

The Effectiveness of *Jalin Matra Penanggulangan Kerentanan Kemiskinan* Programme in Village of Ngroto

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Abstract

Poverty always appears in the middle of society, especially in the developing countries. Poverty occurred due to people are powerless to come out from poverty problems they face. This condition, indeed, will be a burden in the development process, thus it needs many efforts and attempts to cope with poverty. In order to improve effectiveness towards poverty overcoming strategy and to improve people economy, the government of East Java Province re-established *Jalin Matra PK2* (The Other Way to be Independent and Prosperous towards Poverty Vulnerability Overcoming) Programme. This study is a qualitative research using descriptive analysis. The research result showed that: 1) For 29 households (59.19%) stated that there was the increase of income after gaining financing loan, thus the effectiveness of *Jalin Matra PK2* Program seen from income aspect run less effectively. The change of income affected by many factors such as the increase of consumption towards target households which influenced by number of family member and more various household needs, also capital or financial needs to sustain the business; 2) For 32 households (65.31%) stated that there was the increase of business turnover after gaining financing loan, thus the effectiveness of *Jalin Matra PK2* Program seen from production aspect run effectively. The majority of targeted households able to improve their business; 3) From 477 targeted households listed in almost poor household, so far, that able to get loan was 49 households (10.27%), thus the effectiveness of *Jalin Matra PK2* Program seen from financing aspect not run yet effectively.

Keywords: Poverty, Effectiveness, *Jalin Matra PK2*

JEL Classification: I31, I38

INTRODUCTION

The poverty problem occurs in society especially in developing countries According to *Undang-undang Republik Indonesia* (Indonesian Law) number 32 of 2004 about local governance, local government, in development effort, have to put society as a subject as well as object of development, with no exception in its poverty reduction efforts. Each province in Indonesia is required to be active in the implementation of poverty reduction programs.

In the Province of East Java, because of various poverty reduction programme that took by whether central, provincial, and district/city government successfully reduce poor population. On March 2009 the poor population in East Java were 6.022.590, or 16,68% of total population. This number reflects a

decreasing trend from previous years: 4.775.970 or 12,28% of total population on September 2015. This means that during a period of five years, there has been a decline in the number of poor of 1.246.620 or 4,40% of total population (Soekarwo, 2016: 2).

In order to improve the effectiveness of poverty reduction and improving the economy of communities in East Java province, the government launched a *Jalin Matra Penanggulangan Kerentanan Kemiskinan* Programme. The targeted households are they have the status of 11-30 percent of the lowest well-being (deciles 2 and 3). Through this programme, the committee expects to give loan to community which can be used to expand their business which later is expected to increase households' revenue and welfare (Zarkasi, 2015).

Ngroto village have not been able to diminish poverty. This is reflected from the data that the number of poor population tends to be constant from year to year. This is caused by low level of education. The most of population have elementary school as their highest education attainment. This results an abundance of unskilled labor, low income, and weak entrepreneurship because of less capital available. It is interesting to gain a deep understanding about the implementation of *Jalin Matra Penanggulangan Kerentanan Kemiskinan* Programme and effects on the economy of the community.

LITERATURE REVIEW

Understanding *Jalin Matra PK2* Programme

Jalin Matra PK2 is an acronym of *Jalan Lain Menuju Mandiri dan Sejahtera Penanggulangan Kerentanan Kemiskinan*. This form of assistance is loan managed by the Village-owned Company to targeted households in order to increase their own business (Soekarwo, 2016:3). *Jalin Matra PK2* is implemented from 2015 to 2019. Basic policy of *Jalin Matra PK2* is from the Rules of the Governor of East Java number 13 of 2016 general guidelines about of *Jalin Matra* of East Java Province of 2016; and the Decision Letters of the Governor of East Java Number 188/246/KPTS/0132016 of the Secretariat of *Jalin Matra* in East Java of 2016.

The *Jalin Matra PK2* have some basic principles in its execution that is as follows: (a) Helps with Heart. *Jalin Matra PK2* is the responsibility of the Government of East Java province prosper in poor households to be able to reduce poverty so it is put forward social empathy; (b) Participatory. Target households are involved actively in any decision-making that affects them indirectly would cause a sense of belonging and responsibility as well as the sustainability of target households program more secure; (c) Transparent and Accountable. The *Jalin Matra PK2* is implemented in a transparent and responsive to the local community as well as all interested parties appropriate rules and conditions; (d) Allignment. *The Jalin Matra PK2* implemented an integrated by the parties involved as a village-owned enterprises (BUMDes), government agencies, labor companion, college and the community; (e) Sustainability. Any decision in the execution of the *Jalin Matra PK2* should consider households well-being goals while maintaining the sustainability of the program (Soekarwo: 2016:8).

Scope of *Jalin Matra PK2* is as follows (a) Increased Capacities of Target Households. Capacity building activities conducted through productive of targeted households extension and training and the granting of facilities can be a marketing

and business management; (b) Enterprise Development Community Groups. The Enterprise development community groups intended to give discourses, guidance, training and marketing access so that the loan granted by the Government of the province of East Java is right on target and right action; of East Java is right on target and right action; (c) strengthening of BUMDes (Village-owned company). It aims to to strengthen the position of the village in order to prosper and advance the economy of the villagers so as to act as an instrument of empowerment of communities in poverty reduction; (d) Mentoring. Mentoring aim to give empathy and facilitation to foster a spirit of optimism and empowering households.

Principles of Management *Jalin Matra PK2* is as follows (a) Economic Productive Effort. Help fund *Jalin Matra PK2* given to target households to develop productive economic efforts; (b) Specific Economic Region. Businesses owned by households is economic targets that correspond to the potential of the local village/region: (c) Healthy Competition. The Group has been formed on the basis of good business potential that a type or a type not expected to make a proposal of business activities, who then carried out competition between the Group and the group that will choose his effort deserves to be funded; (d) Based on local Potential. Group's business activities based on local potential or village in accordance with the typology of villages that became the hallmark of business people; (e) Creativity and Local Wisdom Effort. With an emphasis on creative ideas and innovative target households, have the freedom to choose and develop the potential of businesses, management model, and the system for results in accordance with the local wisdom that had been awakened in the community; (f) Rolling. Principles of the management of the Fund is leading capital *Jalin Matra PK2* software to targeted households that must be returned to the *BUMDes*, which subsequently rolled out again to another target households (Soekarwo, 2016:13).

Poverty

Poverty is powerlessness, isolated, and do not have a sense of impunity (Richardson, 2010). According to Arsyad (2010: 300) of the poor has always been on the condition of helplessness or their inability in terms of fulfilling basic needs, that are the inability in: (1) conducting productive business activities; (2) reach out to access socio-economic resources; (3) self-determination and always get the discrimination and (4) free themselves from poor mental and cultural as well as always had dignity and low self-esteem.

The issue of poverty is a very complex issue (Olowa, 2012; Saragih, 2014). There are many factors play into the causes of poverty, Sharp et al. (1996) & Kuncoro (2014) stated that in micro level, poverty arises due to the inequalities of resource ownership patterns that evoke a lop-sided distribution of income; Poverty arises due to differences in the quality of human resources and differences in access to capital.

Community Empowerment

Conceptually, empowerment is closely connected with power where it relates the ability to moving others to do what we want (Glor, 2005; Fernandez & Moldogazies 2012). Empowerment refers to the ability of the people, especially the weak and vulnerable groups so that they have the power or ability to (a) meet the needs of the essence so that they have the freedom, in the sense of not only the

non-suggested but also rather free from hunger, freedom from ignorance, freedom from pain (b) reaching the productive resources allowing them can increase its revenue and obtain the goods and services they need; and (c) participation in the development process and the decisions that affect them (Malhotra et al., 2002). Some groups can be categorized as weak groups include (Suharto, 2010:60):

- 1) Weak group of structurally weak, both in class, gender, or ethnicity;
- 2) Weak group of special, such as seniors, children, and youth, the disabled, gays, and lesbians, community alienated;
- 3) Weak group personally, namely those who are experiencing personal problem and/or family.

Effectiveness

The word “effectiveness” derives from the word “effective” which means right means right or about the target. Effectiveness means the level of accuracy of the achievement of an objective (target). The efficiency of the organization means organization accuracy in reaching the destination (target) or something desirable with its activities exploit utilizing resources. Effectiveness can be also defined the extent to which an organization realizes its aims (Mohyi, 2012:197). From the notion of effectiveness then it can be inferred that the effectiveness is a measure of how far organization achieves desired goal or purpose in accordance with the established plan and bring successful results or action.

The success of the organization can be measured by the concept of effectiveness (Steers, 1995:16). Steers (1995:35) suggested three concepts that are used to examine the effectiveness of the organization's activities to see if the organization can reach the target and goal, is as follows:

- 1) The concept of optimization goals
- 2) The concept of system perspective
- 3) Pressure on Behavior

Assessment of the effectiveness of the *Jalin Matra PK2 Program* in poverty reduction will be measured using the concept of optimization goal, namely to see the extent to which the objectives of the *Jalin Matra PK2 Program* can be achieved. In accordance with the organizational effectiveness benchmarks from Steers (1995:4), namely among others the overall effectiveness, productivity, efficiency, profitability, growth, stability morale, satisfaction, acceptance of the objectives of the organization, alignment, flexibility and adaptation assessments by outside parties who described the performance of the organization.

Criteria of effectiveness is a measure of that is the basis of assessment or determination is effective whether the execution of a program. In this case, the criterion of the effectiveness of the *Jalin Matra PK2* program used is shown in table below.

Table 1. The Categories of Effectiveness

Percentage	Category
81,25% ≤ 100%	Very Effective
62,50% < 81,25%	Effective
43,75% < 62,50%	Less Effective
25,00% < 43,75%	Ineffective

METHOD

This study is a qualitative research using descriptive analysis. This study was conducted in Village of Ngroto District of Pujon Regency of Malang. The village is one of *Jalin Matra PK2* Programme who hasn't been able to diminish poverty. Researchers conducted interviews to BUMDes Ageng as well as to the community and local government of Ngroto village.

There are two data source obtained in this research: primary and secondary data. Primary data is obtained from in-depth interviews and questionnaires. From informants employees of the BUMDes Ageng and the community who obtain loan. Furthermore, secondary data in this research is in the form of archives/documents from BUMDes Ageng and Ngroto village office.

Data analysis in this study uses descriptive analysis method percentage. To measure effectiveness of *Jalin Matra PK2* using formula from (Rahayuningsih, 2013).

$$DP = n/N \times 100\%$$

Description:

DP = success rate achieved

N = total number of score or value

N = the number of values that are retrieved

RESULT AND DISCUSSION

Condition Before the Programme

Table 2. The Income of the Recipient of the Loan Funds

Question	Answer	Total	Percentage
The average monthly income before loan funds	More than 1.000.000	11	22,45%
	500.000 – 1.000.000	31	63,27%
	Less than 500.000	7	14,29%

The majority (63,27%) of respondents stated that they earn income ranged from Rp. 500.000 to Rp. 1.000.000 per month. Then, 22,45% of them received more than Rp. 1.000.000 per month and the rest (14,29%) obtained less than Rp. 500.000 per month.

In Ngroto village, more than half of loan recipients are traders (57,14%). Then, more than a quarter are farmers (26,53%). The other profession constitutes the rest percentage. Table 3 reflects business run by loan recipients.

Tabel 3. Type of Business Run by Loan Recipients

No	Type of Business	Total	%
1	Farmers	13	26,53%
2	Traders	28	57,14%
3	Goat Breeders	2	4,08%
4	The Motor Workshop	2	4,08%
5	Coffe Shop	1	2,04%
6	Herbal Medicine Industry	1	2,04%
7	Industrial Vegetable Basket	1	2,04%
8	Small Shop	1	2,04%
Total		49	100%

The number of family members determine the socio-economic conditions and the level of well-being of the family. As more family members increasing requirements that must be meet. Table 4 shows number of families' dependant among loan recipients.

Table 4. The Number of Families' Dependants of the Targeted Households

The Number of Families' Dependant	Total	Percentage
2 people	2	4,08%
3 people	13	26,53%
4 people	21	42,86%
5 people	9	18,37%
6 people	3	6,12%
7 people	1	2,04%
Total	49	100%

The majority of loan recipients in Village of Ngroto are at age 45 to 54 years old (38,78%). The second biggest proportion are they who are at age 35 to 44 years old (32,65%). Table 5 presents the age distribution of loan recipients.

Table 5. Distribution of Loan Recipients

Age	Total	Percentage
15-24	0	0%
25-34	8	16,33%
35-44	16	32,65%
45-54	19	38,78%
55-64	6	12,24%
Total	49	100%

Table 6. Amount of Loan Received

The Magnitude of The Loan	Total	Percentage
1.000.000 – 2.000.000	30	61,22%
2.000.001 – 3.000.000	9	18,37%
3.000.001 – 4.000.000	10	20,41%
4.000.001 – 5.000.000	0	0%
Total	49	100%

The amount of loan received by households in Village of Ngroto varied for each family. This condition is caused by the difference of households' background, source of income, and ability to pay. Table 6 reflects the amount received by households in Village of Ngroto. From table 6, loan distributed to targeted households are maximum 4 million rupiah. The majority of targeted households received loan 1 million to 2 million (61,22%), then 20,41% of households received 3 million to 4 million, and the rest received 2 million to 3 million of loan.

The Effectiveness of *Jalin Matra PK2*

The special-purpose Program PK2 is enabling vulnerable households to be more productive. Loan are expected to boost economy sector so that there will be an increase in household's income. The effectiveness of *Jalin Matra PK2* from income aspect can be seen from comparing revenue obtained by households and the effectiveness criteria. Figure 1 shows changes in revenue obtained by households after receiving loan. From figure 1, there were 59,19% of respondents declared that their income were rising after obtaining loan. Then, 22,45% of them said that they experienced a constant income. While the rest 18,37% of respondents experienced fluctuating income.

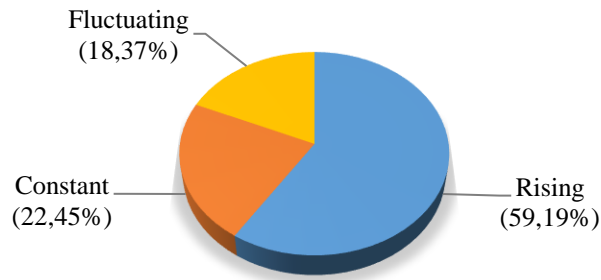


Figure 1. Changes in the Revenues after Obtaining Loan

Considering criteria of effectiveness (Rahayuningsih, 2013), that a programme is categorized as effective from revenue perspective if 62,50% to 81,25% of respondents experiencing an increasing revenue. Thus, from figure 1 where 59,19% of households experienced an increasing revenue, is lower than the criteria. Therefore, the Jalin Matra PK2 is less effective from the perspective of revenue. The changes of revenue is generally occur due to several factors, such as the increasing needs that is affected by the number of family dependents, the type of business run, how big the installment, and how big capital needed to run their business.

There were 65,31% of households stated that loan received made their business' turnover increased. Then, 32,65% of households said that their business' turnover were constant and the rest 2,04% of them experienced fluctuating business' turnover. Figure 2 shows changes in business' turnover after obtaining a loan.

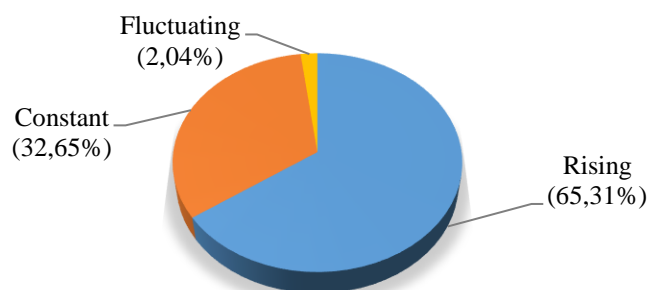


Figure 2. Changes in Turnover after Obtaining Loan

An increase in business' turnover occurred at targeted households that had commerce and farming businesses. On the other hand, there were targeted households that experienced changes in fluctuating turnover due to several factors, for example weather and fickle consumer's buying power. Households that stated that their turnover were fixed occurred in some type of businesses, trade, and services. This is because they prefer to use the extra capital to buy additional equipment to support their business. Therefore, the volume of production were increased and the turnover were relatively constant.

A programme is considered effective from production aspect by compare the turnover with the related criteria. A programme can be categorized as effective from business' turnover side if there are 62,50%-81,25% of targeted households

experiencing an increasing turnover. From figure 2, because of 65,31% of targeted households experiencing an increasing turnover, the programme is categorized as effective.

The Relationship Between Income and Production Aspects with Effectiveness of *Jalin Matra PK2* Program

Related to the main goal of *Jalin Matra PK2*, this programme must be arranged to empower the community. It is important to know the effectiveness of *Jalin Matra PK2* from to what extent the objectives of *Jalin Matra PK2* can be achieved.

In the implementation of the *Jalin Matra PK2*, loan received by household were used to increase the amount of production through buying raw materials that finally can increase business' turnover. Therefore, the *Jalin Matra PK2* was effective viewed from the aspect of the production.

However, the increase in business turnover were not always in line with the increase in revenue. This is because of business turnover acquired by households were used to fulfill different needs. How much expenditure that spent by targeted households were affected by several factors such as the number of family dependants, the size of business, and the value of installment. Therefore the effectiveness of the *Jalin Matra PK2* was less effective as seen from aspect of income.

Implementation of the *Jalin Matra PK2* from Capital Aspect

The commitment of government of the Province of East Java in order to diminishing poverty can be reflected from the budget provided to implement *Jalin Matra PK2*. A number of funds allocated for cheap loans to targeted households in Village of Ngroto were Rp. 90,000,000.0. These funds were allocated to 477 households in Village of Ngroto that categorized in decile 2 and decile 3. Ironically, there were only 49 households who were able to obtain loan. It means that only 10,27% of households can be served by *Jalin Matra PK2*. Using efficiency criteria from Rahayuningsih (2013) the implementation of *Jalin Matra PK2* from the aspect of capital was not effective. The more targeted households have chance to obtain loans have to wait because of budget limitation.

CONCLUSIONS

The implementation of the *Jalin Matra PK2* from the aspect of revenue run less effectively. This is because increased income only occurred relatively small number of targeted households. The implementation of *Jalin Matra PK2* from the aspect of production run effectively. This is because additional capital that received by targeted households' were used to boost their business turnover. From 477 households in Village of Ngroto who were registered in the category of vulnerable poor, only 49 of them were able to obtain loan (10,27%). It means that implementation of *Jalin Matra PK2* from the aspect of capital was not effective.

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