own; local language [i.e. Sundanese or Javanese instead of Bahasa Indonesia or English]; they obediently follow the sultan of Yogyakarta; and ‘Indomaret’ is the biggest super market chain in the country. Also I see the strong influence of Islam. Supposedly, almost nine out of ten Indonesians is Muslim (United Nations, 2013). With this information the discussion on in what manner Indonesia is becoming more modern, or better said, more Western, gets even exciting as complex. Also, we should not underestimate the influence of the ‘non-Western’ Islamic countries. Bou (p.c., 14.06.2013), a well-educated warung manager, told me that Indonesia “can learn from other Islamic countries”, for example to avoid the burden of corruption or to practice Islamic financing. Because of such contradictory details, I prefer to go beyond this globalization-discussion and focus more on the economic modernization the country has made [and is making].

Global economic integration is a vital issue as the Asian continent is strongly affected by renewed global production chains. “The restructuring of Asian economies as they adapt to global competition; changing technology; and new production strategies by expanding global production chains have led to increases in subcontracting and the outsourcing of production” (International Labor Organization, 2007). The result is that many of the actors at the lower end of global supply chains are micro-enterprises or homeworkers, who are unrecognized, unprotected and lack access to basic services and rights.

The understanding of the links, stages, and hands through which a product passes as it is transformed, fabricated, and distributed between ultimate producers and ultimate consumers learns how local contingencies are complementary on the ‘global factory’ (Bestor, 2001). The global factory could be explained as a process of modernization in which the international division of labor among societies whose specialized niches in the world economy may concentrate on resource extraction, low-cost fabrication, transportation efficiencies, or highly developed consumer markets. The global factory definitely clarifies the contemporary transnational trade most important tell “the where and the how of the material production, distribution and consumption of goods and services” (Dicken, 2011: 6). Yogyakarta resides in the outer and producing end of the global factory. The focus on producing of furniture, coconut
oil, palm oil and textile and facilitating tourism makes Yogyakarta seemingly subordinate to higher developed [consumer] markets. But how do the warungs fit in this discussion? Ostensibly, the nasi goreng produced in a warung in Yogyakarta is unlikely to end up in Nijmegen. Consumers of the cheap warungs however, are more likely to work in a global factory. For clarity: in the lower end of the chain. These people are able to positively carry on their everyday life struggles, as long as their daily expenses remain low. In Yogyakarta, because of the unregulated businesses, the expenses for food, beverages, housing, clothing and motor bicycle repairing are low. But, if one of the daily products, such as gasoline in June 2013, gets more expensive, the everyday struggle gets more difficult. Daily costs will increase, which eventually triggers higher labor costs for somebody who, let’s say, works in Yogyakarta’s coconut or furniture industry. In the end this will affect the final price of coconut milk in Nijmegen. I wanted to emphasize the economic integration of the global economy, and to show how certain buttons in the start of a global factory can influence the very end of the global product chain. A question I want to pose to the readers is: are we willing to invest in the informal economy, if it means that the prices of our products will strongly rise? Do we really want to modernize a city as Yogyakarta? It is a ethical question, but it is vital to discuss if we are debating the informal-formal economy duality. For me, modernization is already to be found in the current scenery of global product networks, a network with a rich and powerful end and a poor and vulnerable beginning. A dark, but modern reality. Yogyakarta’s informal actors maintain this network. The lack of regulation, protection and acceptable, human standards causes that products manufactured in Yogyakarta endures to be low priced. This, in turn, is required to participate in the global economy: a modern game.

The former story is rather pessimistic. A walk through Yogyakarta, however, shows that there is also a lot of perceivable economic progress. Roads are revised, big shopping malls are being built and new hotels erect. This is part of the modernizing economy of Indonesia: rapid industrialization accompanied by modernization and market liberalization created affluent and prosperous groups in society. A range of indicators reveals improvements in living standards. For example, ownership of cars and motorbikes, telephones, televisions, refrigerators, and other such material possessions has increased (Ansori, 2009). In addition, safe water supplies and healthy foods have become more accessible. Moreover, economic modernization and the policy of rapid economic growth for Indonesian development have made “important contributions to the massive growth of white-collar workers” (Ansori, 2009). The consumer standards are getting more demanding and shift towards standards already seen in Singapore, Malaysia and Hong Kong (Ananta et al., 2011; Bland, 2012). The urge for better education rose, along with the desire to structure the domestic, regional and local economy to more ‘modern’ standards [including social security system, registration, social responsible entrepreneuring and taxation system]. Most importantly for this thesis, the increasing demand for better-educated white-collar workers changes the overall requirements of the Indonesian worker. Whilst the warung is a significant exemplification of the low-educated blue collar worker, the urge exists to analyze how warung restaurants fit in the modernizing economy and society of Yogyakarta.
Modernization in Yogyakarta might be a result of a growing city, a region that is urbanizing. A major Indonesian development the last decades is urbanization. Most inhabitants live on the island of Java: more than 137 million in 2010 (United Nations, 2013). Since it is only three times the size of the Netherlands, Java is densely populated. The proportion of the population residing in urban areas increased from 17,1 percent in 1960 to 50,3 percent in 2007. Thus, Indonesia has gone from a largely rural country to a mostly urban one in less than two generations (Lewis, 2010). This development emerged naturally, but rapidly, and because of this, Indonesia had to rethink its approach to urban development “with a view to realizing the potential agglomeration economies” (Lewis, 2010). The public sector had to evaluate its influence in the development of property, infrastructure, business climate, food chain organization and so on. However, as in a great deal of the urbanizing regions in the ASEAN area, governments in Java did not play the decisive or steering role in urban developments.

‘Informality’ became a prominent phenomenon. Many development decisions have been made on the basis of proposals submitted by people, the private sectors and developers as if the land-use plans of governments were negotiable. In fact, the enforcement of governmental urban planners is so weak that land-use plans are ineffective in controlling physical development in the region (Firman, 2009). In Europe, it would be exactly what planners try to avoid since diseconomies related to congestion and the increasing costs of land and labor, among others – as a result of a lack of control by the government – may become relatively more important and eventually overtake the economies associated with spatial concentration (Lewis, 2010). In other words, cities would become unmanageable, and informality is a definite cause of this. Like I wrote in the introduction, informality is a natural phenomenon and it grew spontaneously. But it should not be taken for granted, and left behind. Informality has led urbanization and arranged the setting of a city like Yogyakarta. To let this cities work, we need to grasp informality, we need to do something with it. This will be further elaborated during the thesis and in section 2.4. Despite the developments of the country, the emerging economy and modernization has not modified the informal sector. It remains an essential economic feature of Indonesian cities. One of the questions we can ask our self is whether the informal sector, despite its uncontrollability and illegal status, is able to catch up with the changing macro-economic and social conditions of the country: does it fit in a modern economy?

2.3 THE CURRENT CONDITION OF YOGYAKARTA

In the previous section the recent modernization of Indonesia was elaborated. Here we shift from the historical-societal perspective to a geographical perspective to explore the present condition of Yogyakarta. First, how did the decentralization policy affect Yogyakarta? In 2001, during the Reformasi, Indonesia started implementing its regional autonomy policy and fiscal decentralization. This resulted in the opening of an additional number of new autonomous regions (Ananta et al., 2011: 269). For Yogyakarta this had no consequences since it already had been a semi-autonomous Sultanate from 1945 onwards, with the sultan as the effective governor. Nonetheless important shifts did occur in the division of authorities.
Fundamentally, the Indonesian governmental structure now consists of a central government, provinces and cities/districts. Every layer has its own compulsory affairs that are explained in appendix 6. The central government allocates responsibilities to regions so that each region has a sovereign role in managing its regional economy. The Indonesian decentralization was expected to enhance regional economic developments (Ananta et al., 2011: 284). The ideology is that governors with local knowledge would know how to arrange their local economies. Decentralization, in this sense, is interpreted as an effort to maximize the role of the government in service and regulations to empower local communities since local governments are considered to be closer to the people and better at knowing their needs. I am not arguing that the national government [Nasional] has loosened their influence in spatial, or urban, planning, but important for this master thesis is to recognize that urban planning in all its facets is directed by the governors of kota [city]. Within the city, there are two more official administration layers, the kecamatan and kelurahan. They are easily understood as being city districts [kecamatan] and city subdistricts [kelurahan]. Within the kelurahan, there is a community-based, unpaid government: rukun warga / rukun tetangga [RT/RW]. This governmental division [Figure 2.2] has been present in Indonesia since the colonial times.

Figure 2.2 Governmental division in Kota Yogyakarta

<table>
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<th>Levels of government in Yogyakarta</th>
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<tr>
<td><strong>Official governmental Administration [paid]:</strong></td>
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<td>City</td>
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<tr>
<td>District KECAMATAN (14 in total in Yogyakarta)</td>
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<tr>
<td>Sub-district KELURAHAN (2 to 5 per kecamatan)</td>
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</tbody>
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| **Community-based administration [unpaid; leaders democratically elected]:** |
| Chairman of Neighborhood associative RUKUN WARGA [RW] (5 to 10 RW per kelurahan) |
| Neighborhood associative RUKUN TETANGGA [RT] (5 to 15 RT per rukun warga) |

Adjusted from: Jogjakota.go.id (2013)

In the light of this master thesis it is relevant to observe that all governmental layers have influence on the development of public space or urban planning. Nonetheless, the scheme in figure 2.2 exposes the multiple parties involved in the development of the city. The lowest official administration, the kelurahan, and the community based RT/RW, are responsible for the social well-being of the urban villages. Despite good intentions of the local leaders, the kelurahan and the RT/RW are vulnerable for corruption, and their lack of strength makes them an easy prey for criminals, as is the case in Yogyakarta with preman [street
By offering protection, the street thugs pressure local entrepreneurs to pay money, in exchange for 'safety'. For informal entrepreneurs, whether they operate solo or in groups, it is quite common that they have to deal with these preman. These dubious intermediaries charge each informal entrepreneur a daily, or weekly, sum in return for a promise of free business operation (Bromley, 1978), safety (Rukmana, 2007). While police officers that are assigned to the area might claim that such extortion does not take place, and rather argue that the area is a safe place (Rukmana, 2007), it is a public secret that police and local authorities allow the preman to control an area, without any governmental interference. The preman-mechanism is one of the excesses that almost naturally occur in any informal sector.

A lack of regulations and an absent sense of responsibility among local authorities and police officers pave the way for criminals. In the 1980s former president Soeharto acknowledged the impotence of his own government personnel and the widespread unrest in the society and invoked the national army to expunge the preman from Indonesia (TheJakartaPost, 2008). Thousands of preman were killed. Besides this questionable action, the government did not take following actions to reduce the power of preman, even when they regained their power in cities like Yogyakarta or the nearby Surakarta. It might be a result of the vague division of authority among government layers: is premanism a national issue, or a local issue?

There is much discussion about the existence of preman in Yogyakarta. “Indications are that preman groups are indeed here. Their existence is evident, especially in public places such as markets and bus terminal” (military chief Ananta Wira in TheJakartaPost, 2013). Others argue that “premanisme is mistakenly understood nowadays. Parking attendants and private security guards are considered to be preman, while they are just working for a living”(TheJakartaPost, 2013). In fact, none of the workers and entrepreneurs I interviewed during my fieldwork agreed that they had contact with premans – not even incidentally.

On the other hand, the ones responsible for neighborhood safety and the viability are the RT/RW. The RT/RW associates that I met are people of good will, but have strong influence on local entrepreneurship. They will help determine the location of a warung (Ibu Pudjoko, personal communication [p.c. after this], 20.06.2013), they control and manage the parking places (Raymond, p.c., 30.05.2013) and are responsible for the siskamling, in which neighbors in turns are appointed to keep an eye close on the activities happening in the neighborhood – to maintain the social rest.

The position of RT/RW is debatable. It is an unpaid an unofficial governmental but has structural influence on people’s daily life. The RT/RW is not a territorial administration, so it becomes somewhat vague who is officially in charge of the neighborhood. Who rules whom? What are expectations of this rule? And what is being ruled? The reason why I cut into this matter is that I see several conceptual similarities with premanism: both the RT/RW and the preman is an unofficial neighborhood representatives, yet they have a structural influence on a neighborhood regarding parking management, firm localization and safety. The development of a neighborhood, thus, becomes a really social, instead of legal, process.

Urban development is highly negotiable, and not bound by rules – it is informal. This is very much caused by clientelism, where an enduring exchange of goods, services, norms and rules between patron [the
lowest governmental layer] and client [the entrepreneur, the citizen] takes place, based on social appropriateness, financial gain and/or political motives (e.g. Hicken, 2011). Clientelism and regional or urban development itself is worth a master thesis, and because of its extensiveness and complexity I leave clientelism as it is. By referring to clientelism I try to entail the overlap and connectedness with informal economy and how both phenomena alter the landscape of a city as Yogyakarta. We should not perceive informality and clientelism as two separated cases, but because of lacking time the latter will be left untouched.

Nonetheless, the current political is an ideal playground for informal economy. A vague regulatory framework is strengthened by an apathy towards conveying a legal state. In fact, legal matters are weakened by contingent and situational decision-making of community-based RT/RWs. This collection of unpaid and untrained citizens prefers the well-doing of their own community above the ‘greater good’: the city of Yogyakarta.

2.4 INFORMAL ECONOMY IN YOGYAKARTA

So, how is the informal sector entrenched in this city? Although hard to measure, statistics expose a great entanglement of informality in the economy of Yogyakarta [see Figure 2.3]. Especially in employment, the citizens of Yogyakarta are strongly dependent on the informal sector. Although many authors reasoned that economic prosperity causes a decrease of informal activities (Evers & Effendi, 1992; Evers, 1993), recent figures prove otherwise.

Figure 2.3 The division of informal and formal sector in Yogyakarta [2011].

This classical distinction between the formal and the informal sector is definitely outdated. Constantly perceiving informal economy as opposed to formal economy is not justified. Especially in Yogyakarta, where interactions between the formal and the informal are continuously manifested. I marked a couple examples observed and explored in Yogyakarta:

- ‘Formal’ or legal goods are manufactured and traded in the informal sector [‘regular’ food is being sold to customers, among brands as Coca Cola];
‘Formal’ salary is being spent in the informal economy. Governmental servants, office clerks or university employees consume goods and service that are offered in the informal sector. For example, among the customers of a food stall, that I visited during my stay, was a police officer;

‘Formal’ workers gain extra income by obtaining an informal part-time job. Before workers go to their official employer, they extract some money by selling newspapers on the street. Also, in the weekends or in the evenings it is common for a formal worker to take an extra job as taxi driver, work in family’s or acquaintance’s restaurants or work as street vendor, just in order to gain extra salary;

‘Formal’ capital is spent in the informal sector. Earnings from the formal sector are invested in the [opening of a] restaurant. Family members of the formal worker consequently work in the restaurant. It is even possible that the formal worker – mostly the father – continues his work in the formal sector, while the family members are fully responsible for the weal and woe of the informal restaurant. Whilst these are only a few examples of the entrenchment of informal activities in the formal sector, I would argue that we should not speak in the dichotomy of the formal and informal sector. The two, perhaps, should be seen as integral parts of the city. In this, the last ten years an academic shift has occurred. Many authors, like Peter Dicken, Kim Dovey, Jonathan Rigg and Ananya Roy, have embraced the integral perspective of the formal and informal sector. This perspective, in turn, has been adopted by leading policy makers as the United Nations [see figure 2.4].

![Figure 2.4 Old and new views of the informal economy](#)

<table>
<thead>
<tr>
<th>The old view</th>
<th>The new view</th>
</tr>
</thead>
<tbody>
<tr>
<td>The informal sector is the traditional economy that will wither away and die</td>
<td>The informal economy is here to stay and expanding with modern, industrial growth.</td>
</tr>
<tr>
<td>with modern, industrial growth.</td>
<td></td>
</tr>
<tr>
<td>It is only marginally productive.</td>
<td>It is a major provider of employment, goods and services for lower-income groups.</td>
</tr>
<tr>
<td>It exists separately from the formal economy.</td>
<td>It contributes a significant share of GDP.</td>
</tr>
<tr>
<td>It represents a reserve pool of surplus labour.</td>
<td>It is linked to the formal economy—it produces for, trades with, distributes for and provides services to the formal economy.</td>
</tr>
<tr>
<td>It is comprised mostly of street traders and very small scale producers.</td>
<td>Much of the recent rise in informal employment is due to the decline in formal employment or to the formalisation of previously formal employment relationships.</td>
</tr>
<tr>
<td>Most of those in the sector are entrepreneurs who run illegal and unregistered enterprises in order to avoid regulation and taxation.</td>
<td>It is made up of a wide range of informal occupations—both ‘resilient old forms’ such as casual day labour in construction and agriculture as well as emerging new ones such as temporary and part-time jobs plus homework for high tech industries.</td>
</tr>
<tr>
<td>Work in the informal economy is comprised mostly of survival activities and thus is not a subject for economic policy.</td>
<td>Informal enterprises include not only survival activities but also stable enterprises and dynamic growing businesses, and informal employment includes not only self-employment but also wage employment. All forms of informal employment are affected by most (if not all) economic policies.</td>
</tr>
</tbody>
</table>

Retrieved from: Chen (2007)

Although the national government of Indonesia has taken note of the importance of informal sector employment, it has never made a serious attempt to apply a consistent policy. In the 1990s a number of
programs was launched that directly affected the informal sector. These were merely credit and training schemes like Program Latihan dan Ketramplian Tenaga Kerja and the Program Pembinaan Pedagang Ekonomi Lemah. Those programs affected just a slice of the informal sector, namely 150,000 persons (Ministry of Trade, 1992 in Evers & Effendi, 1992). Over the years, the importance of the informal sector and informality in processes of urbanization is increased across development studies and urban planning (Bunnell & Harris, 2012). Urban theorist Ananya Roy (2005), states that policy responses to informality has changed. She suggests that “informality is not a separate sector but rather a series of transactions that connect different economies and spaces to one another” (Roy, 2005). This acknowledgement is sufficient for governments on national and regional level to get a grip on the informal sector, mainly by formalizing the informal.

The Indonesian government is unable to improve business climates and minimize ‘problematic’ regional regulations within its informal economy. For example, the 2009 law Undang-Undang Nomor 28, Tabun 2009 tentang Pajak Daerah dan Retribusi Daerah (Butt & Parsons, 2012) was aimed to regulate, monitor and impose taxes on the uncontrolled businesses in Indonesia. Whilst regional governments ought to recognize that nuisance imposts are unlikely to sustain their region’s long-term development, the deficits of the 2009 Law showed that governments have great difficulties to get grip on informal economic actors – the taxing system is inconsistent and thus untrustworthy and the government provides no service in return for the imposed commission and no direct compensation to citizens or local businesses affected by informal misconduct. The Indonesian government demonstrated to be an undependable partner for entrepreneurs which makes governments not effective in planning their own economic landscape. It is needed, given that regional governments need consistent and sufficiently-high revenue streams in order to operate. Regional governments should be forced to maintain business and investor friendly tax policies (Butt & Parsons, 2012). Typical for policies aimed on converting informal sector to the formal sector is the lack of results.

Any attempt to resolve the formal and informal dualism confirms the struggle Indonesian governments have with it. In urban areas, pemda [local governments] have difficulties to coincide informal actors and formal policy. This involves local informal business, such as the warung business. Planning programs from pemda and Ministry of Housing directed on kawasan kumuh – which literally means run-down areas – are meant for spaces where “the quality of the infrastructure is low or deteriorating due to the increased number of people occupying the area illegally” (Minister of Housing Monoarfa, 2011 in Kusno, 2012). In 2009, the Indonesian national government had declared, under pressure from the Development Millennium Goals and the amendments to the Law on Human Rights, “that everyone has the right to live well, materially and spiritually, and to settle in a house with a good and healthy environment” (Kongres Nasional Perumahan dan Permukiman, 2009, freely translated).

What could the subsequent policy mean for the informal organized warung entrepreneur? One of the used measures is gentrification. Those that lack infrastructure services and are shabby due to overpopulation will be upgraded. And when this takes place, the higher cost of living in the gentrified environment will force the poor – the customers of warung – to move away (Kusno, 2012). Along with
gentrification, accommodating informal actors with credit from banks, support kawasan kumuh to convert to formal neighborhoods including formal workers, housing and business. The policy to promote formal housing favors those who have the financial capacity and, ironically, operates as a device for evicting some of the urban poor: informal workers and [micro]entrepreneurs:

“The changing working and living conditions of the informal workers could not possibly be accommodated by the formal financial institutions, and these workers’ unstable incomes could not constitute marketable mortgage-backed securities. The informal workers are therefore excluded from the FLPP [the formal housing policy], but they cannot escape its effects. As many of the informal workers live on land regulated through informal means, they are subject to eviction to make space for the formal low-cost housing program. It is unfortunate that accommodating one class of low-income workers demands an eviction of another class of urban poor.”

(Kusno, 2012)

This sub chapter has shown that the Indonesian government, both the pemda and the nasional, take notion of the informal activities in the country, and that they attempt to narrow the gap between the informal and formal sector. I am very interested in how especially the Yogyakarta local government [i.e. pemda; kota; kecamatan and kelurahan] perceives informality in their cities: is it merely a negative phenomenon, or do they experience the benefits of the informal sector? For this research it is vital to grasp the intentions of the governments since the informal sector is something what is there, and it is going to stay – hence it requires strong attention.

Informal economy it is. This thesis continues the story of informal economy and will place a specific loop on the warung entrepreneurs of Yogyakarta. The warung eatery is an interesting case, since it possesses many informal characteristics while it tilts to a formal status because of its permanency, the quality of food, its labor absorption capacity and its relative size [the warung is bigger than the self-employment food traders, such as the kakilima and the cat’s rice seller]. The next chapter will concentrate on the methods used to retrieve the importance of the warung restaurant for the city of Yogyakarta and how the local government [kota] could and should interact with the warung restaurant.
3. METHODOLOGY

The methodology explained in this chapter structures this thesis and draws the role of warung entrepreneurs in the development of Yogyakarta. The goal of this master thesis is to establish a profound understanding of how Yogyakarta’s governmental administrations, thinkers of the city and academics should identify, interact and cooperate with the informal economy.

3.1 RESEARCH STRATEGY

The three [sub]questions [chapter 1.3] are applied on every level of analysis [figure 1.3 & 1.4]. The levels are important for two reasons: [1] the levels construct a clear and logic order of content for the master thesis and [2] the levels offer three types of perspectives that give this research a profound and weighty content. Thus, for the ‘city’ level [méta], for the entrepreneur [méso] and for the consumers [micro] the same three questions are inquired. Each question, consequently, is linked to a different research method [three questions, three methods]. The research methods are elaborated in the next sections [from section 3.1.A to 3.1.C]. The application of the research methods should be considered as a ‘matrix-approach’ [see Figure 3.1] and are aimed to achieve a triangulation of data collection and research analysis.

Figure 3.1 Matrix-approach of master thesis: each question is scrutinized on multiple levels.

<table>
<thead>
<tr>
<th>Research levels</th>
<th>Micro</th>
<th>Méso</th>
<th>Méta</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research questions</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1: What is the relative importance of warung entrepreneurs in Yogyakarta?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2: For whom and for what reasons is the presence of warung entrepreneurs in Yogyakarta important?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q3: How and in what manner do warung entrepreneurs relate and interact with official authorities and, consequently, what is the balance of power between state and the warung entrepreneurs?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author
3.1.A MAPPING THE WARUNGS

What is the present importance of warung entrepreneurs for Yogyakarta?

The first methodological section pursued a descriptive orientation on warung restaurants in Yogyakarta. It has provided essential information on the objectification of the small restaurants in Yogyakarta. I pointed out the locations of the warung restaurants in two ordinary areas, meaning that the research areas [see Figure 3.2], are regular samples of neighborhoods in the city of Yogyakarta, meaning that the areas are densely populated, the citizens are members of the lower or middle-class and the distinctions between public and private space are often blurry. Mapping the warungs in the areas describe the [im]probable importance of warung restaurants. This process has a strong essentialist tendency, but provides the research with relevant understandings on the everydayness of Yogyakarta’s warungs and shows how entrepreneurs are dispersed throughout the city. The research object – the warung – is specified in Box 3.1.

Box 3.1 Specification of the research objects

Research is conducted on the small warung restaurants, labeled as warteg, padang, satay, warung makan and tahu pong. They are in accordance with the following specifications:

- the warungs are [semi]-permanent, they are usually active on exactly the same site. The warung is either housed in a building or is daily reconstructed on the same location;
- the warungs sell typical Indonesian food and beverage such as nasi goring, mie and teh;
- the warungs provide tables and chairs for minimum five and maximum forty guests;
- the warungs are not subordinate to a chain of restaurants;
- the warung owner has at minimum of one employee and a maximum of ten employees;
- the warung are unregistered or unlicensed by any kind of government.

The specifications mentioned in Box 3.1 provide a homogeneous illustration of the warung restaurant as a small-scale enterprise – the last four characteristics combined with a relatively low annual revenue separates the micro and small enterprises from the ‘big’ enterprises [elaborated in section 5.2 and further]. Although warung restaurants differ from one and another in interior, business concept, luxury and cuisine type warung restaurants are recognizable by the listed specifications.

Two research areas are mapped, namely the Gejayan / Colombo area and Karangmalan [see Figure 3.2, 3.3 & 3.4]. Also an exploration is made on Jalan Kaliuran, a street crammed with eateries. While mapping the locations I added plain contextual data [as shown in appendix 1], to render a basic description of the restaurants. Additionally, the map provides information on other food seller’s location in the areas, such as super or minimarkets, fruit sellers, mobile kitchens and the like.
The maps are conducted and checked on several days, on different moment on the day [also the maps are verified by local citizens and entrepreneurs]. The maps obtain multi-interpretable data that are brought into perspective of the customers, the entrepreneurs and the local governments.

Figure 3.2 Research areas
Figure 3.3 Research area Jalan Gejayan / Colombo. Base of low- and middle class residents, as well as an important trespass from east to west Yogyakarta [Jl. Solo] and from north to south Yogyakarta [Jl. Gejayan]. The south and east part of this area is designated for several retail and office buildings. This is a classical illustration of neighborhoods in Yogyakarta.

Figure 3.4 Research area Karangmalang. A neighborhood characterized as a student-area. Flanked by the two major universities of Yogyakarta [i.e. UNY in the south and east & UGM in the west], the neighborhood hosts mainly students and university personnel.
3.1.B ANALYZING THE WARUNG

For whom and what reasons is the existence of warungs in Yogyakarta important?

The second methodological section comprises an analytical framework concentrating on the processes going on within warung enterprises. The difference between this section and the prior section is the focus on the processes enacted in the warung enterprise – instead of presenting an exterior outline of the warung restaurants.

The charting of the small restaurants in Yogyakarta has highlighted initial thoughts on how the warungs are vital for Yogyakarta. In the second section an attempt has been made to perceive the small restaurants as integral with formal institutions, activities and actors. Also the link is made with modernization, everyday life and entrepreneurship.

An ‘urban’ dependency and integrality is captured with an approach of sociologists Pfeffer and Salancik (in DeLanda, 2006: 76). Inspired by Walter Christaller’s central place theory, Pfeffer and Salancik worked out a theory that analyzes which resource dependencies exist [small restaurants in this case] and the capacity that such resources have to affect the behavior of the organization [i.e. the city of Yogyakarta]. The core is assessing the relative dependency of Yogyakarta on a resource as a warung. This dependency is measured by:

1. magnitude;
2. criticality;
3. substitutivity;
4. controllability.

[1] Magnitude, or proportion, refers to the measuring of the proportion of total inputs or the proportion of total outputs accounted for. [2] Criticality measures the ability of the city or the city’s citizens “to continue functioning in the absence of the resource [i.e. warung]” (Pfeffer & Salancik in DeLanda, 2006: 76). The warung may be critical to the city even though it comprises a small proportion. For example, when a warung entrepreneur possesses vital knowledge about efficient production, the food supply chain, food quality and hygiene but is not able to share this with the rest of the organization [the city], the condition of a warung is very ‘critical’ for Yogyakarta. [3] Substitutivity refers to the extent to which a city as Yogyakarta is capable of replacing warung by another food sellers concept, “the less alternative sources there are for a given resource [i.e. warung] the more concentrated it is” (DeLanda, 2006: 77). [4] In addition, there is the question whether there is a degree of ‘control’, which will be elaborated and tested in section 3.1.C.

The perspective of the customers, the entrepreneurs and the local governments exposes diverse opinions on the magnitude, criticality and substitutivity of the small restaurants, which produces triangulated research results. A set of topics and questions and questionnaire lists are prepared, that are to be found in appendix 2. Appendix 3 explicates the link with the theoretical concepts and the research levels. For this section, interviews are conducted with twenty-five warung entrepreneurs, five warung employees and seven public officers.
3.1.C WARUNG ENTREPRENEURS AND GOVERNANCE

How and in what manner, do warung entrepreneurs relate and interact with official authorities and, what is the balance of power between state and the warung entrepreneurs?

The third methodological section goes in-depth to explicate how official authorities deal with informality and how warung entrepreneurs interact with the rule applied to them. Moreover, I seek for scenarios on what the role of warung in [modernizing] Yogyakarta is and could be. Whereas the previous sections lead to the position and importance of warung entrepreneurs in Yogyakarta, this part of the research focuses on one particular content in the network: the characteristics which draw the connectedness of government and the warung entrepreneurs. This prescribes conceptual thoughts of how governments deal with elements in the informal economy, how governance actually is accomplished and how warung entrepreneurs handle the involvement of official authorities. This part of the master thesis will mostly use the theory on ‘compromise practices’ (Li, 1999, 2007) and the theory of Pfeffer and Salancik on the ‘control of the resource’ (in DeLanda, 2006: 77).

Making statements on kota’s [Yogyakarta’s city government] power to disable or expunge warung enterprises in Yogyakarta is done by using Pfeffer and Salancik’s theory on the ‘control of the resource’. This refers to a capacity to modify ownership rights, easier physical access to the warung or a stricter appeal of regulations. Furthermore, “a resource [warung] that is not important to the organization [city] cannot create a situation of dependence, regardless of how concentrate the resource is”(Pfeiffer & Salncik in DeLanda, 2006). Assuming that the kota administration or sultan Hamengkoeboewono X have the ability to change rule that affect the warung enterprises [according to Act No. 32/2004, that makes a division of authority and affairs in the different governmental layers – see Appendix 6 – urban planning and all its facets is the ultimate responsibility for the kota administration]. It is particularly interesting to investigate what the city government can actually do. The basic questions posed to academics, urban planners, official authorities and warung entrepreneurs are:

- What capacity has the kota to modify the business activities of warung enterprises?
- What does the kota precisely do to modify the ‘playground’ of warung enterprises?
- How do intended measures of the kota ‘ground’ in the playground of warung enterprises?

In addition, with use of the theory on ‘compromising power’ in everyday politics (Li, 1999) we can analyze the monitoring, controlling and planning of neighborhoods by the local government. If an element as a warung indeed is essential for a city – if warung really is the glue of a kota – Yogyakarta’s government have to interact and cooperate with this element. By using Tanya Li’s ‘compromise practices’ this master thesis discloses the interrelation of government and warung. Li’s strategy to grasp the relationship between official policies and targeted phenomena is “the examination of the emergence of a new target of governmental intervention and exploration of the effects of that intervention as it intersects with other
forces” (Li, 2007: 28). The strategy used in this master thesis is based on Li (2007: 28-29) and Rigg (2007: 149) and ticks back and forth in the steps mentioned in Box 3.2:

Box 3.2 Research strategy to examine the interrelation of local governments and warung

<table>
<thead>
<tr>
<th>I. conduct interviews and detailed readings of program documents and set them in their context;</th>
</tr>
</thead>
<tbody>
<tr>
<td>• which policies and program documents exist and how are the objectives of planning framed?</td>
</tr>
<tr>
<td>• how do official authorities and entrepreneurs interact and relate to each other?</td>
</tr>
<tr>
<td>• how are rules enforced?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>II. explore the challenges presented by people at the receiving end of all this attention;</th>
</tr>
</thead>
<tbody>
<tr>
<td>• how do the entrepreneurs perceive announced measures?</td>
</tr>
<tr>
<td>• what do the entrepreneurs do to adjust?</td>
</tr>
</tbody>
</table>

| III. examine the ways political challenges are closed down by new programs of government. |

* questionnaires are to be found in Appendix 2

The theories of Tania Li and Jeffrey Pfeffer & Gerald Salancik provide a clear picture in how practices of both government and warung entrepreneurs have shaped landscapes, livelihoods and identities in Javanese cities and it tells the story about entrepreneurship and modernization.

Step I and II [of Box 3.2] are performed by detailed readings and interviews, concentrating on warung entrepreneurs in Yogyakarta or, when possible, on the specific research areas [Figure 3.2].

### 3.1.D ADDITIONAL RESEARCH INFORMATION

In this master thesis triangulation is obtained in two ways. By applying the three-level analysis three types of data for the same research theme. This data triangulation entails gathering slices of data [interviews, observation and policy research] at different social situations [méta, méso and micro], as well as on a variety of people [from customers to entrepreneurs to urban planners]. The thesis also provides a methodological triangulation. This methodological triangulation entails applying three methods in which I use three types of sources to construct narratives regarding my research themes. Once a statement or a proposition has been confirmed by at least two more or less independent measurement processes, the certainty of interpretations is greatly improved. An elaboration of research material and interviewees is to be found in appendix 4 and 5.

Interviews are transcribed and analysed with use of thematic coding. Interview quotes are accommodated with themes, related to the themes and topics in this master thesis. Consequently, these codings are bundled in a file that sum up all themes of this master thesis. This tactic establishes a profound analysis of the conducted interviews.
The research is being conducted in academic cooperation with the Center for Population and Policy Studies [CPPS]. This research center is a component of the respected University of Gadjah Mada in Yogyakarta. The mission of the CPPS is to increase public awareness and understanding of population and policy related problems by conducting researches on policy and analyses on population related issues. A research on the informal sector is desirable, since this topic continues to be under-studied. In cooperation field research is conducted from May until August 2013. It is beneficial that CPPS is settled in Yogyakarta. Yogyakarta is a strongly urbanized region and is one of the major Javanese cities that is growing in terms of place, population and economics, and serves as a great case in understanding ‘the cities of the future’.

3.2 RESEARCH MODEL

Figure 3.4  Research model

[1] an inquiry to the Indonesian warung restaurants leads to a conceptual framework, focused on four concepts: micro or small-scale entrepreneurship; the modernizing state of Indonesia; everyday life in Yogyakarta and Java and a contemporary perspective on the informal economy. The concepts are provided from extra content by relating it to the warung restaurant. This framework is [2] being evaluated by desk research and fieldwork, supported and party facilitated by an internship at CPPS in Yogyakarta. Consequently [3] the desk and field research acquire data for providing relevant insights that answer my research questions [chapter 1.3] and complete the three chapters [elaborated in chapter 3]. A comparison of all these results leads to [4] relevant reviews of and advices for warung restaurants in Yogyakarta and the practicality of informal economy in urban economies.
3.3 METHODOLOGY: A PERSONAL REVIEW

The methodology exists of three different steps, the production of maps, the analysis of the processes within the warung sector and a reconstruction of the interaction between entrepreneurs and governments. The combination of the three methods has supplied the thesis with an extensive content explaining and intensively analyzing the warung sector. In this section I describe my opinion in using the methodological steps.

In short, the mapping section has been very useful in touching briefly on the discussion points in the ‘warung’ sectors. With the use of observation for gathering data and Adobe Photoshop CS5 for processing the data this is a relatively easy step. I think the maps add value to the thesis as they are able to open doors in the warung discussion.

The second section, the analysis, has been well prepared with questionnaires and a step-by-step plan. The execution of the steps, in practice, has not been faultless, as during the field work questionnaires were constantly adapted to the situation. It is difficult to say if this influenced the process of the thesis-making. Nevertheless, the arrangement of this methodological section has greatly contributed to foresee the thesis of a weighty analysis of the warung business and are perhaps the foundations of this thesis.

Then, the third section the section was supposed to explicate and criticize the relation between the local government and the warung entrepreneurs. In practice many of the attached to this issue were already answered in the second section whereupon the execution of the policy-theory of Tanya Li disappeared to the background. This thesis, therefore, has not done justice to Li’s theory on compromising practices. This has two reasons: a great deal of the analysis in the second section touched the troubled relation between the city government and the city’s entrepreneurs, and a critical analysis on the interaction took immediately place. Some of the stories have been explicited in the third section of each chapter [I.e. the third section of a chapter is linked to the third methodological section]. Secondly, Tanya Li’s theory is extensive and perhaps deserves an own thesis or dissertation when specifically reviewing the relation between governments and informal actors or the relationship between clientelism and the warung sector. Still, Tanya Li has provided a critical framework in reviewing how different policy documents and programs are framed and enforced and how they consequently are perceived by the entrepreneurs.

Although I am satisfied with the outcomes resulting from the chosen methods, I am aware that the use of multiple methodologies can cause fuzziness since different lines are followed. The first methodological section is focused on the ‘exterior’ of the warung business the second and third section puts a loop on the ‘interior’ – processes happening within the warung enterprises. It has learned me to be very cautious with the structure of the paper: even though I switch from one perspective to another the reader needs to be informed correctly on the structure to avoid distraction and ignorance among readers.
4. THE SOCIAL MAP OF THE WARUNG: 
A perspective from the people

I would not have chosen the case of the warung restaurants if they were an anonymous object in the city. I got intrigued by the obvious physical presence of the phenomenon of these small restaurants in Java. These somewhat basic appearing restaurants do not know much luxury and comfort but most people, including me, embrace the warung. But what is this exactly? Why do people go to the warung, what is the ‘golden’ formula of warung restaurants? This chapter delves into the role of warung restaurants in shaping the social map of Yogyakarta – a cognitive map filled with usurped activities and cultural events. I scrutinized the cultural background of the warung and stipulated why warungs, like the informal economy, are inextricable elements of Yogyakarta.

Figure 4.1 Warung restaurants in research area Jalan Gejayan / Colombo. The map indicates the locations of the warung restaurants [as described in the methodology] and does not give insight in characteristics such as size, type of building or number of employees.

Source: Author
4.1 MAPPING THE WARUNGS

Figures 4.1 and 4.2 show the physical appearance of warungs in, respectively, the areas Gejayan / Colombo and Karangmalang in Yogyakarta. The Gejayan / Colombo area [Figure 4.1] is an area of 600 by 500 meter and counts nearly 25 warung facilities. Therefore, from material perspective, the warungs have an important role in shaping the identity of Yogyakarta – one cannot pass a street without bumping into a warung restaurant. This material arrangement is confirmed by the set-up of Karangmalang [Figure 4.2].

I realize the modernistic or essentialistic character of these maps – something I eagerly try to avoid. Graphically capturing the warung restaurants as cultural heritage or a social commitment is impossible. However, the materiality of the warung restaurant – meaning the physical entrenchment – should not be left untouched. The presence of the numerous warung restaurants is a condition to foresee the experiences of customers, entrepreneurs, official authorities, workers, residents and tourists of a valuable content. This leaves questions on how to perceive warung restaurants. Could we argue that warung restaurants are ‘forced’ upon the residents and guests in Karangmalang and Jalan Gejayan/Colombo? Perhaps. In any case, we cannot avoid the existence of warung restaurants and exactly this status makes these eateries an intriguing research object.

Figure 4.2 Warung restaurants in research area Karangmalang. The map indicates the locations of the warung restaurants [as described in the methodology] and does not give insight in characteristics such as size, type of building or number of employees. The area hosts approximately 25 warung eateries.

Source: Author
4.2 ANALYZING THE WARUNGS

This part is focused on assessing how dependent the people in Yogyakarta are on the warung restaurants. To stipulate this, three themes are analyzed, namely the food culture, labor absorption capacity and the accessibility of warungs.

4.2.A FOOD CULTURE

After producing this map, I made the assumption that the warungs are, from material and expressive perspectives, certainly important for the city. Food selling places are dispersed all over the city [material], and the presence of the food selling places constructs the identity of neighborhoods [expressive]. Yet, to grasp the importance of this quantity we have to go on and anatomize the warung restaurants.

To begin with the expressive role: food is permanently embedded in the Indonesian culture. Warungs are functioning as part of lifestyles and have a social status that represents the food culture. The food culture might be linked to a sense of hospitality. Whenever I was invited in Indonesian homes, I was overwhelmed by the various Indonesian dishes offered. Furthermore, many Indonesian tend to take foreigners to places where they have great [local] food. I am aware that this personal account holds little value as a form of scientific evidence, but it does tell that food is important for Indonesians to ‘show off’ their culture. There are five main arguments to state why warungs are the embodiment of Indonesian food culture:

1. warungs preserve the Indonesian cuisine;
2. warungs are time-saving;
3. warungs are economically attractive;
4. warungs are easily accessible and;
5. warungs adopt high quality standards.

The food sold in warungs is only typically Indonesian and bound to the local cuisine. A padang restaurant restricts its menu with the typically food from Padang [a city of Sumatra, Indonesia], the warung Semarang sells mainly seafood originally from the harbor city Semarang in Central Java, and a warung Lombok sells the very spicy dishes from the island of Lombok. Two things occur here: different localities are able to present their food ‘heritage’ to customers and customers are able to consume distinctive Indonesian food. Both actions are contributing to strengthen the Indonesian identity: if you live in Indonesia, you eat Indonesian. Which is true as a warung restaurant hardly sells Western food. This is limited to the sales of Coca Cola or Fanta.

As the two maps show [Figure 4.1 & 4.1], small restaurants are to be found everywhere on the street sides and generate a certain image of the city. This image of Yogyakarta, tells a lot about the Indonesian food culture. The core treads in the Indonesian food culture are based on its ease and the social importance. During my times in Indonesia it occurred to me that the small restaurants, the mobile
kitchens and fruit stalls attract a large audience. But, why is it that people in this archipelago go to restaurants, rather than stay home to cook them self? Herein, I have had many discussions with students, professors and customers. They commonly agree that getting food in a warung makan or warteg is just a very simple option. Cooking Indonesian dishes is a relatively extensive activity. Indonesian students, Yudi (p.c., 05.06.2013) and his friends, showed me the preparation of typical dishes like tempe [tofu], soto [meatsoup], gudeg [stew] and rendang [beef-curry] – dishes that are typically represented in ‘fast food’ facilities as canteens, food stalls and small restaurants. Every single dish took hours to finish. Especially workers and students tend to preserve this precious time by visiting ‘fast food’ restaurants. Most of urban households have food coming daily from the small-scale restaurants. This routine eating habit has emerged as common lifestyles (Suryana, Ariani & Lokollo, 2008), hence eating-out or consuming ‘fast food’ has taken a big proportion of their food expenditures. Almost all members of households during lunch and / or dinner time, find fast food in the restaurant or cafeteria nearby.

The becoming of many warung places in Yogyakarta, thus, is of a practical nature – it is time-saving. The setting of the informal food seller sector in Yogyakarta is ideal for this. Warung places are easily started, so wherever people live, work or trespass, you find informal food facilities: “if there is a place with many people, informal sector will come” (Prof. Tadjuddin, p.c., 04.06.2013), and so do warungs. I suggest that the easy access and the service speed is perfectly suitable for a modernizing Indonesia. In an era where a growing economy is accompanied with more jobs in the formal service industries become, people find resort in the time-saving warungs. The warung have always been murah and mudah, cheap and easy, and these deep-rooted, socio-economic aspects remain important for daily life in Indonesia.

Perhaps the growing economy is even reinforcing the importance, as more and more Indonesians spend time outside their houses, because of their jobs. Besides, some might argue that, because of the number of motorbikes and cars in the streets of Java the time spent in traffic jam is highly increasing: “five years ago I drove from my house to Malioboro in ten minutes. Now, it is this twenty minutes!” (friend Yudi, p.c., 2013) The limited time the Indonesian has, is a reliable indicator to stipulate the importance of fast food offered by the traditional warung restaurants. For me, this seems pretty natural, whenever my [Dutch] train gets delayed, my time to cook gets limited. Thus, I choose to go to the wok restaurant next-door, because they offer healthy, cheap and quickly prepared meals. Yogyakarta’s lifestyle is modernizing, an increasing number of people are leaving their households to work in the secondary or tertiary sector, and use the motorbikes or car to travel the city2; the warung restaurant might even gain importance.

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2 I doubt that the frequent use of own transport is a true indicator of modernization, since it lacks efficiency and it lacks a sense of sustainability – an [efficient] public transport system is a more reliable sign of modernization. Using motorbikes and cars however, is a sign that the economic position of Indonesians is improving, since they are able to purchase commodities as [new] motorbikes and cars. Again, this comment exposes the precarious debate on what is, and what is not modernization.
4.2.B ACCESSIBILITY

Apart from the ease offered by fast food restaurants most customers choose for the informal food seller places for its relative low expenses. Basically, cheap warung restaurants are dispersed all over Yogyakarta. And apart from the tourist streets, every single street in Yogyakarta has small restaurants that sell meals for less than one dollar. It is a cheap and attractive standard that is suitable for the most citizens:

“Most customers of wartegs [and warungs] come from the mid-low income economy. They choose warteg because they suit their pocket, and sometimes if customers are well known to the owner, they can pay for their meals after they receive their salary. Perhaps this explains why wartegs have become an integral part of the story of the mid-low economy”.

Salahuddin Uno (2011)

All customers I spoke with during the field research underwrite this. “It [i.e. the warung] is always full. Many students are here. We just eat at cheaper restaurants” (student Satria, 14.06.2013). This is the overall tendency, not only among students. The increasing food and beverages expenditure are also related to the increase in labor participation, especially the increasing participation of women. With limited time they have, they choose to consume fast food.

This argument exposes that warteg, warung makan, satay places and padang restaurants have an important function in everyday life of the Javanese citizen and that the function of fast food restaurant is gaining more significance in the modern Java. All these changes can be seen as an opportunity to be seized by the food and beverages industries, such as the warung restaurants (Suryana et al., 2008). Workers from low to middle class, from parking attendants to university professors, from police officers to office clerks, agree that eating in a warung is cheap and comfortable. I have not spoken to an Indonesian that dislikes [and consequently avoids] the warung restaurants, in fact, they embrace the concept. The warungs are easily accessible because they are located on every corner of the street. Office clerks are just a few steps away from a bunch of warungs around their offices, students just have to cross the street to reach a warung and scooter drivers can park their scooters in front of every warung.

Thus, from material perspective, the warung restaurant is perfectly entrenched in the daily life of the Indonesian citizen. The magnitude of the warung restaurants in Yogyakarta seems to determine the character of the city of Yogyakarta. If the city actually is overrepresented with warung restaurants, however, it might be possible that the city’s vitality is strongly dependent on the customers that make use of the warungs.

The popularity is one of the most important arguments to state that warung restaurants are indispensable for Yogyakarta. However, there are alternatives from a more formal nature. Local chain stores, like Warung Steak, Warung Akam and Seafood 99 have emerged. These small restaurants are comparable with the regular warung, regarding to price, comfort, assortment and accessibility, but have formalized most of their business activities – the restaurants use logo’s, uniforms, have equal prices and
most business processes are carried out in an identical manner. These warungs adopted recognizable and efficient business concepts which show the capability to adjust to changing socio-economic standards.

4.2.C HIGH QUALITY STANDARDS
Along with the rising level of education, income and purchasing power, the awareness of health concern, lifestyles and food pattern have also changed. Indonesian citizens are shifting their concern to the quality of food consumed and expenditures. Moreover, the growth of processed food and beverages industries has changed the lifestyles and food eating habits of the people (Suryana et al., 2008). Because of the existence of over 100,000 warung enterprises in urban Java – not to mention the thousands of alternative food facilities – customers are confronted with many choices of processed food and beverages. Variety can be found in the level of hygiene, quality of the food, type of food, the spiciness and the pleasantness of the restaurant. The concern to the quality of food has his impact on the informal restaurants.

A logical analogy is to state that whenever restaurants are not monitored on food quality and hygiene, the restaurants will not enhance their products. Consumers, subsequently, choose for the safe and formal restaurants. The assumption is that quality of food can be determined by taste and appearance, which makes a formalization of a warung restaurant a social necessity.

Figure 4.3 Warung ‘Angringkan Mbak’ in Karangmalang, Yogyakarta. Food and cutlery is constantly exposed to open air, which has a negative effect on the hygiene of the offered food.

This formalizing process, however, does not occur. Why not? We could expect that a sector that is not controlled by Pemda, BPOM, Dinas Perindustrian and / or Dinas Kesubatan will not enhance its quality, as it is not obliged and there are no accompanying sentences. But as social as the warungs are, the warung
entrepreneur cares about its customers and listens to complaints and suggestions to increase the quality of its warung. The small restaurants acknowledged the desires of the consumers and improved the quality of food and enhanced the food hygiene. “Because of the society the services and products of the sector improved, while the sector remained informal” (Prof. Tadjuddin, p.c., 04.06.2013). “They learn from the complaints. Because they want to keep their customers, they hope they will come back again in the restaurant” (student Satria, p.c., 14.06.2013). This analogy has been endorsed by warung entrepreneurs in Yogyakarta: “I tell my workers that I am not the boss: the customer is the boss. Try to learn from customers, from complaints” (warung entrepreneur Ibnu, p.c., 10.06.2013). It is evident that warung grow along with the society. In that sense, warungs do not differ from other service industries, whether they are formal or not. In practice this is translated in a wider variety of food, the presence of televisions and fans.

The quality of warung food grows along with the desires of the society. The same can be said about the parking problems. Many warung owners do care about causing congestion and try – where possible – to create solutions. We can go on. We see clean tables, we see people welcoming guests at the entrance, we see parking attendants helping you park the car. The standard in warungs can actually be really formal.

On the other hand, many warung restaurants do not gratify the formal standards, especially regarding to food hygiene. There are many doubts about clean cutlery, the usage of [old] oil, the constant exposure of fresh ingredients to open air and the healthiness of products. The lack of concern has multiple causes, but the lack of governmental control and the low education level are two indicators that explain why warung restaurants fail to improve the overall quality of the warung sector. This will be further elaborated in chapter 5 and 6.

4.2.D LABOR ABSORPTION CAPACITY
The third theme is the labor absorption capacity of the warung sector. Every single warung ensures labor possibilities. Not only the entrepreneur itself finds occupation and income in its own restaurant, he or she also hires employees. This is in direct contrast with street vendors – the traditional kakilima and cat’s rice seller – who are self-employed and have no personnel. I am wondering how important warungs are for the job-seeking people in Yogyakarta.

Impressive is the overall labor absorption capacity of the informal sector. Especially in the trade sector, in which the food selling sector is included. In 1992 it was estimated that 72,9 % of those working belonged to the informal sector (Evers & Effendi, 1992). Although Evers and Effendi predicted a strong decline of informal workers due to the modernization and rapid economic development, the numbers remain quite steady: 89 % twenty years later (OECD, 2012b). When reviewing the warungs, a similar story is to be told. In the most warungs labor relations are socially negotiated, meaning that the workers are family members or acquaintances of the warung entrepreneur and employees are working informally – in unregistered firms and circumstances, while uncovered by social security. Usually the workers are unofficial, meaning that the warung owner does not pay the usual income taxes.
The warungs inquired in this research all have more than one employee and fit perfectly in discussions on informal labor in the city.

For example, the informal sector has easily been labeled by ‘easy access’, but with increasing urbanization and its rural-urban migration the informal sector might not be able to absorb all the new citizens. In the introduction of this chapter it is mentioned that the informal sector is set aside as a natural phenomenon: so why should we bother it? If the informal economy naturally adapts to the labor market, economic circumstances and sudden migration, there is no use for rethinking the informal labor market. However, a suddenly growing or declining labor market or economy can be really capricious, which comes at the expense of workers in the whole economy. Thus, in a changing economy like Yogyakarta this natural easiness might not be that ‘easy’ and therefore informal economy should not be seen as a natural occurrence, but as something structural integrated, where we need to take care of. Henceforth, should the position of the workers in the informal sector be introduced into general – formal – policies on labor market?

Let us concentrate, therefore, on workers in the informal economy, in this case the warung restaurants. When discussing the socio-economic position of the workers of these small restaurants in Yogyakarta it is very helpful to describe the composition of the working members of the restaurant. Classically (Chen, 2007; Evers & Effendi, 1992; International Labor Organization, 2007; Renooy, 1990), employees in the informal economy are characterized as:

1. Being family member or close acquaintance;
2. Relatively poor;
3. Low or non-educated;
4. Low productive.

I cannot find clear evidence of employees confirming this classical image. Instead, it is comparable with formal organizations:

1) Employees are not per se family member, neither a close acquaintance. Though there are warungs run solely by families, the number of warungs that operate without extensive help of family members and close acquaintances is the equivalent. Informal workers, thus, are not fully dependent on the business of family members when seeking a job, as they have the chance to find a job, through job-advertisements and mouth-to-mouth, in businesses of ‘unrelated’ people. This confirms that the labor absorption capacity is the informal economy remains strong.

The becoming of the hiring of unrelated employers has to do with the background and intentions of the warung entrepreneur. For them – Adit (p.c., 18.06.2013), Ibu Pudjoko (p.c., 20.06.2013) and Tria (p.c., 16.06.2013) – the warung restaurant is not a family affair, but rather a [serious] hobby. Interesting to notice is that they hire employees that are not [closely] connected to them. No family, no close acquaintance.
The example of Seafood 99, a warung restaurant in the district Karangmalang, shows the formal recruiting procedures warungs can have by hiring ‘unrelated’ employees. The example is used as a contra-case of classical informal personnel recruiting. The restaurant is managed by a brother and a sister – father and mother might be responsible for backoffice processes as the [financial] administration. Four people are not enough to operate this lively and frequently visited warung so they hired eight to ten people to make this business work. None of these workers are closely related to the management of Seafood 99.

In conclusion, a warung is an important source of employment for every jobseeker in the city. Still, the label ‘family-worker’ is amazingly important to indicate informal restaurants in Yogyakarta. The labeling can be used as a mask to maintain a status as a household-business, instead of an official business, which can have both great advantages as disadvantages for the entrepreneuring family [this masking-behavior will be further elaborated in chapter 5].

2) Warung entrepreneurs are not per se among the poorest of the city. Out of twenty-five entrepreneurs I spoke to, more than five are part of the middle-class. Entrepreneurs Adit (p.c., 18.06.2013), Ibu Pudjoko (p.c., 20.06.2013) and Tria (p.c., 16.06.2013), explained that the warungs they opened were a sideshow in their lives. They opened a restaurant for fun or to make some extra money besides their regular life – Adit is a business student, Ibu Pudjoko is a retiree and Tria and her husband are professors on the psychology department of one of the Islamic universities in Yogyakarta. The three have a relatively prosperous life and are not in dire need to survive the day: a rather un-classical illustration of an informal entrepreneur. In fact, the example of these warungs shows that informal economy is not ‘privileged’ for the poor.

The ease of access of the informal sector causes that everyone can participate, but the participation – and certainly the outcome – is far from equal. Higher education and bigger capital set the more prosperous entrepreneur in a more central position than the less prosperous.

When we review the warung employees, the presence of poor people is far more apparent. The labor-intensive oriented warung activities do not require a high level of education, which leads to the influx of poor employees in the warung restaurant sector. Being poor remains a typical classification for the informal warung employee. We need to be careful to state that warung restaurants are an area for the poor. Many prosperous families have managed to create a sound business with an associated income flow and cannot be put away as poor. The same family members work in the warung restaurants, and practically are warung employees. The ‘external’ employees, however, can be exemplified as poor, since few of them obtain a high income.

3) Warung employees are classically labeled as low or uneducated. The lack of proper education is indeed exemplary for the warung sector. Most of the employees finished junior high school and started to work afterwards, instead of continuing their studies. The lacking education is leading to an
uncomfortable position in the labor market. Whereas formal companies prefer educated employees, the safe and well-paid formal sector is a no-go for uneducated Indonesian.

Meanwhile, the presence of many low-educated workers in the labor market is an important source of personnel. Entrepreneurs in the informal sector can relatively easily hire low-educated personnel, simply because they are cheap and the work activities are not skill-intensive.

The [contra]-cases in the prior section manifest in various ways how informal economy can go beyond the classical informal-formal dichotomy. I want to expose that it is not justified to put the warung restaurants in the ‘informal corner’, rather it is a phenomenon balancing between two spaced economic sectors. In fact, the warung restaurant should be considered as a bridging phenomenon, one exposing the similarities and integrality of the informal and formal sector.

4.3 WARUNG ENTERPRISES AND GOVERNANCE

The small restaurants might be unregistered, and thereby formally illegal, at the same time we have to acknowledge that they produce and provide legal goods, namely food and beverages. However, the settings of the warung restaurants remain informal in a number of areas. The position of the employee is the most noteworthy in this. I experienced that the position of the employee is not of great concern for policymakers in Yogyakarta, they rather turn their head away from poor working conditions among their citizens [see chapter 6.2], which is a great loss.

Warungs have a great labor absorption capacity for both family and non-family workers. In several occasions one can find warungs with up to ten employees. Ostensibly, this is wonderful because also non-family workers get increased opportunity to find jobs. For people living in all regions of Yogyakarta the presence of numerable warungs is great as it enhances the opportunity to find [paid] occupation. In Chapter 4.2 I argued that the warung restaurants are a great source of employment. Many jobseekers find a job in the warung sector. An inseparable characteristic of these warung employees however is their lack of education. The warung restaurant is not simply a large employer: it is a large employer for low-educated citizens: “It is good for the people with low education” (warung entrepreneur Ibu Pudjoko, p.c., 20.06.2013). This characteristic should be perceived carefully, because what does it mean to be an employer specifically for the low-educated and how should we evaluate this?

Perhaps not consciously, warung restaurants maintain and strengthen the poverty standard among the people working in their sector [Figure 4.4]. I experienced that warung restaurants are maintaining a vicious circle wherein employees retain in a vulnerable and less prosperous position – whether this is because of strategic considerations or not. This is for the following reasons:

- employees receive low salary;
- employees have long working days and;
- employees execute low-skilled activities.'
As is the case for many low-skilled activities in the uncontrolled, informal sector, the average wage for warung employees is lower than the official minimum wage in Yogyakarta. The official minimum wage in Yogyakarta, depending on age and function category, is around 900,000Rp [90USD] per month, whereas the wage for the warung employees lies between 600,000Rp and 700,000Rp per month, for ten to twelve hours per day, and six days per week (e.g. warung entrepreneur Mr. Ibnu, p.c., 10.06.2013; warung employee Gimas, p.c., 17.07.2013; warung employee Ibu Patni, p.c., 18.06.2013). This means that the average wage of a warung employee is only two to three dollar, per day.

The little money that is earned flows directly to daily expenses, and there is little opportunity to save money for other expenditures. Investing money for self-realization, such as practical training and starting an own enterprise, is hardly possible. Because of the low income, the warung employees have a low chance to deploy themselves and grant a higher capital position.

The low wage is a general problem in Indonesia as a whole: ‘the poor remain poor, while the rich get richer’ one could say. It does not seem to change that much. Another problem is that the employees are not part of the ‘formal working class’. They do not benefit from collective agreements on salary, salary raises, leave hours, improving working conditions, obligatory training etcetera.

Figure 4.4 The circle of poverty in warung restaurants

This image is strengthened by the working conditions of warung employees. All warung restaurants I visited had fulltime employees that worked six [or even seven] days a week, with working days of ten, twelve or even fourteen hours per day. Assuming that the employee has a ‘life’ outside their work the time the employee can spend to get another or a different job for larger income, study for improving the language skills or follow training programs to increase their skills is sorely missing. Time is literally running out for employees as one cannot enhance its professional qualities. Since many employees stopped school in a very early stage [on the age of twelve is no exception], I plea for the need of professional [and
personal development. Now, informal actors lack the skills to be accepted by the more formal organizations and lack the knowledge to start an own viable and sound business.

Employees have no chance to hop to the formal sector or to start a solid business, rather they carry on an undervalued profession in the informal sector. Evers and Effendi (1992) argued that the productivity among informal, small-scale actors because of lacking skills is very low, compared with the formal actors. “Establishments in the formal sector tend to be more productive and to have a higher capacity for productive employment. It can be assumed that with increasing formalization productivity and incomes are going to rise. That still leaves the question unanswered what is going to happen to those that are not able to follow the formalization trend. Government or private sector intervention will be necessary” (Evers & Effendi, 1992).

Besides the missing time and capital to invest in personal and professional development, the working activities executed in the warung restaurants are simple and unchallenging. For years, day in and day out, warung employees perform the same tasks, with very little prospect on betterment. For warung entrepreneurs it is attractive to maintain their image as employee for the low-educated, because by hiring the cheap, low-skilled employees the entrepreneur simply tempers the costs. I foresee that the vicious circle [Figure 4.4] lasts for generations to come, as it did for the previous generations. Money that is earned by warung employees – and also by warung entrepreneurs – is invested in the education of the children. Unfortunately, for the poorer families even the costs for the children’s education is too high, which causes that many children quit school after SMA or SMK [secondary and junior high school], between the age of twelve and sixteen.

Warung restaurants remain a select area for the low-educated. Thus, the position of the warung is very debatable. Is it an employer for the working poor? What does this mean for the warung entrepreneur itself? And how does the ‘employee-for-the-poor’ fit in a nation state that wants to grow, that is close to become a modern economy? This section exposed that the level of skills and education among many warung entrepreneurs is left behind.

I question whether the capacities of warung personnel and entrepreneurs can grow along with economic growth – especially in an economy that is more based on service industries. How can we expect from people that have worked for tens of years in labor-intensive circumstances to work in skill-intensive sectors? The gap between workers in the labor-intensive and the skill intensive sector is large and the capacities of warung personnel and entrepreneurs do not naturally grow along with economic growth. For example, computer-skills among warung personnel and employers are lacking, as is the case for administration expertise and all kind of practical skills that are needed to create a sound professional fundament for individual employees. This is a contra-argument for stating that whenever the economy grows informality will decline: we cannot expect from the less prosperous and ill-educated people to follow the thread of growth. Adapting to formal standards and obtaining a higher college degree is not a natural appearance, it needs effort.
IN CONCLUSION: WARUNGS ON THE SOCIAL MAP OF YOGYAKARTA

So, how important are warung entrepreneurs and their restaurants for the everyday life in Yogakarta? Let us rewind to chapter 4.1 where we have seen the large concentration of warung restaurants in the areas of Karangmalang and Jalan Gejayan / Colombo in Yogyakarta. There are many warung restaurants in the areas, and the areas are no exceptions in Yogyakarta. Wherever people live or trespass, a warung restaurant is settled: the amount of warung restaurants is myriad.

And the presence of warung restaurants is important, since they preserve the Indonesian cuisine and suit the time- and money-saving desires of the Indonesian citizen. Along with the economic and cultural value the warung sector fulfills an important role as an employment – every warung equals job opportunity.

The large number of warungs, however, is controversial as there are [too] many warungs and therefore [too] many people working on low-skill basis. This bluntly posed statement exposes the presence of [too] many low-skilled laborers in Yogyakarta.

I am not denying that Yogyakarta – and Indonesia as a whole – counts many low or non-educated and labor-intensive trained men and women, and that all of them is in dire need for appropriate – labor-intensive – employment. Also, I am not contradicting society’s desire for warung restaurants, since they offer comfort for affordable prices. But these two notions are exactly two arguments that consolidate the image of the warung restaurant as a gathering place for the working [and consuming] poor. I recognize the resilient absorption capacity of the warung restaurants in Yogyakarta, but absorbing the poor is unfortunately the only ability the sector has. Apart from absorption the warung is incapable in developing the capacities or strengthening the position of warung employees. It makes the absorption capacity of warung restaurants a limited and critical capacity. Striking in this discussion is the hardened and fictionalized positioning of the local government:

“They [I.e. warung restaurants] do not have financial benefits for the area, but they have an important social function. The social function is that they give more job chance, labor chance. And the wives that have more time […] they can do more activities, not only taking care of the children, but they can open a small business. Therefore they can make more income for the family. And after it they can send their children to more higher education” […] It has a great function for the kelurahan […] People here, can work as employer and they can live more proper. They can achieve a high welfare.

Public officer in kelurahan Klitren, p.c., 05.07.2013

I suggest that the acknowledgment of socio-economic value of the warung sector should go along with the charting of all [warung] enterprises in the neighborhoods. Only then we can expose exact numbers of economic activities in a city as Yogyakarta. This is of vital importance since it gives a profound insight on the number and types of enterprises in the city – it does not stick to guessing.
For example, if a plan emerges to remove all street vendors from public roads it is understandable logical to have precise numbers on the number of street vendors. The numbers are reliable indicators to stipulate the extent of urban issues. This leads to consequent policies on creating possible alternatives for these street vendors. Currently this information is missing and with an absent information on the magnitude and criticality of economic activities, policy making is just guessing and seriously biased.

I took notice of one essential counterargument for this registration process, which is the flexibility and fickleness that is typical for micro and small-scale entrepreneurs, which consequently means that the type of enterprise can change any day: a gasoline seller can decide to manage a tobacco shop instead. The way in which entrepreneurs exchange the type of business scares policy makers to obtain a registration or charting model: the model can change daily and loses its reliability and validity. This mindset is for the Yogyakarta government enough reason to avoid charting the businesses in the city. In my opinion, it tells more about the absence of willingness or awareness than it tells about the flexibility or fickleness among entrepreneurs: it is hiding from the reality – I will elaborate this in section 5.3 and 6.3. The government structure [see Figure 2.2] is perfectly capable to register all business activities in the cities. RT’s are usually fully aware of every single activity in their neighborhood. Hence, we can give the RT and RW the task to gather basic information about firms in the city [e.g. ownership; type of business; location and number of employees]. Since an RT in Yogyakarta is responsible for a maximum of fifty households this task is not of large extent.

Overlooking the prior proposition, the popularity of the warung restaurants in Yogyakarta is unparalleled. And not unambiguously: warung restaurants are desirable because of the quality and comfort offered for low prices, whilst the sector is a warranty for high employment. These characteristics, however, maintain an impoverished element in Yogyakarta: poor people work in the warung restaurants, while the sector scarcely develops from a labor-intensive to a skill-intensive source of employment. Exactly this reasoning exposes the necessity to render more attention on the informal sector.

So far, the research is solely based on obstacles and adulations society experiences in the warung sector. The next chapter is extending these thoughts by focusing on [small-scale] entrepreneurship: how does the seemingly absence of formalities in the warung sector affect the act of entrepreneuring? And are the firms absolute informal, or can we find demonstrable traces of regulations and procedures?
5. WARUNG, THE RIGHT PLACE FOR YOUR LUNCH
A perspective from the warung enterprises

The cultural value warung restaurants have for citizens of Yogyakarta has formed this type of firm to an incredible beautiful phenomenon. At the same time, the restaurants appear to be a large employer for the low and non-educated jobseekers in Yogyakarta and therefore needs critical attention if we are aiming for enhancement of these underprivileged employees. And the employment capacity is only one of the many concerns if socio-economic conditions in Yogyakarta are to be improved.

The prior chapter had a pretty human and social character, and this line is continued in this chapter. A loop is placed on the act of entrepreneuring in the warung sector – processes [daily activities and business strategies] are thoroughly analyzed and a showcase of the different hurdles and delights of the warung firms is demonstrated. This chapter is focused on the warung enterprise itself, yet the direct line to warung employees and customers and the rule of local governance remains apparent.

Although the position of the warung entrepreneur is rather precarious in terms of social security, false competition and working conditions, the warungs are permanently settled in Yogyakarta. But how does its restricted position affects the ambitions of the warung entrepreneurs. In this chapter an analysis is made on how the warung entrepreneurs, despite their uncertain position, endeavor to establish a solid business, a business which might not be so much different than any other formal equivalent. I focused on the processes happening within the warung enterprise, which is finalized with an analysis on how entrepreneurs intercommunicate with the legislative agenda from Yogyakarta’s local government[s].

5.1 THE PERMANENCY OF WARUNGS IN YOGYAKARTA

As explored in Chapter 4, warung restaurants are strongly entrenched in Yogyakarta’s street life. The numerous small-scale restaurants represent the city, but also explicate the ease of starting an own firm. Because of the informal character of space allocation there are many possibilities to start an own small restaurant. This is empowered by the vague distinction between public and private space as entrepreneurs easily overstep the boundaries of public space and open a warung restaurant on non-self owned ground. Entrepreneurs easily avail the materiality of the city: whenever there is space, entrepreneurs use it to execute their business. In Figure 5.1 and 5.2 a distinction is made between different warung restaurants:

1. Permanent located warung restaurants:
   Entrepreneurs operate in a permanent building. In most cases the entrepreneur [and its family] are residing in the same location as the warung restaurant. They either reside in the warung restaurant or a warung restaurant is constructed directly connected to their house;
2. **Semi-permanent located warung restaurants on private space:**

On a daily basis entrepreneurs set up their warung restaurants on non-self owned private lots. Although the entrepreneurs are executing their business on exactly the same location for years, an important detail is that they have to re-install their business daily, which makes the warung restaurant an incidental, short-term, mobile and transferable business. Entrepreneurs execute their business on private space, meaning that entrepreneurs lease a spot on private-owned courtyards or squares.

3. **Semi-permanent located warung restaurants on public space:**

In characteristics similar as the previous category, except they are located on sites that unambiguously are considered as public space. Warungs are primarily installed on sidewalks and roads.

![Research area Jalan Gejayan / Colombo: Warung facilities and the level of permanency](image-url)

Source: Author
The three categories instantly expose that starting an enterprise is quite undemanding: the third category proves that whenever an entrepreneur does not possess sufficient property and is not capable to lease ground, the entrepreneur appeals to public space: an abundant alternative.

The maps [Figure 5.1 & 5.2] and its categorization depict the ‘sense of permanency’ different warung entrepreneurs experience: there is a daily risk for entrepreneurs to be send away from their site, by landlords or official authorities. Eviction from sites, unexpected rises of the lease price and a randomness of financial penalties and unofficial taxes are a constant threat for warung entrepreneurs, especially for the semi-permanent located. This uncertainty jeopardizes long-term plans of enterprises and forces the warung business to remain an occasional or day-to-day project.

When determining the ‘sense of permanency’ a clear example of the precarious position of warung entrepreneurs are the many entrepreneurs located on the street side of Jalan Kaliurang [Figure 3.2 & 5.3]. Jalan Kaliurang is a road that separates the east side of the Gadjah Madah University campus, from the west side: some might argue that Jalan Kaliurang is the median of the biggest university of the city. Jalan Kaliurang, at the same time, is the road that connects the north of Yogyakarta with the center of the city. The fact that Jalan Kaliurang is in the middle of a student area and is a busy passageway makes it really attractive for warung entrepreneurs to run a warung restaurant on the side of the road [Figure 5.3].

Important to take into account is that the road is alongside the university and various government organizations: entrepreneurs are definitely not permitted to use the property of the university and the
state, whereas the pavement that separates the properties from Jalan Kaliurang remains a grey, negotiable zone. For over twenty years now, the restaurant owners and their families are installing themselves on the pavement. Around 16:00 or 17:00 they arrive, whereupon until 22:00 they operate. At 22:00 the families leave their spot, leaving only a metal frame behind for plastic sheeting: the only trace of the existence of crowded evening-eateries to be found.

The daily routine of the warung restaurants on the pavements of Jalan Kaliurang is intriguing. Jalan Kaliurang is a complete different world during daytime, as it is in the evening. During the day Jalan Kaliurang is simply a trespass to go from the north to the south, or vice versa. But as traffic increases around 16:00, when office clerks usually finished their jobs and students completed their latest classes, the first warung restaurants are settling. Kitchens are prepared, food stocks are supplied, tables are arranged, billboards are hung and the roadside is steadily and almost naturally turning into a parking place. Day in, day out, the same activities occur – as a naturally accepted phenomenon.

These warung restaurants in Jalan Kaliurang are strongly embedded in city life. Many families and groups of friends in Yogyakarta visit the eateries in this area, which gives the impression that this area is a flourishing business zone. Nevertheless, the warung entrepreneurs have difficulties to organize a steady-housed business with long-term prospects, because they experience no stability.

This lack of permanency is embedded in two issues. Firstly, there is much indistinctness about property rights as there is little clarity whether the warung entrepreneurs are authorized to open a business on the sidewalk in Jalan Kaliurang. Any moment now, official authorities can sweep the businessmen away from the street. Thus, who knows how long this warung business area can last? It is exactly this deeply entrenched hurdle preventing warung entrepreneurs to develop a solid business plan that includes a reliable expectation of expenses and income generation. Operating a warung business therefore, remains a contingent and short-term oriented undertaking.

The second issue that concerns the lack of permanence is the daily recurrence on the same location, at specific times. There are vague agreements [more in section 5.3] with the lowest authorities – the RT/RW and kelurahan – or the local police officer on the opening hours of the warung restaurants in Jalan Kaliurang. This has led to semi-obligatory opening hours, from 17:00 to 22:00. It is only in this period the warung entrepreneurs can do their business. They do not benefit from the freedom to open their warung restaurants whenever they want, a privilege that the warungs in category 1 & 2 do have. This daily routine determines restricted capacities of the enterprises in Jalan Kaliurang: the entrepreneurs cannot offer basic facilities such as a sink, toilets or even chairs since there is no running water or because it takes too much effort and too costly. Let alone that the warung entrepreneurs are capable in offering luxury such as ventilators and television. Investments to improve businesses are unpractical or are combined with a high financial risk.

Warung restaurants that use public space experience disadvantages because of their lack of permanency. Moreover, this entrepreneur spends quite a lot of time in installing and uninstalling its business. Compared with permanent housed warung eateries there is relatively little time to make a profit.
In Chapter 1 I noted that warung restaurants are not per se informal businesses, nor are they formal businesses, they are literally floating in the middle. Figures 5.1 and 5.2 strengthen this idea by exposing that warung restaurants can be both mobile [category 2 & 3] and immobile [category 1], this while the warung restaurants in all categories are offering the same services and have many similar characteristics [i.e. multiple employees; parking places; costs for electricity, water and *siskamling* [neighborhood watch]; menus; clear restaurant concepts; sheds; customers from low and middle-class and so on].

At the same time, the warung restaurants can be perceived differently regarding their legal status. The ones that use public roads to execute their business are likely to be considered as disobeying and undesirable, or even formally illegal. The ones settled in buildings are considered as permanent and proper enterprises. This means we cannot simply argue that a warung restaurant is an informal business, or that a warung is legal form of business. There are too many differences among them, and those differences serve as obstacles to position a warung in a singular ideal type. Instead, warung restaurants can teach us about the integrality of informal and formal characteristics, a renewed and more realistic view on the informal sector. Additionally, we could argue that any disputable business (e.g. selling fireworks, soft drugs, alcohol or providing security) can take a legal or illegal form. The lesson is that several type of businesses bear out the integrality of different elements that can be typified as legal or illegal, and as informal or formal.

Despite the differences in the sense of permanency of warung enterprises it is evident that all warung entrepreneurs share a common good: make money and survive-the-day by creating and executing
business. The act of business-making is what is elaborated next, and tells a lot about the bridging function of the warung in the discussion on the formal and informal sector. Because apart from making money, the type of business activities and the organization of these business activities in formal firms have various significant and demonstrable similarities with the processes taking place within informal businesses.

5.2 ANALYZING THE WARUNG ENTERPRISE

First, what can we say further about this lack of permanency? It might be clear that all this uncertainty is a result of social negotiated agreements between entrepreneurs and various local authorities and influential parties. It are the local authorities that tolerate the [mis]use of public space. The fact that entrepreneurs in category 2 and 3 do not own property makes it really difficult to develop into bigger enterprises: there is no real estate or parcel that can be exchanged for capital. Warung restaurants have difficulties to grow because of the lack of property rights. Apart from kitchen tools and a brand, they own basically nothing and therefore there is basically nothing to trade.

Issues like these emphasize the peculiarity of entrepreneuring. Still, entrepreneuring is a form of surviving, and in that sense entrepreneuring in Indonesia does not differ from entrepreneuring in Europe. The resources, channels or business ideologies used by formal entrepreneurs correlate with those of the informal entrepreneurs. Interesting to notice are the entrepreneurs traditionally operating in the informal sector that are able to execute similar activities and processes. One of the goals of this section is to underline this equation. Therefore an analysis is made on how warung entrepreneurs organize their businesses, how they interact with customers, how customer-interaction is embedded in the city and how they interact with governments.

5.2.A ATTRACTING CUSTOMERS

In the light of the many warung restaurants in Karangmalang and the Gejayan / Colombo areas, we could argue that differentiating and attracting customers to warung restaurants is a hard-fought battle. In order to bear out their business strategies, warung restaurants, like every other type of firm, try to distinguish from others. In the light of informal economy, it is interesting to go in-depth in the differentiating process of warung enterprises: how do they do it? And does it differ from formal practices?

During the many talks I had with citizens of Yogyakarta I discovered six standards for customers to choose for specific warung restaurants over competitors. Because warung customers recognize differences between warung restaurants an urge exists for warung entrepreneurs to anticipate on these differences and to distinguish their restaurants from competitors. As said, I recognize six standards in the process of differentiating:

1. Product offer;

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3 Inspired by input of warung customers and by the ‘five Ps’ classification, which is a business tool used by marketers throughout the world.
2. Price;
3. Location;
4. Quality;
5. Customer friendliness;

The process of differentiating, however, is not [yet] widely spread among warung restaurants. I spoke with warung entrepreneurs Suti and Ibu Patni, who settled their warung restaurants hundred meters from each other, neither were busy with attracting customers: “there is no competitor in here because the restaurant offers different food. Special from Lombok. And the others are the different segment, different food” (Ibu Patni, p.c., 18.06.2013). Ibu Patni took her cuisine concept for granted and hardly sought for creative alternatives to attract customers. As is the case for Suti, who is not advertising “because it is a small restaurant” (Suti, p.c., 16.06.2013, Suti is one of the few selling dishes with ‘sambal’ and that should do the trick – meanwhile, I have counted over a hundred warung restaurants specialized in sambal food.

Figure 5.4 Three warung restaurants and their classic advertising posters in Jalan Colombo. On the background you can see one of the buildings of the university UNY.

Source: Author

The main cause of their apathy towards advertising is the lacking knowledge on how to better or differentiate business. Promotion is an activity that is left unused among many. Advertising is limited with the typical advertising posters and absolutely every warung restaurant hangs these posters on the façade of
the warung [see Figure 5.4]. The large posters expose the name of the warung restaurant, the type of cuisine and sometimes a list of dishes: no fuss, it is straightforwardness from head to toe.

The way of advertising might be unilateral and uncreative, but is formal in all its facets. Warung entrepreneurs have surrendered themselves to the golden rule of applying large, straight forwarded advertising posters for promoting their activities. Every single warung entrepreneur abide by this.

Promotion, thus, is strongly formalized and institutionalized in the warung sector. The formalization of using advertising posters however, disables thinking beyond conventional advertising. An example is warung entrepreneur Suti who denies to acknowledge the use of advertisement: “we are not doing the advertisement. Just mouth-to-mouth” (Suti, p.c., 18.06.2013). There are few warung entrepreneurs that go beyond the traditional borders of advertising.. During the research I met just one warung owner (Adit, p.c., 18.06.2013) that uses Twitter and Facebook – the modern social media – to gain attention for his warung restaurant. Another warung restaurant owner, Yudi, (p.c., 18.06.2013) used leaflets, a grand opening and bonus offers to attract students to his new opened warung restaurant. Adit and Yudi are entrepreneurs proving that using formal and modern resources is very well possible for warung entrepreneurs.

Another formal activity warung entrepreneurs undertake is evaluating and enhancing their business concept. By adjusting the price and product offer entrepreneurs are able to distinguish themselves from competitors by endorsing a unique selling point. Low prices are essential for the warungs “because, with expensive ice-tea, people will not come here” (entrepreneur Tria, p.c., 16.06.2013). Offering food and beverage for cheap prices, however, is not unique. Kona (p.c., 16.06.2013), owner of a padang restaurant in Karangmalang, is proud to operate “the best of the city” based on location, the tasteful padang food and the presence of chairs [which are regularly missing in competing warungs]. Most importantly, in their case, they are “one of the cheapest around”. Fairly, the latter difference-maker, is far from unique.

Low prices, they do not make the difference in Yogyakarta. The warung restaurants in Karangmalang are pretty much destined for one specific audience, namely students. A restaurant in this area is naturally obliged to charge economically, since “it is good price for the student” (entrepreneur Yudi, p.c., 18.06.2013). Lowering prices therefore is not a fair indicator to differentiate from competitors. In fact, increasing prices would be an act of ill-management since restaurant will lose its customers: “If we try to raise the prices, even just a bit, nobody will buy” (Ibu Estel, p.c., 26.07.2013). The commitment to low prices puts the entrepreneurs with their backs against the wall as refining their economic position becomes an undoable task. Unless the warung restaurant is able to distinguish itself from the competitors, entrepreneurial ambitions should be tempered.

When it comes to distinguishing in the level of comfort and a unique style and interior, warung restaurants seem to lack in originality and efficiency. Many warung entrepreneurs I spoke to explicate and praise the commodities offered in their restaurants: “out of all this small restaurants, we have television and ventilator” (entrepreneur Ahmed, p.c., 16.06.2013). Commonly, these ‘commodities’ are a set of chairs [as a substitute for sitting on the ground], a ventilator and a television. More extras are not to be found in
the warung – and apart from some rarely found plants, interior and style – so restaurants are not notable different from each other. Hence, most warung restaurants miss a clever and sophisticated business concept, with well-intended business activities, directed to a specific audience. In other words: a creative philosophy that separates them from others is absent.

Still, this does not affect the overall quality of the warung restaurants. As social as the warungs are, the warung entrepreneur cares about its customers and listens to complaints and suggestions to increase the quality of its warung. This is translated in a process of quality enhancement. Here we recognize a standardized process packed in an informal environment. Quality enhancement is a process in which customers get a voice on the quality, quantity, price and overall impression of the provided service or product. Entrepreneurs consequently can anticipate on this information by enhancing the overall quality of its products and services. This process is all about the standardization of products and services and it cannot be labeled as an unofficial or uncontrolled process. The warung eateries have, almost naturally, implemented standardization, and the example of quality enhancement and promotion activities prove that informal practices are not necessary without rules, norms and laws which result from years of [social] negotiations.

The warung restaurant is a place that usually welcomes customers from the surrounding area. Often, the warungs are crowded with customers living in the same neighborhood: “a lot of people from the neighborhood come here” (Ibu Pudjoko, p.c., 20.06.2013) and are acquainted with the people working in the warungs: “my employees know them, almost all of them” (Tria, p.c., 16.06.2013). Interaction between the entrepreneurs, their employees and the customers is very natural – of an informal nature. I argue that the easy interaction enables a straightforward transaction of opinions about served food and beverages. The warung restaurants are very aware of the desires of customers: “the owner is aware of the desires of the customers in here. They always ask to the customers that come in here, what is the taste of the food, and what is the recommendation to the product […] so that is how they learn to make better and better food” (employee Ibu Patni, p.c., 18.06.2013); “the restaurant has a guarantee for the customer, if they are not satisfied for this food. For example, if it tastes like salt we will change it” (entrepreneur Yudi, p.c., 18.06.2013). This standardization process, is meant “to maintain the customers, to make sure that they come back again” (entrepreneur Yudi, p.c., 18.06.2013), and is recognizable throughout the whole warung sector. This light shows that warung restaurants are able to grow along with an increasing number middle-class consumers with more demanding standards.

The next question arises, are the warung restaurants actually formalizing? An exploration on this question is made in the next section.

5.2.B FORMALIZING THE WARUNG

During the Geneva Convention on the current and future state of informal economy, organized by the International Labor Organization (2007), work in the economy was characterized by small or undefined work places, unsafe and unhealthy working conditions, low level of skills and productivity, low or irregular incomes, long working hours and lack of access to information, markets, finance, training and technology.
Entrepreneurs in the informal economy are thus generally regarded as poverty sustaining, powerlessness, exclusive and vulnerable. The many ways in which warung entrepreneurs try to struggle out of this position is in contrast with the overall opinion on the position of informal actors. In fact, warung entrepreneurs fit much better in Ananya Roy’s (2011) motivating opinion on a sector excelling in creativity, innovation and adaptability. Roy shares a belief of a sector with possibilities, a world of small-scale entrepreneurs that is able to grasp and adopt new technology. If we consider the use of [new] technology, we notice the increasing use of formal procedures among the micro and small-scale entrepreneurs.

To name an example: job advertisements. In Chapter 4 the increasing amount of non-family workers is mentioned. The entrepreneur’s preference for non-family above family workers has divergent reasons: the family is unable to help due to other activities (Tria, p.c., 16.06.2013), the family is not living in Yogyakarta (Adit, p.c., 14.06.2013), there are not enough family members to run the business (Mr. Ibnu, p.c., 10.06.2013) or working with family members is, for whatever reason, not pleasant (Yudi, p.c., 18.06.2013). Hence, entrepreneurs are forced to employ non-acquainted workers. A more-and-more frequently entered route for the mentioned entrepreneurs is the use of job advertisements in papers, on internet and pasted prints.

Apart from the job advertisement the use of hour-registration forms is also increasing. This is an important step, to protect employees and to generate a structured business administration. Thanks to the hour registration employees are secured with a fairer payment. After all, warung owners regularly ask their employees to work more hours – overtime. “But without extra salary” (Ibu Patni, p.c., 18.06.2013). A fixed, monthly salary is the basis for this mishandling. By registering the exact worked hours, employees could get paid per hour: a fair system (Yudi, p.c., 18.06.2013; Bou, p.c., 14.06.2013). At the same time, the use of hour-registration provides a clear insight in staffing and staffing costs, while the local authorities obtain more knowhow of a warung’s corporate structure. The use of hour-registration and job advertisement is not yet spread among the whole warung sector, but the starting points are emerging.

In many interviews I asked the entrepreneur to present their financial administration. The practice of financial administration occurred to be very different among warung entrepreneurs. A few entrepreneurs were managing detailed and organized financial records: a daily, weekly and monthly cash flow, calculations of cost prices and an inventory overview. Most warung entrepreneurs on the other hand, have not established a sound financial record – it is either non-existing [or no willingness to show], very basic or is applied inconsequently. Apparently, we cannot just take for granted that informal entrepreneurs are able to present business administrations. The proceeding of financial records is not ingrained in the warung sector – probably because the necessity is not clear. Indeed, as long as there is enough money to buy new groceries the business can continue and thus is considered to be vital.

A wider use of ‘formal’ resources in the informal economy contributes to the professionalization of informal firms, which is really important for “enabling transition to formality” and thus implies the need for “analyses of factors underlying the employment problem in local contexts” (International Labor Organization, 2007). The formal equipment mentioned in the previous three paragraphs exposes the tangibility of the formal sector: many formal processes are within reach for the warung entrepreneur.
The custom of not using formal standards has a lot to do with the cognitive development of the warung sector. The sector is exemplified as a rather enclosed learning zone that regularly fails to adapt to alien and formal procedures and consequently sticks to familiarized informal procedures. What I mean by this, is elaborated in the next section.

5.2.C LEARNING PROCESS IN THE WARUNG SECTOR

I argue that warung entrepreneurs should not be characterized as informal. In many cases the resources and channels they use and the procedures they execute have a very formal character. Warung entrepreneurs are not restricted to adopt formal activities: promotion activities; recruiting via job advertisements; training of employees; holding an organized financial administration; participating in business forums and quality improvement systems are all activities within the reach of any informal entrepreneur. In short, the informal warung entrepreneur has access to the same facilities as any other formal entrepreneur. Besides, many recognizable processes in the warung sector are repetitive executed and strongly institutionalized in the sector – equally to many processes and activities in the formal sector. It proves that the line between informal economy and formal economy is very thin, or even non-existing.

Nevertheless, compared with the formal sector, the warung entrepreneur has missed one fundamental step. With an exception of a few entrepreneurs, (like Bou, p.c., 14.06.2013), warung entrepreneur tend to skip official registration and to pay taxes. Even if official registration is forcibly imposed by the government, the warung sector would be reluctant to administer. Warung restaurants are not eager to apply practices forced by the outside, they are alienated from external influence. This indicates the warung sector as a sealed sector, a sector rejecting external influence. The excluding-behavior increases misunderstandings and ignorance between the local government and warung entrepreneurs and this evolves in several consequences, such as a restricted participation in education programs. Where the local government does not invite unregistered entrepreneurs for training sessions – because they are unregistered (Pak Ekonomi, p.c., 11.07.2013; Pak Sudharmono Hadi, p.c., 22.07.2013), warung entrepreneurs do not experience the benefit of training sessions organized by their local governments (Ibu Watik, p.c., 26.07.2013).

As a consequence of this existing ignorance, the warung entrepreneurs have to organize the process of learning skills themselves. In an internal organized setting [for generations, warung restaurants remain in the hands of families or unchanged social sphere] knowledge is transmitted only on a very limited scale. In an article on learning processes among subcontractors in the furniture manufacturing business in the Philippines, Beerepoot (2005) indicated the decisive role of local circulation of knowledge among small-scale entrepreneurs in everyday operations. This meant that local entrepreneurs mainly absorb knowledge by monitoring similar producers – a very recognizable phenomenon in the Yogyakarta’s warung sector. “The negative consequence of this strong reliance on informal learning mechanisms is that the distinctive and complementary knowledge and skills which are needed to strengthen the entire cluster are not often built up” (Beerepoot, 2005).
Warung enterprises are mainly structured by the livelihood strategies of warung owners, their family members and their employees, instead of a sophisticated economic vision. A lacking social security, a failing and non-existing property right system and an underprivileged professional position has positioned many warung entrepreneurs in an insecure position where ‘surviving today’ is more important than investing in a long-term certainty. Beerepoot (2005) stipulated that a lack of knowledge in other areas “hinders the functional upgrading of their operations” while “managerial knowledge and skills are just as important as production knowledge and technical capabilities for securing a better position in the (international) value chain”.

The prior description confirms the precarious position of the warung entrepreneurs, caused by the way they learn and absorb knowledge. The small-scale set-up of the warung restaurants in Yogyakarta combined with an aversion to governmental interference has a negative effect on the economic potential of the warung sector. Improving the diffusion and level of knowledge in the warung sector, therefore, is an issue that needs to be tackled by the entrepreneurs independently. In fact, it might much more be a responsibility of the warung entrepreneurs themselves, than it is for the official authorities. Because, without a broader scope towards outer sectoral processes, new knowledge will surely not shift into the warung sector.

Still there lies responsibility at the [local] government. The government has a facilitating role, and should enhance opportunities and extend possibilities for entrepreneurs to improve their business. This can be done in numerous ways: practical, technical and managerial schooling, legal protection, assistance in finding and acquiring funds and providing a sound legislative framework on working conditions are just a few of the examples on how the government can perform its duty. The next section will elaborate this interaction between the local governments and warung entrepreneurs and exposes how rule grounds in the sector.

5.3 WARUNG ENTERPRISES & GOVERNANCE

A central theme in discussion on the informal economy is the interaction between informal actors and official authorities. Although the tendency is to state that informality exemplifies itself, in contrast with ‘formal’ economy, with a lack of – or even nonexistent – planning and monitoring by the government, it does not necessary mean that informal actors do not take notion of governments. In fact, it is naïve to state that governments do not have [structural] influence on everyday life of actors in the informal economy. Although interference by governments not always generates the desired results because of a lacking empowerment and communication, entrepreneurs have cutting opinions about governmental activities. Again, we cannot discover differences with entrepreneurs in the Global North.

Contrasting between Yogyakarta and the global North is what I call the ‘last step to formality’, which is official registration and accompanying tax-paying. Well, this is a very interesting point when we evaluate Indonesian entrepreneurship, especially small-scale entrepreneurship. Let us make a rough comparison with the global North and the particular case of the Netherlands. In the Netherlands it is
already a hassle to open a basic enterprise. Any entrepreneur, regardless of the size of the enterprise, has to go to the municipal for permits; the Chamber of Commerce [Kamer van Koophandel] for registration and the tax authorities [Belastingdienst] to obtain a tax administration number. Furthermore he or she has to make a considered choice between possible legal forms. If the entrepreneur does not acquire all these procedures its company is considered to be illegal and thus should be closed down – without any pardon. These legal [and unsocial] procedures are obligatory. The disadvantage is that registration takes time and permits are not easily been procured. One needs permits for renovating buildings and for using public streets to sell products. The permits are only granted if the entrepreneur complies to [high] payments, whilst permit requests are not necessary granted because of limited sites or simply because certain activities are undesirable or unlawful.

The basic thing to remember is that starting a firm in the Netherlands does involve many hurdles. Especially when we compare Dutch start-up procedures with Indonesian procedures. Micro and small-scale entrepreneurship is not merely restricted by legal and unsocial procedures, interaction between entrepreneurship and governing is rather based on social relations. This chapter concentrates on the relation between entrepreneurship and governance in Yogyakarta. In what manner do official authorities have contact with warung entrepreneurs? And how do entrepreneurs perceive this contact?

5.3.A THE SOCIAL SECURITY OF A WARUNG

One of the main advantages to have a striving informal sector is that the labor absorption capacity is a solid defense for economic decline. People working in the formal sector would not have to surrender to unemployment when they lose their jobs, since they have the possibility to find shelter in the informal sector. The classic analogy is that economic downfall encourages the emergence of informal activities and that economic prosperity causes a decrease of informal activities (Evers & Effendi, 1992; Evers, 1993). Meanwhile, in 2013, we have to acknowledge that informal economy remains very vital, even in improving economic conditions. As said in the theoretical background [section 2.4] nine out of ten citizens are working in the informal sector, meaning in unregistered and/or non-taxing paying companies or being self-employed (OECD, 2012a). Thus, regardless the current economic situation, the informal sector functions as an important safety net for the ones who lose their job and its magnitude remains large in times of economic prosperity.

Starting an enterprise is a serious alternative for being unemployed. A serious alternative, it sounds like a romanticized social security system. When we assess the nature of this unemployment we can conclude that there is no alternative for the informal sector. Stating that the informal sector is a serious alternative for unemployment is not justified: there is no other solution. There is no alternative but the informal sector.

The nature of the prior statement lies within the statistics published by OECD. 89 % of the employees has a job that is of informal nature. One of the consequences is that the jobs of many people in Yogyakarta are unprotected by law. In respect to social security this has radical consequences. Whereas employers in the formal sector remit a monthly fee for social security to protect employees in case of
unemployment, informal employees cannot rely on this social backup. To date in Indonesia, 17 per cent of working population is covered by employment-linked systems of contributory social security. The rest of the population, particularly those who work in the informal economy, when faced with adverse events affecting their livelihood, rely mainly on informal mutual support arrangements (International Labor Organization, 2010).

A large share of the working population in Yogyakarta cannot rely on a formal, government organized social security system if they lose their jobs. For them, there is no unemployment allowance, no training programs and no assistance in job seeking. Furthermore, jobs are, unfortunately, not created for the unemployed. The consequence is that people that lose their job in the informal sector have no other choice than to restart their career in the unprotected informal sector. One of the most striking consequences of this liberate informal market is the presence of a large group who receive little [if any] legal and financial protection from their government. As a result, “a higher proportion of the informal workforce than of the formal workforce is poor” (Chen, 2007).

5.3.B WARUNG’S MASKING BEHAVIOUR
The small restaurants might be unregistered, and thereby formally illegal, we acknowledge that they produce and provide legal goods, namely food and beverages, to both informal as formal workers. This bridging approximation has currently been acknowledged by many organizations and academics: “while production or employment arrangements in the informal economy are often semi-legal or illegal, most informal workers and enterprises produce and/or distribute legal goods and services” (Chen, 2007). For me, this is a reason to carry out an exploration on how entrepreneurs perceive the illegal status of the warung restaurant. How do they perceive it? Do they care about illegality?

The first remark in this discussion is about the goods and services offered in the warung restaurants. Warungs provide legal goods [food and beverages] in legal circumstances [a restaurant-like atmosphere]. These two characteristics are enough reasons for warung entrepreneurs to consider themselves as legal. Meanwhile, not registering and avoiding to pay taxes is taken for granted, but foresee the restaurants of an illegal status. I experienced that many warung entrepreneurs do not understand why they should register. In here, I have to clarify what is considered as registration. What does registration mean for the entrepreneur?

In Figure 2.2 we see that the lowest territorial administration in Yogyakarta is the kelurahan. The kelurahan functions as an umbrella for neighborhood representatives [RT/RW]. Warung entrepreneurs usually have contact with the local neighborhood representative [RT], usually this is the only contact small-scale entrepreneurs have with governments. Problem is that the RT/RW or the kelurahan is not responsible for business registration and tax collection, this is the ultimate responsibility of the ministry of commerce [Dinas Perindustrian]. The Dinas Perindustrian outsources the registration of businesses in Yogyakarta to the kecamatan [city district] yet the communication with small-scale entrepreneurs is negligible. As is the case for the interaction the Dinas Perindustrian has with warung entrepreneurs. Moreover, most of the warung entrepreneurs I spoke with are confident that it is sufficient to limit

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governmental interaction to personal contact with local RT. If official registration or paying tax is desirable and necessary the government should come to the warung entrepreneur, and not vice versa. In short, all conditions for an informal sector are facilitated by the governments of Yogyakarta.

The role of the RT and kelurahan is rather indistinct. They are not accountable for proper registration, they are appointed to manage social issues. The RT guides the social cohesion in the neighborhood by bringing people together in gotong-royong [mutual assistance system, wherein neighbours assist each other: for example in a joint bearing of burdens in case of family loss], iiskamling [wherein neighbours are gathered to form an evening or night watch] and leads the organization of kemerdakaan [Independence Day]. Ostensibly, the RT promotes social cohesion and the cultural values of an Indonesian neighborhood. For the sake of the unity in the neighborhood the RT is fully aware of all activities in the neighborhood, including the presence of warung restaurants. The RT is the single government delegate for the entrepreneurs, whilst the RT is not an official authority in Yogyakarta.

Only one of the warung entrepreneurs I spoke with made the deliberately choice for proper registration: “Everybody must do registration of SIUP or ITU” so “there is commitment with the government. But it depends of the kind of entrepreneur. Whether it is a small or little restaurant or a large restaurant” (warung entrepreneur Bou, p.c., 14.06.2013).

Apparenty, there is a distinction between small and large restaurants – honestly, I cannot discover concrete differences between Bou’s warung restaurants and other warung restaurants I visited. The indistinctness and inconsistency in determining what the difference is between small and large restaurants is almost embarrassing [this will be elaborated in chapter 6], but for now, it is significant to note that most warung restaurants are considered to be a small enterprise, and are part of the UMKM [the Indonesian equivalent of small & micro enterprises: SMEs]. The ones that are aware that registration is part of entrepreneurship simply argue that there is no necessity for registering “because it is a small restaurant” (warung entrepreneur Adit, p.c., 14.06.2013).

The title of this section is “warung’s masking behaviour”. What has masking to do with the previous paragraph? Hernando De Soto (2000) argues that entrepreneurs voluntary participate in the informal sector to avoid costs, time and effort for formal registration. Being part of the UMKM is an easy disguise to be unmonitored by government, which can be really beneficial for the warung entrepreneur. If unmonitored, the warung does not have to pay taxes, which is usually around 10 % of their monthly profit when a warung is making a profit of at least two or three million rupiah per month [$ 200 – $ 300]. Without a doubt, entrepreneurs want to avoid these extra expenses. The same accounts for the social security tax. When a company has at least ten employees the entrepreneur has to pay the obliged social security tax. The height of the profit and the number of employees are two of the criteria to decide whether a warung restaurant is a small enterprise or a big enterprise. Leading a big enterprise includes the ‘burden’ of paying taxes, which from economic perspective is undesirable. This mindset leads to masking behaviour: entrepreneurs keep messy or incomplete financial records that do not give clear insight in monthly profit. They hire family members as employees and pretend to be a small restaurant – no matter the amount of customers – just to avoid to be labelled as a ‘big’ restaurant.
Hiring family members is a discussion worthy activity. Indonesia has five different categories of employees [*kategori pekerja*]. Two of the most common are the ‘regular employee’ and the *pekerja keluarga*. The *pekerja keluarga* is known as the [unpaid] family worker. In my opinion this categorization is quite tricky, since employees included in the *pekerja keluarga* are considered as unpaid worker, hence they are excluded from the official social security system. For entrepreneurs therefore it is attractive to hire family members or to lie about the nature of employment, just to avoid the social security costs. \(^4\) The downside is that the warung entrepreneur deprives the chance for family members to benefit from the social security system.

How does this relate to the warung entrepreneurs? Masking the truth is easily done, the government in Yogyakarta has equipped a business environment in which micro and small entrepreneurs have loads of opportunities to avoid costs, time and effort for formal registration and taxes. I believe that the nature of the problem is that entrepreneurs only have contact with the RT, and that the *kota* and *pemda* solely have interaction with *UMKM* entrepreneurs through the RTs – though they opt for direct interaction.

Warung entrepreneurs are not aware to whom they can turn to. They usually stick in their RT-community for complaints, requests and discussions, since they do not know ‘what is out there’ for them. Many *UMKM* entrepreneurs are not aware if registration at the city’s government is obligatory and is guided by practical and general training programs for *UMKM* entrepreneurs – provided by the Dinas Perindustrian and *kecamatans*. Although I admire the social function of the RT, the problem is that vital, legal issues almost naturally fall under their responsibility, exactly because of informality. Warung entrepreneurs voluntary reside in the informal sector to avoid costs, time and effort for formal registration – and therefore abide to socially negotiated standards, retrieved from their private social circle. At the same time governments eagerly adopt the extralegal substitute for established law – which is insufficient to satisfy the whole population.

Decisions made on land-use, opening firms, parking places, opening hours, are made with the indispensable help from RT. We cannot expect, however, that every RT has the ability to make the right decision for Yogyakarta. The warung owner, usually turns to its RT when he has a problem concerning his business. But should the unpaid, neighborhood head held responsible for creating a proper business climate? I remark the vast reliance governments have on their RTs. I am not certain if it this reliance is justified, because we are talking about huge issues that affect the livelihood. In the case of warung restaurants we can mention the labor conditions, the use of public space, property rights, female labor, diversification of economic activities and education. All of these, are by no means urban phenomena that should be left behind in informal spheres.

\(^4\) This reminds me of the time of my first job, at age of thirteen. My boss prescribed me to tell government inspectors that I was a family worker: I had to tell the inspector that I was the boss’ cousin and I was helping on the farm. My employer then avoided paying employee taxes. By hiring family members the entrepreneur easily avoids the expenses for social security.
Finding the balance of power between state and society is just as much a responsibility of the entrepreneurs in Yogyakarta, as it is for politicians and policy makers. ‘Hiding’ in the informal economy is beneficial for entrepreneurs, since it saves energy and costs. Yogyakarta’s city government stands along the sidelines – whether it is because lacking empowerment or intentions, or an underestimation of possible troubles. This leads to a business climate, for micro and small-scale enterprises, in which any decision is negotiable – and not bound to legal prescriptions. Entrepreneurs take manners in own hand. In essence, this is not necessarily a bad thing given that entrepreneurs, unlike the government, apprehend the desires of the society, exactly because they are actively part of this society.

Also, we could plead for the unwillingness among entrepreneurs to become ‘formal’ by paying taxes. Many informal businesses do not generate enough output, employment or income to fall into existing tax brackets. As was the case for the warung-tax [see section 1.1], in which restaurants with a floating earning had to pay taxes: bringing in at least Rp 60 million [$6,600] in revenue per year (Fasila, 2011). In a report for the United Nations Martha Chen (2007), even argued that most owners would be willing to pay registration fees and taxes if they were to receive the benefits of formality. For instance, street vendors who now pay a mix of legal and illegal fees would welcome the security that comes with being legally recognized.

This formalization process, however, is restrained by a lacking legitimacy of the state, which is an essential element in the shattering power structures. This, in turn, might be a result of a neoliberal world order that destroys or denies public structures, while at the same time society is trying to establish ‘law and order’ in socially negotiable settings, such as the neighborhood councils – led by the RT, whether or not significantly influenced by well-resources private households and companies.

Whether warung entrepreneurs choose deliberately for being unmonitored is not always important. Attention should be placed on the nature of entrepreneurship and which possible wrongdoings occur in the warung sector and these wrongdoings need critical assessment and adequate solutions.

IN CONCLUSION: WARUNG, THE RIGHT PLACE FOR YOUR LUNCH
I exposed the dynamic position of the warung entrepreneur by demonstrating how impermanent warungs are settled in Yogyakarta and how this affects the ambitions of the entrepreneurs. We need to be cautious with the negative consequences for entrepreneurs, as the lack of permanency also strengthens the creativity and flexibility of the warung sector – the ongoing likelihood to change forces vigilant anticipation.

The lack of permanency definitely positions the warung facilities in the informal corner of Yogyakarta’s economy since it is exemplified by its uncertain future perspective. Still, the entrepreneurs eagerly try to establish a solid business, a business which might not be so much different than any other formal equivalent. In the introduction of this chapter I posed the question in what manner entrepreneuring in the warung sector is an informal affair. I have showed that the firms are not absolutely informal.
Instead we find demonstrable traces of structured procedures in the warung sector and the warung entrepreneurs slow, but steadily, are turning to modern and ‘formal’ activities to improve their businesses.

It means that a warung enterprise is not different from any kind of other formal business. We, and especially Indonesian governments and the warung owners, should not perceive the small eateries as marginal and leave it behind or find peace in a negligible faith for the warung sector. The next chapter concentrates on how entrepreneurs intercommunicate with the legislative agenda from Yogyakarta’s local government[s]. In what manner do official authorities have contact with warung entrepreneurs? Does is need improvement? Where lies who’s responsibility? Is it necessary to create a formal plan to guide small entrepreneurs into a sound business environment? And if so, why?
6. GOVERNANCE: WHO RULES THE WARUNG?
Perspective from the city government

This chapter presents a reflective insight of how the local government perceives the warung business.

It seems that the restaurants are deeply rooted in the city and its neighborhoods. What I have been told by locals and Indonesian co-researchers [and what I experienced myself] is that the difference in food facilities between other Javanese cities, such as Bandung, Surabaya and Jakarta, is not apparent. The only differences are to be found in the type of food sold, and in some cases the price range. For example, in Jakarta the warteg restaurants have a larger representation than in Yogyakarta, where the presence of warung makan and sateh places is larger. Still, the offered food is typically Indonesian and small eateries all over Indonesia embrace the Indonesian culture.

Small, informal restaurants operated by informal actors are to be found everywhere. The numerous fruit sellers, angrinkan and mobile food carts are strongly embedded in Yogyakarta and mould the image of the city. Experiences in Cambodia, Laos, Malaysia, Thailand and Vietnam have shown me equal images. The informal food selling sector is recognizable all over South East Asia, which makes Yogyakarta a demonstrative sample for informal economy. And in all those countries I saw formal alternatives: shopping malls and the more official restaurants. It makes me wonder why there is an informal or formally illegal alternative for food facilities in Yogyakarta – and in South East Asia. This chapter provides a thorough exploration of how governments, politicians and official authorities perceive the informal sector and exposes how they try to modify or channel the activities happening within the informal sector. So, who rules whom; who rules the warung? And what is this rule?

6.1 MAPPING THE WARUNGS
A focus on the small restaurants exposes the blurry line that differentiates the state from the society, especially when we discuss public space. But, what is public space in Yogyakarta, how is it perceived, and how do small restaurants fit in this discourse? This issue derived from the first observation made in Yogyakarta.

In the evening I went to a warung makan at Jl. Gajayan, for dinner. The set-up of this warung is interesting. The busy road of Gejayan is separated from the restaurant by a fence. The restaurant was not the only business activity behind the fence. It shared a relatively big area with another warung makan, a fruit stall, three or four small offices and two open, yet roofed, sheds storing a wide range of plastic products and wooden and bamboo material. The ground that was ‘unoccupied’ served as parking place for motorbikes and cars. Ostensibly, this was a compressed area of various economic activities. As said, the area was separated from the main road by a fence. A part of the road though, seems to be occupied by the warung and its fellow-firms. At the
entrance, on the main road, a parking attendant was sitting. Whenever scooter or auto drivers wanted to enter or leave this ‘business’ area the parking attendant stood up and started managing the trespassing traffic of the main road, in order to create a smooth entrance for the guests. This activity occurred on the public road – Jl. Gejayan. A one-meter-wide slice of the main road served as a taxi stand for pedicab drivers and as a parking place for guests. The parking place belonged to the people living and working in this small business area (Raymond, p.c., 30.05.2013). The parking attendant, that used a whistle and gestures to guide the traffic, was paid 1,000 rupiah [1$] per parking guest. The daily output changes from 20,000 rupiah to 40,000 rupiah (Raymond, p.c., 30.05.2013).

Obviously, the entrepreneurs of the example using the space in front of the fence in order to run their business are not stand-alone cases. In Figure 5.1 I marked the small restaurants in Karangmalang that occupy public space in order to run their business: the pavement, the road, a square, fences and walls. A great deal of the restaurants occupies or affects public space by:

- confiscating public space for grills, kitchens and seating;
- confiscating pieces of road for parking;
- letting parking / traffic attendants manage the traffic.

Besides these issues, the entrepreneurs in Yogyakarta use walls and fences daily to expose large advertisement posters and produce smoke nuisance deriving from the cooking process. Perhaps more difficult to prove are the entrepreneurs using electricity from public electrical cabinets, and dispose water in the city’s sewerage. Nevertheless, public space is relatively private in Yogyakarta. People take manners in their own hand, and this is especially the case for the micro and small-scale entrepreneurs.

The openly accessible public roads, pavements and squares are funded and maintained by the official authorities. In this case, the official authorities must have an interest in what is happening on their ground. I questioned myself what the present importance of warung entrepreneurs is for everyday life in Yogyakarta and in what manner this relates to current governance. I already exposed the social, economic and cultural significance of the warung restaurants, and by discussing the grey area of public space I want to convince readers that in Indonesia many small informal restaurants operate semi-legally or illegally because the regulatory environment “is too punitive, too cumbersome or simply non-existent” (Chen, 2007). The unclear signal given by the government does not contribute to a healthy and sound regulatory environment.

Because of the large presence of warung restaurants in Yogyakarta it is very important to establish an economically friendly and socially valued business climate. The warung restaurants function as a huge gathering place for entrepreneurs, employees and visitors, which makes it a showroom of the strengths and weaknesses of the regulatory framework in Yogyakarta. Exactly this reasoning makes the role of the
warung restaurant delicate. I would argue that the government in Yogyakara [meaning the kota, kecamatan and kelurahan] should be triggered to modify or support the socioeconomic environment in which warung entrepreneurs operate. In the next chapter a profound insight is given in this vague signals and how entrepreneurs interact with the regulatory environment.

6.2 ANALYZING THE WARUNGS

For micro and small-scale entrepreneurs setting up a firm in Yogyakarta is possible without significant interference from official authorities. The monthly expenses on the national water and electricity cooperation are naturally the only demonstrable contact entrepreneurs have with the state. This inadequate interaction is doubtful, since there are many common or conflicting issues that concern the entrepreneurs and the governments in Yogyakarta – these issues are elaborated now.

6.2.A THE PROBLEM WITH PROPERTY RIGHTS

One of the main reasons why warung restaurants have difficulties in growing financially is because of an absent property ownership. In nearly all cases, entrepreneurs do not own property. They use the pavement or rent the building. In some cases in Karangmalang, one of the universities owns the ground on which the warung restaurants are operating. This is troubling for the families owning warung restaurants:

“The poor hold huge assets in the form of houses, buildings, land, and small businesses. The problem is that the holdings are not adequately documented and thus cannot readily be turned into capital, cannot be traded outside of narrow local circle […], cannot be used as collateral for a loan and cannot be used as a share against an investment.”

*De Soto in Cousins et al., 2005*

Hernando De Soto (1993) argues that “without formal property a modern market economy cannot exist.” In researches on residential and small business investments in South East Asia Hoy and Jimenez (1996) and Field (2005) strengthen this idea, as residents with greater property security may invest more in neighborhood roads, street lighting, community recreational facilities and overall environment than those in less secure areas. Land registration and the opportunity to own parcels enhance property values and positively affects incentives to invest in housing and firms. The absence of formal property in the warung sector drives the entrepreneurs to remain in a vicious circle of being ill-resourced. Although property exists in Yogyakarta, the land registration systems are insufficient and inconsistent (Field, 2005; Hoy & Jimenez, 1996). The warung owner does not own a parcel of land or a real estate unit and does not have the ability to transfer it.

Therefore, the warung sector fits perfectly in De Soto’s capital discussion. Warung entrepreneurs have hardly anything to exchange and cannot improve their capital position. This is a call to chart the whole city, explore where businesses are located and try to find opportunities to create a property-rights
based system among warung restaurants and similar [informal] forms of business. Or alternatively: create property in which entrepreneurs can settle. I am talking about property formalization, a much needed procedure to adapt to modern market economy – that unfortunately has received little attention (Field, 2005). The possibility to exchange parcels and real estate activates entrepreneurs to enhance the quality of the site, including the business that is settled in the site. Enhancing this quality strengthens the market value, which in turn significantly alters the capital position of the property owner (De Soto, 1993). If an entrepreneur does not own property, the entrepreneur is excluded from this carousel.

A counter argument for property formalization is that many warung entrepreneurs have made the deliberate choice to execute their business on public roads and pavements, so how can we validate to allocate ownership over public space to a warung entrepreneur?

![Warung restaurants using pavement and median strip in Karangmalang Yogyakarta](image)

Figure 6.1 Warung restaurants using pavement and median strip in Karangmalang Yogyakarta

Source: Author. June 2013.

Now we reach the point on how deliberate the choice is. The warung entrepreneurs and their families in Karangmalang [see Figure 6.1] have their business on the median strip, which is indisputable public space – it is certainly not in private hands. Also there are many cases of warung restaurants constructed on ‘unused’ location – between two other shops for example. This evolves in much indistinctness about land ownership. Thus, the families on this strip in Karangmalang are already functioning on the same place for over ten to twenty years (Ibu Estel, p.c., 26.07.2013), the warung restaurants have survived an entire generation. Even though the warung restaurant is impermanent located – it does not own the land and is
being re-installed daily – we can no longer speak of a non-permanent status: the restaurant is already anchored for many years to a certain site. Plus, the ill-executed policy on use of public space has led many entrepreneurs, but also house-owners, motorists, gathering teenagers, street artists and beggars to occupy public space.

Perhaps, we should not speak of public space, but of *people’s* space. People own, modify, channel and administer open space, and the public authorities have a minor influence on development of urban space. This has major implications on the planning of urban and real estate development in Yogyakarta. As local contingencies overrule urban master plans, cities have to place emphasis on the desires of their citizens, or accept the fact that urban master plans are too slow to catch up with Yogyakarta’s urbanization.

There is another dilemma with property rights. As mentioned, the most warung entrepreneurs settled in buildings do not own buildings, they rent them. The problem for the tenants is the deficient protection of the law. Whenever a warung entrepreneur is not the owner of the property, he cannot do anything if his business is driven away by the property owner. Property owners do not hesitate for a takeover, especially when a warung restaurant is seemingly successful.

Governmental organizations, such as the universities around Karangmalang maintain this prospect since entrepreneurs in Karangmalang stipulate that buildings “near the university are usually only for rent” (Tria, p.c., 16.06.2013), and they can easily send away entrepreneurs if the university wishes to use the sites for own use or if the entrepreneurs are unwanted. Sadly this is not an exaggerated happening, in fact, the warung entrepreneur reside oneself in its precarious position: “if the owner of this building takes this warung I am okay with it [...] I will find another place” (warung entrepreneur Mo, p.c., 05.07.2013). Warung entrepreneurs in Yogyakarta take their unprotected status and an exclusion from property for granted. This cognitive process is unhealthy as it contributes to a self-image of being marginal and not valuable and the acknowledgement of big enterprises and institutions being paramount.

### 6.2.B PUBLIC SPACE OR PEOPLE’S SPACE?

Apart from accepting that property rights are exclusive and untouchable privileges, there is a group of warung entrepreneurs which actively use sites that do not belong to the warung owner [see section 5.1 and Figures 5.1 & 5.2]. Public space is being used by the warung entrepreneurs, and I want to start a discussion on the implications of the use – or misuse – of public space by the small-scale entrepreneurs.

First of all, the local governments in Indonesian cities, whether it is the *pemda, kota, kecamatan* or *kelurahan*, are not convinced what is theirs, and what is not theirs. This is proven many times in implementations of real estate development of ‘unused’ ground (*TheJakartaPost*, 2010) and the transformation of rural areas into urban areas (*Firman*, 2000). “The policies of many Asian countries to control the sprawl and expansion of metropolitan areas and to slow rural to urban migration have been simply without a great success if not total failures” (*Firman*, 2009). In this, Yogyakarta follows the line of many South East Asian cities – they cannot control capricious urban developments.
Also there is indistinctiveness about who is responsible for the well-being of different sites (Firman, 2004). At the same time, policies made on public space should influence “the fate of the residents, but is not known by its own people” (TheJakartaPost, 2011). This evolves in the vague distinction between what is public and what is private, which in turn is a central theme in the discourse on the role and position of warung restaurants for the city of Yogyakarta. If there is no clear distinction between state property and private property, then we should not be surprised that a broad range of wanted and unwanted activities can take place on public space, and that all what happens on the street does not have a life-long expectation.

Referring to De Soto (2000), warung entrepreneurs voluntary participate in the informal sector to avoid costs and time for registration, but most importantly to avoid restrictive legislation on, for example, land use. Regulations regarding public roads are unheard or ignored, and public space is occupied for private use. Figure 6.3 and 6.4 give a clear image in how warung entrepreneurs ignore the restrictions on the use of public space, by executing their business on sidewalks, median strips or roads.

Figure 6.3 Warung Kobis near Karangmalang: a warung owned by Kobis (p.c., 26.07.2013), entangled two trees on the pavement to locate its restaurant. The warung uses both the north as the south side of the road – one for parking, the other for the restaurant.

Source: Author. June 2013.
Warung Bakmi Jowo, in Jalan Kaliurang, occupies a narrow strip [pavement] in front of their house to execute a warung business. The road is used as parking place.

Source: Author, June 2013.

There is legislation destined to prevent the ‘misuse’ of public space. The most significant, in the light of Figure 6.3 and 6.4, is Law 22-2009 on transportation and infrastructure, which makes notion of the prohibition of economic activities on public infrastructure, including pavements, median strips and roads. Law 32-2011 on traffic management highlights the prohibition of parking or facilitating parking places on public roads. Law 20-2008 on micro, small and medium enterprises underwrites the obligation of clearing a two-meter strip between business activity and the closest public infrastructure. Exactly the three issues mentioned in these laws [in Indonesia known as undang-undang] are not followed by many warung entrepreneurs. Why is there a discrepancy between well thought legal products and the reality?

“We disagree with the people that use the trotoar [i.e. pavement] for serving their own goods and activities. Dinas Perhubungan think that it is not right do it. But there is a perda, a legal product that allows people to make business on the street, as long as they don’t bother too much. Like maybe they have to keep open thirty percent of the public space.”

Head of the Ministry of Transportation and Infrastructure Pak Wido, p.c., 10.07.2013
Pak Wido announces that existing laws state the ban on several public space misuses, but are troubled because of the existence of another legal product that allow the same misuses. Indeed, there is a mitigating legal product for any [small] business activity that takes place on public infrastructure, namely Perda 4/2011. The government and local government [pemda and kota] are aiming to create a business climate that “empowers micro, small and medium enterprises through the establishment of various synergistic legislation and policies on various aspects of economic life in order to obtain partiality, certainty, chance of protection for micro, small and medium enterprises, and support the broadest effort for business activities” (Perda 4/2011). This reasoning has led to a laisser-faire treatment of micro and small-scale entrepreneurs, in which entrepreneurs can operate freely – as long as they do not ‘bother’ their environment. The constitution of this neoliberal reality generates more question marks than it provides clarity for entrepreneurs, public officers and urban planners – especially because of the ambiguous announcement of the phrase ‘not bother their environment’.

Governmental officials underscore the divergent and conflicting legal products and performed policies: “there is no synergy with the Dinas Perhubungan and the city governments […] there is no synergy because the pemda [i.e. city government] does not give a good example” (Head of Dinas Perhubungan Pak Wido, p.c., 10.07.2013). Instead of providing clear guidelines to small, micro and medium scale entrepreneurs, pemda and kota seem to consent on an extralegal image of the city: one in which people shape[d] public space.

The strong pace of urbanization and the uprising of dozens of urban entrepreneurs are overwhelming political and legal institutions (Firman, 2009), which has direct effects on the organization and the materiality of the public infrastructure. Instead of a clear distinction between private and public space – a proposed ideal situation according to urban hero Jane Jacobs – there is hardly a distinction between what is warung, and what is not warung. Public space is managed on the spot, and has become space owned, modified, organized, challenged and constituted by people: so as to become people’s space.

This results in creative and adapting behavior among entrepreneurs. For example, whenever entrepreneurs “have no parking area, they use the street” (entrepreneur Tria, p.c., 16.06.2013), bearing in mind to avoid resulting nuisance. “Here, the kampong road is so small, so it is not really disturbing anything” explained entrepreneur Ibu Estel (p.c., 26.07.2013), while she is critical on the nuisance caused by fellow warung entrepreneurs in Jalan Kaliurang [see Figure 5.3]: “that [i.e. Jalan Kaliurang] is different. Because it is a big road. So many vehicles, ranging from the small and bigger ones, go through that road. And then the parking line is interrupting the road”.

The social responsible attitude warung entrepreneurs adopt is admirable and desirable. Unfortunately, we cannot expect every warung entrepreneur to go along with this attitude, or that they possess the knowledge to alter misconduct in public infrastructure. Mainly, this is caused because of a deficient educational background among warung entrepreneurs and their employees, which will be extensively elaborated in section 6.2.C.

Replicas of legal products such as Perda 4/2011; Law 22-2009; Law 32-2011 and Law 20-2008 are all in possession of the author and available upon request.
Let us return to the assumption that public space has become people’s space. This statement fits perfectly in ponderings on contemporary informal economies. In a paper on informal space Stephan Lanz (2013) labels the megacities in the global South – such as Yogyakarta – as neoliberal bastions that we should consider as an “expression of the dynamism of self-helping residents”. The existence of informal economies facilitate a state system of rules, instrumentalized for economic interests. In other words: “informal economies by no means mean the absence of state power” (Lanz, 2013). It is in Yogyakarta where we can see that public space is truly public good, belonging to the citizens and the private sector, whereas Western public space is considered to be governmental good – not something that should be shaped by citizens. This reasoning strengthens the humanity of public space in Indonesia and rejects public space as something institutionalized and strongly regulated.

It is one of the riches originating from the informal economy. Informal economy is home to numerous creative and spontaneous ideas and like no other phenomenon is capable to colorize a city in the most unexpected and brilliant colors we can think of. The infinite potentials are mostly fed through a loose legislative framework on public space.

6.2.C (WHY) DO WARUNG RESTAURANTS REMAIN IN POORER SPHERES?

We finished the previous paragraph with the riches of the informal economy. Unfortunately, this is not always accompanied with stories of success. For me, the stories on the deficits of the informal warung restaurants deserve equal importance.

An informal characteristic among entrepreneurs in Yogyakarta is the low education. Being low educated causes that other informal characteristics, such as few capital, ill-knowledge on regulations, rare career opportunities and little social security, are maintained. Ignoring the existence of those informal elements is hardly impossible, as the reality is that low educated people that work in warung restaurants have many troubles with breaking through the vicious circle or being low educated, poor and unprotected by social security. Access to formal elements is hampered, mostly because of the low education. Many warung entrepreneurs indicate the limited career opportunities they or their employees have because of limited financial strength and an ill-educated background (Adit, p.c., 18.06.2013; Ahmed, p.c., 16.06.2013; Ibu Pudjoko, p.c., 20.06.2013; Musri, p.c., 19.06.2013; Narti & Gimas, p.c. 18.07.2013; Tria, p.c., 16.06.2013; Suti, p.c., 18.06.2013). The reasoning that informal and formal actors work in an integrated economy might be true, but I think that workers in the warung restaurants have much difficulty in bridging the gap between informal and formal characteristics, and are withheld from professional development.

The main cause is the limited education conceived by people working in the warung sector. Many entrepreneurs and employees stop school between the age of 12 and 16. This, in combination with a prolonged career in the labor-intensive warung sector, makes most warung actors unsuitable to operate in a skill-intensive sector. Furthermore, the low level of education restricts the prospects to enhance the overall quality of the informal sector – the knowledge on professionalization and quality enhancement is
simply missing. The roots of the prior difficulty lies as well in the arrangement of the learning process in the warung sector.

The entrepreneurs, their family members and employees of the warung eateries operate in traditional, low technology industries and possess, traditionally, low levels of education among members of the workforce. Typically, “a limited willingness or possibility to invest in human resources constrains the capacity of such small enterprises to absorb and accumulate knowledge” (Beerepoot, 2005) Knowledge in a warung restaurant, therefore, is very much bound to the level of experience of individual workers which make the scope of learning processes principally small.

According to Beerepoot (2005), this limited learning process is exemplified by the presence of low external economies – surrounded by hundreds of other micro and small-scale labor-intensive or craft-based businesses the warung entrepreneurs little take up of new technologies by local firms. Learning takes place primarily by doing and through experience and active acquisition, rather than by receptive learning. Expertise is handed down ‘through the warung-community’, from father to son, mother to daughter, and from colleague to colleague, so that it forms a part of a long-standing cultural heritage for the region. Even if the local initiatives possess admirable handicraft skills – characterized by strong variations in skill levels (Evers & Effendi, 1992) –, they typically do not master modern management techniques and lack the ability to organize and continuously improve production in a systematic way. This is typical for informal economic activities, clustered in agglomerated areas (Altenburg & Meyer, 1999).

The micro-scale of the warung activities represents a survival activity that sustains people temporarily rather than it reflects economic dynamism (Altenburg & Meyer-Stamer, 1999). Learning in entrepreneuring Yogyakarta mainly takes place through informal processes – through social interaction and experience [learning by doing]. According to Stephan Lanz (2013), we should consider the informal market as an expression of the dynamism of self-helping residents, in which the production of knowledge and rules of behavior that sustain a district’s development are normally acquired as a byproduct of everyday life It is because of this that learning processes are characterized by “a lack of structure, absence of an underlying curriculum and a particular time set aside for learning” (Beerepoot, 2005).

Yogyakarta’s kota plays a passive role in the learning process of the warung entrepreneurs. They entrust the development of the sector to the entrepreneurs and their families and employees. Why? I am not convinced that it is the right thing to do. The next section concentrates on the cumbersomeness of the government’s actions and how this affects the social and business climates in which the warung entrepreneurs operate.

6.3 GOVERNING THE WARUNGS

In the prior section I have tried to emphasize the importance of warung restaurants for the city of Yogyakarta as, along with the benefits of a strong warung sector, there are several major obstructions maintained, caused or expressed by the warung sector and concern the public.
Without blaming the sector, I have made the disappointing conclusion of a sector that is maintaining a position of being low-capital and low-skilled, accompanied with inconsistent or absent business plans. The sector is also causing traffic problems by occupying and provoking the ground rules on the use of public space – rules on public space adapt to warung restaurants, not the other way around. There is more potential nuisance: warung owners are unable to guarantee a certain level of food hygiene, health and freshness, as regulatory frameworks, monitoring authorities and standardized penalties are either missing or incoherent. Furthermore, the unsupervised or legally abandoned warung eateries are vulnerable to fall in the hands of criminals and the unprotected businesses are unable to compete with the well resourced industrialists.

Still, I promote the presence and continuity of the warung restaurants, since these social places are an important intersection between society and politics. Where people come, [local] authorities should guard. The tens of thousands of warung eateries in Yogyakarta provide a social and cultural shelter for over a million of citizens. What is needed here is continued vigilance and discussion. The remaining part of this chapter meets this and provides insight in questions such as:

- how does the local government interact with [informal] small and micro entrepreneurs, such as the warung entrepreneur?
- in what manner are the local governments concerned about informal practices and potential risks?
- what are local governments doing to diminish the risks evolving from informal practices?
- what are local governments doing to strengthen the position of warung entrepreneurs?

So, what is the general opinion of Yogyakarta’s policy makers on informal practices? During a conference on the current status of the informal sector, organized in 2007 by the United Nations and the International Labour Organization, the UN declared that if we attempt “to promote decent work, it is necessary to eliminate the negative aspects of informality while at the same time ensuring that opportunities for livelihood and entrepreneurship are not destroyed, and promoting the protection and incorporation of workers and economic units in the informal economy into the mainstream economy” (International Labour Organization, 2007). This mindset, however, never accommodated in Yogyakarta’s politics, and the informal sector has never effectively been a backbone of policy-making. The act of entrepreneuring in the informal sector, alternatively, is something small and harmless and needs no particular attention or governmental interference.

Even if threats are signaled in the informal economy, the determination to resolve particular threats is certainly missing, proven by a lack of effectiveness. To understand the lack of effectiveness and concern of local authorities in Yogyakarta I want to mention an example of the arising problems in Yogyakarta’s politics, which immediately affect the informal business climate. During the interviews I had with different government officials (Ibu Klitren, 05.07.2013; Octo Noor Arafat, 18.07.2013; Pak Sudharmono Hadi, 22.07.2013; Pak Warsono, 17.07.2013; Pak Wido, 11.07.2013) I noticed an assignable
hassle between different government agencies and government layers. The hassles are linked to topics such as public health, infrastructure, safety, economic development, registration processes and parking management:

The kelurahan argues that the ministry of commerce [i.e. Dinas Perindustrian] is responsible for the well-being of small and micro entrepreneurs in the city. At the same time, the ministry of commerce outsources the task of registration and training to the kecamatan. The kecamatan in its turn, summons the kelurabans to make documentation of all economic activities in the administrative territory.

This is a brief example of the many interested governance parties in the micro and small-scale entrepreneurs, and it exposes the ambiguity on who is responsible. This, in essence, is not per se a wrong development, as long as the ultimate responsible, is actively aware of its responsibility. And, of course, does something in regard to this status. In the case of Yogyakarta, this game of hide-and-seek is not in favor of the actors in the informal economy, since there is no clear-cut policy on how to compete with the problems explicitly arising from informal practices.

I do not perceive this as an innocent phenomenon. Instead I think this lack of interest is shameful. We are talking about thousands of people working in the warung sector and thousands people daily visiting the warung restaurants. Who is legally responsible for the working conditions? For social security? For ill-treatment of warung workers? In the current political climate of Yogyakarta, pointing the finger to the responsible ones for the malfunctions of the informal sector is perhaps unjust, but very desirable. Furthermore. who is socially responsible for strengthening the position of the ill-capital and weak-skilled employees and entrepreneurs in the warung sector? Although the warung sector is exemplary as a self-organizing sector, the self sufficiency of warung enterprises does not reach high financial levels.

Exactly this questioning is the inducement for the next section: ‘ostrich-behavior’, in which I exposed what the consequences are for local authorities that bury their heads in the sand to evade troublesome themes.

6.3. A OSTRICH-BEHAVIOR OF LOCAL GOVERNMENTS

The map of informal actors [Figure 6.1] also exposes, what Hernando de Soto (1993) calls, “the spontaneous, unbridles emergence of informal property”. A process which will eventually require formalization if this chaotic ‘energy’ is to be channeled into organized and prosperous market economies. However, the local authorities seem to be numb for this edging and deterioration of public space. The lack of interest from the authorities, is what many interviewees experience. Political leaders, apparently, have “yet to grasp the full significance of informality”, argues De Soto (1993). “If they had, they would have realized that the difference between the developed and the developing countries is in no small measure the difference between countries where property has been formalized and those where it has not [...] Massive informality appears when governments cannot make the law coincide with the way people live and work”
Therefore, stating that governments do not implement measurements to prevent public space becoming private or informal zones deserves some further explanation.

When it concerns small enterprises in Yogyakarta, several legal products contradict one another. Also, many policies lack enactment as legal products are missing or inconsistent. Examples are the regulation aimed in increasing food quality and safety and one in contributing to the neatness of a city or street. The latter is a serious concern for the warung sector in Yogyakarta. The unstructured face is representative for the city. The use of all kind of material to craft a restaurant-alike is creative and innovative yet is exemplified with discomfort [unstable benches and tables], deterioration [sailcloth that protects the restaurant from rain] and carelessness [disposal of food]. Cases all over the world show that urban authorities try to cope with such wrongdoings and endeavor for a sound business environment. In most Latin American cities, for example, informal entrepreneurs are closely regulated by the municipal. Several hundred of pages of municipal and police regulation specify in great detail where and under what conditions physical entrepreneurship may take place (Bromley, 1978).

But, how is this in Yogyakarta? Official authorities have ostensibly excluded micro and small businesses from their urban master plans. Regulative frameworks and monitoring authorities exist, but undergo a clientelistic implementation. Local officers act on demand: decisions are based on social appropriateness and financial gain while legal codes are rarely obtained. The reasoning behind this clientelistic behavior, where the implementation of the regulations end up in fuzziness, is not even that lunatic. Public officers and community heads endeavor to create and maintain a neighborhood that, in their perception, provides economic potential and brotherliness – in other words: a neighborhood that works.

Ideal situations and urban master plans set up by policy makers in pemda and kota are ignored by the lowest local authorities, which in turn is fully accepted by the same policy makers. Examples are to be found in the distance small and micro businesses should keep from the [public] road with their business activities [I.e. two meters], in order to dismantle the mess entrepreneurs produce with their business and to secure sufficient parking facilities for the public [as written in Perda 4/2011]. This specific law is propagated by the most pemda officials (Pak Sudharmono Hadi, p.c., 22.07.2013; Pak Wido & Pak Jhohan, p.c., 10.07.2013; Pak Wahyu, p.c. 22.07.2013), whilst they accept the half-hearted implementation. Why? When intended regulations ‘negatively’ affect small businesses the authorities collectively bury their heads in the ground and ignore the wrongdoings of local entrepreneurs.

For a considerably large extent warung entrepreneurs are given a carte blanche to practice their businesses – as long as they do not threaten the neatness, safety and economic liability of a neighborhood. This carte blanche is either a tangible token of blind trust or – as I perceive it – an indication of underestimation. Instead of recognizing the needs of the warung entrepreneurs, their families and their employees and plainly anticipating on these needs the public officers reject the wrongdoings of the warung sector – as an ostrich they bury their head in the ground, ignoring their surroundings.

The laisser-faire treatment of micro and small-scale entrepreneurs grants warung entrepreneurs to operate freely – a neoliberal reality where the market does the job. I suggest that the government and local
government should either rephrase or rethink their policies on small and micro businesses. Of course, the aim should be to empower micro, small and medium enterprises through the establishment of various aspects of economic life in order to obtain partiality, certainty and chance of protection.

During my research I experienced that there is barely any contact between micro and small-scale entrepreneurs. If there is any, the contact is limited to small talk with the local RT, who is a neighborhood head and not an official government representative. The consequence is disengagement and lack of knowledge of micro and small-scale entrepreneurship, poverty and wrongdoings. Policies, subsequently, result in being ungrounded and perhaps biased and morally unjust. Politicians and scientists can overcome this incongruence by going into the field and learning to understand the warung sector.

Right now, the relationship between government and warung entrepreneurs is absent, and in many cases this has negative consequences for the warung entrepreneur. Educational programs meant for micro and small-scale entrepreneurs as a consequence are ill-thought-out and do not find solid ground.

6.3.B. FAILING EDUCATIONAL PROGRAMS

My suggestion is to provide practical educational programs concentrated on improving entrepreneuring skills. Following the idea that warung entrepreneurs have the natural flexibility, adaptability and creativity to execute a ‘society-aware’ business – with an offer of various and healthy food and beverages for affordable prices, in a comfortable atmosphere – the urge exists to provide entrepreneurs with helpful handholds. For the warung entrepreneurs this means that they need to be educated in hygiene regulations, dealing with public spaces, cooking techniques, marketing, financial records, recruiting staff and personnel administration. Education is the key to let the informal economy grow along with the rising economy of Indonesia, whilst the gap between the modern and traditional economy is being narrowed. An overall increase of skills among informal employees and entrepreneurs will emphasize the integrality of the formal and informal sector.

In kecamatan Danurejan [in Yogyakarta] a training to ‘professionalize business activities’ was destined for the registered entrepreneurs that own a kaki lima [mobile kitchen] (district head Noor Arafat, p.c., 18.07.2013). In the same kecamatan a technical training on repairing mobile phones was organized for repairmen, whilst batik [i.e. traditional cloth] producers were taught how to maintain a proper administration (head of economic affairs in Gondokusuman Pak Ekonomi, p.c., 11.07.2013). Unfortunately, the offered trainings lack efficiency as training programs are only meant for entrepreneurs who are registered. The unregistered are left out of the training programs. And even when registered, most of the training programs are solely intended for specific types of entrepreneurs, while other entrepreneurs are excluded (head of Dinas Perindustrian Pak Sudharmono Hadi, p.c., 22.07.2013). Possibly, the entrepreneurs who are in closer contact with the kecamatan or Dinas Perindustrian are profiting more from the training possibilities than the ones where contact with governments is absent.
Training programs are narrowly established, which causes that only a select group of entrepreneurs can profit from the well-intended training programs. If they truly want to improve the position of warung entrepreneurs and personnel – or informal employees and entrepreneurs in general – trainings should not be available for a select group, but for everyone. Training programs have to be deployed for a broader audience and the governments should opt to invite unregistered entrepreneurs as well.

Education is the key element if we want to strengthen the vitality and economic value of the informal sector, and to integrate informal economy with the formal economy. My advice is to make targeted investments in general education and in educational programs for people who are restricted because of their ill-educated background. Facilitating and improving education in Yogyakarta and Indonesia serves an important goal. If Indonesia wishes to distinguish itself as a modern, service oriented economy, employees ought to be taught how to operate computers, process paperwork, speak English and Bahasa [for the employees speaking only the local dialect], use commercial skills and many others. Familiarization with these skills improves the professional position of the people working in the warung sector, since they tend to become more fit for other functions outside the undervalued informal functions.

**IN CONCLUSION: GOVERNING: WHO RULES THE WARUNG?**

Warung restaurants are strongly connected with the city. They produce, modify and channel a large consumer market. Most food sellers are steady housed and their entanglement with the urban economy has resulted in a structural influence on other parties in the city.

It is only because of the prior proposition to suggest the formalization of the warung sector. But, instead of endeavoring a formalization process I plead for an altering mindset among policy makers. Many policies on poverty reduction, improving social security, a healthy food sector, reducing corruption, wrongdoings in public space – that are directly linked to the informal warung restaurants, generally include the formalizing process of the informal sector: full registration (district head Noor Arafat, p.c., 18.07.2013), official training programs (head of economic affairs in Gondokusuman Pak Ekonomi, p.c., 11.07.2013; head of Dinas Perindustrian Pak Sudharmono Hadi, p.c., 22.07.2013). In the continuation of the UN report by Chen (2007), I suggest that governments, urban planners and other authorities should not force to formalize the informal, for two reasons.

Firstly, the process of formalizing has a negative effect on the position of the current ‘informal’ entrepreneurs, as they are regarded as unofficial excesses. This is a far from positive label and is not doing justice to the entrepreneurial practices and aspirations of a warung entrepreneur. Emphasizing on the inabilities of a warung entrepreneur and consequently stating it is informal, constitutes a cognitive process in which warung entrepreneurs are more and more driven to the informal corner of the economy – exactly the corner that they ought to leave.

The second argument prolongs this state of mind. Entrepreneurs do not always acknowledge the benefits of formalizing. Nevertheless, it is important to notice that the entrepreneurs are very creative in
adapting to new social and economic circumstances. Within their knowledge, warung entrepreneurs attempt to adapt to the standards of society. This results in better food quality [better hygiene and fresh and healthier products], a wider range of food and improvement of comfort standards [e.g. chairs; fans; television and better parking]. The same would account for the working conditions in the warung restaurants [e.g. working hours; payment; leave hours and learning opportunities], but these major elements of entrepeneuring are left unused in the warung sector. There lies also a large responsibility at the warung entrepreneurs themselves, hiding underneath an informal shadow does not enhance the potential of this sector. Then again, I am not convinced that these activities are carried out fully in the so-called formal sector.

Overall, the warung entrepreneurs acknowledge the desires of the society and therefore they need trust to execute their business. The very problem of the wrongdoings occurring in the warung sector lies mostly in the scale of the warung restaurant. In all cases the warung firm is considered as a small enterprise, and a small enterprise is an enterprise that does not gain the attention it deserves from policy makers. A depressing observation, especially when we consider that almost nine out of ten of Yogyakarta consists of the small or micro, informal businesses. Its function for present Yogyakarta is too important. Warung restaurants are cheap and accessible, and perhaps because of the unrestricted possibilities the restaurants are able to preserve the traditional Indonesian cuisine. It is not a foolish thought to state that warung restaurants are systemized in the urban life of Yogyakarta – and it is especially the prior thought pleading that the warung sector requires attention.

Especially, when we consider that warung restaurants have a rather negative effect on the financial and professional position of warung employees. The tensed, dynamic situation of the small-scale warung restaurants in Yogyakarta is not a unique case in the informal economy. It is applicable on pedicab drivers, the street traders, parking attendants, gasoline sellers, car washers, travel guides, shoeshine boys, the bitak-seller and so on. All face the same everyday life struggles and are exemplifications of the informal economy.

What can I tell about the informal economy in general? I absolutely agree with Kim Dovey’s opinion that the informal economy is functionally integrated part of many cities and cannot simply be erased. When we add the literature of Martha Chen, who argues that there is hardly a distinction between what is the formal and what is the informal sector, we might have to step away from the typology of ‘informality’ and ‘informal sector’. Rather, we could speak of a division of formal and informal characteristics and elements, that are recognizable in every economic sector.
7. CONCLUSION

The warung sector is a unique sector that is deeply rooted in the entire urban economy of Yogyakarta. Like no other sector, the warung restaurants turn out to be a solid response on the dynamics of society. The magnitude of this specific sector is without parallel and establishes a preservation of Indonesian habits and social cohesion, as the warung functions as a central hub for Indonesian neighborhoods and as the cultural and historical enriched Indonesian cuisine remains untouched. Local riches stay intact because the warung restaurants guard the Indonesian food culture. Furthermore, the existence of a large group of low-class citizens demands an expansive offer of affordable food and beverages in order to ‘feed the engine’.

Without doubts, the social and cultural function of the warung sector is precious, this sector is invaluable. But when we consider the warung as fuel for the engine of Yogyakarta also the economic value of the sector becomes apparent. The engine in this is Yogyakarta’s working class, the fuel is the daily lunch and dinner provided by the local warung. Yogyakarta resides in the outer and producing end of the global factory. The focus on producing of furniture, coconut oil, palm oil and textile and facilitating tourism makes Yogyakarta seemingly subordinate to higher developed [consumer] markets. In this context, we acknowledge that Yogyakarta counts a large low-paid working class, a class that benefits greatly from the provision of affordable food and beverages. A tough topic, since we can also state that the localization of warung restaurants supports an increasing group of low-paid workers – there is less need for higher wages if primary goods are offered against low prices.

The warung customers as the engine of Yogyakarta’s economy, it is not an understatement. Ten thousands of warung-like restaurants are to be found in Yogyakarta and these small and micro enterprises together form a rich cultural, economic and social phenomenon. Yet, the warung sector resides, especially from economical perspective, in a grey and understudied area. In discussions on the prospects of the Indonesian or Yogyakarta’s economy politicians and economists rely too much on the viability of the healthy parts of the economy: the unhealthy parts are left untouched and unconsidered. This healthy part of the economy is the formal half of Yogyakarta’s economy. An increase of real estate plans, an upcoming service industry, enthusiastic foreign investors and a growing upper and middle class are enough reasons to state the Indonesian economy indeed is healthy or getting healthier. The other half of the economy is the informal economy and is left out of the economic analysis. The informal economy is a highly comprehensive sector that functions in the shadow of the formal economy – unanswered supply and demand in the economy is taken care of here. The warung firm has typical informal characteristics: it is a small scale enterprise in terms of size, personnel and turnover; we find many [unpaid] family laborers; its employees and owners are usually low or non-educated and the warung is unregistered, unmonitored and uncontrolled by the government. At the same time the warung business anticipates on the demand from millions of low-paid laborers for low-priced lunches and dinners – an unserved market in the formal industry.
The latter is exactly the crux of the position of the warung restaurant. Informal mechanisms eagerly appropriate any form of business that is left untouched by the formal industry. And why not? Surely an unused market offers possibilities for entrepreneurs to execute viable economic activities. For policy makers this is enough reason to keep their hands from the informal economy – informal actors will manage themselves anyway. Moreover, the case of the warung is a matter of scale: a single warung restaurant is small in terms of economic performance and size, and through the eyes of politicians and economics the warung restaurant is considered to be unimportant. This is a very painful consideration for the hundred thousands, perhaps millions of people that find their occupation in informal Yogyakarta. Still, the informal mechanism has been a blessing in the rapid urbanization of Yogyakarta. Wherever people agglomerated informal entrepreneurs opened businesses to constitute viable economic activities and to make Yogyakarta a place worth living. In many cases, informality has guided urbanization on places where urban plans and formal industries failed, mostly as a result of loose economic fundamentals.

The classic idea is that informality will decline whenever economic prosperity will come and structures are founded to modernize the economy. Despite the predictions of classic theories on the informal sector, warung restaurants do not naturally grow along with the national economic growth. This leads to the tricky situation of Yogyakarta becoming a skill-intensive and service oriented region – a fancy globalizing city – whilst some of the cultural glories remain traditional and plenty of economic activities are not customized for modernization.

Figure 8.1 Informality is everywhere: a randomly installed shop in Yogyakarta.

Image by Josvanderhoek88 [03.08.2008], retrieved from [http://www.nationalgeographic.nl](http://www.nationalgeographic.nl)
Yogyakarta has been a great example to demonstrate the informal sector. The warung sector, in this, is a thriving sector. To label the warung sector as informal is – as revealed during this thesis – perchance unjustified, yet the sector clearly exposes the riches and deficits of the informal characteristics in the socio-economic climate of Yogyakarta. The whole discussion on warung entrepreneurs sheds new light on how to perceive the urbanization of the ‘great cities of the new global era’. The city of Yogyakarta breaths informality: informality is everywhere. Henceforth, I blame the ignorant attitude of the public authorities in Indonesia. An unambiguous willingness to improve the socio-economic conditions among small entrepreneurs is absent, whilst the presence of tens or hundreds of thousands micro and small entrepreneurs should tell us another story. So far, labeling Indonesia as an economic power is a misnomer, since that story should include an economic improvement of the overall population and should not just focus on an expansion of the domestic elite or wealthy foreign investors.

The focus on warung entrepreneur has taught me two things. Firstly, the informal economy is not per se an isolated sector, excluded from any form of legal procedures, facilities and markets. In fact, most of the practices in a warung enterprise have demonstrable overlap with practices in formal equivalents. Even if there is no overlap, the entrepreneurs have the ability to adopt formal standards – *formality* is within reach. Apparently it is ‘just’ the last step that is missed: the step of registering and present legal accountability.’ It is tough to predict what happens with the warung restaurants if we, as academics, policy makers and urban planners, interfere in the ups and downs of the sector. Bernard, a good friend of mine and chairman of a traditional dance community in Sumba, Indonesia, once told me that good traditions are everlasting. If they are not good, they will disappear along with the rise of globalization and its fresh influence on cultures. The dance community is evolving, and one can and should not stop that. In other words, we should not desperately protect cultural phenomena: what is good, will stay. If the warung restaurant is indeed that important for Indonesian society, it will not disappear. It gives us enough content for arguing to keep our hands of the warung restaurants.

I would definitely go along with this reasoning if a warung eatery was no more than a *social* phenomenon. The economic and political value of the eateries, however, is valuable. The large labor absorption capacity is something to bear in mind and needs anticipation. The labor market in the warung sector is vulnerable. In 2006 The World Bank reported 108.78 million Indonesian living on less than $2 a day. Seventy-five per cent of these people work in the informal sector, such as the warung restaurant (Rukmana, 2007), basically caused by the poor working conditions, the ill-educated background and the lacking skills and possibilities to outgrow a marginal position. There is more: job security and development prospects are low, public space has become an unregulated playground, entrepreneurs and their families are unable to improve their financial position and the food hygiene and quality cannot be guaranteed. When we discuss the warung sector we talk about an [economically] vulnerable sector, and this definitely deserves attention.

Secondly, the warung sector has exposed the apathy of the local government of Yogyakarta. Warung businesses are small and thus marginal. So far, warung enterprises have not earned the attention
of policy makers. In fact, they should manage themselves. We should question ourselves if that is how an economy and a society should look like. A sole focus on cash-rich companies and investors? Leaving the ill-capital outside the economic picture? Prosperity will naturally descend to the low-class of the society? I do not believe in this, as it is a token of weakness and of impotence. It is a neoliberal failing – ostrich-behavior.

Informality should not be used, by all means, as a mask to not care. Informal economy is easily set aside as something natural, something unmerited to worry about. But when we consider the demonstrable parallels with ‘formal’ equivalents we cannot put one single entrepreneur in the informal, ‘do-not-bother’-corner. The constant slogging to make economical progress among warung entrepreneurs clearly exists and is partly caused by an inconsistent execution of rules and by excluding deeds of public authorities. Acknowledging that warung entrepreneurs need a helping hand [e.g. in education; consistent regulative frameworks; property right formalization; safety policies] is already a major step forward.

Help is needed, also in the light of classical theories that informal economy could be the gateway towards economic prosperity, which has all to do with the labor absorption and releasing capacity. Formal industries can appeal to the mass of employees which are residing in the informal sector, when the urge for new employees exists. In a growing economy the manufacturing and service industry benefit from a large pool of manpower, especially when this is a flexible pool – one that can release employees when needed, and one that absorbs employees when needed. The informal sector, thus, is needed to anticipate on the dynamics of economic growth and urbanization: it is the answer for possible shortcomings in economic structures and undirected urban master plans. Nevertheless, when we perceive the informal sector as the solution for economic dynamics we need to pay attention on the internal obstacles of the informal economy. One of the biggest pitfalls of relying on the massive labor capacity is the ‘brain waste’ that occurs by working [too] long in the informal economy. As working in the informal economy is exemplified by performing low-skilled and basic activities, the chance to deploy professional skills is very limited. Furthermore, the skill-standard and skill-potential of the regular warung employee and entrepreneur is restricted as their educational level is relatively low, compared with most workers in the formal economy. The restricted skill-potential is maintained because of the informal character of a warung restaurant: warung restaurants owned by ill-resourced families are because of their capital restrictions unable to provide funds for proper education for their children, their employees and the children of their employees. It is a vicious circle, and a conventional illustration of the struggle of informal actors. It means that we have to place question marks whether the informal sector indeed can function as a labor pool for the formal industry, as most of the informal actors unfortunately lack the skills. Their potential is wasted during their extensive stay in the informal economy, and there are no clear indications that informal actors are able to grow along with formal standards.

I do not want to crush the potentials of the informal economy, because I truly believe that the informal sector could include the new generation of scientists, economic geniuses, engineers, inventors or presidents. But I also see that all this potential is left unused. We are talking about one-third of the city’s income which is derived from informal economic activities, whilst almost 90% of the working population
of Yogyakarta finds occupation in the informal economy. Informal economic activities might be small scaled and seemingly unimportant, the sum of it all shows that informal activities matter. Indonesia's aspiration is to grow towards economic and political greatness, and therefore politicians and economists should consider including informal matters in economic vision, otherwise it would be a sign of ignorance.

The warung restaurant has been a great example to describe the socio-economic dynamics of Yogyakarta. Specifically we can tell a story how warung entrepreneurs show the ease of entrepreneuring. Viable economic activities are executed in a market that is left untouched by the formal institutions and industries – also in a modernizing economy. And as social as warungs are, they manage to stick to local values of the Indonesian food culture. Having lunch or dinner at the warung next door is a meaningful habit for citizens in Yogyakarta, as friends and acquaintances are regularly encountered, highly flavored and traditional food is served and the prices are well in range of any Indonesian citizen. I expect these values to remain viable in a modernizing era. The story of the warung gives us great insight in how the new global powers are developing, but what can we as Western scholars learn from this practices? It is not to be expected that several warung restaurants will pop up in the streets of Nijmegen. It has much more to do with the way we should approach urban planning in the new global era, as some humbleness is justified. Following China, India and Brazil, Indonesia will be one of the countries that will flourish the next generations. Therefore it is important that we should not teach them how to organize their urban areas, rather we should understand and be taught by them to understand the cities of the future. Informality occupies a great deal of the city and since there are no clear signs of a declining informal sector we have to understand how informal economy fits in the dynamic prospects of the cities of the future.

Informal economy deserves a prominent place in finding out 'how cities work'. Informal economy tells a lot about contemporary entrepreneurship in the global South and in regions becoming more influential on the global stage. It also tells the strength of localities, how the traditional kitchen and social gathering places maintain a central place in the daily life of people. Informality cannot be simply erased, it protects cultural ‘futilities’ and traditional ‘clumsiness’ and withstands the threat of a modernizing state.

The burden of contemporary urban planning would be forgetting about the informal sector. Let us give the chance to the global South to theorize back. Although several authors in the past [e.g. Geertz, Evers] hinted to the end of the informal sector whenever economies are growing and modernizing, we have to acknowledge that the informal sector is not easily expunged from urban life. “The informal economy is ‘here to stay’ and expanding with modern, industrial growth” (Chen, 2007) is the unambiguous statement of the UN. The informal sector in Yogyakarta is a natural ‘way of thinking and doing’ and we have to include it within our urban plans.

This thesis served as a guidebook to expose the entrenched role of the small informal restaurants in the urban economy of Yogyakarta. Nevertheless, I cannot move from this reasoning without rendering some very hard needed advices. The conclusion suggested why and how more equitable linkages between the informal economy and the formal economy should be promoted through an appropriate
inclusive policy and regulatory environment. For this I propose the local government in Yogyakarta to take the following steps – advices which are already stipulated during the thesis:

1) **Do not forcibly formalize the informal sector**
   Intentions for the warung entrepreneurs remain unclear whilst the desired expectations for local governments are divergent. Forcing the rule has been and will remain ineffective;

2) **Do not expunge the informal sector**
   Its function, in the current situation, remains too important. For the working population in Yogyakarta as a social security alternative and for the customer because of its ease of entrance. Furthermore the number of informal actors is too big to alter at once.

3) **Do not maintain double standards among entrepreneurs**
   The gap between informal and formal actors remains intact as government officials remains different standards for different types of companies. Moreover, the distinction between a big enterprise and a small or micro enterprise is vague and inconsequent. This absentmindedness strengthens the viscous informal position of the unregistered and uncontrolled entrepreneurs. This very advice also accounts for the entrepreneurs themselves – hiding in a grey and uncontrolled segment of the city’s economy does not contribute to their economic position.

I would like to pay attention to the first and second of these propositions. Exactly this, is what cities from the global South can theorize back to the cities of the global North.

Apart from these three bullet points I want to provide advices to strengthen the position of any informal actor in Yogyakarta. Despite all good intentions of RTs, RWs, lurahs and camats, we cannot expect from all of them that they execute a consistent policy that on long-term favours Yogyakarta. I have some worries on how Indonesian governments are coping with issues that emerge in society. They rely too much on a certain social resilience that is assembled in Indonesian culture.

Thus, to support the large group of working people in the warung sector and to strengthen the position of warung entrepreneurs, as well of all other micro and small-scale entrepreneurs, I suggest the following operations:

1. **Enhance existing education programs**
   The unregistered entrepreneurs and employees are excluded of skill-enhancing education programs, whilst the level of the education programs is negligible. The challenge is to include as many marginalized actors and to provide high-quality education programs.

2. **Gather entrepreneurs in business forums**
   To enhance the profession of warung entrepreneurs they greatly benefit to be gathered in local forums, in which they get the opportunity to discuss entrepreneurship with fellow entrepreneurs. Besides the learning process that evolves because of this mutual assistance, shared complaints and recommendations get a more comprehensive and political character.
3. **Learn to understand warung actors**

The task for the *kota* and pemda is to understand why small-scale entrepreneurs, families and employees are struggling to survive. Discover how the warung ‘infrastructure’ is assembled to expose bottlenecks and potentialities, and decide which issues need support, improvement or tempering. Although it is certainly possible to grant more responsibilities to the RT/RW, the *real deal* should be having contact with an official territorial administration [*kelurahan*, *kecamatan* or *kota*], and this interaction is absent.

4. **Chart the informal sector**

Make maps of districts and visualize and analyze where micro and small-scale economic activities take place. These numbers can tell the magnitude of the informal sector and can consequently be used to develop policies.

If the overall conditions are improved and potentials are investigated and exploited, the informal sector can indeed become a sound alternative for being unemployed. The improvement of working conditions should mainly be concentrated on improving the skills of the employees and thereby steadily refining the quality of the warung sector. When the warung sector is modernizing – meaning more service and quality minded and skill-intensive instead of production-minded and labor-intensive – it could develop into a talent pool of skilled, entrepreneurial and commercial minded employees.

The role of warung entrepreneurs for contemporary Yogyakarta is invaluable and as long as the warung restaurants prepare the lunches of Yogyakarta’s citizens the role of the sector remains very important. The warung sector is part of future Yogyakarta, of a future global node. The sector’s size is without parallel and developing the sector enables entrepreneurs, their families and all warung employees to become more valuable.

The potential is there. Right there, in the warung sector. Until now it is unused.
APPENDICES

APPENDIX 1: CONTEXTUAL DATA FOR MAPPING THE WARUNGS
APPENDIX 2: QUESTIONNAIRE LIST [2ND METHODOLOGICAL SECTION]
APPENDIX 3: QUESTIONS IN RELATION WITH THEORETICAL CONCEPTS AND RESEARCH LEVELS
APPENDIX 4: RESEARCH MATERIAL
APPENDIX 5: OVERVIEW OF INTERVIEWEES
APPENDIX 6: DIVISION OF AUTHORITY AND AFFAIRS
APPENDIX 1

ORIGINAL DATA-TABLE FOR CONDUCTING CONTEXTUAL DATA, FOR MAPPING THE WARUNGS

AREA: ________________________________

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>Size in m² [±]</th>
<th>Number employees [±]</th>
<th>Opening hours</th>
<th>Parking Places Y/N</th>
<th>Use of pavement Y/N</th>
<th>Set up: Traditional / Alternative</th>
<th>Extra information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
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</tr>
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<td>4</td>
<td></td>
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</tr>
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<td>8</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>10</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 2
QUESTIONNAIRE LIST [2nd METHODOLOGY]

The second methodological section centralizes on an in-depth research to the magnitude, criticality and substitutivity of warung restaurants in Yogyakarta. A questionnaire list is shown below. Each question is linked to a certain research level: méta [1], méso [2] or micro [3]. This means, that the question directs an interviewee on the given level.

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>QUESTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warung-analysis / Historical analysis</td>
<td></td>
</tr>
<tr>
<td>2 o</td>
<td>What is the roots of the restaurant owners?</td>
</tr>
<tr>
<td>2 o</td>
<td>Why did they decide to open [or take-over] a restaurant like this?</td>
</tr>
<tr>
<td>2 o</td>
<td>Since when are they running the restaurant on this location?</td>
</tr>
<tr>
<td>2 o</td>
<td>Why did they choose for this location?</td>
</tr>
<tr>
<td>2 o</td>
<td>Since the opening of the restaurant, how did the restaurant develop?</td>
</tr>
<tr>
<td>2 o</td>
<td>Does the entrepreneur rent or owns the restaurant?</td>
</tr>
<tr>
<td>1 &amp; 2 o</td>
<td>Who owns the building and the material that the restaurant is using</td>
</tr>
<tr>
<td>1 &amp; 2 o</td>
<td>Who has the ownership over the land the restaurant is constructed?</td>
</tr>
<tr>
<td>1 &amp; 2 o</td>
<td>Who has the ownership over the restaurant?</td>
</tr>
<tr>
<td>2 o</td>
<td>Is there an organizational structure, what is this structure?</td>
</tr>
<tr>
<td>2 &amp; 3 o</td>
<td>How many people are working in this restaurant?</td>
</tr>
<tr>
<td>2 &amp; 3 o</td>
<td>How are the employees connected with the owner? [1st line family, 2nd line family, acquaintances]</td>
</tr>
<tr>
<td>1, 2 &amp; 3 o</td>
<td>Do the employees also have other jobs?</td>
</tr>
<tr>
<td>1, 2 &amp; 3 o</td>
<td>What is the education level &amp; background of the employees?</td>
</tr>
<tr>
<td>1, 2 &amp; 3 o</td>
<td>Did they study? If so, what? Is it linked with working in the food sector?</td>
</tr>
<tr>
<td>Entrepreneurship analysis</td>
<td></td>
</tr>
<tr>
<td>2 &amp; 3 o</td>
<td>Why is the restaurant organized in this specific set-up? Has it been different? Does the entrepreneur think of alternative set-ups?</td>
</tr>
<tr>
<td>1, 2 &amp; 3 o</td>
<td>How is the product chain enacted? Or, where do products come from?</td>
</tr>
<tr>
<td>1, 2 &amp; 3 o</td>
<td>Do the restaurants buy their products directly from fishermen, butcher’s, factories and peasants?</td>
</tr>
<tr>
<td>1, 2 &amp; 3 o</td>
<td>How are the restaurants financed, where did the money come from? Family? Savings?</td>
</tr>
<tr>
<td>1 &amp; 2 o</td>
<td>How much does it cost to open a small restaurant?</td>
</tr>
<tr>
<td>1 &amp; 2 o</td>
<td>Who do the restaurants pay in order to let the restaurant function, or make customers satisfied? [think of, parking attendants, security, taxi drivers]</td>
</tr>
<tr>
<td>2 o</td>
<td>How mobile are the enterprises? Is there an intention to stay permanently on one specific spot?</td>
</tr>
<tr>
<td>1 &amp; 2 o</td>
<td>Are the entrepreneurs registered at the kota or SIUP?</td>
</tr>
</tbody>
</table>
Customer Analysis

1, 2 & 3  o  How many customers does the restaurant have on daily / weekly base?
2 & 3  o  Is there a recurrence of customers? Why do people come back on the same place?
2 & 3  o  What type of customers comes to the restaurant?
1, 2 & 3  o  On what type of customers is the restaurant entrepreneur aiming?
1, 2 & 3  o  What type of customers is not welcome to go to the restaurant?
2 & 3  o  How does the entrepreneur attract customers to go to his / her warung?
2 & 3  o  How well do the restaurant holders know their customers?
2 & 3  o  How many days and hours per day are the families working for their business?
1, 2 & 3  o  What are the opening hours, why these opening hours?
2 & 3  o  What are the peak hours; why is this the peak hour?
1, 2 & 3  o  Why are these restaurants important for the customers?
1, 2 & 3  o  Why are customers coming to these restaurants?
1, 2 & 3  o  What is the average food spending of a customer?
1, 2 & 3  o  What is the average spending of a customer at these restaurants?

Yogyakarta Analysis

1, 2 & 3  o  How do warung-entrepreneurs, local authorities and customers perceive economic development and / or modernization of Yogyakarta? Is the city developing? How?
1, 2 & 3  o  Is the city changing? How?
1, 2 & 3  o  How do warung-entrepreneurs, local authorities and customers perceive the existence of the small restaurants for the livability of the neighborhood?
1, 2 & 3  o  What alternatives are there for the small restaurants like warung? [Cooking at home, brining lunch, angrinkan, KFC]?
1, 2 & 3  o  Are small restaurants, like the warung, better than other food sellers? Why?
1, 2 & 3  o  What separates warungs from other food sellers and other informal activities
1, 2 & 3  o  Are the warung or padang unique, or replaceable?
1, 2 & 3  o  Do warung contribute to the economic progress of the city? Why?
1, 2 & 3  o  What happens if we take away all the warung, padang and warung makan from the city?

Governance Analysis

1 & 2  o  If you want to start a warung restaurant, do you need to contact the government? Why?
1 & 2  o  Are you registred Izin Tempat Usah or Kartu Tanda Pedagang or Retribusi? Why?
1 & 2  o  Does the restaurant have to pay taxes, if yes, to whom and why? Are taxes paid?
1 & 2  o  What does the warung entrepreneur expect from the national government [safety, clean roads, less congestion, cheap prices, low or no taxes]
1 & 2  o  What does the warung entrepreneur expect from the city government or the sultan, regarding his own restaurant?
1, 2 & 3  o  What has changed since the end of the New Order
2  o  Do they favor and trust the local authorities, the sultan?
1 & 2  o  How do they interact with official authorities
1 & 2  o  Do they interact with urban planners?
1 & 2  o  Do notions like informal economy, underground economy, illegal economy mean anything to the entrepreneur and in what manner. If so, do they apply to the entrepreneurs?
APPENDIX 3

QUESTIONS IN RELATION WITH THEORETICAL CONCEPTS AND RESEARCH LEVELS

The table below exposes an overview how the different questionnaires [Appendix 2] are related to research level [Figure 1.3 & Figure 3.1] and the three theoretical concepts: modernization; [small-scale] entrepreneurship and everyday life [see Chapter 2 and Figure 3.4].

<table>
<thead>
<tr>
<th>ANALYSIS THEME</th>
<th>RESEARCH LEVEL</th>
<th>THEORETICAL CONCEPTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historical / Warung</td>
<td>Méso &amp; micro</td>
<td>Modernization, entrepreneurship</td>
</tr>
<tr>
<td>Customer</td>
<td>Méta, méso &amp; micro</td>
<td>Entrepreneurship, everyday life</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>Méta, méso &amp; micro</td>
<td>Modernization, entrepreneurship &amp; everyday life</td>
</tr>
<tr>
<td>Governance</td>
<td>Méta, méso &amp; micro</td>
<td>Modernization, entrepreneurship &amp; everyday life</td>
</tr>
<tr>
<td>Yogyakarta</td>
<td>Méta &amp; méso</td>
<td>Modernization, entrepreneurship &amp; everyday life</td>
</tr>
</tbody>
</table>
APPENDIX 4
RESEARCH MATERIAL

To conduct this research different types of resources are used. They are listed below, and labeled to the derived location. Moreover, the table exposes the connection with specific chapters [which are directly linked to a research level and question, see chapter 2 and 3].

<table>
<thead>
<tr>
<th>Type of resource</th>
<th>Derived from</th>
<th>Chapter[s] :</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic literature</td>
<td>Royal Netherlands Institute of SE Asian and Caribbean Studies; International Institute for Asian Studies; RU Library; Google Scholar; Web of Science; UGM Library; academics; fellow students.</td>
<td>All</td>
</tr>
<tr>
<td>News- and magazine articles</td>
<td>[<a href="http://www.insideindonesia.org/">www.insideindonesia.org/</a>; <a href="http://www.thejakartapost.com/">www.thejakartapost.com/</a>; <a href="http://www.thejakartaglobe.com/home/">www.thejakartaglobe.com/home/</a>; RU Library; Google Scholar; Web of Science; UGM Library; academics; fellow students.</td>
<td>All</td>
</tr>
<tr>
<td>Policy documents</td>
<td>UGM Library; internship at CPPS; Municipality of Yogyakarta.</td>
<td>2, 4.3, 5,3 &amp; 6</td>
</tr>
<tr>
<td>Formal interviews</td>
<td>Fieldwork in Yogyakarta; internship at CPPS; academics.</td>
<td>4.2, 4.3, 5.2, 5.3, 6.1, 6.2, 6.3 &amp; 7.</td>
</tr>
<tr>
<td>Informal Interviews</td>
<td>Fieldwork in Yogyakarta; internship at CPPS.</td>
<td>2, 4.1, 4.2, 5.1 &amp; 5.2</td>
</tr>
<tr>
<td>Observations</td>
<td>Fieldwork in Yogyakarta</td>
<td>All</td>
</tr>
<tr>
<td>Footage</td>
<td>Fieldwork in Yogyakarta; [<a href="http://www.tumblr.com/">www.tumblr.com/</a>; <a href="http://www.flickr.com/">www.flickr.com/</a>; Antiquarian Bookshop Van Hoorn [Houtstraat, Nijmegen].</td>
<td>All</td>
</tr>
</tbody>
</table>
**APPENDIX 5**

**OVERVIEW OF INTERVIEWEES**

This overview represents the people that are interviewed during the fieldwork [from 22nd of May until the 13th of August, 2013]. Interviews have been both formal as informal, and have been valuable for conducting this research. Not all interviews are recorded. Nevertheless, for every interview an interview report has been captured. This is available upon request, since these documents have a rather large extent.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name or pseudonym [PS]</th>
<th>Location</th>
<th>Position in relation to thesis</th>
<th>Spoken language</th>
<th>Date:</th>
<th>Additional information:</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Khairul Kamal</td>
<td>Jakarta</td>
<td>Customer</td>
<td>English</td>
<td>25.05.2013</td>
<td>Interpreter of English, German and French.</td>
</tr>
<tr>
<td>02</td>
<td>Semarang A [PS]</td>
<td>Jakarta</td>
<td>Warung owner</td>
<td>Bahasa</td>
<td>25-27.05.2013</td>
<td>Warung specialized in Semarang food</td>
</tr>
<tr>
<td>03</td>
<td>Mr. Rudy</td>
<td>Jakarta</td>
<td>Owner guesthouse</td>
<td>English</td>
<td>25-26.05.2013</td>
<td></td>
</tr>
<tr>
<td>04</td>
<td>Mulyadi Sumarto</td>
<td>Yogyakarta – CPPS/UGM</td>
<td>Researcher</td>
<td>English</td>
<td>01.06-08.2013</td>
<td>Phd-candidate at CPPS</td>
</tr>
<tr>
<td>05</td>
<td>Raymond</td>
<td>Yogyakarta – Gejayan</td>
<td>Customer</td>
<td>English</td>
<td>30.05.2013</td>
<td></td>
</tr>
<tr>
<td>06</td>
<td>Prof. Tadjuddin</td>
<td>Yogyakarta – CPPS/UGM</td>
<td>Professor Sociology</td>
<td>English</td>
<td>04.06.2013</td>
<td></td>
</tr>
<tr>
<td>07</td>
<td>Mr. Ibnu</td>
<td>Yogyakarta – Malioboro</td>
<td>Warung owner</td>
<td>English</td>
<td>10.06.2013</td>
<td>Warung in tourist street</td>
</tr>
<tr>
<td>08</td>
<td>Bou</td>
<td>Yogyakarta – Karangmalang</td>
<td>Warung manager</td>
<td>Bahasa</td>
<td>14.06.2013</td>
<td>Warung specialized in Korean food</td>
</tr>
<tr>
<td>09</td>
<td>Satria</td>
<td>Yogyakarta – Gejayan</td>
<td>Customer</td>
<td>English</td>
<td>14.06.2013</td>
<td>Satria is a student &amp; interpreter</td>
</tr>
<tr>
<td>10</td>
<td>Tria</td>
<td>Yogyakarta – Karangmalang</td>
<td>Warung owner</td>
<td>English</td>
<td>16.06.2013</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Ahmad</td>
<td>Yogyakarta – Karangmalang</td>
<td>Warung manager</td>
<td>Bahasa</td>
<td>16.06.2013</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Abu</td>
<td>Yogyakarta – Karangmalang</td>
<td>Customer</td>
<td>English</td>
<td>16.06.2013</td>
<td>Student</td>
</tr>
<tr>
<td>13</td>
<td>Kona</td>
<td>Yogyakarta – Barbarsari</td>
<td>Warung owner</td>
<td>Bahasa</td>
<td>16.06.2013</td>
<td>Warung specialized in Padang food</td>
</tr>
<tr>
<td>14</td>
<td>Yudi</td>
<td>Yogyakarta – Karangmalang</td>
<td>Restaurant owner</td>
<td>Bahasa</td>
<td>17.06.2013</td>
<td>Owner of 3 restaurants [2 family, 1 student]</td>
</tr>
<tr>
<td>15</td>
<td>Tri &amp; Anisa</td>
<td>Yogyakarta – Karangmalang</td>
<td>Customers</td>
<td>Bahasa</td>
<td>17.06.2013</td>
<td>Students + customers at Yudi [14]</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Location</td>
<td>Position</td>
<td>Language(s)</td>
<td>Date</td>
<td>Details</td>
</tr>
<tr>
<td>-----</td>
<td>---------------</td>
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<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>16</td>
<td>Suti</td>
<td>Yogyakarta – Barbarsari</td>
<td>Warung employee</td>
<td>Bahasa</td>
<td>18.06.2013</td>
<td>Warung specialized in Sambal food</td>
</tr>
<tr>
<td>17</td>
<td>Ibu Patni</td>
<td>Yogyakarta – Barbarsari</td>
<td>Warung employee</td>
<td>Bahasa</td>
<td>18.06.2013</td>
<td>Warung specialized in Lombok food</td>
</tr>
<tr>
<td>18</td>
<td>Adit</td>
<td>Yogyakarta – Barbarsari</td>
<td>Warung owner</td>
<td>Bahasa &amp; English</td>
<td>18.06.2013</td>
<td>Warung specialized in Lombok food</td>
</tr>
<tr>
<td>19</td>
<td>Mustri</td>
<td>Yogyakarta – Karangmalang</td>
<td>Warung owner</td>
<td>Bahasa</td>
<td>19.06.2013</td>
<td>Also supplier of neighbouring warungs.</td>
</tr>
<tr>
<td>20</td>
<td>Ibu Pudjoko</td>
<td>Yogyakarta – Gejayan</td>
<td>Warung owner</td>
<td>Bahasa &amp; English</td>
<td>20.06-01.08.2013</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Ibu Klitren [PS]</td>
<td>Yogyakarta – Gejayan</td>
<td>Kelurahan official</td>
<td>Bahasa &amp; English</td>
<td>05.07.2013</td>
<td>Public officer at kelurahan Klitren</td>
</tr>
<tr>
<td>22</td>
<td>Mo [PS]</td>
<td>Yogyakarta – Karangmalang</td>
<td>Warung owner</td>
<td>Bahasa</td>
<td>05.07.2013</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Diana</td>
<td>Yogyakarta – Karangmalang</td>
<td>Warung owner</td>
<td>Bahasa</td>
<td>10.07.2013</td>
<td>Warung specialized in Padang food</td>
</tr>
<tr>
<td>26</td>
<td>Yudi</td>
<td>Yogyakarta – Gejayan</td>
<td>Customer</td>
<td>English</td>
<td>01.06.2013</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Octo Noor Arafat</td>
<td>Yogyakarta – Karangmalang</td>
<td>Kecamatan official</td>
<td>Bahasa</td>
<td>18.07.2013</td>
<td>Camat [Head] of the Danurejan</td>
</tr>
<tr>
<td>30</td>
<td>Narti</td>
<td>Yogyakarta – Karangmalang</td>
<td>Warung owner</td>
<td>Bahasa</td>
<td>18.07.2013</td>
<td>Warung specialized in Bakar food – same as 37</td>
</tr>
<tr>
<td>31</td>
<td>Pak Wahyu</td>
<td>Yogyakarta – Bappeda</td>
<td>Ministry official</td>
<td>English</td>
<td>22.07.2013</td>
<td>Head Bappeda [planning agency]</td>
</tr>
<tr>
<td>32</td>
<td>Pak Sudharmono Hadi</td>
<td>Yogyakarta – Ministry</td>
<td>Ministry official</td>
<td>Bahasa</td>
<td>22.07.2013</td>
<td>Head Dinas Perindustrian [commerce &amp; trade]</td>
</tr>
<tr>
<td>34</td>
<td>Kobis</td>
<td>Yogyakarta – Karangmalang</td>
<td>Warung owner</td>
<td>Bahasa</td>
<td>26.07.2013</td>
<td>Warung specialized in Padang food</td>
</tr>
<tr>
<td>36</td>
<td>Ibu Estel</td>
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<td>Bahasa</td>
<td>26.07.2013</td>
<td>Warung specialized in Bakar food</td>
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<tr>
<td>37</td>
<td>Gimas</td>
<td>Yogyakarta – Karangmalang</td>
<td>Warung employee</td>
<td>Bahasa &amp; English</td>
<td>22.07.2013</td>
<td>Warung specialized in Bakar food – same as 31</td>
</tr>
<tr>
<td>38</td>
<td>Seafood 99 [PS]</td>
<td>Yogyakarta – Utara</td>
<td>Warung owner</td>
<td>Bahasa</td>
<td>01.07-08.2013</td>
<td>Warung specialized in seafood</td>
</tr>
<tr>
<td>39</td>
<td>Dr. Annamarie Wattie</td>
<td>Yogyakarta – CPPS / UGM</td>
<td>Researcher</td>
<td>English</td>
<td>01.06-08.2013</td>
<td>Lecturer in Anthropology UGM</td>
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<td>40</td>
<td>Sukamdi</td>
<td>Yogyakarta – CPPS / UGM</td>
<td>Researcher</td>
<td>English</td>
<td>29.06.2013</td>
<td>PhD candidate at CPPS</td>
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</tbody>
</table>
APPENDIX 6

DIVISION OF AUTHORITY AND AFFAIRS


<table>
<thead>
<tr>
<th>Central Government</th>
<th>Forms of authority / compulsory affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Foreign policies;</td>
<td></td>
</tr>
<tr>
<td>• Defence;</td>
<td></td>
</tr>
<tr>
<td>• Security;</td>
<td></td>
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<td>• Justice;</td>
<td></td>
</tr>
<tr>
<td>• National monetary and fiscal;</td>
<td></td>
</tr>
<tr>
<td>• Religion.</td>
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</table>

<table>
<thead>
<tr>
<th>Provinces</th>
<th>Forms of authority / compulsory affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Planning &amp; control of development;</td>
<td></td>
</tr>
<tr>
<td>• Planning, utilization &amp; control of layout;</td>
<td></td>
</tr>
<tr>
<td>• Organization of public order and society reassurance;</td>
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</tr>
<tr>
<td>• Provision of public facilities and infrastructure;</td>
<td></td>
</tr>
<tr>
<td>• Handling of the health sector;</td>
<td></td>
</tr>
<tr>
<td>• Provision of education &amp; allocation of potential human resources;</td>
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</tr>
<tr>
<td>• Handling of societal problems across districts / cities;</td>
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</tr>
<tr>
<td>• Services in the employment sector across districts / cities;</td>
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</tr>
<tr>
<td>• Facilitating the development of cooperatives, small and medium enterprises across districts / cities;</td>
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</tr>
<tr>
<td>• Environmental control;</td>
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<tr>
<td>• Land services across districts / cities;</td>
<td></td>
</tr>
<tr>
<td>• Population services &amp; civil records</td>
<td></td>
</tr>
<tr>
<td>• General administration of government services;</td>
<td></td>
</tr>
<tr>
<td>• Investment administration services across districts / cities.</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cities / Districts</th>
<th>Forms of authority / compulsory affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Planning &amp; control of development;</td>
<td></td>
</tr>
<tr>
<td>• Planning, utilization &amp; control of layout;</td>
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<tr>
<td>• Organization of public order and society reassurance;</td>
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<td>• Provision of public facilities and infrastructure;</td>
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<td>• Handling of the health sector;</td>
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<tr>
<td>• Provision of education;</td>
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<td>• Handling of societal problems;</td>
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<tr>
<td>• Services in the employment sector across;</td>
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<tr>
<td>• Facilitating the development of cooperatives, small and medium enterprises;</td>
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<tr>
<td>• Environmental control;</td>
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<td>• Land services;</td>
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<td>• General administration of government services;</td>
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</tr>
<tr>
<td>• Investment administration services.</td>
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Based on: Ananta et al. (2011: 270-272)
REFERENCES


