

THE LIVELIHOOD CAPACITY OF WORKERS AS A BASIS FOR EMPOWERMENT IN INFORMAL SECTOR IN PALU MUNICIPALITY

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ABSTRACT

This study aims at (1) finding out the livelihood capacity of workers in informal sector; (2) analyzing factors affecting the livelihood capacity of workers in informal sector based on socio-demographic and non-demographic characteristics; (3) examining success levels of workers in informal sector in Palu Municipality; and (4) identifying a model as the basis of developing the livelihood capacity of workers in informal sector in Palu Municipality.

The study used a quantitative approach with a survey method. Observation was carried out on 325 actors in informal sectors that were clustered into five, i.e. agriculture, services, small industry, trade and foods stall. The data collected were analyzed in accordance with the aims of the study by some analysis techniques, i.e. a descriptive analysis in forms of percentage, frequency table, cross-tabulation and pentagon radar chart and quantitative analyses, i.e. Analysis of Variance (Anova) and a multiple linear regression.

Based on the results of the study, it can be concluded that the majority of actors in informal sector in Palu Municipality have worked in trade sector and been from Javanese ethnic. The livelihood capacity of workers in informal sectors was not evenly distributed, where peoples in Kailu tribe as the indigenous people in Palu Municipality were considered as lower than other tribes. Such livelihood capacity of workers in informal sector was affected by socio-demographic and non-demographic characteristics. However, there was no effect of all the socio-demographic characteristics, including gender, age, education, family members, and duration of work on the livelihood capacity of workers in informal sector. Meanwhile, the non-demographic characteristics, such as resource mobilization, cultural capacity, social capacity and information literacy, affected the capacity of workers in informal sector. In view of income, success among workers in informal sector could be categorized as high enough. The model developed was the training and the establishment of 'Smart Park' for low-income workers. The actors in informal sector were categorized into still-small workers and sufficiently developing ones. There were various trainings in the Smart Park program, such as business management training, product marketing training, cake making training, snack making training, foods cooking training, laundry service training, mechanic work training, beauty salon training, rental service training, and so on to make the workers professional in their respective informal sectors.

Keywords: Socio-demographic and non-demographic factors, livelihood capacity, informal sector

INTRODUCTION

Background

Palu Municipality is a service and trade based city, because most people live from service and trade sectors and only approximately 20% of the people live from agricultural sector. This shows that informal sector or micro scale enterprise rapidly developed. Approximately 60% of the people work in informal sector with a variety of products and services from the micro and small enterprises throughout Palu Municipality (BPS Palu Municipality, 2010). The products and services they offered include: cloths, snacks and beverages, souvenirs in various forms, photograph frame, various processed foods, see weed farmers and their processed products. However, they are only workers, but not the owners of enterprises in the informal sector. The owners of the enterprises were the people with a big financial capital and good human resources for making cakes, snacks, and traditional foods. This condition caused them still difficult to escape the trap of poverty. Although the micro and small enterprises were ever given facilitation by the Sub-department of Social Affairs of Palu Municipality, they cannot directly be independent in opening their own enterprises. Various enterprises were ever given by local government, for example, such as training and capital aids in order that they can be economically independent.

There are several factors influencing the development of capacity in the informal sector. One of the factors is ethnic group where a certain ethnic group tends to have greater capacity than other ethnic ones. Other factor influencing the success of the people, particularly the actors in informal sector, is the trap of mental attitude retarding economic progress. Socio-demographic and non-demographic factors can also establish social capital that weaken or reduce the productivity of informal sector such as members of family.

The results of the study indicate that the local government has not been optimal in handling the management of informal sector in Palu Municipality. This is related to the inability of strengthening informal sector in Palu Municipality as shown by that of improving community welfare, particularly workers in informal sector. Few actors in informal sector have developed, but they have largely ceased to exist or be bankrupt. Informal sector as a dominant economic actor should be able to be strengthened for the improvement of community welfare. To perform such empowerment in informal sector, it cannot be done instantaneously but must continuously, so that the actors assisted can be economically independent in running their own enterprises. Before the empowerment can be performed, it is necessary to conduct a study concerning the capacity of actors in informal sector in Palu Municipality.

Research Problem

The study was conducted based on the real issues of actor capacity in informal sector in Palu Municipality as formulated as follows:

1. How is the livelihood capacity of informal sector based on socio-demographic characteristics in Palu Municipality?
2. What are the factors influencing the the livelihood capacity of workers in informal sector in Palu Municipality?
3. How is the level of success among workers in informal sector based on socio-demographic characteristics in Palu Municipality?

4. How is the development model that can be made as the basis of developing the capacity of workers in informal sector in Palu Municipality?

Research Objectives

The objectives of the study are as follows:

1. To find out the livelihood capacity of workers in informal sector based on the socio-demographic characteristics in Palu Municipality.
2. To analyze the factors influencing the livelihood capacity of workers in informal sector.
3. To examine the level of success among workers in informal sector in Palu Municipality.
4. To find a capacity development model in informal sector in Palu Municipality.

Benefits of the Study

The benefits of the study consist of theoretical and practical benefits as follows:

1. Theoretically, it is expected that the results of the study can be made as a reference or input, add literature, particularly related to the description of the capacity and role of informal sector and regional development for other regions, particularly in effective management/empowerment of workers informal sector in Palu Municipality.
2. Practically, the results of the study can provide recommendation to local government and local community in the development planning and be the consideration for the local government in implementing the programs the local community expected and in accordance with the existing potentials, particularly in the effective management of informal sector for subsystem for for the improvement of community welfare.

Literature Review and Theoretical Framework

Informal sector

Informal sector in developing countries is basically a manifestation of the protection mechanism for workers that have made the efforts to gain access to income, and, therefore, security, by integrating themselves with the mainstream of economy through any ways. Also, this is partly a reflection of the government's failure to assure the availability of formal jobs, jobs with sufficient wages, and social protection (Canagarajah and Sethuraman, 2001). Condition in Indonesia has still been difficult enough because to date the government still cannot provide a sufficient number of formal jobs as well as social protection for all the people.

Hidayat (1978) explained that the main characteristics of informal sector are as follows:

- a. The field of enterprises are not organized well, because its establishment is not based on institutional facilities in formal sector.
- b. Generally, the enterprise unit does not have enterprise license.
- c. Enterprise activity pattern is not regulated well in view of location and working hours.
- d. Generally government policy to aid the low-income group does not touch the sector.
- e. The enterprise unit is easily in and out from one subsector to other one.

- f. Technology used is primitive.
- g. Capital and cycle of enterprise is relatively small, so that the operation scale is also relatively small.
- h. Education required to run the enterprise did not need formal education, because education required is obtained from the experience while working.
- i. Generally the enterprise unit is included into “one man enterprise” and if involving labors, they are from the family.
- j. The source of capital is generally from self-saving or from unofficial financial institution.
- k. The results of production or service are particularly consumed by the low-income urban/rural community groups and occasionally among the middle-income ones.

The characteristics show the limitations of informal sector compared with other sectors. They are difficult to develop with small scale enterprises and small capital. It is exacerbated by no financial aid from government. This is because the government do not consider them as the potentials to drive national economy and is difficult to develop due to various administrative problems.

The fast development of informal sector made government being actively involved to strengthen informal sector. It must be recognized that informal sector can be alternative to create job opportunity for many work forces. This is proved in the developing countries where 30-70% of population work in informal sector. The formation of informal sector is resulted from or sourced from the unexpected economic distortion (Friedrich & Dominik, 2000). The bigger informal sector is associated with the limited minimum wage and larger economic distortion. The informal sector is not merely small and not prospective, but also it is an effort to escape tax.

The actors in informal sector are generally female and children, with low education, servant working in rich family, farming labors in agricultural society (ILO: 1975), irregular time allocation, and unclear legal status of activities (Hart, 1973). Mazumdar (1976) explained that the actors in informal sector have the characteristic: i) very young or very old, (ii) female, (iii) limited in education. In agricultural sector in many countries, the increased amount of women have move toward non-agricultural sector for higher wage jobs, which are mostly in urban area (Sethuraman, 1998). They have a low level of education up to junior high school with various fields of enterprise and skill background (Pitoyo, 2007).

A study conducted by Azuma and Grossman (2002:12) show that in the developing countries the unavailability of jobs in a sufficient number in formal sector made the people choosing to work in informal sector. In the poor countries that generally have a large proportion of informal sector, the distribution of taxes is usually uneven and the quality of public service is usually less.

The importance of informal sector for the country such as Ghana have documented well (Hart, 1973; Livingstone, 1991; Britwum, 2002). The study was able to conform that approximately eight to nine of ten workers in African Sub-Sahara found themselves in informal sector. Kester (1996) widely defined the informal sector as a sector where the people have or seek jobs.

Informal sector is a unit of enterprises that do not gain or do few the protection by government. This is based on the assumption that the presence of informal sector cannot be separated from the swift flow of urbanization from village to urban areas. Workers with low quality in village and cannot be carried in formal sector in urban areas caused the swelling of work forces in the areas. Informal sector is not only a phenomenon of urban areas. Home industry-based enterprises in villages can also be included into the category of informal sector (Tara, 2001).

Generally informal sector run their respective individual enterprises or work for themselves, independent without sufficient social capital. This make the informal enterprises being defeated by big-scale corporate business with better networks. The division of tasks occurred at a household level to gain livelihood, both in rural agricultural sector and urban informal sector, and manufacturing enterprises in informal sector tend to form an agglomeration (Livingstone, 1991). The concept of agglomeration will make them stronger and minimize competition among the members.

Informal sector is usually related to household industry-based enterprise groups. This is because of similarity in characteristics between informal sector and household industry. According to Tambunan (1998), the characteristics of household industry are as follows:

- a. A part of the workers are the members of owners' family.
- b. Production process is still carried out manually and daily activities are at home.
- c. Production activities are seasonal in nature;
- d. The resultant types of product are generally simple consumer goods.

With small and household scale, informal sector is often called as people economy, i.e. an economy by people at small scale (Abimanyu, 2000). Thus, there is similarity of informal sector, people economy and household industry.

Livelihood Asset

Livelihood can be defined as a capacity, assets and activities required for living a life (Baiquni, 2007). Asset is the value of something owned by individual or institution. To have a good livelihood, an individual is necessary to have a kind of livelihood capital such as capacity, asset or activity. According to Scoones (in Baiquni, 2007), there are five livelihood capitals, i.e.: human capital, natural capital, financial capital, physical capital and social capital.

Human Capital

Human capital is something given or must be sought for living a life. Somethings given consists of those given without effort such as age, while those must be sought include education and knowledge. The dimension that must be sought is more important to make someone having quality capital (Trisnaningsih, 2013: 55). Resources included into human capital are labors, skills, knowledge, capacity, and health (Saleh, 2011).

Social Capital

Social capital is a capital formed because there are networks among actors. This capital is collective in nature and within a group but it can be

utilized by an individual or group (Trisnaningsih, 2013: 55). Social capital means an interaction network that can be dependable to run enterprise with cooperation.

Natural Capital

Livelihood capital capacity is something available in nature to be utilized. The types of natural capital resources include biodiversity, fishes in seas or lands, water, mine products, soil and so forth (Saleh, 2011).

Physical Capital

Physical capital is a capital of facilities that can be used by household. The types of physical capital resource include infrastructure (transportation, residence, energy, access to information, as well as production facilities and equipment) (Saleh, 2011). Problems related to the infrastructure are different from one region to another region. This is also related to the political commitment of budget from the local government. The higher the commitment to build the infrastructure, the better the infrastructure built by a local government.

Financial Capital

Financial capital is a capital such as currency or obligation that can be exchanged immediately with money. The types of financial capital resource are from two main sources: reserves, stock, saving, investment and regular cashflow (Saleh, 2011).

For a life to be feasible, an individual should have such capitals. In general, an individual/institution has the five capitals, but the level of ownership is relative from one to another. Some people are strong in social capital, but weak in physical capital or natural capital and so on.

Role of Government

Government can play various roles that can stimulate the sustainability of activity among the actors in informal sector.

Credit Provision

To provide credit for the actors in informal sector is one of the measures to handle informal sector (ILO; UN, 2006). Credit is the fastest way to add capital for informal sector, so that they can increase the size of enterprise scale. Credit is given if enterprises they run are feasible to be financed or have great potentials to develop.

Education and Training

The role of government in informal sector can be such as the provision of education and skills or to develop resources and technology (Sumodiningrat, 2001; ILO-UN, 2006; Pitoyo, 2007). Blauww (2005) confirms the importance of education and skills training for the actors in informal sector. To date, government still prioritize its attention to formal sector, particularly in providing education and skill training.

Empowerment

Government, non-governmental organization or other social groups can have a part in empowering those in informal sector, provide opportunity to lead

and organize, as well as give training and assistance (Faturochman dkk, 2007; Mustafa, 2008). Empowerment accompanied by coaching can make the actors stronger against constraints or threats. Therefore, the measure to take is to make an acceleration in empowerment of informal sector in a continuous manner.

The Increase of Access to Infrastructure

Informal sector can be increased by increasing access to infrastructure (UN, 2006). To date informal sector is difficult to access economic infrastructure such as banking for financial capital, communication and electricity facilities, road or access to transportation for higher mobility or making production. The increasing infrastructure will increase economic growth. The increase economic growth will raise opportunities to be utilized by the actors in informal sector.

Social Protection

Besides providing capital and training, government also provide social protection (UN, 2006). Social protection provided by government can be adequate social security networks and old-age security (Canagarajah & Sethuraman, 2001). The sector often rise or fall, so they must be given social and old-age assurance.

Business Assistance

To enhance the competitiveness of informal sector can be done through business and female assistance (UN, 2006; Fridell, 2008). Assistance for the actors in informal sector is an short-run measure for the improvement of enterprise competitiveness. Female assistance is also important considering that a part of the actors in informal sector is female. Before giving assistance, it is necessary to identify and improve the factors in informal sector evolution, including environment (Sethuraman, 1981).

Method

The study used a quantitative approach with a survey method. It was conducted in Palu Municipality because it has typical characteristics as a coastal city with economic activities based on trade and service sectors, not agricultural sector, clearly underlying the development of informal sector. Focus of the study was informal sector with analysis unit of household among the actors in informal sector.

The sources of data were primary such as survey and secondary such as the relevant institutions, i.e., the subdepartments of social affairs, cooperative, and small enterprises. The data explored were about socio-demographic and non-demographic characteristics, livelihood capital capacity, and the factors affecting the social, cultural and information literacy capacity of respondents. The primary data were collected through observation, interview, and questionnaire, while the secondary data were collected by a documentation technique.

Population of the study consisted of 2,100 workers in informal sector in Palu Municipality. By the Kracie and Morgan formula, the sample of the study consisted of 304 workers in informal sector, but the number of the sample was rounded to be 325 ones. The sample of 325 workers in informal sector was

divided into five sectors: agricultural (39 of 250), services (54 of 350), small industry (46 of 300), trade and foods stall (170 of 1100), and so on (15 of 100). The determination of population and sample number for each of the sectors was based on the proportion of total population and sample.

The variables measured in the study were: human capital, natural capital, social capital, physical capital, and financial capital; resource mobility, the role of government in regulation and empowerment, empowered communities, success level of enterprises, socio-demographic characteristics, and social, cultural, and information literacy capacity.

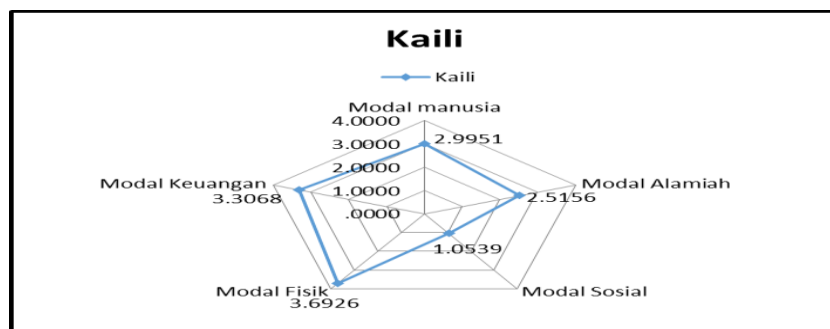
The first objective of the study was analyzed by comparing the capacity of workers in informal sector in Palu Municipality based on socio-demographic characteristics using frequency, percentage, mean, and growth. The Analysis of Variance (Anova) was carried out to find out difference in livelihood capital capacity based on socio-demographic characteristics such as tribe, age, education, family members, and duration of enterprises. The second objective of the study is analyzed by a multiple linear regression technique to examine the factors affecting the capacity of actors in informal sector, including socio-demographic and non-demographic factors. The socio-demographic factor were such as age, gender, education, duration of enterprises and family members, and the non-demographic factors include resource mobilization and social, cultural and information literacy capacity. The third objective of the study is also analyzed by a multiple linear regression technique to examine the effect of the success of enterprises in view of income on the livelihood capital capacity.

RESULTS AND DISCUSSION

The Livelihood Capacity of Workers in Informal Sector in Palu Municipality Based on Socio-Demographic Characteristics

The livelihood capital capacities owned by each ethnic group were relatively different. This means that the capacities among the actors in informal sector were different, thus requiring different attention in overcoming the problems faced by the workers in informal sector.

The livelihood capital capacity can be seen based on the age of actors in informal sector, i.e. the needs for human capital, natural capital and social capital among those in informal sector can be seen based on the categorization of age of actors in informal sector with different strata. Similarly, based on gender, female actors gained more capital aids from various sources than male ones.



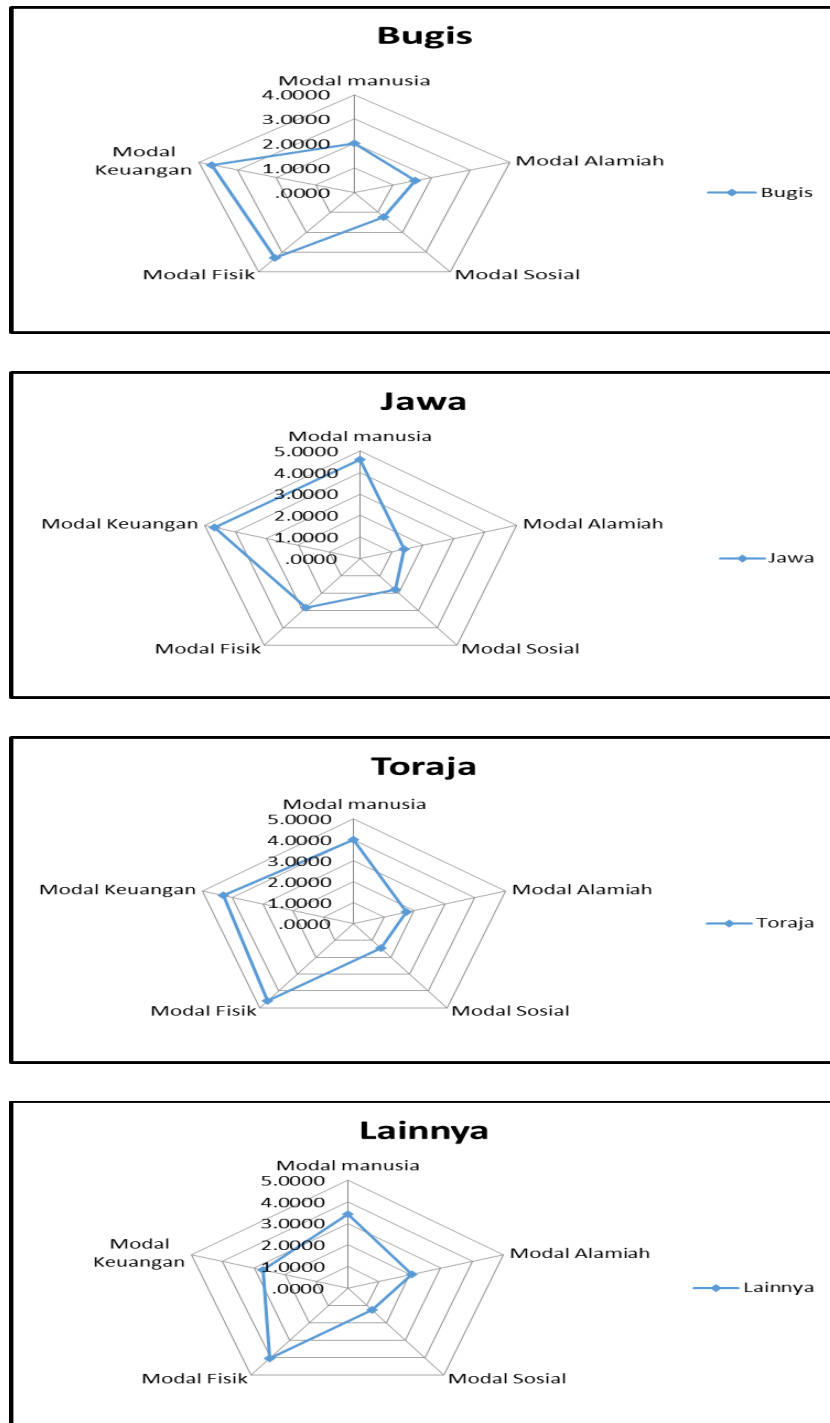


Figure 1 Radar Chart of Livelihood Capital Capacity

The figure shows that the livelihood capital capacity was seen from five capitals, i.e. human capital, natural capital, social capital, physical capital and financial capital. The human capital capacity of actors in informal sector is included into a moderate category, where the capacity and knowledge owned was relatively standard in relation to the enterprises in informal sector. The natural capital capacity largely tended to be in a high category, so that the natural capital can be utilized as good as possible. The social capital capacity for the actors in informal sector was assessed as still low, meaning that work networks or work cooperation was assessed as still low. The physical capital capacity was assessed as moderate, meaning that the existing infrastructure

among the actors in informal sector have begun to be better, particularly for those in Javanese ethnic group where the physical capital capacity was higher than that of other ethnic groups; so was in financial capital capacity.

Furthermore, if viewed from the socio-demographic characteristics of actors in informal sector such as gender, age, members of family, education level, and duration of enterprises, there were difference in livelihood capital capacity. However, those with the high level of education, the duration of enterprises, and the number of family members did not necessarily have better livelihood capital capacity. Some actors in informal sector with short experience of enterprise produced better livelihood capital capacity, so did education level. Entirely it can be concluded that so far the livelihood capital capacity of actors in informal sector has still assessed to be uneven where Kaily ethnic group as the indigenous ethnic one in Palu Municipality was assessed to be still lower than other ethnic groups.

The livelihood capital capacity can be seen based on education level and indicate that human capital, natural capital, social capital, physical capital, and financial capital were not different among the ethnic groups. The high or low levels of education had a relatively similar level of assets from livelihood sources. Similarly, if viewed from the members of family, the importance of needs for natural capital, social capital, and physical capital was different, but the needs for human capital and financial capital were relatively the same. This condition was the same if viewed based on the experience of enterprise, where the needs for natural capital, social capital, and financial capital among the actors in informal sector were different. However, the experience of enterprise among the workers in informal sector did not show the same condition for the needs for human capital and physical capital.

In view of the types of enterprise sector, the livelihood capital capacities were relatively different from one to another. The majority of actors in informal selected as the sample in the study was originated from trade sector. The results of the percentage of sample number show that those from Kaili ethnic were largely involved in the entire informal sector (trade, service, small industry, agriculture and so on). Javanese and Bugis ethnic groups have largely running their enterprises in trade and service sectors. Meanwhile, Toraja ethnic group and the ethnic groups other than the big four ethnic groups were also largely involved in the entire informal sector but in a small percentage.

The Factors Influencing the Livelihood Capital Capacity of Workers in Informal Sector

The factors influencing the livelihood capital capacity of workers in informal sector included socio-demographic and non-demographic factors. The socio-demographic factors include age, members of family, gender, education, and duration of enterprise, while the non-demographic factor included socio-economic factors such as resource mobilization, social capacity, cultural capacity, and information literacy. Entirely, it can be known that livelihood capital capacity viewed from human capital, social capital, physical capital, natural capital, and financial capital were not affected by the socio-demographic factors, but as the control of the improvement of livelihood capital capacity among the actors in informal sector. Therefore, the socio-demographic factors were not determinants of the decreased or increased

livelihood capital capacity of community, but only as an identity and distinguishing aspect from each of the capital capacities gained.

Entirely, resource mobilization, cultural capacity, social capacity, and information literacy affected the human capital capacity. Moreover, cultural capacity, social capacity and information literacy had the effect on the natural capital capacity, while the factors influencing the social capital were resource mobilization, social capacity, and information literacy. The factors influencing the physical capital capacity were resource mobilization, cultural capacity, and social capacity. Finally, the financial capital capacity was affected by resource mobilization, social capacity, and information literacy.

It is different if the livelihood capital capacity was viewed from the non-demographic factors, where the livelihood capital capacity was greatly affected by non-demographic factors, i.e. socio-economic factors. The balance and continuity of socio-economic factors for the improvement of livelihood capacity was closely related, even they were complementary with each other. Therefore, the actors in informal sector should be thorough in utilizing all the existing resources around it, i.e. human, natural, physical, social, and financial capitals.

Enterprise's Level of Success

The enterprise's level of success of workers in informal sector can be seen based on the income gained by them. Result of the calculation of average profits gained by the actors in informal sector as sample of the study was IDR2,944,304/ month. Their monthly total income was sufficiently large, i.e. IDR3,032,778/ month. The total income is a net income from the results of enterprises in informal sector (main income) plus the incomes from side jobs. The profit was calculated from the total income subtracted by the expense. With such proportion of income, actually informal sector is a relatively prospective sector to be use by community as alternative for job/income. It can also support the economy of family because the enterprises in the sector can be run by mothers while doing household jobs.

The income gained by the actors in informal sector affected the livelihood capital capacity. The results of analysis show that the factors in information sector affecting the income were human capital, physical capital, and financial capital. Meanwhile, natural capital and social capital did not affect the income. With the proportion of income, actually informal sector is a relatively prospective sector to be utilized by community as alternative to gain jobs/income. The sector supports the economy of family because the enterprises in the sector were dominantly run by mothers, while doing household jobs. For workers in informal sector with the increasingly large enterprises and can be improved into formal sector, government can facilitate them through assistance, license, and periodical evaluation, so that they can shift themselves from informal sector into formal sector.

The Formation of Capital

One of the efforts to build the dependable workers in informal sector is to provide routine training on the management of enterprises in informal sector. The results of analysis show that the younger the age, the better the information literacy among the actors in informal sector. This was because at 40 years old, they have entered into the information era. The people born in

1980 or after were actually faced with the development of booming mass media and information in Indonesia, so that their literacy increased. Therefore, for the people with low information literacy, it is necessary to hold trainings on information utilization for the development of enterprises. The training can be held simultaneously with the technical training of enterprises. The effort will be more effective than merely to give financial capital, because by the existing financial capital, they were not necessarily be able to manage the enterprises well.

Other effort was to give facilitation for the actors in informal sector for the improvement into formal sector. The government can perform a variety of tasks to promote the actors in informal sector toward formal sector. The first step is to give facilitation for license, soft credit, infrastructure, protection, enterprise association and so on from cooperation networks to the establishment of consortium.

It is necessary to provide a representative practicing facility for workers in informal sector. The learning facility can be a smart park with multi-life skills. Each member or the prospective entrepreneur can learn for certain skills in order that they can be economically independent to open their respective work. Such independence will be able to assure that the workers in informal sector were not be the burden for the State's budget, but even they can be alternatives to provide new innovative job opportunities for communities in Palu Municipality.

The life skill smart park is a place for training the association of workers with multi life skills that can be learnt by community. In the smart park program, there were various courses, including: training on the management of enterprises such as to make cake, snacks, traditional foods, laundry service, mechanic service, beauty salon, rental types and so on. The program is complemented by practices/ apprenticeship, so that they can be really skilful, innovative, and professional.

CONCLUSION AND RECOMMENDATIONS

Conclusion

- a. The human capital capacity of actors in informal sector is included into a moderate category, where the capacity and knowledge owned was relatively standard in relation to the enterprises in informal sector. The natural capital capacity largely tended to be in a high category, so that the natural capital can be utilized as good as possible. The social capital capacity for the actors in informal sector was assessed as still low, meaning that work networks or work cooperation was assessed as still low. The physical capital capacity was assessed as moderate, meaning that the existing infrastructure among the actors in informal sector have begun to be better, particularly for those in Javanese ethnic group where the physical capital capacity was higher than that of other ethnic groups; so was in financial capital capacity. The majority of actors in informal sector in Palu Municipality have worked in trade sector and been from Javanese ethnic.
- b. The livelihood capacity of workers in informal sectors was not evenly distributed, where peoples in Kailu tribe as the indigenous people in Palu Municipality were considered as lower than other tribes. Such livelihood capacity of workers in informal sector was affected by socio-

demographic and non-demographic characteristics. However, there was no effect of all the socio-demographic characteristics, including gender, age, education, family member and duration of work on the livelihood capacity of workers in informal sector. Meanwhile, the non-demographic characteristics, such as resource mobilization, cultural capacity, social capacity and information literacy, affected the capacity of workers in informal sector.

- c. The level of success in view of income level among the actors in informal sector could be categorized as relatively high. Their net income was higher than the Regional Minimum Wage in Palu Municipality. Most of them have run enterprises more than 20 years. This shows that the enterprises they have run were promising enough and have relatively good prospects for sustainability in the future.
- d. A capacity development model that can be made as preference in informal sector was training model, both technical and non-technical, provided to the actors in informal sector. Technical training is about the ways to make the products from the enterprises to be run, while non-technical training is about the ways to manage the enterprises and product marketing until the building of work ethos/culture. The model developed was the training and the establishment of smart park for low income workers. There are various trainings in the smart park program such as business management training, product marketing training, cake making training, snack making training, foods cooking training, laundry service training, mechanic work training, beauty salon training, rental service training and so on to make the workers professional in their respective informal sectors. Such training place will be proposed to the local government with cooperation with the relevant parties to change the actors in informal sector toward formal sectors.

Recommendation

From the results of analysis, recommendations can be proposed as follows.

- a. The financial capital aids distributed by the Municipal Government of Palu to the actors in informal sector was relatively good enough. However, it is necessary to support them with the technical training in order that they can run their enterprises well and professional in their respective sector. In addition, the distribution of fund was indicated to be trapped in nepotism, thus the implementation in the field must be supervised more.
- b. The smart part for those with low income should be established as a place of life skill training for the actors in informal sector that want to improve their capacity. The program must be able to be financed by itself so that it can continuously exist despite no fund aid from government.
- c. It is necessary to give assistance and make evaluation periodically to the workers given the distributed fund aids in informal sector in order that the program can be continuous and develop for the improvement of community as determined previously.

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