Globalizing informality

An empirical research on the 'everyday' relation between globalisation and the informal economy in Yogyakarta, Indonesia.

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Summary

Background

Over the recent years globalisation became a key issue within the field of geography. One of the problems with this academic debate on globalisation and the global perspective is that it is predominantly focused on Western ideas. That is, most of both the theorizing and empirical research is based on countries in the core of the world economy (Grant & Nijman, 2002). Conceptual and theoretical approaches and frameworks that result from this research are used to explain processes in the South (Rigg, 2007). However Western scholarship is both indispensable and inadequate to the task of explaining the non-Western world (Jackson, 2004; Chakrabarty, 2007; Simone, 2011; Edensor & Jayne, 2012), This all has led to a notable gap between theory on globalisation in cities and empirical studies in cities in this less-developed world (Grant & Nijman, 2002).

Taking into account that the proportion of the world's population living in cities is growing at a rapid rate (UN-HABITAT, 2003), this gap has to be filled. Especially in developing countries lots of people migrate to the cities. In numerous cities this rapid pace of population growth has overwhelmed the capacity of municipalities to respond. The process of population growth having preceded economic growth, leads to residents building their own houses and trying to make a living by creating and organizing their activities without the help of governmental organizations. This has not only led to the rise of slums but also to economic activity that is not included in government regulation, taxation and observation (UN-HABITAT, 2003). These economic activities are part of the so-called informal economy of a city, a concept introduced by Keith Hart in 1973 (Maerk, 2000). Especially in developing countries and their rapidly growing cities, this informal sector contributes substantially to the national and regional economies.

Considering that processes of globalisation differ qualitatively according to where we look, it will be interesting to understand the processes of globalisation within this informal sector. This thesis will do so by focusing on the informal sector in the city of Yogyakarta, Indonesia. Over the years Indonesia, Southeast Asia's largest economy, experienced a growth of real GPD about 6% (OECD, 2016). With an average of 59,6% the informal sector represents an enormous share of the total employment in Indonesia (OECD, 2015). In 2012 the informal sector in Yogyakarta provided 89% of the employment and 37% of the contributions to the real GDP (Boer, 2013). This shows that the informal sector in Yogyakarta is important for the city's economy. More accurate, this thesis focusses on a specific sector within Yogyakarta's informal economy, namely the warung-sector. A warung makan is an informal and inexpensive food stall that can be found on basically every street in Indonesia (Barley & Thee, 2010).

Research goal

This study aims to provide in-depth insights in the relationship between globalisation and the informal economy. It is likely that in the coming decades the processes of globalisation and informality will continue to expand in this rapidly changing world. In order to understand what is happening in the informal sector it is important to research how this sector is organised and how it relates to the process of globalisation. Important question are thus; How is the warung-sector organized? How did the sector change recently? Do they adapt to, and if yes, how do they adapt to

processes of globalisation? How is their daily live influenced by these processes? The main aim of this research is thus;

By outlining the organization of and changes within the warung-sector in Yogyakarta the goal is to provide in-depth insights in the relation between globalisation and the informal economy.

Research method

To reach the research goal as stated above, a case study has been conducted in Pandeyan, a sub district of Yogyakarta. Besides using the existing literature, empirical data were obtained by observation in the area and interviews with warung entrepreneurs. This data is used to analyse how warung entrepreneurs organize their businesses [entrepreneurship] and how the sector changed lately [developments]. By analysing these outcomes, insights in the relation between globalisation and the warung sector are provided.

Research results

Whereas informal businesses are classically seen as small scale, low-productive businesses used by the urban poor to survive, there is a lot more to the warung sector. Firstly the heterogeneity within the sector is surprisingly high. Not only the variety of dishes offered and the physical appearance of the warungs but also the businesses strategies used by the owners. They really think about how to promote their business and the means in doing so are quite similar to those in the formal sector. Besides mouth-to-mouth promotion, they make use of signboards and menus along the road, social media, TV, food bloggers and sometimes even collaborate with companies. The different ideologies and adaptability of the warung entrepreneurs lead to a rich diversity of informal businesses which in essence all have the same goal; provide Indonesian society with cheap, easy and tasty food.

In line with this we can state that the warung sector is a very dynamic and creative sector. Some businesses change a lot, some stay the same for years depending on the preferences of the owners. However this research extracted three recent changes within the sector of which all the owners were aware; increasing use of social media, delivery service and collaboration at different levels. Warungs are getting more and more involved with social media. Not only because some owners started promoting their businesses by using social media like Facebook, Twitter and Instagram but also because of the existence of so-called food bloggers, which posts reviews of warungs on a variety of food blogs. This not only expands the reach of the warungs but also leads to a growing competition amongst them. Besides the use of social media, delivery services are getting more popular. Some owners deliver themselves, others make use of GO-JEK, an application which offers several services including deliveries of food. People can choose a certain warung and dish and within 45 minutes the food will be delivered at your doorstep by a GO-JEK driver. Thirdly also collaborations between both local and national enterprises are rising. Besides their own dishes warungs offer side dishes provided by local entrepreneurs and other products like coffee, cigarettes and soft drinks from well-known brands. Sometimes these brands are even willing to invest in a certain warung. While owners can choose themselves if and how they react to these developments, it is clear that the warung sector has indeed changed because of them. But how can this be related to processes of globalisation?

Conclusion

If I had to provide a short and sweet answers to this, it would be that globalisation has led to changes within the warung sector in two different ways. Firstly the increasing use of technology [seen as part of globalisation], changed the way businesses are managed in the warung sector. This has led to a significant changing locality, where social media and delivery services are partly replacing mouth-to-mouth promotion and face to face meetings. Secondly it could be argued that the position of the warung sector is changing because of a changing Indonesian society where increasing formality creates an uprising middle class. This way globalisation can – both directly and indirectly – be linked to globalisation. However these changes are incremental, which means that they are gradually changing some aspects of the warung sector, they are surely visible. While this answers the main question of this research there is another important aspect I have to bring forward to complete my conclusion; the power of the warung entrepreneur. These individuals, and this is exactly what Rigg (2007) meant with the role of 'human agency' in his book on everyday geography, decide how to react to changes in society. More in line with the approach of this research, my conclusion therefore is that however globalisation indeed provides new opportunities for the warung sector, it are the warung entrepreneurs who decide how to cope with these opportunities.

Preface

Dear reader,

In front of you lies my thesis which I wrote as part of the bachelor Geography, Planning and Environmental sciences of the Radboud University Nijmegen, the Netherlands. Most of the writing of this thesis took place in Nijmegen, the empirical research took place in Yogyakarta, Indonesia. From the moment I started studying in Nijmegen my curiosity towards other countries, cultures and societies kept growing. Especially after last year, a year full of new experiences, I started feeling a strong desire to explore the wider world. More specifically I got interested in the (urban) poor of developing countries and their abilities to create and shape their own lives by using the limited recourses they have at their disposal. To be able to do research about the informal economy in the cultural capital of Java therefore was more than great. It was my first genuine experience with research in a completely different environment. By walking around the city on my own I had to pull myself out of my, so-called and somewhat stereotypical, 'comfort zone'. Not only did I learn a great deal about the informal warung sector and doing research abroad, I also got the opportunity to experience the hospitality of the locals. Because I am very grateful for this opportunity I would like to take some time to thank some people.

First of all I want to thank all the respondents that were willing to cooperate. Not only for their time but also for openness, hospitality and their amazing food. They are the ones that shaped this research. Secondly I would like to thank the geography department of the Radboud University for enabling their students to go abroad. More specifically I want to thank my supervisor dr. Lothar Smith for the feedback along the way. Thirdly I would like to thank the Bureau of International Affairs from the Faculty Geography of Universitas Gadjah Mada in Yogyakarta, for receiving us shortly after our arrival and appointing us a supervisor. I want to thank my mentor of the Universitas Gadjah Mada, dr. Dodi Widiyanto for helping me with my interview guide and bringing me into contact with Yoke and Ineke. Special thanks to them, because they helped me a lot with the interviews and collecting all the data I needed. I could not have done this without the help of you all. Thanks a lot!

I hope you enjoy your reading.

Gijs Kloek

Nijmegen, June 16, 2016

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Chapter 1 - Introduction

Over the recent years the geography field has shifted from regional geography as a starting point to studies taking a global perspective (Rigg, 2007). In this era of increasing globalisation the local, regional and national cannot be separated from global processes. Giddens (2013) defines globalisation as '[the] intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa'. Globalisation became a key issue within the field of geography. One of the problems with this academic debate on globalisation and the global perspective is that it is predominantly focused on Western ideas. That is, most of both the theorizing and empirical research is based on countries in the core of the world economy (Grant & Nijman, 2002). Conceptual and theoretical approaches and frameworks that result from this research are used to explain processes in the South (Rigg, 2007). However Western scholarship is both indispensable and inadequate to the task of explaining the non-Western world (Jackson, 2004; Chakrabarty, 2007; Simone, 2011; Edensor & Jayne, 2012). It should be clear that theoretical reflections in the Western scholarship are limited in their purchase and more empirical resources and insights are needed in order to theorize beyond the western-dominated forms of globalisation (Robinson, 2002). So, besides the fact that processes operate at different levels, rates and intensities, processes themselves differ qualitatively according to where we look. In his book ''*An everyday geography of the global south*'' Rigg aims to take the daily experiences and perspectives of ordinary people as a starting point for analysis, this way avoiding the focus on the meta processes of globalisation. By looking at this 'everyday' differences on can see how people adapt to, make use of or try to resist the pressure of these meta processes while constituting their daily life (Rigg, 2007). This all means that globalisation in the non-western world might be different from globalisation as described in the western world. For instance Grant and Nijman (2002) argue that little research has been done on the experience of globalisation in cities in the less-developed world. There is a notable gap between theory on globalisation in cities and empirical studies in cities in this less-developed world (Grant & Nijman, 2002).

Taking into account that the proportion of the world's population living in cities is growing at a rapid rate (UN-HABITAT, 2003), this gap has to be filled. The shift to technological-, industrial-, and service-based economies has made this process of urbanization irreversible (Knox & Marston, 2014). In 2014 53% of the world's population lived in cities (World Bank, -) while this figure was only 18% in 1950 (UN-HABITAT, 2003). Whereas urbanization in de core regions of the world has largely resulted from economic growth, the urbanization in the peripheral regions has mainly been a consequence of demographic growth combined with a lack of economic growth. Because of the lack of opportunities in the rural areas of the developing countries the number of impoverished people in the rural areas has increased. Their only option is to migrate to the bigger towns and cities in the region in the hope of a better life. However, rather than being drawn by jobs and opportunities the migration is mainly based on desperation and hope (Knox & Marston, 2014). This urbanization, combined with the natural population growth in the cities, leads to an enormous increase of the urban population. In numerous cities this rapid pace of population growth has overwhelmed the capacity of municipalities to respond. They are unable to provide basic needs, like shelter, water, food, health and education, to all (UN-HABITAT, 2003). This process of population growth having preceded economic growth, leads to residents building their own houses and trying to make a living by creating and organizing their activities without the help of governmental organizations. This has not only led to the rise of

slums but also to economic activity that is not included in government regulation, taxation and observation (UN-HABITAT, 2003). These economic activities are part of the so-called informal economy of a city, a concept introduced by Keith Hart in 1973 (Maerk, 2000). According to the World Bank informal economic activities 'refer to activities and income that are partially or fully outside government regulation, taxation, and observation' (World Bank, -).

Especially in developing countries and their rapidly growing cities, this informal sector contributes substantially to the national and regional economies. Estimates of the size of the informal sector in these developing countries in terms of employment range between 20 and 80 percent. In Africa and Asia the informal sector accounts for between 25% and 40% of the Gross Domestic Product, GDP (The World Bank, -). Considering that processes of globalisation differ qualitatively according to where we look, it will be interesting to understand the processes of globalisation within this informal sector. What does globalisation mean for the informal economy? How is it perceived within the boundaries of the informal sector? What is the influence of processes of globalisation on entrepreneurship in the informal sector? How did globalisation change the informal economy?

This thesis tries to answer these questions by doing research in the Indonesian city of Yogyakarta. Over the years Indonesia, Southeast Asia's largest economy, experienced a growth of real GPD about 6%. Although slightly moderated recently, with a 5,2% percent growth in 2016, it can still be considered as being a rapidly developing economy (OECD, 2016). With an average of 59,6% the informal sector represents an enormous share of the total employment in Indonesia (OECD, 2015). In 2012 the informal sector in Yogyakarta provided 89% of the employment and 37% of the contributions to the real GDP (Boer, 2013). This shows that the informal sector in Yogyakarta is important for the city's economy. More accurate, this thesis focusses on a specific sector within Yogyakarta's informal economy, namely the warung-sector. A *warung makan* is an informal and inexpensive food stall that can be found on basically every street in Indonesia (Barley & Thee, 2010). By focusing on the organization of, and changes within these warung businesses I try to obtain information about how globalisation is visible within this sector, this way creating a bridge between the local and the global.

1.1 Relevance

After giving an introduction to this thesis and discussing the context of the research, the next part will explore the relevance of this research. A distinction will be made between scientific relevance and societal relevance.

1.1.1 Scientific relevance

Cities in the Indonesia, and particularly Java, are growing in a rapid pace. The cities expand both in terms of surface and population. Javanese cities like Jakarta, Bandung, Semarang, Surabaya and Yogyakarta become crowded with people. All of which are searching for work or education and a place to live. With this growth the questions of how to organize these growing cities is subject to change too. Not only in Indonesian cities but cities all over the world are changing constantly. In general theory and research about these changes is needed to understand the dynamics of a city. More specifically the scientific relevance lies in two main arguments.

Firstly, little research has been done on the globalisation experience of cities within the less-developed world. There is a lack of empirical information about the experience of globalisation within cities in the less-developed world (Grant & Nijman, 2002). This research tries to provide knowledge about the experience of globalisation in less-developed cities by focussing on the experience of globalisation in the warung-sector of Yogyakarta, Indonesia. Because of this focus this research will not fill the gap mentioned before entirely. Instead it will provide knowledge about the experience of globalisation within the informal economy, which is just one aspect of a less-developed city.

Secondly, the relevance of this thesis is that it provides a way of looking from a local perspective to global processes. This way of 'theorising up' and looking to the 'everyday', as Rigg (2007) calls it, means beginning with the local and the everyday, and this way, avoiding the tendency to explain local outcomes as a result of globalisation. Hence not portraying the local as 'victim' of these processes but able to respond to and shape these processes. Rigg's insights will be elaborated on further in chapter 2.

1.1.2 Societal relevance

For many policymakers the explosive growth of cities in the Global South has been, and continues to be, a big concern (Schapendonk et al, 2016, p. 174). With the informal economy providing 89 percent of the employment in the city of Yogyakarta (de Boer, 2013) it is clearly of massive importance for the city. In order to monitor and regulate the informal economy information is needed. One should know exactly how it is organized and managed in order to understand why this sector still exists and even expands. Why do people chose to work in the informal sector? How do they start a business? How do they react to changes in society and why do they to this? In order to really grasp the informal economy it is important to start at its base, namely the informal entrepreneurs.

To understand the development of this sector attention has to be paid to the current situation within the sector and the question whether the sector has undergone changes recently. Although the informal sector is often believed to be a constant sector with little innovation and growth, it is important to challenge this perspective. Is the warung sector really that constant or did there occur changes recently? If yes, how and why did it change? With an eye on the broad debate on globalisation amongst geographers, one should pay attention to the relation between globalisation and localities. Does globalisation lead to homogenisation and the death of geography or is the local able to reform and adapt to globalisation? To answer this question changes within the warung-sector have to be examined. How do entrepreneurs change their business in this time of increasing globalisation and why? To be able to foresee the future within the warung-sector this information about the adaptability of entrepreneurs is of great use for the Yogyakartan government.

So besides the theoretical and scientific relevance the outcomes of this thesis will give a better understanding of the warung-sector and how this sector has changed due to processes of globalisation. Because the informal economy is such an important factor within the city of Yogyakarta, one should know how it functions, both locally as globally. The knowledge presented not only serves the city of Yogyakarta but can be useful for every city with a big informal economy. However this research does not aim for generalization.

1.2 Research goal

This study aims to provide in-depth insights in the relationship between globalisation and the informal economy. It is likely that in the coming decades the processes of globalisation and informality will continue to expand in this rapidly changing world. In order to understand what is happening in the informal sector it is important to research how this sector is organised and how it relates to the process of globalisation. Important question are thus; How is the warung-sector organized? How did the sector change recently? Do they adapt to, and if yes, how do they adapt to processes of globalisation? How is their daily live influenced by these processes? The main aim of this research is thus;

By outlining the organization of and changes within the warung-sector in Yogyakarta the goal is to provide in-depth insights in the relation between globalisation and the informal economy.

In order to clarify this research goal the location of the research will be elaborated on below.

1.2.1 Mapping Yogyakarta

This research takes place in Indonesia, a huge archipelago, consisting of approximately 17.000 islands, located in Southeast Asia [see figure 1]. The first map shows Indonesia and its most famous islands; Sumatra, Java, Kalimantan, Sulawesi, Irian Jaya etc. The second map shows the island of Java, the most populous and economically important island of Indonesia. Besides the capital Jakarta, there are several other big cities on Java; Semarang, Bandung, Surabaya and Yogyakarta. Java is divided into three provinces, West-Java, Central-Java and East-Java. The city of Yogyakarta is located in the south of the Central-Java province.

In chapter 2 the theoretical framework of this thesis will be discussed. The main purpose of this chapter is to expand on the 'everyday geography' of Jonathan Rigg [p. 6] but also the concepts of informal economy [p. 8], warung [p.11] and globalisation [p. 11] will be shed light on. Subsequently the research model, research questions and the conceptual model will be provided. Following on the theory chapter I will discuss the methodological implications inn chapter 3 [p.17]. Both the research strategy as the research material come forward and a reflection on the methodology will be given. Given the main question [stated at p. 14] it follows that it was important to ensure sufficient heterogeneity in my sample of warung entrepreneurs. In the empirical chapters this heterogeneity is showcased. Chapter 4 [p. 22] will be serve to give an introduction to the empirical part of this thesis by discussing the broader context of Warungs in Pandeyan, a sub district in Yogyakarta and the central case in this study. Chapter 5 [p. 29] will discuss entrepreneurship in the warung sector and chapter 6 [p. 39] will focus on development within the sector. Chapter 7 consists of a discussion [p. 47], conceptual implications [p.47], recommendations for further research [p. 48] and a reflection [p. 49].

Figure 1; Mapping Yogyakarta

Maps by Lonely Planet, retrieved from; http://www.lonelyplanet.com/maps/asia/indonesia/

Chapter 2 - Theory

2.1 Theoretical framework

As mentioned in the introduction of this thesis, recently there has been a shift from regional geography to a global perspective based on metaprocesses like globalisation, urbanisation, industrialisation, democratisation and so forth. This transition goes hand in hand with two main problems. Firstly, the fact that the majority of the empirical research regarding these processes has been carried out within Europe and the United states. The resulting conceptual and theoretical approaches are then used to explain processes all over the world (Grant & Nijman, 2002; Rigg, 2007; Robinson, 2002). However according to Chakrabarty (in Rigg, 2007) these western approaches are both 'indispensable and inadequate' to the task of explaining the non-Western world. Processes are qualitatively different according to where they happen to occur (Robinson, 2002). That means that we cannot copy the western insights about globalisation and apply it to a non-western case. Research is needed to understand how these metaprocesses are perceived and experienced in the non-western world.

The second problem, according to Rigg (2007), is that overarching metaprocesses are used to explain local outcomes. By doing this people are portrayed as 'victims' and locality as the mere stage on which the meta-processes of globalisation work out. In order to avoid this way of positioning the local, Rigg comes up with a way of explaining the 'everyday' by 'theorising up'. That is, without overlooking the important role played by national and international actors, structures and processes, exploring the ''details and minutiae of local lives and livelihoods and the local structures and processes that create such everyday lives and which are, in turn, created by them'' (Rigg, 2007, p.7). By focusing on the micro-geographies different views are provided and new layers of meaning and understanding are revealed. We cannot assume that global processes lead to particular local outcomes (Rigg, 2007). So, in order to understand the influences of metaprocesses on local societies, one has to look through their eyes. But what exactly is this 'everyday geography' opted by Rigg? What is already written about it? How is it applied so far? And why is it so important? The section below will, by answering these questions, provide the theoretical base for this thesis.

2.1.1 Unravelling the 'everyday'

While this thesis is based on explorative research principals, instead of using a specific theory this thesis will be based on a certain discourse in contemporary geographical science. As mentioned in the introduction of this research, this discourse aims to place the 'local' and 'everyday' in the centre of attention, this way creating a local perspective on certain processes. This chapter will explain this discourse on the basis of existing literature.

In his book *''An everyday geography of the global south''* Jonathan Rigg elaborates on the position of the Global South in the contemporary world by focussing on local spaces, individual experiences, household strategies and the power and role of agency. But what is meant with this 'everyday'? The starting point of the everyday geography is the focus on ordinary people, everyday actions and commonplace events (Rigg, 2007, p. 16). So rather than focussing on the meta processes of globalisation Rigg takes the daily experiences and perspectives of ordinary people as starting point for analysis (Koczberski, 2009). The value of paying attention to these classes of people, categories of events and types of actions is that they make up or constitute daily life (Rigg, 2007, p.17). By

starting with the local and the everyday you make a distinction between different scales and it forces a consideration of human agency which means that there is space for difference. People can decide what to do by themselves instead of being supressed by processes (Rigg, 2007, p.9). As Rigg (2007, p.17) puts it ''the focus on the everyday is not only because normal living is everyday living, but also because the everyday begins and ends with the personal''.

Globalisation has become the defining process of the age and its outcomes have been elaborated on into depth. Yet, it can have all kinds of effects, both direct and indirect, incremental and fundamental which means that both the cause as the effect can differ according to where we look. In general globalisation is believed to lead to a borderless world where media imperialism, cultural homogenisation, transnational domination and economic integration are propelled by the expanding tendrils of information and communication networks, a global financial architecture, and an increasingly powerful horde of multilateral institutions (Rigg, 2007, p. 10). The outcome of these processes is the so-called 'death of geography'. This means that time-space relations have been so radically compressed that it is possible to completely destroy space with the use of time (Morgan, 2004, p. 4). In contrast to these thoughts, and in line with the beginning of this paragraph, there has emerged a vibrant concern for the details and distinctiveness of the 'everyday' and the local. The 'everyday' is everywhere (Rigg, 2007, p. 10). So where some say globalisation leads to a world worn flat, others say localities are gaining in significance and differences become even more pronounced and powerful. To explain this contradiction between globalisation and the power of everyday we must take a closer look to the process of globalisation. Yeung (1998) and Kelly (2000)state that globalisation operates at all levels and scales simultaneously, and the relationships can operate both ways. This way globalisation has not erased the everyday but instead, often, re-energised it. Globalisation can support and empower local groups, strengthen local regulation and cultures, while localities can both shape and respond to global processes. This way globalisation leads to very different local outcomes, which social scientist need to identify, interpret and attempt to understand(Rigg, 2007, p. 11-12).

Because of the ability to respond locally to globalisation and the fact that globalisation is subject to local response and linkages, we cannot generalize the effects of globalisation around the world. This way of thinking is strongly related with the concept of 'grassroots globalisation', an alternative narrative that relishes in difference and recognises that the local can influence events, resist domination, and build alternative futures. ''*The growing importance of localism is, in essence, a political expression of either the desire to resist and counter globalisation, or to rework globalisation to the benefit of local communities*.'' (Rigg, 2007, p.20). Those who try to prevent globalisation from entering their localities see globalisation as inevitably destructive and exploitative whereas those who embrace the 'rework' position see opportunities to make globalisation work in the benefit of their localities. There is thus a distinction between rejecting and reforming globalisation on a local scale. Both globalisation and those defensive responses (grassroots globalisation)consist of networks that operate across scales. So when we look at the 'local' we are getting an insight into far more than just the local and when we look at higher scales it incorporates the local. We are being drawn into other scales by the networks and circuits that link people and activities. This has led to the network gaining importance over scale (Rigg, 2007, p. 20-21). Although grassroots globalisation may indeed be a network response to globalisation one cannot deny the importance of people living in places. This statement brings us back to the space/place dichotomy on which a lot of ink has been spilt by geographers. However this discussion is very interesting this thesis will take the dichotomy between

space and place for granted. In this thesis I will focus on how people organize their business on a local level and how they use the processes of globalisation to shape their everyday lives.

While the latter may provide the scope for this research there are three other important concepts which have to be discussed before we move on to the empirical part of this thesis. Consecutively the following important concepts will be discussed; the informal economy, the warung and globalisation.

2.1.2 Informal economy

Before we start with the discussion about the informal economy, it is important to explain the meaning of the word 'informal'. It suggests a ''different way from the norm, one which breaches formal conventions and is not acceptable in formal circles – one which is inferior, irregular and, at least somewhat, undesirable.'' (UN-HABITAT, 2003, p. 100). Especially in developing countries and rapidly growing cities the informal sector contributes to the national economies. Estimates of the size of the informal sector in these developing countries in terms of employment range between 20 and 80 percent. In Africa and Asia the informal sector accounts for between 25% and 40% of the Gross Domestic Product, GDP (The World Bank, -). But how to define the informal sector? Which activities are included and how can we distinguish the informal from the formal?

In their glossary Knox and Marston (2014) define the informal sector as 'economic activities that take place beyond official record, not subject to formalized systems of regulation or remuneration'. Another definition is ' the generally small-scale industries and commercial activities that are not registered enterprises but provide large amounts of products and services that people use every day' (UN-HABITAT, 2003). According to the World Bank informal economy 'refers to activities and income that are partially or fully outside government regulation, taxation, and observation' (The World bank, -). Smith and de Boer (2016, p. 3) argue that the informal economy has two important characteristics; '[1] hidden from official observation and [2] carried out for the purpose of creating a positive income effect'. To clarify the characteristics of the goods and services produced within the informal sector I use a list provided in *the Global Report on Human Settlements 2003*. Although barely used in this research this list can provide a good overview for those who are not familiar with the informal economy.

'' *Small-scale units, comprising, firstly, 'informal, own-account enterprises – that is, those unincorporated enterprises that are run without regular employees (but perhaps with unpaid family workers or occasional hired labour); and, secondly, enterprises or informal employers who employ one or more person on a continuous basis.*

Few barriers to entry; initial capital and skill requirements are low.

Informal skills acquisition; most entrepreneurs learn through informal apprenticeships in the sector, while a few have received vocational training.

Limited access to formal credit: capital needs are met informally from family, friends, money lenders and other business interests.

An informal internal organization with a relatively flexible and informal hierarchy of work and roles; often the own account or self-employed worker is worker, manager and owner, all at once. They display little or no division between labour and capital as factors of production.

Informal relationships with suppliers, clients and the state; few have licenses or formal contracts, their hours of operation are flexible and the contacts are irregular. They therefore tend to be 'invisible', unregulated and uncounted by official statistics, particularly by economic censuses. Thus, the entrepreneur avoids taxes, licence fees and requirements to conform to standards. Labour tends to be unprotected. Labour relations – where they exist – are based primarily on casual employment, kinship or personal and social relations, rather than on contractual arrangements with formal guarantees.

Combinations of different activities can exist in a single unit: these can exist simultaneously or by frequent change in activities, so it can be difficult to classify the business according to the stand industrial classification. Products may be made and sold in the same place and other producers' products may also be sold.

Predominance of an undercapitalized or labour-intensive process of production: the limited nature of the technology being used may hamper the ability of business to produce continuously and may limit the operator's ability to plan for investment and improved operation.

Consumption and production are not separated; part of what allows informal-sector business to keep operating is their use of personal and domestic assets, such as living quarters, vehicles and furniture. Furthermore business expenditures, income, assets and labour are almost seamlessly linked to those of the household. This can be a problem for policymakers who like to separate consumption and production as different spheres for statistical taxation purposes. "

Even though there are little doubts about the definition of this phenomenon there are a few things worth discussing. The first scientist to write about the informal economy was Keith Hart (1970; 1973). In his publication about the informal economy in Accra, Hart praised the variety of activities included in the informal economy and the importance of it for the people (Hart, 1973). He believed that independence from the state's rules was leading to practices as diverse as home improvement, street trade, squatter settlements, open source software, illegal drugs traffic, political corruption and offshore banking (Hart, 1985). Initially the informal economy was seen as a kind of transition stage between formal and informal, as a lack of structural economic development. The proof for this was based on research characteristics of existing informal businesses such as the limited scale of operation, transiency uncertainty of income and low productivity in terms of added value for the economy in general. In addition they mentioned the conservativity of the sector, which was believed to interfere with 'real' modernization (Schapendonk et al, 2016, p. 175).

This classical perspective of Hart has changed over the last 10 years. Authors like Peter Dicken, Kim Dovey, Jonathan Rigg and Ananya Roy all advocate to see the formal and informal sector as symbiotic (Schapendonk et al, 2016, p. 175). According to the World Bank the informal economy can even have potentially negative consequences for competitiveness and growth, incomplete coverage of formal social programs, undermining social cohesion and law and order, and fiscal losses due to undeclared economic activity. For most governments these concerns outweigh any advantages offered by the informal sector, such as job creation and safety net for the poor (The World Bank, -). Informal operators who pay no taxes undercut the formal business operations, evade costly regulations and take advantage of numerous devices, legal and illegal, to reduce their prices (Hart, 1985). Although

often seen as being irregular, undesirable and inferior to the formal economy, lately more attention is being paid to the strength of the informal economy and the interrelationships with the formal economy. So beside these supposed negative effects on the formal economy de Boer argues that the formal sector needs the social relations of the informal sector to enable growth (Boer, 2013). Hart argues that the 'informal economy might be just a way of recycling income generated from elsewhere or it could be a source of enterprise and capital formation leading to economic growth in its own right' (Hart, 1985, p. 145). Dovey (2012) states that activities within the informal economy are examples of creativity, flexibility and adaptability of a city (Schapendonk et al, 2016, p. 175). In the table derived from Chen [figure 2] the main differences between the old and the new view on informality are shown. As you can see the old view sketches the informal economy as an illegal, hidden and unproductive sector which 'employs' non-educated street traders. There is no link with the formal sector and it will wither away and die when modernity and industries rise. All this, and more, is questioned by the new view. Whereas informal businesses may to some extend still be considered illegal, they are mostly tolerated by both local as national governments. They offer a wide range of products, services and occupations and create stable or even dynamically growing enterprises. Because it is the main provider of goods, services and employment for lower-income groups and it contributes greatly to the GDP, the sector is both important for the society as the economy. It is linked in several ways with formality and formal businesses and if barriers between those two will be reduced informal workers are willing to become formal. This however, together with Chen's argument that the informal economy is 'here to stay', leads to the question if the informal economy serves as a trampoline to the formal economy. People start in the informal sector to earn a living and as soon as they get the opportunity they switch to a formal job. In this research I will take the warung sector in Yogyakarta as example for an informal sector. In chapter 4 the position of the warung sector within the Indonesian society and economy will be discussed. This discussion combines a real life case with the arguments provided by Chen and other social scientist in the section above.

Figure 2; Changing view on the informal economy

The old view	The new view
The informal sector is the traditional economy that will wither away and die with modern, industrial growth.	The informal economy is 'here to stay' and expanding with modern, industrial growth.
It is only marginally productive.	It is a major provider of employment, goods and services for lower-income groups. It contributes a significant share of GDP.
It exists separately from the formal economy.	It is linked to the formal economy—it produces for, trades with, distributes for and provides services to the formal economy.
It represents a reserve pool of surplus labour.	Much of the recent rise in informal employment is due to the decline in formal employment or to the informalisation of previously formal employment relationships.
It is comprised mostly of street traders and very small-scale producers.	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.
Most of those in the sector are entrepreneurs who run illegal and unregistered enterprises in order to avoid regulation and taxation.	It is made up of non-standard wage workers as well as entrepreneurs and self-employed persons producing legal goods and services, albeit through irregular or unregulated means. Most entrepreneurs and the self-employed are amenable to, and would welcome, efforts to reduce barriers to registration and related transaction costs and to increase benefits from regulation; and most informal wage workers would welcome more stable jobs and workers' rights.
Work in the informal economy is comprised mostly of survival activities and thus is not a subject for economic policy.	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.

Retrieved from Chen (2007)

<u>2.1.3 What is a warung?</u>

Based on existing knowledge, this section will briefly discuss the meaning of a warung. In the following chapters the concept will be elaborated on comprehensively. The word warung literally means 'shop' in Bahasa, the official language of Indonesia (de Boer, 2013, p. 3). However generally warungs are small traditional restaurants, the word is also used for little shops or kiosks (Warung and Streetfood, 2016). Another name for warungs, especially used in the cultural areas of Yogyakarta, Semarang and Surakarta is *angkringan*. Other common names to find are *wartel*, which offer telephone services, and *warnet* which are some sort of internet cafes (Paule, 2014). In this research the focus will be on the warung selling food, the *warung makan*. Makan means eating in Bahasa.

De Boer and Smith (2016, p. 1) define a warung as 'a small business providing typical Indonesian food and beverages at affordable prices.' Warung activities are generally characterized by a fairly low resource-base that is labour-intensive, small-scale approach and the way they mould in society around them. Despite being rather visible businesses in Indonesian cities the warung may be typified as largely unregulated (de Boer & Smith, 2016, p. 2). They are part of the extensive informal economy within Indonesian cities. The warungs are very present on the streets and are especially popular with the lower classes of the society (Schapendonk et al, 2016, p. 176). Besides the difference in the offered food and the ethnic origin of the entrepreneurs the warungs have a very recognizable business concept (de Boer, 2013, p. 3). Although their visibility and popularity in Indonesia, relatively little research has been done about the businesses. Existing researches were predominantly executed by western scientist. Surprisingly little attention is being paid to the warungs by Indonesian scientist. To me, this makes it even more interesting and important to monitor and research the warung sector.

<u>2.1.4 Globalisation</u>

Globalization is a well-known and often used term in the scientific literature. However there is no unanimously-agreed upon definition. It means different things to different people (Dreher et all, 2008). Many authors have attempted, with relative success to define globalization, some of them claiming it is impossible. The problem with defining globalization originates from the fact that it is not a concept with a certain beginning and end and therefore cannot be defined within a specific timeframe. Furthermore it cannot be applied to all people in all situations (Al-Rodhan & Stoudmann, 2006). Although these difficulties with defining globalization I try, by exploring the existing literature, to come to a useful definition of the concept.

Knox and Marston (2014) describe globalization as the

> *''increasing interconnectedness of different parts of the world through common processes of economic, environmental, political and cultural change''*

Das (2010) sees it as a process which

> *''implies networks of connections spanning multi-continental distances, drawing them close together economically, socially, culturally and informationally'' (Das, 2010, p.1)*

Al-Rodhan and Stoudmann (2006) refer to globalization as

> *''a process that encompasses the causes, course, and consequences of transnational and transcultural integration of human and non-human activities" (Al-Rodhan & Stoudmann, 2006, p.1)*

In their article Al-Rodhan & Stoudmann (2006) also give a definition of the Swedish journalist Thomas Larsson;

> *"Globalisation is the process of world shrinkage, of distances getting shorter, things moving closer. It pertains to the increasing ease with which somebody on one side of the world can interact, to mutual benefit, with somebody on the other side of the world."*

This definition is a little bit easier to understand and strongly related to the concept of time- space convergence, defined in Knox and Marston (2014) as the ''rate at which places move closer together in travel or communication time or costs'' (Knox and Marston, 2014, p. 8). Besides the differences between these four definitions, they all focus on the increasing interconnectedness between people in different parts of the world. While Knox and Marston and Das mention a specific field in which these connections exist the others remain more superficial, talking about 'integration of human and non-human activities' and 'social relations'. Another issue they confront is the scale on which they apply the activities they relate to globalization. They respectively talk about 'different parts of the world', 'multi-continental' 'transnational and transcultural' and 'the other side of the world'.

However in the specific case of the warung sector interconnectedness between people in different parts of the world will not be that important. The importance of globalisation in this case lays in the influence it has on the Indonesian society, economy and local livelihoods, this way changing the warung sector. Do processes of globalisation create barriers or opportunities for warung entrepreneurs and if yes how do they react to it? One may for example think of how warung entrepreneurs react to jobs created by international companies leading to more formal employment, increasing technology, increasing variety of available products and brands, increasing access to information etc. While it is very unlikely that the warung sector suddenly becomes active on the international market, it is not unthinkable that they are influenced by societal and economical changes caused by globalisation. This research tries to find out how the locality of the warung sector is being influenced by global processes. The definition of globalisation which fits this purpose best is the following;

> *''Globalization can [thus] be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa.'' (Giddens, 2013)*

The only thing that has to be clarified is that the '*worldwide social relations'* and *'events'* mentioned in the definition do not only consist of actual communication between, in this case, a warung entrepreneur and somebody else, but also consist of relations or events (in the broadest sense of the term) between other people, institutions or companies which, directly or indirectly, influence the everyday activities of warung entrepreneurs.

2.2 Research model

All the theory about 'everyday' geography, the informal economy and globalisation discussed in the preceding paragraph will serve to provide the scope for this research. A study on existing literature about globalisation, 'everyday' geography and the informal economy provides the underexposed 'everyday globalisation' scope, by which the Warung-sector in Yogyakarta can be evaluated. By applying this scope on the warung-sector, in-depth insights concerning the relation between globalisation and the informal economy will be obtained. This all is reflected in the research model below.

Figure 3; Research model
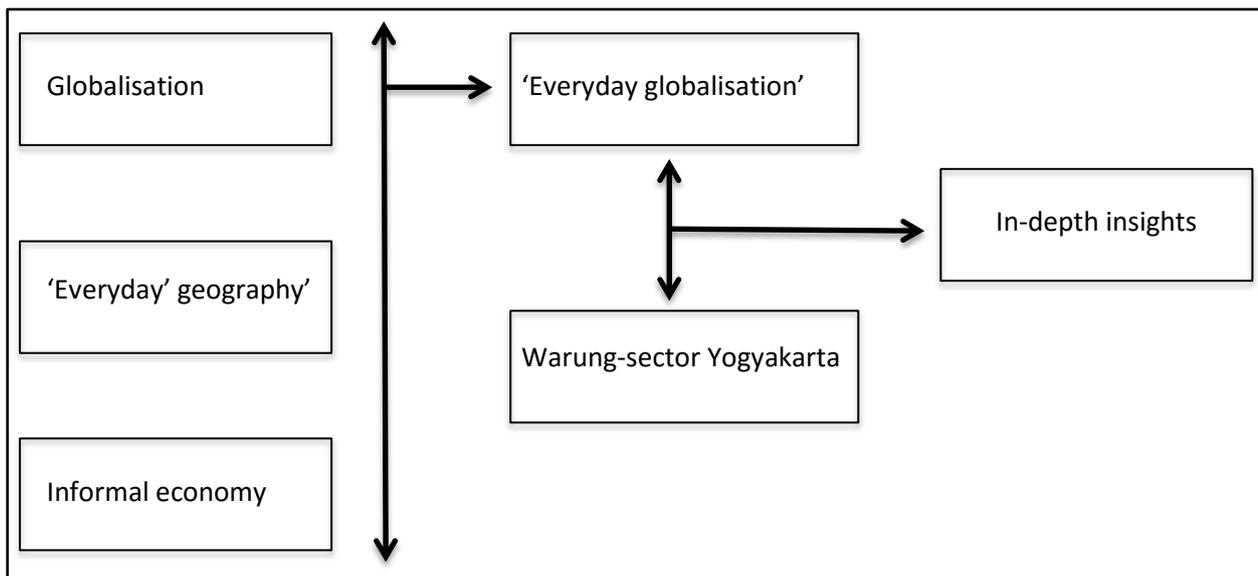
2.3 Research questions

Based on the principles of 'theorising up' the warung entrepreneurs in Yogyakarta are the starting point for empirical evidence regarding the relationship between globalisation and the informal economy. Based on the realities of these entrepreneurs this thesis will provide an analysis on how globalisation relates to informal businesses in the developing world. In line with the research goal, the main question of this thesis is;

How do warung-entrepreneurs in Yogyakarta experience the relation between globalisation and their businesses?

In order to answer this question, and this way achieving the research goal, three sub questions are to be asked.

How do warung entrepreneurs organize their businesses?

Before thinking about the relation between globalisation and the warung-sector it is important to examine how this sector is organized exactly. This can be seen as the context, within which the warung entrepreneurs organize their daily life businesses. Questions which arise regarding this organization are for example; how do entrepreneurs start a warung-business? Who are their

customers and employees? Where do they prepare the food? Where do they buy the ingredients? By answering these questions I intent to provide a clear starting point for the rest of this thesis.

How did the warung-sector change recently? And how did globalisation influence this process?

Subsequently, this thesis will focus on the changes within the warung-sector. By focusing on these changes I try to find out why and by whom these changes where implemented and what the role of globalisation was in these changes. Although the informal sector is generally believed to be a constant sector I try to find out if the sector underwent changes recently. By asking warung entrepreneurs about changes in their businesses I intent to find out the dynamics of the individual businesses and more in general, the entire sector. By putting the warung entrepreneurs central I expect to find out more about possible changes. Whereas for outsiders the warung sector may appear to be constant the entrepreneurs may be able to tell me more about changes within the sector. Besides mapping the dynamics of the businesses I also intend to find out why these changes occurred. Did they occur because of individual ideologies and strategies or because of changes within society? By which processes where they influenced? And can this be linked to globalisation?

### How do warung-entrepreneurs experience globalisation?

Contemporary insights regarding globalisation are mainly based on a Western perspective. Empirical research was principally based on cases in the global north and therefore cannot be applied to cases in the global south (Rigg, 2007; Robinson, 2002; Grant & Nijman, 2002). Processes can be different and have different outcomes depending on the specific place. Therefore, before analysing the process of globalisation, it is important to find out how globalisation is perceived and experienced. In other words; what does globalisation mean to the research entity?

While the initial plan was to ask the warung entrepreneurs specifically what they thought about globalisation and this way coming to a working definition of globalisation as seen by the research entity, this appeared to be very hard, if not impossible, to execute in real life. Soon I found out that the concept of globalisation was to abstract and unknown to the warung entrepreneurs to come to a description of their experiences with it. From this moment onwards I decided to analyse the empirical data obtained using the working definition of globalisation provided on the end of paragraph 2.2.4. This partly undermines the 'everyday' scope of Jonathan Rigg because instead of putting the experience of globalisation of the ordinary people central in discussing the relation between globalisation and their businesses, the working definition is constructed by using already existing insights regarding globalisation. This results in a more suggestive argumentation of the relation between the locality of the warung sector and globalisation. However it does not necessarily mean that the outcomes of this research are 'wrong' or 'useless'. This change of methods will be elaborated on further in the reflection on the methodology in paragraph 3.3 [p. 20].

2.4 Conceptual model

A conceptual model schematically represents how a part of the real world works. It consists of the key concepts used in the research, and presents the expected relationships between these. Within qualitative research the conceptual model generally is fairly abstract and open to interpretation. Several relations between the key concepts are suggested but it is after the performance of the research that these will be concretised. Especially in explorative research, like this thesis, the conceptual model consists of abstract concepts and the aim is, by carrying out the research, to find out which variables of the certain concepts intervene in the suggested relationship between the key concepts (Verschuren & Doorewaard, 2007). The conceptual model for this thesis is as follows:

Figure 4 ; Conceptual model
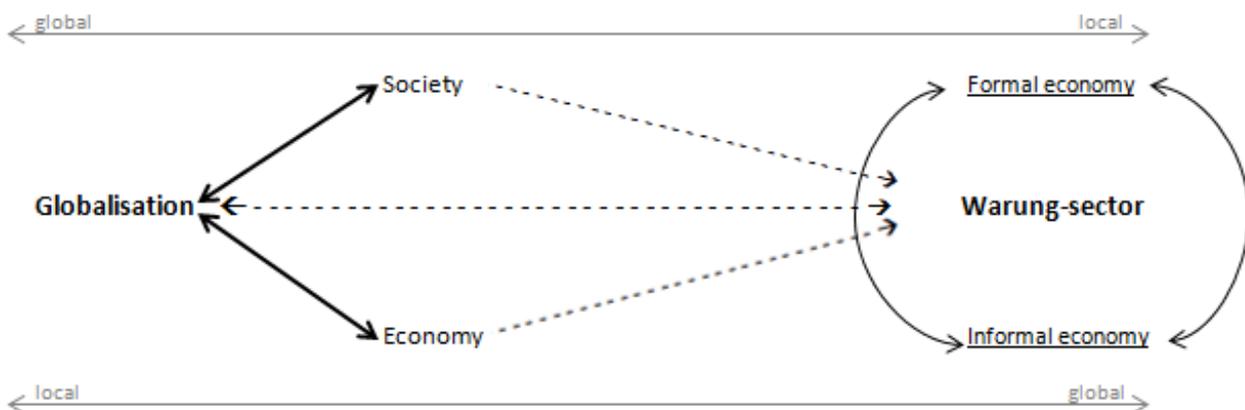
Firstly it is important to note that the warung sector cannot be seen as being completely informal. The sector can be linked to both the informal as the formal economy [more about this in paragraph 5.1 on p. 30]. Because of this reason the warung sector is placed between the interrelated informal and formal economy in this model. The conceptual model relates globalisation and the warung-sector in two manners; firstly through a direct relation between the two and secondly through indirect relations. The first manner suggests that globalisation has a direct influence on the warung sector and that the warung sector on his turn also has his influence on globalisation. This latter argument is why the arrows are pointing in both directions. The reason for this two sidedness is the suggestion that if something gets affected by (a process of) globalisation, no matter in what manner, it will also have a retroactive effect on (that particular process of) globalisation. To give an, perhaps oversimplified, example if people in North Korea, influenced by globalisation, start using the internet they are likely to provide new information and insights to people who already had access to internet, this way reinforcing globalisation. The same thing happens with the influence of globalisation on the society and economy. If globalisation leads to changes in the Indonesian society and economy these changes can have an effect on the warung-sector. Those changes are the indirect relations between globalisation and the warung sector. Furthermore it is important to understand that various geographical scales are needed to understand the relation between globalisation and the warung sector. Whereas the warung sector is often seen as the local, globalisation evidentially is being seen as the global. However questions of importance in this model and research are; how local is the global and how global is the local? In other words how does globalisation influence (parts of) the

warung sector, and vice versa how does the warung sector influence particular processes of globalisation?

Research of the abstract concept of globalisation and its relation to the warung sector is challenging. In part this is because the concept is too abstract to discuss directly with respondents. Hence I decided to focus on recent changes within the sector such as the use of social media and delivery service that might showcase this relationship. These changes will then be analysed and, if possible, related with the process of globalisation. This means that the actual relations between (exponents of) globalisation and the warung sector mentioned in the following chapters will be somewhat suggestive. This issue will be elaborated on further in the next chapter in which the methodology of this research will be discussed. Among other things the operationalization of the research as mentioned above will be explained in more detail.

Chapter 3 - Methodology

The aim of this research is to provide in-depth insights in the 'everyday' relation between globalization and the informal economy, by outlining the experiences of warung-entrepreneurs in Yogyakarta with the concept of globalization. The methodology explained in this chapter is the guideline of this thesis and clarifies how this research goal will be reached. The methodological insights are predominantly based on Creswell (2013) and Verschuren en Doorewaard (2007).

In their book about developing a research design Verschuren en Doorewaard (2007) discuss five important research strategies; survey, experiment, grounded theory, desk research and case study. In order to find out which research design best suits the research, a few key questions are to be asked: (1) if the research aims to give a broad overview of a specific field or an in-depth description of a phenomenon within a certain space –and timeframe; (2) if the researchs intends to quantify or qualify and interpret; (3)if existing data, rather primary empirical data or a mix of both is required to answer the research questions (Verschuren & Doorewaard, 2007).

As stated in the second part of the research goal, this research aims 'to provide in-depth insights in the relation between globalisation and the informal economy''. Therefore it can be seen as an in-depth description of a phenomenon within a certain space –and timeframe, with the phenomenon being the relation between the informal economy and globalization, and the space –and timeframe being the 'everyday' in the warung-sector in Yogyakarta, Indonesia. Because a survey is used to give a broader view of an extensive phenomenon this strategy is of no use for this research.

The first part of the research goal indicates that this research is focused on the organization of and changes within the warung-sector in Yogyakarta. In order to analyse, interpret and contemplate this all, this research will be based on a qualifying approach. As the survey and the experiment are primarily based on quantitative principles, these two strategies do not suit the research goal of this thesis.

The data needed for this research will be obtained on behalf of both existing data and empirical data retrieved from on-site research. Whereas desk research is based on and reflects upon existing literature, the grounded theory combines existing theories and empirical research in order to obtain new insights. Both strategies are found on qualitative principles and can provide in-depth insights. However parts of this research are based on existing data, the main question will predominantly be answered using data retrieved from empirical research. And because of the fact that this research is not centred around an existing theory, and does not continuously compare this theory with the gathered empirical data, the grounded theory strategy does not suit the main question. Despite this rejection of the 'grounded theory' and 'desk research' strategies regarding the research goal, these strategies will be used in some parts of this thesis. But which strategy will then be put central to this research?

3.1 Research strategy

The research strategy that best fits with the research goal and main question, as cited below, is the case study strategy. This type of research 'involves the study of a case within a real-life, contemporary context or setting' (Yin in Creswell, 2013, p. 97). In this qualitative approach the investigator studies a real-life, contemporary bounded system (a case) over time, through detailed, in depth data collection involving multiple sources of information (Creswell, 2013).

How do warung-entrepreneurs in Yogyakarta experience the relation between globalisation and their businesses?

The first step in a case study is the identification of a case. This can be defined within certain parameters, such as a specific place and time. This choice can be made through the principle of 'purposeful sampling', which is a way of appointing a case 'from which men can learn a great deal about issues of central importance to the purpose of the research' (Coyne, 1997, p. 624). For this research a purposeful case would be a group of people working in the informal sector of Yogyakarta who are accessible for research. This however is still not sufficiently delineating. To come to a concrete case a few other decisions had to be made. Firstly I decided to focus on *warung makans* only. For the limited time available for this research the warung sector as a whole (consisting of *warteg, warnet, warung makan* and all sorts of other small informal shops) was too extensive. I decided to choose the warung makan because of several reason. First of all because to me it appeared to be the most interesting. Secondly because practically it was easier to do observation in a small restaurant then in a small shop selling telephone service [*warteg*]. By buying some food and situating yourself in the *warung makan* I could not only have relatively long observations but I could also maintain more or less anonymous taking a middle-ground position (Creswell, 2012, p. 172). Thirdly, and most importantly, because the *warung makans* are famous for the Indonesian dishes they prepare. In contrary to processes like *Coca-Colonization* or *McDonaldization* mentioned by a wide variety of scientists, the preparation of Indonesian dishes can be seen as preservation of the local cuisine and culture. This makes it very interesting to see how the sector functions in this time of increasing globalisation. The questions which arises is if and how globalisation gets a grip on the warung-sector? Besides this consideration the location of the research was also important. Where can we learn most about the relation between the *warung (makan)* sector and globalisation? First of all it needed to be a place where I could find a lot of *warung makans*. And secondly it had to be clearly set out. By putting these two provisions central the sub district of Pandeyan came forward. In chapter 4 an extensive description of this sub district is provided [p. 24]. The identified case in this thesis is thus as follows;

Warung makan entrepreneurs in the Yogyakartan sub district of Pandyan within the contemporary society.

On behalf of this case I intent to understand the relation between globalisation and informal economy on a local scale, as seen through the eyes of informal entrepreneurs. Because little is known about this relation, this case study will be explorative and descriptive. This case is selected to understand a specific issue, problem or concern and can therefore be characterized as an 'instrumental case'. While this study is based on a single case, this case has to be studied very profoundly with a strong focus on triangulation (Verschuren & Doorewaard, 2007). This means that various forms of qualitative data, ranging from interviews, to observations, to documents, to audio-

visual materials are needed to provide these in-depth insights. An extensive description of the data collection can be found in paragraph 3.2.

While the case study strategy is the main strategy in this research, used to answer the main question, one other research strategy was needed in order to come to an answer on sub question 3 [*How do warung entrepreneurs experience globalisation?*]. With the objective of getting a clear idea of what warung entrepreneurs have in common as they experience globalisation this thesis applies a phenomenological research strategy. ''A phenomenological study describes the common meaning for several individuals of their lived experiences of a concept or a phenomenon'' (Creswell, 2013, p. 76). Phenomenology focuses on a description of 'what' people experience and 'how' they experience it. However as mentioned before, this sub question has only partly been answered by analysing the data obtained from the first two sub questions instead of using a phenomenological study.

3.2 Research material

As mentioned before, when conducting a case study a wide variety of qualitative data could and should be used. Useful information sources for this research are literature and documents about globalization, Yogyakarta or more generally Indonesia, informal economy etcetera. The most important source of information for this research are the warung-entrepreneurs themselves. Ways of retrieving information differ between these information sources. There are a lot of manners to extract information. Literature gave me important theoretical insights based on existing research. This way a strong and extensive theoretical base was created. Documents provided me with a wide variety of, easily extractable, information like statistics and insights in the Indonesian economy. To purchase information from persons can be a little bit more complicated. Although they can provide a diversity of information in a short time, some questions can be hard to answer. Some topics can be sensitive or difficult to talk about. In this research this was a problem with the abstract concept of globalisation. People did not think about it before and therefore struggled to come to an answer. More about this and other methodological difficulties I had during this research can be found in the reflection on the methodology [paragraph 3.3]. In the section below the ways of extracting information used for this research are discussed.

Content analysis and search engines

By using documents and literature as a way of extracting useful information, additional information can be provided in qualitative research. In this research information entrenched in written and audio-visual data sources were used. By using online search engines this research used specific (scientific) literature. Although a lot has been written about globalisation, the informal economy and the 'everyday geography' as mentioned in the theoretical framework, much less has been written about the warungs in Indonesia, let alone in Yogyakarta. To obtain information about this sector, empirical information was obtained by executing observations and interviews.

Observation

By doing observations I was able to place myself in the middle of the research entity, this way trying to find patterns or signs which could be of importance for my research questions. For this thesis I did twelve observations using the observation scheme shown Appendix B. The observations took between twenty and thirty minutes and consisted of going to a warung within the sub district of

Pandeyan, ordering food and if possible eating it on sight. While I was in the warungs I paid attention to a variety of aspects. For example the dishes they offered, the employees, the clients and the interior. I decided not to bring the observation scheme on paper because then the chance of staying anonymous was bigger. I reckoned that if I would use my phone to take notes it would be less obvious that I was doing research. The purpose of the observations was to monitor how businesses are ran on a normal day. Besides doing observations in certain warungs I also observed the district as a whole. I especially paid attention to the distribution of warung across Pandeyan.

The empirical data retrieved from the observations especially helped me in giving a general understanding about the warung business. I analysed the data by reading through the filled in observation schemes and marking interesting and striking notes. The data retrieved from the observation where especially used to write chapter 4. To obtain more into-depth information I performed interviews.

<u>Interviews</u>

An important way of extracting information from people is carrying out interviews. This research performed interviews with ten warung-entrepreneurs. Because most warung entrepreneurs were not familiar with the English language I relied on two students from the *Universitas Gadjah Mada* [Yoke and Ineke] in Yogyakarta for executing and translating the interviews. After discussing the ins and outs of my research together with Yoke and Ineke, we spent two days on taking 9 interviews. The interview guide used for the interviews can be found in appendix A. The interviews were held in Javanese by Yoke or Ineke and afterwards discussed in English together. While discussing I took notes and later on I made an overview of all of the interviews held those days. Although this way of interviewing was not how I planned it to be [see 3.3 Reflection on methodology] I obtained a lot of empirical data.

The analysis of the data consisted of open coding of the overviews. I made categories based on the most important themes which came forth out of the interviews. The most important categories were; difficulties, changes, social media, delivery service and plans for the future. After coding all the interviews and reading through the data several times I started comparing the results. Because of the relatively limited amount of empirical data it was possible to analyse it without using a program like ATLAS.ti. By using my own coding I came to important insights regarding the similarities and differences between the various warungs.

3.3 Reflection on methodology

Although I didn't manage to really grasp the concept of globalisation and how the warung entrepreneurs perceived it, during the process of conducting the fieldwork, and thereafter during the analysis, I gained a better understanding of the relations between globalisation and the warung-sector. While I wasn't able to map the experiences with and the perception of globalisation within the warung sector, by using these analysis a lot can be said about the relation between organization of and development within the sector within the global context. These statements are predominantly based on interpretations of the empirical data regarding the organization and developments within the warung sector. While there is no real evidence to support these interpretations, they may be useful to create a better understanding about how the warung sector operates within the global context.

Besides the problems mentioned above I have to reflect upon the processes of sampling, the observations and the interviews. When I arrived in Yogyakarta I still had to pick a specific location for my fieldwork. The first days I started exploring the area of Pandeyan, in which I stayed, and I could really imagine this being a representative neighbourhood for Yogyakarta. There were some universities, some big streets, smaller streets, *kampungs*, companies, a lot of activity and most importantly a lot of warungs. As part of this explorative research it took me a few days to find the right area for doing the research and exploring it. At the end I am glad that I decided to choose a location when I arrived in Yogyakarta. After exploring the area and getting to know the district I started doing observations within several warungs. For these observations I used an observation scheme [Appendix B]. These observations consisted of going to certain warung, ordering food and waiting and observing what was going on in the warung. Most of the observations lasted for about 20 to 30 minutes. By placing myself inside the warungs I saw costumers coming and going, the way they prepared the food, how they treated their costumers, the number and type of dishes, the number of employees, the physical state of the warung and the attributes used etc. What was a big obstacle for me during the observations was the language. Even by using very simple English words I couldn't make myself clear, and although I understood very little Bahasa most of them spoke Javanese. Because of this I could not ask anything about the warungs during my observations. Partly because of this I decided to put up an easy and understandable interview guide [Appendix A] so that every respondent would be able to understand the questions and construct their own answer. Because I avoided the concept of globalisation the questions in the interview guide were predominantly aimed at answering sub-question 1 and 2.

Because most warung entrepreneurs did not speak English I had to wait for the UGM [our partner university in Yogyakarta] to arrange a talk. Arrangements for this, unfortunately, took two weeks, resulting in some delay in a tight research schedule. Because I couldn't start interviewing yet, I decided to search for warung owners speaking English. I found an English teacher running a small warung to obtain extra income and interviewed him. Although he didn't really fit the profile of warung owner selling food (he only sold durians) the interview contained some useful information. During my last week in Yogyakarta I finally got in touch with two young researchers, Ineke and Yoke, from the UGM who could help me with my interviews. Together with my supervisor [Dodi Widiyanto, a docent at the UGM] and Yoke and Ineke, we discussed the interview guide, made some changes and started interviewing the same day. The interviews were held by Yoke and Ineke in Javanese and afterwards we discussed them in English. For me this was far from ideal because during the interviews I couldn't understand what was said, let alone intervene. I deliberately chose a semi-structured interview so that I would have been able to highlight interesting aspects mentioned. By doing the interviews this way I probably missed out on a lot of interesting information. Another problem is that instead of knowing exactly what the respondents said, I got informed by Yoke and Ineke after the interviews. This way I don't how the respondents articulated their answers, how they said it and what their facial expressions were. Despite of the limited time available for the interviews and the problems with the language I obtained I lot of useful information.

Chapter 4 - Warungs in Pandeyan

As introduction to the empirical part of this research this chapter will discuss the Indonesian economy and the main problems the country deals with at the moment. By providing this context I intend to create a better understanding of the contemporary Indonesian society. After this I will discuss the characteristics of the district where the research took place; Pandeyan. Subsequently I will focus specifically on the characteristics and the location of warungs in Pandeyan. The data used for this chapter is principally based on personal observations during March and April 2016.

4.1 The broader context of this study

With a population of over 252 million in 2014 (OECD, 2016), Indonesia is world fourth most populous country (World Bank, 2016). The archipelago is located in Southeast Asia and consist of approximately 17.000 islands, of which Java, Sumatra, Sulawesi, Kalimantan and Papua are the biggest ones. About 8000 of these islands are inhabited and there are about 300 different ethnic groups spread across them (Lonely planet, 2013; World Bank, 2016).

Since the official recognition of the Indonesian independence by the Netherlands on 27 December 1949, the Indonesian economy has undergone a lot of changes (Thee, 2012, p. xv). In the period just after independence the economic focus was on ''*Indonesianization*'' of the economy. In short that means that the Dutch and Chinese predominance in the economy was targeted. Dutch enterprises were turned into state enterprises managed and run by military officers and economic activities of the ethnic Chinese were shortened and hindered (Thee, 2012, p. 20). In order to let indigenous businessmen develop rapidly, a special programme was issued by the Indonesian government in April 1950. This programme was called *Benteng*, which means fortress, and was used to give priority to Indonesian entrepreneurs by various regulations. For example Indonesian entrepreneurs were given easy access to cheap credit in order to facilitate the import of foreign goods (Thee, 2012, p. 29). Even with these changes the performance of the nationalized enterprises decreased rapidly and the ethnic Chinese remained dominant and even gained power (Thee, 2012, p. 20).

Although less aggressive and strident, this economic nationalism remains a driving force in economic policy nowadays. After the Asian Financial crisis in the late nineties [1997-1998] it was predominantly aimed at the perceived interference in the formulation of Indonesia's economic policies by international organizations like the IMF (Thee, 2012, p. 24). Tension about the widening gap between rich and poor and non-indigenous and indigenous citizens let to several riots during the Asian Financial crisis (Thee, 2012, p. 35).

Since Indonesia overcame the Asian Financial Crisis it has had an impressive economic growth. Between 2000 and 2014 the country's national income per capita rose from $560,- to $3630,- (World Bank, 2016). There are three important motives for this growth. Firstly because Indonesia has a population of over 250 million people it has an enormous internal market which means it doesn't have to rely on export of its products (de Boer, 2013). So, much of the growth was domestically driven, with household consumption in particular providing a steady and solid base (OECD, 2015). Secondly the fact that labour market conditions improved, and this, in combination with increasingly effective poverty-alleviation programmes of the government, helped to increase household incomes (OECD, 2015). The third motive is the important role played by the external sector, especially through the increasing global demand for commodity exports (OECD, 2015). The increasing industrialization

and export of oil, copper, textile, coffee, wood and wooden furniture have guided Indonesia to a prominent international position. Because of this growth several economist foresee a great role for Indonesia in the future global economy (de Boer, 2013, p. 11-12).

However growth has moderated since 2012, reflecting weaker international demand and slow investment growth due to lower commodity prices which where the fuel for Indonesia's economic boom of the past decade (World Bank, 2016; OECD, 2015). Besides the struggle to keep up with the world economy, the Indonesian government has to deal with a few other big problems. In the part below we will briefly discuss the more important problems and challenges.

<u>Problems and challenges</u>

The main issue in Indonesia is poverty. Although the government was able to significantly decrease poverty rates during the last few decades, in 2014 11% of the entire population, which equals about 28 million people, still lived below the absolute poverty rate (OECD, 2015, p. 6). Poverty in Indonesia is mostly, but not exclusively, found in the rural areas were about half of the population lives. In 2012 14,3% of the rural population were below the absolute poverty rate compared to 8,4% of the urban population (OECD, 2015, p. 26). This poverty rate was set at IDR 248.000 per month in 2013 (about $22). This number is highly questionable because much of the Indonesian population is clustered just above this official poverty line, making them almost equally vulnerable to poverty (OECD, 2015, p. 26). According to the World Bank (2012) an estimated 40% of all Indonesians are highly vulnerable to poverty. While these numbers appear to give a clear image of the poverty situation in Indonesia we also have to look at income inequality. Where absolute poverty has been decreasing since the end of the Asian Financial crisis, the distribution of income has become much more unequal, giving Indonesia one of the fastest rising rates of inequality in the East Asia region. This rising inequality may begin to adversely affect social and political cohesion and may hinder future economic growth (World Bank, 2012).

Besides taking into account the income of Indonesians I also have to consider some other variables to really grasp the existing poverty. Investments in health and education in terms of GDP are low compared to other countries, making universal access to good education and good-quality healthcare inadequate across the entire archipelago (OECD, 2015, p. 26; World Bank, 2016). Some examples of the lacking education and healthcare are as follows. Less than half of the rural poor have access to clean water, only three-quarters of Indonesians have access to electricity, only 55% of the poor children complete junior high school, only 68 % of the entire population has access to hygienic toilet facilities, the maternal mortality rate is 126 per 100.000 births and especially among the poor, malnutrition and stunting remain issues (World Bank, 2016; OECD, 2015). Another big problem in Indonesia is the population growth. Between 1995 and 2014 the population increased from 205.9 to 252.8 million (OECD, 2015, p. 6). With population growth having exceeded employment growth (World Bank, 2016), job opportunities in the formal sector decreased. While people in the rural areas still rely on agriculture as main source of income a lot of people in the cities rely on the informal economy. An estimated 60% of all non-agricultural jobs in Indonesia are informal (OECD, 2015, p. 26), which means that they are unregistered by the government and no tax is being paid.

Although I realise the information given in the latter part is just a tiny part of the context I hope it helps in understanding the rest of this thesis. In the following part I will zoom in to the situation with the informal economy in the city of Yogyakarta and more specifically to the warung sector.

4.2 Yogyakarta and Pandeyan

First of all it is important to note that the district Yogyakarta has been a semi-autonomous sultanate from 1945 onwards, with the sultan as the effective governor (de Boer, 2013, p. 16). As we have seen before [paragraph 1.2.1] the district is located in the southern part of the province of central Java and the total population of this special region in 2010 was 3.457.491 people (KOEMA, 2010). The capital of the region carries the same name, Yogyakarta. This thesis is based on research within the city of Yogyakarta and from now on Yogyakarta will refer to the city unless mentioned differently. Yogyakarta is located in the middle of the province and is known for being the cultural centre of Java. Yogyakarta is also the most popular and well known university city of Indonesia which makes the city very dynamic and young. The fact that students are coming from different parts of Indonesia makes Yogyakarta a multicultural city where you can find traditions and cultures from all over Indonesia (ICSEI, 2014).

Within the city of Yogyakarta [*kota*] there are multiple official administration layers, the *kecamatan* and the *kelurahan*. They are easily understood as city districts [*kecamatan*] and city sub districts [*kelurahan*]. Within the *kelurahan* there are community based, unpaid governments called rukun warga / rukun tetangga (de Boer, 2013, p. 17). In the table below this administrative division is clarified.

Figure 5; Levels of government in Yogyakarta

Levels of government in Yogyakarta		
Official governmental Administration [paid] :		
City	KOTA	
District	KECAMATAN	(14 in total in Yogyakarta)
Sub-district	KELURAHAN	(2 to 5 per *kecamatan*)
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*)

Retrieved from de Boer (2013)

In total there are 14 districts [*kecamatan*] in Yogyakarta; *Danurejan, Gedongtengen, Gondokusuman, Jetis, Kotagede, Kraton, Mantrijeron, Mergangsan, Ngampilan, Pakualaman, Tegalrejo, Wirobrajan* and *Umbulharjo* [see appendix C]. Research for this thesis has been done in *Umbulharjo*, the biggest and most populous district in Yogyakarta. It is also the district where a lot of Yogyakarta's universities are located. *Umbulharjo* in his turn can be divided in several sub-districts [see appendix D]; *Semaki, Muja-muju, Tahunan, Warungboto, Sorosutan, Giwangan* and *Pandeyan* (Pemerintah Kota Yogyakarta, 2016). This research is focussed on the sub-district of *Pandeyan* [figure 6].

Figure 6; Map of the sub-district Pandeyan
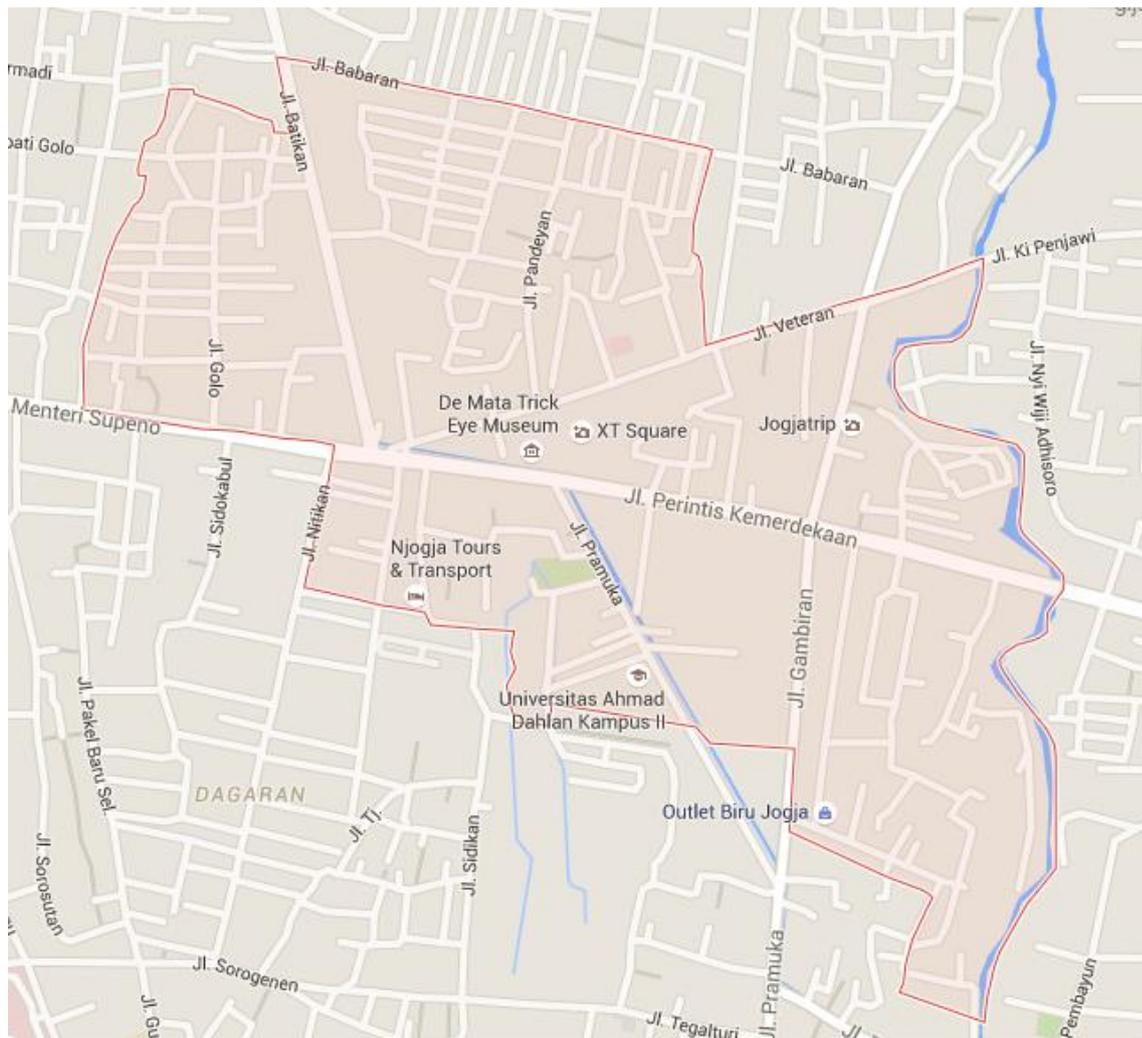
Retrieved from Google Maps

Pandeyan is a subdistrict in the southeast of Yogyakarta. The district is divided into two by *Jalan Menteri Supeno* and Jalan Perintis Kemerdekaan and the eastern border of the district is the *Gajah Wong river*. In the middle of the district one finds *XT Square*, a kind of shopping mall where you can buy gemstones and clothes, visit the wax statue museum, eat in a foodcourt and go to the Karaoke. This place used to be the central busstation of Yogyakarta. Although the different activities taking place at the terrain, there are just a few people walking around. On the southern part of *Jalan Perintis Kemerdekaan* there are three universities to be found; *Universitas Ahmad Dahlan Kampus II, STTL* and *Universitas Cokro Animoto Yogyakarta*. *Jalan Gambiran* is the mainroad heading south and *Jalan Batikan* and *Jalan Pandeyan* the mainroads to the North. On the latter two roads you find, just outside the district of Pandeyan, a few other universities. The fact that there are a lot of universities within and around *Pandeyan* makes the district popular amongst students. Besides these students there is a lot of retail activity. Within Pandeyan you can find 4 or 5 big supermarkets, clothing stores (especially close to the crossing of *Jalan Batikan* with *Jalan Mentiri Supeno* and *Jalan Kemerdekaan*), restaurants and bars (westwards on *Jalan Mentiri Supeno*), busstops around *XT-Square*, a night club called *Palms* on *Jalan Batikan*, a hospital and hotel on *Jalan Veteran* [see figure 7] and a lot of small warungs. These warungs are predominantly concentrated on *Jalan Pandeyan, Jalan Veteran* and

Jalan Pramuka. These streets are filled with small shops selling daily needs, especially food, for a very economic price. The universities and companies within the Pandeyan district create a lively environment which offers opportunities for even more small businesses. Besides all these economic activities the district also functions as a living area. As soon as you turn into one of the little sidestreets of for example *Jalan Pandeyan*, you enter a quite *kampung* or in administrative terms a *Rukun Warga* (RW). Although these RW's dispose of some facilities most shops and restaurants are located on the sides of the bigger streets.

Figure 7 ; Entering Jalan Veteran from the west

4.3 Warungs in Pandeyan

Warung literally means 'small shop' in Bahasa. However the setting of most warungs is similar there is a wide variety of products they offer. To give a few examples, there are warungs selling services like internet, photocopies and sim-cards for mobile phones, warungs selling petrol and drinks, warungs selling products ranging from toothpaste to coffee, warungs repairing or selling second hand clothing and warungs selling food. As long as it is a small shop offering services or products for whoever is passing by one can call it a warung. In general the space within a warung is very limited and all the products or services they offer are set out. This way potential customers see what the warung has to offer immediately. Another characteristic is that most of the time they are highly specialized in just a few products. They do not offer a wide variety of products but focus on the selling of just a few related products. It is very unlikely to find a *warnet* (a warung selling internet services) selling drinks, or a *warung makan* (a warung selling food) selling sim-cards.

While there are a lot of different types of warungs in the district of Pandeyan the most common and visible one is the *warung makan*, a warung offering prepared food. They offer food at very affordable prices and are there to serve the lower social classes of the city. In general they all prepare their food freshly with ingredients bought on the local market in the morning or the evening before. But also

within this sector there are a lot of differences to be seen. Firstly there is a difference between *warung makan* and *angkringan* [see figure 8]. The first being a place where you can buy a dish and eat it at one of the little stools to be found inside a building and the latter being a food stall located next to the street without a permanent dining area. Most of the time also the *angkringans* have a few stools or a carpet where customers can enjoy their freshly prepared meal but they don't have a permanent place to put tables and chairs. While this difference appears to be very clear, in real life a place that seems to be an *angkringan* can be called *warung makan* and the other way around. Because of this vague and somewhat faded distinction I will use the term *warung makan* for all places in this research. Although there are also people selling food and drinks while driving, cycling or walking around the area with their products this research is based on warungs with a certain level of permanency. That is, a warung that appears on the same place every single day. Besides differences in size of the place there are also differences to be found in the number of employees, number of dishes and more important the origin of the dishes. Whereas *warung makan* are thought to be very local enterprises actually most of them offer food from a certain region of Indonesia. Some are specialized in food from Javanese cities like Surabaya or Semarang, others in Sumatran or Balinese food and others in local food. Some have 10 dishes on their menu and others only have one speciality.

Figure 8; a warung makan [left] and angkringan [right]

Within the district of Pandeyan warung makans can be found almost everywhere, but in some places the concentration is low and in other places high. For this thesis I did observations in 12 different warung makans and I interviewed owners or employees of 10 warungs. Besides these observations and interviews I spent a lot of time walking through the area in order to get a general understanding of the dynamics within the district. This way I came to the conclusion that the concentration of warungs were highest on *Jalan Pandeyan, Jalan Veteran* and *Jalan Pramuka*. Also on the other big roads like *Jalan Batikan, Jalan Supeno Menteri* and *Jalan Perintis Kemerdekaan* there were some warung makans to be found but surprisingly less than on the relatively smaller streets mentioned before. In the map below the location of the observations [blue dots] and interviews [green dots] used for this research are shown.

Figure 9; Map of observations and interviews in Pandeyan
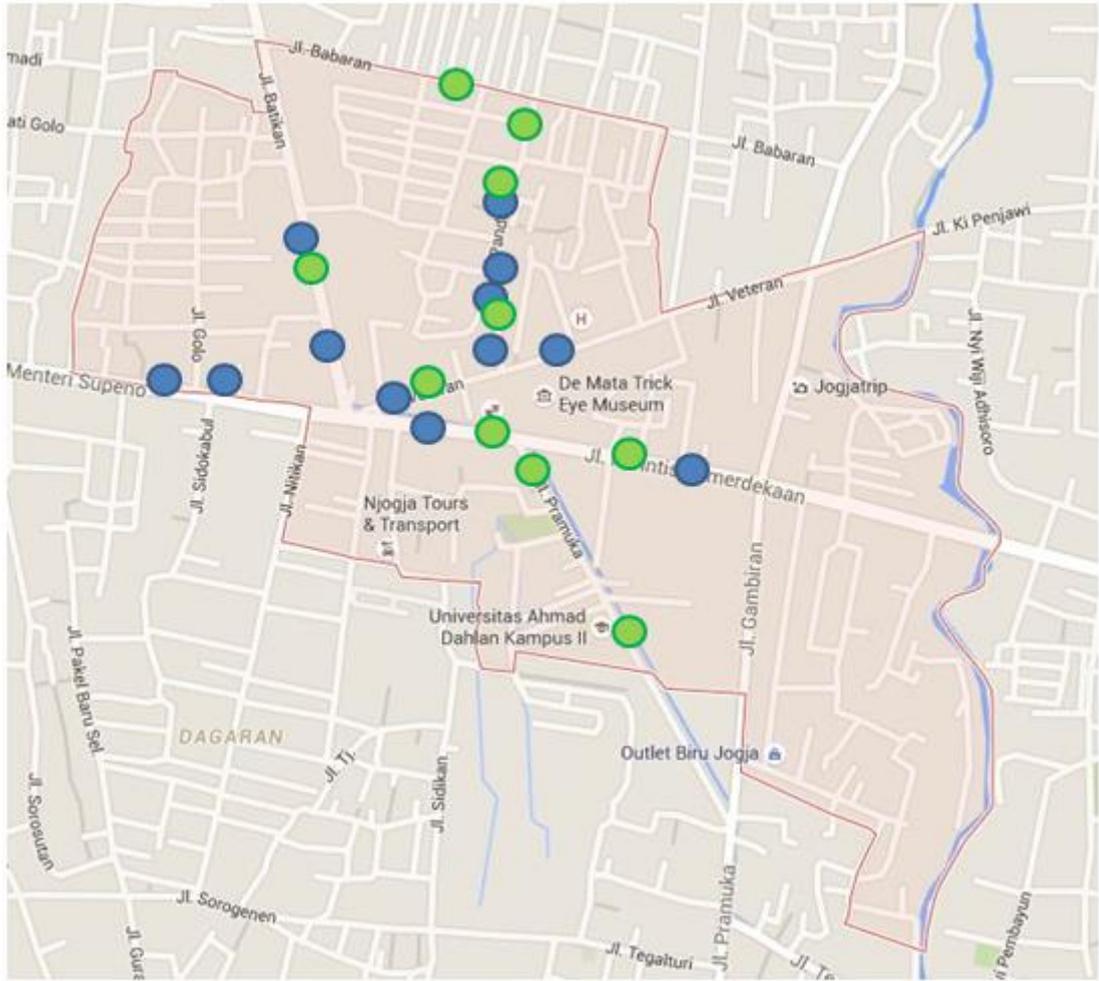
Now that we learned more about the development of the Indonesian economy and problems within the Indonesian society, the sub district of Pandeyan and about warungs in general it is time to go more into depth. I will start the next chapter by discussing the position of the warung within the society and the economy. Important questions are; how does society depend on the warung and how is the warung situated within the economy? Subsequently the focus will shift to a more personal, 'everyday' perspective on warung entrepreneurship by putting individual entrepreneurs and their way of managing their warungs central. Portraits of four warung entrepreneurs with distinctive business strategies and ideologies will be provided.

Chapter 5 - Entrepreneurship within warung sector

This chapter will discuss entrepreneurship within the warung sector. First of all I explain the position of a warung within the Indonesian society and economic system and then I continue with an explanation of four main cases in my studies in Yogyakarta. I will provide four portrays of warung entrepreneurship and use these to explain heterogeneity and strategies in the warung sector.

5.1 Warungs within society and the economy

As I experienced during my time in Yogyakarta, one cannot pass a street without bumping into a warung restaurant. They are literally on every corner of the street. While they definitely have an important role in shaping the Yogyakartan streetscape they also partake in shaping the city's identity (de Boer, 2013, p. 33). Yogyakarta and warungs are as inseparable as Nijmegen and snack bars, like for example the *Febo*. Even if you don't like going there it is impossible to avoid them. But besides its presence and visibility, how and why do people depend on these small restaurants?

<u>Societies dependence on the warungs</u>

It is important to understand that food is permanently embedded in the Indonesian culture. The social status of warungs represent this Indonesian food culture and lifestyle. There are several reasons why society in Yogyakarta, and Indonesia in general, depends on the warungs. Firstly the fact that the warungs preserve the Indonesian cuisine instead of selling foreign dishes. The message of this is; if you live in Indonesia you eat Indonesian. Although the majority of dishes is Indonesian, the dishes offered by warungs differ a lot, there is no such thing as the typical Indonesian food. Warungs offer specialities from their place of origin. A warung Padang will sell dishes which are typical for the Sumatran city of Padang and a warung Makassar will sell the *Coto Makassar* which he or she learned cooking in the capital of Sulawesi. This way different localities are able to present their food heritage to costumers and costumers are able to eat distinctive Indonesian food. Although there is a wide variety of food, the food offered in warungs is generally Indonesian. This way warungs help to strengthen the Indonesian identity. The warung sector thus preserves the rich Indonesian cuisine without limiting choice for the citizens. The second argument is that warungs are economically attractive, this way providing cheap lunch and dinner for the mid-low income class and students. With Yogyakarta being the most popular university city of Indonesia this creates a big market. In most warungs you can get a main course for between 7.000 and 13.000 rupiah (between approximately 50 and 90 eurocents). Soto's [soups] start from 4000 IDR. Thirdly the fact that warungs are time-saving. People who work or study all day don't have time to prepare typical Indonesian dishes. Getting food in a warung is just a very simple option because preparing Indonesian dishes like *soto, gudeg, rendang, tofu* and *tempe* takes hours. In line with the growing economy in Yogyakarta this arguments tends to be even more important than a few years ago. With more people having a formal job in the secondary or tertiary sector they have increasingly less time to cook. Other arguments for the this trend are the participation of woman in the working sector and the increasing number of traffic jams. Workers simply have less time than a few years ago. Another argument for the popularity of warungs is the fact that they are very easily accessible. As said before they are everywhere. Once on the road on your way back home you park your scooter in front of a warung, wait for a few minutes and take the food home. You never have to search or wait for a long time and the choice is endless. Besides all the arguments mentioned above the food they offer is

very tasty and however one may expect poor quality standards because of the fact that there are no governmental controls and the level of education is low, most often the quality of the food is relatively high. Still there is room for improvement. Ingredients are often exposed to high temperatures and sun during the entire day and the quality of the food is somewhat questionable.

Warungs are not only important because they function as the human 'engine' of the city, as de Boer and Smith (2016) put it, by providing citizens with easy and tasty food but they also produce a certain social cohesion in a society. They function as a hub of exchange within neighbourhoods and as occasions for important as well as more superficial social exchange in social networks of urban dwellers. It can be a meeting place for friends, colleges, family etc. (Boer & Smith, 2016, p. 5). Warungs cannot only been seen as places where people happen to stop over when they are hungry, but are an important part of the life of many citizens of Yogyakarta. This social function of the sector is probably just as important as the access to easy, cheap, time-saving and tasty food. No doubt that the warung fulfils a significant role in the Indonesian society, but how is it entrenched in the economy?

Warungs in the economic system

The warung sector is a highly comprehensive sector that functions in the shadow of the formal economy – providing a response to a demand that cannot, it appears, be effectively achieved through formal channels. The warung business anticipates to a forgotten market in the formal economy; feeding the millions of low paid workers in the city. This way we can see the warung sector as an important part of the economy of Yogyakarta. The food offered by warung entrepreneurs can be seen as the fuel for the working class (Boer & Smith, 2016, p. 5-6). Besides the importance to feed the working class the warung sector also is a source of employment for the low –or non-educated. The overall labour absorption of the informal sector in Indonesia, with 89% in 2012 (OECD), is impressive. Most of the employees are unregistered, which means that they are not covered by social security, they fall outside government rules concerning labour and no income tax is being paid to the government (Boer, 2013). Furthermore it can be questioned if the non-educated labour absorption in the informal economy indeed is a strength or a weakness of the sector. Does a job in the warung sector really strengthen the position of the employees (Boer, 2013, p. 44)? On a long term I doubt it but on a short term at least it provides them with a little income.

This being said, it is clear that the warung sector contributes to the society and economy in Yogyakarta. What is less clear is the position of the warung sector within the economy of Yogyakarta. How does the warung sector contribute to the economy in Yogyakarta? How (in)formal is this sector? How and by whom is it managed? Classically seen the warung sector, as part of the informal economy of the city of Yogyakarta, would consist of illegal, unregistered businesses, with a low productivity, managed by non-educated individuals and their families and acquaintances. The formal sector than would consist of all businesses that comply to government regulation. They pay taxes, are productive and some form of education is needed. However in real life, at least in the case of the warung sector, this distinction between formal and informal is far more contradictory.

In general warung entrepreneurs are not eager to become subject to regulations forced upon their businesses from outside the sector. While they feel that they have been able to manage their sector quite well through informal self-regulation, they prefer to keep their sector closed off to external influences. It does not come as a surprise then, that the majority of warung entrepreneurs tend to

ignore official registration and do not pay income taxes(Boer & Smith, 2016, p. 8-9). However, and this is the contradictory part, warung entrepreneurs are no strangers to the government. Every *kelurahan* [sub-district], in this case Pandeyan, has her own government representative who takes care of various matters within the neighbourhood. While this may suggests a direct and sufficient link to the government, these representatives are not responsible for tax collection and the relationship between them and the warung owners are often quite socially embedded. This way leading to warung entrepreneur being able to remain operational within the informal sector, maintaining socially negotiated standards, whilst avoiding the costs, time and effort of formal registration (Boer & Smith, 2016, p. 9-10).

Hence warung restaurants seem to be somewhere between formality and informality. Their activities are tolerated by both government and society for as long as their presence does not become too much of a hindrance to others. This way an unique integration between informality and formality is created. It creates both challenges and opportunities for warung entrepreneurs which lead to creative and adaptive entrepreneurial behaviour within a potential friction zone of the economy in Yogyakarta (Boer & Smith, 2016, p. 6). As I experienced during my research, the way warung owners make use of these opportunities and adapt to these challenges leads to a surprisingly big heterogeneity within the warung sector. In the following part I will discuss how the warung entrepreneurs I spoke to manage their businesses and how different their strategies can be.

5.2 Entrepreneurship in the Warung sector

To start the discussion on entrepreneurship in the warung sector I compare the classical view on informal activities with the data collected from my interviews and observations in Yogyakarta. In the classical view owners and employees in the informal sector are characterized as being relatively poor, low –or non-educated and low productive. Furthermore employees are believed to be predominantly family members or close acquaintances (de Boer, 2013, p. 39). This low –or non-education statement was partly confirmed by Yuda, the owner of the warung Starbacks. He told me that all of his 12 employees only graduated from junior high school. Because of their low level of education it takes some time to teach them how do to the work properly. He has to be patient with them. Also Yuni, a woman in the late fifties running her own warung on *Jalan Perintis Kemerdekaan*, told me she was low educated. For that reason she even hesitated to do the interview. While I did not specifically ask about level of education I found out that at least half of the people we spoke to had undergone little education. They told me they moved to Yogyakarta because of the opportunities in the food sector to either start a business or to be employed. This shows the warung sector is not only a sector for the urban poor but also attracts people from outside of the city. They see it as an opportunity to create income and have a real job. The owners from *Kerang Jarib*, *Warung Mie Ayam Xtra Pedas* and *Mie Persis Telap Twelep* state that Yogyakarta is a city with a lot of opportunities in the food sector and a comfortable city to start a business. Just as easy as one could point to the low education of warung entrepreneurs and employees one could see higher levels of education within the sector. Four of the owners I spoke to had undergone studies. Two of them where teachers at a junior high school, one was a broker and one woman had undergone a cooking programme in senior high school. But why did they choose for the warung sector? Suska [an English teacher and durian seller on *Jalan Batikan*], Yuda [broker and owner of Starbacks] and the owner of Kerang Jarib [a man in the twenties who is also a teacher] all had the same reason; they decided to start a small business to provide extra income. Yuda explained that despite of fact that the profits in the warung sector are

small, they are more stable. In the property business his profits where big but unstable, in this warung he has income every day. For ms. Mardiyu [a 59 year old woman running a warung on *Jalan Pandeyan*] the reasons to start were the fact that she loves cooking, to prepare for her husband's retirement and to support her daughter. She told me that she didn't really needed the money to survive but because she already had the room next to her house she decided to start a small business. Most of the profit she generates goes to her employee and her daughter or to charity. You could consider this business as non-profit. So besides low educated entrepreneurs starting warungs, also people with higher education and a formal job sometimes decide to start a small business to gain extra income. Although this partly undermines the classical view about informal workers, in general I found that the employees were indeed low educated.

Besides the education the classical view states that most of the employees are either family members or acquaintances of the owner. From the people I interviewed only two appeared to have hired family members or acquaintances. The first was ms. Mardiyu, who hired her daughter and the second one was an employee from *Warung Mie Ayam Xtra Pedas*, who came from the same village [*Purballinga*] as the owner of the warung. Besides these two examples most of the employees where, at least as far as I know, not directly related to the owners. This probably, in part explains why people from the countryside move to Yogyakarta. If warung owners employ people other than relatives and acquaintances this creates a labour market. To support this hypothesis one should take a closer look to how people apply for a job in the warung sector.

The third characteristic of informal activities according to the classical view is the fact that the informal sector consist of low productive businesses. This statement creates an image of warung businesses selling just a few portions a day in an old crumply building or tent. The quantity of food and costumers however is surprisingly high. In just one or two of my observations [which took place around 10 am] I was the only costumer in or around the warung. Furthermore Yuda and Sodik told me about the amounts of products they sell daily. Yuda sells 40 kilograms of chicken per day and a normal day for Sodik means selling 400 bowls of beef soup. Also the number of employees ranging between 0 and 12, and the buildings used for some of the warungs are simply impressive. Of course there are also the smaller warung without employees selling just a view portions a day but the fact that the clientele of the food sector is very extensive makes it difficult to generalize the whole sector as being low productive. So while this statement may be true for other informal businesses the warung sector is that popular amongst Indonesian citizens that it is, in general, highly productive. There are more people eating at a warung then at a normal/formal restaurant.

So while the warung sector definitely can be characterized as being informal from a governmental perspective, from a social perspective it does not always give that impression. Warungs can be very productive, have a lot of employees and use buildings which give customers the impression they are in a restaurant. The fact that they are not registered does not make them incapable of growing and expanding their businesses. But how do they do this? What are the difficulties of doing business in the warung sector and what is their strategy to overcome them and grow? To answer these questions I will discuss the four most interesting and contrasting interviews I held for this research. The interviews were held with the owners of the following warungs; [1] *Mie Persis Telap Twelep*, [2] *Soto Lamongan Cak Sodik*, [3] *Starbacks Pak Yuda* and [4] *Warung Ibu Mardiyo Basuki*.

5.3 Portraits of warung entrepreneurs

In this part I provide portraits of four of the warung entrepreneurs I interviewed. By doing this I intend to provide a complete overview of the warungs. Besides discussing who the owners are and what they sell, I pay attention to the history, the current situation and the future of the four warungs. What has changed already and what are they planning want to change? By talking about the history and the future plans I try to get an idea of how warung businesses grow and develop over time.

Mie Persis Telap Twelep [06-04-2016]

The young man we spoke to was one of the owners and the store-manager of the warung. He moved to Yogyakarta in 2002 and lived in Semarang for 4 years since then. He loves to live in Yogyakarta because it is a comfortable city to start a business. He learned cooking from his nephew who is chef in a hotel. Although they sell instant noodle he needed to learn how to cook the side dishes. The Warung started with a very limited budget in 2012. Together with his partner Husni he decided to start an instant noodle business because it is one of the cheapest business models. They bought a little food stall and started as street vendors on the pavement where nowadays their building is located [*Jalan Pandeyan*]. After a while Husni decided to make the business more attractive by adding side dishes to the noodles. When business was going well they decided to rent the room in the back of their food stall and after a while they even expanded this with another room. Nowadays it looks like a restaurant with a lot of tables and seats and a very decorated interior. The setting feels like a student place [see figure 10]. Although there are plenty of instant noodle warungs (especially popular amongst students because of the economic prices) they were the first to add side dishes.

Figure 10; Interior and exterior of *Mie Persis Telap Twelep*

Images by zhooel [11-01-2014], retrieved from; http://eatjogja.com/2014/01/mie-persis-telap-12-telap-twelep/

Difficulties in the business are mainly the availability of the ingredients. Some types of instant noodles are not always available. Most of the ingredients come from the local market but when they are not available there, they have to buy them in the supermarket. The dishes are prepared in the kitchen in the back of the warung. Both the noodles as the side dishes are prepared on sight.

They used to have 4 employees but two of them quit recently. Therefore they do not have delivery service anymore. At the moment they are trying to work with GO-JEK [delivery service application, this will be elaborated on further in chapter 6] but so far there is no success. They are not included in the Go-food section of the app and therefore their menu is not visible for costumers. However they

still use the go-transport. That means that people, who already know the restaurant, can ask a go-jek driver to go to the restaurant and order for them. The main problem with Go-jek, according to the man we spoke to, is the fact that the prices on the app and the real prices differ sometimes.

As promotion they predominantly use twitter because it is more stable compared to Instagram and facebook. They already have 2000 followers on twitter. The Warung is quite popular. Even the national TV came to the warung and broadcasted it. Besides the twitter account they also get promotion from so called food-bloggers who post their reviews on food-sites.

The changes they are aiming for are placing a photobooth in his restaurant in the hope the students will make selfies and post it on social media, this way obtaining free promotion. He is very optimistic about the future of the business because everybody loves instant noodles. He is not planning to add menus or change the concept. There are a lot of places who tried to copy their concept but they collapsed because they exaggerated. They didn't stick to the noodles and for example also sold fried chicken. That's why he sticks to the noodles.

Furthermore the most popular noodle brand in Indonesia, *Indomie*, contacted the owners a few times and even the *Indomie* CEO from Jakarta came to eat one day. They are willing to pay the restaurant if they change the name of the restaurant to *Mie Persis Indomie*. They refused this offer because they want to maintain their own name [*Telap Twelep* means eating well in Javanese]. Besides this there are also other noodle companies who try to get them selling their noodles instead of the *Indomie* noodles. They also refuse this because *Indomie* is most popular and if they change to another brand they could lose customers.

Warung Soto Lamongan Cak Sodik [06-04-2016]

Sodik is the name of the owner, *cak* is an indication that the warung origins are from east-Java. Before Sodik came to Yogyakarta 26 years ago he lived in *Kediri*. His warung also dates from 26 years ago. He decided to open this warung then because there was no *soto lamongan* available in the city. He learned cooking from his grandparents and it is this family recipe he is still using for his soup.

He started in the same street [Jalan Veteran] as a street vendor. The first two years were the hardest for him because he had little costumers. He didn't give up and now his business is very stable. He told us that that is the reason he could give us a portion of soup for free. Nowadays there are multiple warungs selling *soto langonan* in this street. All of them are friends or family.

He has 6 employees and the soup is prepared in a rented house just behind the warung. They only prepare the *soto langonan* themselves. The owner provides sambal, sweet soy sauce, and lime for free. But other side dishes like *tempe goreng* (fried tempe), *quail egg sate*, *kerupuk*, etc. are provided by other vendors and the owner take small profit from them. The owner also gets some profit by selling the drinks. He allows them to put their snacks in his warung in exchange for a small percentage. A bowl of soup is sold for 11.000 rupiah of which only 1.000 rupiah is profit. He sells about 400 bowls each day, that means he is making 400.000 rupiah [about 27 euros] on a daily basis. He uses 20 kilograms of beef every day. In the past he bought all of the ingredients at the local market but now he gets them delivered. This way he saves time.

This warung does not have a delivery service or whatsoever. Reservations can be done in the warung. Orders of 200 portions or more should be done one day in front. He doesn't use social media,

costumers promote him mouth to mouth. He has a lot of loyal customers so he is not worried about online competition. One time he was on national television. The famous program *Bango Kulinar Nusantara* came to his warung, filmed him and broadcasted it.

The main change he experienced over the last years is that the business is getting more stable. Furthermore he moved to a bigger room recently. He doesn't want to open a new branch because that would be an act of greediness and the quality of the food will decrease. He is satisfied with his warung and how business is going at the moment.

He is not planning to change something in the nearby future. His daughter doesn't want to continue the business, so the future is uncertain. By giving the customers a lot of meat and by never decreasing the portions he hopes to keep the customers satisfied. After 26 years he still didn't move from the warung business to a restaurant because it is not about the place but about the taste, as he puts it. When he started the business he sold the soto for 300 rupiah and now for 11.000.

The warung is open from 6am to 12 pm, which is quite strange for a soto business. Normally they are only open in the mornings. Because of the long time they are open they work in two shifts.

Figure 11; Warung Soto Lamongan Cak Sodik

Images retrieved [15-06-2016] from; https://gudeg.net/direktori/7204/soto-lamongan-cak-sodik.html#prettyPhoto

Starbacks Pak Yuda [07-04-2016]

The owner was born and raised in Bandung and moved to Yogyakarta 20 years ago. He likes living in Yogyakarta because his father is from that city. He actually is a broker but he decided to open a warung 1 year ago because of the instable income in the property business. In a warung the profits are smaller but more constant, there is income every day.

He learnt cooking from his aunt from Brunei. She helped him with the different recipes but especially the *Brunai sauce* is influenced by her. The difficulties he has had so far have to do with his employees. Because they all just graduate from junior high school their level of education is not that high and it takes some time to teach them how to do the work properly. He has to be patient with them. In total he has 12 employees working in two shifts (morning and evening shift). Another difficulty is the fluctuation of the ingredients price. He tries to maintain the price of the dishes by searching for a balance between different products. If for example the pepper gets more expensive and the chicken less he decides to maintain the price.

The chicken is delivered at his restaurant and the other ingredients he buys at the big local market. In the future he wants to have his own chicken farm in order to control the price. The dishes are prepared by him and his employees in the back of the warung.

At the moment he delivers the meals himself but he is trying to make a deal with *GO-Jek*. Because of the fact that he only exists for 1 year the changes are limited so far. Recently he started promoting with flyers [see figure 12] and online with social media. He came up with various ways to get discount or even free food. For pregnant women, birthdays and people who are vasting [besides the Ramadan some Muslims decide to vast one day a week] the food is for free. If costumers upload a photo on Instagram and mention the name of the warung they get a free ice tea. This way he tries to attract new customers. Although he is paying attention to promotion he realises that his business is not ready yet for the bigger public. At the moment he thinks that his employees cannot handle the business and he also has some problems with the parking lot. A few weeks ago there were a lot of costumers in his warung and they couldn't park the scooters in front of the warung. Resulting in complains from the neighbourhood because scooters got parked throughout the whole street [*Jalan Babaran*]. Because of this he refuses wide publicity by for example food bloggers.

Figure 12; flyer Starbacks

The biggest percentage of costumers are university students. These youngsters like spicy food and like to eat cheaply. That's exactly what he offers. There are 9 different chicken menus which cost between the 8.000 and 11.000 rupiah. Besides this he has a wide variety of sauces, ranging from very spicy to sweet. The fact that he has that many sauces makes him different than other warungs selling fried chicken. The plans for the nearby future are opening a new branch, more space in this establishment and a connection with GO-JEK.

Why did he choose the name Starbacks? First of all he wanted it to be as famous as Starbucks. The second reason was that 'back' refers to the backbone/spine. This business forms the spine of his family. Furthermore it is a franchise concept because it sounds familiar to a lot of (young) people, he argues. Nowadays he sells 40 kg of chicken each day. That is 400 pieces of chicken.

<u>Warung Ibu Mardiyo Basuki [07-04-2016]</u>

The name of the warung refers to the woman who owns the place. The 59 year old woman was born and raised in Yogyakarta and therefore feels safe and comfortable living there. She learned cooking by herself in a 'kulinar' program in senior high school. 11 years ago she decided to start a warung. This way preparing for her husband's retirement and in order to keep working herself. The main reason to start the warung was that she loves cooking. Furthermore she already had the house and didn't have to pay extra rent for the warung, and the location [*Jalan Pandeyan*] near the university is perfect.

The warung is open from 10 am until 3 pm. Most of the ingredients she gets from the vegetable and fruits market. The fish she sells is freshly delivered from Semarang. They fact that they start cooking in the morning, whereas other warungs cook in the evenings, makes the food really fresh. The food is being cooked in the kitchen behind the warung.

She didn't experience difficulties because she feels no pressure at all. If she is tired she will quit and she is not attached to the money she earns with the warung. She still receives money from her husband and, after paying her employees, she gives the rest to charity. One could call it a non-profit business. She has nothing to lose and she is happy doing it. She likes running the business.

She has one employee of whom she takes good care. She buys her clothes and provides her a room. She also helps her own daughter to work in her warung. This way she has one employee and her own daughter working there.

She does not use delivery service nor promotion. She has very loyal customers and sometimes she even refuses big orders because she cannot handle it. She thinks it is better to satisfy the small costumer instead of the big. The majority of her customers are university students and employees of businesses in the surrounding area. There will be no changes in the future. The only possible change is that she will quit if she is tired of it. Unfortunately I didn't take pictures of this warung and no pictures are to be found on the internet.

5.4 Heterogeneity of warungs

As we go through the portraits provided in the latter part a few things catch the eye. Firstly the heterogeneity of the businesses. Whereas *Telap Twelep* and *Starbacks* are relatively new businesses the other two already exist for years and years. Whereas the owners of *Telap Twelep* and *Soto Lamongan* started as street vendors, the other two already had sufficient capital to start with a property immediately. Whereas the owners of *Starbacks* and *Warung Ibu Mardivo Basuki* have had education, the other two started from scratch. While *Telap Twelep* and *Starbacks* promote actively via social media, the other two depend on loyal customers. While *Warung Ibu Mardiyo Basuki* sells various dishes, the others are specialized in one type of dish (i.e. fried chicken, instant noodle and beef soup). Albeit the three men aim for profit, *Warung Ibu Mardiyo Basuki* gives her profit to charity. Albeit the owners of *Telap Twelep* and *Soto Lamongan* need their warung to come around,

Yuda from *Starbacks* and ms. Mardivo don't necessarily need the income. My point is that the we cannot maintain the oversimplified and generalized view of a warung as being an easy way for non-educated and poor citizens to survive. The only aspect that is approximately the same in all the warungs I have been to during my stay in Yogyakarta is the price of the food. If there is no difference in price, how do warung entrepreneurs then convince costumers to come to their warung. While they are all located in the same sub-district and all strive to satisfy their customers, they all manage their warung on their own way. Besides the quality and diversity of food they offer, warungs can also be subdivided by using other characteristics. In general one could say that a distinction can be made in; interior of the restaurant, proximity or location and the clientele of a warung. Some warungs, like *Telap Twelep* and *Starbacks,* pay a lot of attention to the interior of the warung. They put all kind of decorations and furniture in the warung whereas others just have a simple looking place with some wooden tables and footstools and a tablecloth made from old canvas. Also the location can be significant for a warung. Is the place easily accessible? Can people park their scooters in front of the place and is it close to a busy road? A location where lots of people pass by can lead to a lot of costumers but also a location within a densely populated *kampung* can automatically lead to a lot of costumers. The choice of a location where a lot of potential customers are within arm's reach can be of great importance for the existence of a warung. The last big difference between is if they try to serve a constant clientele or if they are continuously looking for new customers. This latter approach is strongly related to the uprising use of social media and delivery service discussed in chapter 6.

The second phenomenon that catches the eye is the fact that strategies to run their businesses are very well thought through. They really think about how to promote their business and the means for doing that are quite similar to those in the formal sector. Besides mouth-to-mouth promotion, they make use of signboards and menus along the road, social media, TV, food bloggers and sometimes even collaborate with companies. Furthermore it is clear that the strategies used to run the business are very different. Yuda from *Starbacks* has just started his warung and therefore is trying to attract clients by advertising through flyers, internet and discounts but also keeps in mind that he has to moderate the number of costumers because he doesn't want to disturb the neighbours. The owners of *Telap Twelep* do something similar but are far more popular on social media and even got opportunities to cooperate with the biggest instant noodle company of Indonesia. While these newcomers in the business eagerly try to find clients, the older warungs of Sodik and ms. Mardivo focus on satisfying the loyal customers by keeping prices low and portions big. This difference between new warungs and already established ones may be the biggest difference. Younger entrepreneurs are more connected to the internet and all the opportunities which lie in that range, while experienced and older warung owners feel more connection to the neighbourhood and their clientele. This is also reflected in their business strategies.

Besides this heterogeneity, I extracted three recent changes from the interviews and observations, which I think will be of great importance for the future of the warung sector; the delivery service, the use of social media and the cooperation of warungs with formal companies. In the next chapter I will explain more about these changes and their (dis)advantages.

Chapter 6 - Development in the sector

As argued in chapter 5 the warung sector is a very dynamic and creative sector, which changes over time. Some businesses change a lot some stay the same for years depending on the preferences of the owners. However from the interviews and observations I did I was able to extract three recent changes within the sector of which all the owners were aware; increasing use of social media, delivery service and collaboration at different levels. This doesn't mean all of the warungs react in the same way to these changes. It is up to the owners to decide how they adapt their strategy to these changes. It the following part I will discuss each three of the changes extensively. That comprises questions like; when and how did this change? How is the situation now? Why has it come to this change and what could this mean for the future of the sector?

6.1 Social media

In our contemporary society, daily live and the use of social media are getting almost inseparable. More and more people have a smartphone and almost everybody has access to internet. This process has also been going on in Indonesia the last decade. According to Statista (2016) 102,8 million people[1], especially in urban areas, have access to internet nowadays. In addition the number of people using a smartphone increased from 11,7 million in 2011 to 65,2 million in 2016. Especially between 2013 and 2014 Indonesia experienced an explosive growth of in smartphone use; from 27,4 million in 2013 this went up to 44,7 million in 2014. With internet access expected to grow to 133,5 million and smartphone use to 92 million in the coming three years (Statista, 2016) this will have an impact on the Indonesian society. But how is this trend visible within the warung sector?

Three out of ten of the warung owners I interviewed stated that they actively use social media as part of their business strategy. The most popular social media are *Instagram, Twitter* and *Facebook*. To find these three warungs on the internet therefore is no hard job, just type in their names [*Mie Persis Telap Twelep, Kerang Jarib* and *Ayam Geprek Starbacks*] and their profiles will appear immediately. People who do not know the names are also able to find them by using food blogs or certain apps. How this works will be discussed later on in this chapter. To illustrate how social media are being used in the warung sector I will take *Mie Persis Telap Twelep* as example. While they also appear on Facebook and Instagram they only have an active account on Twitter because they think it is more stable than the other two. On Facebook and Instagram the warung is known as a location because costumers use it in their posts, but this is not managed by the owners. On Twitter they have 2140 followers [June 18, 2016]. They use Twitter to inform customers about what is going on in the warung. The two tweets you find below are about a 10% discount on the tenth of March and about the fact that they were open from 4 pm until 10 pm during the Ramadan starting on the 18th of June 2015. These are just 2 random examples of over 4.000 tweets on their account. While this may be a way to inform their customers about changes in their business, the most important aspect of social media, according to the owner, is the fact that customers post about the warung. Whenever they post something about the warung, their friends will see it and the warung will gain fame. To increase this way of (free) promotion, he stimulates his costumers to post on twitter using a canvas on the wall of the warung saying; ''*Come on, share #MiePersis!*''. For the nearby future they are planning to place a photo booth in the warung where people can take and post their photos within a few

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[1] The total population of Indonesia is approximately 252 million (OECD, 2016)

seconds. Because their business is predominantly focussed on students they expect to reach a lot of people by the shared pictures. In contrast to *Starbacks,* where you get a free ice-tea if you mention them on Instagram, they are not planning to reward customers for sharing a picture.

Figure 13; Print screens tweets *Telap Twelep*

Retrieved from twitter [https://twitter.com/telap12]

While not every warung may be active on social media themselves a lot of them can be found on the internet. There are several reasons for that. Firstly the fact that a lot of costumers do have profiles on social media. Whenever they post pictures or messages using the name of the warung, it will be possible to find the warung on the internet. Without being part of the strategy of the owners this behaviour of the costumers could contribute to the reputation of the warung. People may say good or bad things about the warung possibly resulting in more or less costumers. The second reason are the so called food bloggers, who come and eat in all sorts of restaurants in order to upload reviews on their social media account, YouTube or a food blog. They take pictures, give descriptions about the place and most importantly their opinion about the taste and quality of the food. A few examples of food blogs active in Yogyakarta are *makanjogja.com* and *eatjogja.com*. On these sites one can find reviews about all kinds of restaurants and warungs. The main purpose of the blogs is to give their opinion about the food offered in different restaurants around the city, this way creating an overview of the best places to eat in Yogyakarta. For people who are interested in trying different places to eat these blogs can be a way to find original, special and good quality places which otherwise they would have never found. By exploring the variety of food in the city food bloggers provide people with alternatives to the warung across the street.

Although the importance of the social media is hardly measurable, we can speculate about the consequences for the warung sector. In essence social media brings both owners and costumers more opportunities and obstacles. Costumers are able to explore the possibilities outside of their neighbourhood without actually going there. They do not only obtain a wider variety but also the possibility to compare prices, quality and taste. Whereas before their choice was limited and dominated by the nearness of a warung, nowadays their choice is extensive and they are able to explore a bigger area. In this line warung entrepreneurs can push their boundaries by using social media, they can reach out to a bigger crowd and this way increase their clientele. Instead of focusing on the neighbourhood and depending on social relations and mouth-to-mouth promotion they can also focus on social media users and depend on reviews of food bloggers. Because of the latter

strategy, the localities of warungs are distinguishing. However the opportunities offered by social media alone are not sufficient to attract a lot of costumers. Although people are able to explore the options around the city, that does not necessarily mean that they are going there to get it. This depends on the social relations they have with the warungs in their neighbourhood and their willingness to sacrifice a lot of time to travel to the other side of the city to get the food. This is exactly where the next development in the sector comes in. In line with the technological innovations that led to the use of social media, the use of delivery service also increased during the last few years.

6.2 Delivery service

Originally the warung sector was based on doing the groceries and eating close by. Warung owners bought their ingredients at the local market and prepared them at home or in their warung. Costumers enjoyed lunch in the warung close to where they worked or lived. However this course of events has been changed since the uprising phenomenon of delivery service. Half of the interviewed warung owners now let their ingredients be delivered at the door of the warung instead of buying them at the local market like they used to do. They argue that it is more efficient to let an employee work in the warung then to loose time letting them go to the market. Also half of the warung owners offer delivery service to their customers. This has a lot to do with the economic changes Indonesia went through in the last decade. More and more Indonesians got a formal job or continued studying resulting in less time to cook and go out for dinner. Ordering a meal and let it be delivered saves them valuable time and the extra fee charged for the service is no problem for people with a middle class job. But how does this delivery service work exactly?

In general customers can reserve their food by calling or texting the warung. *Warung Padang Sidikan*, *Warung Mie Ayam Xtra Pedas* and *Sambal Ulek mba win* admit that they only deliver big portions ordered at least a day in front. This way they can prepare themselves and they can deliver without charging any delivery costs. While the delivery of big portions for events may not be very new, recently warungs, like *Kerang Jarib* and *Starbacks*, started to deliver small portions as well. For an extra fee your meal will be delivered at your doorstep by one of the employees. This way giving families and individuals the opportunity to stay inside when they are busy or simply do not want to cook or go outside because of a rain shower. Costumers of *Kerang Jarib* can order their meal using *WhatsApp*, text messages, phone calls and the *GO-JEK application*. This latter one is worth discussing.

To give a first impression about the company I will use the description offered at their website;

> *''GO - JEK is a socially minded technology company that aims to improve the welfare of workers in a variety of informal sectors in Indonesia . We partnered with about 200,000 motorcycle riders who are experienced and trusted in Indonesia , to provide various services , including transport and home delivery of food . GO - JEK activity rests on three fundamental values : speed , innovation , and social impact . The GO - JEK drivers say that their income increased since joining as a partner , they also get health and accident compensation , and gain access to more customers through our application .*
>
> *GO - JEK has officially operates in 10 major cities in Indonesia , including Jakarta , Bandung , Bali , Surabaya , Makassar , Yogyakarta , Medan , Semarang , Palembang and Balikpapan with development plans in other cities in the coming year .'' (*GO-JEK, 2016).

So, the app is used to improve the welfare and possibilities of the informal workers in several Indonesian cities. While GO-JEK may operate in 10 cities and are offering various services [GO-RIDE, GO-CAR, GO-SEND, GO-MART, GO-BOX, GO-MASSAGE, GO-CLEAN, GO-GLAM, GO-TIX, GO-BUSWAY and GO-PAY] for this research the focus will be on the GO-FOOD service in the city of Yogyakarta. This GO-FOOD service in short is a way to choose a dish trough the app which will be picked up and delivered at the doorstep of your house or work by a GO-JEK driver within an hour. The application is free and you only need to fill in your name and your Indonesian number to register. Once you downloaded the app you can start immediately. The app gives an overview of all the partner restaurants, their dishes and their prices. You can search on certain dishes and location or you can just stick to the best sellers proposed by the app. This possibility to search on location provides a map with the exact locations of the warungs, this way contributing to the mapping of informality, a sector that normally appears to be under the radar[2]. Once you ordered your food you will receive a notification that they found you a driver within in a few minutes. You can see where the driver is and how long it takes him to get to the restaurant and your house. Because it is GPS-based you can follow his footsteps exactly. This way you always have an indication of how long it will take and when you have to go outside to pay him. If this is not sufficient communication or if there is some kind of problem the driver will call you with his smartphone to discuss your order. The costs of the delivery are always the same; 15.000 IDR which is about 1 euro. The only difference between restaurants around the corner and restaurants on the other side of the town is the time is takes your driver to get to your location. However recently they changed their policy. They made a distinction between restaurants being a GO-FOOD partner and other restaurants. Delivery costs for partners will be only 9.000 IDR from the 31st of May onwards and delivery for non-partners will be 2.500 IDR per kilometer with a minimum of 19.000 IDR and a maximum distance of 25 kilometer (GO-JEK, 2016). This way it will get even more attractive for warungs and restaurants to partner with GO-JEK. *Kerang Jarib* already is a partner of GO-JEK whereas both *Starbacks* and *Mie Persis Telap Twelep* are trying to become a partner. What the conditions of this partnership are is questionable. Also during my observations I saw GO-JEK drivers picking up orders at warungs a few times. Their presence is unavoidable [see figure 14] and placing an order is amazingly easy. But what does this development really mean for the warung sector?

Figure 14; A GO-JEK driver in front of warung Ibu HJ. Sudiman in Jalan Pandeyan

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[2] While they were seen as illegal and under the radar, they get more and more visible and even get connected with specific locations. With all this online exposure the question does arise whether such essentially informal businesses are not exposing themselves? Doesn't this make it easy for the government to tackle these businesses, if they want?

The main benefits are that it gives people access to a wide range of restaurants and dishes without going on the street, it gives warung entrepreneurs the opportunity to serve a bigger crowd and it creates work for the GO-JEK drivers. People who have a smartphone can order food from wherever they want without going there and it will cost them less than a euro, there will be more jobs and more opportunities for warung owners. While this may seem very positive the question is what the outcome of these developments are for the sector. Problems may be increasing competition between warungs around the city, creating difficulties for the small scale and local oriented businesses. This could result in a warung sector where the cheap and easy food are overruling the importance of the social and personal character of the sector. Whereas the warung was, and still can be, a meeting place for the loyal customers it could transform to an impersonal sector where costumers let their food be delivered and have no personal connection to the owners and other costumers. While various owners state that the reason why they are still in the warung sector is the social character of the sector and the willingness to serve the lower social classes, it is questionable if this development will do any good for the sector. While this may be speculative and unpredictable, a dichotomy between the newer and already established warungs can be seen nowadays. New start-ups like *Kerang Jarib, Telap Twelep* and *Starbacks* are using social media and delivery service to reach and gain predominantly young costumers like students. They try to innovate to attract progressive costumers while warungs like *Warung Soto Lamongan Cak Sodik, Warung Ibu Mardivo Basuki* and *Warung Bu Yuni* are happily maintaining their loyal clientele and not aimed at innovation and growth. The question for the future will be if the latter strategy will be enough to survive in this era where rapid growth and innovation seems to be increasingly popular.

6.3 Collaboration at different levels

Besides collaboration with suppliers who deliver their ingredients and GO-JEK, there are also collaborations with other local entrepreneurs and (inter)national companies. Local collaboration most often consists of an exchange of side-dishes between local entrepreneurs. Some may be specialized in *kerupuk* and other in *tempeh*. They could decide to create their own warung but often they choose to make agreement with owners of warungs. They provide the side dishes to the warung owner who in exchange obtains a commission for selling their products [see figure 15]. For every portion the warung entrepreneur sells he gets a small compensation. These kind of contracts are completely based on trust and loyalty between the two entrepreneurs. The side dishes are delivered at the warung, where they will be sold in the coming days. When the next load is being delivered the warung owner pays out the entrepreneur according to what he sold of the last load. While these kind of collaborations may not be that new, they are of great importance for the business strategies of warung owners. While they could make all the side dishes by their own, this would take too much time. Besides these contracts between informal entrepreneurs something similar happens with formal brands.

A lot of warungs offer cigarettes, coffee, soft drinks or other products of brands. Although I am not completely sure about how these collaborations come about and how they are maintained, the warungs offering these products most of the time had billboards, canvasses or flyers of the concerning companies in their warungs [see figure 16]. What I suggest that happens is that warung owners can contact the brands and ask for permission to sell their products, this way gaining a little more. Most products I saw being sold and advertised within the warungs were from Indonesian or at least Asian brands. Just one time I saw Coca Cola being offered [*Warung Bu Yuni*]. The owner said the soft drinks and cigarettes were provided by a supplier and she obtained a little commission for selling them.

Figure 15; side dishes (lemon, soja sauce, sambal and tempeh) offered warung *Soto Goceng*

Figure 16; warung on Jalan Batikan selling Tora Bika coffee

What was even more surprising was the story the owner of *Telap Twelep* told me. At the moment he is selling instant noodles from the brand Indomie, the biggest and most popular instant noodle brand in Indonesia. One of the bosses of the company came to visit them a few times and proposed to change the name of the warung into *Mie Persis Indomie*. In return they would invest in the warung. Besides this offer they were also contacted by another instant noodle company who wanted them to use their noodles instead of Indomie's. Although the owners refused both offers this shows that companies see the value of warungs and are willing to invest in them. The fact that the companies were able to find the warung and knew about their popularity has everything to do with the increasing attention for warungs on the internet.

Although this research lacks information about how these collaboration come into being it would be interesting to see. The question is if the case of *Mie Persis Telap Twelep* is an exception or that these kind of relationships between big companies and warungs are more common as one may think. For the future of the warung sector these collaborations with companies can be of massive importance.

This chapter discussed the three most important and visible developments within the warung sector; social media, delivery service and collaborations on different levels. These developments have led to some significant changes within the sector. The next chapter will elaborate further on how these changes can be linked to processes of globalisation, this way gradually coming to the conclusion of this research.

Chapter 7 - Conclusions

In order to conclude this research several aspects are to be elaborated on. This chapter will start with a discussion [7.1], followed by the conceptual implications [7.2], recommendations for further research [7.3] and a reflection [7.4].

7.1 Discussion

By outlining the organization of and changes within the warung-sector in Yogyakarta, in-depth insights regarding the relation between globalisation and the informal economy are obtained. This part reviews these findings in the context of existing knowledge and literature regarding this subject. It will do so by discussing how the two main themes of this research [entrepreneurship and development within the warung sector] help to answer the research question, and whether the results are consistent with the literature. The main question of this research is;

How do warung-entrepreneurs in Yogyakarta experience the relation between globalisation and their businesses?

First of all it is important to note that whereas informal businesses like warungs are often characterized as being illegal, hidden and low-productive (UN-HABITAT, 2003), warungs are factually dominating the streetscape in Yogyakarta. Besides their sheer visibility they are also important for both societal as economic reasons and are left untouched by the different scales of government in the city. In contrast to the classical view on the informal economy the warung sector does not solely employ low-educated and poor family members and acquaintances and productivity is not necessarily low. Business strategies are well thought through and differ between various warungs. Owners can decide themselves how they run their business. Where some decide to change over time, others maintain their strategies. Where one could argue that the business concept of a warung is rather simple, that there is little to vary, beyond the taste of the food, this is not the case. As shown in earlier chapters warung entrepreneurs use different means to create their own business strategy, leading to a high level of heterogeneity in the sector. While the fact that the warung sector consists of informal entrepreneurs using different strategies on itself does not give an answer to the main question, it is their ability to change and adapt from where the argument starts. Because warungs do not rely on formal rules and legislation they are more or less free to change their strategy according to their own needs and preferences. If something changes within their livelihoods or within the society they are able to respond to it in their own manner. It is within these adaptions where societal, economical and personal changes are reflected. By elaborating on their changes we are able to see how warung entrepreneurs adapt to certain circumstances. In chapter 6 we saw that recently there have been three mayor developments in the sector; social media, delivery service and collaborations. But how exactly do the changing Indonesian economy and society influence entrepreneurship in the warung sector? How can these developments be linked to global processes? And what does this mean for the future of the sector? These questions will be put central in this paragraph.

Firstly it is important to mention that the warung sector in Pandeyan is there to serve the lower and middle classes of Yogyakartan society. In general the operational range of warungs is small. They are there to serve residents of and employees working in Pandeyan and their ingredients are bought at or brought by local vendors or farmers in the surrounding area. They only offer Indonesian food,

which can be seen as a way to preserve the Indonesian cuisine and identity. This way warungs can be seen as local operating businesses providing the lower classes of society with cheap Indonesian food. This perspective on the warung sector however is being challenged by the recent developments mentioned in chapter 6. Especially the smartphone enables the sector to create new possibilities. Promotion through social media and delivery service by using GO-JEK are based on smartphone use and access to internet of both the costumers and the entrepreneurs. Because of the growing use of internet amongst the lower social classes the boundaries of their 'worlds' are pushed back. That means they are no longer bounded to their neighbourhood and are able to obtain information about other parts of the city, the country or the world more easily. But what does this mean for the warung sector? By using social media and delivery services warungs expand their working area. They are able to reach more potential customers, this way expanding their business range. Another influence of the use of social media is a changing way of gaining popularity. Whereas warungs at first needed mouth-to-mouth promotion to slowly increase their clientele over the years, nowadays a post of a popular food blogger or a good score on the GO-JEK app can have the same result. One could say that, just as the world economy did, the warung sector is being pulled into a faster system. People can find, review, rate and order the food warungs offer online instead of comparing the different dishes the warungs have to offer themselves. The decision making of customers has changed and the choice has increased. They can find everything they need to make their decision online and they don't have to go and get the food. But what else [besides technology] made way for these changes?

The fact that warungs expanded their own range and by doing so also the geographical reach of their costumers implies that their decision making cannot only be ascribed to the increasing use of technology. One has to also pay attention to accompanying other changes taking place in Indonesian society. The first change is that of an increasing number of formal jobs. Although the informal sector is still very extensive in Yogyakarta the formal sector is booming. More and more businesses and jobs are formalised leading to a growing middle class. Their working hours are not as flexible as those of informal workers and in general their income is higher. This higher income leads to a higher consumption of goods. This consumerism has in part changed the perception of food. Whereas food was, and for some continues to be, a mean to survive for some it became possible to spent more money of food, this way exploring the variety of food available. On the one hand one may think that people with a higher income would substitute going to a cheap warung for more expansive restaurants, but on the other hand on may think the warung sector gains popularity. While they may have more income, they also have less time to cook themselves. They can easily stop on their way home to buy a meal at a warung or order it and let it be delivered at home, which saves valuable time. Another social change that contributes to the increasing popularity of the warung sector, and is strongly related to the argument of saving time, it the increasing participation of woman in the economy. Instead of staying at home to take care of the household, Indonesian women start working. This way informality is a way to save time for formality. But is it really true that warungs remain popular because they are time-saving and easy, or do people still value the social function of the sector?

To answer this question a distinction has to be made between two different types of warungs. Although very simplified and in part undermining the heterogeneity within the warung sector, a dichotomy can be seen within the sector. A dichotomy between the old and the new ones. Between the ones based on social relations and the ones based on social media. Between a loyal clientele and a dynamic clientele; stability and growth; conservative and progressive; local and less-local; older

generation and the younger generation; and so on. The warung sector on the one hand seems to be like the old days and on the other hand is changing rapidly. While the situation in the sector may change, the principle still remains the same; local businesses selling cheap and tasty food to the lower classes of society. Globalisation has changed and continues changing the Indonesian society and with the warung sector being an important part of this society, changes in this sector are certainly visible. Although this thesis provided a perspective on how the warung sector changed in the context of globalisation, it raised more questions than it answered. While the warung sector is a very dynamic and creative sector it is very hard to predict the future of the sector. Does rejuvenation within the sector lead to a different function within society? Will the sector lose it social function? Will the sector be (completely) formalised if it continues growing or is this informality sustainable? Will it continue to be economically beneficial to start a business when opportunities in the formal sector increase? Although these questions are very interesting I will now move on to the conceptual implications of this research.

7.2 Conceptual implications

Taking the consideration that processes of globalisation differ qualitatively according to where we look as a starting point, this thesis tried to understand how processes of globalisation affect the informal warung-sector in Yogyakarta by looking at the 'everyday' and 'theorising up'. That is, without overlooking the important role played by national and international actors, structurers and processes, exploring the ''details and minutiae of local lives and livelihoods and the local structures and processes that create such everyday lives and which are, in turn, created by them'' (Rigg, 2007, p. 7). By taking warung entrepreneurs in the sub district of Pandeyan as research entity a different view [i.e. different than the classical view discussed in paragraph 2.1.2] on the informal warung sector was obtained. Most importantly the sector appears to be very dynamic. Warung entrepreneurs create their own creative business strategies leading to a surprisingly high heterogeneity within the sector. Instead of being a low-productive, constant and somehow boring sector for the poor in dire need of some money or food, the sector is changing all the time. The most important and universal changes in the sector are; increasing use of social media, increasing use of delivery service and increasing collaborations with both local, national as international enterprises. But how can this heterogeneity and these developments be related to globalisation? This leads us back to the main question of this research;

How do warung-entrepreneurs in Yogyakarta experience the relation between globalisation and their businesses?

If I had to provide a quick, one-sentence reply to this main question, it would be that globalisation has led to changes within the warung sector in two different ways. Firstly the increasing use of technology [seen as part of globalisation], changed the way businesses are managed in the warung sector. This has led to a significant changing locality, where social media and delivery services are partly replacing mouth-to-mouth promotion and face-to-face meetings. Secondly it could be argued that the position of the warung sector is changing because of a changing Indonesian society where increasing formality creates an uprising middle class. This way globalisation can – both directly and indirectly – be linked to globalisation. However these changes are incremental, which means that they are gradually changing some aspects of the warung sector, they are surely visible. While this answers the main question of this research there is another important aspect I have to bring forward

to complete my conclusion; namely the hierarchical position, or power, of the warung entrepreneur. Warung entrepreneurs have the possibility to choose their own path according to their ideology. Some of them will make use of technology, others won't. Some of them aim for growth others for stability, some of them aim for loyal customers others for social media users. Whereas some do not use any form of advertisement others distribute flyers or tweets. Whereas some warung entrepreneurs strive to innovate, others try to ply for a more conservative approach. Yet, warungs are not bipolar but dependent on the ideology and business strategy of the owners. These individuals, and this is exactly what Rigg (2007) meant with the role of 'human agency' in his book on everyday geography, decide how to react on changes in society. More in line with the approach of this research, my conclusion therefore is that however globalisation indeed provides new opportunities for the warung sector, it are the warung entrepreneurs who decide how to cope with these opportunities. How powerful the metaprocesses of globalisation may be, the future of the sector, as long as the Indonesian government tolerates informality, lays predominantly in the hands of the warung entrepreneurs.

7.3 Recommendations

Besides the questions asked about the future of the warung sector at the end of paragraph 7.1, there are some interesting phenomena I encountered during my stay in Indonesia, which are worth a second look. Although a lot more can be investigated about the relation between entrepreneurship in the warung sector and globalisation there are some other aspects worth researching. Whereas this research was predominantly focused on the perspective of the entrepreneurs it would be interesting to do something similar by taking the costumers' perspectives. How do they choose a warung and why? And how has this decision making changed? But also, how popular are the social media and delivery services amongst the costumers? Secondly, and also very much related to this research, it is worth investigating the range of different warungs. Where do their customers come from and how is this influenced by the strategy they implement. Do warungs using social media have a wider range as warungs who rely on mouth-to-mouth promotion? And what does this mean for the future development of the sector? Thirdly, where the employees of warungs come from and how the application procedure in this sector functions. What surprised me was that employees of warungs came from very far to work in Yogyakarta and in contrary to the classical ideas about informal businesses not even half of them were family or acquaintance of the owner. Why do they come to Yogyakarta? And how do they find a job? Is the city able to absorb all of these migrants? Etc. Fourthly, where do warung entrepreneurs base their choice of location on and how will this decision making change with an eye on the developments? Will location get less important if social media and delivery services keep expanding? Also the GO-JEK application is worth a second look. Is it as big as it appears to be and what is exactly their influence on the Indonesian society? Do they support or counteract informal workers? Yoke and Ineke told me that the transportation service of GO-JEK [GO-RIDE] harms the *becaks* and other informal means of transport. What will this mean for the future? What other services will they start offering? How formal is the GO-JEK application? Etc. This are just five interesting possibilities. While there has been little research about the warungs the possibilities for further research are endless. There is still a lot to discover within the warung sector. Because of the fact that the warung sector is of great importance for both Yogyakartan society as economy, more research about the sector will be needed. Not only to provide a better understanding of the (in)formal economy in Yogyakarta but also to be able to improve policy making.

7.4 Reflection

From the moment I heard that I got the opportunity to go and do the fieldwork for this thesis in Yogyakarta I wanted to focus on the informal economy. I have always been interested in the informal practices of the lower social classes in developing countries. To choose a topic I started searching for information about the informal economy in Yogyakarta. Unfortunately there was not that much information to be found on the internet. By reading the few articles and theses with similar subjects I came to the conclusion to focus on the warung sector. After a while I constructed my final topic; the relationship between the informal economy and globalisation, as seen from below. This latter part is very important and based on Rigg's book 'an everyday geography of the global south' (2007). In this research the everyday perspective meant looking to globalisation from the perspective of the warung entrepreneurs. The idea was to ask the entrepreneurs how they think about globalisation and how it influenced their businesses. However just before I went to Indonesia and during the first week in Yogyakarta I started hesitating if I chose the right way of researching. Was it really possible to ask warung entrepreneurs directly about (their experiences with) globalisation? Or was it better to avoid mentioning the term globalisation and try to interpret the results after the interviews? Eventually I decided to ask the entrepreneurs about the changes they experienced since they founded their warung. This way trying to find patterns in changes, common changes and relating this to globalisation. Because this changing approach, as stated before, I failed to answer sub-question three [*How do warung-entrepreneurs experience globalisation?*] completely. While at first it seemed to be a good idea to let the warung entrepreneurs construct their own definition of globalisation, this approach appeared to be too difficult to examine and too ambitious. I underestimated the multifacetedness and difficulty of the concept of globalisation. At the end I am glad that I changed my approach before starting the empirical research in the middle of March 2016.

Besides the struggle with operationalizing globalisation and the problems I experienced while executing my empirical research [paragraph 3.3], I am satisfied about the results I obtained eventually. Although I expected to be able to come to real statements about the relationship between globalisation and the warung sector, instead of the suggestive statements I did in the discussion, I think I managed to give a clear image about the complexity of the warung sector. While I did not really achieve the research goal of 'providing in-depth insights in the relation between globalisation and the informal economy', I hope I was able to undermine the prejudices about informality. There is more to informality then non-educated, poor people who struggle to survive. I am glad I got the opportunity to see that through my own eyes. I really enjoyed the hospitality, creativity and most of all, all the happy faces of the people I met. It was an incredible experience.

Appendices

Appendix A; Interview guide

My name is Gijs and I am a student from the Radboud University Nijmegen in the Netherlands. Currently I am doing research about the warung-sector in Yogyakarta. Is it ok for you if I record this interview?

For how long have you been living in Yogyakarta?

How do you like living here?

Where and from whom did you learn cooking?

When did you start your warung?

Why did you decide to start a warung?

How did you start your business? Did you experience any difficulties?

Do you have employees?

Which dishes do you prepare and where do you prepare them?

Where do your ingredients come from?

What type of services do you offer? (for example delivery service, other products)

How did your business change recently?

Why did these changes occur? Were you able to influence this?

Would you like to change something in the nearby future?

How do you foresee the future of your business?

Appendix B; Observation scheme

Name;   Time of observation;

Date;   Duration;

	Yes or no?	Number	Remarks

Dishes
    Foreign
    Indonesian			

Employees			

Clients
    Foreign
    Indonesian			

Seats +/- Tables			

Facilities
 	
    WC
    AC
    Fridge
    Fan			

Other remarks;

Appendix C; Administrational map Yogyakarta
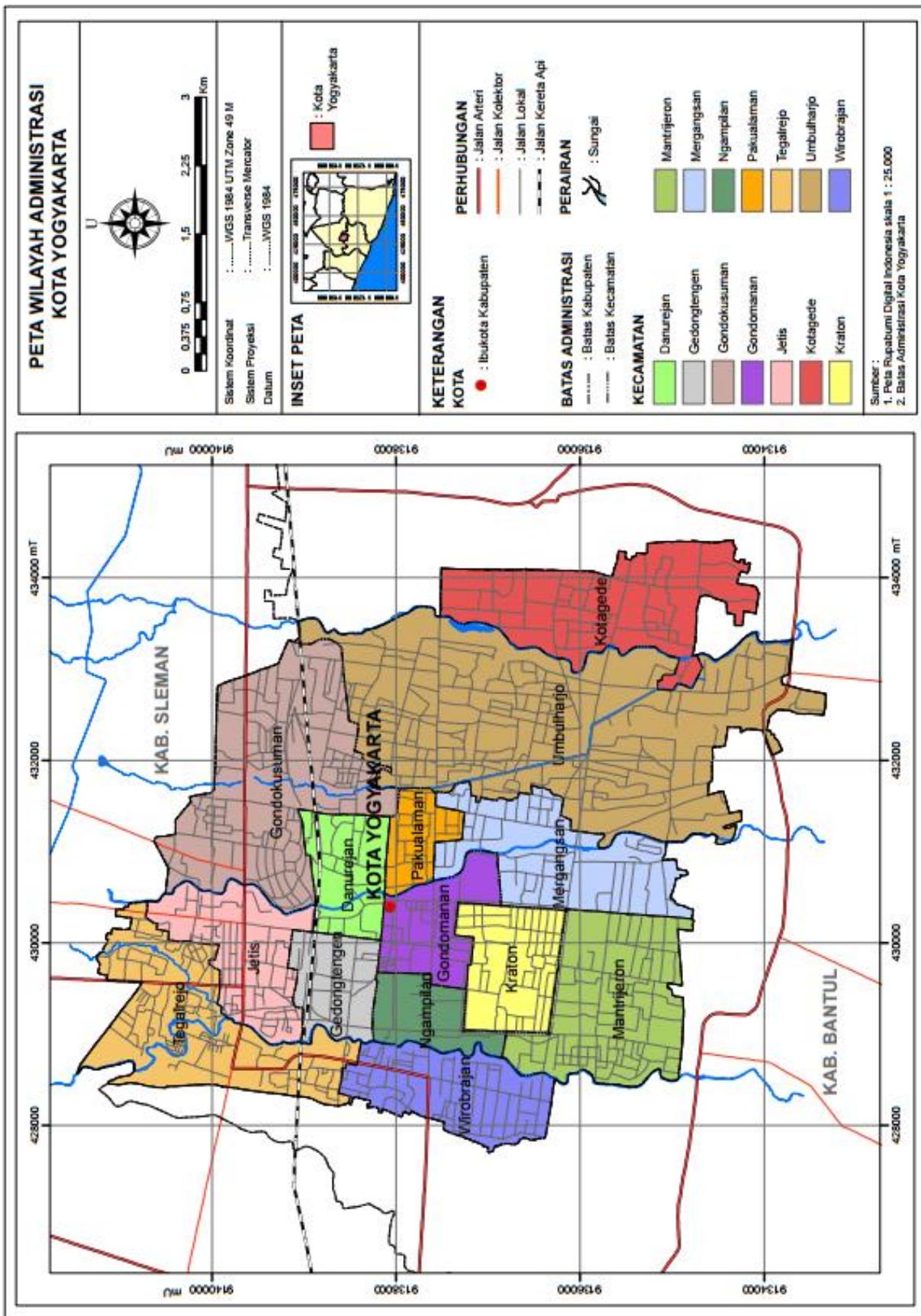
Retrieved from; Yoke and Ineke (employees of UGM)

Appendix D; Map Umbulharjo

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