

Street Life as the negotiation process: case study of Sidewalk Informal Economy in Ho Chi Minh City

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Abstract. The study researches the issue of informal pavement economy in Ho Chi Minh City, a sector that has always been an important part of the city's economy but has not been recognized by the local state due to some certain facts. By using surveys and in-depth interviews in the cases of four streets and one alley in HCMC's center, combined with literature review, the paper does not only aim at sketching the portrait of HCMC's informal sector but also put it in the relationship with surrounding related sectors. The outcomes have some similarities to previous cases in the field of Hanoi and other parts of Global South, but at the same time reveal some unique characteristics of informal sector in HCMC. In which results, the key finding is that informal work is not a low and unproductive sector nor is it the obstacle to the deemed civilized and modern image of the city. In contrast, these activities are the suppliers of goods and jobs for the urban poor, creating diversity for the economy. Being regarded as an unrecognized sector by the Government, informal sector has no success in negotiating at high institute level, but succeeded at the lowest levels of the state's enforcement system relying on the social capital of long-time relationship and interaction. It is noticeable that informal sector is willing to contribute to the civilization and modernization. It also gains the acceptance and support of the society and media. All of these will open up opportunities for its future development.

1. Introduction

This paper aims to study the negotiation process between an informal sector and its related sectors. The main research objectives are: firstly to present, categorize, and analyze the informal activities on Ho Chi Minh City's pavements, in order to understand these activities' perspectives, especially the negotiation processes, which reveals their relationships to each other, to the government and to the nearby local citizens; secondly to specifically investigate further the point of view of Ho Chi Minh City citizens to informal economy issue, with studies coming from two directions of views of the informal sector: from inside-out and outside-in. The paper wants to sketch the portrait of informal in a truthful way, for further sustainable development in the future. Vietnam's informal economy has a thick history from the feudal times, undergoing many periods of the country's history, but until now the official definition of informality did not occur in any Vietnamese regulation text, there are also no current policies targeting the informal sector [1]. The campaigns of forbidding informal activities are under enforcement for more than ten years but those activities still continue overtly on everyday street life. All arguments about whether to accept or forbid informal economy are just on the media basing on opinions of some officers from the state and some informal interviews from unreliable or unverified sources. Unfortunately, these types of media are not accessible by informal sectors who are



mostly poor and have low level of education. There is almost no official survey on what people in the informal business really do, how they feel or care about their work (in some cases, their only means of survival), their living condition, their future, or what the citizens of Ho Chi Minh City think about these economies on the pavements. Arguments are just arguments when everyone keeps their standpoints and this situation would not lead the issue to anywhere. On the contrary, surveys with real numbers will never tell lies and will create opportunities for further studies in the future. This research, working on both theoretical and empirical academic methods, with literature review of published papers, researches and small-scale surveys in the case study in Ho Chi Minh City, will therefore hope to achieve these two research objectives to give a first impression about pavement economy in Ho Chi Minh. Based on previous interesting results of Sarah Turner and Launa Schoenberger in Hanoi, combined with the local condition of Ho Chi Minh City, hypothesis has been made: “informal sector” is divided into two parts, one is itinerant street vendors, and the other is ‘city residents operating small, ‘fixed’ pavement stalls. Both of which do not get along well with each other, when street vendors are considered as “outsiders” by the fixed stall sellers [2]. On the relationship with the government and local police, who directly have the duty to enforce regulations relating to informal sector, both itinerant vendors and fixed stall sellers have their own strategies of running out the area that the polices chasing them are in charge or hide their business tool [2]. They also use the social capital of long-time interactions or ‘compassionate’ (sự thông cảm) from local police and from there “opens up space for negotiation of laws and regulations between citizens and state” [3]. On the hypothesis for the citizens’ view on informal sector, as mentioned above, there would also be two different types of opinions, one supports the state’s idea of forbidding informal business, the other bolsters the existence of pavement economy. Empirical research by case study will examine which hypothesis is more acceptable, and from there suggests some adjustment or movements for informal economy in HCMC in the future.

The research is based mainly on the empirical results from observations, mapping, surveys as well as in-depth interviews with informal sectors, other citizens and the local police in the case study undertaken along four Ho Chi Minh streets: Pasteur (from Vo Van Kiet to Le Loi St), Nguyen Cong Tru (from Ho Tung Mau to Pho Duc Chinh), Nguyen Hue Street, Ton That Dam Street and “hẻm” (alley) 100-Nguyen Cong Tru Street. These streets are in the CBD area, in which there is the concentration of companies with numerous employees, forming a promising market for informal economy. On the other hand, the city’s campaigns of street clearance are also strict here, as the CBD area is considered “the face of the city” or the “representative” of the modern and civilizing Ho Chi Minh City. With such a conflict, the area is a good sample to do research on and potentially make improvement suggestions. Moreover, the four chosen streets also have their unique characteristics: Nguyen Hue is the financial boulevard which represents the “civilizing” street of HCMC; Pasteur is one of the main streets with high volume of transport and is busy most time of a day. Ton That Dam is not a busy street with high transport volume and capacity, but these factors turn it into a street with rich street life during the whole day. Nguyen Cong Tru Street is famous for being the location of banking companies with most big banks in Ho Chi Minh City having a branch in the area; at lunch time, the street turns into a walking street with full of pedestrians and food stalls. The economy activities also take place in alleys with less transport and the campaigns have less effect. Activities on Hem 100 Nguyen Cong Tru with most stall owners being the locals living in the alleys are also counted on the result of an interesting type of negotiation. These streets belong to two different wards of Nguyen Thai Binh and Ben Nghe - District 1, with two different local management systems, so it would be a chance to compare how local governance influences the negotiation process on pavement economy. The observation takes place on the research area across 5 periods of times in a day: 6AM-10AM, 10AM-1PM, 1PM-7PM, 7PM-10PM, and 10PM-1AM to match with the main actives of a day: Breakfast time, Lunch time, After lunch time, Out for Dinner time, and Late night. There are three objects of observation: Food stall, Coffee stand (which not only sells coffee but also other drinks), and Other informal street economic activities. These three objects are chosen because it is generally observed that most pavement businesses are about food and drinks. The observation is aimed at getting the number of informal economic activities in the area, how they are distributed, in different

periods of time in a day. The morphology of these informal businesses can itself tell the businesses' working times, targeted customers, and roles in the city's everyday life. After data are collected, the mapping method is applied to produce more visualized material for further analysis, with the maps of the streets, the number and location of these informal activities are illustrated, on different sets of time ranges.

Adding to the research material are the results of two types of survey questionnaires: one for business owners in the informal sector of the research area, the other is for customers living or working in the area, who represent the citizens and customers of Ho Chi Minh City and have their own thinking about these "informal activities". The questionnaires for informal sector are divided into five parts, the first part asks for basic information of the sellers to find out who they are, where they are from, information about their family and living condition, the second part enquires their work and economic issues that informal work brings to the owner, the third and fourth part are about the relationship of informal sector to political and social issues, and finally, part five is for those who do not usually have a chance to speak out the feeling about their job, their expectation and prediction about their own future. There is also uncertainty in the answers about income and the contributed percentage of this to their family's income. The income amount per day answered to the interviewers is usually changed after the conversation becomes friendlier. It is for some personal and social reasons that people tend to reduce their income from 100.000 VND to 150.000 VND in their answers. Furthermore, as most of the sellers in informal sector on HCMC's pavements are women, they tend to increase the share percentage of their husbands' income to the family's total income, as a way to show their respect to the men of the family, this social phenomenon should be considered when analyzing the result of survey.

In-depth interviews are also important to gain more in-depth information that questionnaires cannot obtain. These are the informal conversations with informal sectors, local citizens and officers, making them feel comfortable and leading the interviews to unexpected but valuable outcome. The main aim is to learn the relationship and interactions between these sectors and how they negotiate with each other. The local police refuse to answer questions related to the city's policies or campaigns. They also refuse to give opinion on public issues. The answer they usually give is "This issue is out of my competence, it depends on the guidance of the Party and the Government". Therefore, to understand what the local police and officers think, it can only be guessed from the way they react and manage different situations in the areas that they are in charge of.

The indispensable part of any research paper is the literature review which would be discussed more intensively in the later part of the paper. The aim is to review the main published work concerning this particular topic of informal sector. The review is not simply a description of what others have published in the form of a set of summaries, but also a critical discussion showing insight and awareness of different arguments, theories and approaches, from the very first definition of Hart in 1973 to the contemporary trends of studying about informal, especially the rare but interesting and valuable studies about informal economy in Vietnam. This knowledge is not just for placing the study in a historical perspective but also for creating the hypothesis for research questions, giving researchers a general direction for further research. With the two main research objectives of studying the informal activities in Ho Chi Minh City's pavements and the point of view of the city's citizens to informal economy issue, the main research question would be: "How is the informal pavement economy in HCMC?" and "How does the society consider informal pavement economy in the city's life and future?"

2. Literature review

First time the definition of 'informal' being realized and mentioned was in Hart studies about cases in Africa, in which he argued: " 'Formal' incomes came from regulated economic activities and 'informal' incomes, both legal and illegal, lay beyond the scope of regulation. I did not identify the informal economy with a place or a class or even whole persons." [4]. From that, there are numerous researches relating to the issue of informality, and the informality discourse becomes 'large, vibrant and expanding fast. But there is a certain conceptual incoherence to the literature. New definitions of

informality compete with old definitions leading to a plethora of alternative conceptualizations' [5]. Despite that complexity, looking through the history of informal context, there are such a 'shifting conceptualizations of informality over time' [6] from more 'negative' perspective to 'neutral' in the last decades and becoming more in-depth studied in contemporary literature. Informality context as well is not only applied to the Third world, with the unregulated-sector as in its early days but also in more developed area, with more angles as an 'idiom of Urbanization' (Roy, 2009) an 'opportunity informality' [6] or even as 'a mode of flexibility serves as a strategy in locational policies to create a local competitive edge. Further, informality is used as tool for testing and learning' [7].

In the article "Why India cannot plan its cities: Informality, Insurgence and the Idiom of Urbanization", Anaya Roy(2009) analyzes the structure of urban informality in India through two sense of Indian Urbanization of Bangalore and Calcutta, to which cities are facing the urban crisis by the lack of infrastructure or strong social division within the city. Those rises are explained not by the failure of urban planning but 'an idiom of urbanization' in which the key feature is informality. 'While informality is often seen to be synonymous with poverty, this article makes the case that India's planning regime is itself an in formalized entity, one is that a state of deregulated, ambiguity, and exception. This idiom of urbanization makes possible of governance, justice, and development'[8]. Roy also stated that " Informality does not lie beyond planning; rather it is planning that inscribes the informal by designating some activities as authorized and others as unauthorized". Consequently, she came to the conclusion of informality as "a deregulated rather than unregulated system" and "informality lies within the scope of the state rather than outside it" [8]. If those 'informalized entity' of authority makes India 'cannot plan its city', in China, the informal "is increasingly used as a tool of flexibility, testing, and learning, whereas informality – used as a substitute to fill institutional gaps in the early phase of transition – has diminished over time in the course of the reform process" [7].

There are still few studies about Vietnam's informality despite its size and impacts on Vietnamese daily life, "this situation is due to a number of factors. Firstly, the concept of what constitutes informal is vague with a multitude of definitions having been put forward by different authors. Secondly, measuring the informal economy is problematic since it operates on the fringes of the economy. Thirdly, the informal economy suffers from a lack of interest on the part of the authorities as it does not pay (or pays little) taxes and is seen, especially in towns, more as a nuisance and a mark of underdevelopment, doomed to extinction by the country's economic growth. These elements explain why there has been no real significant effort to date to improve knowledge in this area"[1]. With little attention, the formal definition of Informality did not occur in any Vietnamese regulation text, there are also no currently no policies targeting the informal sector, however, the IOL (2002)'s recommendation is adopted as the definition:

"The informal sector is defined as all private unincorporated enterprises that produce at least some of their goods and services for sale or barter, are not registered (no business license) and are engaged in non-agricultural activities. Informal employment is defined as employment with no social security (social insurance). All employment in the informal sector is thus considered to be informal employment, as is part of the employment in the formal sector", "both the informal sector and informal employment are defined as belonging to the informal economy".

Lacking of data is also a problem for informal studies, recently, there is just a joint research project with the French Institute of Research for Development (IRD-DIAL) and The Labor force survey (LFS) which conducted the data national wide, following with Household business & informal sector survey (HB&IS) to calculate the account of informal with the economics of Hanoi and Ho Chi Minh City (HCMC) in also the two years of 2007 and 2009. Albeit the first and only official source of data, the number demonstrates the considerable size of informality in Vietnam, which is:

"In 2007, the informal sector accounted for almost 11 million jobs out of a total of 46 million. This represents nearly a quarter of all main occupations (24 per cent), with nearly half of nonfarm work found in the informal sector.

If we aggregate main and second jobs, a total of 12.4 million are held in the informal sector. On the whole, there are 8.4 million informal household businesses in Vietnam. At the national level, manufacturing & construction is the largest informal industry, (43 per cent of total employment in the

informal sector), followed by trade, (31 per cent) and services, (26 per cent). Conversely, an impressive half of all industrial jobs in Vietnam are held in the informal sector. We estimate that the informal sector contributes to 20 per cent of GDP, without knowing what share is already included in the national accounts.

As expected, most employment (82 per cent) in Vietnam can be defined as informal employment. Informal employment is widespread in the economy, not just found in agriculture and the informal sector. The majority of jobs in domestic enterprises are also informal.” [1]

Smaller scale with variety focuses also detect numerous valuable knowledge. Such as Jensen and M. Peppard (2003) work on Hanoi’s street vendors has present who are the vendors, where they are from, how is their income and the close relationship between rural and urban area, where the streets vendors both live, and “they sell in the urban what the countryside produces”[9]. In another perspective, by observation and deep interviews with 40 local self-employed street traders, Sarah Turner and Launa Schoenberger (2012) reveals the motivation and interactions among Hanoi’s Street vendors, the everyday politics and resistance to those policies. As the result, economy is the main motivation for people to choose street vending, there are also two main types of street vendors in Hanoi, one is itinerant street vendors, and the other is ‘city residents operating small, ‘fixed’ pavement stalls’. Those fixed stall ‘monopolized the best trading opportunities’ and consider itinerant vendors as ‘outsiders’[2], which also are the cause of overpopulation and transportation congestion (same point of view of the People’s Committee of Hanoi, 2008). Taken a review on Hanoi’s history of street trade, from the feudal times to Indochina war, the command economy, the early phase of transitional period or even the new goal of becoming an industrialized country, Sandra Kurfürst stated that informality street trade in Hanoi is from time to time change as being abandoned or tolerated by the state depends on the social- economic condition, and “the boundaries between formality and informality are not fixed, but constantly shifting”[3]. According to Kurfürst also as Roy, Kanbur, informality in Vietnam have close relation to the state.

Taken review on Vietnam Authority perspective, it is shown in most scholars that pavement economy is considered as an obstacle to modernization, which is the aim of the socialist state that Vietnamese cities would become ‘civilized and modern city’ (đô thị văn minh, hiện đại) or ‘urban order’ (trật tự đô thị) would be set. It is easily observed from the streets in Vietnamese Cities the propaganda panels of those civilizing campaigns from the government. As a result, street vending is declared illegal because it represents the relic from the past or the countryside, does not fit in the modern image of the city also as being the cause of traffic congestion. Although being prohibited in Hanoi since 1995, the presence of pavement economy is still strong. It can be explained by the “fuzzy concepts of formality and informality” and the “Mediation spaces and regulation enforcement” in Vietnam [3]. According to Kurfürst, the regulations from the state is not homogeneous from time to time when prohibit informal sector in 1995, but allow the utilization of pavement for private business with fee in 2006, this situation is also described as “institutional gaps” by Waibel (2009) for the transition processes [10]. Moreover, with the transfer responsibility of public space management to the urban district level in 2006 in order to increase regulation application efficiency, the situation becomes more complex because of different level of regulation application, depending on the local situation. From the social capital of living in the same area for long time, or having long time of interaction, the fixed stall and street hawkers take advantage of the local official’s ‘compassionate’ (sự thông cảm), from there “opens up space for negotiation of laws and regulations between citizens and state”[3]. It is also important to notice the social issue when doing research about Vietnam’s public space, as it differs from Western experience in both direction of inside-out to inside-out, where from inside-out, people tend to use public space for their private purposes [11], and have the strong social feeling that the public space in front of their houses belong to themselves (Pham, 2010). From outside-in, “urban authorities with their socialist thinking that public works can touch everyone in everywhere at every moment, utilize naturally private space for public works or intervene directly into private life of urban people without any reflection” (Pham, 2010). Further, elderly people, war veteran, or close relationship are all social capital that can be used, and both itinerant vendors and fixed stall clearly understand the boundaries and have their own strategies to survive and build up resistance [2]. Still,

there is no overt protests, because of “the state’s strength in its ability to impose” [11], when it is “ordered and also supervised by higher institution of the municipality, informal agreements with local officials will immediately become obsolete” [3]. This makes an uncertain condition for the informal pavement economic, or in other words, their security “is nothing but borrowed” [12]. For the conclusion of her work, Kurfusrt argued that, informality, more than Roy and Kanbur discussion about unregulated, deregulated or the issue of enforcement, but “the state as active producer of informality”, for “their objectives of becoming an industrialized country until the year 2020”.

That can also explains the reasons for why “the campaign of ‘green, clean, beautiful’ (xanh, sạch, đẹp) city, or the campaign of so-called normal utilization of sidewalk, the results of those campaigns are always in the “đầu voi đuôi chuột” status(literally translation: head of elephant, tail of mouse-a Vietnamese proverb that describes works starting seriously and impressively, but ending so humbly with the unexpected modest results)” (Pham, 2010), the ‘Ho con rua’ case of ‘civilization ‘ campaign of the state has thoroughly successes by replacing “rich street life where patrons would sit in outdoor caf  s and turn their gaze towards the public activities of the street to indoors hi-end cafes” and “people do not feel loss” [13]. Those cases show the complexity of what the government would do or not, their ability as the “active producer of informality”, as Vietnam “reflect China reform experiences more closely than the former Soviet Union and eastern Europe” [14], the situation is thus easily compared to the China case where “the state and its local representatives take a tactical approach in using their position as rule-setters. For example, they may accept informal bottom-up initiatives and subsequently formalize them, e.g., as an adequate response to newly emerging problems or niches, or they can forbid them and, as a consequence, ban informal institutions. Another more simple reason for informality in the PRD can be the lack of state power to efficiently filter through all spheres of institutions, markets, and society from the very beginning of the transitional process” [15]. No such paper can provide any solution nor long-sighted of Vietnamese informality on the street, especially when street vending is considered as a residual and non-productive activity and a cause of traffic congestion (People Committee of Hanoi, 2008), it is even harder to predict how the future of Vietnam’s informal activities on the street would be.

3. Informal sector in HCMC: who are the stakeholders?

In the research area of four streets: Pasteur (from Vo Van Kiet to Le Loi St), Nguyen Cong Tru (from Ho Tung Mau to Pho Duc Chinh), Nguyen Hue Street, Ton That Dam Street and “H  m” 100-Nguyen Cong Tru Street, there were 60 interviewees in the survey, being chosen randomly while they were working, at any time period of the day, 40 people accepted to get interviewed by means of a standardized questionnaire, 20 others refused to answer. The main reason for refusal was that they said they were busy with their job while some others just did not want to tell about their life. Most of the actors in the informal sector in the survey area were women (37/40 interviewee), that counts for about 90 percent. It is not because of the chosen interviewees mostly are women, but that is the real percentage of men/women working on informal sector on Ho Chi Minh pavement according to the observation of the author. When it was asked if the husband of those informal-business women help them when they have free time, most of them would refuse even if they have time, because “it is embarrassing for men to go outdoor and selling things like that, men should do big things, or at least the manly work, selling things on the street is just for women” (said Mrs. IS-01, about her husband reason for not helping here). About the age of informal sector, the youngest age was 26, and the oldest was 70, there were even about 20 percent of the interviewees older than 56 years (the current age of retirement for women in Vietnam). Most of the informal sectors were in the age from 46-55, which counts for 50 percent, the age of 36-45 takes 20 percent. Eighty percent of interviewees have not reached the level of education of high school. More than half (55%) had only primary school level and about 45% had just junior high school level. The author interviewed one lady who had not been able to go to school, at all. As a result, she cannot read or write. There was one case of a person who had a university degree and who is now selling newspaper. All this makes clear that the informal street seller have a level of education which is significantly below the average of the urban population of HCMC.

Quite surprisingly, the main part of informal sector said that they were living within the administrative area of Ho Chi Minh City (95%). Almost 20% were even living in close proximity to the study area, and nearly 40% were living in the city center. Regarding the latter, it is within a reach of 15 minutes of travelling to the area their business takes place. When being asked about their home town, 60 percent said that they were local residents of HCMC, 15% moved from the North (15%), 12% from Central Vietnam (12%) and about 10% from Mekong Delta. As most people were born in HCMC, the proportion of staying time in HCMC more than 20 years is high (75%). Regarding the interviewees who migrated to the city, they at least have been staying in the city for 6 years, and most of them from 11-20 years (18%).

The first observation and interviews of four streets and one alley show that the informal sector activities in HCMC are vibrant and run openly as a part of the city's daily life. They are the source of jobs of many local people living there and they also contribute to the supply of services for thousands of local people. In general, food, drinks are the most common goods offered. The shops are small and portable in Ben Nghe Ward area but can also be bigger and overt in Nguyen Thai Binh Ward area. It is depends on the target customers that the informal sector operate their working hour. The food stalls which sell breakfast runs from 6AM to 10 AM, for lunch runs from 10AM to 1PM. The coffee stalls for local and passengers runs whole daytime, even on weekend, while other food stands serve mainly the employees in office buildings nearby will close on weekend. The shops are dynamic to utilize one space for other types of products in different time of a day. The sellers deal with each other to share the location, there are also the situation that customers can sit in a one shop can order food from other shops, in which the shop cooperate well for the best service. Negotiation process not only takes place within the shop owners but also between the shops to local police and residents, such as the Hem 100 case. All 8 food stalls are people living in the alley and it is not possible to run business on the surface of traffic, while the alley is narrow and that is public property. There is one important issue have to take into account is the presence of a small police spot where people can register their short stay in the area with the local police, which means those informal activities area directly in the eyes of local government. In that situation, the alley fee of 100.000 VND/ month and the guarantee from the shop owners to keep the alley clean and hygiene are the results of the negotiation process, which shows the support from others local citizen to the informal sector, and the contribution of those informal shops back to the local community. It is also worth mentioning, that people not living in the alley, cannot get permission to open shops on the alley surface. This is because longtime relationships and social capital are required for successful bargaining processes.

Those first observation results are adding to the outcomes of the questionnaire results such as about the opening hours. When interviewed about working hours per day, no shops work less than 3h/day, workings hours vary from shops to shops and the number of shops work for 3-5 h/day, 5-8h/day and 8-12h/day are nearly the same, while less people takes longer working time. Most people work the whole week (45%), 20% will close business on Sunday, and 30% will work from 04-05 days a week.

Most of people have worked in informal sector more than 7 years (80%), in which number of people work from 7-10 years count for 24%, from 10-20 years 18% and even 37% have been working on the street for more than 20 years. This number is opposite to what has been expected at the beginning of the research. Some literature suggests the idea that informal jobs are only of temporary nature and people tend to change to formal sector when they have the chance to do this. The empirical analysis shows however, that working in the informal sector is a stable and permanent: It is highly remarkable that a significant number of people have been working for more than 20 years working in the informal sector, already.

In regard of incomes, it is also surprising that people can make quite a lot of money from their economic activities in the informal sector: For the net income a day, 40% of informal shops earns from 150.000-200.000 VND a day, about 25% earn 100.000-150.000 and 20% can make from 200.000-300.000 VND from a working day. For average, it is about 140.000 to 200.000 VND can be add to the income from those pavement trading, if they do the business as normal employees work, with 4 weekends/ month, the monthly income would be from 3.080.000 to 6.000.000 VND, three to four time

the basic salary from the state of 1.150.000 VND (basic salary in the year of 2013-following 66/2013/NX-CP).

It is also important to notice that people are likely to reduce their income in the survey from 50.000 to 100.000 VND, after give result to the questionnaire and have deeper conversation, when people are more open, most of answers about income said in the survey are adjusted. With the increased amount of 50.000, the monthly income of informal sector can be even four to five times more than basic salary.

Income from informal pavement business play most important role in their family economy. More than 80 percent of the interviewed persons contribute more than 50% to the whole family's income, in which there are up to 50% is the main income of their family (contribute from 70 to 100% the household income). For the spending, money from informal activities more less the main source of spending of those families, too, when there is up to 44% is the only spending possibility. The reality can be even more than that when the shop owners- who are mostly women- tend to reduce their contribution amount in order to increase the husband's part. Even the husband is not at the survey location, the women want to "save face to the husband, reduce my contribution a bit is good, man will sad if they can be the breadwinner" (said Mrs. IS-02, the 'com tam' seller). Mrs. IS-03, who had to sleep on the pavement when she first migrated from the North to HCMC, and has being working on the pavement for nearly 30 years also said: "The pavement feed my family, from working on the sidewalk, now I have my own house and my kids are all at their schools. My husband, he had formal job in the factory, but his salary is not enough for his own spending, sometime I have to give money to him, but you should write down I contribute just from 50-70% of the family income, poor him!"

There are variable reasons for people to choose working on the sidewalk; the main reason is that they do not have their own space for business (25%), lacking of education or simply like doing business on the pavement can also be strong motivation for choosing informal work (17%). To maintain family's business is also an inducement (15%), and for some others, informal work is just a means for living (10%). High agreements are also made (nearly 60%) that the business location was chosen because of short distance to the owner accommodation. A second criterion to choose business location is the number of target customer, which counts for nearly 20% of the interviewee's opinion.

The same criteria of location, quantity, quality, service and price are offered to both informal sector and their customers in the questionnaire to rate those criteria's importance following their opinion. The aim of this question is to compare the difference in evaluation of the mentioned criteria. There are five level of ranking from not at all important, slightly important, important, fairly important and very important, which is given the mark from 1 to 5. All sum the marks of each criteria will be divided by 40 for informal sector, by 60 for the customers and be put in the same column chart for easily comparison as below:

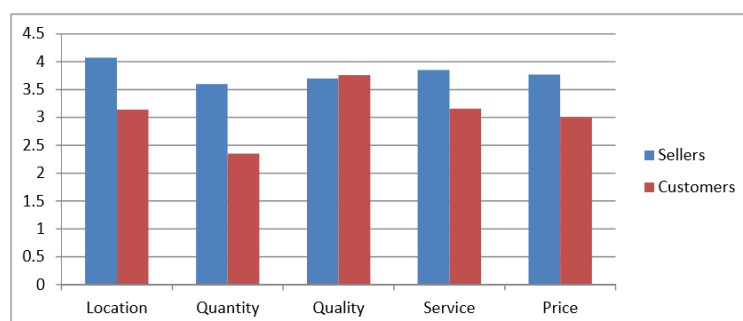


Figure 1. Consideration of Informal sellers and Customers to some service aspects.

4. Informal sector in HCMC: How is their relationship?

This part of the paper is to learn the relationship of informal business on the pavement to local authority, local citizens and to each other. Evaluation questions are putted in the survey to analysis these relationship. For awareness to the government, the general city's policy and local police is

consider ‘important’ in the way of the duty of normal citizen the respect the national laws and the officers who enforce those laws. What influences and directly affect the business on the pavement is the city’s campaign on clearance the sidewalk and the City’s Order Team. As for most informal sector, if the campaign takes two weeks in a month, the damage it cost is much more than half of the income. The campaign usually cause the losing of customers because customers will look for or other supply for their need during the campaign time. Sometimes, the tools for doing the business such as table and chairs are confiscated, and the owner have to buy all the tools again or pay an amount of fee to get them back. The fine is also different from stalls to stalls. As it is not an official question in the questionnaire, the fine amount of each stalls are variable, from 70.000 to 400.000, the most common fines is 100.000 and 150.000 VND and there is no official range of fines, the shop owners just pay what they are told by the City’s Order Team. As for the observation of the writer, there is a connection between the fines and the business’s situation; the businesses which are working well with more customers are fined more than the smaller or the ones with fewer customers.

For the local police (Công an khu vực), who have the daily responsibility of managing the neighborhood’s order and safety, not as other cases in Hanoi reviewed in chapter 2, they do not requires money from those informal sector runs business in their area. Nearly 100% of the interviewed people said during interviews that they do not have to pay any fee to the local police. Mr. LS-01 and Mr. LS-02, who are in charge in Nguyen Thai Binh and Ben Nghe Ward of the research area, gain the informal sector’s respect. People showed their appreciation when they mentioned about them, as Ms. IS-04, who sell sweet soup (chè) said:” You should write good things about the local police here, he well knows that we are poor, so he never asks for money from us”. Another opinion from Ms. IS-05, the mixed rice-paper seller: “In new year occasion, I brought him a box of beer as present, he asked me to bring it back home and tell me to save my money to buy milk for my little son”. She continued: “But it is not easy to go on business in the area, as I was born here and Mr. LS-01 (the local police) has known me since I was a kid, so I am allowed to do sell things here, but I have to report to him when there are new comers or criminal activities on the pavement. If the knows that you have information about criminal and don’t report, you are not allowed to run business in the area anymore, but that’s all for the area’s security”. For a joke in another in-depth interview that the writer will open a drink stall next to a sugarcane drink stall, Mrs. IS-06 the owner said: “I would bet you whatever it takes that you cannot open a stall here, if it is that easy, the pavement will be full of shops but this situation!” To compare between local police with the City’s Order Team, Ms. IS-07, the orange vendor stated: “It is easy with the local police because he sympathies, if the owner of the house let me to sit in front of the house to sell orange, he will allow me to sit there. For Order Team, they don’t have compassionate, they chase us, take our tools or fine us.” From the deep interview results, we can easily go to a conclusion that local polices in the research area do not exploit informality of the authority also as “institutional gap” (mentioned in chapter 2) as manner to gain personal profit, at least with the informal sector on the pavements. These polices know that informal trading is nearly the poor’s only livelihood and therefore accept those activities as a part of daily life. Of course, this acceptance is accompanied with the social capital as most of informal sector in the research area are local people or have longtime interactions, this situation is similar to Hanoi case, which “opens up space for negotiation of laws and regulations between citizens and state” [3], the only difference is that the negotiation process is not for the police’s personal benefit, but informal sector here is considered as an informal tool to enrich the local security, to prevent criminal and illegal activities. The necessary condition for these negotiation processes is the agreement of local citizens. As for the orange stall of Ms. IS-07, the police only allow her to sit on the pavement when “the owner of the house allow”, or the case of eight lunch food stall in Hem 100-NCT, the police only let these shops run after their negotiation with the local within the alley comes out with a fee of 100.000 VND. From that, the key lesson is negotiation between informal sectors with authorities can only be success with the support of the citizen, or in other word, the ‘society’. Moreover, it is not only the negotiation process but ethic and self-perception of enforcement sectors playing very important role in street life. With the same management system of transferring responsibility of public space management to the urban district level, other officers use it as a chance to get money from informal sector, the polices in the research

area do not. For the City's Order Team, who "do not have compassionate" as the informal business owners, which means there is no negotiation process between these two sector, but the fines differ from one to others depends on the economic situation of the shops. The nearly 6 times difference 70.000 to 400.000 fines shows that although it is not negotiable, the Order Team adjust themselves with the situation, this is a kind of informality in enforcement process, which makes the difference between HCMC and Hanoi case, in which the scenario is brighter to the informal sector in HCMC.

In relationship to local citizens, informal sector in the research area do not have to pay to the owner of the house for running business and they have long time relationship, which is considered from 'normal' (70%) to 'positive' (nearly 20%) and 'very positive' (nearly 10%). Most of informal sector do not feel they have competitors (70%) as "everybody do their job, the customers prefer a shop than other because of their own characteristic, there is nothing to compete here!" Meanwhile, there are still some shop-owners consider other informal shops selling similar kind of goods (20%) and other informal shops selling different kind of good (10%) as competitors. No informal shops see formal or the international convenience stores as threat to their businesses. For the people who "have competitors", they label relationships to their rivals "normal" and those interactions usually do not affects their business situation (almost 90%).

5. Social perception on the Presence of Informal Economy

Generally, people accept the presence of informal activities on the sidewalk (60%), 15% do not agree and 25% are neutral. For those who agree with informal economy in HCM, the most popular reason is that trading on the pavement belongs to the city's culture (nearly 50%), other think that the trader of the informal sector and their customers are mostly poor people and this kind of services provide not only cheap products to customers but also jobs for sellers (25%). To the oppositions, activities on the pavement are not in order, hinder pedestrians, makes the city lose its 'civilization' and the hygiene issue is not guaranteed. Discuss more about perspective that informal business on city's pavement ruins the image of civilized city, the proportion of 'totally agree' and 'disagree' are nearly the same (20%), nearly 1/3 'partly agree', 14% 'quite agree' and there is up to 1/4 of the survey have "no idea". Generally, we can see that HCMC's citizen do not have clear point of view about the relation between informal sector, almost 25% interviewees cannot give their opinion to the issue, most of the answer are also 'mediate answer'. There is also an undeniable trend that people tend to believe the connection between 'informal' and 'uncivilized', what the authority's propaganda. Further questions, 70% people concur that pavement economy is one of the key cultural characteristic of HCMC, 80% believe that those activities enrich the area's livability.

In regard to the future, there is a reduction on the number of people who see informal business on the sidewalk as one of the key cultural characteristic of HCMC (from 70% in the present down to 50%), 25% disagree and 25% do not have idea about this subject. Most of people also believe that pavement economy will reduce in the future (40%), another large amount see no changes in the informal business in the next years (30%), and just 10% predict that it would develop. When being asked about why people consider trading activities on the sidewalk one part of HCMC's culture do not think the same in the future, and predict that pavement economy will decrease, many agree to Mr. LS-03's opinion: "I see it interesting now to have the small stalls and street vendors, they are also be good suppliers of goods and services with our contemporary economic condition, but in the future, there should be some improvements. There is no guarantee about hygiene and products' origins, people will more and more care about their health and there would be less people use those services, just poor student use them because they have no money". Ms. LS-04, who is working as a cashier also said: "I bought food and drinks on the pavement quite often when I was a student, after some years of graduation, I just eat at the stalls that I can ensure that they make everything clean and hygiene as the food and drinks on the pavement are so good that I cannot repudiate them, but I have to reduce and chose carefully before using any pavement service". As for the younger generation, they think: "street food and other services on the pavement are good and especially cheap, to the students having very little money like us, they are our only chance to hang out with friends. Sometime we also aware of

hygiene but we have no other choices, and using informal service on the street give us time to watch the city more carefully and love the city more!”

Other perspective from Mr. LS-05, leader of local citizen group (tổ trưởng dân phố): “I greatly sympathize with the sellers on the pavement, they are poor and work hard for their family, those are legitimate businesses and if some poor household in the group want to open an informal shop, no one will reposed. But for me, honestly, I would not allow my children use those services, hygiene is partly of the reason, and the other part is it does not look good to eat when we are standing on the sidewalk, with other pedestrians and activities. There are also street foods in other countries but it does not look untidy as we have here, I think we should learn from them to make it more clean and orderly”.

Looking at the survey results, you can observe that most of HCMC’s citizens are now supporting the presence of informal economy as it provides cheap products, convenience and partly give livelihood to the urban poor. Probably, the level of acceptance will decrease if there is no improvement on the weaknesses of HCMC’s pavement economy, which is the hygiene, disorder and those activities are taking urban space away from pedestrians. For higher living condition in the future, the same appearance of pavement economy as present will not be considered the same by the citizens. For people now see it as necessitate to the poor, cultural characteristic of HCMC, they will not recognize the situation the same way, pavement economy will have to be adjusted, or it will decrease in the next few years.

6. Improvement Proposals

6.1 Existing suggestions for informal economy in HCMC

For more than ten years, the most common reaction of authorities to informal sector has been to forbid, to fine or to confiscate their business tools and vehicles. These activities will be strictly enforced by the city’s campaigns, which also show the authority’s point of view that informal is against the civilized and modern city. For many years, the result of these campaigns are still in a situation that Pham Thai Son called the “đầu voi đuôi chuột”, in which informal sector is still in the street and the activities of the urban order team is not for clearance purpose, but as a daily barrier that informal sector has to get used to. This failure can be explained by certain facts of Ho Chi Minh City, as well as other Vietnamese cities:

- There is still the need for using informal sector as a cheap and convenient source of products and services for the poor citizens. Moreover, with most transportation means being individual vehicles, it is easy to stop by the street and buy some products from the informal sector. Informal services as the result are not only the needs of urban citizens but also the local habit of goods consuming, with strict connection to individual transportation. - The above mentioned informal sector, being dynamic and highly flexible, will use these characteristics as an advantage to cope with the government enforcement. Following the research of Ho Chi Minh city Institute for Development Studies, 65% of informal business activities will get back to their work immediately or one day after the street clearance campaigns and daily track quickly continues. - The “Institutional gap” leads to a situation in which enforcement process is not homogenous between areas of the city. Under command of The People’s Committee, every District’s Authority will establish Urban Order teams at Ward level. These Order Teams will cooperate with Local Polices to organize the urban pavements. While some wards do not allow any type of informal business on the pavement, some give permissions to draw a 1-meter line from the front of the houses within which range businesses can be conducted, and another 3-meter line for bike parking. Meanwhile, there is no cooperation between authority’ offices. Sometimes informal activities allowed by some Ward government are prohibited by traffic inspectors, who work across multiple Wards having responsibilities of taking care of vehicle parking along the streets.
- Urban Order Team does not have enough staffs to manage activities on the street. As informal businesses are located nearly everywhere, a limited number of Urban Order staffs working mostly in office hours cannot control all these activities. Confiscating business tools from the informal sector cannot prevent them from buying new tools to continue their jobs, as these

working tools are usually cheap. Collecting them can even cause the authorities the problem of lacking storage space and the purpose to admonition fails. - The compassion and social capital of long-term interaction still strongly influences the enforcement process of the local police in Vietnam.

Another proposal to improve HCMC's informal economy was to concentrate all pavement activities to planned areas. This solution is usually both recommended by urban planners and most normal citizens, when asked, also suggest that there should be some specific areas for informal trading. With these areas, it would be easier for the management process both in orderliness and hygiene issues: shop owners and employees can be trained about service skills and hygiene to provide better services to customers. Because it is planned, the area will be in order and more "modern" and "civilized". In reality, there is a small number of Chợ Đêm (night markets) operated as described above, but these markets are small, limited and created for tourists rather than for daily needs of the local citizens. In the urban scale, there is virtually no such an area planned for informal business. This is due to some reasons:

- Informal sector has not yet been officially recognized by HCMC authorities but oppositely, has been considered the obstacle for the goal of becoming an industrialized city. For the authorities, informal trading is unproductive and represents something from the past. Therefore, planning for informal sector seems not to bring benefits to the city, there is little or no support from the government for this kind of projects, and without this support, it is impossible for planners to make plans for the informal sector.
- With high density, most land areas of Ho Chi Minh City are occupied, causing difficulty finding location for the planning. Wealthy investors will have more advantages for the rare land resources in the city as they provide more "modern projects" and give the city direct profit. - For the informal sector, they would prefer to keep the situation the same as how they daily do it, which means the planned areas are not interesting for them. According to a survey in 2004, fixed stall owners do not want to move to concentrated area as it will increase travel time from their house to work, and they will lose the current number of customers. For vendors, what scares them most is the fee they have to pay for renting location and they will lose the "flexibility" nature. If there are still large amount of unsold goods for a day, the vendors can currently travel further than usual, and from that they can reach new customers. Being gathered in an area will increase cost, reduce the trading opportunity, and possibly cause higher competition among sellers[16].

6.2 SWOT Analysis for Informal Sector in HCMC

In order to provide appropriate suggestion to Informal economy in HCMC, it is necessary to comprehend the strengths, weaknesses of informal sector as well as opportunities and threats from the outside. From that the strong characteristics can be developed, weak points can be eliminated. Certainly everything will be considered in the relationship to opportunities and threats. In this analysis, internal and external factors will be both considered in order to give informal sector a direction to fit in new needs and perspective of Vietnamese society in the coming years.

Strengths Weaknesses:

- Informal business provides stable jobs with stable income for the poor, reducing urban poverty. - Informal business is a source of cheap and convenient service for urban citizens. - Informal economy enriches social security by the close cooperation between informal
- The hygiene and product's origin of informal business is not qualified. - Some informal activities on the pavements are not well organized, creating disorder and confusion scene in the street. - With narrow pavements, informal activities occupy space of the pedestrians sector and the local police. They will in time inform local authorities whenever there are criminal activities. - Informal economy is flexible and dynamic, "the screen to absorb the economic crisis in Vietnam" (Saigon Times). - Informal business on the pavement is a part of street culture in Vietnam. - Some unique products and services cannot be found anywhere else but

on the street. - Informal sector is willing to show their responsibility and to contribute to the social, the urban “civilization” and “modern city image”.

Table 1. SWOT analysis for informal sector in HCMC.

| Strengths | Weaknesses |
|---|---|
| <ul style="list-style-type: none"> - Informal business provides stable jobs with stable income for the poor, reducing urban poverty. - Informal business is a source of cheap and convenient service for urban citizens. - Informal economy enriches social security by the close cooperation between informal sector and the local police. They will in time inform local authorities whenever there are criminal activities. - Informal economy is flexible and dynamic, “the screen to absorb the economic crisis in Vietnam” (Saigon Times). - Informal business on the pavement is a part of street culture in Vietnam. - Some unique products and services cannot be found anywhere else but on the street. - Informal sector is willing to show their responsibility and to contribute to the social, the urban “civilization” and “modern city image”. | <ul style="list-style-type: none"> - The hygiene and product’s origin of informal business is not qualified. - Some informal activities on the pavements are not well organized, creating disorder and confusion scene in the street. - With narrow pavements, informal activities occupy space of the pedestrians and may cause danger to the traffic. |
| Opportunities | Threats |
| <ul style="list-style-type: none"> - Most of HCMC’s citizens agree with the presence of informal business activities on the pavements. - People consider pavement activities to be one of the cultural issues of the city. - The media support the existence of informal business in the street. | <ul style="list-style-type: none"> - The authorities still consider informal business on the pavement as the “residual and non-productive activity and a cause of traffic congestion” (People Committee of Hanoi, 2008), and informality is against the image of a civilized and modern city. - Support of the local police will end when there are orders or supervision by higher institution of the municipality (Kurfürst, 2011). - Lacking education and legal recognition, informal sector has no chance to negotiate with higher institution. - The support and acceptance of the society will reduce in the future as there is a linkage between informality and uncivilized in the citizens’ mind. |

6.3 Some proposals for further improvements

With all strengths and profits that informal sector provides for urban life, it is nonsensical and irrational to consider informal sector as the obstacle to the “civilized and modern” city. Conversely, informal sector and informal economy is one important part of the city’s economy, contributing both jobs and services which are necessary and fit well in Vietnamese current condition. In the diverse economy of Vietnam, no economic sector is as flexible and dynamic as informal sector. A high percentage of labor working in informal sector makes Vietnam “one of the only South East Asian emerging economies not to have gone into recession in 2009 in the wake of the world crisis” [1]. In the report on “How deep was the impact of the economy crisis in Vietnam”, Cling argued that informal economy “absorbs the labor surplus which agriculture and the formal sector are unable to

employ.” Therefore, prohibiting informal activities like what the government is doing now is definitely not the way to develop the civilized and modern city, but a way to make this goal harder to achieve. As De Soto (2000) has mentioned, in this situation “the poor are not the problem but the solution” [17].

Despite having good strengths and contributions to Vietnamese economy, informal sector still has undeniable weaknesses. These weaknesses will make informal sector lose its current advantage of having support from the citizens and social media, which consequently make it lose development opportunities in the future. When life standard is raised, people require higher quality of hygiene in a more orderly and civilized city. Hence, informal sector needs to have some improvements in the coming years. As “the relationship between the state and civil society defines the character of informality” [18], these improvements need the support of both sectors. To understand by what instruments and at what level this support should reach, there needs to be deep studies and researches on the topic. However, this paper has limited scope and will only offer some brief suggestions on the direction of development that informal sector will go, and how to achieve it for the city’s future. These suggestions are based on the results found by the author in this paper, in combination with recommendations from experts within the field of urban planning.

Ngo Viet Nam Son has expressed in an interview that the attitude of authority to informal sector in Vietnam is “from an extreme to another extreme”, which is there are times when the state leaves informal sector freely developing, but there are also times when informality is strictly banned and controlled. With the experience gained by scholars and practitioners in working with informal sector in the third world countries such as Vietnam where there is “limited governance capability”, “the existence of informal somehow instance the gap between legislation and normal life, and the more formalization the authorities try to apply, the larger gap they gain” [6]. Therefore, leadership of the state should be at the level of guidance and give direction rather than interfering deeply in informal activities, further improvements should be developed by informal sector. Flexibility and competitiveness which are considered opportunity informality [6] will open chances to informal sector. These are also the main principles for the development proposals for informal sector in HCMC: decentralizing from the state and exploiting the strength of flexibility and creativity of informal sector.

6.4 Suggestions for management system

The first suggestion is that informal economy needs to be recognized by the government. Without recognition or official definition, informal sector is not even a sector to negotiate and contribute to the entire economy system. To give informal sector a name and definition in legal system is to clear the fuzziness whether a type of business is formal or informal. With this declaration, the “grey zone” arrangements and negotiation of informal sector, as well as the discretionary decisions and harassment by public officials will be reduced. The enforcement of legal regulations will also be on a clear-cut basis.

The second proposal is to define the level of acceptance of informal activities on the pavements. There is not only one “extreme” to either prohibit or to freely allow but also other levels in between. Depending on specific situations of the streets or characteristics of the urban areas where these streets are located, there can be three types of streets in terms of informal businesses: - Non-informal trading streets, where there is no informal activity allowed. The punishment or fines for operating informal businesses in these streets must be hard. - Streets that allow informal business activities with fee, in which these business activities is organized in order and ensure accessibility of pedestrian activities. The 1-meter zone for business and 3-meter zone for parking can be applied on pavements which have enough space for these activities. - Streets that allow informal trading without imposing any fee as a strategy to reduce urban poverty in the transition period of Vietnam. Similar to the streets operating with a fee, the traffic paths for pedestrians, hygiene and street’s orderliness has to be ensured.

With more specific policies and classification of streets relating to informal economy, the third proposal is that the system for controlling and managing of informal activities on the pavements needs to be re-organized in which the ranges of fines are unambiguous and homogenous across the entire system. These fines should also be high to admonish people to follow strictly. The current fine level is

too low that informal sector can easily pay and continue their work despite the regulations. Compassion from officers, in particular the staffs who directly enforce the regulations, is not allowed in any type. Punishment is also applied to the staffs when there is any compromise with the informal sector.

6.5 Suggestion for informal sector

The biggest negative effects of informal sector in HCMC are the unqualified and unhygienic products; the chaos among business tools causing the situation of losing street scene of orderliness, reducing urban beauty. In some cases, this puts pedestrians in danger of traffic because they have to walk on the road way due to occupied pavements. The problems for pedestrians can be solved by the classification of streets mentioned above. About hygiene and quality of products, informal sector can be organized in self-manage teams. These teams can play the role as the coordinator between local authority and informal sector, where information can flow in both directions of top-down and bottom-up. With this type of organization, the authorities can manage informal economy without losing its flexible and dynamic nature. Beside the function of managing and sharing information, these self-managing teams can give informal sector some advantages of formalization such as access to credit, lower corruption risks and better economic performances. Training to improve business skills and hygiene knowledge for informal shops, especially the ones working in food and drinks area will also be an important task for these management teams. With the support from social media, these improvements will be recognized and welcomed by the society, from that, pavement economy can really be one of the key cultural characteristics of Vietnamese cities in the future.

7. Conclusion

The study was set out to explore negotiation process between informal sector on the pavement and other related sectors in Ho Chi Minh City via two main targets of understanding the performance of informal sector and getting to know how the society considers this specific part of urban economy. Being one of the biggest cities in Vietnam with rich and dynamic street life, Ho Chi Minh City still has not had any official study about informal sector, which has always been existent during the city's history. When mentioning about pavement economy in Hanoi, people have the imagination of the fixed stalls which are operated by the local people, whereas the itinerant vendors have strong connection with the surrounding rural areas of the city. These street vendors are not accepted by fixed stall sellers and are considered as "outsiders" although they are both struggling for the living and both have to use tactics to survive the authority's clearance campaigns. For HCMC case, the "portrait" of informal sector is fuzzy and the fact is that the experience gained in Hanoi case cannot be exactly applied in HCMC ambience. With the empirical study in a small area of HCMC' center, the paper was aimed to create the general image of pavement economy in HCMC, in the relationship to social perspective. This target has been achieved by answering two main questions of "How is the informal pavement economy in HCMC?" and "How does the society consider informal pavement economy in the city's life and future?" As a conclusion, this chapter will review answers to the two questions and will also show the research limitation and further research direction.

In the imagination of people, informal sector working on the pavement is an ineffective economic part in which people gain low income and have bad working condition. Many scholars argue that people working in informal sector will transfer to formal when they have opportunities. Yet, this paper has presented some differences to the existing research results. Even though people in the informal sector have uncomfortable working condition on the street and most people consider their job as "hard" job in the survey, they are satisfied with the work and all informal sector wishes is just to keep their business running continuously in long term in the future. The reasons that informal sector does not want to change to formal can be explained in three important sections of the survey: one to reveal who they are, another is about their work and a third is about relationships related to their work. Besides the similarities to other papers such as most people working on the pavements are women, with low level of education and having few resources to operate a formal business, this paper's sections about the income and relationship of informal sector give us different findings. Informal

sector is not as “unproductive” as the point of view of the authorities. They have stable income which is four to five times greater than the basic salary income defined by Vietnam law. This income is the main income and major source of spending for a normal family of four to five members. This information might be surprising but trustworthy since it is the result from the questionnaires combined with intensive interviews when people are more open and willing to share more sensitive personal information. Through these conversations, informality turns out to be a “rational choice”, as it is the result of evaluating the resources and future business opportunities. When having an opportunity to decide whether to stay in informal or to change into formal business, informal sector usually decides to stay the same. There is also a huge difference between the cases of Hanoi and HCMC when informal sector in Hanoi have strong connection to surrounding rural areas, informal sector in HCMC are almost local people who have been living in the city for long time. Their business in informal sector is not temporary when about 40% of interviewees have been working in the field for more than 20 years. The observation and mapping process across various time periods of a day also provides lively images on informal activities in HCMC, showing how dynamic and cooperative the informal sector is in HCMC.

In terms of relationship, informal sector cooperates well with each other, with local citizens and even with the local Police. They do not consider other informal businesses as competitors or “outsiders”. They also negotiate with local citizens to be allowed to run business in front of private doorways or to utilize public space of an alley. Similarly, they cooperate with the local Police in detecting and preventing criminals in the local area. These successful negotiation processes are usually based on the long term relationships or interactions which are called “social capital” and on the good attitude of willing to contribute to the area’s civilization and cleanliness, such as by contributing to the public fund and committing to cleaning up their work space. In the negotiations, a key lesson learned is that it can only be successful with the support of the citizens, in other words, the “agreement” of the society. Ethic and self-perception of the stakeholders in a negotiation also play a very important role in street life. Because of different perception, with the same management system of transferring responsibility of public space management to the urban district level, some officers use it as a chance to earn money from the informal sector, while the Police of the area under research do not. At higher institution level, there has been no successful negotiation being made. It is due to the fact that informal is not even a realized sector by the law. On this point, Kurfusrt argues that the state of Vietnam acts as the “active producer” of informality for their objectives of becoming an industrialized country as of the year 2020 [3], and in the social-economic transformation, informality depends a lot on the ruling groups’ vision of modernity. However, the intimacy and successful negotiation at the local level of informality with the local community and officers will open the potential for redefinition and interpretation of informal sector in HCMC. From these results, there is a high agreement to the point of view of Portes and Haller (2005) that “the relationship between the state and civil society defines the character of informality”[18]. Under Vietnam circumstance, the “civil society” even includes the staffs of the enforcement system. These staffs despite being on duty have their own social perception, and this would open spaces for negotiation.

To propose for further development of informal sector, in the specific social-economy condition of Vietnam where informality “is increasingly used as a tool of flexibility, testing, and learning to fill institutional gaps in the early phase of transition” [7], it is impossible and irrational to provide complete change in the recognition and management of informal economy. Moreover, being a non-formal sector, informal cannot be strictly managed by the authority. In this way it will destroy the sector’s flexibility and competitiveness nature. According to Chiller (2012), “informality of external relations at the micro level may provide organizations with the amount of flexibility that is necessary to gain stability and competitiveness at the macro level”[6]. Hence, the solution is that informal sector should be approached by decentralization from the state, where the regulations about informal sector should be at the level of giving guidance and direction and put the hand-off on “semiautonomous communities” [19] within their leadership. From there, inner relationship at the local level should be managed and adjusted by informal sector itself. There should also be classification on different levels of acceptance of informal trading on the streets, which are: Non-informal trading streets, Streets

allowing informal business activities with fee, and Streets allowing informal trading without imposing any fee. All these three types of streets need to be ensured walking paths for pedestrians, hygiene and street's orderliness. Because of this, enforcement process must be stricter than what it currently is. In accordance with this system of classification, informal sector needs to be recognized and planned homogenously across the entire city, with no compassion or exception. For informal sector at the local level, there should be self-managed teams acting as the center and coordination to share information, experience, knowledge and credit to the members within the teams. These teams are also the "formal" representative for the informal sector, improving negotiation opportunity of informal sector within the society, reducing the needs for official employees from the government to manage the city's orderliness and informal sector.

Since the research area is just one part of Ho Chi Minh City's Center, the result cannot reflect the general condition of the whole city's pavement economy. Besides, the problem of encountering denials for interviews from the authorities makes the research outcome lack the perspective of the governing sector. Therefore, further researchers can have a wider area of studying with more access from the government point of view as the active producer of informality. This sector has great influence on the presence and development of the informal sector in HCMC. However, within the scope of a Master's thesis, this paper hopefully has sketched the very first but interesting portrait of the informal sector of Ho Chi Minh City, in the relationship with the authority and the society. Contemporarily, informality in the city has not yet been recognized and the future of informal sector is unpredictable because of the continued shifting and lack of transparency of legal framework. However, the picture of informal sector in Ho Chi Minh City is not entirely bleak when they have their undeniable strength and great social and media support. With their flexible and dynamic nature, informal sector will find a way to exist as long as no other economic sector can replace this important and familiar source of daily necessity for a high percentage of the city citizens and, for many urban poor traders themselves.

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