



The economic impact of the closure of Bong Suwung localization in Yogyakarta City

Mujiyanto^{1*}, Sugiyanto²

^{1,2}*Sekolah Tinggi Pembangunan Masyarakat Desa "APMD", Indonesia*

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*Correspondence email:
mujiyanto7708@gmail.com

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Abstract

The closure of the Bong Suwung localization in Yogyakarta City has proven to have a significant economic impact on the lives of the surrounding community who have been dependent on the economic ecosystem formed in the area. Many informal economic actors such as street vendors, parking attendants, stall owners, and other service providers have lost their main livelihoods. This impact not only leads to a direct decline in income, but also triggers a chain effect in the form of hidden unemployment, forced job transfers, and increased household economic vulnerability. In addition, the closure of this localization also resulted in the cessation of informal economic activities that were previously the backbone of the region's micro-economy. Communities' dependence on the existence of localization makes them particularly vulnerable when these key economic sources are abruptly shut down without adequate transition mechanisms or empowerment. Based on the results of field findings and strengthened by previous studies, it can be concluded that the policy of closing the Bong Suwung localization, if not accompanied by a structured economic assistance and empowerment strategy, has the potential to worsen the economic conditions of the affected residents and create new social inequality. Therefore, further policy interventions are urgently needed to restore and rebuild the economic resilience of communities post-localization closures.

1. INTRODUCTION

Development in Indonesia aims to improve the standard of living and welfare of the community, as mandated in the Preamble to the 1945 Constitution. However, the challenges faced, such as the high poverty rate, During the last five-year period, the poverty rate in Indonesia has fluctuated closely related to the dynamics of the national economy, especially the impact of the COVID-19 pandemic in 2020. Nationally, the poverty rate increased from 9.22% in 2019 to 10.19% in 2020, reflecting the economic pressure felt by vulnerable households. However, as economic activity recovers and the government's social policy interventions, the figure gradually decreases to 9.71% in 2021, 9.57% in 2022, and reaches 9.36% in 2023.

Among all provinces, Papua consistently recorded the highest poverty rate. In 2019, the poverty rate in Papua reached 26.55%, and even increased in 2021 to 27.38% before



declining again to 26.03% in 2023. West Papua follows a similar trend, with a relatively stable but still high poverty rate, from 21.51% in 2019 to 20.49% in 2023. Meanwhile, East Nusa Tenggara (NTT) also showed a high poverty rate, although it experienced a slight decrease from 20.62% to 19.96% in the same period. The high poverty rate in eastern Indonesia indicates structural challenges and development inequality that still require special attention from the government.

Several other provinces showed an encouraging downward trend. In South Sumatra, the poverty rate has decreased from 12.56% in 2019 to 11.78% in 2023. Lampung also showed a decrease from 12.30% to 11.11%. Meanwhile, DI Yogyakarta had experienced a surge in 2020 to reach 12.8%, but then experienced a consistent downward trend to reach 11.04% in 2023. This decline shows the success of economic recovery programs and social safety nets in these areas. Provinces such as West Nusa Tenggara (NTB) have shown stability in the poverty rate, which is in the range of 13.8% to 14.2% over the past five years. Similar things also happened in West Sulawesi and Central Sulawesi, which recorded poverty rates ranging from 11% to 13%, without a drastic spike. Some regions even showed relatively good performance, with poverty rates below the national average, such as Southeast Sulawesi, West Sulawesi, and Lampung.

The employment sector in Yogyakarta also faces challenges, with a high unemployment rate and limited employment. Despite an increase in the percentage of formal labor, the informal sector still dominates, creating social and economic disparities. [BAPPEDA DIY \(2024\)](#) explained that over the past four years, the employment structure in the Special Region of Yogyakarta (DIY) has shown dynamics that reflect a slow shift from the informal sector to the formal sector. In 2020, the majority of Yogyakarta residents who work are still in the informal sector, which is 57.41%, while the formal sector only accounts for 42.59%. However, this trend is starting to change along with the post-COVID-19 pandemic economic recovery, where in 2021 there was an increase in the proportion of workers in the formal sector to 44.64%, and again in 2022 to reach 46.62%. Although in 2023 there was a slight decline to 46.22%, the formal sector still maintained a higher proportion compared to 2020. In contrast, the informal sector experienced a downward trend during the same period. From the initial figure of 57.41% in 2020, the proportion continued to decrease to 55.36% in 2021, then 53.38% in 2022. However, in 2023, the informal sector slightly increased again to 53.78%. This small increase could reflect structural pressure or limited absorption of the formal sector towards the new workforce, especially in the context of the local economy based on MSMEs and the creative sector.

One of the informal sectors that has been impacted by the economic and social gap is commercial sex workers who work as prostitutes. Prostitution is one example of a social problem that exists in people's lives and is difficult to eliminate. Social problems are the incompatibility of the elements of values and social norms that exist in society so that they hinder members of society from achieving their goals ([Syani, 2002](#)). According to [Siregar \(2015\)](#), prostitution is a type of work in which a person surrenders or sells services to the public to commit sexual acts by getting wages according to promises made. Prostitution is not a new problem in Indonesia. In Indonesia, prostitution has existed since the Mojopahit era ([Koentjoro, 2004](#)). Until 1945, when Japan colonized, this phenomenon continued to occur in localization. Meanwhile, Localization is a location set by the city government for

Commercial Sex Workers to commit immoral acts (Ambarwati et al, 2020; Bachtiar & Purnomo, 2007). Prostitutes and the general public who are not involved in prostitution live together in one community. This phenomenon can have many good and bad impacts on society.

Negative impacts are detrimental impacts that will become bad habits for the community if left unchecked. Various aspects are influenced by localization in the community. These include spreading venereal and skin diseases, ruining family life due to being seduced by prostitutes, damaging morals, morals, laws, and religion (Kartono, 2014). Contrary to this opinion, some people think that localization is a useful place. The existence of localization provides livelihood to the surrounding community (Retnaningsih, 2014). The advantages of the existence of localization complexes are felt by the people involved in this business such as pimps, commercial sex workers and the surrounding community. The existence of localization has given rise to new jobs for the local community, namely economic improvements such as traders, pedicab drivers, motorcycle taxi drivers, maids or clothes washers, masseuses, and herbal medicine sellers (Miskawi & Matali, 2007).

The existence of localization is currently developing very quickly. Localization develops along with rapid population growth, especially from the movement of people from other cities (Amalia, 2013) Yogyakarta City is a city that is one of which is a tourist destination that is almost always crowded by visitors from various regions. The tours presented are not only historical places or tours in nature, but there are also night tourist attractions that can be visited like those found in several other cities. Night tourism that can be visited in Yogyakarta are such as cafes, coffee shops, angkringan, night clubs, discotheques, and what is definitely not to be missed is the place where prostitution is practiced. Based on some of the places mentioned, the most interesting place to investigate more deeply is the place where prostitution is practiced. One of the famous prostitution locations in Yogyakarta is Bong Suwung (Kofifah, 2023).

Bong Suwung or better known as Ngebong is an illegal dwelling and is also one of the prostitution localizations in the Special Region of Yogyakarta starting around the 1970s. Bong Suwung was originally an empty ethnic Chinese cemetery area until it was eventually occupied and inhabited by the urban poor community in Yogyakarta due to limited access to housing in urban areas. The Bong Suwung area can be understood as a concrete representation of urban poverty in Yogyakarta City. The existence of this localization should not merely be viewed as a deviant social practice, but rather as a product of the limited economic options available to the urban poor. The persistently high poverty rate in the Special Region of Yogyakarta that consistently above the national average has been a driving factor behind the emergence of informal spaces such as Bong Suwung. For many residents, economic activities in this area, whether directly through prostitution or indirectly through small-scale businesses such as food stalls, parking services, and petty trade, have functioned as survival strategies in the face of restricted access to formal employment. Thus, Bong Suwung is not simply a "localization," but a mirror of the structural poverty that entraps marginalized communities, where economic choices are often limited to survival and are rooted in marginal urban spaces.

Bong Suwung itself is located along the railway line of Tugu Yogyakarta station which has land use rights which belong to PT. KAI, which is precisely located on the west side of

Tugu station (Rofiyandi, 2012). As an effort to improve the quality of service for passengers, PT. KAI, so PT KAI conducts arrangements outside the station and the facilities that support it. One of the arrangements carried out by PT. KAI is by relocating residents who occupy and use the Bong Suwung area located in Gedongtengen District in the Tugu Station complex, Yogyakarta. Meanwhile, the status of land in the Bong Suwung area is Sultan Ground (SG). PT KAI said that it had obtained a Palilah Letter from the Jogja Palace to manage the land. Therefore, with the closure or relocation of the Bong Suwung localization, the researcher wants to see the economic impact experienced by residents in the Bong Suwung area on the closure.

2. THEORETICAL REVIEW AND HYPOTHESIS

Socio-Economic Impact Theory

The closure of localization is a form of policy intervention that can affect the social and economic structure of the surrounding community. Socio-economic impact theory states that policies that overhaul established social systems will have economic consequences, both directly and indirectly. These consequences can be in the form of job loss, reduced income, and weakening of local economic activity (Burton, 1998). In the context of Bong Suwung, the area has long been a hub of informal economic activity that provides employment for people from all walks of life, from commercial sex workers (PSK), stall owners, street vendors, to local transportation services.

The Theory of Local Economic Dependency

Local economic dependency theory explains that if a community is significantly dependent on one type of economic activity, then the loss of that activity will have a systemic impact on the local economic structure (Shaffer, Deller, & Marcouiller, 2004). The closure of the Bong Suwung localization caused disruption of the economic chain that has been the daily support of local residents. Previous research shows that when dominant activities in certain areas are closed, especially informal ones, people will experience difficulties in economic adaptation, due to limited resources and access to the formal sector.

Collaborative Governance Theory

From a public policy perspective, a collaborative governance approach is important when a policy touches on moral, social, and economic aspects at the same time. Ansell and Gash (2008) argue that policies involving many interests should be built through collaboration between stakeholders, so that the transition can proceed in a just manner and reduce social resistance and economic shocks. The closure of Bong Suwung that is not accompanied by a collaborative-based economic transition process risks magnifying the negative impact on affected communities, especially micro and informal economic actors.

The closure of the Bong Suwung localization has a negative impact on the income of the surrounding community

The closure of localization in various regions in Indonesia has a direct impact on the decline in people's income, especially for those who directly or indirectly depend on economic activities around localization. A study conducted by Prasetyo and Ramadhani

(2019) regarding the closure of Dolly's localization in Surabaya revealed that there was a significant decrease in income for street vendors, food service providers, and boarding house owners in the ex-localization area after the closure. Similarly, in a study conducted by Dewi (2021) in the ex-localization area of Sunan Kuning Semarang, it was found that the closure of the place caused the loss of a main livelihood for some residents and an increase in local unemployment rates, especially in the informal sector. Research from Maulana and Fitri (2022) also corroborates that the economic impact of the closure of localization is not only felt by commercial sex workers, but also by the surrounding community who previously enjoyed the economic spillover from the high activity in the region. These three studies show a consistent pattern that localized closures, without a clear economic transition program tend to lower people's income levels and increase local economic inequality. Thus, the hypothesis that the closure of Bong Suwung localization has a negative impact on the income of the surrounding community has a strong and relevant empirical basis for further study. So based on this, the hypothesis of this research is:

H₁: The closure of the Bong Suwung localization has a negative impact on the income of the surrounding community

The closure of the Bong Suwung localization reduces informal economic activity in the region

The closure of localization directly has an impact on the decrease in the intensity of informal economic activities in the affected areas. According to a study by Rahardjo and Suryani (2020), the closure of localization in the Bangunsari area, Surabaya, caused a drastic decrease in the number of small businesses that previously operated to serve the needs of visitors and residents of localization, such as food stalls, grocery stores, motorcycle taxi drivers, and home laundry services. Similar research by Nurfadillah and Wahyuni (2018) on the ex-localization of Kramat Tunggak in North Jakarta showed that the informal sector that grew organically around the localization area lost its consumer base after the closure, so many informal business actors went out of business. In the context of Yogyakarta, a study by Widodo (2021) noted that informal economic activities around localization which are often the only source of livelihood for local residents, stagnate after the cessation of localization operations, due to the absence of a strategy for diversion or relocation of economic activities. These findings indicate that the informal sector is particularly vulnerable to closure policies without an adequate economic transition scheme, thus supporting the hypothesis that the closure of the Bong Suwung localization is likely to reduce informal economic activity in the region. So based on this, the hypothesis of this research is:

H₂: The closure of the Bong Suwung localization reduces informal economic activity in the region.

Local economic dependence on localization activities affects the level of post-closure economic vulnerability

The local economy's dependence on localization activities creates high structural vulnerabilities when closure policies are implemented abruptly or without adequate transitions. A study by Susanti and Baharuddin (2020) on the ex-localization of Teluk Bayur

in Padang shows that the surrounding community experienced serious post-closure economic shocks because most of their household income depends on the localization ecosystem, ranging from the provision of food, transportation services, to daily room rental. Meanwhile, research by [Handayani \(2019\)](#) on the closure of the Gang Sadar localization in Malang City found that local communities who have long integrated their economic activities with the needs of localization residents and visitors suddenly lose the main market, causing economic vulnerability, open unemployment, and a decrease in purchasing power. Another study by [Yusuf and Lestari \(2021\)](#) strengthens this argument by observing that the higher the economic dependence of communities on localization, the greater the risk of economic instability after the lockdown is carried out, especially in areas with limited alternative work options. These findings confirm that the policy of closure of localization, when not accompanied by economic empowerment and diversification strategies, has the potential to create new economic vulnerabilities for local communities that previously depended on activities in and around localization areas. So based on this, the hypothesis of this research is:

H₃: The local economy's dependence on localization activities affects the level of post-closure economic vulnerability

3. RESEARCH METHODOLOGY

This research uses a qualitative approach focused on policy research. The research was carried out at the location of Bong Suwung, Pringgokusuman Village, Gedongtengen Village, Yogyakarta City. Informants were determined by purposive sampling ([Creswell, 2016](#)). The number of informants in this study amounted to 6 people, namely Commercial Sex Workers, Affected Families, Local Residents, Traders, Community Leaders, Non-Governmental Organizations. Data and information were collected by observation techniques, unstructured interviews and documentation studies. Primary data and secondary data are integrated in the content of the analysis ([Sugiyono, 2021](#)). All data were validated by a credibility test, a transferability test, a dependability test, and a conformability test ([Sugiyono, 2021](#)).

4. RESULTS AND DISCUSSION

The Public's View of Bong Suwung

The presence of localization in society often causes discomfort and disrupts social interaction. Many people consider localization to be the cause of social problems, social ills, and moral decline, even though this is closely related to the social reality and economic conditions that trigger its existence. Localization often sparks debate; Some argue that localization only has negative impacts and harms society in general, while others believe that localization can offer certain economic benefits. The assessment reflects the complexity of the effects of localization which can vary depending on the perspective and socio-economic context of each party.

According to Frasa MW, a 46-year-old RW figure who lives in the same sub-district as Bong Suwung, the existence of localization has triggered a long-running debate. Some segments of the community feel that localization can increase income through the opening

of various businesses, such as salons, laundry, credit shops, pharmacies, and massage services. However, there are also those who feel worried and disadvantaged by the existence of this localization, especially parents who are worried about its effect on their children. They are worried that children will be exposed to promiscuity and mimic the behavior of commercial sex workers (PSK), which can negatively impact children's mental development. The profession of prostitution is often considered a disgrace to society and has the potential to damage households.

Sutarmin & Budiarti (2018) explained that localization is an area specifically intended for prostitution activities, becoming a place for Commercial Sex Workers (PSK) and pimps to achieve income and satisfaction. Along with the changing times and increasing urbanization, the localization function is now experiencing great challenges and no longer runs as before. Currently, the localization area is not only inhabited by prostitutes, but also by the general public who make a living without being directly involved in prostitution practices. Residents living around the location are often involved in various supporting businesses, such as opening parking services, working as motorcycle taxi drivers, setting up food and beverage stalls, and selling contraceptives. The presence of this general public also adds a level of complexity to the localization environment, expanding its impact in terms of social and economic aspects. This creates new dynamics in the communities around the localised area, which changes the way they interact with the place and affects the local social and economic structure.

The Impact of the Emptying of the Bong Suwung Localization on the Economy

The closure of localization has a negative impact on the economic sector of the surrounding community. This impact can be seen from changes in the amount of community income that affect the fulfillment of family living needs. Based on the results of interviews with several informants who used to work as traders, parking attendants and informal workers, it is known that the closure of the Bong Suwung localization made many traders go out of business because there were no buyers and no selling locations. In addition, in terms of parking revenue, which usually gets a certain amount of money with the closure of localization, it has an impact on the absence of income from the parking side. Job changes clearly have an impact on the income received. After the closure of the Semampir localization, people's income decreased compared to what was usually obtained when there was still localization.

There are several informal workers affected by the closure of localization, including commercial sex workers (PSK), traders, and parking attendants. Based on information from Commercial Sex Workers, the closure of localization has a very significant impact on their income and this was conveyed by AM.



Figure 1. Socialization and Assistance for Residents of Bong Suwung
(Source: Researcher Documentation, 2024)

"After sterilization, as many as 80 sex workers who previously only worked in Bong Suwung now choose to move to Parangkusumo and some also peddle themselves on the streets in Yogyakarta City."

The above statement mentions the changes that occurred after the sterilization program for sex workers in the Bong Suwung area. A total of 80 sex workers who previously lived in a boarding house in Bong Suwung decided to move to a new location, namely Parangkusumo. This decision may have been taken in response to the changing conditions encountered after sterilization, as well as perhaps because they were looking for an environment more conducive to their work.

On the other hand, there are also a number of sex workers who still choose to peddle themselves on the streets in the city of Yogyakarta. This shows that despite the change in the location of residence, their activities still take place. Selling themselves on the streets can reflect their uncertainty in finding a more stable or legal job, as well as create challenges for them to earn an income.

This shift and choice of workplace provides an insight into the dynamics of sex workers' lives in social and economic contexts. They face a variety of factors that influence their decisions, including safety, income, and social stigma. Therefore, it is important to understand their situation more deeply and consider measures to provide appropriate support, whether in the form of rehabilitation, education, or access to health services. In addition, the impact of the closure of Bong Suwung was also felt by several families who had a heavy impact on the condition of the children.

"There are some children who no longer want to go to school, they are psychologically disturbed and do not want to go to school. Some of those in the shelter have not yet wanted to go to school. The first is psychic, the second is far, and there is no cost. Most of them moved to Parangkusumo, their school in Badran, the number cannot be ascertained".

The statement indicates that there are a number of children who experience psychological problems that make them reluctant to continue their education. This

disturbed psychological condition is the main factor that prevents them from returning to school. This requires serious attention, because children's mental health greatly affects their development and learning.

In addition to psychological problems, there are also other factors that contribute to children's unwillingness to go to school, namely distance and cost factors. Many of these children live far from school, as it is mentioned that they moved to Parangkusumo and attended school in Badran. This long distance can cause difficulties in accessibility, plus the problem of transportation costs that become an additional obstacle for them.

With a combination of psychological problems, distance, and cost, this situation creates complex challenges for these children. Therefore, collaborative efforts are needed from various parties, such as the government, educational institutions, and the general public, to provide the right support and solutions so that children can return to school with good motivation and in more supportive conditions.

The Impact of the Emptying of Bong Suwung Localization on the Family Economy

The economic inability of the impact of the closure of the Bong Suwung localization was also felt by traders in the location.



Figure 2. The Condition of Bong Suwung Stalls
(Source: Researcher Documentation, 2024)

The results of interviews with traders in the Bong Suwung localization conveyed the following:

"Before the localization of Bong Suwung was closed, we depended on his livelihood from selling food, liquor, cigarettes and contraception-related items. The income from selling is quite large, even one day you can get hundreds of thousands to millions of rupiah. But now that the localization of Bong Suwung is closed, our income no longer exists."

The above statement describes the economic conditions faced by individuals or groups who previously ran a sales business in the Bong Suwung localization area. Before the closure of localization, they relied on income from various types of goods sold, including food, liquor, cigarettes, and contraceptives. This business activity is the main source of their livelihood, and under normal circumstances, they can get a significant income, with figures reaching hundreds of thousands to millions of rupiah in a day.

However, the situation changed drastically after the closure of the Bong Suwung localization. With the loss of a location that was previously the center of sales activity, their revenue is automatically affected. Without the demand generated from the localization, they now face difficulties in finding income. The survival that was previously supported by these sales efforts is now threatened, creating new challenges for them.

The closure of localization not only affects sex workers, but also impacts those who rely on side businesses around the area. This creates an atmosphere of uncertainty and economic hardship that can have a direct impact on their well-being. In this context, it is important to look for solutions that can help them adapt, such as training new skills or access to other business opportunities, in order to create a more sustainable livelihood in the future.

Based on the results of the interview, it shows that the policy of closing the localization of Bong Suwung makes people who take advantage of localization lose their source of income. Changing circumstances and environments make them have to be able to adapt.



Figure 3. The Condition of the Post-Emptying of Bong Suwung
(Source: Researcher Documentation, 2024)

The closure of localization in Pringgokusuman Village has a significant impact on the community that depends on work in the area. Many have suddenly lost their source of livelihood, forcing them to switch professions to meet their living needs. This process is not an easy one, considering that many of them have been working in the sector for a long time. Discipline in finding a new job, adapting to a new environment, and efforts to change one's

image into challenges that must be faced by society. Therefore, this phenomenon becomes a mirror of the journey that illustrates the struggle to survive in difficult situations.

With the closure of localization, the people of Pringgokusuman are required to adapt quickly. Changing a long-standing career path requires them to learn new skills. A profession that used to sound unusual to them, now has the potential to be a way out. However, the process of changing professions cannot be ignored. Many of them feel they don't have enough skills to compete in the more conventional world of work. The difficulty of getting skills training is one of the challenges in itself. People need to rely on internal resources and institutions outside the region to equip themselves, so that they can switch to more diverse jobs, ranging from industrial workers to the service sector.

From an economic aspect, the loss of livelihood due to the closure of localization has a considerable impact. Many families who previously had a fixed income had to rack their brains to make a living. Not infrequently, they have to accept a job with lower wages than before. The limited availability of jobs triggers increased competition, which often only prioritizes those with certain qualifications. This makes the affected people feel even more desperate. The limited knowledge about opportunities inside and outside Pringgokusuman Village also makes the effort to find a new job more complicated. Therefore, support from the government and social institutions is urgently needed to strengthen the competitiveness of the community.

The Role of Community in the Adaptation Process. In the face of localized closures, the strength of the community has become very important. There is a collaborative effort to provide each other with moral and practical support. The community in Pringgokusuman began to focus on skills training programs, such as sewing courses, digital skills, and entrepreneurship training. Through these initiatives, they aim to broaden the perspectives and employment opportunities for their members. The local community is also working with relevant parties to find long-term solutions in creating new jobs in the area. These collective efforts not only help individuals to adapt, but also strengthen social ties that may be severed by fundamental economic changes.

The closure of the Bong Suwung localization in Yogyakarta City has had a significant impact on the income conditions of the people who previously depended on economic activities in the area. Many residents who originally acted as street vendors, parking attendants, stall owners, and other informal workers, lost their main source of income after the localization was closed. Based on field interviews, some traders admitted that before the closure, their daily income could reach hundreds of thousands to millions of rupiah, but now they have almost no income at all. The parking attendants also experienced the same thing because there were no more vehicles coming, so their source of income was completely stopped. This impact is not only felt by individuals, but also extends to the family level, where a number of children are forced to drop out of school due to lack of funding and psychological pressure due to drastic changes in the social environment. When some former localization workers try to change professions, they face obstacles such as limited skills, low levels of education, and lack of access to decent employment. Some of them are forced to relocate or even return to hidden prostitution practices in more vulnerable public spaces, such as roadsides or tourist areas. This suggests that the closure of localization that is not accompanied by a comprehensive economic transition scheme

risks exacerbating the inequality and economic instability of the surrounding communities, thus reinforcing the hypothesis that these policies negatively impact their overall incomes. Based on this, this study supports several previous studies conducted by [Prasetyo and Ramadhani \(2019\)](#); [Dewi \(2021\)](#) and [Maulana and Fitri \(2022\)](#) show a consistent pattern that localized closures without a clear economic transition program tend to lower people's income levels and increase local economic inequality.

The closure of the Bong Suwung localization in Yogyakarta City has a serious impact on the sustainability of informal economic activities that previously grew and rested in the area. Before it was closed, this localization became a node of various forms of informal businesses such as street vendors, food stalls, parking attendants, providers of contraceptives, laundry, to motorcycle taxis and other service businesses. The local economic life around the localization is highly dependent on the circulation of money generated from nighttime activities and customer visits to the area. However, after this area was closed by the government, these activities experienced a sharp decline. Merchants lost buyers, parking attendants lost vehicles to guard, and stalls lost regular customers. This condition has resulted in many small business actors going out of business or being forced to move locations without a guarantee of getting the same income. In addition, not a few residents who previously relied on the informal sector around the localization now fall into covert unemployment or work in lower-income sectors. This field narrative is strengthened by visual documentation in the form of empty stalls and community testimonials that show the absence of post-closure economic activity. This phenomenon is in line with the view of [Hart \(1973\)](#) and the [ILO \(2002\)](#) that the informal sector has an important role in the absorption of the urban poor, but is very vulnerable to policy changes without mitigation. Therefore, it can be concluded that the closure of the Bong Suwung localization has significantly reduced informal economic activities and weakened the economic resilience of local residents. The results of this study are similar to those of [Nurfadillah and Wahyuni \(2018\)](#) and [Widodo \(2021\)](#) that informal economic activities around localization which are often the only source of livelihood for local residents stagnate after the cessation of localization operations, due to the absence of a strategy for diversion or relocation of economic activities.

The closure of the Bong Suwung localization clearly shows the level of economic dependence of the surrounding community on the existence of the area. Before it was closed, localization became the center of economic activity, not only for commercial sex workers (PSK), but also for various informal business actors such as food traders, sellers of cigarettes and contraceptives, parking attendants, stall owners, and laundry service providers. When the area was closed, their income drastically disappeared and many went bankrupt. This condition shows that the local economic structure has been highly linked to the ecosystem built by activities within localization. This dependence gives rise to high post-lockdown economic vulnerability, as most citizens do not have alternative skills or sufficient access to new jobs. Adaptation efforts through professional change are also hit by limited resources and training, making the economic transition slow and stressful. Not only that, the impact of this economic dependence is also felt in the social realm, such as children who experience psychological disorders and lose motivation in school due to the deteriorating economic condition of the family. Thus, the closure of Bong Suwung not only

closes one area, but also shuts down the pulse of the local economy which is highly dependent on the existence of localization, as well as increasing the vulnerability of the community to poverty and social marginalization. This research is in line with several previous researchers, including [Susanti and Baharuddin \(2020\)](#); [Stuart \(2019\)](#); [Yusuf and Lestari \(2021\)](#) who emphasized that the policy of closing localization, if not accompanied by economic empowerment and diversification strategies, has the potential to create new economic vulnerabilities for local communities who previously depended on activities in and around the localization area.

5. CONCLUSION AND RECOMMENDATIONS

The closure of the Bong Suwung localization area in Yogyakarta has brought significant and multidimensional economic impacts on the surrounding community, particularly those who previously depended on economic activities in the area. The lack of preparedness for change, limited skills, and minimal access to alternative job opportunities have made the affected community highly vulnerable to falling into a new cycle of poverty. Therefore, the policy of closing the localization cannot be viewed solely from moral and legal perspectives but must also take into account the long-term economic and social consequences.

As a follow-up, the Yogyakarta City Government needs to formulate policies that are more responsive to the needs of the affected communities. One strategic measure is the design of an economic reintegration program that provides business capital, financial management assistance, and market access for former sex workers as well as small entrepreneurs who previously relied on the Bong Suwung economic ecosystem. In addition, skill enhancement through job training tailored to market demands such as digital literacy, culinary skills, handicrafts, and service sectors will be crucial in opening sustainable livelihood opportunities. These efforts must be supported by expanding access to formal employment through collaboration with private companies and state-owned enterprises (SOEs), ensuring that affected communities are given fair opportunities to enter the labor market.

At the same time, the government also needs to provide transitional social protection schemes, such as direct cash assistance, community-based public works programs, or educational support for affected children. Community-based approaches, including the establishment of cooperatives or joint business groups, can also serve as an alternative pathway to building local economic independence beyond reliance on localization. The implementation of these policies requires cross-sectoral coordination, direct participation of affected communities, and sustainable funding support through local government budgets and synergy with corporate social responsibility (CSR) initiatives.

Furthermore, such policies must be complemented with systematic monitoring and evaluation mechanisms to measure program effectiveness, including indicators such as household income improvement, business sustainability, and employment absorption. Equally important, the social and psychological aspects must be addressed by providing counseling services, family assistance, and educational facilitation to prevent negative impacts from being passed on to the next generation. In this way, the policy implementation strategy for the closure of Bong Suwung goes beyond addressing surface-

level issues and instead provides sustainable solutions for the long-term welfare of the local community.

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