

The Strategic Influence of Urban Community Empowerment as National Program on Poverty Eradication in Makassar City

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Abstract: This study aimed at determining the strategic effect of PNPM-urban consisting of basic and operational strategies on poverty eradication in Makassar. This study used mixed methods. Data collection techniques were documents, interviews and questionnaires. Data analysis techniques were data reduction, data presentation, data verification and conclusion. The results of the study indicate that the basic strategy has a positive and significant impact on poverty eradication. This is due to the PNPM-urban program that provides training to improve human resource capacity in terms of empowerment, partnership and synergy. This program can boost the welfare of the community. The operational strategy has no effect on poverty eradication of PNPM-urban. This is due to the allocation of PNPM-urban funds in Makassar dominated by the environmental program that focuses on physical development while the budget for the economic program is lower than other program.

Key words: Basic, strategy, operational strategy, poverty eradication, effect

INTRODUCTION

This study is based on the phenomenon of poverty in South Sulawesi, Indonesia, especially in Makassar. Although it has made various efforts to overcome it, according to the World Bank until today, there are >1.2 billion people who worldwide live on <1\$ per day. Especially in South Sulawesi, the increase of poverty in urban is higher than rural areas. This is caused by the increasing migration of poor people from rural to urban areas. In addition, there are two possibilities in the number of poor people in urban areas. First, the crisis is likely to give worst effects for various main economic sectors in urban areas such as construction, trade and banking that brings a negative impact on unemployment in urban areas. Second, while the rural population can meet subsistence levels of their own production, the increase in food prices negatively affect the buyers are more than the effects on food producers, which brings more suffering among urban households than rural. The problem is when the urban poverty eradication program has been implemented, whether it has been successful in overcoming poverty. One of the Urban Community Empowerment National Program (PNPM-urban) is a government program that is in substance seeks to reduce poverty through the concept of empowering communities and other local development actors. PNPM-urban, particularly in Makassar, has two strategies are basic and operational strategies aimed to reduce poverty through empowerment,

education and entrepreneurship. In this way, is expected to raise the awareness that to eliminate poverty must be taken through the productive work carried out by self-them. This study highlights the shortcomings of the Urban Community Empowerment National Program (PNPM-MP) on Poverty Eradication in Makassar city, where this study will provide a new dimension in the field of entrepreneurship development research for future in the fight against poverty.

Literature review

The problem of poverty: Poverty is a humanity problem that inhibits welfare and civilization. Basically, it refers to the situation of misery and helplessness experienced by a person either due to inability to meet their daily needs as well as due to the inability of the state or the community in providing social protection to its citizens.

Definition of poverty: Poverty refers to the situation of shortage that occurs not as desired by the poor, but because the power cannot avoid them, it has (Soegijoko and Kusbiantoro, 1997). According to Sar A. Levitan in Ala said poverty is the shortage of goods and services needed to achieve a decent standard of living. Meanwhile, according to the Central Bureau of Statistics and the Ministry of Social Affairs poverty is the inability of the individual to meet the minimum basic needs for a decent life.

Poverty occurs when a person or group of people, both men and women, not fulfilled their basic rights to maintain and develop a life of dignity (Presidential Decree No. 7 of 2005 on RPJMN). This definition was moved from a rights-based approach that recognizes that the poor have basic equal rights with other members of the community. Inequality of opportunity to accumulate social power base that includes: assets, financial resources, organizational and social networks, knowledge and information to get a job to make someone poor (Ridlo, 2001).

Various opinions about poverty have been put forward by experts. In general, poverty is always defined as conditions that are not economically well off, especially with the basic consumption needs such as clothing, housing and food.

The causes of poverty: Kuncoro (2004) tried to identify the causes of poverty is seen from an economic standpoint. First, inequality of resource ownership patterns which lead to an unequal distribution of income. Second, differences in the quality of human resources associated with low productivity and wages. Third, poverty arises from the difference in access to capital. Causes of poverty by the poor themselves are the lack of capital, education, skills and employment opportunities.

Other causes of poverty by Cox as follows: poverty that caused by globalization in the form of the dominance of developed countries against developing countries; Poverty is related to development in the form of low participation in development and the marginalization of the development process; social poverty suffered by women, children and minority groups because of their powerlessness and poverty due to external factors such as conflicts, natural disasters, environmental degradation and the increase of population.

Causes of poverty can occur due to the natural, economic, structural, social and cultural conditions. The natural and economic poverty comes from limited natural resources, human and other resources, structural and social poverty due to the uneven development, institutional order and policy in development. The cultural poverty is caused by attitudes or habits that feel sufficiency so that trap someone in poverty.

Strategy and poverty eradication program: Act No. 25 of 2004 on National Development Planning System states that the strategy contains measures are indicative programs to realize the vision and mission. While the program is a policy instrument that contains one or more of the activities carried out by government

agencies/institutions to achieve the goals and objectives as well as to receive a budget allocation or community activities coordinated by government agencies.

The strategy of poverty eradication as suggested by the United Nations Economic and Social Commission for Asia Pacific (UNESCAP) that the strategy of poverty eradication consist of poverty eradication for money; access to economic, social and cultural; and access to power and information.

Poverty eradication efforts have been made a long time although its intensity varied according to socio-economic conditions of the community. Efforts to reduce poor population through development designed to solve three major problems, namely unemployment, unequal distribution of income and poverty (Soegijoko and Kusbiantoro, 1997).

The success of the program of poverty eradication lies in the accurate identification of targeted groups and regions (Remi, 2002). According to Dillon (1999), paradigm of poverty eradication in the era of regional autonomy is that the anti-poverty policies or programs can be successful if the poor as the main actors in the fight against poverty (Mubyarto, 2005). The approach in poverty eradication programs should be based on the profile of poverty and people driven where the people will be an important actor in any formulation of policy and political decision making.

PNPM-urban: PNPM is a national program in the form of policy framework as a basis and reference for the implementation of poverty eradication programs based on community empowerment. It is implemented through harmonization and development of systems and mechanisms and procedures of the program, providing assistance and stimulant funding to encourage initiative and innovation of communities in sustainable poverty eradication efforts.

The approach of PNPM-urban: Rational efforts in achieving the goal of PNPM program gives attention to the principles of community-based development program management with the following approach:

- Sub-district as a locus of the program
- Positioning the community as the main actors of development
- Prioritize universal values and local culture in the participatory development process
- The community empowerment in accordance with social and geographical characteristics
- The empowerment process consisting of learning, independence and sustainability

Target of PNPMM-urban: The targets of program implemented by PNPMM-urban as follows:

- Strengthen and institutionalize BKM/MFIs trust, aspirative, representative and accountable to encourage growth and participation and community independent
- The available of providing medium-term planning poverty program at the village as a place to realize the synergy of a comprehensive poverty eradication programs and in accordance with the aspirations and needs of the community
- The realization of the use of Bantuan Langsung Masyarakat (BLM) or direct community assistance, including other sources of funds, targeted, transparent and accountable
- The establishment of BKM/MFIs forum at sub-district and city levels to oversee the realization of the harmonization of various local program
- Increased capacity of central-and local governments to partner with BKM/MFIs in the provision of services for the poor
- Realization of technical assistance and funding contributions in accordance with the Fiscal Index and Regional Poverty (IFKD-Indeks Fiskal Kemiskinan Daerah) from the municipality/regency in PNPMM-urban as well as the establishment of environmental quality improvement; the realization of a partnership program between BKM/LKM with various stakeholders
- People who are aware, concerned and capable of carrying out a series of PNPMM-urban activities in its region independently and sustainably in accordance with guidelines for the implementation of PNPMM-urban
- Volunteers and individual volunteers (specialization based on interest) as a driver of participatory development process in the region and participatory monitoring forum to ensure the implementation of poverty eradication activities by PJM Pronangkis
- Increasing public awareness and local government in structuring a more comprehensive residential environment, disaster risk management and development of community livelihoods.

Strategies of PNPMM-urban: The basic strategy of PNPMM-urban is measured in three dimensions of empowerment, partnership and synergy. Robinson (2004) explains that empowerment is a process of personal and social. It is an exemption of personal ability, competence, creativity and freedom of action. In addition, Ibe (1995) suggested that empowerment means giving power to the less powerful.

The partnership is an effort that involves various sectors, community groups, government and non-government agencies, to work together to achieve a common goal based on an agreement in principle and the role of each. Hafsah (2000) suggest the concept of partnership is a business strategy that is performed by two or more parties over a period to achieve mutual benefit with the principle of mutual need and mutual grow. Meanwhile, according to Rachmat (2004), partnership are a relationship of business cooperation in various strategic parties, are voluntary and based on the principle of mutual need, mutual support and mutual benefit, accompanied by the promotion and development of SMEs by large businesses. In essence, the partnership is known as mutual assistance or cooperation from various parties, either individually or in groups.

The concept of synergy as proposed by Deardorff and Williams is a process whereby the interaction of two or more agents or forces that will produce a combined effect greater than their influence individually. According to Corning, the real synergy is everywhere around us, including on inside us. The synergy is unavoidable. The synergy is not something we can hold our hands but a term that means a multiplying effect that allows the energy of individual works or services multiplied exponentially through mutual efforts. Synergies group described as the action develops and flows of a group of people working together in sync with each other so that they can move and think as one. This synergy of actions carried out by instinct, positive, empowering and use resources group as a whole. The basic strategy is implemented by PNPMM-urban referring to some of the following:

- Intensify empowerment efforts to improve the ability of empowerment and self-reliance
- Establish partnerships as wide as possible with the various parties to jointly realize the empowerment and self-reliance
- Implement the integration and synergy of sector development approach, regional development and participatory development

Operational strategy of PNPMM-urban is measured in some dimensions as follow.

Optimized resource potential: In this case, PNPMM-urban optimizes all the potential and resources owned by the community, central government, local government, private sector, associations, universities, NGOs, community organizations and other concerned groups synergistically. Empowerment of human resources is very significant to improve the performance of the organization, the

empowerment of human resources must be planned, directed and strategic which in turn can be used and implemented in the work unit of the organization concerned.

Strengthening the role of government in poverty eradication: Some programs promoted by the government in overcoming poverty by addressing the direction of development in 2008 on poverty eradication. The focus of program includes (five) things; maintaining the stability of prices of basic commodities, growth pro-poor, enhance and expand the scope of community-based development programs, improving poor people's access to basic services; and building and perfecting the system of social protection for the poor. Of the five focus of the government program, it is expected the number of poor people that there can be overcome little by little.

Development of trusted, rooted and accountable public institution: Public institutions are established by the community empowerment program that has absorbed a lot of resources and sources of funding both from government and from community participation requires strengthening the capacities and legal status. The aim is to be more effective in serving the poor as much as possible, the implementation of its activities are legally protected and the funds it manages secure, accountable; and sustained and developed through cooperation with local government institutions, private and public. Strengthening community empowerment organization is necessary to avoid the risk of failure of social capital investment has been poured by the Government so far.

Optimization sector role in the service and integrated development activities at the community level: Considering the important role of the sector in this service, the management of a particular institution or organization shall prepare executive personnel who are professionals in their field, dedicated and able to serve the community with a variety of different characters. Because the services provided to the public is closely associated with the level of satisfaction that will be felt by the community. Armstrong argues that companies that provide high-quality services typically perform far better than competitors that are less. To determine the need for public services it is cannot simply monitor the complaint through a toll-free phone line or a card containing a comment. The government essentially is a servant for the people and the government realized to provide service to the community and not conversely. A professional public service can be realized by the government if there are accountability and responsibility of service providers, in this case, the self-government apparatus.

Increased learning ability: In this case, PNPM-urban has a strategy to improve the learning ability of the community to be able to understand the needs and its potential and solve the problems that it faces. So it is expected the transformation towards an independent community through some partnership learning partnership and synergy between government, communities and groups concerned with the various parties (channeling program) to access a variety of opportunities and resources needed by the community.

The application of participatory development concept: Through the empowerment process consisting of learning, independence and sustainability, PNPM-urban consistently, dynamic and sustainable applying the concept of participatory development, in which the public are expected to be actively involved in every decision-making process of development and cooperation to carry out development so that sustainability, decision while considering the interests of improving the welfare of people not only today but also in the future while maintaining environmental sustainability.

MATERIALS AND METHODS

This study applied mixed methods with quantitative-qualitative research. The quantitative research is intended to test the theory with the hypothesis and operationalization of variables. Qualitative research is designed to describe or explain the study results as situation happens on the field.

This study was conducted in Makassar city on the Urban Community Empowerment National Program (PNPM-urban) of Makassar. Sampling was done by purposive sampling as based on the needs and criteria. Samples used based on Krejcie Morgan table with a total population of 78.125 is as much as 367 respondents.

Data collection techniques including observation, questionnaire, interview and documentation. The variables used were basic and operational strategies and poverty eradication, while the data analysis technique used is SEM (Structural Equation Models). The use of SEM analysis due to this method can identify the dimensions of a construct and at the same time can measure the degree of influence or relationships among factors that have been identified dimensions.

RESULTS AND DISCUSSION

Measurement model test: The large of construct reliability received is between 0.5-0.7. The goodness-of-fit measures based on several criteria can be seen in the following Table 1.

Table 1: Test of goodness-of-fit measures

GOF measure	Estimation
Chi-square	74168.4270
Degrees of freedom (df)	1704.00000
p-value	0.00000000
RMSEA (Root Mean Square Error of Approximation, <0.08)	0.02858000
GFI (Goodness of Fit Index = close to 1)	0.83220000
AGFI (Adjusted Good of Fit Index = close to 1)	0.81980000
NFI (Normed Fit Index)	0.97910000
CFI (Comparative Fit Index = close to 1)	1.00000000
IFI (Incremental Fit Index = close to 1)	1.00000000
RFI (Relative Fit Index)	0.97830000
PNFI (Parsimony Normed Fit Index)	0.94260000

RMSEA (Root Mean Square Error of Approximation) value to the model studied by 0.02858 shows a model obtained meet the criteria for suitability model where the expected value of RMSEA is smaller than 0.08. Also, based on the goodness-of-fit measures, the value of GFI, AGFI, CFI NFI, IFI, FFI and PNFI exceeds the average value or close to 1, so it can be said that already meets the goodness-of-fit measures.

Structural model test: Results of data processing by using robust maximum likelihood, obtained t-value path diagram as shown in the following Fig. 1. The hypothesis test proposed in this study can be described by the following equation function (Table 2):

$$\eta_2 = \gamma_{21} \xi_1 + \gamma_{22} \xi_2 + \beta_{21} \eta_1 + \zeta_2$$

$$\eta_2 = 0.6676 \zeta_1 + 0.2194 \zeta_2 + 0.3262 \eta_1 + 0.2336$$

Where:

- ξ_1 = Exogenous latent constructs 1 (Basic strategy)
- ξ_2 = Exogenous latent constructs 2 (Operational strategy)
- η_1 = Endogenous latent constructs 1 (Entrepreneurship)
- η_2 = endogenous latent constructs 2 (Poverty eradication)
- ζ_1 = Error in equation between exogenous with endogenous variables 1
- ζ_2 = Error in equation between endogenous latent variable 1 with endogenous variable 2
- γ = Path coefficient of exogenous latent to endogenous latent 1
- β = Path coefficient between endogenous latent constructs

Based on the diagram path t-values in Fig. 1 shows that t-value to the basic strategy of 1.9665 means $t_{count} > t_{table}$ ($6.1770 > 1.9665$) then H_0 and H_1 accepted. This means, that the basic strategy have a significant impact on poverty eradication in Makassar city. While, t-value on

Table 2: Structural similarities between latent variables

Endogenous constructs	Exogenous constructs			Error
	ξ_1	ξ_2	ξ_1	
η_1	0.23360 (1.9182)	0.70500 (5.3722)		+0.1456
η_2	0.66760 (6.1770)	0.21940 (0.1715)	0.3262 (3.2678)	+0.2336

Nb. Figure in bracket is statistical value of t-value

the operational strategy of 0.1715 means $t_{count} < t_{table}$ ($0.1715 < 1.9665$), then H_0 and H_1 rejected. This means that the operational strategy does not have a significant impact on poverty eradication in Makassar city.

The large of contribution of basic and operational strategies on poverty eradication can be determined by multiplying the coefficient values between the path and the large of t_{count} contained in each path as shown in the figure. The values contained in the full model diagram path explain the contribution of basic and operational strategies on poverty eradication.

Influence of basic strategy on poverty eradication: The basic strategy in this study was measured by three main dimensions, namely empowerment, partnership and synergy. PNPm-urban program which provides training to improve human resource capacity in terms of empowerment, partnership and synergy is one program that can boost the welfare of community. Based on the data analysis by using Structural Equation Modeling with the assistance of LISREL program showed that the basic strategy have a significant impact on poverty eradication of PNPm-urban.

The results are consistent with research conducted by Erni PNPm-urban program is able to improve socio-economic conditions of communities, especially their income.

Influence of operational strategy on poverty eradication: The result of analysis showed that the operational strategy has no significant effect on poverty eradication of PNPm-urban. Increasing the value of operational strategy cannot increase the eradication of poverty in Makassar but it does not mean the operational strategy can be ignored because it is an important factor in making the application of PNPm-urban program. Operational strategies in PNPm program did not significantly affect poverty eradication in Makassar, mostly due to the budgeting of PNPm-urban program in Makassar focused on environmental programs and only a small portion is used for an economic program and in this case relates to the problem of poverty in Makassar city.

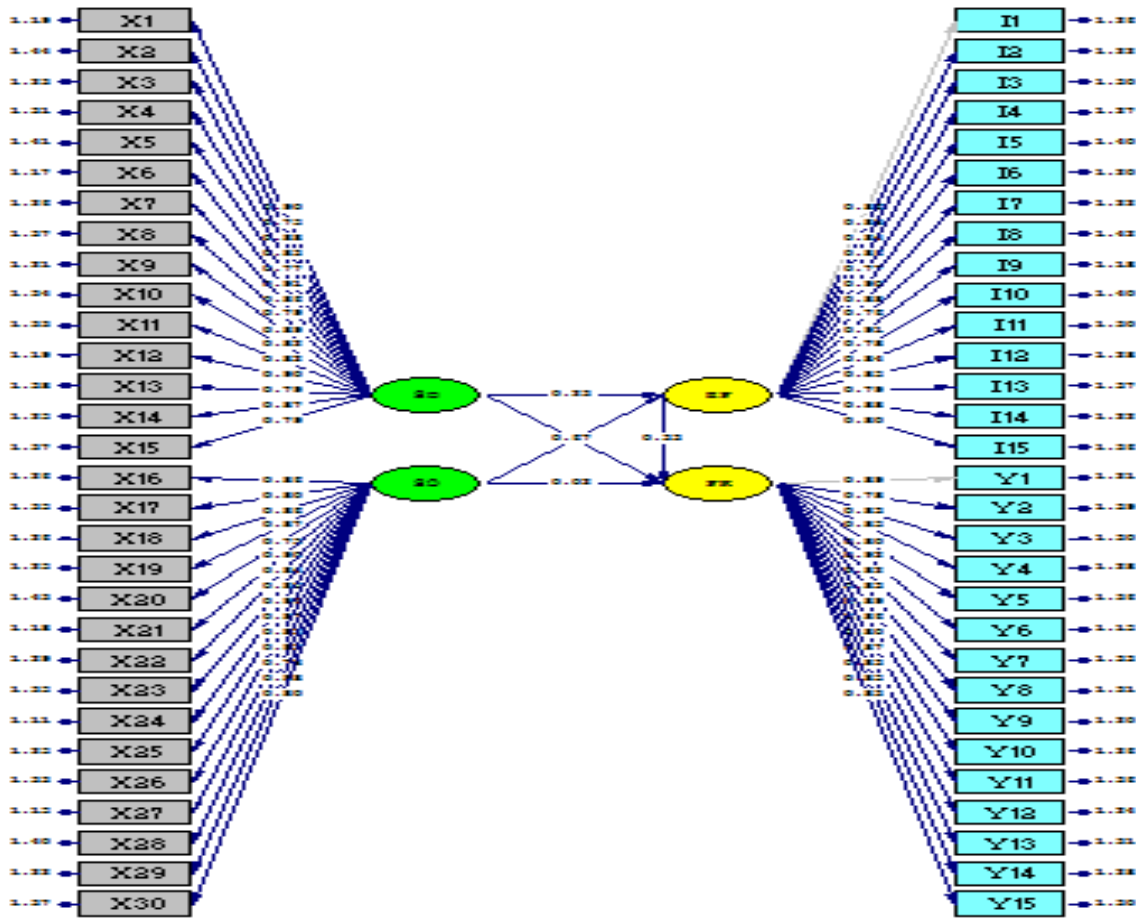


Fig. 1: Full model path diagram (t-value path)

CONCLUSION

Basic strategy has significant effect on poverty eradication. This is due to the PNPM-urban program that has successfully provided training to improve human resources, including empowerment, partnership and synergy. While, operational strategy has no significant effect on poverty eradication of PNPM-urban. This is due to the allocation of PNPM-urban fund in Makassar is dominated by environmental program that focuses on physical development while the budget for economic program is smaller than other programs.

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