

# Model of Poverty Reduction by Strengthening Institutional Cooperatives for Coastal Areas of South Sulawesi

Salamun Pasda

Department of Economics Education  
Faculty of Economics  
Universitas Negeri Makassar  
Makassar, Indonesia  
salamun.pasda@unm.ac.id

Basri Bado

Department of Economics Education  
Faculty of Economics  
Universitas Negeri Makassar  
Makassar, Indonesia  
basri.bado@unm.ac.id

Siti Hasbiah

Department of Economics Education  
Faculty of Economics  
Universitas Negeri Makassar  
Makassar, Indonesia  
siti.hasbiah@unm.ac.id

**Abstract**— This research is an applied research using qualitative approach. Data collection used in-depth interview technique was used to gather information from fisherman in Jeneponto, Bulukumba, Pangkep and Barru districts. Besides conducting in-depth interviews, documentation of data is also done through library and secondary data through related institutions in 4 sample research areas. The result of the research shows that the majority of the fishermen who live in the coastal areas are willing to work hard, have a rather low level of self discipline, independence and responsibility. Further, fishermen cooperative institution is seemed as needed to help fishermen for access of capital and marketing their sea-based products.

**Keywords**— *Coastal Communities, Institutional Cooperatives, Empowerment*

## I. INTRODUCTION

Poverty of the people who live in the coastal areas of Indonesia is generally caused by the non-fulfillment of basic rights of society, including the need for food, health, education, employment, and infrastructure. In addition, the lack of business opportunities, lack of access to information, technology and capital, culture and lifestyles that tend to be wasteful, causes the bargaining position of the poor to become weaker.

Based on data from the World Bank in 2015, it indicates that 108.78 million people or 49 percent of the total Indonesian population is poor and vulnerable to poverty. The circle live only less than 2 US dollars or about Rp. 19.000, - per day. In contrast to Central Bureau of Statistics (BPS) data in 2015, with somewhat different calculations from the World Bank, announced the poverty rate in Indonesia of 34.96 million people (15.42 percent). The figure is obtained based on the poverty line size set at 1.55 US dollars. However, apart from the differences in these figures, the most important thing for us is not to debate the problem of the number of poor people in Indonesia, but how to find solutions to overcome the problem of poverty.

Based on the data of poverty, especially in South Sulawesi, there are 63.47 percent of the poor are in the coastal and rural areas. Statistics show that the daily real

wage received by a farm worker (including fisherman workers) is only Rp. 30,449, - per day. Much lower than the nominal daily wage of an ordinary construction worker (not

a foreman) Rp. 48,301, - per day. This needs to be of a concern given there is a close link between poverty and coastal area management.

The problem of poverty among fishermen is a multi-dimensional problem so to solve it requires a comprehensive and well integrated solution. For us, first must be known the root of the problem that causes the poverty of fishermen.

The development of a number of business sectors, with a number of stakeholders in the development of coastal and marine areas, without any integration in its development will create new conflicts. To solve the conflicts between interests in coastal and marine development, The World Commission on Environment and Development (WCED) in 1987 provides restrictions on the development of an area, including coastal and marine areas.

These limits include three main dimensions, namely economic dimensions (efficient and decent), social (fair) and ecological (eco-friendly). Various macro and micro government policy approaches aimed at reducing and mitigating the risks and impacts of the economic crisis have been carried out. The process of economic recovery focuses on poverty alleviation with empowerment programs. The pattern of approach taken is based on the function of strengthening of economic institutions, empowerment of community capacity (HR) and maximizing local potential.

Coastal and marine development, it is said to be economically sustainable area if the region is able to produce goods and services on an ongoing basis and avoid extreme sectoral imbalances that could lead to the destruction of primary sector production, the secondary (manufacturing) sector or the tertiary sector. Low socio-economic level is a common feature of the life of fishermen wherever located. Their level of living is commensurate with small farmers. Even when compared with other farming groups in the agricultural sector, fishermen (especially fisherman workers and small fishermen or traditional fishermen) can be classified as poor social layers.

The patterns of employment as a fisherman restrict activity to other work sectors, given that fishermen are deeply engaged in fishing work in the sea so that fishermen limit their activities to other work sectors. This is the cause

of the many poverty in the life of fishermen, the poverty trap that plagued the life of fishermen caused by complex factors. These factors are not only related to fluctuations in fish seasons, limited human resources, capital and access, fish are exploitative to fishermen as producers, but also due to the impact of modernization of other coastal and marine resource utilization activities. Such processes are still ongoing and the further impacts felt by fishermen is the declining level of their income and the rising expenditure

## II. LITERATURE REVIEW

### 1. Theory of Poverty

The concept of poverty has expanded along with the increasing complexity of causal factors, indicators and other problems that surround it. Poverty is no longer considered an economic dimension but has expanded into social, health, education and political dimensions. The Central Bureau of Statistics (BPS) defines poverty as an inability to meet minimum standards of basic needs that include both food and non-eating needs. While the definition according to UNDP poverty is the inability to expand life options, among others by including an assessment of the absence of participation in public policy making as one indicator of poverty.

Poverty is a condition in which a person or group of people is unable to fulfill their basic rights to maintain and develop a dignified life. In line with this defines poverty as a situation or condition experienced by a person or group of people who are unable to organize his life to a level that is considered humane.

Furthermore, poverty is seen not only in terms of low standards of income or consumption but also the lack of political freedom and its influence on decision-making regarding the fulfillment of basic human needs. It relates to the limitations of public facilities, options, opportunities and participation in social, political and economic life [2]. Even more profoundly poverty in 4 (four) short words "4L" ie those in the situation of the Last, The Least, The Lowest, and The Lost. It is expressly said that the poor are those who are scattered behind, despised and lowly in all things like living without direction.

Similarly, [3] furthermore introduces the meaning of poverty in a broader sense of human incapacity, which is characterized by low education, unskilled, unskilled, and powerless. In such situations, society is in an unequal position to gain access to productive economic resources until it is prevented from obtaining something of their rights.

### 2. Absolute Poverty

Absolute poverty is related to the minimum standard of living of a society embodied in the form of a poverty line that remains unaffected by the economic condition of a society. Poverty line (poverty line) is the ability of a person or family to meet the needs of standard living at a particular time and location to carry on his life. The establishment of a poverty line depends on the definition of minimum living standards. So that absolute poverty can be interpreted from looking at how far the difference between the level of income a person with the level of income needed to meet basic needs. The minimum income level is a barrier between poor and non-poor.

World Bank (2008) calculates the level and number of absolute poor people using a single uniform measure for all countries. In developing countries, a person is poor if they earn less than US \$ 1 per day, where an estimated 1.2 billion people live below that size. While the poverty line measured by the size of US \$ 2 has also been published where more than 2 billion people live less than that limit. US dollars used are US \$ PPP (Purchasing Power Parity) not the official exchange rate (exchange rate). These two limits are the absolute poverty line.

The poverty line in Indonesia is widely used and first introduced by measured on the equivalent consumption of rice per year. According to Sajogyo there are three measures of poverty line: poor, very poor and poor, measured based on per capita consumption per year equal to 480 kg, 360 kg and 270 kg for urban areas and 320 kg, 240 kg and 180 kg for rural areas [4], BPS calculates the number and percentage of the poor head heads of the population living below the poverty line based on data from the National Socio-Economic Survey (Susenas). The poverty line, which is the basis for calculating the number of poor people, is calculated using the basic needs approach (i.e., the amount of rupiah required to meet the minimum basic needs of food and non-food or better known as food and non-food poverty line).

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The food poverty line is the per capita consumption expenditure per month which is equivalent to 2,100 calories per capita per day. While the non-food poverty line is the amount of rupiah to meet non-food needs such as housing, health, education, transportation, clothing and other goods or services. The component of the food poverty line is the rupiah value incurred to meet the 52 selected food commodities from the Susenas consumption module. Meanwhile, non-food poverty line is the rupiah value of 27 expenditure sub-categories consisting of 51 types of non-food basic commodities in urban and 47 kinds of rural commodities.

It can be generally assumed that absolute poverty is the worst condition of poverty measured by the level of a family's ability to finance the most minimal needs to live up to the lowest standard of living of humanity. Therefore, this study further refers to the definition of poverty.

### 3. Relative Poverty

Relative poverty basically refers to the relative differences in the level of welfare among community groups. Those at the bottom of the poverty level of a society are classified as poor. In such a category, it is possible that those who are classified as poor may already be sufficient for their basic rights, but their degree of resilience is in the bottom layer.

Poverty is a relative understanding of poverty from the dimensions of inequality between population groups. The inequality approach does not focus on measuring the poverty line, but on the magnitude of the difference between the bottom 20 or 10 percent of the people with 80 or 90 percent of the rest of society. The inequality-oriented approach focuses on minimizing the differences between those who are poor and prosperous in every dimension of social satisfaction and differentiation. Inequality is a problem different from poverty.

In terms of identifying and targeting the poor, the poverty line is relatively sufficient to use and needs to be adjusted to the overall level of development of the country. The relative poverty line cannot be used to compare poverty levels between countries and time because it does not reflect the same level of welfare.

The World Bank grouped the population into three groups according to the amount of income: 40 percent of the population with low income, 40 percent of the population with middle income and 20 percent of the population with high incomes. The inequality of income is measured by calculating the percentage of total income from the lowest income group compared to the total income of the entire population.

The category of inequality is determined using criteria such as the following: If the proportion of income from the population in the lowest 40 percent category to the total income of the entire population is less than 12 percent is categorized high income inequality, If the proportion of income from the population in the lowest 40 percent category to the total income of the entire population between 12-17 percent is categorized the inequality of moderate income, If the proportion of income from the population in the lowest 40 percent category to the total income of the entire population is more than 17 percent categorized low income inequality.

### 4. Empowerment of the Poor

Poverty can be divided into three senses: absolute poverty, relative poverty and cultural poverty. A person belongs to the absolute poor when his income is below the poverty line, not enough to meet the minimum living necessities: food, clothing, health, boards, education. A person who is relatively poor is actually living above the poverty line but is still under the ability of the surrounding community. Poor culture is closely related to the attitude of a person or group of people who do not want to try to improve the level of life and income every day.

This people-centered development approach then underpins community-based resources management, which is a people-centered development mechanism that focuses on social learning technologies and program formulation strategies. The objective to be achieved is to improve the community's ability to actualize (empowerment) its economic potential.

"Institutional" is a very confusing concept and have not gained a firm understanding of sociology. The term "institutional" (social institution) is always crossed with "organization" (social organization). In scientific language, all what is known as formal and non-formal organizations, formal and non-formal institutions, institutions, associations, and institutions; called "institutional". All of them contain the same aspect. These two aspects are called "institutional aspects" and "organizational aspects".

The institutional aspect consists of the more abstract things that determine the "soul" of an institution that is the issue of values, norms, ethics, and written rules. The aspect of further study is about belief system, morals, ideas, ideas, doctrines, desires, needs, orientation, and others.

Rural economic development, especially in coastal areas, requires the strengthening of economic institutions, such as funding institutions that help provide and provide business capital, market institutions, supporting facilities and advice, education institutions, training and counseling. This is what is meant by institutional economics in poverty alleviation strategies.

## III. RESEARCH METHOD

### 1. Theoretical Approach to Research

This study uses a qualitative approach, which reveals the meaning behind all the actions undertaken by the research subjects. This method is suitable for investigating a social phenomenon and human problems. The result, the researchers create a complex picture of the object of research. In this first year, the final output is a publication on a national journal. The research in this first year mostly refers to [5], [6], [7], [8], [8], grounded theory research. Then reinforced, [5] about interviews and observations and grounded theory research process.

### 2. Research sites

This research is conducted in South Sulawesi with details as follows: In the first year the researchers selected four (4) districts / municipalities in the coastal area of South Sulawesi as the sample of Jeneponto Regency, Bulukumba District, Pangkep District, Barru Regency. The four sample

districts / municipalities are regions of coastline in South Sulawesi.

### 3. Data Analysis Technique

Data analysis technique using qualitative approach by describing the results of interviews (deep interview) that has been done on the sample research. Description of the results of the next research put forward the conclusions of the problems that have been formulated previously.

## IV RESULTS AND DISCUSSION

### 1. Soft skills owned by coastal communities of South Sulawesi that include motivation to work hard, discipline, independence and responsible

Soft skills owned by coastal communities show that most of the fishermen in the sampled areas have the motivation to work hard. This shows that coastal communities in South Sulawesi have a high desire to change their lives with a strong motivation to work hard in earning a living at sea. However, the strong desire is not supported by the high level of discipline. Most of the coastal communities residing in the sample areas are still not focused on going to sea as a basic livelihood. Even the majority of people who live in coastal areas have a side job of farmers. No discipline in the work of the fishing community has an impact on the low level of independence and the lack of job responsibilities and the results to meet their daily needs.

### 2. The existence of local fishermen cooperative institution during this time in coastal area of South Sulawesi

The existence of cooperative institutions becomes very important for the sustainability of the fishermen's business. Fishermen cooperatives as financial institutions can provide access to capital to the marketing access of the products of the fishermen. Unfortunately the existence of cooperative institutions that really help the fishermen is still very minimal. This is because the awareness of cooperative fishermen who live in coastal areas is still lacking.

Based on these results, the people who live in the coastal areas are mostly still in the poor category. The level of poverty that the fishermen possess is like living in a vicious circle of endless poverty. The vicious circle rotates from poverty, low income, low productivity, low production and poor. Because it gets poorer, the consumption of food is low, malnutrition occurs, the immune system decreases, the frequency and duration of pain increases, the limited capacity, low production of low income to eventually get poorer. In perspectives of food security, people who spend more than 70% of their expenditure on food are referred to as the poor category.

The vicious circle of poverty is a theory popularized by Nurkse about the trap of the poverty cycle (The vicious circle of poverty). In theory it is said that poverty is not only caused by the lack of development in the past but also presents obstacles to future development. It is further said in the theory that the pitfalls of poverty that prevent a country

from reaching rapid development are in terms of demand and supply of capital.

Besides that, poverty is also known as Cumulative Causation Theory by Gunnar Myrdal. This theory explains that there is an increasingly deteriorating situation for non-developed or impoverished areas if economic development is carried out in a country. According to Myrdal in this theory, if the economic development of a country, there will arise two factors namely: aggravate the economic conditions for the backwash and the second is the factor that can push the poor into more advanced or so-called (spread effects / trickle down effects). The occurrence of backwash effects is caused by factors: 1) The occurrence of centralization or withdrawal of labor, especially those who have the expertise and high productive levels of non-developed regions to highly developed areas. 2) The withdrawal of concentration of capital production factors from the unwilling to the developed regions. 3) The occurrence of a more complete pattern of trade concentration from developed regions to non-developed regions. 4) The state of transport network or transportation facilities and infrastructure is more complete and fast in highly developed areas compared to non-developed regions.

Poverty can be seen from two sides: absolute poverty and relative poverty. Absolute poverty and relative poverty is a concept of poverty that refers to material possessions associated with the standard of living of a person or of a family. Both terms refer to social distinctions in society departing from the distribution of income. The difference is that in absolute poverty the size is predetermined with real numbers (poverty line) and / or indicators or criteria used, while in relative poverty the category of poverty is determined based on the relative comparison of welfare levels among the population [10]

## V. CONCLUSION

Based on the research problems proposed, then obtained some conclusions research as follows:

People who live in coastal areas mostly have a high motivation to work hard, but on the other hand such as the level of discipline, independence and responsibility is still lacking.

The existence of fishermen cooperative institution in the middle of coastal community is needed to help fishermen to easily access capital and marketing their products. However, the existence of fishermen cooperative institutions is still very minimal because of the lack of awareness level of the fishermen to cooperate.

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