

# Corporate Social Responsibility (CSR) to Manage the Pedagang Kaki Lima (PKL) or Street Vendors and Public Spaces in DKI Jakarta Area

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**Abstract**—Corporate Social Responsibility (CSR) is a concept that strengthens the sustainable development from economic, social, and environmental aspects. The *Pedagang Kaki Lima* (PKL) is a seller that comes from low income level and less education/skill. The PKL use illegal space in metropolitan area and it reduces the capacity of public spaces to build social interaction. CSR implementation on the very ground level can reduce the social, economy, and environmental degradation issues. Using qualitative approach on the PKL through the CSR can gather more information accurately.

**Keywords**—Corporate Social Responsibility, *Pedagang Kaki Lima*, Public Spaces

## I. INTRODUCTION

Street vendors are sellers who sell food and non-food products on illegal area, such as on the sidewalk, public garden/yard, in front of the hospital/office/shopping center/school or other public infrastructure. By selling their products on the illegal spaces cause legal issue and socio economy problems. They have irregular selling time and products. They sell their products by using material that are easy to carry on or assemble to sell their products. *Pedagang Kaki Lima* (PKL) has roles that are different with regular market and usually exist in the developing countries. On the economics theory, there are traditional market and modern market. Traditional market describes perfect competition structure, where there are many sellers and buyers. We can bargain the price and we pay by cash on the spot. On the other hand, modern market, such as shopping center or mall, is different from traditional market. We can pay by cash and/or credit card. We can do online shopping transaction and/or do home delivery.

The main important differences from street vendors are their capability to absorb hidden unemployment and to distribute products directly to the consumers. Based on my experiences, live in the developing country and developed country, they have more social modal rather than financial aspect. They have

less education quality and skills but they can survive on any economic condition. Most of them are less have people or low-income families.

## II. METHODOLOGY

Indonesia is the fourth biggest most populated country in the world (262,507,639 people) has the street vendors issues, especially in capital city – Jakarta. Based on the 2010 Census, Jakarta has the most density area (14,469 people/km<sup>2</sup>). The abundant of people and the limited of natural resources to support the life causes many public problems, such as poverty, criminality, and environmental degradation. To reduce poverty in a big city cannot be done only from the government side. It needs private sector to take part on this matter and also from the community itself.

One of the policy that has been implemented is the Corporate Social Responsibility (CSR). CSR becomes famous in developing country because in the developing country they have more economic, social, and environmental problems. On this paper, I used qualitative approach through documentation exploration to describe how CSR can help the street vendors or *Pedagang Kaki Lima* (PKL) manage their market in Jakarta area, focusing on the public spaces that they used. The data and information come from the documentation, CSR teaching materials on graduate school, and bureau of statistic, including academic journals. Interviewed result came from some of the PKL to cross check their economic background and their willingness to have some help from private sector and/or government.

The main research problem here is if CSR application is more intensive on the ground level of economic structure, it can manage the PKL in Jakarta for not using the public space. From this point of view, they can help with the public issues, such as reducing the traffic jam and arrange the public space for a better place for social interaction.

## III. ANALYSIS AND RESULTS

CSR refers to business practices involving initiatives that benefit society. The CSR concept is a shifting paradigm from profit-oriented business into benefited to society or environment. Howard R. Bowen introduced the CSR concept in 1953. The business model changes from trade-off model to corporate philanthropy and social responsibility. Focusing on two major aspects on analyzing the paradigm shifting: a)

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government mode is going to be shareholders' rule into shareholders' mode; and b) economic logic of social actions are from risk protection into revenue growth opportunities and full integrated.

On the economy, there are three main actors, such as households or consumers; government as policy maker; and private sector or business. They mingle together to build strong sustainable development (the Brundland Report in 1987) that can create job opening, increase their income, and higher their standard of living (including their social life). Sustainable development has three main pillars: economic, social, and environment aspects. In Indonesia, the CSR concept and application has not been fixed. They are being applied based on the business needs or society needs in a particular area.

In Jakarta, there are tremendous number of PKL, where the exact numbers we cannot get from the bureau of statistic because of their growing are fast and they mobile. There are around 500,000 PKL in 2014 (based on the assumption for 10% of the population in Jakarta). They have association for PKL and they do collecting the PKL data to relocate them to the legal space and also to register their position using an auto-debit card. The ongoing process now is they are doing such as training and consultation for PKL on the five areas in Jakarta. For example: a) Tegal Alur, Palmerah, and Meruya Ilir (West Jakarta); b) Prumpung Market and Permai (North Jakarta); c) Bintaro (South Jakarta); d) Surabaya Street (Central Jakarta); and e) Lapangan Tembak Street and Makassar (East Jakarta).

Urbanization is the biggest reason why PKL exist in Jakarta. Most of them do not find a job in their original area (they come from outside Jakarta city) and they do not have good education level formally. With the limitation of human capital, they use illegal space because they do not have legal space to sell the food and/or non-food products. They use bamboo or board to build their cart or simple wagon design (*gerobak*) and use plastic chairs for the consumers to sit if they sell food. We can find many varieties of the products that mostly people need from morning until nighttime. For example: fresh vegetables/fruits/fish/chicken; ready breakfast/lunch/dinner meal; simple/traditional drinks (coffee/tea/ice-cream/*jamu*); and utensil/household equipment (knife/spoon/plate/cup/pot/tray). Some of the PKL use a bicycle or motorcycle that they modified with the cart.

PKL use illegal space to offer their products, such as the sidewalk, in the corner of a junction, in front of the legal public market, public garden/yard, hospital entrance/school/office, and in the parking area closed by with the shopping center or mall. These PKL selling location create more costumers to buy (from their vehicles or the pedestrians) because these are the easiest place or the fastest market for them. For example, people who stuck in the traffic jam on the way to their office in the rush hour they can just open their car window and buy the ready simple breakfast (traditional snack-*lemper* or *nasi uduk*)

plus a cup of coffee in a plastic cup. This phenomenon also happens in the evening on the way to go back home, they can just open their car window and buy easy dinner (bread and other drinks). Other cars that are behind them, they can tolerate the phenomena because they are also stuck in the traffic jam. It worsens the traffic jam from one junction to another junction. The supply from the PKL and the demand from the customers create their own equilibrium on their market.

The implementation of CSR in Indonesia is to reduce the socio economy and environmental problems. Basically, they want to improve human capital by using their own capability (in rural areas) through education, training and courses. CSR is sharing their profit into the infrastructure development, such as build roads, school, toilet, and hospital plus other public facilities. We can see from PT. Unilever, PT. Telkom, PT. Bogasari, PT. Astra, PT. HM Sampoerna, and many more. The CSR itself can be partnership with other agencies, for example: *Yayasan Kesejahteraan Anak, Palang Merah Indonesia* (PMI), government institution, and academic organization.

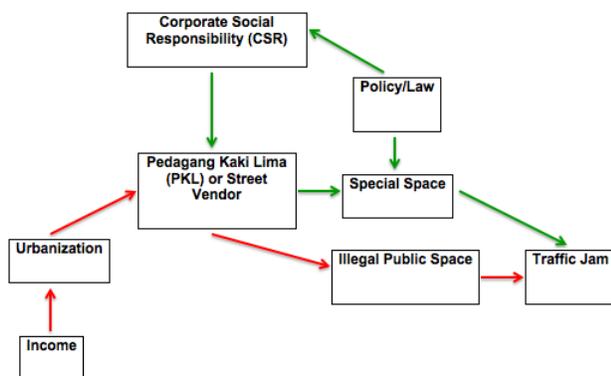
There are regulations on the implementation of CSR: a) *Keputusan Menteri BUMN Per-05/MBU/2007 tentang Program Kemitraan Bina Lingkungan* (PKBL) or Partnership for Environmental Development; b) *Undang-Undang Perseroan Terbatas (PT) Nomor 40 Tahun 2007* or Company Law, which mentioned that business has responsibility for the social and environment; c) *Peraturan Pemerintah (PP) Nomor 47 Tahun 2012 tentang Tanggungjawab Sosial dan Lingkungan* or Social and Environmental Responsibility Rule, which mentioned that business who takes natural resources from the environment must be responsible to that environment; d) *Undang-Undang Penanaman Modal Nomor 25 Tahun 2007* or Investment Law, which mentioned that investor has responsibility to the environment; e) *Undang-Undang Minyak dan Gas Bumi Nomor 22 Tahun 2001* or Oil and Gas Law, which mentioned about the environmental responsibility on every contract on natural resources extraction business and social responsibility too; and f) *Undang-Undang Nomor 13 Tahun 2011 tentang Penanganan Fakir Miskin* or Poor People Responsibility Law, which mentioned that each company responsible to share their profit to the less have people.

On the Diagram 1 below, we can see how the CSR application on PKL can reduce the public space issues and increase their income. Note: the red line is the problem research (cause and effect) and the green line is the solution that comes from the business side through CSR. One solution that can be done possibly: preparing the PKL space on each building (apartment, office an/or mall) in Jakarta area but with the price control policy. It means that the price before and after relocation cannot be too big the difference. So, people from different level of social status can afford the food and non-food product. The other important role is from the law-enforcement, where PKL cannot use the public space anymore

to sell their products and there must be a fine or sanction.

Based on the random interview informally with the PKL, they do not want to pay another rent in the public market area/building from the government or in the apartment/shopping center. Even though, they realize the convenience from the special place, such as the Air-Conditioning (AC), the cleanliness, the security, and infrastructure management.

Diagram 1 The Link Between the CSR and the PKL



Another solution to manage the PKL is through their grass root community or Non-Government Organization (NGO) empowerment. We cannot always catch and ask the PKL to leave the illegal space every time like the municipal police in Indonesia (*Satpol* PP) do. It will not touch the core of the PKL interest or needs. So, the CSR implementation can be on this ground level to manage the PKL and at the end arrange the public space and special space better in the future.

#### IV. CONCLUSION

The PKL in Jakarta area come from different places with many socio culture backgrounds. They use illegal space on the pedestrian or sidewalk, in front of the shopping center or mall, and office/hospital/school. They sell food and non-food products with irregular time selling and easy assembled board/wagon. They have perfect competition structure and their equilibrium level on the market system.

The PKL usually exists in the developing countries with the unique characteristics: a) they absorb the hidden unemployment; and b) distribute the product directly to the costumers. The CSR implementation can help the PKL to manage their public space usage by serving the special space for them on every building (hospital, mall, hospital, school, and office) with the price range that is no have big difference between before and after relocation.

There is partnership coordination between local government via public policy and law enforcement; the PKL; and the company on doing their CSR to empower the human capital and to increase their income. Over all, the CSR can do both side to sustain the development: a) increase the standard of

living of the PKL economically; b) public space to build public interaction as social capital; and c) reducing the environmental degradation by reducing the central point of traffic jam in Jakarta area.

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