PROBLEM AND SOLUTION OF POVERTY HOUSEHOLD IN MAKASSAR CITY, INDONESIA

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ABSTRACT

This paper describes the factors that influence the income of poor households in the city of Makassar along with alternative remedies. The research method is explanatory research with a quantitative approach. The study involved 100 heads of poor households as respondents. The sample is determined by the proportional area random sampling method. Data analysis using multiple linear regression method with F-test and t-test. Determination of alternative poverty alleviation was analyzed by the AHP method. The results showed that the age and education level of the head of the family affected family income. The best alternative to handling poor (low income) families in Makassar City through increasing economic access and knowledge and skills related to increasing community income.

Keyword: Income, Age, Education.

INTRODUCTION

Urban characteristics are related to the quality of the population which is characterized by three characteristics: dependence on the money economy (commoditization), poor living environment (environmental hazards) and social life of individualistic (social fragmentation) (Brierley, 2017; Ferré et al., 2010). Urban poverty has a multidimensional phenomenon which includes low levels of income, health and education, housing and personal vulnerability, and powerlessness. Some previous studies describe that cities with high economic growth do not guarantee reduced levels of poverty. Income gaps are very likely to occur in several cities in the world. Poor people's access to resources and essential services is also not comparable to other residents. Likewise with the fact of low social protection and personal security guarantees.

The level of urban poverty in Indonesia has increased; in 2012 the level of poverty was 8.4 percent of the total population of Indonesia. In 2013, this value increased to 8.5 percent and decreased to 8.2 percent in 2014. Makassar City also facing the problem of poverty. The number of people living below the poverty line in 2016 reached 66,780 people or 4.56 percent of the total population in Makassar City (Rasyid et al., 2018). The increase in the poor population is related to the rapid growth of the region and is the destination of population migration from several other regions in Eastern Indonesia. The increasing of the low-income population has implications for increasing the urban poor. The fact of poverty in the city of Makassar is also characterized by a very different tendency to spread. This condition has an impact on the difficulty of finding the right solution to overcome the poverty problem of the city. Some government programs have been carried out as well as many in other areas but are still considered to be a failure.

The culture of poverty in developing countries like Indonesia is strongly influenced by the low access to education and health for the poor. This fact causes the low motivation of the poor to take a higher level of education, and most of them only get an education in elementary school. Theory Lewis explains that the culture of poverty is the cause of the increasing number of poor people (Lewis, 1969). Furthermore, Chambers explained that access to education is one of the poverty disadvantages. This tension occurs in a long period and makes it difficult for the poor to get out of their difficulties (Chambers, 2007). This reference supports researchers choosing institutional factors as a variable that causes low income in society.

Furthermore, Sharp explained that poverty is caused by the low productivity which is equivalent with low income of the family. The social system in Indonesia which adheres to the patrilineal system places women as recipients of income in the family. This system causes women to tend to be passive and have low productivity (Elson & Sharp, 2010). The third variable is the age of the family head poor people with the age of the family head who has not been productive (too young) or past the productive age (too old) cause low productivity. By the concept, researchers chose the variable age of the head of the family as a determinant of family poverty. Overall researchers chose the subject of the head of the family by the theory that family characteristics are strongly influenced by the thoughts of the family leader (Zamagni, 2018)

Various poverty reduction strategies that have been carried out generally involve three sectors namely state, civil society and Non-Government Organization (NGO). The poverty reduction strategy in Indonesia is a national program, but it is the target of countermeasures that are not well targeted so that the poverty rate tends to be stagnant. The right strategy in poverty reduction must start from specific factors that affect poverty and their capacity. Therefore, this study elaborates on the factors that cause poverty related to intra-community factors and optimal poverty reduction strategies. The strategy as the result of research contributes as a policy choice for the central government and local government in reducing poverty. The contribution of research results will have an impact on increasing the economic capacity of the community. This strategy can be a reference for the government in cutting the poverty chain in a family.

METHODOLOGY

This study is analytical research that aims to analyze the factors that influence the income of poor households in the city of Makassar. The population of poor households amounted to 44,217 heads of households (Central Bureau of Statistics, 2017) and the sample was selected by proportional area random sampling technique or sampling based on sub-districts in Makassar City (Heeringa et al., 2017 ; Nurfaizah et al., 2016). The number of samples was 100 low-income families with family heads as respondents. This study uses three independent variables namely gender, age, and education level and one dependent variable is family income.

Data analysis was using regression analysis in simultaneous test and partial test. The first test serves to explain the relationship between the independent and dependent variables simultaneously. The partial test explains the relationship between two variables. Regression analysis also described the independent contribution variables on the dependent variable (Cohen et al., 2014). The analysis has various advantages, namely ease of description and a control tool for essential variables. Evaluation of the results of regression analysis with simultaneous testing is a significance value smaller than 0.05 indicating the influence of independent variables on the dependent variable. The further analysis is the coefficient of determination which indicates the proportion of the influence of the independent variable on the dependent variable. The evaluation

of the results of the partial test is to find out the significance level partially between the independent variable and the dependent variable.

The strategy study was carried out using the Hierarchy Process Analysis (AHP) method involving 11 respondents. Data analyzed is the expert judgment based on the instruments referring to the pairwise comparison scale (Saaty & Islam, 2015). Output analysis is the value of the criterion weight that indicates the low level of importance. The higher the value of the weight, then the criteria are increasingly important to be resolved.

RESULTS

Description of Characteristics of Respondents in Makassar City

Characteristics of respondents describing gender, age, income, and education level of the respondent (Table 1).

Table 1 CHARACTERISTICS OF RESPONDENTS		
Characteristics of Respondents	Frequency	Percentage
Gender		
Male	80	80
Female	20	20
Age		
22-45	70	70
46-60	28	28
>60	2	2
Income		
≤ Rp. 500.000	32	32
Rp. 550.000-Rp. 750.000	27	27
>Rp. 750.000	18	18
Level of Education		
Not completed in primary school	11	11
Primary school	43	43
Junior high school	26	26
Senior High School	20	20

Table 1 shows that the sex of the head of the family is mostly male, 80 respondents. This is related to the responsibility of married men to provide for their families to meet household needs. In the variable age of respondents the most are in the range of 22-45 years, as many as 70 respondents or 70%, this indicates that the age of the head of the household in the city of Makassar is still dominated by a productive workforce that has a high work ethic that still physically has excellent potential to produce goods and services. Furthermore, the variable amount of income of the most respondents is at ≤ Rp. 500.000, namely 32 respondents or 32%. It proves that the level of welfare of respondents has not been entirely fulfilled. Even they often experience difficulties in meeting their daily needs such as clothing, food and shelter needs. In the education level variable, respondents were mostly in primary school as many as 43 respondents or 43%; this was caused by the imbalance of costs between meeting the need for education and small income which made it difficult for people to get a higher education.

The results of multiple linear regression statistical analysis were processed using IBM SPSS Statistics version 21 software is shown in Table 2.

Table 2 MULTIPLE LINEAR REGRESSION ANALYSIS				
Analysis	**Hypothesis**	**Requirement**	**Analysis Result**	**Interpretation**
F Test-Statistics (Simultaneous Test)	H_0=variables of gender, age and level of education together (simultaneously) do not have a significant effect on the income of poor households in Makassar City.	Sig>0.05 or F-test<F-table	0.000<0.05 or 13.240>2.70	variables of gender, age and level of education together (simultaneously) have a significant effect on the income of poor households in Makassar City
	H_1=variables of gender, age and level of education together (simultaneously) have a significant effect on the income of poor households in Makassar City.	Sig<0.05 or F-test>F-table		
T-test (Partial Test)	H_0=Gender variables do not significantly influence the income of poor households in the city of Makassar.	Sig>0.05 or t-test<t-table	0.062>0.05 or 1.892<1.98498	Gender variables do not significantly influence the income of poor households in the city of Makassar.
	H_1=Gender variables do not significantly influence the income of poor households in the city of Makassar.	Sig<0.05 or t-test>t-table		
	H_0=age variables did not significantly influence the income of poor households in the Makassar City area.	Sig>0.05 or t-test<t-table	0.017<0.05 or 2.423>1.98498	age variables significantly influence the income of poor households in Makassar City.
	H_1=age variables significantly influence the income of poor households in Makassar City.	Sig<0.05 or t-test>t-table		
	H_0=Education variables do not significantly influence the income of poor households in the city of Makassar	Sig>0.05 or t-test<t-table	0.000<0.05 or 5.974>1.98498	Education variables significantly influence the income of poor household
	H_1=Education variables significantly influence the income of poor households in the city of Makassar.	Sig<0.05 or t-test>t-table		

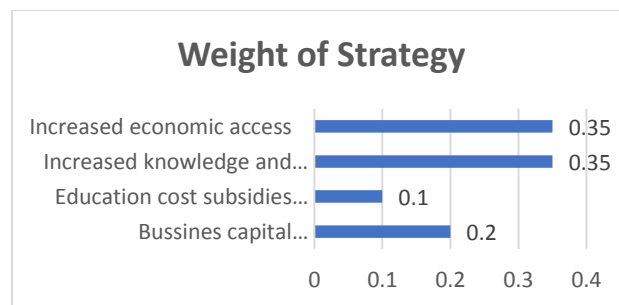|				s in the city of Makassar

The analysis shows the magnitude of the influence of the gender of the head of the family, age, and level of education on the income of poor households in Makassar City. Both with simultaneous testing (together) and testing partial the results of the analysis showed that gender, age, and education level simultaneously had a significant effect on the income of poor households in Makassar City. Furthermore, the partial analysis shows that the variables of age and level of education significantly influence the income of poor households. The analysis shows that there is no significant effect between the gender of a family on family income. Further analysis of the coefficient of determination (R^2) shows a value of 0.293 or a variable level of education and age contributing to 29.3% of family income. The low coefficient of determination means that the education and the age of the family head have a small contribution to their income. The contribution of other variables that are not taken into account in the analysis is 70.7%. These results are the basis for consideration in future studies to find out the internal and external variables that have a substantial effect on income.

The results of the analysis indicate that the higher the age of the head of the family causes his physical ability to decline and has implications for the income earned. The majority of respondents work in the informal sector that relies heavily on physical abilities such as pedicab drivers, laborers, farmers, fishers and so on which of course will be significantly affected by age variables.

The results of the analysis of the influence of education on the income of poor households are related to the ability to access employment. The low level of education has an impact on the low level of knowledge and skills possessed by the head of the family so that they tend to depend on existing employment opportunities and are less trying to create new jobs. The majority of the population only works in the informal sector which does not require education levels such as farm laborers, construction workers, pedicab drivers, fishers and so on. This will undoubtedly affect the expected income earned by poor households which in turn will open opportunities for poverty creation.

Poverty Reduction Strategy in Makassar City

Determining the best strategy for poverty reduction in Makassar City uses four choices. AHP analysis results by 11 experts on four alternative strategies presented in Figure 1 below:

FIGURE 1
ALTERNATIVE OF POVERTY REDUCTION STRATEGY IN MAKASSAR CITY

Figure 1 explains that the priority strategy for combat poverty is increasing economic access and access to information. Increased economic access is intended to provide more significant opportunities for the poor to increase their income. These opportunities can take the form of alternative employment and business opportunities for other household members such as developing a home industry or providing services. The role of the Makassar city government to improve economic access for the poor is entrepreneurship training for the poor through the Cooperative and Small and Medium Enterprises Office.

The difference between this research and the previous result lies in the strategy to increase the human capacity or ability to access the commercial facility. It is different from the antipoverty strategies from Coney and Shanks which outlines four strategies: microenterprise, individual development accounts, social enterprise, and bottom-of-the-pyramid (or base-of-the-pyramid) schemes (Cooney & Williams, 2010). This study reviews that the government must prioritize community knowledge and skills related to income generation.

The novelty of research result is the combination of internal factors of low-income families with poverty alleviation strategies. With this strategy, the government will be able to reduce the culture of poverty by activating the potential of education and other social variables.

DISCUSSION

The fact as research result shows that most of the family heads of poor households have low education. Poverty and limited economic access are very related to a person's ability to find information. The results of previous studies described that economic literacy or a person's ability to understand economic access is closely related to the level of education or school attendance (Jappelli, 2010). Furthermore, the level of education is closely related to knowledge. Moreover, the knowledge will contribute to communication skills and economic access (Stigler, 1970). The characteristics of poor households in Makassar City that are characterized by low job involvement in formal and medium-sized businesses are the inequality in economic access. The main obstacle regarding low access is the limited skills of the poor. Studies on poverty reduction show that the characteristics of the skills of the poor do not meet the requirements of formal employment (Lee et al., 2014). In the aspect of education, the poor are somewhat difficult to acquire skills, or there are indications of a profound knowledge transformation. (Kitchen, 2017)

The phenomenon of poverty in Makassar shows a great link with the fact of access to education. The educational characteristics of the dominant head of a primary school education cause difficulties in accessing formal employment. Most respondents work in the informal sector with an income of less than Rp. 500,000 (USD 33.33) per month. This value is very low and not feasible to finance the food needs and education of family members. As a result, the next generation will also find it difficult to get a job. This condition will take place simultaneously and cause structural poverty in Indonesia. This problem requires the government to find a strategy that effectively increases the income of the poor in urban areas.

The appropriate poverty reduction strategy can be done by considering the potential of local communities. One economic potential that has not been developed in poor settlements in large cities is a plastic waste. The skill to practice waste recycling is one of the alternatives to increase income with a small capital. Low waste recycling technology is quickly adopted by the community, so this strategy is considered appropriate (Gutberlet, 2018). The Makassar city government can develop a community skills improvement strategy easily with low technology. The involvement of Non-Government Organizations (NGOs) strongly supports this strategy.

CONCLUSION

Based on the results of the research that has been done, the following conclusions can be drawn:

1. Gender, age and education level variables simultaneously have a significant effect on the income of poor households in Makassar City. However, partially the variables of age and education level have a significant influence on the income of poor households in Makassar City. While the gender of the family head does not have a significant influence on the income of poor households in Makassar City.
2. The poverty reduction strategy of households in Makassar City can be pursued through increasing economic access and increasing knowledge and skills related to increasing community income.

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