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Developing Bumdes (Village-owned Enterprise) for Sustainable Poverty Alleviation Model Village Community Study in Bleberan-Gunung Kidul-Indonesia

T. Handono Eko Prabowo

Faculty of Economics, Sanata Dharma University, Yogyakarta, Indonesia

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Abstract: The study attempts to gain an extensive understanding of community at micro, medium and macro levels as an effort to get out of poverty. Poverty alleviation program is a program that has been going on since the New Order of Indonesia Government (1970s), until now it has been relatively successful in reducing the number and/or age of the poor. The declining in poverty is not in line with so great allocated of fund. In the year of 2000, there were 38.70 million poor people (19.14%), in 2005 (15.97%), in 2006 (17.75%), and in 2011 (12.36%) or 29.89 million people. However, Indonesia is far behind comparing to neighboring countries such as Vietnam and China. To extract information from stakeholders, the study uses focus group discussion (FGD) method, interview, observation, and household surveys. The survey involves 52 respondents of the community in Bleberan Village, Gunung Kidul, Indonesia. Respondents are staffs of village-owned enterprises (BUMDes), farmers, small shop owners, traders, cooperative workers, small restaurant owners, parking workers and non permanent workers. There are two stages on focus group discussions (FGDs). Focus group discussion on the first phase (I) involves community leaders, representatives of rural community including farmers, small shop owners, traders, cooperative workers, small restaurant owners, parking workers and non permanent workers. In the second stage of FGD (II) is done by involving local governments (such as regency, district, village, and hamlet) for developing the most favorable model of cooperation among local government leaders, microfinance institutions, universities and donor agencies for the community. The problem of poverty is not only related to the scarcity of assets or access to capital alone but there are other elements that also affect one's welfare. Dynamic and multidimensional nature inherent in the ways of poverty require a more comprehensive management and integrated-extensive study. That is the basic premise of the need for a comprehensive study that includes, summarizes, and voices their real experiences of the poor in an effort to get out of poverty. Poverty alleviation programs in general are not sustainable and as a result, the number and/or age of poor people in Indonesia remains high. Therefore a model of sustainable poverty alleviation program by involving village-owned enterprises (BUMDes) is "urgent" to be developed.

Key words: Social capital - Village-owned enterprises (BUMDes) - Sustainable poverty alleviation model

INTRODUCTION

Over the last 40 years, the Indonesian government has made various programs to alleviate poverty through regional, institutional, strategies and specific policies. In the New Order era (1978-1998) the focus of Indonesia economic development-poverty alleviation programs were included in each REPELITA (the five year Indonesia development program). Later on the post-New Order era, poverty alleviation programs carried out among others

such as social safety net programs, subsidies for specific commodities, targeted anti-poverty programs for individuals, and/or households, and other programs to reduce individual risks (health, unemployment, and uncertainties). The success of poverty alleviation programs since the year of 2000 have been fluctuating. The number of poor people in towns and villages not only decreased but also increased. The above programs have been relatively successful in reducing the number of poor people. In the year of 2000, in Indonesia, there were

Corresponding Author: T. Handono Eko Prabowo, Faculty of Economics,
Sanata Dharma University, Yogyakarta, Indonesia. Tel: +6281328458843, Fax: +62274562383.

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T. Handono Eko Prabowo

Faculty of Economics, Sanata Dharma University, Yogyakarta, Indonesia

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Key words: Social capital • Village-owned enterprises (BUMDes) • Sustainable poverty alleviation model

INTRODUCTION

Over the last 40 years, the Indonesian government has made various programs to alleviate poverty through regional, institutional, strategies and specific policies. In the New Order era (1970-1998)-the focus of Indonesia economic development-poverty alleviation programs were included in each REPELITA (the five year Indonesia development program). Later on the post-New Order era, poverty alleviation programs carried out among others

such as social safety net programs, subsidies for specific commodities, targeted anti-poverty programs for individuals, and/or households, and other programs to reduce individual risks (health, unemployment, and uncertainties). The success of poverty alleviation programs since the year of 2000 have been fluctuating. The number of poor people in towns and villages not only decreased but also increased. The above programs have been relatively successful in reducing the number of poor people. In the year of 2000, in Indonesia, there were

Corresponding Author: 3 Handono Eko Prabowo, Faculty of Economics,
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38.70 million poor people (19.14%), in 2005 (15.97%), in 2006 (17.75%), and in 2011 there were 29,89 million poor people (12,36 per cent) [1].

Dynamic and multidimensional nature inherent in the ways of poverty requires a more comprehensive management and extensive study of the experiences of individual-collective at the community and at the local/regional level. Poverty problem is not only related to the scarcity of assets or access to capital alone but there are other elements that also affect one's welfare. That is the basic premise of the need for a comprehensive study that includes, summarizes, and voices their real experiences of the poor how to get out of poverty. In general, government poverty alleviation programs are not sustainable and as a result, the number and percentage of poor people remains high [2]. In addition, when Indonesia is compared to neighboring countries such as Vietnam and China, Indonesia is far behind. Both countries have succeeded in reducing poverty levels drastically. In the last decade, China succeeded in reducing the percentage of the poor from 31% to 6% and Vietnam is more drastically from 51% to just 3%. It is really strange that Indonesia government has not changed its strategy. A model of sustainable poverty alleviation programs is urgent to be developed.

Specifically objectives of the study are as follows: (1) Identify individuals and households capacity; (2) Identify social capital owned by the community; (3) Evaluate collective power owned by the community-to increase social capital as well as participation in decision making for the sake of common interest; (4) Identify and evaluate role of village-owned enterprise (BUMDes) related to strengthen social capital and access to capital for the community; (5) Evaluate role of local government in terms of accessibility of financial institutions, provision of social protection, and security systems; and (6) Formulate sustainable poverty alleviation model that is suitable for the community, synergize individual capacity, poor households, village-owned enterprise (BUMDes), micro finance institutions, local governments, universities, and donor agencies.

The study is expected to obtain "a model" with a focus on Developing BUMDes (village-owned enterprise) for sustainable poverty alleviation program village communities-by synergizing the involvement of community organizations, microfinance institutions (MFIs), other financial institutions, local governments, universities, and donor agencies. An expected model may be used as a reference for developing sustainable poverty

alleviation program for poor communities such as farmers, ranchers, merchants, fisheries, home industries, crafts and more. Based on causes of "poverty", [3] Mas'ood, (2003) diverges it into two types: (1) Natural poverty: poverty is caused by scarcity of natural resources such as the arid soil conditions, no watering, and lack of infrastructure; (2) Artificial poverty: poverty is caused by the emergence of institutional (often as a result of modernization or development itself) that make members of society can not control resources, existing facilities or structural poverty. Characteristics of poor people in general may be viewed as follows: (a) politic: they do not have access to decision-making process regarding their lives; (b) social: knocked out from their main institutions or existing society; (c) economic: low quality of human resources (HR) including in health, education, and skills that have an impact on their earnings; (d) culture and values: such as a low work ethic, short thinking, and fatalism; and (e) environment: such as ability to access clean water and electricity.

RESEARCH METHOD

The study is community-based research approach (investigations) and village-owned enterprise (BUMDes) modeling. The study attempts to gain an extensive understanding of village community at micro, medium and macro levels as an effort to get out of poverty. To extract information from stakeholder groups of village community, the study uses the focus group discussion (FGD) method, interview, observation, and household surveys. The survey involves 52 respondents member of the community in Bleberan village-DIY Indonesia. Respondents are staffs of village-owned enterprises (BUMDes), farmers, small shop owners, traders, cooperative workers, small restaurant owners, parking workers and non permanent workers. There are two stages of focus group discussions (FGDs) in the study. Focus group discussion on the first phase (I) involves community leaders, representatives of farmers, small shop owners, traders, cooperative workers, small restaurant owners, parking workers and non permanent workers. In the second stage of FGD (II) is done by involving local governments (such as regency, district, village, and hamlet) for developing the most favorable model of cooperation among local government leaders, BUMDes (village-owned enterprise), microfinance institutions, universities and donor agencies for the community.

The more detailed stages of the study done in four (4) stages as follows:

1. The first stage-preliminary investigation: (a) identify capacity of individuals and households in Bleberan village community and its prospective development; (b) identify social capital of the community; and (c) identify and evaluate existing collective power and its development in the community.
2. The second stage-investigation on BUMDes (village-owned enterprise), micro finance institutions and business development of productive economy. In this stage: (a) identify and evaluate existing BUMDes (village-owned enterprise) and microfinance institutions (MFIs) in the community; (b) identify business development opportunities for the community; and (c) identify appropriate scheme and access to capital for the community-The first stage of FGD (I).
3. The third stage-investigation on significant role of local government, universities, and donor institutions. In this stage: (a) identify and evaluate significant role of local governments, universities, and donor institutions; and (b) develop cooperation scheme among local governments, BUMDes (village-owned enterprise), microfinance institutions, donor institutions-The second stage of FGD (II).
4. The fourth stage: discussing, modeling and report writing. In this stage: (a) discussion findings of survey, FGD I and FGD II; (b) formulate a reinforcement model of BUMDes (village-owned enterprise) for sustainable poverty alleviation.

RESULTS AND DISCUSSION

In Bleberan village, in addition to BUMDes (village-owned enterprise) there are several types of inter-related businesses, such as business stalls, handicraft traders, farmers, small shop owners, traders, cooperative workers, small restaurant owners, parking workers and non permanent workers, stall workers, garbage collectors, microfinance officers and other related businesses. The village is inhabited by 5,200 people (2012). There is a cooperative (credit union) which overshadowed all related business actors in the village. The village also has joint business groups (KUB) such as: KUB-processor products, KUB-handicraft, KUB-water supply, saving and loan business unit, micro department stores, and parking group [4].

Table 1: Job Structure of Village Community

| No | Job Name | Main Job | |
|-------|--------------------|----------|-------|
| | | N | % |
| 1 | Small shop worker | 13 | 25.0 |
| 2 | Trader | 4 | 7.7 |
| 4 | Farmer | 23 | 44.2 |
| 5 | Employee (private) | 7 | 13.5 |
| 6 | Civil servant | 5 | 9.6 |
| 7 | Others | 0 | 0.0 |
| 8 | No job | 0 | 0.0 |
| Total | | 52 | 100.0 |

Business agents are incorporated in KUBs as many as 420 people spread in their respective business sectors. The cooperative in Bleberan is similar to other cooperatives that have business units, saving and loan programs. All members of KUBs and/or cooperatives are business actors who come from Bleberan village. There are entrants into Bleberan village (Sri Getuk-tourism area). The entrants are usually involved as shop workers, hawkers, scavengers, and handicraft or souvenir traders. The biggest portion of entrants comes from Bantul area (about 20 km).

Table 1 shows job structure of respondents, as majority (44.2%) is as the farmer group. In this job category consists of small farmers and medium farmers. Small shop workers are the main occupation for only 25.0% of residents in this community. Other residents stated that they liked a job as private employees or factory workers better even if it is on the outside area of the village.

Table 2 shows the age structure of the village community. The age group below 44 years old is dominant age structure. The structure has similarities with village communities in some areas in Gunung Kidul. Communities of the village tend not to be permanent residents. Majority citizens of the community return to their homes at night in the vicinity of hamlets. Trade is a major pillar of the economy which puts women as key players who are driving the economy of the community. Overall, age group 30-57 years old (67.3%) are working group in some activities. Most of respondents are graduated from primary school (SD) and junior high school (SMP). Formal education of the community tends to increase between generations. But whether their educational level increased was followed by an increased of welfare level in the community, of course requires a further study. Others managed to complete senior high school or vocational school. This condition has similarities with other regions. In line with the above findings that younger age respondents have also a higher education background (Table 2).

Table 2: Age and Education Level of Respondent

| No | Age | Graduated Primary School (SD) | | Graduated Junior High School (SMP) | | Graduated Senior High School (SMA) | | Total | |
|-------|-------|-------------------------------|------|------------------------------------|------|------------------------------------|------|-------|-------|
| | | N | % | N | % | N | % | N | % |
| 1 | 16-29 | 1 | 1.9 | 2 | 3.9 | 9 | 17.3 | 12 | 23.0 |
| 2 | 30-43 | 6 | 11.5 | 9 | 17.3 | 2 | 3.9 | 21 | 40.3 |
| 3 | 44-57 | 12 | 23.1 | 6 | 11.5 | 0 | 0 | 14 | 27.0 |
| 4 | 58-61 | 1 | 1.9 | 1 | 1.9 | 0 | 0 | 2 | 3.9 |
| 5 | 62-75 | 2 | 3.9 | 1 | 1.9 | 0 | 0 | 3 | 5.8 |
| Total | | 22 | 42.3 | 19 | 36.5 | 11 | 21.2 | 52 | 100.0 |

Table 3: Welfare Level of Bleberan Community (Referring to Prof. Sayogyo's study)

| Welfare Level | Equivalent to rice Per capita (kg/year) | Price of rice (Rp/Kg) | Income per capita (Rp/month) | Number of Households | % |
|-------------------|---|-----------------------|------------------------------|----------------------|-------|
| Destitute | P < 180 | 7,300 | P < 109,500 | 0 | 0 |
| Very poor | 180 ≤ P < 240 | 7,300 | 109,501 = P < 146,000 | 2 | 4.0 |
| Poor | 241 ≤ P < 320 | 7,300 | 146,001 = P < 194,667 | 7 | 13.4 |
| Nearly poor | 321 ≤ P < 480 | 7,300 | 194,668 = P < 292,000 | 8 | 15.4 |
| Nearly sufficient | 481 ≤ P < 680 | 7,300 | 292,001 = P < 413,667 | 12 | 23.0 |
| Sufficient | P > 680 | 7,300 | P > 413,667 | 23 | 44.2 |
| | | | | 52 | 100.0 |

Note: P = monthly expenditures; Source: Sayogyo, 1973a

Welfare Level

The study uses Prof. Sayogyo on poverty classification, the type of poverty is expressed in rice equivalent size, he classifies poverty into six (6) classes that is destitute, very poor, poor, nearly poor, nearly enough (near sufficient) and prosperous (sufficient to prosperous). Poverty can be classified by using household expenditure as a ready disposable income. A person with an income less than 180 kg of rice in a year is classified as an absolute poverty (destitute). A person with an income between 180-240 kg of rice in a year are classified as "very poor" and so on until to prosperous person (welfare) who has an income exceeding to 680 kg of rice in a year. Under this classification, as each measure is multiplied by the price of rice, found the value of the income for a month or year. The average price of rice during conducted survey is Rp 7,300/kg. Therefore, category of living standards of the community can be expressed as in the fourth column (Table 3).

Based on the above welfare indicators, most households in the community have sufficient welfare level, i.e 44.2 per cent. While nearly sufficient group is 23.0%. In total there are 67.2% of residents who have adequate welfare in terms of revenue with expenditure approach. There is 32.8% of households in the community categorized very poor to nearly poor (Table 3). However, if the study uses welfare level is published by the Indonesia Central Bureau of Statistics, there is almost "no poverty in the region". The question is, why?

The Indonesia Central Bureau of Statistics categorizes poverty level of community using "absolute poverty indicator" which is only a "destitute" group. Thus, poverty rate in the community is just as much as 0%. However, the table indicates that very poor, poor and nearly poor in the community as much as 32.8%. Considering on food and non food community needs, the study finds that the group has been shifting to non-food needs especially the "sufficient" or prosperous group. It displays a consistency of Engel's law suit in which prosperity is marked by shifting in needs from food into non food needs.

Relative Welfare in the Community

There is a tendency of income distribution highly skewed. Table 4 shows disposable income distribution of the village community. The finding indicates high inequality in the income distribution in the community. It can be seen that 40% of the lowest income residents enjoy only 8.15% of total income per capita. The top 20% of the community in terms of income enjoys as much as 73.90% of total income per capita. This phenomenon shows that the community is experiencing the increase of income inequality. It indicates a high gap on income distribution among employment groups in the community. The condition may lead to be worse implications in the community such as social jealousy, aversion cooperation, discouraged and so on.

Table 4: Welfare Level of the Village Community

| Welfare Level of the Community | Income Per Capita / Month | | |
|-----------------------------------|---------------------------|-----------------|--------|
| | N | Average (IDR) * | % |
| 40 per cent of the lowest income | 21 | 269,794 | 8.15 |
| 40 per cent of the middle income | 21 | 595,339 | 17.95 |
| 20 per cent of the highest income | 10 | 2,451,132 | 73.90 |
| Total | 52 | 3,316,265 | 100.00 |

Note: 1 US \$ = IDR 11,950 (November, 2013)

Structure of Social Capital

The study finds social capital structure (includes horizontal and vertical relationships) involves trust and safety of others, neighbors, friends or institutions, reciprocities, participations, pro-active, sense of belonging and growing in form of a social networking in the community. This study identifies that residents access to a group, social networks and employment, trust and solidarity, collective action and cooperation, participation and cohesion, political empowerment of citizens (deliberation), and access to financial institutions.

Access group of the community is dominated by segments of society who are economically "sufficient". This is in line with several studies in other rural areas. Indeed the poorest groups tend to be difficult to organize or even tend to "avoid the organization." Affluent groups tend to have organizational skills, if not, use the organization to advance themselves. Experience in following organizations/groups, bookkeeping and administrative skills, writing skills, ability to express opinions, and ability to dominate the forum has become a prerequisite for a person to enter management group especially in the rural areas. Such abilities have been enough for individuals to claim the entire resource group and broad network of various services.

The study shows trust and solidarity involve an ability to trust people, friends and neighbors. Trust also increases all activities of "mutual help". The mechanism of mutual "lamented" based on shared concerns and mutual support to each other. This is done mostly on the structure of poorer society. At higher layer structure of society, some of them say that no one come to them for complaining. They are also reluctant to get involved in the process of empathy to hear other people's problems. This process is only a small portion owned by residents. In the village community of Bleberan, most residents said that they always come to them to share their problems. Majority of respondents in the community are low trust in some professions and people in this region. Village government officials are still relatively acceptable as a credible institution, although the confident level is also low (22.10 per cent). Teachers and lecturers are still

accepted and trusted as much as 17.15 per cent. It is surprising the study shows that people show to give "high distrust" to the chairman of community groups, local cooperatives or associations. Even their distrust has already been on the "nadir". These findings indicate crisis of trust in the community is very alarming.

In addition to the crisis of trust among professions and groups occur, but collective action and cooperation still take place in the community. Moreover, collective action and cooperation occurs because of their jobs are "temporary" and not routine. Collective action is also more associated with construction activities of public facilities so everyone feels that he must be involved without having to consider their level of trust in other groups. Collective action and cooperation is a separate part of distrust in government officials, merchants, neighbors and other social-economic actors. Some such activities are not usually associated with major economic activities, but more as social or mutual assistance. More precisely, such activities tend to exert effort to achieve common goals.

The study shows majority residents are admit that the difference on socioeconomic status "is not a barrier" for them to create and sustain a good neighborhood atmosphere. Indeed, in terms of "difference", it is also considered problematic for some respondents. Some respondents show that the differences regarding social status, economic level, and wealth level are problematic issues. Even on religious, ethnics, and generational differences may also be worrisome. Participation rate of residents in joint activities (collective actions) indicate to be high. Respondents also feel that their access to education, health and justice in particular concerns are still in favor of "the rich group". However, compactness (cohesion) in the community is still very well preserved. The study indicates majority respondents express that they do not have access to both informal financial institutions and formal financial institutions. Because of this condition as much as 46.15% respondents do not

Table 5: Access to Financial Institutions

| No | Category | Total | |
|-------|-----------------------|-------|--------|
| | | N | % |
| A. | No borrow (no access) | 24 | 46.15 |
| B. | Borrow (access) | | |
| | 1. Small shop worker | 4 | 7.69 |
| | 2. Trader | 18 | 34.61 |
| | 3. Farmer | 5 | 9.62 |
| | 4. Others | 1 | 1.92 |
| | Total borrow | 28 | 53.85 |
| Total | | 52 | 100.00 |

Table 6: Business Capital Sources

| Category | Equity | | Relatives (Family) | | Money Lenders | | Cooperatives and Banks | | Others | |
|-------------------|--------|-------|--------------------|------|---------------|------|------------------------|-------|--------|------|
| | N | % | N | % | N | % | N | % | N | % |
| Destitute | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Very poor | 2 | 3.85 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1.92 |
| Poor | 1 | 1.92 | 0 | 0 | 1 | 1.92 | 0 | 0 | 0 | 0 |
| Nearly poor | 6 | 11.54 | 1 | 1.92 | 1 | 1.92 | 2 | 3.85 | 0 | 0 |
| Nearly sufficient | 4 | 7.69 | 2 | 3.85 | 2 | 3.85 | 4 | 7.69 | 0 | 0 |
| Sufficient | 18 | 34.62 | 1 | 1.92 | 0 | 0 | 6 | 11.54 | 0 | 0 |
| Total | 31 | 59.62 | 4 | 7.69 | 4 | 7.69 | 12 | 23.08 | 1 | 1.92 |

borrow or apply for a loan to strengthen their productive economic efforts (Table 5). But traders who are 34.61% respondents applying a loan from non-bank financial institution primarily cooperatives.

The study shows that productive economic efforts of the community require additional funding or credit. These productive economic efforts are focus on trading and agriculture. Their source of capital mostly come from own capital and borrow from their relatives such as their brothers and/or sisters (Table 6). Some respondents get additional capital from money lenders and others. Banks and cooperatives in the community as a formal financial institution are capable of serving only 23.08% of respondents. This finding suggests that all services by cooperatives and banks are still limited in serving the community members. Village-owned enterprise (BUMDes) has less significant roles on managing "social business" in the community.

There is a very important finding in the focus group discussion I (FGD I) with participants a number of residents and community leaders in the village community. In line to previous study on fishermen community study in, the study show majority of respondents do not like to apply "a loan or credit"-a special interest rate is available for them prepared by Bank BNI--even the bank offers a very cheap interest rate loan (3% per year), the majority of respondents are not willing to apply. In addition to inability to meet credit requirements like to provide collaterals-they generally prefer to "numerous poverty alleviation programs" are often provided by both national and local government agencies. The study indicates that various poverty alleviation programs (grants) are judged by the community as more a "charity" program. In other words, poverty alleviation programs are not sustainable or failed for the community. Communities do not need to carry out in earnest and disciplined. There is strong indication that the community is so "addicted" to expect various grants. In addition, there is no coordination among inter-agency both local and central governments in terms of providing fund assistance (grants) to alleviate poverty. As a result

poverty cases and income inequality remains high in the community. Village-owned enterprise (BUMDes) of Bleberan community needs to be empowered. BUMDes may have significant contribution to poverty alleviation through "social business activities" in the community.

Sustainable Poverty Alleviation Model

The study shows that the majority of respondents in the village-builds and sustains social capital. Some indicators are as follows: First, the community runs a variety of mutual help and collective work at the community level; Second, the community has an ability to identify and to choose the most important to do to benefit its residents--focused on responding majority villagers economic problem; Third, the community is dominated relatively by young human resources structure. This is a potential source for the community to be more creative, innovative, and progressive community in the future; Fourth, the community shows high level of participation and integration/cohesion. This is an important source for sustainability of the community. Fifth, the community shows its ability to keep good relationship and partnership among residents.

Figure 1 shows that poverty alleviation program in the community is largely determined by policies at macro, meso and micro level. A policy at the macro level covers central and local governments, especially in this case the government of Gunung Kidul Regency [5, 6]. In the model above, increasing "welfare" is obtained through productive economic efforts of community, and a village-owned enterprise (BUMDes) is established and designated solely for the community. The village-owned enterprise (BUMDes) as "a social business" has abilities to empower socioeconomic community. Social capital may be a form of network. Trust is one important form of social capital [7]. The poor is someone who does not work "to build assets" for himself. The main role of BUMDes is to help its members/customers to build their assets. In addition to residents' effort to build their assets-residents

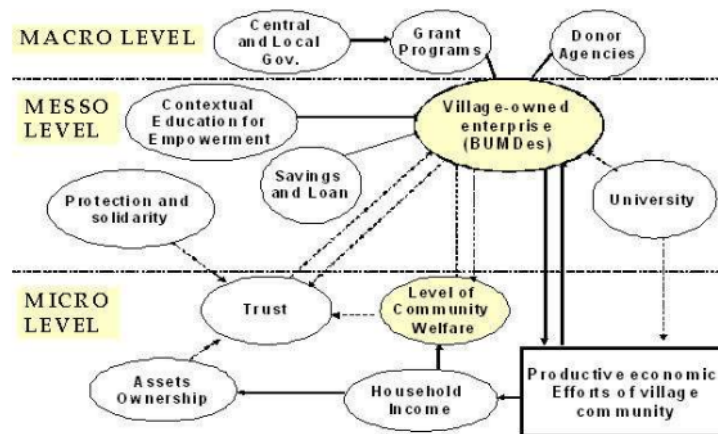


Fig. 1: Sustainable Poverty Alleviation Model

may run productive activities through savings and credit functions [8]. BUMDes should be able to organize contextual education. The education enhances capacity of individual residents on skills, knowledge and character. There is a principle that if residents are able to run productive activities well, the BUMDes will also grow. Economic development of the community may be maintained through education in order to encourage people to be more creative, innovative and to expand their social network or employment. BUMDes has a principle: "beginning with education, expanding via education, and controlling by education". Through continuous education, may maintain individual and institutional capacity building in the community [9].

CONCLUSION

The study shows structure of social capital of the Bleberan community including horizontal and vertical relationships. There are indications that residents of the community "have access" to groups, social networks and employment, trust and solidarity, collective action and cooperation, participation and cohesion, political empowerment of citizens (deliberation), and access to financial institutions. The entire state shows the condition and structure of social capital in the community. The finding also indicates that various aid programs from local and provincial institutions to reduce poverty (income inequality) in the community are not effective programs. In addition, there are serious problems on coordination at macro level among local government agencies/offices.

Residents of the community have a "mindset" that government poverty alleviation programs are considered as a "charity" and not require as a serious effort to implement programs. The sustainable poverty alleviation model by involving village-owned enterprise (BUMDes) as "a social business" may have abilities to elaborate all positive aspects of the community to empower socioeconomic community to get out from poverty. The model also shows BUMDes as a central role has a significant role in micro, meso, and macro level. Established and owned by the community, BUMDes offers solution for the community a sustainable poverty alleviation model.

SUGGESTION

The study indicates poverty alleviation program needs much better coordination among government agencies at central and regional level (macro level). A model of sustainable poverty alleviation program may be achieved by integrating potential transformative powers of the community such as BUMDes, social capital, social entrepreneurship, SMEs (culinary), and microfinance institutions especially built by and for the community. If the transformative powers of society well managed and synergize with the involvement of community agencies (BUMDes), microfinance institutions (MFIs), local governments, universities, donors and local transformative leaders, the community will have an ability to construct a society that idealized to be: a society free from poverty and establish socio-economic sovereignty.

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