

## **THE ROLE OF STREET VENDOR (PKL) GROUP AND NETWORK IN ACHIEVING HOUSEHOLD ECONOMIC RESILIENCE IN EAST JAKARTA DURING THE COVID-19 PANDEMIC**

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### **Abstract**

This research was conducted to analyze the extent of the influence of Group and Network Pedagang Kaki Lima (PKL) in East Jakarta to achieve household economic resilience during the Covid-19 pandemic. Household economic resilience is measured based on social capital, including networks and groups in the street vendor group. This study used a quantitative approach by collecting structured questionnaire answers from 420 ~~KLT~~ (PKL) respondents. The collected primary data were analyzed using structural equation models (SEM) and processed using Lisrel software. The results showed that Group and Network in the street vendors significantly influence household economic resilience.

**Keywords:** Group and Network, Street Vendors, Household Economic Resilience, Structural Equation Modelling

### **INTRODUCTION**

(PKL) has become a global phenomenon in Indonesian metropolitan cities such as Jakarta and big cities in other countries such as Mumbai, Bangkok, Singapore, and New York. As an informal sector, street vendors are an alternative source of livelihood for people with limited knowledge, skills, and capital. Street vendors can absorb much labor and reduce unemployment. This informal sector is alternative economic support for various groups and provides many job opportunities to reduce unemployment. Studies on street vendors have been

conducted in various countries, and this informal sector is considered strategic about global phenomena. In almost every country, policies and programs have been implemented to help street vendors, aiming to empower them without sacrificing the city's historical, functional, and beauty aspects and the elements of society within it (Horiuchi & Takahashi, 2016).

The Covid-19 pandemic that has spread worldwide has tremendously impacted life, including social, health, and especially economic aspects at all levels of world society (Safitri et.al, 2021). Street vendors (street vendors), who work in the urban informal sector, also feel the impact of a drastic decline in trade turnover. The decline in street vendors' incomes also affects their ability to meet basic daily needs such as health and education. Even so, street vendors can survive in difficult conditions, and social capital plays an important role in this, one of which is the empowerment of street vendors. The empowerment aspect in question is the ability of street vendors to develop their abilities and potential individually and in the community as part of social capital.

Social capital can be analyzed through six aspects: (1) group and network; (2) trust and solidarity, (3) social cohesion and inclusion, (4) collective action and cooperation, (5) communication and information, and (6) empowerment (Narayan & Michael, 2016). In everyday life, street vendors apply social capital by opening market access, trading methods, and obtaining business capital without going through financial institutions (Nurbaiti & Chotib, 2020). Based on the phenomenon mentioned above, the researcher wants to explore further the extent of the influence of empowerment on the economic resilience of their households during the Covid-19 pandemic, especially on street vendors in East Jakarta.

### **Problem Statement**

The impact of the Covid-19 pandemic on street vendors is very significant, where their turnover/income has decreased and daily life is increasingly difficult. This has an impact on the ability of street vendors to meet their daily needs, get access to health facilities/services, and proper education. Furthermore, this study will evaluate the extent to which the role of street vendor networks and groups supports them in achieving economic resilience in households. With the following problem formulation:

**Do the Group and Network owned by street vendors in East Jakarta affect the economic resilience of households?**

## **LITERATURE REVIEW**

### **Migration And The Informal Sector**

Globally, migration has become a common phenomenon worldwide and is not only limited to developing or poor countries but also occurs in developed countries. Many individuals naturally want to move to other places, especially from rural to urban, to improve their well-being. This population movement impacts increasing the number of people in an area and socioeconomic factors. However, this migration also brings several consequences such as the pressures and challenges of urban life that migrants face. Many sacrifices must be borne, such

as being away from family and relatives in the village and struggling with the tough competition of life in a crowded city like Jakarta (Chotib & Nurbaiti, 2018).

According to (Todaro, 2000) states that the wage gap between villages and cities is a major factor in the phenomenon of rural-urban migration that continues to occur. This migration will continue as long as the benefits of individuals migrating to cities outweigh the costs. The change in the function of agricultural land into factories, manufacturing industries, offices, or hotels/inns without being balanced with an increase in employment for villagers who previously relied on the agricultural sector, became a major factor in rural-urban migration. According to the study results (Nurbaiti, 2020), the informal sector grows because it provides financial and non-financial benefits for the perpetrators. In addition, the need to find work, increase income, and reduce poverty makes many migrants turn to the urban informal sector. Therefore, it is unsurprising that the number of city residents, especially in DKI Jakarta, continues to increase yearly due to migration from rural to urban.

The COVID-19 pandemic that has hit all parts of the world has also had a tremendous impact on the joints of life, including social and health aspects, but the hardest hit is the economic aspect at all levels of world society (Safitri et.al, 2021). Street vendors / Pedagang Kaki Lima (PKL) who work in the urban informal sector with a drastic decrease in trade turnover also felt the impact of this pandemic. The decline in street vendors' income impacts their ability to fulfill basic aspects of daily life, such as health and education. There are interesting phenomena found in the street vendor community to survive in difficult conditions, one of which is the role of social capital.

### **Networks And Groups As Sub-Dimensions Of Social Capital**

Social capital is an interesting topic in social research, where trust in groups and networks is very efficient in helping the daily lives of informal sector actors, in this case the (PKL) group. The presence of elements characterizes social capital: (1) Sense of Responsibility; (2) Anxiety; (3) Honesty; (4) Cooperation; (5) Inclusive; (6) trust each other; (7) A sense of community; (8) Be Open to One Another; and (9) Comfort and Security. Based on existing theory, social organizations consist of 6 subdimensions, including: (1) groups and networks (**Group and Netwok/GAN**); (2) **Trust and Solidarity (TAS)**; (3) Information and Communication (**IAC**); (4) **Collective Action and Cooperation (CAAC)**; (5) social cohesion and inclusion (**SCAI**), and (6) **empowerment and political action (EMP)** (Narayan & Michael, 2016).

Networks and groups as one of the sub-dimensions of latent variables of social capital in this study are divided into 5 observed variables/research indicators with codes GAN1 to GAN5, including:

GAN1: I find it easier to get capital because I have network and group relationships in the street vendor community.

GAN2: I find it easier to get knowledge of capital trading because I have network and group relationships in the street vendor community.

GAN3 : I find it easier to develop a capital business because I have network and group

relationships in the street vendor community.

GAN4 : I find it easier to solve problems in trading capital because I have network and group relationships in the street vendor community.

GAN5: I find getting moral and material capital assistance easier because I have network and group relationships in the street vendor community.

Referring to these six aspects, street vendors apply social capital in everyday life in opening market access, and trading methods to easily obtain business capital without going through financial institutions (Nurbaiti & Chotib, 2020).

### **Household Economic Resilience Klt**

Household economic resilience can be measured through the ability of households, communities, and communities to absorb and adapt to existing shocks and pressures and increase their capacity to change/overcome these barriers to a level where pressures are no longer relevant. Therefore, tenacity must be seen as a joint effort from all parties to overcome difficult times, especially in the Covid-19 pandemic, which has affected various aspects of life and increased poverty rates worldwide (Lopez and Cas&, 2021).

According to data from BPS in 2020, the definition of household used in this study refers to a person or group of people who live in a physical building or census and usually live together and meet daily needs, such as eating/drinking, in one management (from one kitchen). Signs of low economic resilience consist of low incomes, poor health, limited education and skills, limited access to land and capital, vulnerability to economic turmoil, and low participation in policymaking. The BPS index has eight variables to determine households classified as marginal: floor area per person, type of floor, availability of clean drinking water, type of toilet, building ownership, monthly income, daily expenses, and food consumption. Another indicator is the applicable regional minimum wage standard, while according to world bank indicators, a person is considered poor if his daily expenditure is less than 1 USD by using purchasing power parity as the basis for calculation (Amalia & Lindiasari, 2020).

Good family resilience will be created if the eight family functions are carried out harmoniously, harmoniously, and in balance by the husband, wife, and children. The family functions include religious, affectionate, protective, socio-cultural, reproductive, socialization, and educational, economic, and environmental development. Therefore, family economic security depends on gender equality and justice, where husband and wife work together in domestic matters and meet family needs (Azis & Solikha, 2018).

An important aspect of economic resilience is household financial resilience, which can be measured through four dimensions: family living conditions, family income that meets basic needs such as clothing, food, and shelter, children's education costs, and family financial security. To assess household financial resilience, family residence variables can be measured through the condition of house buildings, while family income variables are measured based on family per capita income and family income adequacy using the prevailing poverty line. A household is resilient if it can meet the 12-year compulsory education for all children. The

variable of financing children's education is measured through the ability to finance children's education and the continuity of education, while the variable of family financial security can be measured through savings owned and family health insurance. Risk assurance can also be measured through savings and family insurance. A high level of household financial resilience indicates good family welfare because they can meet daily needs appropriately and sustainably (Cahyaningtyas et al., 2016).

## RESEARCH METHODS

Researchers use a quantitative or deductive approach, where data is taken directly from the field and processed using software/data analysis test tools (Cresswell, 2016). Researchers use Structural Equation Modeling (SEM) using Lisrel software. Tests were conducted to see the relationship between the latent variable of empowerment as a sub-dimension of the latent social capital variable. A latent variable can be predicted or measured through observable variables that reflect latent variables. Each sub-dimension of latent variables will be analyzed to see model fit, validity, and reliability (Wijanto, 2008). In this study, were 9 indicators selected to represent data categories with a good match rate, including data types with a perfect fit. Although the output of Lisrel produces dozens of data indicators, only 9 indicators were selected to represent the entire model fit test process (Wijanto, 2008).

**Table 1: Details of the 9 Goodness Of Fit Index (GOFI) indicators**

GOFI indicator	GOFI Indicator Description	Standard Values for Good Fit
RMSEA	Root Mean Square Error of Approximation	≤ 0.08
NFI	Normed Fit Index	≥ 0.90
NNFI	Non-Normed Fit Index	≥ 0.90
CFI	Comparative Fit Index	≥ 0.90
IFI	Incremental Fix Index	≥ 0.90
RFI	Relative Fit Index	≥ 0.90
Std. RMR	Standardized Root Mean Square Residual	≤ 0.05
GFI	Goodness of Fit Index	≥ 0.90
AGFI	Adjusted Goodness of Fit Index	≥ 0.90

(Source: Wijanto, 2008)

In the assessment of indicators of a variable, a validity test is used to ascertain whether the variable can measure what is desired. If the Standardized Loading Factor (SLF) > 0.50, the variable is considered valid for a constituent or latent variable. Meanwhile, reliability tests aim to determine the reliability of the measurement instruments. With reliability tests, it can be known whether the instrument is reliable or not to be used consistently. The construct reliability value (CR) > 0.70 and variant extraction (VE) > 0.50 indicate that the construct reliability is good (Wijanto, 2008).

The formula used is:

$$CR = \frac{(\sum \text{Standardized Loading})^2}{(\sum \text{Standardized Loading})^2 + \sum \text{Error}}$$

$$VE = \frac{\sum \text{standardized Loading}^2}{N}$$

Where N is the number of observable variables.

The hypothesis test in this study is carried out by testing the structural model between latent variables, and the hypothesis will be accepted if the absolute t-value is > 1.96 with a significance level of 5%. A research model that includes all research variables can be seen in the figure below:

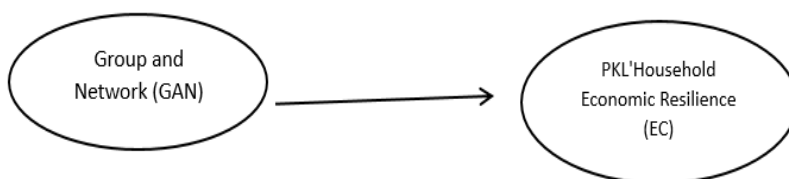


Figure 1: Research Analysis Framework

### RESEARCH RESULTS AND CONCLUSIONS

Based on the results of the validity and reliability test of each observed variable, Group and Network has a good value, all variables observed are valid, ranging from observed variables GAN1 to GAN5. The test results of the Group and Network latent variable measurement model can be seen in Figure 2. below :

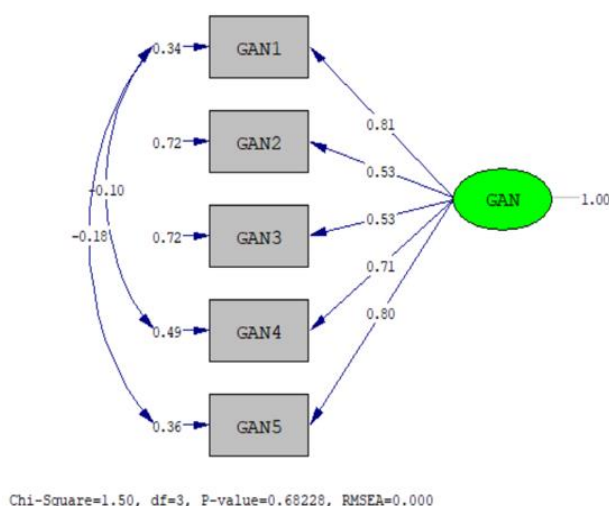


Figure 2: Group and Network (GAN) Latent Variable Measurement Model Test

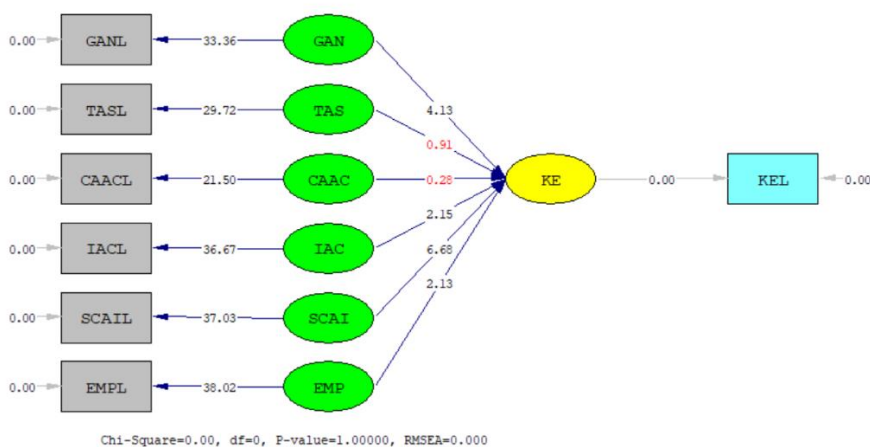
**Table 2: Goodness of Fit (GOFI), Validity and Reliability Test of GAN**

GOFI Value for GAN			
RMSEA = 0.00; NFI = 1.00; NNFI = 1.00; CFI = 1.00; IFI = 1.00, RFI = 0.99; Standardized RMR = 0.011; GFI = 1.00 and AGFI = 0.99			
GOFI Test Conclusion: overall the observed variables in the GAN latent variable have a good fit, so the data support the research model.			
Test the validity and reliability of GAN latent variables			
Observed Variables	Standardized Loading Factor (SLF)	Error	Information
GAN1	0.81	0.34	Good validity
GAN2	0.53	0.72	Good validity
GAN3	0.53	0.72	Good validity
GAN4	0.71	0.49	Good validity
GAN5	0.86	0.36	Good validity
CR value = 0.80; VE = 0.50. Conclusion: all variables observed in the GAN latent variables have good validity and reliability.			

Source: processed by researchers (2022)

The test results of the GAN latent variable measurement model against the observed variables have a good fit, good validity, and reliability tests shown in Figure 2. And Table 2. If sorted based on the highest to lowest Standardized Loading Factor (SLF) scores, it can be seen that the observed variable GAN1 has the highest SLF with respondents' perceptions as follows: "I find it easier to obtain capital in groups because of family/group relationships. Furthermore, GAN5's second-highest score stated: "I find it easier to get moral and material help in groups because of family/group relationships. The third highest SLF value GAN4 explains: "I find it easier to solve problems in trading in groups because of family/group relationships. The fourth order of GAN2 reads: "I find it easier to gain knowledge of trading in groups because of family/group relationships," while for the fifth order, GAN3 states that: "I find it easier to develop a business in groups because of family/group relationships)."

Economic resilience in cross-tabulations is measured based on the sum of scores from each component which includes questionnaire statements, questions, the ability to fulfill street vendors on basic needs, buy necessities, finance children's schooling, have money for transportation, be able to meet family health, have savings and the ability to meet urgent needs. All existing scores are calculated Latent Variable Score (LVS) so that the hypothesis test produces the relationship between variables as follows:



**Figure 3: Results of Structural Model Test/Research Hypothesis Test**

Based on the hypothesis test results, it can be concluded that Group and Network significantly influence economic resilience. Thus, it can be stated that Group and Network are important non-material assets that can save street vendors during the Covid-19 pandemic with limited capital and declining income due to restrictions on social/individual mobility with few buyers. Daily facts in the field show that, based on in-depth interviews, these street vendors help each other lend money, capital, trading tools, and energy to other street vendors in need. Material assistance such as business capital, capital, and direct cash assistance is temporary and limited. Meanwhile, social capital based on Group and Network has practical value in achieving household economic resilience during the Covid-19 pandemic.

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