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Implementing Social Capital in Poverty Reduction Efforts in Indonesia

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Abstract

Economic strategies are typically prioritized in Indonesia's efforts to alleviate poverty. These strategies include the building of new infrastructure (a form of physical capital), the provision of financial and educational capital, and the improvement of health care and education (human capital). In point of fact, poverty is a complicated problem that involves a wide variety of resources, one of which is social capital. This article takes the form of applying social capital theory to analyze, map, and stimulate the alleviation of poverty in a community by making the most of the social capital that is available in that society. In this investigation, a qualitative strategy is combined with a descriptive research approach. The findings indicate that social capital is an important factor in reducing the severity of poverty and is also capable of lifting the poor out of poverty. This is accomplished through the formation of bonds and bridges between members of a household's family, friends, and even neighbors, all of which work to ensure that the household does not fall even below the poverty line.

Keywords

Social Capital, Poverty, Resources, Poverty Line.

Introduction

Over the course of the past half-century and a half, Indonesia has adhered to a model of development that places a focus on economic expansion (Asbiantari et al, 2016). The strategy of economic growth is characterized by promoting the growth rate of Gross Domestic Product (GDP) and per capita income. This is a key component of the economic growth method. The central planning of national development results in a more standardized approach. Because of this homogeneity, areas now have significantly varying patterns of development and levels of performance (Sudarmanto et al, 2020). Development that places great emphasis on the rate of economic growth and per capita income has begun to cause complex development problems. The results of development are biased and have not yet fully succeeded in creating equity, giving rise to problems, including regional inequality, income inequality, and slowing poverty reduction (Warsilah, 2015).

Poverty is an important and serious issue that must be tackled as soon as possible since it affects persons and humanity (Aprianto, 2018). The Indonesian government has sought to execute various poverty reduction techniques and policies by creating programs such as Direct Cash Assistance (BLT), Family Hope Program (PKH), and Rice for the Poor (Raskin), School Operational Assistance (Fathurrahman, 2012). Empirically, the poverty rate did decrease from 34 million people (17.47%) in 1996 to 26.42 million people (9.78%) in 2020, but not too significantly (BPS, 2020). It seems that the nuances of poverty alleviation policies so far seem to focus on an economic approach with a very dominant role of the state, so it is necessary to revitalize poverty alleviation policies by looking at non-economic factors and also encouraging community participation in helping to alleviate the poor (Murdiyana & Mulyana, 2017; Prawira et al., 2021).

On a macro level, the success of poverty reduction in Indonesia can be seen from the progress in reducing poverty levels. The poverty rate (both the number and percentage of poor people) in Indonesia continues to decline (Siregar & Wahyuniarti, 2008) . However, the development paradigm over the last few decades has undergone a shift. There is a shift that tends to see the achievement of development goals measured on a macro basis into a regional approach (Nasution, 2017). Assessing development performance (eg poverty reduction) cannot only be seen at the macro (national) level, but needs to be complemented by other indicators by region, rural-urban, or household level (Fahmi et al, 2018).

Amartya Sen (1981), said that poverty is expressed as a lack or inability and what can and cannot be done, including material deficiencies, physical incapacity, and social dimensions. Chambers (1995) reveals that there are other groups who define poverty with a broad concept, including multidimensional deficiencies. This poverty describes twelve dimensions that are interrelated and related to each other. The twelve dimensions consist of: 1) The education/ability dimension; 2) Institutional and access dimensions; 3) Time dimension; 4) Dimensions of the seasons; 5) Dimensions of residence/location; 6) Security dimension; 7) Dimension of physical disability, 8) Dimension of material; 9) Dimensions of social relations; 10) Legal dimension; 11) Dimensions of political power; and 12) Dimensions of information.

Bagong Suyanto (2001) suggests four efforts that need to be made to improve the living standards of the poor, namely; first, trying to reduce dependence on other parties. Second, trying to get help for business capital. Third, the basic price for the poor. Fourth, trying to develop the ability to have skills and expertise. Sutinah suggests strategies to reduce poverty that need to be developed, namely: 1) Social networks that form cooperation to meet the necessities of life; 2) Strategies to overcome difficulties, namely by diversifying business sources to increase income; 3) Strategies to face the future, namely by saving, participating in skills training, which is in accordance with market needs; 4) A frugal living strategy, by regulating eating, shopping and consumptive patterns (Suryawati, 2005)

The concept of social capital as a strategy for reducing poverty reemerged at the 1995 United Nations conference in Copenhagen, where the importance of addressing non-economic causes of poverty was re-emphasized (Fournier, 2002). Previous research has indicated that social capital is viewed as a factor that can promote improved cooperation in providing services that benefit all members of the community and society (Narayan & Pritchett, 1999). Through social networks, social capital can facilitate communities' access to productive resources such as bank credit (Grootaert, 2004).

The idea of social capital is one of the key pillars of the human development model, because in this paradigm humans are viewed as significant subjects who influence the path of development implementation. Participation and the capacity for self-organization are necessary for the community to play a role in the human development model (Cahyono, 2014). These two capacities can only develop if they are supported by community-owned social capital. Poverty alleviation is not just about addressing economic requirements, but also about widening access to living resources, which is partly controlled by the availability of networks and mutual trust within the society. Therefore, social capital is equally essential to poverty alleviation (Haerdiyanti, 2017).

Various tactics and attempts have been undertaken to combat poverty, however in a social evaluation of how to combat poverty, one of the characteristics of poverty is the dimension of social interactions, as described by Chambers (1995). Talking about social relations, one that can be linked in overcoming the problem of poverty is about social capital. How is social capital related to poverty alleviation? It will be discussed in this paper using the literature study method and theories. The scope of this paper is limited to the problem of social relations which is social capital and its relation to poverty, where strategies to overcome poverty need to be developed; social network that forms cooperation to meet the necessities of life.

Method

This research was conducted using a qualitative approach with a literature review method. Types of secondary data and primary data, secondary data obtained from references or data that have been previously processed in the form of journals, books and magazines and other references related to the topic of this research problem while primary data is data obtained directly from respondents through the method of interview, observation, centralized discussion. Respondents The data that has been collected is analyzed qualitatively to draw a conclusion from a study (Sugiyono, 2008).

Results and Discussion

Social Capital

Originally, social capital (Social Capital) was viewed as a manner in which people place their faith in the society and its members. They establish the rules of mutual agreement as a community value. Here, community ambitions are satisfied, and community and local networks (institutions) are utilized as a resource for community development and community empowerment. According to the World Bank (1998), social capital in social institutions in society, which consists of values, beliefs, networks, and social acts, is an important aspect of the community's social and economic development. However, social capital is not merely the sum of all existing institutions; it also serves as a social adhesive that connects everyone together. So that society is not just a collection of individuals, social capital requires shared values and the structuring of roles (rules) that are manifested in personal connections, trust, and a sense of shared duty. single individual.

Putnam (1995) defines social capital as "characteristics of social organization such as networks, norms, and social trust that promote coordination and cooperation for mutual gain." (Social capital becomes the adhesive for each individual in the form of norms, trust, and networks, allowing for mutually beneficial cooperation in the pursuit of shared goals.) This also indicates the necessity for social networks and networks of civic involvement, as well as social networks and norms that promote communal production. Even further, Putnam dilutes the significance of horizontal linkages by predicting not just the desired outcome (the anticipated revenue), but also the unpleasant outcome (additional results).

According to Woolcock (2000), the concept of social capital was first used by LF Hanifan in 1916 when he studied how rural schools influenced the development of West Virginia. Bourdieu (1986) suggests that social capital is a resource of a group institution. Social capital is a network that is dynamic and not natural and is a strategic investment both individually and in groups. Social capital can produce social relationships directly and indirectly in the short and long term. This relationship can be done in the relationship of neighbors, co-workers (work), as well as relationships between families (Julien, 2015).

When compared to Bourdeiu, Coleman uses different terminology in describing social capital. Coleman describes social capital not only as a result of interaction, but rather the function and value of social capital itself. He views that social capital has a value that is contained in it, especially in the social structure. Furthermore, Coleman also mentions social capital as a resource because it can contribute to the welfare of individuals and society as well as other resources or capital (natural, economic and human resources).

Networks, beliefs, conventions, and social activities are all highlighted by the various definitions of social capital given above. Piere Bourdieu regards power as culture and symbols that are formed and continually re-legitimized by the interaction of agents and structures within the context of the theory of society. This occurs as a result of what he terms "habitus," or socially adopted patterns of behavior, ethics, and thought.

Bourdieu claims that recognizing the role of "capital in all its forms, and not just one form acknowledged by economic theory" is essential for understanding the social world. Coleman and Putnam, along with other social scientists, virtually completely disregarded Bourdieu's research on social capital. This is due to the fact that the negative aspects of social capital are ignored by Bourdieu. The one-sided focus on the benefits of social capital to its owners is seen as a shortcoming, but his attention on inequality and power is a very valuable correction for Putnam and Coleman. According to Bourdieu, social capital is quaint and personal.

Thus, Bourdieu, Coleman, and Putnam each contributed their own unique conceptualization of social capital. Bourdieu has a particular view in this regard, arguing that elite groups like French nobility use social capital to carry out their professions despite their lack of financial and cultural resources. Coleman argues that social capital is an underutilized resource for the economically poor, yet he and Bourdieu both stress the importance of private property. Putnam delves deeper into the idea by interpreting it as a socially functional resource. The fact that Putnam's argument is susceptible to this criticism of functionalism may explain why he has persisted in focusing on the positive aspects of social capital.

Poverty

To other scholars, poverty is merely a matter of economics; that is, of having too little money or not having a secure enough job to support oneself for life. Although such views may be valid for certain people, they don't accurately portray the difficulties poor families really experience. The essence of poverty is tied to the likelihood of the poor individual or family carrying on and developing a company and standard of life, and not only the absence of income to meet basic living needs or a good standard of living (Suyanto, 2001).

Many studies have shown that low-income families and individuals generally have lower business skills and less access to economic opportunities, putting them at a significant disadvantage relative to more prosperous neighborhoods. A study conducted by Wignjosoebroto et al., (1992) on the lives of vulnerable people in the Municipality of Surabaya found that a person or a family who is in poverty, they are generally not very empowered, have limited space for movement, and tend to find it difficult to be absorbed in sectors that allow them to develop his efforts. Let alone to develop themselves to a prosperous level, while maintaining their physical life at a sub-sistence level for poor families is almost impossible, if it is not supported by networks and social institutions in the surrounding environment (Suyanto, 2001).

John Friedman proposed an expanded conception of poverty. If you believe Friedman (1979), poverty is unequal access to the means of social power. Meanwhile, for Friedman, the social power base is comprised of the following: First, productive capital on assets like land, housing, equipment, and health. Second, access to sufficient financial resources like money and good credit. Third, cooperatives and other social and political organizations that work toward a common goal. Networking is the fourth factor in ensuring access to sufficient employment, resources, education, and expertise. The fifth point is that you will learn something that will be of practical use to you in the future.

Theoretically, there are two types of poverty, each defined by its underlying causes. There is, first, what we may call "natural poverty," which is characterized by a lack of material resources and/or a rudimentary technological infrastructure. That example, there won't be more or less wealthy people or groups within a community because some societies have an inherent tendency to be poor. Traditional institutions, such as patterns of patron-client relationships, the spirit of mutual cooperation, and the like, are functional to decrease the potential of social jealousy, so that even if there are discrepancies in wealth in a condition of natural poverty, they will have little to no effect.

Second, there is "artificial poverty," which arises when individuals or groups are deprived of resources due to inequalities in the distribution of power within society. Thus, not everyone in the community is lifted out of poverty, even though a more equitable distribution of the group's total output would do so. In many circumstances, people do not fall into artificial poverty because they are too sick or too lazy to work. Artificial poverty is often equated with the concept of structural poverty in discussions among social scientists, in contrast to the modernization perspective, which tends to judge poverty stems from a weak work ethic, lack of entrepreneurial ethics, or because of a culture that is not accustomed to hard work. By "structural poverty," Selo Soemardjan (1980) refers to the condition in which a population is deprived of resources for generating revenue while having access to such resources due to the nature of the community's social structure.

When there is a large gap between the wealthy and the poor, a society is said to be structurally poor. Even though they make up the bulk of the population, they are unable to make meaningful changes that might better their lot in life.

While this is happening, a few extremely affluent people tend to dominate all elements of society, including the economic and political spheres. It is also projected that the current social structure will last so long as small and rich organizations continue to govern diverse people's lives. This leads to a condition known as structural poverty.

Social Capital as an effort to alleviate poverty

Several academic disciplines now devote considerable attention to the concept of social capital, which centers on interpersonal relationships between people. Social capital's function in social and economic dimensions is a new paradigm in inclusive development1, while its precise nature is still up for debate. People engage with one another because they help one another, their communities, and their groups accomplish their goals. There is a growing consensus on social networks (networks), norms, and values that enable collective action, despite the fact that the definition of social capital is still fluid and open to numerous interpretations (Grootaert, 2004). A person's social network consists of all the people in their immediate circle of family, friends, and neighbors (Putnam, 1995). Norms are the socially accepted expectations of a group (Coleman, 1988). Community standards and customs have a significant impact on people's ability to talk to one another and work together. A spirit of mutual trust permeates group dynamics (Grootaert, 2004). Educating and interacting with people from a wide range of backgrounds can help build trust between them.

There are three forms of positive externalities associated with social capital that can affect household poverty reduction (Collier, 2002). To begin, social capital promotes the dissemination of information about the acts of others, mitigates the issue of opportunism through continued contact, and strengthens the bonds of trust among its constituents. The second way social capital helps is by lowering the rate of "information failure" when it comes to the dissemination of technological and commercial information (information asymmetry). Knowledge dissemination takes place when knowledge is gathered in the context of social networks, through either one-way or two-way exchanges. Through repeated transactions and reputation, both of these externalities can dampen opportunism. Recurring purchases have the effect of discouraging newcomers (free riders), who can be detrimental to low-income families. Recurring business is where the real money is made, thus a good reputation is invaluable. Reciprocity builds trust through repeated interactions, and disadvantaged households might develop trust to expand their access to transactions or economic resources through their reputation.

Finally, social capital makes it easier for people to work together toward a common objective by limiting the number of freeloaders who disrupt the established order (reducing poverty). For this reason, this third externality leads to collective action. When people in a group agree on a set of ground rules and expectations, they are able to behave as a unit. In place of human capital, financial capital, and physical capital, social capital is more helpful to low-income households.

Having social capital makes it easier for low-income families to reap the benefits of group membership. If the arisan membership fee is measured in terms of time, then low-income families will benefit because they will pay less than high-income ones. Even if poor families are unable to pay security or cleaning costs due to cultural conventions and rules, they will still feel safe in their own homes. Therefore, low-income families benefit greatly from the presence of social capital because of the advantages it provides to the members of the group as a whole. If social groups are used as an instrument of social capital, then low-income families will have more advantages over high-income households.

Leadership roles in communities are often filled by those from wealthier backgrounds. The disadvantaged tend to show more deference to wealthy families and community leaders (Collier, 2002). Collective action initiatives by community leaders tend to generate income (income) for disadvantaged households, reducing the costs necessary to launch collective action. Additionally, affluent households are more likely to join a group with established norms and standards because of the prestige associated with such membership. This demonstrates that low-income families who are a part of groups with varying levels of socioeconomic status can profit monetarily from investing in social capital.

Conclusion

Social capital in poverty alleviation emphasizes togetherness and social energy in a society. Social capital is a force that forms a social network among the poor to work together to alleviate poverty by utilizing social solidarity to overcome the limitations of material capital. One of the ways in which poverty reduction can be overcome is by utilizing social capital in the poor as energy and/or capacity through increasing and utilizing networks to form productive joint business groups in order to increase the income of the poor, which in turn will result in prosperity. The existence of a relationship of trust between poor households, relatives or neighbors that is formed is able to maintain the depth of poverty so that it is not far from the poverty line.

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