

Poverty Alleviation Strategies and New Economic Creative Model in Lhokseumawe-Indonesia

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Abstract: Poverty is a crucial problem faced by many countries including Indonesia. Various efforts were made by the government to alleviate poverty, and various programs were launched to address them, both micro and macro. Some programs are successful and effective, but others are unsuccessful and ineffective. One strategy has been designed as an alternative to alleviating poverty in the city of Lhokseumawe-Indonesia. This strategy is built on four main pillars: (1) creating employment opportunities, (2) community empowerment, (3) capacity building, and (4) social protection. This strategy in its implementation can be integrated with creative economic models built to increase people's income and reduce poverty. The creative economy model that is designed basically consists of 4 stages: (1) Determination of vision and mission of creative economy, (2) Problem identification, (3) Application of The Triple Helix concept, and (4) Identification of performance indicators. This model is expected to be a mainstay for the city of Lhokseumawe in order to improve the welfare of the community through efforts to reduce poverty and the development of creative economy.

Keywords: Poverty, Creative Economy and The Triple Helix

1. Introduction

Statistically poverty in Indonesia shows a slow and consistent decline. In 2007 (16.6%), in 2011 (12.5%) and in 2016 (10.9%). This is because the Indonesian government uses uncertain terms about the definition of the poverty line, so that appears to be a more positive picture of reality. In 2016 the Indonesian government defines the poverty line with monthly income (per capita) of Rp. 354,386 (or about USD \$ 25), thus means a very low standard of living. While the definition of the World Bank poverty line classifies the percentage of Indonesians living on less than USD \$ 1.25 per day as those living below the poverty line (in other words poor), the percentage reduction in poverty rates above will look inaccurate because the value is as raised a few percent (Reinhart and Rogoff, 2004).

In recent years the poverty rate in Indonesia has shown a significant decline. Nevertheless, it is expected that this decline will slow down in the future (Cohen, 2006). Those who in recent years are able to get out of poverty are those living on the edge of the poverty line. It does not require strong support to get them out of poverty. But as the group diminishes, the group at the bottom of the poverty line should now be helped to rise and get out of poverty (Pralhad and Hammond, 2002). This is more complicated and will result in a slower rate of poverty reduction than ever before.

Poverty is a problem always faced by every country. The impact of poverty is very wide in various aspects of community life and greatly disrupt the economic growth of a country. Subsidy becomes an important slogan in a country that embraces a welfare state system in which it serves

as a clear proof of government responsibility in order to prosper the community. Without realizing the provision of subsidies such as the provision of direct cash assistance to the community has an impact on the emergence of a lazy attitude in trying, weak motivation to move and the emergence of a sense of indulgence in some communities. The community given unconditional relief of return has had an impact on the spoiled attitude and the attitude of waiting for similar help at the next opportunity (Samovar *et al*, 2015). They easily get help so that the desire to try and work hard becomes decreased.

Starting in 2015 the Indonesian government has provided village funding and each village earns Rp. 1 Billion per year (Cameron and Shah, 2015). If the village does not have a pattern and attitude of independence in the management of these funds will have an impact on the increasing number of people dependent on government assistance. Therefore, in order to anticipate the impact, there needs to be a design of creative economy model as the basis and guidance for the community to manage village aid fund. Thus the aids can add value and make the community creatively produce products that can be traded widely. Finally, this activity can increase business opportunities that will increase the income and welfare of the community.

2. Literature Review

2.1. Indonesia's definition of poverty

To measure poverty, the Indonesian Central Bureau of Statistics uses the concept of basic needs approach. With this approach, poverty is seen as an economic inability to meet the basic needs of food and not food as measured by the expenditure side (Sen, 1982). So Poor People are people who have average per capita expenditure per month below the poverty line. In 2016 the Indonesian government defines the poverty line with monthly income (per capita) of Rp. 354,386 (or about USD \$ 25) which thus means very low standard of living, also for the understanding of the Indonesian people themselves. When the World Bank classifies the percentage of Indonesians living on less than USD \$ 1.25 per day as those living below the poverty line.

2.2. Past Performance at Poverty Eradication: 2007-2016

Government performance in order to reduce poverty is very encouraging, where seen since 2007 until 2016 there has been a significant decrease in relative poverty. This situation is shown in Table 1.

Table 1. Past Performance At Poverty Eradication: 2007-2016

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Relative Poverty (% of population)	16.6	15.4	14.2	13.3	12.5	11.7	11.5	11.0	11.1	10.9 ^a
Absolute Poverty (in Millions)	37	35	33	31	30	29	29	28	29	28 ^a
Gini Coefisien/ Gini Ratio	0.35	0.35	0.37	0.38	0.41	0.41	0.41	0.41	0.41	0.40

Source: www.indonesia-investments.com

2.3. Current Macro Efforts at Alleviation Poverty

Although the poverty rate statistically shows a significant decline, but in fact the pockets of poverty are still very large in Indonesia. Activities to increase people's incomes should continue to be done, one of which is through efforts to alleviate poverty. President Jokowi made a change

through the second point of the Nawacita, which is to build Indonesia from the periphery and villages. Development orientation is also no longer Java Sentris. Other efforts undertaken in order to alleviate poverty is to maintain the stability of prices of food and non-food commodities that have a major impact on the value of urban and rural poverty lines. In addition, the government also encourages community participation to contribute to poverty alleviation, one way is to change the consumptive pattern to be productive and to love and buy domestic products. Excerpts from web presidentri.go.id (2016).

In addition, the Government is currently implementing programs to reduce the burden of the poor through conditional cash transfers or Family Hope Program (PKH), provision of Prosperous Family Cards (KKS). Improving rice distribution policies for the poor, providing health services for poor citizens through Kartu Sejahtera (KIS), providing scholarships for 21 million underprivileged students through Smart Indonesian Card (KIP), effective SJSN Effective Employment programs as of 1 July 2015. Another strategy is the development of rural communities in 499 sub-districts, scholarships to 75 thousand students, 221 thousand scholarships in Bidik Misi program, 25 thousand Bidik Misi ongoing Private Higher Education and housing development with target of 550 thousand units of flats. Improving poverty reduction regulation, improvement of social assistance distribution policy and community empowerment including some other regulation of national social security. Maintaining the purchasing power of the poor so as not to fall further below the poverty line, where 5,300 sub-districts will be facilitated by trust funds, giving home stimuli to poor families, empowering fishermen with target of 200 fishing and peasant villages.

Next is the policy of developing and strengthening the basic service delivery system, increasing the effectiveness of the Bidik Misi program, the arrangement of social assistance (Kartu Indonesia Sehat / KIS, Smart Card Indonesia / KIP and Kartu Keluarga Sejahtera / KKS), and the extension program of social security coverage, Integration of population data and social security membership. Other programs to be continued such as, transformation of rice for welfare families (Rastra) into food aid, as well as the sustainability of energy and fertilizer subsidies, social assistance outside the family system, and other social security.

To strengthen these poverty alleviation programs, the Government also encourages poverty policies related to mental revolution among others through:

- Redesign of programs that enable changes in the poor people's mindset to be productive, independent, and dignified,
- Linking social programs that encourage the poor to care about health, education, and family planning, as well as,
- Promote social solidarity in the community.

3. Results And Discussions

3.1. The New Poverty Alleviation Strategies

An alternative poverty alleviation strategy has been developed in this research, in order to improve the welfare of the community, the four main pillars should be able to support efforts to reduce poverty, namely (1) creating employment opportunities, (2) community empowerment, (3) capacity building, and (4) Social protection.



Fig. 1. Poverty Alleviation Strategies

These four main activities should be shaded by (1) synchronizing macro and micro policy strategies, and (2) synchronizing operational policies in order to increase revenue and reduce expenditures for basic needs.

3.2. The Creative Economic Model (CEM)

The Creative Economy Model of Lhokseumawe City basically consists of four stages: the stages of determining the vision of creative economy, (2) Problem Identification, (3) Application of Triple Helix Concept (4) Identification of performance indicators. This model is shown in Figure 2.

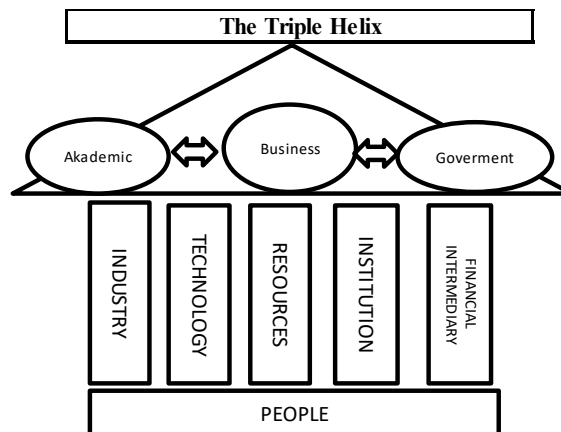


Fig. 2. Creative Economic Model

Figure 2 explains that in order to build the creative economy in Lhokseumawe City it is passed by several stages:

- Determination of Vision and Mission of Creative Economy
This stage is very important that is to define the vision, mission, goals, goals and strategies of achieving the target
- Problem and identity analysis

Problem analysis is a step to identify the problems that are faced related to the development of creative economy, such as the quality and quantity of human resources, conducive climate, financing institutions. In addition, it is also necessary to identify the availability of facilities and infrastructure, urban or rural identity, creative capital policy, creative community, creative workers, creative entrepreneurs and creative education.

- **Application of Triple Helix Concept**
The successful development of creative industry according to The Triple Helix concept is to be supported by (1) People as the main foundation of creative individuals or human resources. It should be supported by (2) The five main pillars are (1) industry (collection of companies engaged in creative economy), (2) technology (Enabler to realize individual creativity in the form of real work), (3) resources (Inputs other than creativity and individual knowledge needed in the creative process, e.g. natural resources and land), (4) institutions (Social arrangements such as norms, values, and laws, including industry associations, professional associations and other creative communities, and (5) intermediary financial institutions (3) The three main umbrellas (actors) are (1) the intellectuals (Creative and Entrepreneurship-oriented curricula, press and academic freedom, multidisciplinary innovative research, educational and training institutions, research and development institutions), (2) business elements (Entrepreneurship, Business Coaching & Mentoring, Financing Scheme, Marketing and Business Matching, Creative Community) and (3) (Incentives, creative and conservation awards, a conducive business climate, educative direction).
- **Identification of Outcome Indicators**
Identification of performance indicators is an activity to see the impact of the implementation of the creative economy. Performance indicators can be; (4) The development of a national-scale industry, (2) the development of a provincial-scale industry, (3) the development of the district-scale industry, (4) the development of creative digital, (5) the development of creative communities, (6) the publication of the creative industry in the media.

3.3. Current Micro Strategies at Poverty Eradication

Some of the efforts being made to reduce poverty are:

- **Provide capital assistance or financing on a micro scale.**
This program group is the development of a more independent community empowerment program group, in the sense that the government provides convenience to micro and small entrepreneurs to obtain additional capital through the financial institutions / banks that are guaranteed by the Government.
- **Strengthen the independence of business and access to markets**
Provides broad access to business and penetration and market expansion, both domestically and internationally, to products produced by micro and small enterprises. The access in this feature is not only the availability of support and channels to try, but also the ease of trying.
- **Improving business skills and management**
Providing training and mentoring to improve skills and business management to small and micro business actors.
- **Promote creative economy**
The scope of program programs based on empowerment of micro and small enterprises can be divided into 3 (three), namely: (1) financing or capital assistance; (2) opening of

access to capital or product marketing; And (3) mentoring and upgrading of skills and business management. Beneficiaries of micro and small enterprise empowerment program groups are near-poor communities whose business activities are on a micro and small scale. Beneficiaries in this program group can also be targeted at the poor who have not yet engaged in or engaged in economic activities.

3.4. Integration of Poverty Reduction Strategies and the Model of creative economy

In order to achieve the success of achieving the welfare of the community, it is necessary to integrate the poverty alleviation program with the program of creative economic development. The pattern of integration of poverty alleviation strategies and the model of creative economy is shown in Figure 3.

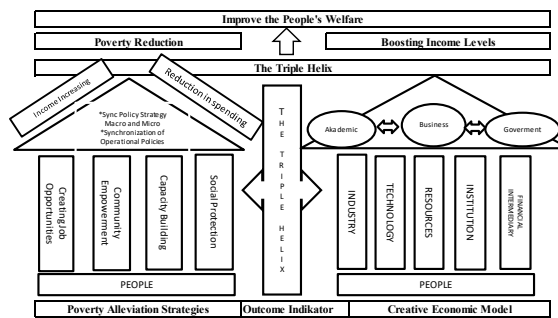


Fig. 3. Creative Economy Model and Poverty Alleviation Strategies

Figure 3 explains that in order to improve the people's welfare in Kota Lhokseumawe, it can be pursued by integrating two strategies or models, namely poverty alleviation strategy and creative economy development model. Creative economic development. Poverty reduction strategies are built on four main pillars: (1) creating jobs, (2) community empowerment, (3) capacity building, and (4) social protection. While the creative economy model is built with 4 stages: (1) the stage of determining the creative economic vision, (2) Problem identification, (3) Application of Triple Helix concept, and (4) Identification of performance indicators. Both models are shaded by The Triple Helix model.

4. Conclusions

The city of Lhokseumawe still has villages that are vulnerable to poverty. The city of Lhokseumawe also has a potent creativity talent in the development of creative economy. This strategy is built on four main pillars: (1) creating employment opportunities, (2) community empowerment, (3) capacity building, and (4) social protection. This strategy in its implementation can be integrated with the creative economy model that has been built to increase people's income and reduce poverty. The creative economy model that is designed basically consists of 4 stages: the stages of determining the vision of creative economy, (2) Problem identification, (3) Application of The Triple Helix concept, and (4) Identification of performance indicators.

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