

Accommodating the Street Hawkers into Modern Urban Management in Kuala Lumpur

Abstract:

It is encouraging to note that in recent years major cities in Southeast Asia have become more conscious of the presence of the informal sector which has become part of the underlying image of most Asian cities. The sheer size of the sector alone showed how important it is to the countries involved in this region with respect to issues such as unemployment and urban poverty. While the theory based on survival strategy remains to be widely prevalent in explaining the development of the sector, recent studies have started to associate the growing presence of the sector with the logic of productive decentralization (Portes, Castells and Benton, 1989). At present in Malaysia, hawking constitutes the bulk of informal sector activities in major urban areas. Hawkers are seen as effective and efficient agents in the distribution of goods and services through their linkage with the formal sector. They help to keep the cost of living in the city low by providing food and other consumer items at affordable prices and widen consumer choice. Hawking in another sense is part of the Malaysian culture to be promoted. The challenges however, remain in its management and control which involves considerations such as health, cleanliness, aesthetics and safety issues. This paper will trace the changing characteristics of the street hawkers in Kuala Lumpur since the 1970s. While the paper makes no unmistakable account of the roles and contributions of hawking activities to urban living there it also highlights the main issues relating to their sustainable existence. The paper will also evaluate the current strategies of managing the street hawkers in Kuala Lumpur which were mostly by relocation and upgrading exercises.

1.0 INTRODUCTION

South East Asia is one of the most dynamic zones of the global economy and is an area where the natural environment is being rapidly despoiled. In cognizant of developmental impact on the environment in this region, the second ASEAN Informal Summit held in Kuala Lumpur on 15 December 1997, adopted the ASEAN Vision 2020 which sets out a broad vision for ASEAN in the year 2020: an ASEAN as a concert of Southeast Asian Nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies. (www.aseansec.org/summit/6th/prg_hpoa.htm, 4th October 2002). The Hanoi Plan of Action (HPA) is the first in a series of plans of action building up to the realisation of the goals of the Vision. One of the initiatives in the action plan is to implement the ASEAN Work Programme on Informal Sector Development to provide opportunities for self-employment and entrepreneurship that is clearly stated under the Human Resource Development Section.

The informal sector is not a phenomenon found exclusively in transitional or developing economies like the ones in the South East Asian region. Its presence is also welcome in developed countries as well. In fact, informal sectors in many industrial countries increased during the economic recession and reorganisation of the 1970s and 1980s and continue to exist today – such as the notorious sweatshops that flourish in New York. It provides a unique lifestyle that enriches the urban experience and much sought after by tourists too (see Tanzi 1982 and Portes e al. 1989).

The sheer size of the informal sector alone showed how much important it is to the South East Asian countries. Between 1990 and 1993, it was estimated that the average size of the “shadow” economy as a percentage of GDP for Thailand was 70 percent, for the Philippines, Sri Lanka, Malaysia and South Korea ranged between 38 to 50 percent and for Hong Kong and Singapore, 13 percent (Schneider and Enste, 2000). Today, the rapid rate of urbanisation that characterises development of the Asian region continues to see the informal sector growing in clusters as well as in single units in densely populated locations and these are very visible and easily accessible to the public. In other words, the informal sector is part of the underlying image of most Asian cities; therefore, the task is one of ensuring that the image, cultural, social and economic and physical fabric of our cities will concur with the sustainability requirement. This to a large extent is because the informal sector has a positive role in sustaining the formal activities of the urban economy and society.

This paper attempts to outline the relevance of the informal sector especially the street hawkers by tracing their persistence in Kuala Lumpur since the 1970s. While the paper makes no unmistakable account of the roles and contributions of hawking activities to urban living there it also highlights the main issues relating to their sustainable existence. A case study of street hawkers in Pantai Dalam, Kuala Lumpur is also presented to illustrate the different perspectives of looking into the issue of hawking activities. Lastly the paper will point out to the roles that the local authorities in Malaysia play in managing the street hawkers in the attempt to ensure their sustainability. It is hoped that this paper will stimulate further discussion and research on the sustainable management of the informal sector in Asian cities generally and in Malaysian cities specifically.

2.0 THE URBAN INFORMAL SECTOR

The informal sector generally covers activities that circumvent the costs of complying with laws and regulations and thus are excluded from the benefits that stem from conformance

with laws and regulations. The conceptual origins of the informal sector can be traced back to the old dualism of the colonial period where two distinct economies and cultures were recognised (Smith, 2000, p. 125). But the difficulty associated with defining the term informal sector does not only arise because of the infamous distinction between formal and informal sectors but rather the heterogeneous activities that latter involves. Farrell, Roman and Fleming (2000) distinguish between definitional and behavioral approach to defining informal sector economy. The former classifies informal sector as an economic activity that is unrecorded in official statistics such as the GDP, GNP and other national income accounts. The latter is based on whether or not an activity complies with the established judicial, regulatory and institutional framework. It is interesting to note that this approach does not distinguish between activities that are “extra-regulatory” such as an unlicensed food kiosk and those that are “extra-legal” or criminal such as drug trafficking. Informal activities are further classified into four categories: the criminal, the irregular, household and informal sector (Thomas, 1997).

Participating in the informal sector is attractive because of its simplicity. Entry is relatively easy as little capital and skill requirements are needed. It is also flexible since it allows operation at any level without fixed limit for investments. Previous studies (see for example, Smart 1989, McGhee 1970 and Dasgupta 1992) found that the hawkers were mainly poor and marginalised people who are trying to eke a living with most of them trapped in this activity out of desperation to survive. While the theory based on survival strategy remains to be widely prevalent in explaining the persistence of the sector, recent studies have started to associate the growing presence of the sector with the logic of productive decentralization (Portes, Castells and Benton, 1989). In Singapore and Hong Kong (Grice 1989) for example, it has been shown that people ventured into hawking by their own choice in order to obtain higher income, gain personal autonomy and achieve greater social and economic mobility.

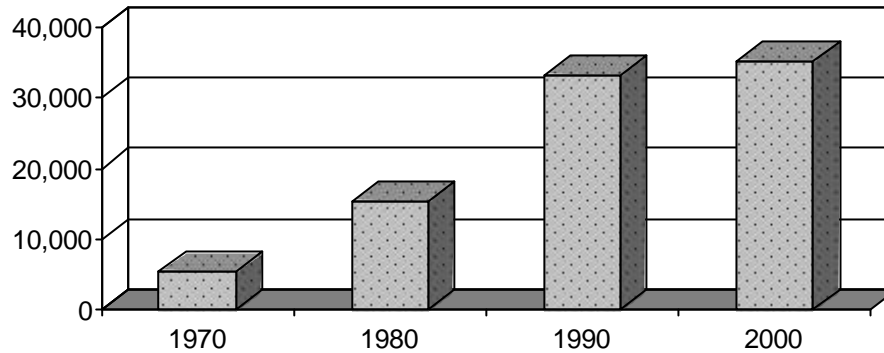
Notwithstanding the theories, it is interesting to note that in recent years major cities in South East Asia have become more conscious of the presence of the informal sector. In the case of Malaysia provisions are also made to incorporate the informal sector in the structure plans so that development in this sector could be implemented in accordance with planned proposal. The current Kuala Lumpur Structure Plan Review (2002) for example, has for the first time a dedicated section to the informal sector containing the objectives, policies and strategies in developing the sector.

3.0 THE STREET HAWKERS IN KUALA LUMPUR

At present in Malaysia, hawking constitutes the bulk of informal sector activities. Under the Local Government Act 1976, a “hawker” means a person who goes about offering goods for sale or sets up a stall offering goods for sale and include itinerant, static or temporary hawker. With the increasing number of types of hawking, its definition becomes more and more difficult. At present Kuala Lumpur City Hall classifies the hawkers by the type of buildings they occupy or where they operate i.e. as stalls, stalls (secured), hawker centre, kiosk, night market (licensed), night market (unlicensed) and food courts. The travelling vendors (peddlers) are classified as mobile hawkers.

The existence of hawking activities in Malaysia can be traced back as early as before independence (Ismail Stapa, 2000). Back then, they were not as ubiquitous and are found mainly in central locations in the city. The number of hawkers in the city however, has increased dramatically since independence.

Figure 2: Number of Licensed Hawkers in Kuala Lumpur 1970-2000



Source: Kuala Lumpur City Hall

It seems that in Malaysia generally and in Kuala Lumpur specifically, there is a positive correlation between urbanisation and the number of hawkers. Both continue to show an increasing trend with the latter at a more rapid rate (548.6 percentage point increase compared to 54.4 during the period of 1970 to 2000)ⁱ. In 2000, it was estimated that there were 35,120 licensed hawkers in Kuala Lumpur. Accelerated urbanisation among the Malays since 1970 furthermore contributed to the increasingly bigger proportion of the Malay hawkers as a percentage of the total whole. The larger proportion of the hawkers in Kuala Lumpur, however, remains to be of the Chinese ethnic community (59.3 percent of the total number of licensed hawkers).

Table 1: Number of Licensed Hawkers in Kuala Lumpur by Major Ethnic Groups, 1970-2000

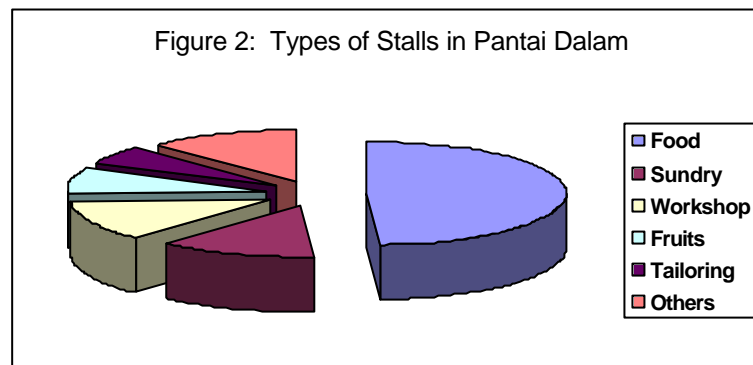
	Malays	Chinese	Indians	Total
1970	223 (4.4)	4,377 (80.8)	800 (14.8)	5,415 (100.0)
1980	2,596 (16.9)	11,281 (73.6)	1,445 (9.5)	15,322 (100.0)
1990	12,271 (37.0)	18,399 (55.5)	2,505 (7.5)	33,175 (100.0)
2000	11,170 (31.8)	20,812 (59.3)	3,138 (9.0)	35,120 (100.0)

Source: Kuala Lumpur City Hall

What is no less obvious is that the hawkers are here to stay. Besides being a source of livelihood for the thousands of people who are involved in the sector, it keeps the costs of urban living low, provides as basis for the creation of entrepreneurs especially among the Malays who were disadvantaged by the colonial divide and rule policy, sustains the formal sector of the economy, and has also become an important cultural heritage of the Malaysian society. The challenge however, remains to be one of ensuring its sustainable development.

4.0 THE CASE STUDY OF STREET HAWKERS IN PANTAI DALAM, KUALA LUMPUR

The study of hawkers in this section reports findings from a case of hawkers in an area within Kuala Lumpur known as Pantai Dalamⁱⁱ. Pantai Dalam is located about 10 km away from Kuala Lumpur city center. It has a population in 1999, 15,840 with a Malay majority consisting 72 percent of the total population there. The Chinese comprised 18 percent and the rest were Indians. A total of 300 respondents were surveyed and they were divided into two general categories – the hawkers operating in Pantai Dalam (100 respondents) and their customers (200 respondents). Each was randomly selected and asked questions pertaining to the issues on hawking activities in the area.



Source: Field Study, 2002

Figure 2 shows the different types of stalls found in Pantai Dalam. From the total of 123 existing informal stalls, 60 percent involves foods and drinks. Other types of informal businesses there include sundry shops, fruits stalls, workshops for car and motorcycle repair, tailors etc. In other words, the hawkers in Pantai Dalam provides a convenient supply of wide ranging goods and services for the local population there whose majority consists of low to moderately-low income households (i.e. about half of the customers surveyed had monthly household income of RM 1,500 and below). The reasons stated for frequenting the hawkers were the cheap prices of the goods and services (89 percent), the stalls were highly accessible in terms of proximity to residential areas (71 percent) and the wide variety of choice especially for food menus (40 percent).

Table 2 shows some characteristics of the hawkers that were observed to be common in the sample studied. The hawkers tended to be male, of the Malay ethnic background, aged between 20-45 years with relatively low educational attainment and had an average household size of about 5 to 6 people. Average income reported for half of them was RM1,500 per month. Most of the hawkers interviewed had static stalls (46 percent) selling prepared foods and drinks (62 percent). Their stalls were by and large self-owned (73 percent) while the rest were rented at relatively low rates. The main source of capital to start their small business was from savings and most of these hawkers had one or two paid workers and some reported no employed workers (other than help from family members). Finally, it is interesting to note that half (52 percent) of the street hawkers in Pantai Dalam was conducting business illegally i.e. without having license

Table 2: General Characteristics of the Hawkers in Pantai Dalam

Characteristics		Percent
Ethnic background:	Malay	92
Gender:	Male	58
Age:	20-45 years	48
Education:	Primary to lower secondary	52
Household size:	5-6 people	50
Average income/month:	RM1, 500	52
Goods traded:	Food and drinks	62
Type of stall:	Static	46
Business ownership:	Self-owned	73
Source of capital:	Own savings	70
Number of workers employed:	0-2	74
License:	None	52

Source: Field study, 2002

The mostly cited reasons for hawking in Pantai Dalam were mixed – for some it was preference for self-employment and opportunity to gain profits from the business. For the less advantaged, hawking is the main source of income as lack of training and skills limit their ability to compete in the formal job market and consequently the inability to secure alternative means of livelihood in the city. What is no less apparent here is that hawking is not strictly a survival strategy of the have-nots. It increases the opportunity for greater economic and social mobility which is also extended to include the less educated and lower skilled labour as shown by the case study.

The problems associated with the sustainable existence of the hawkers however, are less often mention. It is interesting to compare reflections on hawking related issues between the hawkers and their customers and see the differences. Despite frequenting the hawkers, for instance, the patrons who were mostly nearby residents admitted to several problems posed by the existence of uncontrolled hawking activities in their neighbourhood. These include cleanliness problems (51 percent of the total respondents) referring to the hygiene of foods served and solid waste disposal. The majority of the residents (62 percent) was concern with the existing location of the stalls along the roadside which caused considerable congestion and obstruction to traffic. Most of them (75 percent) wanted the hawkers to be relocated into a proper hawker center, which nevertheless must be “strategically” located from their point of view i.e. close to their place of residents.

The hawkers on the other hand, saw obstacles to conducting the present business as issues. Many of the hawkers (38 percent) cited the issue of competition from the presence of increasingly many other hawkers selling similar goods and services in the same area. Fewer hawkers (20 percent) indicated difficulties associated with the inadequate municipal services particularly, regular and frequent garbage collection service. 18 percent said they lack capital and still fewer pointed out to the issue of getting good helpers and getting a license. The majority of the hawkers in Pantai Dalam (70 percent) disagreed to the proposal of relocation on the grounds that proposed sites for new hawkers’ centers were most of the time, unsuitable due to the difficulty in finding a relatively large piece of land at strategic locations in the city to accommodate a number of hawkers for a center. This would adversely affect business as many of the hawkers have regular customers and they thrive well in high density low- to medium-income neighbourhoods. They thought the current location to be favourable as it was close to their place of residence. Some hawkers would prefer to operate illegally as long as they are in strategic locations and pay their fines periodically, than move to legalised locations where they feel they cannot attract customers.

5.0 THE ROLE OF LOCAL AUTHORITIES IN MANAGING THE HAWKERS

In dealing with hawking activities, special units are found in most local authorities that have significant numbers of hawkers under their jurisdictions. In Kuala Lumpur City Hall (KLCH) for example, this unit is called the Department of Hawkers Management and Small Businesses. Together with the Health Department and the Enforcement Directorate, this special unit regulates hawkers' activities, plans to develop the hawkers through training programs and issues licenses.

A license is the basic requirement for any entrepreneurs to be able to start hawking in Kuala Lumpur and in any other cities in Malaysia for that matter. The practice of licensing began in 1905 when the Kuala Lumpur City Hall (previously known as the Sanitary Board of Kuala Lumpur) issued licences to street hawkers who rejected the move by KLCH to relocate them (the fruit sellers in particular) to the Central Market. The number of licenses then was limited to 330 so as to control their existence but if the hawkers were found to obstruct traffic, they will be ordered to move their premises by the police or the Municipal Guide (Ahmad Kamal, 2001). Licensing in this sense, not only adds to local authorities' financial base, it enables them to monitor the activities of the hawkers and keeps on record the statistics of hawkers for planning purposes. Licenses come with specific guidelines and requirements that the owners must comply with. They cover many aspects of hawking including the citizenship status, health status and age of the operators; the size of the stalls or vehicles, prohibited places, operating hours and suitability of goods to be traded (Goh, 2002).

Table 2: Number of Licensed Hawkers in Kuala Lumpur Operating Outside the Central Market, 1906-1910

Year	Food Seller	Fruit Seller	Push-cart Hawkers	Total
1906	230	100	-	330
1907	100	75	21	196
1908	114	36	20	170
1909	100	70	20	190
1910	100	29	18	147

SBKL Annual Report, 1906-1910

The local authorities also enforce other by-laws that can be used to regulate the hawkers including the cleanliness by-laws, food handling by-laws, market by-laws, kiosk and hawker's by-laws and food establishment by-laws. Generally these are to ensure cleanliness, hygienic food handling, prevent clogging of drains by indiscriminate dumping of wastes and prevent hawking from causing public nuisances (Goh, 2002). Thus, the role of the local authorities besides issuing licenses, also include planning for more and well distributed hawkers' centers, monitoring and enforcement of rules and regulation and conducting projects and programs to instil sustainable culture among the hawkers. These include cleanliness campaigns and competitions, daily inspections, short courses on food handling and open discussions with the hawkers' association.

6.0 CONCLUSION AND RECOMMENDATION

Although it is difficult to formulate a satisfactory and comprehensive plan towards sustaining the informal sector, nevertheless it should be done. The poor state of the urban environment reflects both the ineffectiveness of past approaches to urban management, and the enormous scale of urban problems in relation to the declining resources available for dealing

with them. (Nwaka, 2002). We may need time to make some of the changes. This is not an excuse for delay, but to ensure that we get the desired results.

Most local authorities in Malaysia have begun to realise the inadequacy of provisions for the informal sector's existence, let alone its sustainable existence. This is in spite of the recognition of the significant contribution to the urban economy that the sector made and will continue to make. For example, there are still not enough regulated areas and facilities to cater for the existing hawkers in the city. This has resulted in hawkers operating in places that are not suitable for hawking and gave rise to other problems such as obstruction of traffic, unsatisfactory standard of good hygiene and improper waste disposal. Hawkers' centers are also unevenly distributed. There is a lack of centers in some high density residential areas as well as in the industrial area (Kuala Lumpur Industrial Survey, 1999).

There is a perceivable need for a national policy in dealing with the informal sector. Their presence and management should be guided by the policy through the formulation of strategies and guidelines. There should never be any strict requirement for the interested party to be involved in the informal sector especially in this period of opening economies. In other words, the issue here is not one of restriction but one of accommodation (Amin, 2000) so as to ensure its sustainability. Focus should be on the locational and physical aspects of the informal sector economy and thus the continued practice of relocation of hawkers to more sustainable settings. In order to ensure the success of relocation strategy, the planned hawkers' centers should be scattered at a different strategic locations and the viability of the centers must be subjected to feasibility study as any commercial center would. Besides accessibility, the types of goods and services to be traded in these hawker centres should also be determined to ensure that the center can offer variety and attract the public. It is also suggested in term of physical setting that the design and architectural aspect of the centers incorporate some form of sustainability. They should represent the local geographical and cultural setting.

The possibilities of implementing the franchising system among local hawkers should also be studied in depth. Other than providing the hawkers with a cleaner and a more hygienic environment this can also contribute towards improving the economy. As in the Singapore experience we have seen how the franchise has been used to improve the productivity of the hawkers involved. But these need to be carefully done or there will be resistance among the hawkers. The fact that there are standards, specifications and operational requirements that the franchisee must implement without any addition or change may conflict with the traditional experience of hawkers who improvise, innovate or do anything they deem suitable at any given time in response to perceived benefits or customer inquiries (www.sbear.uc.edu/Research/1998/ICSB). What need to be done is to provide the hawkers with some degree of freedom to determine the human labour, creativity etc. that characterize the hawkers in the first place.

Developing political will perhaps is the most difficult task. But if and when it succeeds, it can create miracles. The decision-makers have to be convinced that if they allow the hawkers to be where they are than both the party will benefit. The result cannot be worse than the current situation of proliferating informal sectors in urban areas. On the contrary, security of tenure encourages investment in urban economy. Social pressures within communities encourage beautification and more permanent structures. The fact that the hawker's centers are planned ensures that appropriate infrastructure will also be in place sooner or later. Moreover, the leasers and owners of plots would be under municipal control as rate payers rather than as squatters, thereby contributing to the well-being of their own neighborhood and city. The new political will can be passed to the local level through training towards partnerships and cooperation in hawker center development. Community participation in development project all over the world have proved that this approach works and can be sustainable.

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ⁱ Calculated based on the Malaysian Five-Year Plans, 1980, 1991 and 2000 and figures reported by the Kuala Lumpur City Hall

ⁱⁱ The study was conducted by 57 final-year major students of the Urban Studies and Planning Program at the Faculty of Arts and Social Sciences as part of a major course requirement.