

# Strategy Increases Informal Trader Investment Discovered Traditional Market in Medan City

Ahmad Kholil and Hubbul Wathan

*Politeknik Negeri Medan, Universitas Sumatera Utara, Kampus USU, Jl. Almamater No. 1, Kota Medan, Sumatera Utara  
20155 Indonesia  
ahmadkholil@polmed.ac.id, hbwathan@polmed.ac.id*

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**Abstract:** From the results of in-depth interviews with the seven related parties, it is concluded that the factors that influence the informal income of Traders around the Traditional Market in Medan City. Different from other reports and the informal sector or more often known by informal traders is increasing in number. The presence of informal traders that continue to grow and increase also occurred in the city of Medan. Informal traders in Medan City are mostly around traditional markets. This study aims to formulate a strategy in optimizing the income of informal traders around the traditional market in Medan City. This research is expected to provide benefits in optimizing revenue for informal traders and PD Pasar Medan city. The informal sector as a term is usually used for a number of small-scale economic activities. The informal sector is considered as a manifestation of the situation of employment growth in developing countries, so those entering these small-scale activities in the city, primarily aim to seek employment and income rather than profit. Since those involved in the sector generally come from low-income, low-educated, unskilled and predominantly immigrant dominions, it is clear that they are not capitalists seeking profitable business and are not businessman as they are known in general.

## 1 INTRODUCTION

The informal sector or more often known by informal traders is increasing in number. The presence of informal traders that continue to grow and increase also occurred in the city of Medan. Informal traders in Medan City are mostly around traditional markets.

North Sumatra as one of the most developed provinces outside Java. As an area that is one of the destinations of migrants from various regions, the informal sector dominates the main job status in the trade sector. In Table 1. It can be seen that 63.83% or about 3.87 million people work in the informal sector, while for the formal sector only about 36.28% or 2.19 million.

The informal sector as a term is usually used for a number of small-scale economic activities (Alma, 2001). The informal sector is considered as a manifestation of the situation of employment growth in developing countries, so those entering these small-scale activities in the city, primarily aim to seek employment and income rather than profit. Since those involved in the sector generally come from low-income, low-educated, unskilled and predominantly

immigrant dominions, it is clear that they are not capitalists seeking profitable business and are not businessman as they are known in general.

The presence of informal traders that continue to grow and increase as well as in the city of Medan, most informal traders depend their lives on the existence of traditional markets. However, the current development of traditional markets is very insignificant and even declining because of the difficulty of structuring and managing the places that cannot attract merchants to sell goods on the available spots in traditional markets.

One of the problems in the development of traditional markets in Medan is the difficulty of arranging informal traders who prefer to sell in the street stands that causes inconvenience of buyers and traffic of vehicles that are hampered by trading activities. Informal Traders who basically have limitations in venture capital, expertise and knowledge of the existing rules become a problem that has to be taken care of. Some alternative that can be done is expected to overcome the existing problems.

The Medan City Government has been trying to accommodate informal traders' demand by providing areas for local markets, but informal traders are not willing to sell their goods in the provided place because the places are seen as not being strategic.

The SWOT Matrix is an important matching tool to help decision makers develop 4 (four) types of strategies. The four types of strategies are SO Strategy, WO Strategy, ST Strategy, and Strategy ST. In this matrix, using key success factors for internal and external environments is a difficult part so good judgment is required. The usefulness of the SWOT matrix is to formulate a feasible alternative strategy to implement, not to choose or determine which strategy works best. So not all strategies are developed in the SWOT. Table 1 shows the informal merchant SWOT matrix PD Pasar Kota Medan as a manager of traditional markets experienced problems with store occupancy rate, kiosks and stall selling under 80%.

## 2 LITERATURE REVIEW

### 2.1 Understanding the Informal Sector

The paper size must be set to A4 (210x297 mm). The informal sector is generally defined as a sector comprised of small business units that produce, distribute goods and services with the ultimate goal of creating employment and income for themselves respectively as well as in their efforts is greatly limited by capital and skills factors (Sinungan, 1988).

Meanwhile, according to Hadionoto (1996) who stated that the choice of the informal sector is an answer to the low education and skills possessed by street children. The investment required for this sector is relatively low and does not require special skills or skills requirements.

### 2.2 Characteristics and Examples of the Informal Sector

The informal business sector has only a small and narrow scope of economic enterprises, since the informal business sector is carried out by people who may not be capitalized. In fact, the actors in the informal sector can only borrow merchandise from large entrepreneurs, then sell in their own way without a neat sales organization. The sellers of newspapers and magazines in big cities often borrow the merchandise they sell, after the merchandise is sold, and then they pay it off. The following describes the characteristics of the informal sector:

- Has no business permit.
- Capital is not too large, relatively small.
- The number of workers involved is not too much
- In running the business does not require formal education, special skills but only based on the will or experience. The technology used is very simple.
- Less understanding of how to manage finances.
- Business hours are not regular.
- The scope of his business is small.
- The type of business that is usually done in the form of: craftsmen, trade and simple services.
- Production results tend to lower middle segment.

The Characteristics of the Informal Sector is different from the formal sector, in summary in Table 1 it can be seen the difference between the two sectors.

Table 1: Formal and informal character sector.

No	Informal character sector	formal character sector
1	Easy to access	Difficult to access
2	depending on local resources	depending on external resources
3	family ownership system	company ownership system
4	operate in small cases	operates in large numbers
5	technology is adaptive	using imported technology
6	skills can be obtained from outside	requires skill from school
7	unorganised	protected

Source: Hadionoto, 1996.

Some examples of businesses in the informal sector are:

- Street Traders  
Street vendors we can meet on the street or in the village. Street vendors in peddling merchandise using carts, tables with tents as a place to take shelter.
- Wholesalers  
The traders are the ones who peddle goods by thrusting goods to prospective buyers. Goods offered are lightweight and portable goods such as mineral water, newspapers, cigarettes,

candies, tissues, and others. These traders we encounter at street intersections in urban markets, at bus stops, at terminals, on buses, on trains, and at stations.

- Grocers  
Merchants who sell their goods from door to door and from one place to another. They use motorcycles, cars, carts, and others to carry around. And they sell daily necessity.

### 3 RESEARCH METHOD

#### 3.1 Types of Research

The research was conducted in traditional market managed by PD Pasar Kota Medan. In each traditional market there are informal traders. The type of research in this study is action research, a study conducted to obtain practical findings or for the purposes of operational decision making. Because the purpose is for operational decision making in order to develop new skills or new approaches (Sinulingga, 2011).

Population is the whole subject of research that includes all elements that exist within the research area (Arikunto, 2006). The population in this study consists of the competent parties provide information about informal traders who sell around the traditional market managed PD Pasar Medan namely:

- The Director of Operational of PD Pasar Kota Medan
- Chairman of Traditional Traders Association of Medan City
- Vice Chairman of Traditional Traders Association of Medan City
- Chairman of Traditional Market Traders Cooperative Medan City.
- Chairman of Association of Street Traders (APKLI) Medan City
- Vice Chairman of APKLI Medan City
- Secretary of APKLI Medan City

#### 3.2 Data Collection Technique

Data were obtained from in-depth interviews with the seven specified parties. Interviews were conducted separately, then the researchers formulated the interview results coupled with supporting documents.

### 3.3 Data Analysis

Data and information obtained from seven parties related to informal traders and traditional market operations managed by PD Pasar Kota Medan, were collected and then analyzed by using environmental analysis that is an analysis of internal environment of company which produce strength and weakness and also external environment of company which generate opportunities and threats (Rangkuti, 2008).

SWOT is an acronym for Strengths, Internal Weakness, and Opportunities and Threats from the company's external environment. The SWOT analysis is based on the assumption that an effective strategy maximizes the strengths and opportunities and minimizes the weaknesses and threats of a company (Umar, 2004).

## 4 RESULTS AND DISCUSSION

From the results of in-depth interviews with the seven related parties, it is concluded that the factors that influence the informal income of Traders around the Traditional Market in Medan City, from the aspect of opportunities and threats include:

Table 2: External factors affecting income informal traders around traditional market in Medan city.

External Factors	
<i>(Opportunity)</i>	
1	Regulations of a provisional rule of government
2	Growing Informal Sector in North Sumatra
3	Increase your visit to the city of Medan for shopping in traditional markets
4	Flexibility of Informal Trade in the marketplace
5	Flexibility in the world of strategic trading
<i>(Threat)</i>	
1	The eviction and control can happen anytime
2	Lots of malls or plazas, self-catering, and minimarkets are continually being added.
3	Information technology makes it easy to find and choose between online media
4	Competition faced by fellow informal traders
5	Illegal charges and threats of bullying that reduce the income of informal traders

Source: Data Processing Results, 2018.

#### 4.1 Factors Included in Opportunities

The following describes the explanation of each external factor that affects the income of informal traders around the traditional market in Medan City.

#### **4.1.1 Traditional Government Regulations in Favor of Traditional Markets (O<sub>1</sub>)**

Development and fostering of informal traders in traditional markets is fully supported by the government, as evidenced by the government's role in Government Regulation No. 32 Year 1998 on Small Business Development and Development related to the role of government in developing and developing small-scale enterprises in the informal sector in order to play a role in realizing the economy national level that is getting better and balanced based on economic democracy in Indonesia. Further supported by Presidential Regulation no. 112 of 2007 on the arrangement and fostering of traditional markets, shopping centers and modern stores. This regulation regulates technically the division of business between traditional markets, shopping centers and modern stores. In some provisions of the article, the Presidential Regulation provides very clear on the location and terms of establishment, building area, hours of operation, provision of goods, licenses, and guidance and supervision for traditional markets, shopping centers and modern stores. This regulation is made with the objective of protecting and developing small business as well as efforts to develop small business in order to move forward and develop.

Related issues of public interest and national interest are basically the spirit of nationalism of policy makers. One of the tasks of the government is to seek the strengthening of the economy from within so that domestic business actors or informal traders can compete with outsiders. Strengthening the economy is by conducting guidance to informal traders (UMKM) to innovate in order to compete with foreign business actors.

It is said that informal traders because some of them are not clear the status of their business. Certainly influenced by various factors that actually harm not just one party. Government support has not been fully realized, especially in this class (Siregar and Hidayat, 2012).

#### **4.1.2 The High Growth of the Informal Sector in North Sumatra (O<sub>2</sub>)**

Based on data from the Central Statistics Agency of North Sumatra noted that according to the main employment status in February 2016, the population working on formal activities amounted to 2.19 million people or 36.18 percent. While working on informal activities amounted to 3.87 million people or 63.82 percent. From these data shows the high growth of Informal Traders in North Sumatra.

Improved economic conditions are an opportunity for informal traders to increase their income through a viable strategy. Business opportunities and high public interest spending are the drivers of the growth of the informal sector in Medan. The number of public spaces and traditional markets in Medan City make informal traders freely to sell. The high interest of consumers to shop in the informal sector keeps informal traders on hold and will continue to grow every year ([www.medantribunnews.com](http://www.medantribunnews.com)).

The high interest of shopping in the community to the area of Medan is a fresh breeze for a trader to continue to develop his business. In the future there are more and more traders, including the informal that comes up with the variety of products they offer. The way to have an optimal income is to improve the quality in running the business.

#### **4.1.3 Increased Consumer Visits Outside the City of Medan to Shop in Traditional Markets (O<sub>3</sub>)**

The city of Medan as the capital of North Sumatra Province becomes the attraction for the surrounding community to buy various types of products for resale. Traditional markets managed by PD Pasar Kota Medan some of them are Small and Medium Micro Enterprises in the form of big shops or wholesalers who act as suppliers to various stores or informal Traders both within and outside the city of Medan ([www.analisadaily.com](http://www.analisadaily.com)).

Enthusiastic people who come from outside the city of Medan on the scope of North Sumatra who are accustomed to direct shopping to Medan within a certain time with a variety of needs to be traded back in the place of origin or to meet personal consumption. Usually the type of community with this type has its own assessment criteria that regard Traders in the city of Medan both Formal and Informal have their own uniqueness that they do not find elsewhere. This has become a valuable value for traders because it has been able to create a good impression even for people outside the city of Medan.

The position of Medan as the capital of the province makes Medan a place of transit. Even in some big cases such as meetings, competitions, and performances the city of Medan has greater opportunity to be chosen than other cities. This can certainly be a valuable opportunity when Traders can work together to build a good image at all times to the buyer. Such as the management of convenient shopping places and the placement of traders in a structured way.

#### **4.1.4 Informal Trader's Flexibility in Following Market Demand (O<sub>4</sub>)**

The flexibility of informal traders in adjusting market demand with goods or products sold encourages an increase in the informal sector in Medan City. The price of goods and products are cheap because unencumbered traders with leasing of premises and business licenses, make consumers choose to buy goods through informal traders. The service to meet the consumer directly in selling the products and goods becomes a separate value owned by informal traders. Its flexible existence makes it easy for consumers to find informal traders in public places in Medan City.

The main characteristic of Informal Traders presence is unrestricted and always depends on the conditions that make the sector more responsive to adapt. But the impact on income that becomes erratic each time will make an adaptation.

#### **4.1.5 Flexibility in Finding a Strategic Place of Trade (O<sub>5</sub>)**

Place becomes one of the biggest factors for a trader to determine success. Informal Sectors that do not have fixed stalls will make it easier to move around in accordance with their own needs without any personal harm. Moving is a step toward finding new, unbound and new opportunities for new profits. If this continues to happen it will reduce the market atmosphere and confuse the already comfortable consumer.

### **4.2 Factors Included in the Threat**

In addition to the factors included in the opportunities, external factors included in the threat criteria are described below.

#### **4.2.1 Evictions and Controls that can Happen Anytime (T<sub>1</sub>)**

Evictions by local governments to informal traders are a very common threat. The existences of informal traders who sell not in place become the main reason for evictions. Evictions are always carried out in a way that is not feasible and continually cause unrest for both buyers and informal traders who are in the point of location. The importance of proper direction and planning is the best solution to discipline while protecting informal traders. We know that Informal Traders is a sector of MSME which with its empowerment will prosper regional income and trader itself. Evictions will cause traders to move

suddenly without preparation even in conditions that are not ready. Not only informal traders, buyers and others involved can also feel the impact of evictions. The government is experiencing a dilemma in this case, traditional markets managed by local governments are revitalized to provide comfort, but informal traders increasingly, thereby reducing the entirety.

#### **4.2.2 The Number of Malls or Plazas, Supermarkets, and Minimarkets Continues to Grow (T<sub>2</sub>)**

The growth of various shopping centers such as plazas and minimarkets poses a serious threat to informal traders as well as to traditional markets. The location is very strategic and close to the traditional markets to give impact to upper middle class to shop for basic needs no longer in traditional markets. So as to impact the declining income for informal traders who peddle merchandise in traditional markets. The comfortable market atmosphere is able to maintain the visitors is different from the traditional Market with a solid nuance.

Plus the existence of shopping system with only capitalize internet network plus direct delivery facility to the address of course greatly facilitate the life of urban special community today. This is certainly a serious threat due to the lifestyle of today's society that prioritizes comfort so as to put aside many other factors.

#### **4.2.3 Information Technology that Allows Consumers to Choose and Buy Goods through Online Media (T<sub>3</sub>)**

Informal Traders are accustomed to only maximizing product promotion when they have shown the product in place that they live at that time with consumers who are also in the same place. It is unfortunate that a merchant sells an attractive product but because the place is always on the move, the buyer becomes not fixed.

Various online shopping applications are growing in Indonesia. The easiness and convenience afforded to consumers is a significant advantage. Various features, visual products and variety of products offered make the customers interested in buying.

#### **4.2.4 Competition Faced by Informal Traders (T<sub>4</sub>)**

It is easy to be an informal trader, making the emergence of informal traders an enormous amount. This indirectly makes the competition among

informal traders increasingly tight. The absence of an institution or organization that accommodates informal traders leads to non-partnership and business sharing.

**4.2.5 There are Illegal Levies and Thuggery Threats that Reduce Informal Merchant Revenues (T<sub>5</sub>)**

The existence of informal traders is increasingly and cannot be controlled because of certain parties that protect. The existence of a dominant youth organization as a party given rights in parking management, it becomes an indirect threat to the existence of informal traders in the form of illegal levies and the threat of thuggery.

Resident traders also encourage their families to become informal traders. This is because as long as a formal trader who obeys the demand of market managers it is not a guarantee in business security. Issues such as overpriced rent, unhealthy places, inconvenient comforts and regulations encourage merchants to opt into Informal Traders.

Giving access to credit or loans to raise capital is also very difficult to access by informal traders in traditional markets. This is because due to complicated procedures and credit requirements, bureaucratic, and so on. Based on the research, the percentage of capital used as much as 86.8% is its own capital. In addition, relatively small capital becomes the main reason why informal traders cannot afford to open a shop or sell at a place that has been provided PD Pasar Kota Medan.

The following describes the factors influencing the non-optimal income of informal traders around the traditional market in Medan City from the internal environment side, which is shown in Table 3.

Table 3: Internal factors affecting informal traders' revenues around the traditional market in Medan City.

Internal Factors	
<i>(Strength)</i>	
1	Small Relative Capital
2	Item Prices Cheaper
3	It can be found by heart that it does not require special skills
4	Can be easier to make the job easier
5	Advantages can be instantly enjoyed
<i>(Weakness)</i>	
1	Limitations in terms of business development
2	Rental prices for expensive venues
3	Lack of ability in accessing materials or merchandise from suppliers
4	he ability to take advantage of a less than optimal smartphone
5	Informal traders lack protection and security.

**4.3 Factors Included in Strength**

**4.3.1 Relatively Small Capital (S<sub>1</sub>)**

To build Small and Medium Enterprises (MSMEs) through the informal sector does not require large capital. With the capital roughing informal traders can sell products and goods to consumers they meet. This small capital resulted in a short turnover of capital so that they would not be difficult to resume trading the next day. These advantages resulted in not a few people willing to pursue the profession of informal traders' background even though the income generated is also not large.

**4.3.2 Cheaper Goods Price (S<sub>2</sub>)**

With relatively small capital accompanied by a quantity of goods that do not make much informal traders can more freely move position from one place to another where this factor is one side advantageous because of reduced costs that should be charged by taxes and retribution in trading environment. The absence of additional costs, making the price of goods and products.

Offered by informal traders will be cheaper than the prices found in kiosks or other stores. When in fact the price of goods that are cheaper will have an impact on consumer interest, but the condition of laps that do not settle sometimes can divert the existence of consumers.

**4.3.3 Can Be Established by Anyone and Does Not Require Special Skills (S<sub>3</sub>)**

Being an informal trader does not need any special background so it is the right choice for anyone who wants to trade without big risk. This encourages the growth of informal traders every year. The informal sector is very important to note in order for rapid growth to be balanced with proper handling. Positive economic growth is expected by society that is not causing any problems either environmentally or socially in the future.

**4.3.4 Can Absorb Labor More Easily (S<sub>4</sub>)**

The large number of people in both big and small cities creates many labor force. Not all labor forces have a chance to work in the formal sector. Especially for people with a background of regular education, certainly prefer the direction of the informal sector that is more dynamic. The informal sector can absorb the workforce by providing space to keep working not in idle predicates. These entrepreneurs will work on

small business fields with limited capital and do not require any special managerial skills. Empowerment may be able to develop a business of an informal trader to enable a trader expand his business that absorbs other labor.

#### **4.3.5 Profits Can Be Directly Used (S<sub>5</sub>)**

With an effort that passes only a few cycles and does not require a special recording certainly will make it easier for people who cultivate this field to manage the money in and out of something that is needed. If not careful, the business can be a loss and vice versa. In these circumstances awareness of a more serious trade is needed. The goal is for the traders the still be able to sell every day without complaining about the limited capital that is often due to incorrect management.

### **4.4 Factors Included in Weaknesses**

#### **4.4.1 Limitations in Terms of Business Development (W<sub>1</sub>)**

Constraint many traders experienced in the informal sector mainly is limited capital, especially working capital. With the status of work that does not have official permission, making informal traders difficulties in getting additional capital and constrained in developing its business due to limited funds. Access to credit or loans to increase capital is very difficult to access by informal traders in traditional markets. Due to complicated, bureaucratic procedures, credit requirements, and so on. Based on the research, the percentage of capital used as much as 86.8% is his own capital. A relatively small capital is the main reason why informal traders can not afford to open a store or sell at a place that has been provided by PD Pasar. Yet by helping merchants to increase revenues will certainly affect the prosperity of the market and local revenue.

#### **4.4.2 Rental Price of Expensive Place to Sell (W<sub>2</sub>)**

Informal traders complain about the expensive cost of shop and kiosk rental. Meanwhile, sales turnover is not too high, in addition to competition among informal traders. Thus, price competition must occur to attract customers.

Informal traders initially only sell in narrow alleys. Along with the high cost of selling places, informal traders start selling along the buyer's traffic area. However, this move turned out to make the market more uncomfortable, and eventually the

buyers became reluctant to shop in traditional markets.

#### **4.4.3 Lack of Ability to Access Raw Materials or Merchandise from Suppliers (W<sub>3</sub>)**

The ability to access merchandise from suppliers is also a disadvantage of informal traders. This is certainly due to the low bargaining power of informal traders to suppliers, because they buy small amounts of data. Another problem is the procurement of raw materials (e.g., too far, expensive, and not always available), lack of expertise in certain types of production techniques (e.g. skilled or expensive designers / designers), and lack of management expertise. Next is a keen competition and low communicating ability, including their access to facilities that should be available but difficult to communicate. This is certainly comparable to that of fixed traders who are superior in access so as to know informal sector traders are lagging behind. This is certainly due to the low bargaining power of informal traders to suppliers, because they buy small amounts of data. Another problem is the procurement of raw materials (e.g., too far, expensive, and not always available), lack of expertise in certain types of production techniques (e.g. skilled or expensive designers / designers), and lack of management expertise. Next is a keen competition and low communicating ability, including their access to facilities that should be available but difficult to communicate. This is certainly comparable to that of fixed traders who are superior in access so as to know informal sector traders are lagging behind.

#### **4.4.4 Improper Marketing Communication Skills (W<sub>4</sub>)**

Competition in business is not only in terms of quality and price, but also in services after sales and product appearance. With various limitations, ranging from limited funds, skills, to difficulty to obtain good quality raw materials, making many informal traders and home industries in Indonesia difficult to improve the quality of their products in order to compete in the domestic and export markets. Especially when they have to deal with the lack of security guarantees and the difficulty of maintaining the place of business they run as informal traders. In addition, in promoting merchandise also does not utilize communication tools such as smartphones that now have become the basic necessities in communicating. Various applications that can be a means of promotion are not put to good use.

#### 4.4.5 Informal Traders Lack Protection and Security (W<sub>5</sub>)

The presence of Informal Traders is not really something that the Government expects. Due to its status as a temporary trader still known for its incompetence and difficulty in management, it affects the difficulties of informal traders getting help from the government. Therefore, the Government hopes that they will not only become informal traders but become permanent traders who are able to contribute to contribute later. Thus, there is a gap in the relationship between the market government and Informal Traders.

#### 4.5 SWOT Matrix Compilation

This matrix is used to identify strengths and weaknesses within the company's internal environment, while opportunities and threats in the company's external environment (Rangkuti, 2008). Analysis of the strengths and weaknesses that exist in the internal environment is primarily directed towards key success factors. So with this analysis it is hoped that there will be a way to develop and utilize strengths and support or reduce weaknesses in order to exploit opportunities and reduce threats (David, 2006).

#### 4.6 Strategy Application

From all proposed alternative strategies obtained from the analysis of IE Matrix, and SWOT Matrix, then grouped into 4 (four) strategic applications as shown in Table 6.of 4 (four) quadrants namely:

- 1) S-O Strategy
  - Establish Cooperatives for informal traders that make it easier for them to borrow Business Capital.
  - Develop a market concept as an economic corridor or a tourist market by improving hygiene and adding facilities or infrastructure for informal traders.
- 2) S-T Strategy
  - Establish cooperation with financial institutions in informal merchant financing.
  - Establish cooperation between merchants and suppliers with consideration of high liquidity from informal traders.
  - The leadership of the PD Market builds partnerships with private traditional market managers, to deal with illegal levies and thuggery, which is a facilitator for informal traders.

- 3) W-O Strategy
  - Provide assistance in the form of payment relief installment place official trade with process easy and fast.
  - Joining the merchant's cooperative to develop faster and legal business.
  - Placing CCTV in various strategic locations, as a form of supervision to informal traders who do not occupy predetermined areas.
- 4) W-T Strategy
  - Involving SOEs in the form of CSR programs to informal traders aimed at providing network-building skills with suppliers and capital assistance for business leases.
  - Enhanced the ability of informal traders by optimizing smartphone functionality
  - Informal merchant cooperatives build partnerships with private traditional market managers.
  - Pemko Medan encourages mall or plaza owners to provide special areas for informal traders on a certain day or time.

#### 4.7 Discussion

Informal traders and traditional markets should be taken seriously by the government. The government should consider the sustainability of traditional markets and informal traders by maintaining fair competition between traditional markets and modern markets. Among them is regulating the balance between the number and location of the modern market. The modern market must be placed somewhat away from traditional markets and the numbers are limited, not to the traditional markets surrounded by modern markets / mini markets. This restriction is to maintain the continuity of small traders who are in many traditional markets.

The existence of the informal sector in the national economic development system has shown its role significantly. In addition to toughness, ease of substitution and business flexibility, the informal sector also promises a pretty good economic outlook. It is proper that the sector is developed in harmony, serious and polite.

The most important form of urban informal sector to foster is the Informal Traders. Along with growth in other cities, the efforts of informal traders can also be dynamic and growing. It can be seen from Informal Traders activities that provide promising prospects if the government delivers special attention and makes some form of regulation in the context of coaching and development. The Informal Traders'

business flexibility is very likely to evolve over time. The government is expected to raise the presence of Informal Traders as partners as well as provide flexibility in the business. Legally, legal guarantees are also needed for the business they undertake to avoid being misused by many parties.

The difficulty of obtaining loans in business development often shows the stigma of the relationship between the Informal Traders and the relevant government. Business protection and capital that should be accessible, not least felt by small traders. This situation is often followed by repeated evictions which further encourage inconsistencies in various situations and parties. Background with a modest education shows the ability to communicate and manage their own capital that is sometimes not fully structured. Naturally the application of business rarely reveals innovation and follows the times as competitors do.

## 5 CONCLUSIONS AND SUGGESTION

### 5.1 Conclusions

From the results of the discussion, the factors that lead to informal sales revenues around traditional markets are not optimal because limitations in business improvement, the rental price of expensive places to sell on traditional markets, lack of ability to access raw materials and merchandise from suppliers, lack of ability to use communication technologies such as smartphones, lack of protection and security, confiscation by security, the number of malls or plazas, supermarkets, and minimarkets continues to grow also information technology that allows consumers to choose and buy goods and competition faced by informal merchants.

### 5.2 Suggestion

From the conclusion, it is advisable: PD Pasar Kota Medan and Koperasi Informal Traders conduct a partnership to provide a place to sell on the upper floors of traditional markets for informal traders with cheaper rental system, but with restrictions on duration of rent for example for 6 (six) months, and is not allowed to be extended by informal traders the same, allowing other informal traders to take turns using the area. PD Pasar Kota Medan performs detailed and complete data collection on informal traders in order to mapping the potential of each

informal trader that can be fostered through partnership with Informal Traders Cooperative. Cooperate between PD Pasar Medan and Dinas Pemuda and Sport and Gardening Agency to arrange informal traders not to sell in areas passed by motor vehicles. For example the parking area football stadium that can be used for informal traders selling from morning until noon with the system open-close stall, so that the area used back clean in the afternoon. Provide convenience in terms of capital to develop business so that more and more traders are not worried about competing with modern competitors so that businesses are able to grow and able to open jobs that can be felt others. Conducting management related to the laying of kiosks or stalls of traders according to the goods sold. After the placement is done, regulation should be made to do the mutual help of the market as well as the mapping of homogeneous selling locations in the form of lists listed in various corners of the market in order to facilitate the consumers find the required seller. Sanctions are also required against merchants who are unable to meet the rules and maintain cleanliness. And issued a regulation ban on street sales in addition to stalls. Pemko Medan and Dinas Kopeasi UMKM in cooperation with the Department of Parks as the manager of Football Stadium, so that the stadium parking area can be used for the place of selling. Informal traders are given a special place in the stadium parking area from morning until noon, because stadium activity usually does not exist at that time. If it is past the deadline traders are expected to leave the place selling, and clean the place of business to return clean and does not interfere with the interests of others.

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## APPENDIX

	<i>(Strengths) S</i>	<i>(Weaknesses) W</i>
	<ol style="list-style-type: none"> <li>1. Capital is relatively small</li> <li>2. The price of the Goods is cheaper</li> <li>3. Can be established by anyone and does not require any special skills</li> <li>4. Can absorb labor more easily</li> <li>5. Direct benefits enjoyed</li> </ol>	<ol style="list-style-type: none"> <li>1. Limitations in business development</li> <li>2. The rental price of the place is expensive</li> <li>3. Lack of ability to access raw materials and merchandise from suppliers</li> <li>4. Lack of ability to use communication technology such as smartphones</li> <li>5. Lack of protection and security..</li> </ol>
<i>(Opportunities) O</i>	Strategy S – O	Strategy W – O
<ol style="list-style-type: none"> <li>1. Government regulation in favor of traditional markets.</li> <li>2. The high growth of the Informal Sector in North Sumatra</li> <li>3. increasing of Population and increasing of consumer visit outside Medan City</li> <li>4. Informal Trader's flexibility in following market demand</li> <li>5. Flexibility in finding a strategic place of trade.</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish cooperatives for informal traders that make it easier for them to borrow capital business (S<sub>1</sub>.S<sub>2</sub>.O<sub>3</sub>.O<sub>4</sub>.O<sub>5</sub>)</li> <li>2. Developing the concept of a market as an economic corridor or a tourist market by improving cleanliness and adding facilities or infrastructure for informal traders (S<sub>4</sub>S<sub>5</sub>.O<sub>3</sub>.O<sub>4</sub>.O<sub>5</sub>)</li> </ol>	<ol style="list-style-type: none"> <li>1. Provide assistance in the form of payment relief mortgage official place with easy and fast process. (W<sub>2</sub>.O<sub>4</sub>)</li> <li>2. Joining a merchant's cooperative to develop faster and legal business (W<sub>5</sub>.O<sub>4</sub>.O<sub>5</sub>)</li> <li>3. Placing CCTV in various strategic locations, as a form of supervision to informal traders who do not occupy predetermined areas. . (W<sub>6</sub>.O<sub>4</sub>)</li> </ol>
<i>(Threats) T</i>	Strategy S – T	Strategy W – T
<ol style="list-style-type: none"> <li>1. Confiscation by Security</li> <li>2. The number of malls or plazas, supermarkets, and minimarkets that continue to grow.</li> <li>3. Information technology that allows consumers to choose and buy goods.</li> <li>4. Competition faced by informal merchants</li> <li>5. There are illegal levies and thuggish threats that reduce informal merchant revenues</li> </ol>	<ol style="list-style-type: none"> <li>1. Building cooperation with financial institutions in informal merchant financing (S<sub>2</sub>.T<sub>4</sub>)</li> <li>2. Establish cooperation between merchants and suppliers with consideration of high liquidity from informal traders. (S<sub>2</sub>.T<sub>6</sub>)</li> <li>3. The leadership of the PD Market builds partnerships with private traditional market managers, to deal with illegal levies and thuggery, which is a facilitator for informal traders (S<sub>3</sub>.T<sub>1</sub>.T<sub>6</sub>)</li> </ol>	<ol style="list-style-type: none"> <li>1. Involving BUMN in the form of CSR programs to informal traders aimed at providing network-building skills with suppliers and capital assistance for business leases (W<sub>2</sub>.T<sub>3</sub>.T<sub>4</sub>.T<sub>5</sub>)</li> <li>2. Improvement of informal merchant capabilities by optimizing smartphone functionality ( W<sub>5</sub>.T<sub>3</sub>)</li> <li>3. Informal merchant cooperatives establish partnerships with private traditional market managers ( W<sub>1</sub>.W<sub>6</sub>.T<sub>1</sub>.T<sub>5</sub>)</li> <li>4. Pemko Medan encourages mall or plaza owners to provide special areas for informal traders on a certain day or time. (W<sub>5</sub>.T<sub>2</sub>)</li> </ol>

Appendix 1: Matrix SWOT informal traders around the traditional market in Medan City.