

## **Informal Contracts among Street Vendors Around Trunojoyo Park, Malang City**

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## Informal Contracts among Street Vendors Around Trunojoyo Park, Malang City

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### ABSTRACT

Malang City, with its strong potential in tourism, education, trade, and services, is experiencing rapid development and attracting many migrants. This growth has led to an increase in informal sector activities, particularly the proliferation of street vendors (PKL) in public spaces. These vendors often create inconvenience, degrading the quality of urban open spaces. Trunojoyo Park, known as the city's lungs and an educational tourist spot, has become one such location for street vendors. This phenomenon stems from an informal contract between security forces and vendors, allowing them to operate without official permission by paying rent as security money to avoid eviction. This research, using informal contract theory and a qualitative descriptive approach, examines how street vendor activities in Trunojoyo Park are managed. The park's trading area is divided into East and West zones. In the East, vendors pay a daily fee of Rp. 5,000, with an additional Rp. 5,000 every Saturday for cleaning. Those who stop selling for over two months without a valid reason are blacklisted, and selling hours are limited from 5 pm to 6 am. In contrast, West area vendors pay an annual fee of Rp. 2,000,000, which can be paid in three installments, and they can sell 24 hours a day, benefiting from the crowd of children attending extra lessons during the day. This study highlights the informal contract system governing street vendor activities in Trunojoyo Park, showing distinct differences in terms and advantages between the East and West areas.

**Keywords:** *Street Vendors, Malang City, Trunojoyo Park, Informal Contracts*

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### 1. INTRODUCTION

Malang City is a city that has potential in the field of tourism. In addition, Malang City is also a city of education and a center for trade and services. With this potential, Malang City is experiencing rapid development, inviting many migrants to live in Malang City. Since 2021, the population of Malang City has continued to grow until in 2023 there were 847,182 people (BPS Kota Malang, 2023). The large number of residents goes hand in hand with the physical and economic development in Malang City which gives rise to an activity in the informal sector, in the form of the proliferation of street vendors (PKL), most of which utilize the city's public spaces. The existence of street vendors is used as a livelihood for some people who cannot work in the formal sector. On the other hand, street vendors who use the city's public

space are considered quite troubling for some other communities because they can reduce public comfort and reduce the quality of urban open space (Mulyadi, 2010).

One of the public spaces that is often used as a field for street vendors is Trunojoyo Park, which is located in front of Malang City Station. The existence of Trunojoyo Park, which has been revitalized into a smart park, functions as the lungs of Malang City and also an educational tourist spot for the community equipped with library facilities. However, in Trunojoyo Park there are also activities outside the purpose of the park itself, such as the large number of street vendors around the outside of the park. The street vendors occupy the sidewalks around the park. Based on Peraturan Presiden No. 125/2012 article 1 paragraph 1 street vendors (PKL) are business actors who conduct trading businesses using mobile or stationary business facilities, using city infrastructure, social facilities, public facilities, land and buildings owned by the government and / or private which are temporary / not settled.

The area around Trunojoyo Park is actually not an area for trade, especially since street vendors use the sidewalks for their sales. Based on the regulations contained in Law Number 22 Year 2009 concerning Road Traffic and Transport, it states that the use of roads outside their function must obtain permission from the road organizer in accordance with their authority. Any person who carries out activities that cause interference with the function of the road will be sanctioned. The use of roadsides or sidewalks can be used for trading activities, but there are provisions that can be seen in Permenpu Number 93/PRT/M/2014 of 2014 (Jayanti, 2023). Based on this regulation, street vendors in Trunojoyo Park should not be allowed to sell there because the location is not designated by the government as an informal or illegal sector location. However, the reality is that until now the street vendors are still selling in that location.

The existence of street vendors in Trunojoyo Park is inseparable from the existence of informal contracts made by the security forces with street vendors. With this informal contract, they can continue selling even though they do not have a legal permit. One of the contents of the contract is the price of land rent that must be paid by street vendors as security money to avoid eviction by the authorities. So the purpose of this research is to analyze the informal contracts that occur in street vendors around Trunojoyo Park so that they can continue selling even though they do not have legal permits.

## **2. METHODS**

This research uses informal contract theory. Contracts are generally about the agreement of one party to perform actions that have economic value for the other party, of course, with the consequence of reciprocal actions or payments. In this case, it is about informal contracts made between street vendors and other street vendors. The agreement between the traders is related to the transaction of land rental fees for permission to sell in the Trunojoyo Park area. Informal contracts in the phenomenon of street vendors in the Trunojoyo Park area are managed by the informal or illegal sector. This research uses a qualitative method with a descriptive approach. According to Sugiyono (2014), descriptive

analysis is a method used to analyze data by describing or describing the data that has been collected as it is without intending to make general conclusions or generalizations. In this study, the implementation of research which includes data requirement techniques, namely primary data and secondary data.

Primary data is data that has been generated by the researchers themselves, through observations and interviews specifically designed to understand and solve the research problem at hand. Qualitative methods are used to understand experiences, attitudes, behaviors, and interactions. Observations were conducted in the Trunojoyo Park area, Malang City by interviewing street vendors in the vicinity. Meanwhile, secondary data is data obtained by researchers through other parties regarding a set of pre-existing information and is used as a complement to research data needs. Secondary data used are journals and articles and online news sources related to informal contracts in street vendors.

### 3. RESULT AND DISCUSSION

Based on data obtained from observations, the trading area in Trunojoyo Park itself is divided into two, including the East and West areas. Despite its status as a public facility in the form of a park, the fact is that the area is also used by street vendors to sell. To find out more about this reality, the author conducted interviews with several street vendors who sell in the area. From the information obtained, permission to sell around Trunojoyo Park apparently requires an informal contract with the rentier. Rent-seeking behavior itself can be understood as an action to change or bend economic policy in order to provide benefits for rent seekers (Yustika, 2013).



**Figure 1.** Conditions around the trunojoyo park that are filled with street vendors

Informal contracts made by street vendors with renters are carried out so that selling activities can run smoothly, namely guarantees of avoiding Satpol PP evictions and selling permits from the Mayor of Malang. Based on the results of the interviews, the contract system

can be carried out by seeking information in advance about the area chosen for trading and the rente who controls the area. Prospective street vendors can obtain information from parties who are accomplices of the rente. If the selected area still has a quota for trading, then trading activities are allowed with a predetermined system. Meanwhile, the number of traders allowed to sell depends on the rente who controls each area. According to information from maklor traders, the selling areas to the East and West of Trunojoyo Park were originally controlled by the same person or rente, namely X, who has relatives in the government. However, currently the control of the Trunojoyo Park area is divided into two, namely the East area which is controlled by Y as a member of the TNI and the West area which is controlled by X or the initial rente who held both areas. Meanwhile, each rente has different accomplices taken from one of the street vendors who sell in their respective areas. Apart from being in charge of providing information to prospective traders who will occupy the selling area, they are also in charge of collecting deposits from the street vendors.

In informal contracts, the deposit paid by traders is an example of transaction costs. According to Sultan & Rachmina (2016), transaction costs themselves can be categorized as costs incurred outside of production costs so that they can increase the total costs that will be incurred in a business. In addition, the emergence of transaction costs can occur due to asymmetric information and limitations in processing the information.



**Figure 2.** One of the street vendors in trunojoyo park who became an informant

From the results of interviews with maklor and jasuke traders who occupy the East area of Trunojoyo Park, deposits are made with a daily system where the accomplices will approach the traders every 10pm to collect the deposit money. The amount of deposit that must be paid is Rp. 5,000.00 / day, while specifically every Saturday is charged Rp. 10,000.00 with details of Rp. 5,000.00 as a fee for cleaning. The amount of deposit money is allocated equally to all traders who sell in the East area of Trunojoyo Park regardless of the type of merchandise sold. Given that the payment system is carried out on a daily basis, a rule is enforced that traders will be excluded or blacklisted from selling if they do not sell for more than 2 months

without a clear reason. Another regulation set in the East area of Trunojoyo Park is the selling time which is limited from 5pm to 6am.

Meanwhile, based on the results of interviews with old-school martabak traders who occupy the West area of Trunojoyo Park, deposits are made with an annual system of Rp. 2,000,000.00 which can be paid three times a year. This amount is greater than the deposit that must be paid by traders who occupy the East area of Trunojoyo Park. Moreover, the system used is an annual payment which even though at that time it does not sell, there are still costs incurred. That way, there is no binding contract like the one imposed on the East area of Trunojoyo Park. The annual payment also affects the selling time, which is valid for 24 hours. The absence of time limitations makes traders who sell in the West area of Trunojoyo Park more profitable because they can sell from morning to night. Moreover, during the day, the area is often crowded with children who attend additional lessons at nearby tutoring institutions.

As far as observations and interviews have been conducted, although street vendors selling around Trunojoyo Park use public facilities such as sidewalks for the purpose of selling. However, there are no complaints from the surrounding community, either related to order or comfort. In fact, the community considers that the Trunojoyo Park area is indeed used as a center for selling street vendors. Thus, many people consciously go directly to the area around Taman Trunojoyo when they want to find snacks or food sold by street vendors.

#### **4. CONCLUSION**

Trunojoyo Park as an educational park is actually not an area for street vendors. However, these street vendors can still sell because of the informal contract they have with the rentee. This informal contract is carried out so that selling activities can run smoothly, namely a guarantee of avoiding Satpol PP eviction and a permit to sell from the Mayor of Malang. The informal contract is fairly beneficial for both rentees and street vendors because the area is quite crowded. However, the presence of these street vendors can actually reduce the main function of Trunojoyo Park as an educational park. However, the community itself does not feel disadvantaged because they consider that the Trunojoyo Park area is indeed used as a center for selling street vendors.

Seeing the above phenomenon, a clear street vendors arrangement policy is needed to regulate the existence of street vendors. The implementation of the policy must also be done properly. The ambiguity of the policy carried out results in extortion by renters which will affect the quality of public space. So it is necessary to cooperate with a qualified Pamong Praja Police Unit to control street vendors and provide understanding and understanding for street vendors to comply with existing rules. The street vendors also have the right to actively participate in providing input to the government and awareness to maintain the Trunojoyo Park area. With the integration carried out by the government and the community, it can help determine the right steps to support the street vendors arrangement policy.

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