

This book addresses social capital and poverty in Indonesia, describing perspectives and methodologies of social capital measurement, the benefits of social capital, the relation between poverty and development, and the role social capital in poverty alleviation. It also explores the various alternative efforts to improve people's welfare.

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Social Capital and Poverty in Indonesia

SOCIAL CAPITAL AND POVERTY IN INDONESIA

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and Lailasari Ekaningsih

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FOREWORD

Praise and gratitude to the presence of Allah SWT because of His mercy, this book can be completed properly. Although many books have described social capital, not many books link social capital with poverty. In addition, this title has not been found in the bookstore. Therefore, this book is expected to fulfill the curiosity and need of readers for information that presents the relationship between social capital and poverty. Social capital contributes to reducing poverty, or at least by developing aspects and elements of social capital that can facilitate community and government actions in mitigating poverty.

Various studies showed that social capital could facilitate collective action to reduce poverty in a region if appropriately used. On a micro-scale, social capital increased household incomes for marginalized groups who lack access to economic resources. In addition to commitment, government policies that favor disadvantaged community groups and community participation can be further increased to maximize fuel for sustainable development efforts. Then, the results can be enjoyed by all levels of society, especially people from the economically weak.

This book has been in preparation since 2017, but due to the author's busy schedule or rather the author's laziness, it was not ready for the readership. This book has now been completed with the support, assistance, and attention of all parties, especially the leaders of UNNES, faculties, and departments. Therefore, on this happy occasion, I would like to express my deepest gratitude while hoping that there will be suggestions and criticism of the contents of this book for future improvement.

Semarang, February 2022

CHAPTER ONE

INTRODUCTION

Development is a process of change in a better direction, and the goal is none other than to create welfare and happiness for all strata of society (Smith, 1994; Midgley, 1999; Dostal, 2010; Mas'udi & Hanif, 2011). Development is also seen as having a sustainable value of life that does not reduce the community's welfare (Hamilton & Atkinson, 2006). Therefore, the development target is prioritized for disadvantaged social groups, such as farmers, fishermen, small traders, and laborers. However, it does not mean that those who own assets and wealth are excluded from the development process.

Society is not an object of development but its subject (Suryono, 2001). It must be involved in the development activities from the start, including planning, implementing, monitoring, evaluating, and enjoying the results. There must be a guarantee that not a single citizen is not involved (Sibanda, 2011; Waheduzzaman, 2010).

The above scenario does not appear to be working as expected. Marginalized or disadvantaged groups of people in a weak position and who do not have access to social, political, and economic resources tend to be neglected. Advancement is frequently designed unilaterally by the authorities and enjoyed by themselves. The proof is that many portions of the government budget are used up for routine budgets and personnel expenditures, both at the central and regional levels. The development budget for those strands for the public is not very significant. The Ministry of Finance report in 2017 stated that personnel expenditure still dominates the composition of regional spending, namely 38.5 percent, followed by goods and services expenditure by 22.2 percent, and capital expenditure by 21.1 percent (Director General of Fiscal Balance, 2017).



Figure 1.1 Regional Expenditure Composition

Source: Director General of Fiscal Balance, Indonesia

The development results have been fancied by those who run the country or manage the region. If any residual development results exist, then the trickle-down effect is given to the community as a sign that development for all has been carried out. The trickle-down development paradigm is suspected of obstructing the flow of development funds that should be enjoyed by the community (Astuti, 2001). As a result, groups of people who have limitations and are completely deficient are marginalized and neglected. They include tribal groups isolated, remote, and located in Indonesia's outer and frontier areas. Illegal street vendors occupy state-owned or forbidden land, and urbanites inhabit illegal huts around river banks. Also, residents occupied land which did not belong to them because they could not afford a house. These included factory workers, homeless people, beggars, the elderly, and other groups, including people with social disabilities. They are classified as "hopeless" people or groups, easily frustrated, and triggered to act aggressively. This marginal group are the losers. Farmers are also one of the loser groups. Soetomo (1997) stated that the defeat of farmers is reflected in the quality of life that does not improve from generation to generation. The exchange value of farmers' products has decreased compared to necessities and other products; even

the most striking defeat was “the farmer's hope that his children would not follow in his footsteps as a farmer”.

People who are defeated in development are generally easily provoked, and may act against the government or anyone who intrudes in their lives. Lack of hope for a better life, lingering despair, and the presence of groups such as fair queens who are well-understood or who only use them as commodities are welcome with great hope. They are directed everywhere, like arrows from a directing bow, and obeyed without question or complaint. They hunt for hope and fully believe in the group they saw as the fair queen wanted. Unfortunately, it is not uncommon for them to use violent means to achieve this goal.

Many cases involve marginalized people or communities fighting tooth and nail against whatever is considered an act of injustice and brutality. The following table lists cases of people's resistance to the government, business people, or other parties seen as disturbing and tormenting the people's lives.

Table 1.1. People's Resistance Case

No.	Type of Case or Conflict	The Root of Problem(s)	Parties to Conflicts and Disputes	Data Sources
1.	Conflict over the establishment of a paper factory	The Porsea community's rejection of the establishment of a paper factory by PT. Inti Indorayon Utama, because it was feared that it would have an impact on the environment and residential areas	Porsea community members and PT. Inti Indorayon Utama	Manalu, 2007
2.	Land Conflict	Land for people's livelihoods was taken away	Rengas Farmers and PT. PN VII Cinta Manis	Rukib, 2009
3.	Land conflict	Land for people's livelihoods was taken away	Jenggawah Farmers and PT. XXVII, supported by the government	Compiled from various sources
4.	Claims on public spaces	Land for people's livelihoods was taken away	Sampangan street vendors, Basudewo, Kokroso, and the Semarang Government	Handoyo, 2021
5.	Conflict over the Kwanyar lake	Outsider fishermen were supported by security forces using mini trawlers, causing the catch of local fishermen to be reduced	Batah Fishermen Village, Kec. Kwanyar, with outsider fishermen (Lamongan, Pasuruan, and Sampang)	Hikmah, 2008
6.	Conflict over the establishment of the Muria Nuclear Power Plant	The residents of Balong Village did not agree with the establishment of the NPP because they were worried that it would have an impact on their health, safety, and security.	Residents of the Balong Village community and the Jepara Regency Government	Compiled from various sources

7.	Conflict over the plan to establish a Cement Factory	The residents of Kendeng Rembang, promoted by the Kendeng Mountains Care Community Network (JM-PPK), disagreed with PT. Semen Indonesia to build a cement factory in Rembang, because the land was a livelihood source for villagers	A resident of Kendeng Rembang, PT. Semen Indonesia, and the Rembang Regency	Compiled from various sources
8.	Land conflicts (agrarian)	Nagari Abai Solok Selatan residents rejected PT. RAP to develop oil palm plantations, because the land used was a livelihood source for the people of Nagari Abai	Nagari Abai residents, PT. RAP and the local government of South Solok	Amrisal, 2013
9.	Conflict over the plan to establish a Cement Factory	The residents of Sukolilo and Kayen sub-districts in the mountains of North Kendeng, promoted by the Jaringan Masyarakat Peduli Pegunungan Kendeng (JM-PPK), protested against the plan to build a cement factory, because the land in the mountains of North Kendeng which contained karst was the livelihood source for the community	Residents of Kendeng Utara Village, Sukolilo, Pati with the local government of Pati and PT. SMS	Compiled from various sources
10.	Conflicts over land and water sources	The people of Padarincang community rejected the plan of PT. Tirta Investama, which became the intermediary for PT. Danone Aqua to exploit the Cirahab	Padarincang community members and PT. Tirta Investama	Compiled from various sources
11.	Conflict over sharing of proceeds from the sale of electric power	Laskap villagers held demonstrations and protests to the East Luwu local government in 2012-2013, because the compensation for the dam construction for the Karebbe hydropower project could not be enjoyed by residents around the dam	Residents of the Laskap village community and the local government of East Luwu	Arbin, 2015

12.	Conflict over electricity service	Residents of the city of Tarakan, North Kalimantan demonstrate to protest against PLN, which has turned off electricity almost every day for six to eight hours, even though they have received an electricity bill price adjustment of 59 percent	Citizens of the city of Tarakan, State Electricity Company, and the Mayor of Tarakan	Kompas, 2016
13.	Conflict over the establishment of the Hydroelectric Power Plant	In August 2016, residents of Seko, North Luwu rallied by forcibly dismantling equipment, fearing that the hydropower plant would interfere with the future of life for community members who live from customary land	Seko community members with PT Seko Power Prima	Compiled from various sources
14.	Conflict over the Coastal Zone Revitalization Policy	The people of Kampung Luar Batang have fought against the DKI government policy which will revitalize the coastal area which has an impact on community land ownership	Residents of Luar Batang village with the DKI Government	Compiled from various sources
15.	Conflict over the mayor's corrupt behavior	A group of bureaucrats in the city of Tegal fought back in the form of a whistleblower against the corruption of the Tegal mayor	Bureaucrats and the mayor of Tegal	Rizal & Nurhidayat, 2018
16.	Conflict over the Job Creation Bill	Demonstrations and labor resistance to the government and the DPR, because it is seen that the Job Creation Bill will torment the lives of workers	Labor groups with the government and the DPR	Anonim, 2020; Junita, 2020, Dharmastuti, 2020

There are still many conflict and resistance cases by farmers, fishermen, or community members against other community groups, business people, or the government. The root of the conflict is related to livelihood sources, land ownership, or government policies that disturb the community's lives. Resistance carried out by community groups cannot be seen as a deviation from social or legal norms. This resistance appears as regular when there is a discrepancy between the people's desire to live a decent and prosperous life and their actual conditions—for example, being poor, underprivileged, completely limited, full of difficulties, and having no hope of achieving the goal of a prosperous life. The factors that cause resistance come from outside, in the form of intervention or exploitation of resources owned by the community, which causes disruption to their lives. As a result, the community becomes vulnerable, helpless, and loses hope.

The vulnerable and helpless conditions of the community also occurs because development does not allay the problems of their lives, but rather, it neglects their interests. Moreover, the government that is supposed to function, protect, and create order so that the lives of all citizens can take place safely, comfortably, peacefully, and prosperously, is not present in real-time. Conditions of poverty, underdevelopment, and community powerlessness cause them to be marginalized, untouched by development projects, or seen only as objects of development. Therefore, they cannot enjoy the development outcomes. Naturally, this disadvantaged group becomes apathetic, oppositional, sometimes disobedient, and opposes the government.

Poverty is not a severe problem when the government has policy interventions in which to overcome it. Various poverty alleviation schemes promoted by the government, society, and international institutions seem to have been carried out massively and systematically, from time to time. Being poor financially but so rich of heart is often a consolation for most poor people. It may be accepted that this statement is a consolation. However, this mindset should not be left to view the poor or a reality obtained. Poverty is not the only major problem of the Indonesian nation. There are more fundamental problems, such as the social exclusion and marginalization of needy people by the government. This social exclusion causes community groups to become vulnerable and fall into poverty. The

government's social protection schemes do not cover many informal sector actors. Even though, in reality, they are vulnerable to falling below the poverty line. They are residents of the informal sector who do not have an identity as residents, so they are not administratively registered and do not receive social assistance from the government. They need help, but the government does not hear their screams.

The problem raised in this book is why various government policy interventions in overcoming poverty have not raised the poor in Indonesia out of poverty. The question is, who and what is wrong? This book is written based on the assumption that government intervention is still needed to alleviate poverty, including people who are limited in their potential, underprivileged, and marginalized because they are also vulnerable to poverty. This perception is caused because the government has the resources needed to make policies capable of breaking the chain of poverty.

The economic interventions that the government and community institutions have carried out have not been sufficient to empower poor people and marginalized people. Therefore, social intervention is needed by using social capital to mobilize people who have problems and people who will participate in solving problems in a collective action to overcome the problem of poverty and issues of lack and limitations.

Social scientists have long introduced the concept of social capital. However, before the term "social" was attached to the word "capital", the term capital appeared first. The concept of capital appears in economic literature. Capital was initially understood as an amount of money or production factors that can be accumulated and invested, which at one time or in the future is expected to provide productive benefits or services (Dasgupta and Stiglitz, 1980; Field, 2008). Capital in the economy has an essential function in producing goods and services in the long run. Generally, economic activity involves three important capitals: financial capital, physical capital, and human capital (Lawang, 2005; Usman, 2018). Personal, cultural, political, and social capital can also benefit economic development. Of all these, the capital that contributes to social cohesion and economic benefits is social capital.

The concept of social capital has long been discussed by economists in the 19th century (Castiglione et al., 2008: 2). However, the term “social capital” appeared for the first time in 1916 when Lyda Hudson Hanifan wrote about The Rural School Community Center (Moelyono, 2010). This discussion about social capital arises because economists realize that it is not solely based on human capital, physical capital, and financial capital to drive economic activity. However, other types of capital effectively ease economic activity and can even obtain better results than relying on human, physical, and financial capital. Hence, the capital is referred to as social capital.

The literature on social capital is relatively abundant. The concept of social capital has been used in various fields, including political, economic, social, legal, cultural, and other areas (Usman, 2018). The level of analysis varies; some emphasize individuals (Burt, 1992), organizations (Leana and Van Buren, 1999), communities (Putnam, 1993), industry (Walker, Kogut and Shan, 1997), and nations (Fukuyama, 1995). Nevertheless, social capital writers and researchers frequently use Coleman, Putnam, Fukuyama, and Bourdieu for all views on social capital. The analysts often use social capital analysis levels at the organizational and community levels.

Social capital plays a significant role in the economic and social fields, especially in improving the welfare of the poor. Further details on the relationship between social capital and poverty are described in this book. This book consists of five chapters. The initial chapter elaborates on development policies that have not addressed the problems of community groups classified as poor, powerless, disadvantaged, and marginalized. Poverty as a commodity, rather than a big problem, is still visible in the government’s development approach. The sheer economic policy, considered as a powerful way for development, cannot solve the poverty or powerlessness experienced by marginalized communities. The social approach—in this case—the use of social capital, is seen as appropriate as development capital that accompanies the economic system to solve the problem of poverty. Social capital hypothetically contributes to solving development problems, particularly poverty, like other capital. Social capital is suspected of mobilizing people with socio-economic issues and

solving problems in a collective action to overcome poverty, shortages, and limitations.

Chapter Two discusses social capital as Coleman, Putnam, Fukuyama, and Bourdieu stated. Coleman believes that social capital is anchored in a social structure. Social capital, according to Coleman, is not limited to those who are vigorous but also provides tangible benefits to the poor and the marginalized community. Putnam believes that social capital, which consists of trust, norms, and networking, can carry out collective action. Fukuyama argues that trust is a valuable social capital that determines a company's success. Social capital is an ability that arises from trust in a community. As part of social capital, trust is built with honesty, loyalty, and cooperation. Trust, according to Fukuyama, is not evenly distributed in society. Bourdieu defines social capital as several resources, actual or virtual, collected in an individual or group. It has a long-lasting network in the form of a reciprocal relationship of introduction and recognition that is more or less standardized. Bourdieu incorporates cultural capital into social capital. This social capital is only owned by the elite, not the lower groups, let alone marginalized groups. The social capital perspective is also discussed in Chapter Two. These perspectives are the communitarian view, the networks view, the institutional view, and the synergy view. Chapter Two also describes how to measure social capital both qualitatively and quantitatively. It is necessary to know the criteria or components in measuring social capital. Generally, the details of social capital that can be measured are (1) groups and networks, (2) trust and solidarity, (3) collective action and cooperation, (4) information and communication, (5) social cohesion and inclusion, and (6) empowerment and political action.

Chapter Three describes the elements, types, and benefits of social capital. The aspects of social capital discussed are trust, norms, and networking. Types of social capital include bonding social capital, bridging social capital, and linking social capital. Social capital is formed through interaction in a social structure. Social capital is suspected of having benefits, especially in the economic field.

Chapter Four describes the linkages between poverty and development. This chapter will explain how development activities can overcome poverty. For this reason, this chapter thoroughly examines what poverty is, its types, causes, the solutions to poverty, the relationship between poverty and development, and how to make people happy through development activities. The keyword in this chapter is welfare, in the sense that through development activities, the community will enjoy prosperity. If the community is prosperous, the vocabulary of poverty is no longer present in people's lives.

Chapter Five examines social capital and poverty reduction. This chapter believes that apart from human capital as the subject of development, other assets play an essential role in overcoming poverty, namely social capital. Human resources as development capital must be developed through education and training potential. As the subject of development, they must also be maintained in their health to act for development purposes. The provision of good education and health facilities is the government's responsibility. Humans who have good education and health are suspected of being subject to reliable development. The interaction between people in the social structure gives birth to social capital, which helps development. Sufficient stock of social capital in the social network alleviates the poverty experienced by the Indonesian people.

CHAPTER TWO

DEFINITION, PERSPECTIVES, AND METHODS OF SOCIAL CAPITAL MEASUREMENT

Social capital is an abstract concept, so it is often complicated to calculate or measure. The easiest way is to find criteria or create any parameters, concepts, or variables identified as markers of social capital. Generally, social capital can be measured by a qualitative method or approach, but there are also many quantitative ways to measure social capital. This chapter will explain the notion of social capital as stated by Coleman, Putnam, Fukuyama, and Bourdieu. After that, it will explain how to measure social capital qualitatively and quantitatively.

A. Definition of Social Capital

There are many definitions of social capital. In this section, several authors put forward some concepts familiar to social capital observers or researchers, namely Coleman, Putnam, Fukuyama, and Bourdieu.

1. Coleman's View

James Coleman, an American sociologist, gave much attention to education issues. Coleman used the concept of social capital in his research on education. In his study, Coleman examined the factors that influence student academic achievement. One of the findings is that peer groups have an influence that is no less important than school in determining children's achievement. In his study of private and public schools' comparative performance, Coleman reported that students performed better in Catholic-affiliated private schools than in public schools. Another finding was that in these Catholic schools, truancy and dropout rates were lower than those of students who attend public schools.

Religious organizations, according to Coleman, were among the remaining organizations in society, outside the family and across generations. These organizations are among which adult communities' social capital is made available to children and youth. Likewise, community norms on parents and students serve to reinforce teachers' expectations. The community turned out to be a source of social capital that can neutralize the impact of unfavorable socio-economic conditions in the family (Field, 2010).

In a series of his studies on education in slum communities, Coleman concluded that social capital is not limited to vigorous and tangible benefits for the poor and marginalized people (Field, 2010: 32). Social capital is a resource that contains the hope of reciprocity, involving a more comprehensive network whose relationships are governed by a high level of trust and shared values. Coleman (2000) found that social capital, in the form of expectations and obligations, networks and information, and social norms, has a positive effect in increasing the volume of human capital both in the family and community spheres. The intensity of relationships within, and outside, the family strengthens social capital and helps create human capital in the future. In this connection, Coleman (2000) defined social capital as follows:

A set of resources that are attached to families in the community's social organization are helpful for the cognitive or social development of a child or young person. These resources are different for various people and can provide essential benefits for children and young people in developing their human capital.

The concept of social capital elaborated in Coleman's research is social relations. According to Coleman, social relations describe a social structure in which individuals act as sources for other individuals (Castiglione et al., 2008). This social structure facilitates all individuals or actors who work together in that structure (Field, 2010).

Coleman is considered the main driver behind the birth of rational choice theory in contemporary sociology. In rational choice theory, there is the belief that all behavior comes from individuals trying to pursue their interests. According to Coleman's sociology, individual behavior is highly individualistic, in that everyone automatically does things that will serve

their interests, regardless of the fate and interests of others. On this basis, Coleman understands society as a set of social systems of individual behavior. Thus, the concept of social capital is understood as explaining how people try to work together. Coleman (in Field, 2010) provided an excellent example of seeing the parallels between cooperation (social capital) and individualism.

As quoted again by Field, Coleman provided an example of the prisoner's dilemma in-game theory. In this prisoner's dilemma, two individuals are placed in separate cells, and then they are told that the first to confess their friend's mistake will receive favorable treatment. The dilemma is whether to remain silent in the hope that no other evidence will prove his guilt and receive no penalty at all if the second player acts similarly or admits and accepts a reduced sentence. Rational choice theory predicts that the second choice will be chosen because each prisoner knows that the other prisoner will tend to confess when faced with the same choice.

In economic theory, Coleman saw that the employer would act as a free-rider when paying for the team member training rather than investing in future team member skills. In this case, the employer calculates that as long as the employer's interest is met, they are willing to pay workers whom others have educated. Rational choice theory predicts that each individual will serve their best interests, as in this case, the company will have to pay a more significant dividend in the long run. It is done not solely for the welfare of the employees but also for their company advancement. In both cases, cooperation seems to coexist with individual competition, but all of this is because of the calculations regarding the benefits individuals can gain through collaborative activities. It is similar to the role of the invisible hand from the market as initiated by Adam Smith. So, Coleman's concept of cooperation does not conflict with individuality that tends to pursue its own interests. The cooperation created through social relationships has helped make the obligations and expectations of actors, build an open social environment, open information channels, and establish norms that support forms of behavior while applying sanctions for prospective stowaways (free-riders). However, Coleman admitted that individual actors do not build social capital by cooperating with others but that social capital is born as an undesirable

consequence of pursuing their interests. In other words, social capital is not taken because the actor calculates the choice to invest in it but as a byproduct of activities carried out to achieve different goals (Filed, 2010).

In line with Coleman's view, Handoyo (2012) found that the street vendors studied were generally willing to collaborate with other street vendors because of their same interests, to work to earn income for supporting their families in the locations they have been living in. They remain in places that the city government deems off-limits for two reasons. First, they need to survive. Second, they stay because they feel united with other street vendors under the association's protection and other organizations that support them.

Coleman believed that the analysis of social capital formation provided a middle ground between a rational choice perspective that views social action as the result of self-interest. The based activities aimed at the individual and a social norm perspective explain social behavior as dependent on external constraints imposed by norms (Castiglione et al., 2008; Field, 2008). In short, social capital is a means of reconciling individual actions and social structures. Actions that lead to social capital formation are rational, although it is recognized that individuals do not always act rationally. Nevertheless, most individual actions are reasonable because, in a social context, social scientists understand that social organization comes from, and is a collection of, particular actions. The actions of an individual are understood in the context of for what reasons they are carrying out these actions. It is taken so that the theoretical goal of social science should be to understand those actions to make them rational from the actor's point of view (Coleman, 2009). In other words, what is usually considered irrational is simply because the observer does not yet know the perpetrator's point of view. For the actor himself, the action taken is deemed rational.

2. Putnam's View

Putnam (2000) is best known for his book *Bowling Alone*. The book clearly described how lonely a bowling player could be. This metaphor was not meant to represent Americans traveling alone to play alone.

However, there is less tendency to play in legal teams to face regular opponents in organized bowling leagues than to play with a group of family or friends.

A society that continuously watches television creates political apathy and indifference to others. Putnam concluded that north Italy's institutional performance was relatively prosperous due to the reciprocal relationship between the government and civil society based on research in northern and southern Italy. In the north of Italy, autonomous and self-governed guilds, contributed to the maturity of civil society, which in turn served to support the policies and programs of the northern Italian government.

In an article entitled *Economic Growth and Social Capital in Italy*, Helliwell and Putnam (2000) also showed that civil society's support plus the effectiveness of the northern Italian regional government institutions have a better level of prosperity than the southern Italian government. Social capital, such as education level, openness, and effective institutions, contributes significantly to satisfying local government citizens. According to Helliwell (2006), life satisfaction is related to various types of trust and networks that may foster trust. Citizen satisfaction with the northern Italian governments performance, which gave them prosperity, creates high confidence in the government.

Based on his research in Italy, Putnam understood social capital as part of social organization, such as beliefs, norms, and networks that can increase society's efficiency by facilitating coordinated actions (Field, 2010). For example, in politics, social capital contributes to collective action by increasing the potential costs of political traitors, encouraging norms of reciprocity, facilitating the flow of information, inputting information about actors' reputations, incorporating past successes of collaborative efforts, and acting as blueprints for future cooperation (Field, 2010).

Putnam's view of social capital differs from that of Coleman. For example, suppose Coleman believed more in the church's influence and the family as part of the social bonding capital. In that case, Putnam paid less attention to church and family institutions and believed more in loosely constructed organizations or bridging social capital.

After examining how social capital influenced government success in northern Italy, Putnam turned his research to the United States. In his analysis, Putnam saw a significant decline in social capital in the United States since the 1940s. Meanwhile, before this happened, the United States had political associations that were beneficial to the development of democracy. As de Tocqueville has seen, Americans were used to gathering in large numbers, talking and listening to one another, and moving reciprocally to do something with Americans' political associations. For Tocqueville, associational life is an essential foundation of social order in a relatively open system (Field, 2010). The high level of citizen involvement teaches people how to work together in community life.

In the 1960s, America's social capital was on the decline, and Putnam described America at that time as divided and separated from the community. Evidence of declining American social capital included American perceptions of declining honesty and trustworthiness, an increasing tendency for American drivers to ignore the stop signs at crossroads, and a sharp increase in crime reports. Putnam (2000) pointed to four leading causes of declining social capital in the United States. First, the enormous amount of preoccupation and pressure associated with a two-career family has reduced the amount of time and other resources that women, especially, can spend in their community. Second, residents of large metropolitan areas experience destructive results in the periphery because they have to spend time hanging out so that their bonds tend to be fragmented. Urban mobility and overgrowth are the factors that influence this. Home-based electronic entertainment, namely television, is the third leading cause of the decline in social capital. Addicted to television viewing has almost cut off society's lives and people do not spend much time with their friends or neighbors. Another impact of people continuously watching television is the creation of political apathy and ignorance. The fourth cause is generational change. According to Putnam, nearly twice as many people were born in the 1920s. They were associated members as their children and grandchildren were born in the 1960s. Also, those who were born in the 1960s were believed to be less citizen-oriented.

In the 1990s, Putnam changed his definition of social capital. Putnam claimed that social capital is part of social life, namely in networks, norms, and beliefs that encourage participants to act together more effectively in order to achieve common goals (Field, 2010; Suharto, 2008). Putnam distinguished two forms of social capital: bonding or exclusive social capital and bridging or inclusive social capital (Field, 2010). Bonding social capital encourages complete identity and maintains homogeneity. This bonding social capital is excellent for sustaining specific reciprocity and mobilization of solidarity and for strengthening group identity and loyalty. In contrast, bridging social capital tends to unite people from various social domains. This bridging relationship is good for linking external assets and for information dissemination.

Putnam firmly believed in the efficacy of social capital in constructing collective action. However, unfortunately, he also believed in the influence of social capital and ignored actors' roles in the social structure, especially the dominant actors. Likewise, because his thinking rests on the social and economic aspects, he paid less attention to the political role, especially the role that can be played by the state.

3. Fukuyama's View

Fukuyama (1995; 1999) defined *social capital* as a set of informal norms or values shared by group members that allow for cooperation. The keyword for Fukuyama's definition of social capital was cooperation. This cooperation would work well when there is trust between people in the social structure. Fukuyama (1995), in his article on *Scale and Trust*, found that trust is a valuable social capital that determines the success of a company. Fukuyama understood social capital as an ability that arises from trust in a community (Suharto, 2008). Trust, according to Fukuyama, was built with honesty, loyalty, and cooperation. However, this trust (social capital) was not evenly distributed in society. In individualistic cultures, trust lies in voluntary associations (for example, in the United States) that determine large companies' development. In contrast, in familistic societies (such as Korea, Taiwan, and Hong Kong), trust lies in the family line, so small family-based companies grow in these three countries.

In a book entitled *The Great Disruption: Human Nature and Reconstitution of Social Order*, Fukuyama (2005) found bureaucratic hierarchies decline in the political and economic fields and the development of information technology. Industry-based production has also undergone a transition to an information-based form of production. As a result, the hierarchical leadership system experienced erosion. The network model signified informal relationships and alliances between organizations, as seen in the keiretsu system in Japan, corporate alliances in Italy, and Boeing's relationship with its suppliers, which can cover the hierarchical structure system's weaknesses.

According to Fukuyama (2005), the exchange in the network model is reciprocal, not solely based on the principle of profit and loss. This exchange occurs because discussions in shared norms-based networks are informal ones that do not expect immediate recompense but long-term benefits. This network is an integral part of social capital. Social networks, in Christakis and Fowler's (2010) view, contain two critical aspects, namely: (1) there is a relationship of who is connected to whom, (2) contagion, which refers to whatever flows along with the bond. At the individual level, network members will benefit, such as increased access to information exchange, enforcement of contracts, and focus on collective vision and goals (Beugelsdijk, 2002). In such a context, social capital is a norm of reciprocity and networks or associations that can promote cooperative action and be used as a social resource for mutually beneficial profits (Woolcock, 2000).

4. Bourdieu's View

In contrast to Coleman, Putnam, and Fukuyama, Pierre Bourdieu, in his research in the 1960s, described the dynamic development of social structures and ways of thinking that formed a habitus that became a bridge between subjective agency and objective positions in Algeria (Field, 2010). Habitus is a mode for groups to use cultural symbols as a sign of distinction, marking and establishing their position in the social structure. Bourdieu included cultural capital as part of social capital.

As specified by Bourdieu, this social capital is the exclusive property of the elite, which is designed to secure their position and status (Field, 2008). On this basis, Bourdieu believed that there is no place for less privileged (non-elite) individuals and groups to benefit from their social ties. This perception is different from Coleman's view, which believed that social capital is not limited to strong (elite groups) but can also be used by the poor and marginalized communities (Field, 2008).

Cultural capital owned by people or social groups reflects the resources of their financial capital and family and school education. Cultural capital can, to some extent, operate independently from financial pressure and even compensate when there is a lack of money, as part of the strategy for individuals or groups to gain power and status (Field, 2010).

When examining a golf club membership that he believes is smoother to ease the business' model wheel, Bourdieu recognizes social capital. In 1973, in the early stages of his study, Bourdieu defined *social capital* as the capital of social relations that would provide helpful support if necessary. This support is the capital of self-respect and honor, which is often required if people want to attract clients into positions of importance socially and can be used as a medium of exchange, for example, in a political career. However, after struggling with the social capital concept for a long time, Bourdieu revised his social capital view.

Social capital is the number of resources, actual or virtual, collected in an individual or group because it has a long-lasting network in the form of a reciprocal relationship of introduction and recognition that is more or less standardized (Field, 2010).

Bourdieu believed that capital is an accumulation of labor. Capital is not only seen from the economic aspect because the main motive in economics is to seek profit, which is directed to fulfill self-interest. Cultural capital and social capital must be treated as assets that represent the products of accumulated labor. The volume of social capital an agent has depends on the number of connections mobilized. Through connections, social capital, respect, and pride can be used to gain confidence as members of upper-class groups of society or even be used for a career in politics. This upper-class group applies to those with a

diploma in certain professions, such as lawyers or doctors. However, those who rely on diploma qualifications without any connections only have human capital, but not cultural and social capital.

Bourdieu admitted that connections do not work by themselves; they need to work in solidarity. Solidarity in the network is only possible when the members increase the material and symbolic profits. This increase requires an individual and collective investment strategy, which aims to transform ongoing relationships, such as those in the village, workplace, or kinship, into social connections that can be used directly in the short or long term.

In addition to introducing the concept of social capital, Bourdieu also proposed the idea of ethnic or cultural capital. Cultural capital is the possession of specific cultural competencies or a set of cultural knowledge that provides a specially differentiated form of cultural consumption and a complex classification of cultural and symbolic goods (Damsar & Indrayani, 2019).

Cultural capital has three forms: an embodied state, an objective state, and an institutionalized state (Damsar & Indrayani, 2019). In the form of the embodied state, Bourdieu argued that most of the characteristics of cultural capital refer to the primary condition, namely the body, and presupposes the nature of being. The accumulation of cultural capital in an embodied state forms culture, cultivation, education and presupposes body formation (Damsar & Indrayani, 2019).

This embodied cultural capital is an external wealth that can be transformed into an integral part of the individual. However, Bourdieu also realized that this cultural capital could not be accumulated beyond each individual's appropriateness. Besides, this capital can degenerate over time and disappear when individual abilities and capacities are reduced or lost. Elite groups mainly own this cultural capital with educational and wealth resources.

Objective cultural capital can only be understood in terms of embodied cultural capital. Therefore, objective cultural capital lies in material and media objects, such as writings, paintings, monuments, and scientific instruments transmitted in material form (Damsar & Indrayani, 2019).

Embodied cultural capital directs objective cultural capital in the sense of guiding the thinking and behavior of elites in consuming goods and services, such as writings, paintings, monuments, or other scientific instruments according to their language, accent, and lifestyle. Elite groups with embodied cultural capital will always maintain their lifestyle so that objective forms of cultural capital are not far off their privileged status. This objective cultural capital will strengthen the embodied cultural capital. For example, the lifestyle of a top artist who consumes luxury goods, such as a Hermes bag, a Ferrari car, and likes to travel to famous beaches across the world will reinforce the position and status of a top artist. Extras cannot pursue this lifestyle without the top celebrities' cultural capital.

Embodied cultural capital and objective cultural capital are strengthened by having institutionalized cultural capital. Institutionalized cultural capital is a qualification, diploma, or certificate that allows the owner to build up his/her elite status. Nonetheless, it is recognized that institutionalized forms of cultural capital such as certified training can bring the owners closer to an elite group's lifestyle. For example, a person who has successfully attended certified training, e.g., e-commerce training to become a successful entrepreneur, can lead an accredited owner to behave like a successful entrepreneur first. As time goes by, the online business that someone is engaged in has succeeded in making him/her an entrepreneur with hundreds of billions of assets. Then he/she can imitate, feel, behave, and have the appearance of any other successful entrepreneur. Even from the perspective of social capital, s/he will have a vast social network and be trusted by many business relations to develop their business. The issue of objective cultural capital, such as ownership of luxury goods, is not a problem for individuals who succeed through institutionalized cultural capital.

As explained by Bourdieu, social and cultural capital can only be owned by the elite. This capital ownership is closely related to securing their relative position. Bourdieu believed that inequality is an inevitable part of the human condition. Education and wealth, for instance, can be used by certain groups to secure their status and position and can be used to

commit symbolic violence against other groups that have little or no education and wealth.

Symbolic violence is interpreted as an effort by dominant social actors to apply a social meaning and a representation of reality internalized by other actors as natural and legitimate (Martono, 2012). The social purpose is then considered correct by different actors. Violence is not perceived as a form of violence to run effectively in the practice of colonial domination.

Symbolic violence is within the sphere of power (Martono, 2012). It means that symbolic violence is a product or result of a powerful practice. For example, when a class intends to control and dominate another class, this domination will be used and even produce violence in the process. This violence appears as a means of the dominant class to perpetuate its authority or power in a social structure.

According to Bourdieu (in Martono, 2012), symbolic violence can be carried out in the world of education, especially in schools. Schools carry out cultural reproduction concerning other institutions to help enshrine intergenerational economic inequality. Therefore, the dominant class maintains its position through the so-called hidden curriculum, which forces students to follow and use the dominant class culture. From the classroom perspective, students from the lower classes will develop ways of speaking, behaving, and acting that are usually done by the dominant class, which is called habitus in Bourdieu's terms. This dominant class habitus is socialized through school as a natural habitus and positions the dominant class as the only habitus that is most appropriate and best for the dominated class.

Symbolic violence can be carried out in two ways. According to Haryatmoko (in Martono, 2012), the first way is a euphemism. Euphemism makes symbolic violence invisible; it works subtly, cannot be recognized, and can be chosen unconsciously. Euphemisms can take the form of trust, obligation, loyalty, courtesy, gift, debt, or sympathy. The second way is through the censorship mechanism, which makes symbolic violence appear to preserve all values considered moral honor, such as politeness, purity, and generosity.

Symbolic violence is closely related to other concepts, namely misrecognition and pedagogical action. In an article entitled *Symbolic Violence and Social Reproduction*, Bourdieu (in Jenkins, 2004) believed that elites or rulers can use symbolic violence, namely an imposition of a symbolism system and a meaning on groups so that it is experienced as something legitimate. Legitimacy is built to strengthen the power relations that cause coercion to succeed. In this case, culture is used as a system of meaning to reinforce its culture through power relations that contribute to its systematic reproduction. This system is done through misrecognition, a process in which power relations are not perceived objectively but in a form that makes them (elites) legitimate in the view of adherents, supporters, or the people and groups they control.

In principle, symbolic violence is a pedagogical action, in the form of widespread education, through education in schools, the family, and other institutional education. When culture reproduces in chaos, pedagogical action also reproduces power relations that ensure continuity. Pedagogical actions reflect the interests of dominant groups to reproduce the unequal distribution of cultural capital between social groups. Thus, resulting in social structures. Pedagogical action requires pedagogical authority as a precondition for the success of its activity. This authority is an arbitrary power to act without the perpetrator and its adherents realizing whether it is legitimate. Pedagogical action is produced by pedagogical work. It is a process of indoctrination that lasts for a long time through Bourdieu's class habitus. This pedagogical work is a substitute for physical labor and coercion.

Bourdieu's concept of symbolic violence is similar to Gramsci's concept of hegemony. The concept of hegemony offers an idea of how power can be accepted by the ruled (Sugiono, 1999). The ruling class or group that wants to have power implements hegemony through consensual moral and intellectual. The concept of hegemony is different from domination. Power in dominance is supported by physical strength, while in hegemony, the power of groups or elites is obtained consensually. From his strategy, that did not rely on physical force and coercion, it could be concluded that Gramsci's concept of hegemony is not substantially different from Bourdieu's concept of symbolic violence.

During the Soekarno era, the government practiced symbolic violence through political education, namely MANIPOL USDEK and NASAKOM. Likewise, during the New Order era, Suharto demonstrated symbolic violence by providing massive political education to the public through the P4 Upgrading, ratified based on TAP MPR Number II/MPR/1978 of 1978. Educational policy in the form of International Standard Schools and Pioneering of Schools with International Standard during the reformation government was also a form of symbolic violence. In practice, it strengthened the domination of certain classes that had more economic resources and, at the same time, discriminated against other classes with limited access. The House of Representative's ratification of the Job Creation Law in early October 2020 can also be referred to as symbolic violence because it puts the government's interests in achieving economic targets above the interests of society, especially marginalized communities. Some parties against the Job Creation Law have sensed a hidden interest behind the law's ratification, namely protecting investors' interests. One of the law's considerations can be traced, which stated that work creation efforts are made to improve the investment ecosystem and facilitate business—professor of the Faculty of Law UGM Yogyakarta, Professor Maria SW. Sumardjono questioned the purpose of the Job Creation Law to bring in investment or job opportunities (Ashar, 2020). If the objective is for investment purposes, then this law is definitely on the side of capitalists (Fadillah, 2020).

In making development policies, local governments often use symbolic violence (usually regional regulations) to force citizens to obey the government. Local regulations regulating public order (the arrangement of street vendors and the Sharia Local Regulation in Nanggroe Aceh Darussalam (NAD) are examples of symbolic violence forms) aim to impose certain cultures from the rulers to other groups. In addition, symbolic violence (Bourdieu) or hegemony (Gramsci) is carried out on the means of and in the name of development, which can reinforce the legitimacy of the powers of the executive and legislature at the central and regional levels. This symbolic violence can also be their capital to extend their authority, by advancing in the regional head elections in the next five years.

B. Social Capital Perspectives

In their article, Woolcock and Narayan (2000) described four perspectives of social capital. The four perspectives are the communitarian view, the networks view, the institutional view, and the synergy view.

First, the communitarian view equates social capital with local clubs, associations, and civic groups. Communitarians, which see several groups with a specific density, argue that social capital is inherently good, even better, and that its presence always positively affects society's well-being. This perspective has made an essential contribution to poverty analysis by emphasizing the importance of social relations in helping the poor manage risk and vulnerability. The communitarian perspective also assumes that society is a homogeneous entity that automatically includes and benefits all members.

Second, is the network's view. This second view emphasizes the importance of vertical and horizontal associations between people and relationships between organizational entities such as community groups and companies. Referring to the work of Granovetter (1973), Woolcock and Narayan recognized that strong intra-community relationships give family and society a sense of identity and common purpose. However, this view also emphasizes that solid horizontal relationships can become the basis for pursuing narrow sectarian interests without weak inter-community ties. For example, people across different communities are divided by religion, class, ethnicity, gender, and socio-economic status. The first group is called "bonding social capital", and the second is called "bridging modal social". In this perspective, social capital is a double-edged sword.

On the one hand, it can provide various valuable services for community members, from babysitting to house care. However, there are also costs to being tied together, and the members are required to have obligations and commitments and to bear any negative economic consequences. In addition, group loyalty may be so strong that they isolate members from information about job opportunities.

The third perspective of social capital, which we call the institutional view, argues that community networks and civil society's vitality are

primarily products of environmental politics, law, and institutions. While the communitarian and network perspectives essentially treat social capital as an increase in the provision of independent variables for various outcomes, whether good or bad, the institutional view does not see social capital as the dependent variable. This approach argues that groups' social capacity to act under their collective interests depends on the quality of the formal institutions to which they belong. He also emphasized that the performance of countries and companies depends on their internal coherence, credibility, competence, and external accountability to civil society. Several studies have shown that civil society will thrive when the government encourages it. Research in Brazil showed that good governance makes local programs successful. Various data showed that good trust, civil liberties, law enforcement, and bureaucracy are related to economic growth. Citing the views of Knack, Woolcock and Narayan (2000) concluded that social capital reduces poverty levels and minimizes income inequality.

Fourth, the synergy view tries to integrate network and institutional perspectives. The following conclusions are found in social capital research in Brazil, India, Mexico, Korea, and Russia.

- (1) both the state and society can be inherently good or bad where the government, corporations, and civic groups are influential variables in pursuing common goals.
- (2) countries, companies, and communities themselves do not have the resources needed to promote broad-based sustainable development, so they need to complement each other and partner in different sectors.
- (3) The state's role in facilitating development outcomes in various sectors is the most important, but problematic. This problem occurs because the state is not only the leading provider of public goods (stable currency, public health, universal education) but must also be the final judge and enforcer of the rule of law (property rights, process, freedom of speech, and association). It is also capable of facilitating cross-class, ethnicity, race, gender, politics, and religion. Conversely, society and companies also have an essential role in

creating conditions that produce, recognize, and reward a good government.

As quoted by Woolcock and Narayan (2000), Evans stated that the synergy between government and citizen action is based on the principle of complementarity and engagement. The principle of complementarity refers to the mutually supportive relationship between public and private actors. Engagement refers to the nature and extent of the ties between citizens and public officials. Moreover, the principle of complementarity and engagement can generate positive energy for development efforts carried out by the government and as a basis for increasing community participation in development. Importantly, this approach only works where public officials' actions are simultaneously bound by a competent, coherent, and credible performance-oriented organizational environment.

On the contrary, as the case of Russia showed, weak public institutions and deep divisions between powerful authorities and ordinary citizens can lead to political instability, rampant corruption, rising inequality, and capital flight. Narayan (1999) in Woolcock and Narayan (2000) integrated the core ideas of social capital bridging and state-society relations. It showed that different interventions are needed for various governance and social capital bridging in groups, communities, or societies. In a society with excellent and high authority, social capital that bridges is complementary between the state and society so that economic prosperity is achieved and the social order is well ordered. However, when the social capital is attached, especially in primary social groups that are disconnected from one group to another, the powerful groups that dominate the country can exclude other groups. An example of this condition is the society in Latin American countries, where the ruling group generally excludes many indigenous people.

C. Social Capital Measurement Methods

Although social capital is a social asset that is different in measurement from economic assets that are easily calculated and measured, in various studies, social capital can be measured even though it is not as accurate as the measurement of the economic assets. Therefore, this section does not

explain how to measure social capital statistically, but instead describes various methods or measures of social capital.

The World Bank in 2004 published a method of measuring social capital in a treatise entitled *Measuring Social Capital*. In this treatise, social capital can be calculated from six elements, namely (1) groups and networks, (2) trust and solidarity, (3) collective action and cooperation, (4) information and communication, (5) social cohesion and inclusion, and (6) empowerment and political action (Grootaert et al., 2004).

Nyhan Jones and Michael Woolcock (2007), in their article on *Using Mixed Methods to Assess Social Capital in Low-Income Countries: A Practical Guide*, described six dimensions in measuring social capital. First is Groups and Networks. Key questions related to this first dimension include the participation of household members in various types of organizations, community activities, and informal networks. In addition, the distance one person contributes to giving and receiving from others, the diversity of group members, how leadership is selected, and how one is involved in it. Second is Trust and Solidarity. Questions that can be asked include how trustworthy are the neighbors, critical service providers, and strangers and how these perceptions have changed over time. Third is Collective Action and Cooperation. This third dimension explores how household members have collaborated with people in their community to join a project or respond to a crisis and the consequences of community participation expectations. Fourth is Information and Communication. This fourth dimension explores the ways and means of poor households receiving information about market conditions and public services and expanding their access to communication infrastructure. The fifth is Social Cohesion and Inclusion. Things explored include identifying the nature and extent of differences, the mechanisms to manage differences, and which groups are excluded from public services—sixth, Empowerment and Political Action. The question of empowerment in this dimension concerns how individuals can control the institutions and processes that directly affect their welfare. This dimension also explores how household members feel happy, personal success, and the capacity to influence events at the local level and broader political outcomes.

The approach used by Jones and Woolcock (2007) in measuring social capital is qualitative. This approach explores issues of process and causality that cannot be inferred from quantitative data. Qualitative methods also make it possible to respond to unexpected problems. One of the approaches used is the participatory approach. The participatory techniques used are Rapid Rural Appraisal (RRA) and Participatory Poverty Assessments (PPA). RRA, for example, is very useful for illiterate respondents, allowing researchers to learn about their lives. In contrast, PPA allows dialogue that helps needy people and others know about their survival and gains new insights that drive social change. These techniques enable respondents who are not trained in quantitative reasoning or have a low level of education to provide a graphic representation of their lives, allowing the researcher to have a brief overview of certain aspects of their lives.

Handayani (2007) suggested social capital criteria that can be used to measure social capital qualitatively:

- (1) Participation in networks, in the sense that social capital will be substantial depending on the individual's capacity to build a network in a group or community. One of the keys to building social capital is for a group of people in an association to involve themselves in a network of social relationships. The principles developed in the network of social relations are volunteerism, equality, freedom, and civility.
- (2) Reciprocity means that social capital is permanently colored by the tendency to exchange kindness between individuals in a group or between groups (reciprocal relations).
- (3) Trust is a form of willingness to take risks in social relationships, which is realized by a feeling of confidence that others will do something as expected and will always act in a pattern of mutually supportive actions that will not harm themselves and their group. In short, trust is an attitude of mutual belief in society that allows them to work together.
- (4) Social norms play a role in controlling the behavior of community members. They are usually standardized and contain social sanctions to prevent individuals from doing something that deviates from

society's prevailing habits. These collective rules are usually unwritten but are understood by each community member and determine the expected behavior patterns in the context of social relationships. The configuration of norms that grow in society will determine whether these norms will strengthen the closeness of relationships between individuals and positively impact the development of the community.

- (5) Values play an important role in human life, primarily as a guide for determining life decisions. In every culture of society, there are usually specific values that dominate the developing idea. The domination of particular ideas in society will shape and influence society's rules of action (the roles of conduct) and the rules of behavior (the positions of behavior) that form cultural patterns simultaneously.
- (6) Proactive action, namely the strong will of the members' groups to participate and find ways for their involvement in community activities. In this proactive action, a person or group is always looking for opportunities to enrich the material side and the richness of social relations to benefit the group, without harming others, collectively.

D. Summary

Similar to economic capital, social capital can be used as an instrument to facilitate collective action in achieving group or organizational goals. Researchers such as Coleman, Putnam, Fukuyama, and Bourdieu believed that values, norms, and social networks could achieve social goals through social interaction, for example, social solidarity and group cohesiveness and achieving economic goals such as economic growth, income, increased welfare, and reduced poverty.

Social capital can be studied in four perspectives: the communitarian view, the networks view, the institutional view, and the synergy view. The four perspectives are used to understand the extent to which social capital functions in society's social life, especially in strengthening the engagement of social groups in a social structure.

As well as the capital, social capital can be measured using specific qualitative and quantitative methodologies. Indicators measuring social capital include participation in networks, reciprocity, trust, norms, values, and proactive action.

CHAPTER THREE

ELEMENTS, TYPES, AND BENEFITS OF SOCIAL CAPITAL

Social capital has elements and types that can grow, develop, and considerably contribute to driving individual and community activities in realizing goals. This section describes the aspects of social capital, social capital types, and the benefits of social capital.

A. Social Capital Elements

Social capital has three crucial elements that determine social relationships: trust, norms, and social networks. These three elements, either individually or collectively, also directly or indirectly affect economic development performance.

1. Trust

Trust can mean both a noun and a verb (Lawang, 2005). As a noun, trust means reliance, belief, or faith, whereas as a verb, trust means the process of believing in something with a clear target. Trust between humans has three critical components, namely (1) social relations between two or more people, (2) expectations that will be contained in the relationship, which if realized will not harm one or both parties, (3) social interactions that allow these relationships and expectations to materialize (Lawang, 2005).

Social relations occur through social structures, from the most petite (micro) to the most extensive (macro). In this social relationship, the expectations in a person can be less expected and highly expected or can be in the form of a hypothetical formulation; the more substantial and better the social relations, the higher the expectations that will be obtained.

Meanwhile, hope refers to something that will still happen in the future, both in the short and long term (Lawang, 2005).

For someone, hope is related to something that is an aspiration to be realized. For example, Mr. A believes in Mr. B, hoping to value himself and Mr. B. However, if the hope is only helpful for Mr. A, the expectation is unilateral. Parents (A) hope that their child (B) can become a “wong” (in Javanese, a person who succeeds when he grows up). If the child (B) knows that these are the parents’ expectations, s/he behaves and acts according to his/her parent’s expectations; the expected changes become bilateral or reciprocal expectations.

Apart from social relations and expectations, aspects of social interaction are an essential part of trust. One concept that is closely related to social interaction is social action. Social action refers to what individuals do in realizing a belief or hope, which is one-sided. Furthermore, social interaction refers to what both parties are jointly aware of the expectations each party has for each other (Lawang, 2005).

There are two parties in a relationship of trust, namely the trustor and the trustee. Both of them have goals to fulfill their interests (Coleman, 2009). A trustor must decide whether to put trust in the trustee or not, and the trustee has the choice to decide whether to keep the faith or betray the trust given. A trustor is generally a rational agent. Usually, s/he will commit to the trustee when the profit opportunity to lost opportunity is greater than the ratio of potential loss to the amount of potential profit.

The trustee who receives the trust will change the asymmetric relationship into a balanced relationship when s/he feels mutual benefits can be obtained and expected from the trustor. When the trustee takes action that is far more beneficial than simply repaying the obligation, the trustee has fulfilled the responsibility and at the same time creates a burden for the grantor. The debt is made if the repayment is valuable and profitable to the grantor and demands a sacrifice from the trustee that exceeds the value of the initial goodness received (Coleman, 2009).

Risk is something that cannot be avoided in a trust relationship. Regarding risk, it is hypothesized that the higher the mutual trust between those who

cooperate, the less risk is borne and the fewer (monetary or social) costs incurred. In Mollering's view (as quoted by Lawang, 2005), the concept of trust is related to a situation that expects other people to act and mean well to us. Likewise, Torsvik stated that belief contained certain behavioral tendencies to reduce behavioral risks (Lawang, 2005).

The function of trust, according to Torsvik, is (1) as an asset. For instance, if Mr. A and Mr. B trust each other and are confident, neither act opportunistically. Then, (2) this trust starts merely from hoping. Mr. A hopes that if he makes a trade transaction with Mr. B, it will not harm him because he believes B will not act opportunistically. Finally, (3) the transaction process that Mr. A expects from Mr. B depends on the risk that arises from Mr. B's behavior (Lawang, 2005).

From an empirical study conducted by Beugelsdijk (2009), it is reported that trust exists in promoting growth and plays a role in reducing transaction costs. This trust is categorized at the macro level. According to Beugelsdijk (2009), this kind of trust depends on how promises are kept and how reliable information can be obtained. At the micro-level, trust is understood as individual traits or characteristics of relationships between individuals.

Companies can build trust based on norms of justice and knowledge-based trust in ongoing interactions. As understood by Beugelsdijk, trust does not only occur among entrepreneurs who own capital but also among small traders such as street vendors. In various trading activities of small traders, it is common when a trader runs out of stock and borrows other traders' goods to meet buyers' needs. Great entrepreneurs do not necessarily own this kind of solidarity.

A batik trader in the Klewer market in Surakarta city, for example, could pick up or borrow the batik clothes that the buyers need when they run out of stock. Goods or money would be paid after the clothes are sold. In Handoyo, Eko Prasetyo, and Siti Maesaroh's research (2009), it was found that there was cooperation, information sharing, and mutual trust among keris artisans in Imogiri Yogyakarta. While making a keris, no artisan has a monopoly on all keris components. Some people are skilled at making

“keris” or “wilah”, some are good at making handles, and others are experts at making containers or “warongko”.

With promotional assistance via the website, keris orders from within and outside the country have increased. The increase in orders required the craftsmen to enlarge their production, but because a group of craftsmen could not fulfill all of these demands, the craftsmen who had high demand orders would ask other artisans to help them produce keris. It is done based on mutual trust between the craftsmen. This trading activity or the economic transaction will not occur if there is no trust between traders. The financial practice of small traders is related to the Javanese cultural values that have been “diugemi” (held firmly), namely “Tuna Satak Bathi Sanak”. “Tuna Satak Bathi Sanak” means that if someone is not benefitting, that is okay, as long as many relatives or friends can be asked for help.

Herreros (2004) viewed trust as an abstract concept; the idea will be more concrete if it is interpreted as a decision to trust. The decision to believe is associated with risk. Individuals are usually faced with the decision to believe or not to believe. Herreros (2004) suggested a vital trust concept, namely potential gains and potential costs, in connection with the idea of trust. The individual will trust other people if there is the possibility of obtaining potential benefits; on the contrary, they will not value that trust if they incur the possible costs of the trust they have given to others. Someone is willing to take risks if the potential profit is higher than the potential costs incurred. The decision to trust is considered rational because the decision examines the potential benefits and costs.

Herreros (2004) did not view trust as an element or form of social capital. Social capital is a reciprocal and informational obligation, both of which are derived from membership in social networks. Although trust is not a form of social capital, it can play an intermediary role among social network members and generate social capital. The membership in these social networks results in relationships based on trust.

Simmel suggested a different concept of trust. According to Simmel (in Lawang 2005), society would be divided without equal trust between one person and another (disintegrative). That trust is one of the most fundamental

synthetic forces in society. Trust becomes the basis for individual action. According to Simmel (in Lawang 2005), trust has three forms.

Material money and credit are the first forms of trust. Institution (A) believes that the money borrowed by B will be returned with a guarantee, meaning that the institution's trust arises because they are familiar with collateral whose value is at least equivalent to the risky value of the loan that has been calculated. Such beliefs are knowledge-based beliefs, conditional trusts, strategic trusts, and a reckoning belief that is profitable, fair, or materialistic. This belief, according to Simmel, is more accurately described as a moralistic belief.

The second form of Simmel's trust is confidence. This belief mediates one's knowledge and ignorance. According to Simmel (in Lawang, 2005), confidence means trust between people and themselves, but it may also involve believing in other people in a very confidential relationship.

The third form of belief, according to Simmel, is what is called a secret society. The main internal relationship characteristic of secret societies is the mutual trust between its members. In addition, the purpose of confidentiality is protected. Of all the protective measures, the most basic is to make a person invisible. According to Simmel, the secret society, in reality, consists of several elements. The individual components may live in some form of intense interaction, but the relationship is fundamentally full of secrets. The clearest example of a secret society is a gang of con artists, mafia, or free sex groups, which in principle are not aware of each other but are entirely a secret society.

Another example is the confidentiality of a Bank customer that is guaranteed and protected by the Bank concerned. Such secrecy of society becomes the protection for members of these elements and those who develop and may live in complete secrecy. Simmel said that it is not the individuals who are hidden but the groups they form.

Trust does not grow by itself. Trust will grow if, in social interaction, actors who are part of social networks do not hurt each other, do not break promises, and do not lie (Usman, 2018). In building trust, there are mechanisms or reasons why trust can arise. For example, why does Mr. A

trust Mr. B? Lawang (2005) suggested several reasons Mr. A could believe in Mr. B.

First, because Mr. A is acquainted with Mr. B, this trust arises from a knowledge-based trust. Becoming acquaintances does not always lead to trust. Becoming acquaintances that generate trust is to know someone according to the assessment of the identifier. The hypothetical formula is that Mr. A is acquainted with Mr. B. He gives his trust because Mr. A's value is adopted by Mr. B. Thus, becoming acquaintances means judging people according to the value of the identifier. However, the assessment is still one-sided because there is no interaction between them.

Second, getting to know people means knowing all the personal data obtained, whether physically, psychologically, or socially. This personal data can be obtained in various ways. It can be via Facebook, Twitter, personal blogs, and others, but the data is not necessarily accurate; it can be incomplete or even manipulative. The introduction of a person to another person is limited. Simmel (in Lawang, 2005) stated that each individual remains a secret to others. However, to know more closely about another person's identity, it is best to understand their everyday life.

Third, there is indeed a limit to the horizon of acquaintance. The family is the innermost circle, then friendship as the outer circle, after this are people known at a glance, and the last circle are strangers who are not known.

Fourth, the process of getting to know each other is personal, so the trust that arises from this process is private as well.

Fifth, the decision that someone is trustworthy on a limited basis still has to be tested through social interaction.

The various reasons and possibilities above are related to how Mr. A believes in Mr. B or trust in linear. To answer why Mr. A and Mr. B trust each other (mutual trust), Lawang (2005) suggested the following six answers.

- (1) Both of them know each other. It is recognized that not everyone who knows each other produces mutual trust, but knowing each other is one of the critical variables in the process of mutual trust, which some experts call lubricant.
- (2) Both of them have the same value. The same values arise because of social interactions that can be seen in friendly or family relationships. Socialization, which is carried out by the community, can also create a shared value.
- (3) Both have the same interest that the absence of one of them will lead to failure.
- (4) Only trust. For example, Mr. A trusts Mr. B because Mr. B believes in Mr. A. This kind of belief is an assumptive belief because someone believes in others. For instance, a Javanese meets a Javanese in Papua Island, and both of them immediately trust each other because they are from the same ethnic group, namely Java. This mutual trust by Uslaner (in Lawang, 2005) is called generalized trust.
- (5) Trust between the two will emerge if each others expectations are fulfilled. Mr. A gets what is expected of Mr. B because of the trust given, and Mr. B receives what he desires because of the performance of the trust task.
- (6) Because both of them are loyal to the promise of fulfilling their obligations, carrying out their duties. Also, they are dedicated to values and norms. In this case, loyalty and commitment are part of a very fundamental mutual trust.

Mutual trust is not something static. So the question is, why do Mr. A and Mr. B trust each other? To answer this question, Lawang (2005) stated the following three possibilities.

First, Mr. A and Mr. B trust each other to increase their self-confidence. If Mr. A believes in Mr. B to do something, and Mr. B really fulfills his obligation and does more, then the initially one-sided trust becomes two mutual. The result is that Mr. A gains the results of the trust given to Mr. B so that he is even more confident that trusting the right person is the right decision. On the other hand, Mr. B's self-confidence also increases

because he has proven that Mr. A's hopes for him are not in vain. Thus, a unilateral trust turns into a bilateral trust.

Second, mutual trust is also used to increase cooperation and togetherness, so that the formula of Mr. A believing in Mr. B to do something makes Mr. A trust Mr. B for a common goal.

Third, because Mr. A and Mr. B need each other, the trust that Mr. A has given to Mr. B reflects Mr. A's limitations, who cannot possibly do everything according to his ability. This kind of belief has a social anthropological character.

2. Norms

Each type of interaction and cooperation requires the existence of shared norms (Sztompka, 2004). Norms that are relatively stable and determine individual behavior, born from the socialization process that occurs in a social structure. They are different from rules. However, norms are intrinsic, while rules are extrinsic. Norms are assimilated in the social learning process, while rules presuppose that parties control and interpret norms (Titov, 2006). Rules are related to the implementation process when norms fail to function as regulations.

One person can use shared norms and symbols that have the same meaning in a social structure to predict the behavior of others in its design. Norms emerge from mutually beneficial exchanges (Lawang, 2005). The assumption is, if in the first exchange both parties are mutually beneficial, there will be a second exchange, and so on with the hope that mutual benefits will be obtained. Suppose mutually beneficial deals occur repeatedly and are permanent. In that case, a social obligation norm will emerge, making the exchange relationship mutually beneficial to both. Thus, the exchange relationship is adequately maintained.

Norms are also reciprocal, in the sense that the content of the norm concerns the rights and obligations of both parties, which can guarantee the benefits obtained from certain activities. People who violate this reciprocal norm will have less use, and they may even be sanctioned.

Finally, the network which was built for a long time and guarantees the benefits of both parties will bring up a norm of justice.

Norms are part of an institution, namely a norm of rules or organization rules that make it easier for organizations to coordinate in shaping individual expectations that might be achieved by working together (Rintuh, 2005). Institutions have three components: formal rules, informal rules, and enforcement mechanisms. In addition, institutions have three functions, such as (1) providing guidelines of how a person should act and behave in facing life issues, (2) maintaining the integrity of society, and (3) providing guidance to the society to exercise social control or become a behavior monitoring system (Sukmana, 2005).

Apart from being a behavior guide for social structural members, norms or institutions also become rules limiting deviant human behavior, creating order, and reducing uncertainty in making exchanges (North, 1994)

3. Networking

Besides trusts and norms, the network is an element of social capital, which plays an essential role in building social capital. Network in social capital theory has six meanings (Lawang, 2005).

First, there are bonds between nodes (people or groups) connected to the media (social relations). These social relationships are bound by trust, and that trust is maintained by norms that bind both parties.

Second, there is work between the nodes (people or groups), which through the media of social relations becomes a collaboration, not a collective work.

Third, like a net (which does not break), the intertwined work between the knots must be vital in holding the load together.

Fourth, there are ties (knots) in the network that cannot stand alone. If one of the knots breaks, the result is that the entire network can no longer function until the knot is repaired.

Fifth, the media (thread or wire) and the knot cannot be separated, or people in and connected by the network cannot be divided.

Sixth, the ties or knots in social capital regulate and maintain how the relationship and media are maintained and preserved.

Networking occurs in three forms: interpersonal networks, networks between individuals and institutions, and institutions (Lawang, 2005). Networking occurs initially between individuals. Even if people open networks with organizations or foundations, they still represent them, not organizations that communicate. This network is what is meant by interpersonal networking. Interpersonal networks take several forms.

First, a single dyadic network refers to a network formed between only two people, without any other networks. The network comprises the simplest structure, namely the two-dimensional structure. For example, the following image is a single dyadic network.



Figure 3.1 Single Dyadic Network

Second, the double dyadic network is formed between A and B, C, D, and E, without any mutual relationship between B, C, D, and E. A restaurant entrepreneur in Bali (A) creates a network with a vegetable supplier (B) from Malang, with meat suppliers from several villages in Bali (C), and some local tour guides (D and E). The relationship between A and the double dyadic network can be seen in the following figure.

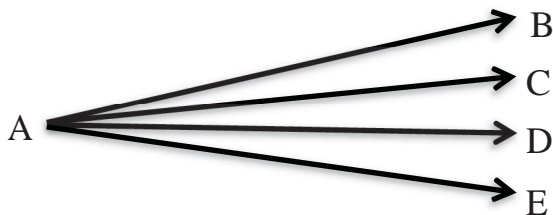


Figure 3.2 Double Dyadic Network

Third, the layered double twos network refers to the relationship between A and some other double dyadic relationship units. It is called a layered relationship because B, C, and D can develop their two-way relationship. Referring to the example of restaurant entrepreneurs in Bali, the relationship pattern that occurs results in (1) A being the main center, which is directly dependent on B, C, and D and indirectly with B1, B3, D1, D3, C1, and C3; (2) “A” becomes the major because his restaurant business indirectly runs through B, C, and D and encourages farmers in Malang, Bedugul, or elsewhere to grow vegetables and raise livestock needed to supply vegetables; (3) “A” becomes predominant because B, C, and D become the primary relationship for the two in their respective places; (4) “A” becomes central, but that centrality does not make him powerful, because the relationship with B, C, and D is based on a mutually beneficial exchange relationship; (5) the relationship between A and B, C and D becomes a two-way relationship so that there is no coalition between B, C, and D to destroy A; and (6) B, C, and D are small centers that develop due to A. The following figure shows a double-layered bifurcation relationship.

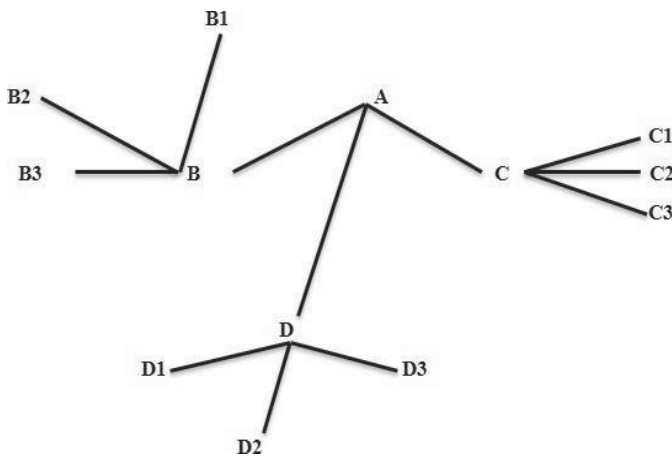


Figure 3.3 Double-layered Bifurcation Relationship

Fourth, mathematically, a network of threes, fours, or fives can be formed. When the network forms, the structure becomes different and more complicated.

Even though people often represent institutions, institutions are still considered necessary, because as Putnam said, citizen membership in several institutions allows them to overcome various problems (Lawang, 2005). What should institutions do for individuals, and what should individuals do for institutions? Religion is one example of an institution that applies to everyone. People can finish college, stop joining an organization, and stop working or retire, but no one can quit a religion.

The most prominent form of religion is its organization. For example, religious life is managed and organized into several actual activities. To illustrate, in Indonesia, if someone dies, people are asked to wash, forgive, pray for him, and bury him. If there is no representative mosque in a village, residents are asked to seek and collect funds to build a suitable mosque for a place of worship. A religious institution without humans is unlikely to function. Likewise, if a large mosque or church is created but there is no congregation, the function of the religious institution will not work. So, what is essential is not the building where the worship is located, but rather the people who pray and carry out their praise in that place of worship. On this basis, Putnam (2000) concluded that the network formed between people and institutions is a network of relationships between people.

Many institutional networks have been formed in Indonesia, such as the anti-corruption community network, which brings together elements of society who care about future freedom from corruption. Indonesia Corruption Watch (ICW) is a clear example of an anti-corruption network, often a reference and a place to obtain information for anti-corruption organizations in the region regarding corruption by government officials or individuals. In addition, in the past, a Democracy Forum was formed to study the future of democracy in Indonesia. This forum is chaired by the fourth President of the Republic of Indonesia, Gus Dur.

The network or forum speaks on behalf of the institution, but they have the same vision and mission. The network or forum will form a bridging social capital between network members or forum members.

Some are positive, such as hotel business networks, and some are negative, such as drug trafficking and terrorist networks. Some networks are closed, such as legal mafia networks and terrorist networks, and some are open, such as the volunteer network against trafficking in women and children.

Social networks generally have an economic and social welfare function (Lawang, 2005). The economic function of the network lies in its high productivity, efficiency, and effectiveness. In contrast, the social welfare function refers to the participatory and collective impact obtained from economic growth. Such networks include an essential element of capital or social capital. It has become a social capital because its function is positive for society. As the smoother of economic activity, the open network provides an opportunity for the public to assess its functions that support the interests of society. Clique networks in an impenetrable bureaucracy filled with the smell of corruption are not included in social capital networks.

Networks which people or groups enter into indeed have a variety of functions, not only related to economic problems. Referring to the various views of experts, Lawang (2005) noted that there are three network functions: the information function, the access function, and the coordination function.

The network's information function or media information enables each stakeholder to know and obtain information relating to problems, opportunities, or anything regarding business activities. This information function is also called the facilitating function or the opportunity function.

The access function refers to the opportunities that can be provided by networking with other people and providing goods or services that the organization cannot fulfill internally.

The coordination function of the network is more commonly found in informal activities; Fukuyama stated that it helps to overcome deadlock problems caused by the limitations of the government bureaucracy (Lawang 2005). However, this coordination function is related to other network functions, such as information and access, so that social capital has a significant contribution, especially in economic activity.

Based on Putnam's thesis, at the individual level, networks have a potential role as sources of profit and limits for individual action (Beugelsdijk, 2009). The thick connection of associations can increase the articulation, and the aggregation of interests also contributes to building the effectiveness of social collaboration (Beugelsdijk, 2009: 72). The network of relationships and interactions also provides various benefits, such as getting a job, obtaining information, and increasing access to resources (Beugelsdijk, 2009: 74).

B. Types of Social Capital

Social capital has a typology that gives character to a group or community. There are three types of social capital, which in reality can be observed in an organization, group, or community, namely (1) bonding social capital, (2) bridging social capital, and (3) linking social capital. These three types of social capital have fundamental differences, especially in terms of the intensity of social interactions. The figure below shows the differences between the three types of social capital.

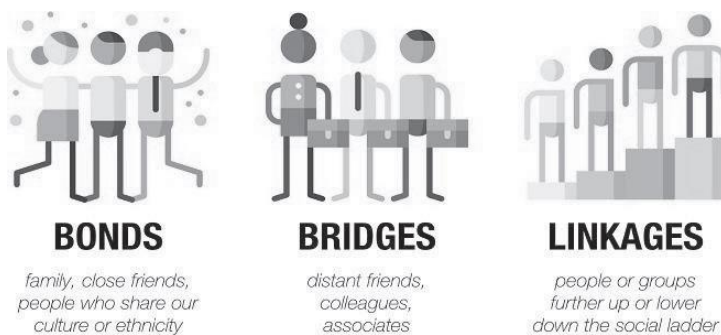


Figure 3.4 Bonding, Bridging, and Linking Social Capital (Noviarti, 2019)

An explanation of the differences between the three social capitals can be seen in the following description.

1. Bonding Social Capital

Bonding social capital tends to be exclusive and inward-looking. Individuals who are members of groups tend to be homogeneous and conservative. Solidarity-making takes precedence over more tangible things to build oneself and groups following the demands of society's values and norms. The group with the most social capital of this type of bonding connects members in a solid, positive, and reciprocal way (Oh, et al., 2006). There are relatively few negative ties, and the formed networks tend to be very dense or thick. The trust built among the members is solid, and in such groups, social exchange networks are well-established. This closed group is powerful and has advantages, such as greater cooperation, greater conformity to agree on standard norms, more information sharing, and less involvement concerning something outside the group. Nevertheless, apart from all of that, the bonding type group tends to have better effectiveness.

This typology of closed groups with bound social capital can be seen in positive organizations (a noble and good purpose under the laws and regulations) and harmful organizations (the goal is not good and violates statutory provisions). Closed groups with good-purpose are seen in religious organizations (the Nahdlatul Ulama and Muhammadiyah), ethnic-based organizations (the Sundanese community in Java, the Javanese community in Sumatra, the Papuan community in Java, the Medanese community in Java, and others), regional-based organizations (the association for Tegal people, the association for Banyumas people, the association for Medan people, the association for people from Pati, and other similar association), as well as groups covering street vendors. Street vendor groups tend to be loyal and solid with their groups and less concerned or involved with other street vendor groups. Organized street vendors tend to be less appreciative of street vendor groups or illegal hawkers. On the other hand, hawkers are not unorganized or illegal, nor perceive that they are different from organized street vendor groups. Even though there is no rivalry between these groups, if street vendors are being evicted, other street vendors are not discouraged by showing empathy and sympathy but are rather happy because their competitors are reduced.

Apart from being in groups with positive goals, bonding social capital is also found in criminal groups, such as the drug trafficking mafia, gambling mafia, women and child trafficking mafia, judicial mafia, and other mafia groups. They use social capital to strengthen group cohesiveness and effectiveness.

Bonding social capital is similar to a thick trust, which is social capital formed due to trust between groups of people who know each other (Hasbullah, 2006). Groups with bonding social capital usually have a high resistance level, especially when faced with changes that do not favor them. For instance, street vendors who occupy public spaces will be subject to eviction. They tend to fight, even if the land they occupy does not belong to them. Likewise, residents of communities affected by government projects can also fight back, as shown by the residents of Jepara city when a Nuclear Power Plant (NPP) project was to be built and also as shown by the residents of Pati city and Rembang city when the government approved the construction of a cement factory.

2. Bridging Social Capital

A form of bridging social capital is a modern form of a grouping, association, or community. The adopted principles are based on universal values, such as equality, freedom, pluralism, humanity, openness, and independence (Hasbullah, 2006). This intermediary mechanism in the bridging relationship breaks the gap between the members who are not connected. Structural holes in bridging social capital assume a two-dimensional type, namely the horizontal and vertical dimensions (Oh, et al., 2006). The first dimension indicates whether individuals are differentiated vertically, for example, between those in leadership positions and those positioned as followers, and indicates whether individuals are differentiated horizontally, for instance, individuals who have different functions within groups or subgroups. Second, are the different dimensions between relationships within groups and relationships between groups. Bridging Social Capital makes a significant contribution to development, progress, and community strength, such as controlling corruption, more efficient government work, more effective poverty alleviation, improving quality of human life, and a stronger nation.

Bridging Social Capital can be an intermediary or liaison between one group and another to achieve common goals through joint activities. Bridging Social Capital is needed to access information sources related to a group's future and allow groups to strengthen their bargaining power when dealing with authority. It can be found in economic groups (such as cooperatives, MSME, the Indonesian Chamber of Commerce and Industry, and street vendors); socio-religious groups (such as NU or Muhammadiyah), political organizations (Golongan Karya, PDIP, Gerindra, the Democrats, PAN, PKS, PKB, and others); socio-cultural groups (the Indonesian Film Artists' Association (PARFI); the Indonesian Music Association (AMI); the Republic of Indonesia Teachers Association (PGRI); the Indonesian Painter Artists Association (ASPI)); Intellectual Group (ICMI); the Indonesian Lecturers Association (ADI); the Indonesian Education Graduate Association (ISPI); the Indonesian Engineer Association (PII); and Sports Organizations (KONI, PBSI, PSSI, PCSI, and others).

3. Linking Social Capital

If Bonding Social Capital and Bridging Social Capital are horizontal, Linking Social Capital is vertical. Linking Social Capital includes civil society organizations, such as Non-Government Organizations, volunteer groups; government agencies, including service providers, police; public representatives, e.g., elected politicians, political party officials; and the private sector, namely banks and entrepreneurs (Babaei, Nobaya Ahmad and Sarjit S. Gill, 2012). This social capital is valuable because it can increase access to crucial resources from formal institutions outside the community, such as to obtain technical and financial support, capacity building, and ease of access in formal decision-making processes.

Woolcock (in the Australian Bureau of Statistics, 2002) defined social capital as the relationship between people and those in power. This social capital allows people and groups to directly utilize the resources, ideas, and information of formal institutions outside the radius of society.

Linking Social Capital is social capital characterized by a relationship between social forces and social status in society (Rustanto, 2007). For instance, in terms of the relationship between the elite and society. In this

case, the elite are considered public figures and have a higher status than the general public. However, both the elite and the community share an interest in making interactions. The relationship is mutually beneficial, where the elite need the support of the masses to achieve their goals to sit in the legislative or executive bodies. In contrast, society needs the elites so that trusted elites can accomplish the aspirations of society. This trust is a relationship in the political aspect.

Linking Social Capital has a broader reach than Bonding Social Capital and Bridging Social Capital. If social capital is bound to be limited to internal groups, social capital that bridges is still limited to relations with other groups at a horizontal or equivalent level. While the social capital that connects moves upward, namely by establishing interactions with the group levels in the strata above it, or with formal and informal groups in a broader range to the side, and a higher reach up in the broader aspect.

C. The Benefits of Social Capital

Various types of capital can be utilized in economic development, including physical capital, personal capital, economic capital, spiritual capital, cultural capital, and social capital. As well as the economic capital, social capital can be seen as an inventory that can be multiplied or duplicated for social and economic goals. For example, Coleman (2009) noticed that physical and human (personal) capital in its use only benefits oneself. In contrast, social capital, such as social structures that allow social norms and effective sanctions to regulate peoples behavior, will benefit all members of the social structure.

Apart from what Coleman has expressed, much of the literature or research results inform the meaning or contribution of social capital to economic and social development. In the following description, some research results and writings on the role or benefits of social capital are presented.

Castiglione et al. (2008), in their article entitled *Social Capital's Fortune: An Introduction*, believed that social capital could affect political life, economic activity, and social welfare. In the political aspect, social capital

can encourage political participation and develop institutional performance. However, social capital can direct the development in economics, foster cooperation among economic agents, and reduce transaction costs. In terms of social welfare, social capital can facilitate social cohesion, community support, and life satisfaction.

Fafchamps and Minten, as quoted by Grootaert and Thierry van Bastelaer (2002) in a study in Madagascar, concluded that social capital can reduce transaction costs and obtain guarantees against liquidity risk in informal means.

In his article, Mawardi J. (2007) concluded that social capital would generate collective energy that enables the development of an entrepreneurial spirit in society, encouraging the development of the industrial world. Thanks to this social capital, large and medium-sized industries owned by local and foreign investors will be able to grow up in a society that has a tradition of promoting the values of honesty, openness, and empathy.

In their research, Suharjito and Gunarto Eko Saputro (2008) concluded that the Kasepuhan community has developed and maintained regulations on forest resource management by zoning, prohibiting, and enforcing these rules. As a result, communities comply with these regulations and believe that these are useful in managing forest resources effectively.

Warren et al. (2001) believed that social capital has a role in tackling poverty, although not directly. Social capital refers to the set of resources inherent in the relationship of trust and cooperation between people. These social assets do not directly reduce poverty. Still, it affects the investment in human resources and household finances, which in turn, poor households in neighborhoods that care for others can survive.

In his research in the United States, Warren et al. (2001) found that the cause of poverty does not lie in the weak social structure of the poor but lies in American society's discriminatory economic, political, and racial structures. For example, in Appalachia and the Mississippi delta, it was found that wealthy White people kept Blacks out of poverty. On a broad scale, Warren et al. (2001) also have sufficient evidence that social capital in the form of social assets in society can improve the health, security,

education, economic welfare, political participation, and the quality of life of the poor.

As quoted by Bowen (2009), Jupp and Kay explained that social capital is the adhesive for groups, organizations, or communities. It is suspected that the community in need has limited access to social networks. However, through groups or organizations that cover them, underprivileged community groups can access social networks that allow them to survive. It is understandable because organizations can move, achieve their goals, and overcome their problems through social networks.

Social capital, especially social cohesion arising from social relations, is a significant concern of the European Committee for Social Cohesion. In the strategy for social cohesion, which was revised in 2004, this committee believed that social cohesion is the capacity of society to ensure the welfare of all members of society, minimize disparity, and avoid polarization (Hulse and Wendy Stone, 2007). Moreover, this social cohesion supports a community of free individuals to pursue common goals through democratic means.

Koput (2010), as quoted by Usman (2018), revealed several benefits of social capital through building social relationships. First, social relations facilitate the flow of information about various environmental needs. The stronger the network of social relations, the more information will be obtained. Second, social relations have a positive correlation with the influence that becomes the power to mobilize support. The wider its relationship, the stronger its influence will be on the bargaining position of power. Third, social relations are a medium to instill trust to develop mutually beneficial relationships with one another. Fourth, social relations are a vehicle for affirming identity so that people will quickly develop respectful relationships.

From several articles and research results above, it appeared that social capital, both elements of trust, norm, and networking, if adequately maintained, contributes to community development. For example, the ways to increase social cohesion and economic, social, and political development are by encouraging ethical entrepreneurship, reducing

poverty, lowering transaction costs, raising awareness, and increasing political participation. In short, social capital is beneficial not only for individuals in the social structure but also for groups, communities, and society. Moreover, with its institutional capital, even the government can build or utilize existing social capital in the community to support development programs designed by the government and involve as many community groups as possible in planning, implementing, and evaluating development programs.

D. Summary

Three essential elements that have a decisive influence on social relationships are trust, norms, and social networks. The three elements of social capital, either individually or collectively, have a direct or indirect role in economic and social development performance.

The social capital embedded in the social structure can be bonding social capital, bridging social capital, or linking social capital. Bonding Social Capital tends to be exclusive and inward-oriented. Bridging Social Capital is a modern form of grouping, association, or society. Meanwhile, Linking Social Capital is characterized by a relationship between social forces and social status in society.

Social capital is extra renewable energy that can facilitate collective action in realizing the objectives of the social, economic, and other development fields.

CHAPTER FOUR

POVERTY AND DEVELOPMENT

Poverty is a condition of complete lack, can be approached from various aspects. Poverty can be a result of development, but development can also be used as an instrument to overcome poverty. This section explains the definition of poverty, perspectives on poverty, types of poverty, causes of poverty, poverty measurement, solutions to overcome poverty, the link between poverty and development, and how to make people happy with the development.

A. Definition of Poverty

Many definitions of poverty are disclosed by researchers, economists, and social scientists. Poverty is defined differently, reflecting a spectrum of ideological orientations that are believed to be and the paradigm used. A quantitative approach to defining poverty has been widely debated by several researchers who have an interest in poverty (Indra, 2001).

Parwoto (2001) analyzed poverty as a situation or condition experienced by a person or group of people who are unable to carry out their lives to a level that is considered human. This condition causes the basic or human needs not to be fulfilled, such as clothes, food, shelter, affection, security, cultural identity, protection, creation, freedom, participation, and free time.

Suparlan (2000) defined *poverty* as a state of lack of assets and valuable assets suffered by a person or group of people who live in an environment of poverty or lack of capital. It means suffering either in terms of money; knowledge; social, political, or legal power; access to service facilities; and even public services, business, or work opportunities.

Poverty means a condition in which a person or group of people does not have the ability, freedom, assets, and accessibility for their needs in the future, and is very vulnerable to the risks and stresses caused by disease and sudden price increases of comestibles and school fees (Indra, 2001). Poverty from a social perspective showed the inability of society to shift their position of life both vertically and horizontally (Alwi, 1997). This inability to perform mobility is also caused by the place where people live, which does not allow them to get out of poverty (Crane & Manville, 2008).

Poverty is seen as a matter of low standards of income or consumption and low political freedom and its effect on decision-making concerning the fulfillment of basic human needs. This standard is also related to limited public facilities, choices, opportunities, and participation in social, political, and economic life (Indra, 2001).

In the Indonesian National Poverty Reduction Strategy, *poverty* is defined as a condition in which a person or group of people, men and women, have not fulfilled their fundamental rights properly in order to lead and develop a dignified life (Manan and Maftukhan, 2010).

Asselin (2009) defined *poverty* as any form of injustice that causes social exclusion. Poverty is measured quantitatively, such as by household income and the number of vehicles owned. While poverty that is measured qualitatively, indicates, for example, the type of toilet one has.

According to the Central Statistical Agency, a person is considered underprivileged if he/she cannot meet the minimum necessities of life. The minimum life requirements are the need to consume 2100 kilocalories of food per person in a day and the minimum non-edible needs include housing, education, health, and transportation. Using this definition, the number of needy people in Indonesia reached around 35,000,000 in 2008.

The World Bank and the United Nations, in the Millennium Development Goals (MDGs), have a different definition from the Central Statistical Agency. According to these two international institutions, poverty is a condition of the inability to meet the minimum basic needs, which can be translated into a financial measure in terms of money, namely US \$1 per

day or US \$2 per day (income level). The World Bank defines absolute poverty as living on an income below US \$1 per day and medium poverty for income under \$2 per day (Manan and Maftukhan, 2010).

Several references defined poverty in various ways. However, the similarity of this definition is in one thing, that they are called poor if they cannot fulfill their basic needs.

The means of poverty is the deprivation trap (Chambers, 1983: 111). People become poor because of the deprivation trap or impoverishment or what is known as structural poverty. This deprivation trap consists of five disadvantages that surround the lives of the poor, such as poverty itself, physical weakness, isolation, vulnerability, and helplessness.

Poverty is characterized by few or no assets, dilapidated housing, narrow land, and limited livestock. All working family members, which usually includes minors, the elderly, or those suffering from illness, will not get out of the trap of deprivation.

Physical weakness includes adults who cannot work due to illness or disability, the migration of young people, and lack of productive adults.

Isolation includes people who live in isolated areas, are far from transportation facilities and markets, and who cannot obtain information.

Vulnerable households become poor because they face uncertainty, such as crop failure due to unfavorable weather, floods, natural disasters, aging members being susceptible to disease, and becoming easily sick due to malnutrition.

Powerlessness is where the poor do not have a bargaining position with those in power, or have insufficient knowledge, especially in the field of law regarding their rights (such as agrarian conflicts caused by land looting by plantations and mining because they are being deceived).

Of these five shortcomings, according to Chambers, the ones that need the most attention are vulnerability and powerlessness. Vulnerability can be seen from the inability of needy families to provide something to deal with emergencies, such as the arrival of a natural disaster, a petrol price hike, or

a sudden illness in the family (subsistence, as stated by James Scott). This vulnerability has often given rise to poverty rockets or “poverty wheels”, which causes low-income families to sell their most valuable assets for consumption needs so that the family then falls deeper into the valley of poverty. Powerlessness is considered the most significant factor in driving the process of poverty or impoverishment because the process of exploitation falls within this line in all its forms. However, the substance of powerlessness often appears in exploitation; this is extortion carried out by more influential groups.

Chambers’ thoughts on the poverty trap can be seen in Figure 4.1

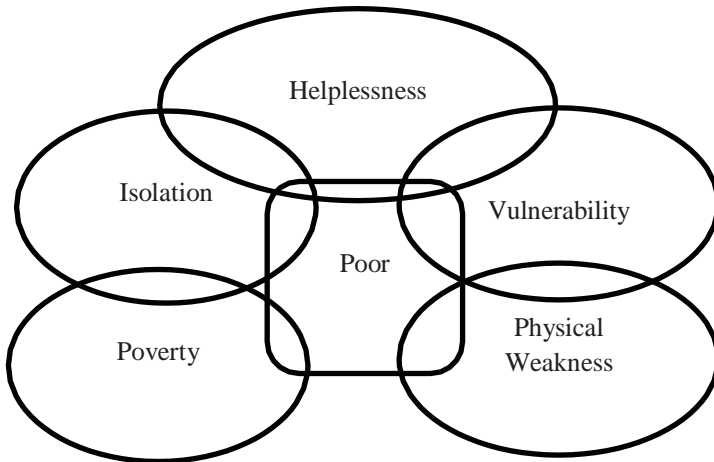


Figure 4.1 The deprivation trap of Chambers

B. Perspective of Poverty

The perceptions of poverty vary widely. These perceptions influence how decisions will be taken to overcome poverty. Qaradhawi (2002) proposed five views on poverty: the view of poverty cultists, the view of Jabariyah, the view of individual piety summoners, the viewpoint of capitalism, the view of socialism-marxism.

1. The Views of Poverty Cultists

Those who belong to the group of poverty cultists are Zuhud, monks, and people who claim to be Sufis and Taqassuf; they do not like the pleasures and delights of the world. In this group, poverty is not considered a bad thing. However, it needs to be avoided and is not seen as a problem that needs to be found. Poverty is a gift from Allah given to His beloved servants so that their hearts will never forget Allah. They view the rich as negligent, transgressors, and prone to crime.

Nature is seen as something unattractive and damaged. The world will only bring disaster, so it must be avoided. Poverty is purified because it is seen as capable of tormenting the body and its torment is an effective means to improve the quality of the soul.

According to Qaradhawi (2002), this kind of view is widely held by Muslim Sufis due to the influence of foreign cultures and civilizations that have merged with Islamic culture and civilization. Indian Mysticism, Persian Manichaeism, and Christian monasticism have blurred the clarity of Islamic teachings, especially regarding poverty.

2. The View of Jabariyah

Unlike the first group, the Jabariyah people notice poverty as a provision from heaven that cannot be denied. The poverty suffered by the poor and the wealth enjoyed by the rich is the destiny of Allah. If Allah is willing to, everyone in this world may become rich, but Allah deliberately elevates some people above others and provides sustenance to those who want and test them. Therefore, the solution to the poverty problem is limited to only moral messages, to the underprivileged. Thus, they are willing to accept the destiny of Allah, be patient with trials given, and give Qanaah to the gift of Allah.

3. The Views of the Individual Devotional Evangelist

This group has something in common with the second group; they believe that poverty is a provision of Allah, but the solution is not merely giving a moral message to the underprivileged, so they are willing to comply with

Allah's provisions. Instead, this group conveys a moral message to the rich to be brave, to sacrifice, give to charity, and do good to the poor. This group believes that affluent people will receive a reward from Allah if they accept the moral appeal. On the other hand, they will be threatened with the torments of hell if they ignore it.

In this view, the settlement of the third group does not solve the problems faced by the poor. It does not explain what sanctions are received by the rich who do not donate their wealth to the needy. The group solution also does not offer a system that can guarantee how the aid of the rich reaches the hands of the poor. Pre-Islamic religions widely adopt this model. They believe it is enough to rely on individual goodness and voluntary alms from the rich to eradicate poverty. This view was also influential in medieval Europe.

4. The View of Capitalism

This group believes that poverty is a matter of life, but that the poor themselves are responsible for this situation. In line with the view of individualism, everyone is responsible for themselves. People who own assets have the freedom to treat the assets they own. This group includes the followers of Qarun, who is one of the prophets of Moses who was rich and arrogant. They think that the treasures that have been accumulated are solely due to their intelligence and ingenuity. If any of them act well by donating a part of their wealth to needy people, they are classified as special people.

According to the view of this group, rich people are not burdened to help the poor, except for those who, for some reason, want to get flattery or earn merit by giving alms to poor people. This view of capitalism was very influential in Europe. At the beginning of its emergence, capitalism neglected children, women, the poor, and other weak people. For example, if the poor people are employed in factories, they are often paid small and unworthy wages. However, with the development of socialism, the capitalist system finally recognized the rights of the poor through social insurance and social security systems. In this insurance system, people can

give a part of their income to secure their old age and guarantee their future when they can no longer work.

5. The View of Socialism-Marxism

This group believes that poverty is caused by the exploitation of the poor or proletariat by the bourgeoisie or the rich. Therefore, the way to alleviate the poor is to destroy the bourgeoisie and confiscate their property and limit property ownership from whatever source. Unfortunately, the strategy used is to arouse envy and jealousy and ignite hostility between the existing social classes.

Individual assets, according to this group, do not exist. Therefore, property ownership such as land, industry, and productive goods is eliminated. This is because ownership is the source of all damage and crime.

As the author of the book *Teologi Kemiskinan* (Theology of Poverty), Qaradawi does not adhere to the five views on poverty. Instead, Qaradawi reminded us that Islam, as the perfect religion, provides real solutions in overcoming poverty. If not handled properly, poverty can threaten the safety, security, and sustainability of community property. Poverty can also endanger the realization of a nation's leadership and independence; it can even tear apart its integrity. Islam through the Al Quran, Surah Al Hadid verse 7 has reminded rich people: "...and spend of that whereof He has made you successors". Likewise, Surah An-Nur verse 33 also mentioned the obligations of wealthy people to the poor, namely "... and give them a portion of the wealth of Allah that He has given to you". In explaining the relationship between humans and the economy, Islam opposes the concept of humans as *homo economics*. This concept will shape the character of economic actors as selfish, greedy, and avaricious like to accumulate wealth. This human character as *homo economics* does not alleviate poverty and improve community welfare (Baidan & Azis, 2020). What will happen is the exploitation and misuse of one human being by another. This behavior is classified as destructive. Whereas Allah SWT in the Quran, Surah Al-Baqarah verse 60 has reminded us: "...eat and drink the sustenance given by Allah and do not act corruptly in the earth making mischief".

According to Islamic teachings, poverty will not be erased from the earth just by waiting for the mercy of the rich. People in need have rights to the property owned by rich people. This right can be fulfilled by creating a system that allows a country to collect the wealth of the rich, which will then be distributed to the poor. The poverty alleviation system through charity, zakat, infaq, and shodaqoh called LAZIS, developed by Indonesia, is an example of a poverty alleviation strategy involving the rich people. That is the Islamic way for poverty mitigation.

C. Types of Poverty

In terms of the target groups, there are several types of poverty. This classification of poverty types is intended so that each program objective has clear goals and targets. Sumodiningrat (1999) divided poverty into three categories, (1) absolute poverty (the income is below the poverty line and unable to meet basic needs), (2) relative poverty (poverty situation is above the poverty line based on the distance between the poverty of the poor and the non-poor in a community), and (3) structural poverty (this poverty occurs when a person or group is reluctant to improve their living conditions until assistance is given to push them out of the condition).

Absolute poverty does not allow a person to live as a human because he is physically and materially destitute (Sulistiyawati 2007). The lack of basic and minimum needs (for food, clothing, and shelter) for survival is a clear sign of absolute poverty. Relative poverty includes not only economic inequality, such as absolute poverty, but it also includes the inequality of opportunities and chances in all other life (Sulistiyawati, 2007). Structural poverty occurs when people experience injustice in factors of production or the powerlessness of society towards the system applied so that they are in a weak and exploited position. (Rahmad HM and Farizal Al-Boncelli, 2010).

The United Nations Development Program (UNDP) views poverty from two sides: income and human quality. In terms of income, extreme poverty or absolute poverty lacks the income to meet the basic needs or the minimum required calorie needs. In terms of human quality, overall poverty, often referred to as relative poverty, is the lack of income to meet

non-food needs, such as clothing, energy, and shelter (UNDP, 2000). This definition is not much different from the definition proposed by Sumodiningrat above.

Islam is a religion that pays special attention to the problem of poverty. Al-Quran is the holy book of Muslims; the Quran divides poverty into three types, (1) material poverty, (2) mental poverty (spiritual), and (3) poverty in a unique sense, the human need for its creator deity (Arraiyyah, 2007). Among these types of poverty, the one which poverty observers often discuss is material poverty.

This material poverty is related to the condition of humans at the level that is in need but unable to meet their basic needs, so they need help from others. In the Quran, this basic need is the need for food. Therefore, it is not wrong if the Al-Quran instructs Muslims to fast in the month of Ramadan before entering Eid Al-Fitr and to pay zakat in the form of rice. Fasting is conducted so that underprivileged groups of people who have difficulty eating on a daily basis can meet their food needs. If the disadvantaged people are not helped to meet their food needs, it is feared that they will experience difficulties, even death (many deaths take African people when they suffer from hunger). Al-Quran, in chapter 21 verse 8, confirms the following. “We did not endow the Messengers with bodies that would need no food, nor were they immortals”.

Other types of poverty are classified as chronic poverty and transient poverty. Chronic poverty is when a person or family remains consistently poor for a relatively long period. For example, in America, the chronically poor people have received Welfare or Temporary Assistance for Needy Families (TANF) for more than eight years (Indra, 2001). Transient poverty is a condition where the life of a person or family can temporarily fall below the poverty line in the event of termination of employment, illness, or an increase in the cost of education (Indra, 2001). This transient poverty condition can be found when a country is hit by an economic crisis or natural disaster, as experienced by Indonesia from 1997 to the 2000s.

Indonesian National Population and Family Planning Commissions (BKKBN) classifies poverty into five categories, namely underprivileged (divided by two; economic and non-economic reasons), Prosperous I (divided by two; economic and non-economic reasons), Prosperous II, Prosperous III, and Prosperous III+. According to BKKBN, underprivileged families are disadvantaged for financial reasons, so it goes for Prosperous I.

These categories cause differences in the number of poor people resulting in divergent poverty categories or criteria. For example, with the different standards, the number of poor people recorded in 1999, according to the Indonesian Central Bureau of Statistics (BPS) was 47.97 million people. In addition, BKKBN reported 52.29 million (Underprivileged and Prosperous I for economic reasons), and the SMERU Research Institute said there were 55.80 million impoverished families. This has not been calculated by the World Bank, which uses the measures of \$1 and \$2 per day earnings. If it is less than the mentioned measurement, the community is below the poverty line. Also, if we use the World Bank measure, the number of poor people in Indonesia will multiply; it could reach half of the total population of Indonesia.

D. Causes of Poverty

All kinds of conditions and limitations cause impoverished communities and shortcomings. For example, they may not have land, access to resources, tools for production, education, skills, good health, or access to capital, and they may live in a poor and shabby environment. In addition, they also have limited social relationships, all of which cause them to be unproductive and unable to generate added value. Thus, they are caught in the cycle of poverty. An illustration of the poverty cycle can be seen in Figure 4.2.

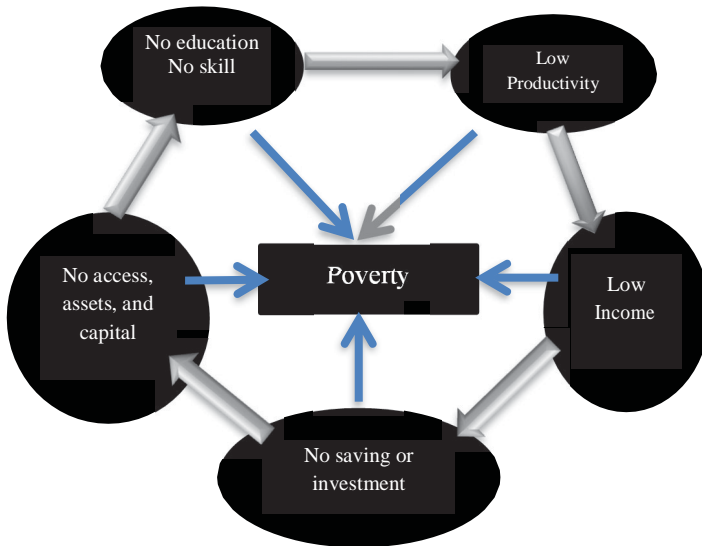


Figure 4.2 The Poverty Cycle

M. Sharp et al. (1996) in Prasetyo and Maesaroh (2009) identified three causes of poverty. First, on a micro-level, poverty occurs because of the unequal patterns of resource ownership, which results in unequal income distribution. As a result, the impoverished people have limited and low-quality resources. Second, poverty occurs due to differences in the quality of human resources (HR). A low rate of human resources causes low productivity, and in turn, the wages and income are also low. The low quality of human resources is caused by a lack of education, skills, and discrimination. Third, poverty occurs because of the differences in access to capital ownership.

Arraiyyah (2007) investigated the causes of poverty from an Islamic perspective. According to him, poverty is caused by four factors; limited business opportunities, oppression, trials from God, and violations of God's law.

Limited business opportunities illustrate that a situation of deprivation causes the needy person to have limited mobility. Conversely, a static condition or restricted mobility also puts the person in a state of absolute

poverty. The Quran indicates the limited business opportunities in the surah of al-Baqarah verse 273, “(These charities are meant) for those needy who are (so) confined in the way of Allah that they are unable to move in the land (for providing their sustenance)”. According to Arraiyyah (2007), limited business opportunities can be interpreted broadly, such as disease, old age, threats from enemies, or more essential activities for the benefit of the people.

Oppression occurs when Muslims are expelled from their hometowns and lose their property due to the pressure that unjust power holders carry out. It is hinted in the Al-Quran surah al-Hashr verse 8, “For the poor emigrants who were expelled from their homes and their properties, seeking bounty from Allah and (His) approval and supporting (the cause) Allah and His Messenger, (there is also). Those are the truths.”

Oppression by the unjust rulers causes the people to experience economic difficulties, so they cannot fulfill their basic needs properly. Therefore, they are classified as poor people who must be supported.

Regardless of religion and social status, people have always experienced trials from God. In Surah al-An’am verse 42, it is shown that “And certainly We sent (Messengers) to nations (communities) before you. Then We seized them with distress and affliction so that they might implore”.

The suffering inflicted on the previous ummah was in the form of poverty and disease, intended by Allah to humble oneself before Allah. They were given grief as an education so that people who experienced difficulties and suffering could keep their souls under control.

Poor people are often given the trial of starvation. This situation is expressly stated in the Al-Qur’an chapter Al-Baqarah verse 155 as follows “And We will most certainly try (test) you with fear and hunger and loss of property and lives and fruits. And give glad tidings to the patient.”

Believers who receive guidance can take advantage of the enactment of Sunnatullah and receive education and instruction to face various difficulties and trials.

Violation of God's law is not only directed at people who commit immorality, such as gambling, drinking alcohol, or adultery, but also those who are not satisfied with what Allah has given them. This statement is clearly shown in chapter al-Baqarah verse 61 "And (remember) when you said: 'O Moses! We cannot endure one kind of food. So invoke your Lord for us of what the earth grows, of its herbs and its cucumber and its garlic, its lentils and its onions'. He said: 'Will you exchange that which is better (higher) for that which is worse (lower)?' Go down to the settled country (Egypt), and you shall find what you want (ask for). And abasement and humiliation were brought down (branded) upon them, and they incurred the wrath of Allah because they disbelieved in the Signs (Verses) of Allah and killed the Prophets wrongfully; this was so because they disobeyed and exceeded the limits".

This verse tells the story of the Prophet Musa, who had received blessings from Allah in the form of food (quails) and drinks (honey). They complained that they were given very little food. That is why they complained to the Prophet Moses to ask Allah for the other food and drink. They were then ordered to go to a city to get what they asked for and received humiliation, mortification, and wrath from Allah because of their greed.

E. Poverty Measurement

The poverty of individuals or households can be measured using a particular approach. One of them is using the aggregate poverty approach. Aggregate poverty illustrates the proportion and number of poor people living below the poverty line. The aggregate poverty rate or the macro poverty outlook is used to measure the progress of a nation's development. The poverty calculation used is the basic needs approach. With this approach, poverty is seen as an economic inability to meet the basic food and non-food needs. In its implementation, the poverty line is calculated based on food and non-food requirements.

People who have an average expenditure or income per capita per month below the poverty line are categorised as poor. The number of poor people described above is also known as the Poverty Headcount Index or P0. The

number of people who have a consumption level below the poverty line is often referred to as Poverty Incidence. Why is consumption used in calculating the number of poor people? There are at least three main reasons. First, in conducting the survey, especially for the poor with irregular incomes, it is easier to question the types of goods (including food) and services they have consumed or spent. Second, by knowing the types of food they consumed, it will be much easier to convert to the level of calories consumed. Information about the status of calories consumed is important because poverty is related to how many calories are consumed. Two thousand one hundred kilocalories per person in a day is set as the poverty limit to meet basic dietary needs. Third, especially for the impoverished who do not have savings, the income level will be the same as the level of consumption (expenditure) in the medium term (Ministry of Communication and Information Technology of the Republic of Indonesia, 2011).

Another poverty measure that is often used is the Poverty Gap Index or P1. This index outlines the difference (in the percentage of the poverty line) on average between the expenditure of the poor and the poverty line. The total population size is used to calculate the average, assuming the difference is equal to zero for the population above the poverty line. This index describes the depth of poverty. The development of the P1 index number from time to time is getting smaller, indicating an increase. Another measure of poverty is the Poverty Severity Index or P2. The Poverty Severity Index is the sum of the square of the difference (in the poverty line percentage) on average between the expenditure of the poor and the poverty line. The total population size is used to calculate the average, assuming the difference is equal to 0 (zero) for the population above the poverty line. By squaring, the index will give greater weight to the poor who have expenditures far below the line. Similar to P1, the development of the P2 index number from time to time is decreasing, indicating an improvement. The World Bank presented the idea of measuring poverty through the Participatory Poverty Assessment (PPA) method by the underprivileged community to determine the dimensions of poverty in the community. This assessment is used to recognize poverty from the perspective of the poor by focusing on their realities, needs, and

priorities. The PPA identifies that poverty also emphasizes other aspects such as vulnerability, physical and social isolation, lack of security and self-respect, and powerlessness (Indra, 2001).

The measures used by the World Bank to determine the poverty threshold are an income of US\$1 and US\$2 per capita per day. However, the poverty limit using US\$ is often misinterpreted using the exchange rate to get the poverty line. For example, if the measurement uses the rupiah exchange rate against the US dollar of IDR 12,985.00 per one dollar (April, 2015), then the poverty line of US\$1 per capita per day would be IDR 389,550.00 per capita per month. If this calculation is accurate, the World Bank poverty line will be higher than the national poverty line of IDR 233,740.00 per capita per month, yet the reality is different. This calculation is because the exchange rates used in calculating the poverty line of US\$1 and US\$2 are the Purchasing Power Parity (PPP) dollar exchange rates.

The PPP exchange rate shows the purchasing power of a country's currency, for instance, using US\$ for buying the "same" goods and services in another country. A simple illustration is that if Indonesia buys rice for IDR 10,000 per liter, conversely, one liter of rice of the same quality costs 1 US\$ in America. It accumulated IDR 12,985 using the standard exchange rate of the PPP exchange rate. The person in Indonesia who bought the rice was deemed to have spent 1 US\$, even though in reality, he only spent Rp.10,000. It is not as simple as the illustration above. The goods and services available are not only rice but hundreds of other goods and services.

In the Millennium Development Goals (MDGs) perspective, a poverty measure of 1 US\$ per capita per day is used. The MDG target for Indonesia's poverty rate was 10.3 percent in 2015. With this measure, Indonesia achieved the MDGs target in 2009, long before 2015. However, the conditions in 2015, where the rupiah exchange rate weakened, caused many people who were above the poverty line to fall below the poverty line. In 2020, Bank Indonesia data reported that the rupiah exchange rate against the dollar is getting weaker, which is IDR 14,766 per one dollar (Avisena, 2020). The rupiah exchange rate against the dollar has often

been ignored by various international institutions, including the World Bank, as a variable in determining the poverty line.

Using the poverty measure of 2 US\$ PPP per capita per day, Indonesia's number of poor people will be around 50 percent (this prediction excludes the Covid-19 pandemic that hit the world in 2019-2020). The poverty measure of 2 US\$ PPP per capita per day is usually used for countries with much better economic conditions. For developing countries, 2 US\$ per capita per day is considered too high.

However, suppose the development of the poverty rate uses a consistent measure excluding the size of 1 USD and 2 USD per capita per day and using the national poverty line measure instead. In that case, the poverty rate in Indonesia shows a downward trend every year. Although the poverty rate tends to decrease yearly, the absolute number is still huge. For example, in 2011, the national poverty rate was 12.49 percent, or 30 million people. This number is more than the total population of Malaysia (28.2 million people). However, the number of poor people in 2011 has decreased compared to the number of poor people in the previous year, 31.02 million. In 2016 the number of poor people fell to 27.8 million or 10.7 percent (The World Bank, 2017). Table 4.1 shows the development of the poor from 2006 to 2020.

From the data below, it appears that the government's performance in reducing the poverty rate showed encouraging results because from 2006 to 2019, the number of poor people decreased significantly. However, the government should not be careless because the poor condition of the population can change at any time, dependent on many things. Sometimes, financial crises, socio-political crises, or natural disasters can increase the number of poor people. These are what Indonesia experienced in early 2020; the coronavirus, which initially infected Chinese citizens in China, entered Indonesia and infected the Indonesian population up to hundreds of thousands. The coronavirus is invisible and it is unpredictable as to when the Covid-19 pandemic will end. Therefore, the government anticipated the spread by implementing various policies that impact on economic, social, and cultural life.

Table 4.1. Number of poor people in Indonesia

Year	Total Amount (in million)	Total Amount (in percentage)
2006	39,3	17,7
2007	37,2	16,6
2008	34,9	15,4
2009	32,5	14,1
2010	31,02	13,3
2016	27,8	10,7
2017	26,58	10,12
2018	25,67	9,66
2019 (September)	24,79	9,22
2020 (Maret)	26,42	9,78

Source: 2011 BPS data quoted by SINAR Magazine Edition 149/2011 p. 6 The World Bank 2017, BPS 2018, Putri (2020), mediaindonesia.com (2020)

Smeru found that the mildest impact of COVID-19 on economic growth would increase the poverty rate from 9.2 percent in September 2019 to 9.7 percent by the end of 2020. This rate means that 1.3 million people will fall into poverty. According to Smeru's worst projection, the poverty rate will increase to 12.4 percent, implying that 8.5 million people will become poor (Suryahadi et al., 2020). The increase and decrease from a poor condition to a well-off state or vice versa is a phenomenon that cannot be denied (Klasen & Waibel, 2013). Moreover, natural disasters, wars, epidemics, and others can bring near-poverty groups of people to the position of the poor, as experienced by the Indonesian people during the colonial war and independence, and the COVID-19 outbreak.

F. Solutions to Overcome Poverty

The history of poverty reduction has been carried out since the era of the Dutch East Indies colonialist government. However, data on the number of poor people in Indonesia is difficult to find over time. Even in the Dutch East Indies era, there was no historical record regarding the number of poor people. Even though the description regarding the number of poor

people during the Dutch colonial period was not found due to the exploitative nature of colonialism, it drained the wealth of the colonized nation, making the ordinary people (inlanders) indeed fall into a life of deprivation. In Raden Saleh's painting, an allusion to the life of the people at that time is found, depicted as a skinny horse ridden by an obese person. The fat people are Dutch, while the thin horses are the colonized people. After receiving sharp criticism from Dutch humanist writers and politicians for excessive exploitation without giving back to the locals, the Dutch Colonial Government launched a policy of reciprocation with its ethical politics, which was one of the strategies adopted to move the poor Javanese population out of Java.

During the Soekarno administration, poverty alleviation efforts were carried out using an independent political economy strategy or standing on its own feet where the cooperative was the pillar of the teacher. The rice self-sufficiency (SSB) policy was pursued utilizing Mass Guidance (Bimas) to fulfill the rice needs. The question was whether the green revolution during the Old Order government could lift the peasants out of poverty? The answer was no.

During the Suharto era, efforts to overcome poverty were by taking the path of economic growth. These poverty alleviation efforts were significantly accelerated in the first year of Repelita VI. They were used to increase the access of the poor to productive socio-economic activities and production factors, which were expected to improve the community's welfare (Committee for Poverty Reduction of the Republic of Indonesia 2002). In addition, efforts to realize development strategies through community empowerment were aimed at economically vulnerable communities, underdeveloped villages, potentially unemployed workers, farmers, pregnant women, and toddlers.

To improve the economic capacity of these economically vulnerable groups, the government pursued credit flushing in the form of microfinance such as the Candak Kulak Credit, Permanent Working Capital Loans, Farmers' Business Loans, and TAKESRA/KUKESRA. Villages that were left behind had the dignity of their inhabitants elevated through the Inpres Village Disadvantaged (IDT) program. For towns that were not covered by

the IDT program, the TAKESRA/KUKESRA program was given. To absorb labor and increase infrastructure development, the Labor Intensive Program was organized. In the lowland rice agricultural sector, efforts were made to increase production by continuing the BIMAS program, enhanced by a particular intensification program (INSUS).

The poverty alleviation model in the New Order era was carried out in one way, namely the indirect attack. Indirect attacks were carried out by providing facilities in obtaining loans in microfinance, infrastructure development, enhancing the role of both the existing institutions in society and those created by the government through departmental and non-departmental institutions. Both departments and non-departments have used the village as a last resort for the success of their programs. For example, the Ministry of Information created the Macalan Midangetke Association, which was later refined into the Listener, Reading and Audience Group (KLOMPENCAPIR) under Harmoko, who served as Minister of Information three times in succession before finally serving as Chairman of the People's Consultative Assembly. Another example is Family Welfare Development, which the Ministry of Home Affairs covers. An example of an institution formed by a non-departmental agency is the Family Planning Association (PKB) which the National Family Planning Coordinating Agency (BKKBN) fosters. BKKBN, which works together with the Public Health Center, intends to improve the welfare and health of the community through the Integrated Healthcare Center (POSYANDU). The Integrated Healthcare Center has various variants such as the Elderly Integrated Healthcare Center, the Breastfeeding Pregnant Women Integrated Healthcare Center, and the Toddler Integrated Healthcare Center. The national poverty alleviation policy undertaken by the New Order government through the *trickle-down policy* is thought to have decreased the number of poor people. However, Indonesia's position is very vulnerable to changes in the global economy. In the middle of 1997, Indonesia experienced a monetary and economic crisis, resulting in an increased number of poor people. All the models developed by the New Order government were in vain after this economic storm hit Indonesia's financial structure.

Learning from the previous government's failure, the reform government developed a poverty alleviation model in two ways, namely indirect and direct attacks. Indirect attacks were carried out to make it easy to obtain loans in microfinance, continuing the infrastructure development that the predecessor order had carried out. The program launched was not solely aimed at benefiting the poor, such as the Mandiri National Community Empowerment (PNPM). Direct attacks were carried out by distributing money through the Direct Cash Assistance (BLT) program or Temporary Direct Community Assistance (BLSM) and distributing projects and rice for the poor and food for needy children. In this era, the Social Safety Net (JPS) was promoted with 15 types of programs. However, the strategy developed by the reform government was different from that of the New Order regime. Community mobilization and participation facilitated by social institutions were suppressed by the reform government, especially during the presidency of Susilo Bambang Yudhoyono. As a result, in the absence of these social institutions, there were no more parties capable of solving pregnancy, birth, malnutrition, and the economic problems of the poor. As a result, the number of maternal and child deaths during the Reformation Order increased sharply. The number of children with malnutrition in 2008 alone was recorded at four million.

The reform government continued its policy of channeling IDT funds into various improvements. The 1999/2000 fiscal year was integrated into a single poverty reduction program through a unique strategy, namely the Expansion of Social Safety Nets and Community Empowerment (JPS-PM). It was used as an effort to increase and complete the IDT program, sectoral and regional programs that support poverty reduction. In JPS-PM, there is a Supporting Infrastructure Program for Disadvantaged Villages (P3DT), the District Development Program (PPK), the Urban Poverty Reduction Program (P2KP), TAKESTRA/KUKESRA, the School Children's Supplementary Food Program (PMTAS), the Elementary School Operational Assistance Funds, the School Scholarship Assistance, and the Public Health Center Maintenance Operational Assistance Fund.

In terms of empowering vulnerable groups, such as farmers and fishermen, the reform government has programmed the Small Farmers/Fishermen's Income Increase Project (P4K), the Seed Breeder, Farm Business Credit,

Slum Management (PLPK), the Joint Business Group (KUBE), the Improvement of Fishermens Settlement Environment, the Rehabilitation of Health Centers, and so on.

Institutional programs to alleviate poverty that are still being continued and developed in addition to IDT are; (1) the Disadvantaged Villages Support Infrastructure Program (P3DT), (2) the District Development Program (PPK), (3) the Urban Poverty Reduction Program (P2KP), (4) the Takesra/Kukesra Program, (5) the Social Welfare Program (PCS), and the Supplementary School Food Program (PMTAS). In addition, there is also a Development Program for Increasing Income of Small Farmers and Fishermen (P4NK), and a Bank Relationship Development Program with Community Self-Help Groups (PHBK). Also, there are the Candak Kulak Credit Program and KUD Savings and Loan Services, Village Economic Business Program Savings and Loans (UED-SP), the Labor Intensive Program, and the development of other productive socio-economic activities.

In carrying out poverty alleviation activities, several implementation principles as recommended by the Indonesian Poverty Reduction Committee (2002) should be taken into account by the government, non-governmental organizations, and community groups. These principles include:

- (1) Approach: the action agenda approach. The poverty reduction action approach is community empowerment by emphasizing participatory and bottom-up development principles. The suggestions for agenda activities come from the community. They are carried out by the community in a group forum to increase the capacity of the community itself to increase income and social welfare.
- (2) The target of the activity consists of two actions; first, various poverty alleviation programs currently underway, which are the efficient means to increase productive socio-economic activities and community empowerment (*income generating and capacity building*). Second, various programs for overcoming the impact of the crisis as a stimulant for sustainable socio-economic activities.

- (3) The target recipients are groups of the poor and people who are vulnerable to crises.
- (4) Target locations consist of poor villages/sub-districts (using Central Statistics Agency data) and areas with many underprivileged people.
- (5) Funding sources from the public, foreign assistance, and government budgets are channeled through various sector agencies, related ministries, and regional development assistance.
- (6) The distribution of funds and assistance is directly given to the community with priority targets. The determination of their use is decided through deliberation and consensus at the level of the target beneficiaries.
- (7) Assistance: In reaching the target in the implementing program activities, it is necessary to involve the non-governmental development organizations in mentoring activities that work as facilitators, dynamists, and catalysts for program implementation.
- (8) Control of the program: Apart from the internal program control, external control is also carried out through the active participation of the community as a vehicle for social control.

Solving poverty through providing capital assistance, improving business management, mentoring, and building supporting infrastructure for basic economic and social development for the poor and developing villages and sub-districts, as has been done by the Indonesian government, is not enough. Mental attitudes, mindsets, and development policies that are affirmative action for the poor are also the determinant factors in solving poverty. The problem of poverty, which has only been understood as an economic problem, is actually broader than that. Even more difficult to solve is the culture of poverty.

G. Poverty and Development

Poverty is a multifaceted, multidimensional, and integrated phenomenon. Living in poverty does not only mean living in conditions of lack of clothing, food, and shelter. Living in poverty often also means poor access to various resources and productive assets that are indispensable to obtain

the means to meet the necessities of life, such as information, science, technology, and capital. Moreover, living in poverty often means living in alienation, and having low access to power; as a result, they only have narrow life choices.

Poor people are not “have not” people. From an economic point of view, they are the people who “have little”. On the other hand, poor people may have cultural and social wealth. People can be in poor conditions because they experience marginalization. Horton & Hunt (1993) defined *marginalization* as a condition of an incomplete part of culture and society. Marginalized is also a condition where a person or group becomes economically and socially insignificant due to specific causes such as certain socio-economic norms, economic relations, geographic isolation, cultural differences, and others.

Development projects marginalize people or communities can cause them to be in poor condition; likewise, poor people are automatically unable to contribute to or participate in development activities, either at the planning, implementation, or evaluation stages. To empower the needy people, they must be involved in development activities. Participation, in this case, means that the community participates or is involved in the decision-making, planning and implementing of activities in the program, as well as monitoring, evaluating, and being responsible for the program that has been implemented (Handoyo, 2016).

In structural theory, poor people as actors or agents will not move if there is no interaction with other people in a social structure, whether they are the decision-makers or the agents of development, such as assistants and social workers. In structuration theory, social practices that occur throughout space and time, involving social actors, contain rational actions. It determines whether social functions in society work well (Giddens, 2010). Social activities and functions do not occur because of reflective actions or based on an actor's self-awareness but because of the controlled nature of the flow of social life (Giddens, 2010). Control of the social structure can be social norms that influence and limit actors' actions. However, Giddens (2010) did not ignore the motivation for actors' efforts to determine social actions. The rationalization of the actions of an

actor is determined by discursive and practical awareness (Giddens, 2010). Discursive awareness is an awareness of what can be said; in this case, the poor have the right to say what they want to be heard and acted upon by policymakers and implementers.

Meanwhile, practical awareness is the awareness that arises solely because the actors, in this case, the needy people, have taken action, for example, being involved in designing development programs that are beneficial to themselves. The conclusion is that actors' actions will not occur without intervention from the social structure through government officials, development actors, or other development agents. As a result, the poor are empowered to manage their lives properly, not to be trapped in poverty.

The ultimate goal of development is social welfare (physically and mentally) for all Indonesian people. If development is aimed at all of Indonesia's people (nation), development activities must include all levels of society, including those geographically isolated and sociologically and politically marginalized. In reality, marginalized groups of people, such as isolated tribal people; communities on the outermost frontiers; underdeveloped and remote areas; urban communities who occupy public spaces; vagabonds and beggars; and people with social disabilities; escaped the touch of government policies. They do not even get attention, not to mention that participating in the development is clearly impossible. Prosperity never exists for them because of their marginal condition. The state is absent when they need it, so it is not uncommon for them to show an attitude of distrust, hostility, and resistance when there are attempts to organize them.

In many cases, urban community groups rebel and fight when their houses are demolished because they occupy watersheds or land that does not belong to them. Likewise, illegal street vendors who occupy empty land or part of the road showed resistance when the state apparatus evicted them. Handoyo's research (2012) indicated that illegal street vendors remained in the location and even fought against the Semarang city government. The forms of resistance were violent, such as fighting, blocking roads, pushing and blocking officers, riding excavators, and holding Municipal Police trucks hostage. However, there are also nonviolent methods, such as

making pamphlets, banners, holding demonstrations, making stance statements, setting up anti-eviction posts, and filing petitions to city officials.

The Indonesian government has been held since the first time the reformation period has not shown seriousness and sided with the poor. There have been several poverty programs, such as the Inpres Disadvantaged Village (IDT) during President Suharto's administration and the Direct Cash Assistance (BLT) program during the presidency of President Susilo Bambang Yudhoyono. Still, not all needy people, including those on the frontiers, and the outermost isolated areas, are touched by the development policies implemented by the government.

Yudhoyono's replacement, President Jokowi, with the jargon "the state is present" through his NAWACITANYA program, intends to improve the government's image by siding with the small communities and people in the outermost areas. These are the policies and development programs that can indirectly improve the fate of the needy people, such as the construction of toll roads in Java and Sumatra, sea tolls, and airports in several corners of the country. Also, the construction of dams, reservoirs, and fast train networks in Java. Meanwhile, the Healthy Indonesia Card (KIS) and Indonesia Smart Card (KIP) programs have developed policies and programs that can be directly accessed by the poor.

The visits made by President Jokowi to various regions, especially outside Java, that development projects have not touched, indicate that the state and government are there to listen. They have also conveyed messages that they will accommodate aspirations and resolve problems related to the lives and welfare of the poor, positively impacting the form of trust in the state and government. The Politika Research and Consulting (PRC) and Indonesian Political Parameters (PPI) surveys showed the level of public trust and satisfaction with the performance of the Jokowi-Ma'ruf government at 61.4 percent (Prabowo, 2020). Trust in the state and government will increase public awareness and participation in the developing regions, territories, and the Indonesian state, which is believed will become a great country, as has been experienced by Sriwijaya and Majapahit.

H. Make Society Happy through Development

Whatever the government does through development activities, the goal is to realize citizens' happiness. The great philosophers of the Greek era, such as Plato and Aristotle, stated that the state was held to make the people happy. The question that arises then is, "What will make society happy and how will this be achieved?"

Happiness in the Indonesian Dictionary (KBBI) is defined as the pleasure and serenity of life, both physically and mentally. People's happiness means they feel the pleasure and tranquillity of their inner and outer life in their lives. How people are happy is an operational question whose answers must also be measurable. During the New Order era, happy people were understood as being fulfilled evenly by their basic needs, such as food, clothing, and housing. In order to fulfil society's needs, the New Order regime restricted society from being involved in politics. During this era, what was called depoliticization was carried out. For example, the parties recognized to win the general elections were the United Development Party (PPP) and the Indonesian Democratic Party (PDI). At the same time, the New Order authorities referred to Golkar as a functional group that was allowed to participate in general elections. Community political activities are limited to voting activities when general elections arrive. The public can express their political desires in the voting booth, after which they are expected to be silent. Those who were too brave to voice their political aspirations were punished, as were the student activists in 1974 and 1978. Those who rejected the New Order policies were sent to prison.

The Indonesian founding fathers answered how the Indonesian people achieve happiness, namely by pouring the idea of happiness into the Constitution of the Republic of Indonesia called the 1945 Constitution. In the Preamble to the 1945 Constitution, the mandate to make the people happy is outlined in the formulation of national goals, namely:

"Subsequent thereto, to form a government of the state of Indonesia which shall protect all the people of Indonesia and their entire native land, and in order to improve the public welfare, to advance the intellectual life of the people and to contribute to the establishment of a world order based on

freedom, abiding peace and social justice, the national independence of Indonesia shall be formulated into a constitution of the sovereign Republic of Indonesia which is based on the belief in the One and Only God, just and humanity, the unity of Indonesia, democracy guided by the inner wisdom of deliberations amongst representatives and the realization of social justice for all of the people of Indonesia.”

In this national objective, it is clear that realizing the happiness of the Indonesian people is by:

- (1) protecting all Indonesian people;
- (2) safeguarding the territory of the homeland from Sabang to Merauke;
- (3) realizing the people’s welfare fairly and evenly;
- (4) increasing people’s intelligence, not only intellectually through education, but also competent emotionally, spiritually, socially, as well as in the environment;
- (5) the Indonesian nation can contribute to realizing world order in the political, social, cultural, economic, and world security fields.

Development is an effective way to make the Indonesian people happy, prosperous, safe, comfortable, and serene in their lives. However, what kind of development can make the people happy or what development policies can make the people happy? This question must be answered by leaders, both national and local, through the development policies taken.

Development policies made by the government are not in the government’s interests but are more focused on the people’s interests. Whatever the government does, whether executive, legislative, or bureaucratic; everything is for the people’s happiness.

In this context, central and local governments need to rearrange their budgets. For example, suppose more funding has been spent on personnel, goods and services, and capital expenditure. In that case, this expenditure should touch the public’s interests a lot. Of course, it is possible to spend large sums on goods, services, and capital expenditure. Still, the direction of this expenditure must be focused on improving the community’s welfare. “Because they are the heart of the nation”, said Bung Hatta.

The approach that must be taken is that regional heads must be innovative in making development policies, even making breakthroughs that are not common, or out of the box, in order to make policy options favorable to the people. In the last few years, there have been many policy innovations made by regional heads that can serve as best practice for other regional heads. In Central Java, many regional heads have made policy innovations that improve people's welfare. The following are regional heads who have made high innovations in regional policies. The Banyumas Regent has an exciting and beneficial policy innovation for the community, namely GENDIS or the gateway for people with successful disabilities (Ministry of PAN and Bureaucratic Reform, 2020). This innovation is a solution for persons with disabilities at productive age in Banyumas Regency. One thousand, two hundred and thirty-five people with disabilities who were initially not independent, or were highly dependent on their families, and did not have the skills to become independent, now have an entrepreneurial spirit. Initially, many people with disabilities in Banyumas Regency worked as beggars and street singers because they did not have skills and permanent jobs. This innovation, which has been running since 2016, was carried out by providing coaching and skills guidance. It is given to work according to their profession. With adequate skills, people with disabilities can compete in job opportunities. Through GENDIS' innovation, these people can live equal and fair lives in society without any differences. This innovation also changes the mindset of disabled people from the old paradigm, namely compassion (charity), to one of independence and being successful while disabled.

The next innovation is the Bidik Normal Jurus Cofit (Strategy for Non-Formal Education Towards Profit-Oriented Entrepreneurship) from the Batang Regency (Ministry of PAN and Bureaucratic Reform, 2020). This innovation is delivered by the regent of Batang, Wihaji. Bidik Normal Jurus Cofit is a form of entrepreneurial assistance to help improve the economy from various lifelines through sewing in convection, handicrafts, agriculture, culinary skills, and users of design and other services. The problem is that non-formal education is underestimated because alumni from courses and training did not show actual results. Therefore, various strategies and steps were carried out in implementing this innovation,

including holding outreach, entrepreneurship workshops, and digital marketing for institutions and course participants with collaborative assistance from GOOSHI (Google School Indonesia). They also created the website www.dibatang.com as a marketplace where the contact persons are the business owners, to reduce the length of the marketing chain and cooperate with related agencies to improve the quality of the entrepreneurship. The real impact for students, non-formal educational institutions, and the government is that the production goods were accepted in Japan and Kuwait, created 126 new entrepreneurs and decreased unemployment in Batang Regency.

Another innovation is the Boyolali district named Si Teri Lapar or the Integrated System for Outpatient Administration Services at Simo Hospital, Boyolali Regency (Ministry of PAN and Bureaucratic Reform, 2020). This policy innovation was motivated by the long waiting time at the registration counter, the old culture of patients queuing for tickets in the morning, and the lack of public understanding of the importance of medical record numbers.

This innovation integrated multiple systems to provide immediate online and offline services to prospective patients and provide real-time information. Teri Lapar provided solutions, especially in handling outpatient registration administrative tasks. It gave flexibility to patients to determine the visiting days, polyclinics, and doctors.

A small city in Central Java, Pati, launched an innovative policy, namely SIPIPA or the Pati Fish Auction Information System to improve the welfare of fishermen at the Juwana Unit II Fish Auction (TPI), Pati Regency (Ministry of PAN and Bureaucratic Reform, 2020). Before the implementation of SIPIPA, tender procurement was carried out conventionally. However, this system made the auction mechanism and process too long, not transparent, of low quality of service, and prone to irregularities. Then, KPLI (Underpayment of Fish Auction) resulted in fishermen being unable to receive the total sales proceeds, or not on time.

Pekalongan Regency has developed an innovation from the Poverty Laboratory, namely Pekalongan's Local Wisdom Poverty Alleviation

Stance (Ministry of PAN and Bureaucratic Reform, 2020). This innovation aims to solve the problem of poverty in an integrated, programmatic, proper, and efficient manner according to the needs and characteristics of the poor. These efforts are carried out by empowering the community, building and developing the potential and natural resources of a red village (high poverty) so that it becomes a yellow and green village.

This innovation involved all parties (Penta Helix collaboration) between the district, village, universities, the business sector, and caring community groups. It is different from the previous poverty handling, which tended to run independently and sporadically. While the prior handling of poverty has not used valid data, this program intervention has used an Integrated Database (BDT) sharpened with a Participatory Poverty Assessment (results of poverty mapping carried out with the poor). The Poverty Laboratory also used a regional topographic approach where each topography has a different cause of poverty to produce a different alleviation policy formula.

There are still many regencies and cities that develop various policy innovations that show that regional heads no longer expect for the interests of themselves and their supporting parties but have thought for the interests of the people. These regional policy innovations aim to facilitate public services, improve people's welfare, and give people a sense of pleasure and comfort to become happy.

I. Summary

Poverty is a condition where some shortcomings and limitations cause needy people not to develop their potential and participate optimally in development. People become poor due to conditions that are completely limited and lacking. For example, they do not have land, access to resources, tools to produce, education and skills, good health, or access to capital, and they are living in a poor, or slum, environment. In addition, these people have limited social interactions, which cause them to be unproductive and unable to generate added value.

The number of poor people in Indonesia has decreased yearly, but this condition can change at any time, as experienced by Indonesia in 2020 with the emergence of the coronavirus called Covid-19. This virus has destroyed almost all national life, and has reduced Indonesia's economic achievements. As a result, the number of poor people increased again, after decreasing in 2019, compared to the previous year.

The Indonesian government from various orders has made policy interventions to address poverty, such as IDT, BLT, KIP, KIS, and others. Still, these poverty alleviation programs have not eroded poverty sharply. During the Jokowi administration, the state paradigm was present so that the Indonesian people enjoyed the results of development equally. The Indonesian people can be made happy by improving people's welfare through pro-people development programs. The development paradigm for people's happiness must be instilled in the government elite because the nation's challenges are expected to be heavier with the increasing number of Indonesia's population in the future. Many regional heads have developed policy innovations that make the community happy. For this reason, as the controller of development policies at the national level, the central government needs to encourage and facilitate regions to make pro-people policies, which enable the people to enjoy the results of development fairly and equitably.

CHAPTER FIVE

SOCIAL CAPITAL AND POVERTY ALLEVIATION

Social capital is a stock of capital obtained, collected, and multiplied through relationships between people or groups in a social structure. Social capital is also thought to be used to overcome the problem of poverty. This section describes humans as the principal development capital, through education and health, to reduce poverty.

A. Main Human Capital

In a broad sense, capital has a vital role in economic growth and development. Referring to the World Bank (2001), capital includes physical capital, human capital, and natural capital in a general sense. Economic growth and progress depend highly on the formation of physical, human, and natural capital. According to the World Bank (2001), physical capital, human capital, and natural capital are essential factors that influence growth. The development will be driven and sustainable if the capital per capita increases in the long term. An increase in capital per capita can occur if physical capital and human capital rise while preserving natural capital. It means that if the exploitation of natural capital can be minimized while boosting the growth of physical and human capital, the development will be sustainable. Therefore, physical and human capital have an essential role in economic growth and development. The two are complementary, where progress in physical capital can improve the quality of human capital and vice versa, improvement in human capital can also improve the quality of physical capital. Development in human capital can increase productivity and returns to physical capital (World Bank, 2001).

More recent developments in the development economics literature showed that human capital is a significant factor and plays a crucial role in economic growth, in addition to physical capital and labor. Economic growth is influenced by the accumulation of physical capital and human capital. Both types of capital are essential factors that determine economic growth. Stern (1991) stated that the expansion of physical and human capital determines growth. Human capital is now seen as the main engine of change that drives economic growth.

From an organizational and management perspective, human capital is defined as the total value of an organization's human resources (Mantis & Jackson in Ramli et al., 2014). The total value of human resources includes all staff in an organization and their ability to complete the work successfully. Human capital in an economic context is in the form of human workers who contribute to achieving an organization's vision, mission, and goals.

The importance of human capital in economic growth has prompted several development economists to focus their studies on the role of human capital in economic growth and development. As a result, the attention of development economists who previously focused on physical capital is now more focused on human capital. For example, Rachbini (2002) stated that economic theory about money and investment has begun to change after proving that human resources play a crucial role and significantly influence economic development.

The importance of human capital in economic development and growth was first pioneered by Schultz (1962), who emphasized the importance of investing in human capital. According to Schultz (in Puspita Sari, 2014), humans are a form of capital like machines and technology as a form of wealth. In addition, human capital such as knowledge, education, skills, and health is an investment that can generate returns in the future.

Emphasis on human investment is believed to be the basis for increasing the productivity of total production factors. Solow (in Dwi Atmanti, 2005) said that science and investment in human capital play a role in boosting economic growth. Increasing human resources is carried out through

education because better knowledge obtained through education is believed to stimulate reforms and innovations in engineering, economics, and other fields.

Before Schultz emphasized the importance of the human factor in economic growth and development, most economists focused their studies on the role of physical capital and ignored human capital. As a result, the growth model used in each analysis tends to treat human capital as a factor with only an indirect effect on growth. In contrast, the human element is considered to be included in technical or residual progress. Nevertheless, the importance of human capital is the primary resource in the development process, so studies on the improvement and development of human resources are increasingly being carried out.

Several studies have found that human capital has an essential role in economic development. For example, in a study, Situmorang (2007) found that education and health strongly influence the quality of human production. Therefore, increasing the education and health of human resources is an essential factor in increasing human capital stock, apart from research, technology, and economic institutions.

Engelbrecht (2003), in his study, found that more excellent investment in human capital and accumulated physical capital led the United States to benefit in the form of sustainable economic growth.

The shift in attention of development economists from physical capital to human capital has prompted the emergence of a growth theory with a new paradigm known as the new growth model. In the new growth model, the human factor is treated as one of the crucial factors that directly affect economic growth and development, like physical capital. Moreover, it is no longer a factor whose role is indirect but is included in the residuals of technical progress as contained in the neoclassical model.

Human capital is related to social capital. Social capital is an essential asset in social and economic development, especially in overcoming poverty. Social capital is created through the relationship or interaction between one human and another in a community, social group, or society. That is why it is believed that before social capital developed as an

essential concept that had a significant contribution to development, humans were the first party to be the key to development activities or success. Before the idea of social capital grew and developed, the concepts of human development and human-centered development were well known in development terminology.

B. Establishment through Education and Health System

Education and health are fundamental development goals (Todaro and Smith, 2006). Health is the core of welfare, and education is essential for achieving a valuable and content life. Education and health are closely related. According to UNDP (2014) notes, health will affect cognitive skills, and cognitive skills will result in better health, more motivation, and more excellent perception of rewards. Education and health will shape broader human capacities at the core of the meaning of development (Todaro and Smith, 2006). What is the role of education and health? Education plays a significant role in shaping the capacity of developing nations to absorb modern technology and design capabilities for sustainable growth and development. On the other hand, health is a prerequisite for increasing productivity because humans in good health can work intelligently and optimally to produce something beneficial to their lives and the lives of society.

Human development through education and health is related to economic growth and democracy (UNFIRS in Kuncoro, 2010). Human development has an indirect effect on growth through the consolidation of democracy. High literacy rates, good health, and equal opportunities allow citizens to participate in the political process and build consensus on development goals. Participatory democracy will help resolve conflicts and, in turn, will create social and political stability. In addition, the existence of community empowerment and local initiatives will increase the efficiency of investment options and service provision. The relationship between human development, democracy, and economic growth can be seen in Figure 5.1.



Figure 5.1 The Link between Human Development, Democracy and Economic Growth

Economic growth is believed to have the low seeping power of democracy and development. This condition did not occur in India, because in reality, India's economic growth and per capita income were down, but its democratic performance was good. In contrast, Turkey's per capita income is relatively high, but its democracy is not good. Therefore Barro (in Kuncoro, 2010), with an endogenous growth model that examined the relationship between human development, democracy, and economic growth, rejected the trickle-down effect hypothesis. It is not economic growth that enhances human development and the performance of democracy, but on the contrary, it is human development that drives economic growth and democratic performance. An illustration of this can be seen in Figure 5.2 below.

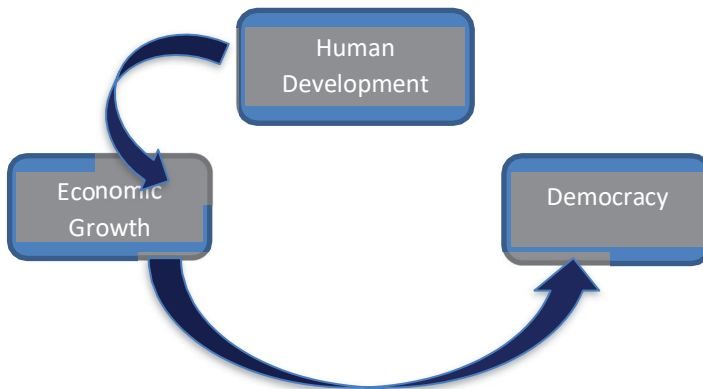


Figure 5.2 Endogenous Growth

Education and health are essential Human Development Index (HDI) measures. In total, HDI is measured by (1) longevity as measured by life expectancy, (2) knowledge as measured by the weighted average number of adults who can read (two-thirds weight) and the average years of schooling (one-third weight), and (3) income as measured by real per capita income that has been adjusted (Kuncoro, 2010). The index of the three HDI components can be calculated by comparing the difference between the indicator value and the determinant of the minimum value with the difference between the maximum and minimum indicator determinants. Whether a country belongs to the low, medium, or high category is measured from the HDI number interval. For example, if the HDI ranges from 0.0-0.50, it is low; if it is in the number 0.51-0.79, it is classified as a medium; and in the range 0.80-1.00, it is considered high. In 2013, the classification changed, namely (1) the HDI was in the very high category with the HDI numbers 0.80-1.00, (2) the high category with the HDI numbers 0.70-0.79, (3) the middle category with the HDI numbers 0.55-0.69, and (4) low category with HDI numbers 0.00-0.54 (UNDP, 2014). Indonesia's HDI from time to time has increased quite significantly. In 2010, Indonesia's HDI was 0.671; in 2011, it grew to 0.678; in 2012, it rose again to 0.681, and in 2013 it increased slightly to 0.684 (UNDP, 2014). Indonesia's HDI in 2013 was ranked 108 out of 187 assessed countries, marginally better than the Philippines, Cambodia, Vietnam, Myanmar, Laos, and India, but still below Singapore, Brunei, Thailand, and Malaysia. Although Indonesia's HDI figures from 2010 to 2013 have increased, Indonesia is included in the middle category if the HDI classification confirms it. In 2018, Indonesia's HDI increased to 0.707 and was ranked 111th out of 189 countries (UNDP, 2019).

Although the HDI number has not yet been able to elevate Indonesia to the high category, the increase in HDI figures, like Malaysia and Thailand or very high category countries such as Brunei and Singapore, still has a significant meaning. It provides information about the quality of human resources, especially education and health indicators. The HDI figure is also helpful for comparing Indonesia's HDI with other countries, especially countries in the Southeast Asia region. Therefore, Indonesia's HDI, which is lower than that of Singapore, Brunei, Malaysia, and

Thailand, should be an impetus for the government to improve human resources, especially education and public health.

C. Develop Social Capital, Reduce Poverty

One of the crucial problems facing the Indonesian nation is the problem of poverty. During the 6-Five Year Development Period Program (Pelita), Indonesia has reduced the number of people living in poverty. Still, the results achieved only lasted two years, when Indonesia faced the economic crisis in mid-1997 (Indonesian Committee for Poverty Reduction, 2002). Compared to other developing countries in Asia, Indonesia is one of the countries with the most significant number of poor people, both in absolute and relative terms. This problem proved that poverty in Indonesia requires more profound, comprehensive, and sustainable handling. In Indonesia, the number of poor people is still very worrying (Suharto, 2008). In 2007, the number of poor people was 37.17 million people or 16.58 percent of the total population of Indonesia. One year before, the number of poor Indonesians was 39.30 million, or 17.75 percent of the total population of Indonesia that year (TKPK, 2007). It means that the number of poor people has decreased by 2.13 million. Despite the decline, in absolute terms, this figure is still prominent and exceeds the total population of New Zealand (4 million people), Australia (12 million people), and Malaysia (25 million people). Based on Table 4.1., in 2008, the number of underprivileged people reached 34.9 million (15.4 percent); in 2009, it decreased to 32.5 million people (14.1 percent); and in 2010, it fell again to 31.02 million people or 13.3 percent (SINAR magazine issue 149/2011, p. 6). In 2011, the number of poor people fell to 30.02 million or 12.49 percent (Directorate General of Information and Public Communication Kemenkominfo, 2011). According to the World Bank, Indonesia's poverty reduction is the fastest compared to other Asian countries, such as Thailand, the Philippines, Cambodia, China, India, and Pakistan. In 2018, the number of needy people decreased to 9.82 percent (Anonymous, n.d.). Then, it dropped to 9.41 percent in 2019. However, during the Covid-19 pandemic, Indonesia's poor population as of March 2020 increased to 9.78 percent (Badan Pusat Statistik, 2020). Therefore, the number of poor people in March 2020 amounted to 26.42 million

people, an increase of 1.63 million people from the number of poor people as of September 2019. Also, an increase of 1.28 million people as of March 2019.

The poverty rate, which is used to measure poverty in Indonesia, uses the poverty line from the Central Bureau of Statistics, which is around Rp.5,500 per capita per day. Using a poverty line from the World Bank of 2 US\$ per capita per day, it is estimated that the number of poor people in Indonesia ranges from 50-60 percent of the total population. Although sometimes overlapping, this portrait of poverty will be even more blurry if included by the Social Welfare Service Officials (PPKS), which the Ministry of Social Affairs labeled as Persons with Social Welfare Problems (PMKS). Within this group, lined up by the millions, were vagabonds, beggars, prostitutes, disabled people, HIV/AIDS patients, the Remote Indigenous Community (KAT), Children in Need of Special Protection (CNSP), the abandoned elderly, and so on. They often experience difficulties economically and experience social exclusion due to discrimination, stigma, and exploitation.

Apart from the social problems mentioned above, the competitiveness of Indonesia's human resources (HR) in general is still at the lowest rank. Before the multidimensional crisis (1997), the World Competitiveness Yearbook placed Indonesia in 39th place. At the beginning of the 21st century, Indonesia's position had fallen to 46th out of 47 countries surveyed (Moejiono, 2007). It means that after more than ten years of ongoing reform, the competitiveness of Indonesian human resources at the world level has not progressed significantly. In 2014, the competitiveness of the Indonesian nation was still relatively low. As reported by the World Economic Forum, Indonesia's competitiveness index was in position 34 out of 114 surveyed countries (Anonymous, 2014). The ranking was still below three other Association of South East Asian Nations (ASEAN) countries, namely Singapore in 2nd place, Malaysia in 20th, and Thailand in 31st. In 2015, the competitiveness index rose to 33rd, but still below Singapore at 11th and Malaysia at 17th (Schwab (ed), 2015). Indonesia's competitiveness index has increased. However, the increased competitiveness was only at the level of efficiency-driven, not innovation-driven. In the next five years, in 2019, Indonesia's competitiveness index was ranked

50th of the 141 surveyed countries, which means that it dropped five places from the previous year (Anonymous, n.d; Schwab, 2019). The decrease in competitiveness was caused by a reduction in the score of information technology adoption from 61.1 to 55.4. The health component score dropped from 71.7 to 70.8; and there was a decline in the product market by 0.3 and the labor market by 0.1 (Jayani & Yudhistira, 2019).

The government has made great efforts to address the poverty problem burdening Indonesia's development. Since the early 1970s, poverty alleviation has been a top priority in Indonesia's development strategy. Both government and non-government agencies have implemented various policies and efforts to reduce the poor population during that period. As a result, the poverty alleviation strategy improved the population's welfare and reduced socioeconomic disparities or inequalities between population groups.

The Indonesian government directly implemented the poverty alleviation program only in the early 1990s. In that year, the government formulated several programs aimed at helping poverty areas with the target of the poor. Regional targets refer to identifying regions (villages or sub-districts) that are poor or underdeveloped. During that period, it was known that government assistance funds for poverty alleviation were in the form of the Presidential Instruction for Disadvantaged Villages (IDT), which was allocated for poverty funding. Other efforts to alleviate poverty were also manifested in the Presidential Instruction number 5 of 1993 on improving poverty reduction, as a unique program to accelerate efforts to overcome poverty, specifically directed at the poor in underdeveloped villages.

In order to alleviate poverty, the government has provided significant funds to overcome this problem. Judging from the existing political will, what the government was doing in poverty alleviation is sufficient, especially if the political will is measured by the disbursement of funds issued by the State Budget. Since 2002-2009, for example, the government has spent Rp. 319.5 trillion. If the budget was calculated in that period, there has been a 394.44 percent increase. In comparison, poverty has been reduced to only 4 percent (Fatony, 2011).

In 2018, the government allocated social protection spending from the State Budget to the amount of IDR 173.77 trillion, but could only alleviate 805,000 people from the poor category (Gunawan, 2019). In 2019, the government budget would disburse Rp. 387.3 trillion to social protection programs. This budget is needed to provide social protection for the poorest 40 percent of the population (Directorate of State Budget Preparation, Directorate General of Budget, 2019).

The government budget is large enough to help the poor get out of the cycle of poverty, but not much has managed to pull them out. One of the reasons is that the management of the social protection budget is intervened in too much by the political agenda, which costs a vast sum of money so that funds for poverty alleviation are reduced.

There have been many programs that the government has implemented to overcome poverty, such as the Presidential Instructional for Disadvantaged Villages (IDT), and the People's Welfare Savings Program. Other than that, there was also Business Credit for People's Welfare (Takesra-Kukesra), the Economic Crisis Mitigation Program (PDM-DKE), the Social Safety Net Program, and the Health Sector (JPS-BK). Then there was the Direct Cash Subsidy Program/Direct Cash Assistance (SLT/BLT), Temporary Direct Community Assistance (BLSM), and School Operational Assistance (BOS), and Bidikmisi scholarships for students from underprivileged families, but who have good grades. These programs aim to alleviate people from poverty in a series of empowerment programs. So the question is, why is poverty so difficult to reduce? Several working hypotheses are thought to be obstacles to poverty alleviation:

1. At the policy level, the poverty alleviation approach emphasizes the liberation of the poor from conventional indicators. For example, the fulfilment of food, clothing, and shelter is entirely aggregate and ignores the importance of freeing the poor from non-aggregate matters in order to foster self-sustaining capacities. It includes self-esteem, pride, independence, recognition, and freedom. As a logical consequence, poverty alleviation will only preserve or extend the chain of dependence, rather than act as a means to self-sufficiency for the poor through productive efforts.

2. No matter how much enthusiasm to empower the community already exists, there is a “fear” of program failure at the level of implementation. If it involves the poor themselves as actors of poverty alleviation, in the end, the society will place the poor as “objects” and use semi-top-down policies.
3. Social development as a planned effort to improve the human ability to act has not been carried out correctly.

Social development is a derivation of human-centered development (people-centered development).

According to the Poverty Reduction Committee (in Sri Rejeki, 2006), the following causes determine why poverty reduction programs fail:

1. Poverty reduction programs are still partial, not yet integrated, and comprehensive.
2. There is no specific poverty alleviation instrument following the various dimensions of the poverty problem in each region.
3. Multiple policies that were initially projected to tackle the problem of poverty gave rise to new issues, which led to reduced public confidence in the government in dealing with poverty problems.
4. There is the weakness of government bureaucracy, the small role of the community, NGOs out of sync with central and regional policies, and an obstruction of communication between program makers and stakeholders.

The difficulty of poverty alleviation is also related to three things. First, the mechanism for empowering the poor is not optimal. It happened because the program was more “compassionate” in nature, so aid funds were interpreted more as “free grants” from the government. Second, the assumptions built emphasize that the poor need capital. This concept is considered to remove the constraints of mental and cultural attitudes possessed by the poor. The result is a low level of change in the perspective, attitudes, and behavior of the poor, and other members of society, in understanding the roots of poverty. Third, empowerment programs are interpreted more partially; for example, the emphasis of program activities only intervenes in one aspect, such as economic or

physical aspects, and has not been merged into an integrated empowerment program (Fathurrohman, 2007).

Development is more often interpreted as economic development in the sense of building an economic system or structure that allows high economic growth to occur. Development is not only interpreted in terms of economic (financial) capital. Many studies showed that development is not only driven by the availability of natural resources, large amounts of financial capital, or high economic investment and industrialization. Development is linked to social dimensions, particularly social capital. In Fukuyama's famous book, *Trust: The Social Virtues and The Creation of Prosperity* (1995), Fukuyama believed that social capital could influence the principles underlying the economic progress and social welfare of a country. According to Fukuyama, countries categorized as high trust societies tend to have impressive economic successes.

On the other hand, low trust societies tend to have slower and worse economic behavior and progress. The key to social capital is trust. With faith, Fukuyama continued, people can work together well because they are willing to place common interests above personal interests. Trust is the energy that can make a community group or organization survive. Low trust causes a lot of energy to be wasted because it is used to resolve prolonged conflicts. Within the radius of faith, every society has a different stock of social capital: how far can moral cooperation be, such as honesty, solidarity, fulfillment of obligations, and a sense of justice. Whether social capital is exclusive (only applies to families or groups) or is inclusive (applies to other broader groups) differs from one community to another. The Ku Klux Klan and the Mafia, for example, have a high level of cohesion based on mutually agreed norms.

Nonetheless, their social capital tends to be destructive or harmful to society. There are at least two main contributions of social capital to development: economic and political functions. Economically, said Fukuyama (1999), "the economic function of social capital is to reduce the transaction costs associated with formal coordination mechanisms like contracts, hierarchies, bureaucratic rules, and the like". Politically, social capital encourages democracy, which is manifested in the dynamics of a

civil society that operates in an attitude of mutual trust between fellow citizens and between citizens and the state. In this context, Putnam (1993) defined social capital as the ability of citizens to overcome public problems in a democratic climate. The attitude of mutual trust between fellow citizens and state officials is crucial to the development of democracy.

Social capital has a significant contribution in supporting development. Increasing the Human Development Index (HDI) and fighting poverty in Indonesia is done through economic empowerment and the strengthening of social capital. Social protection schemes, such as social insurance, social assistance, conditional cash transfers (CCT), and social safety nets are the suitable approaches and strategies that the government can use in alleviating poverty. Combined with the concept of Corporate Social Responsibility with Community Development, community-based social security models widely practiced by non-profit social and public organizations could be an option.

As a public service organization, the state's involvement in providing public services is a social capital that cannot be ignored (Posner & Boix, 1998). The country's government also has institutional capital that can be used to make policies in the health and education sectors. Unfortunately, the state's attention to education and health is still relatively low. It is proven by the lack of facilities and infrastructure and the mismanagement of budget utilization (Budiman, 2016). The World Bank noted that 55 percent of 15-year-olds in Indonesia are functionally illiterate (Fauzie, 2018). If this is not handled correctly, Indonesia's education may be left behind that of other countries in ASEAN. Likewise, the poor quality of health will reduce the resilience of Indonesia's human resources in facing global competition.

Civil society institutions in Indonesia can develop an advocacy strategy for the state to make social policies that are friendly to the people. It also conveys that the role of socio-religious institutions in poverty alleviation, as has been done so far (for instance, charity programs such as LAZNAS, BAZIS, Dompot Dhuafa), can focus on strengthening aspects of health and education services. Programs such as free hospitals, maternity hospitals,

and schools for underprivileged people need to be continuously developed and expanded; both the platform and the number of targets processed. Suppose this is done synergistically with other non-profit organizations and government organizations. In that case, poverty alleviation efforts may be pushed more quickly to reduce the number of poor people or people who are vulnerable to poverty.

Efforts to alleviate poverty can be carried out more effectively if there is a synergy between the government/state and the community. Research shows that collaboration can facilitate catalyst development (Evans, 1996). Good relations between the nation and society can increase the effectiveness in achieving development goals, including reducing poverty. If the community is actively involved, supported by substantial social capital, it will become a positive energy for development. Several studies and the results of the ideas of researchers and social capital thinkers indicate the contribution of social capital in overcoming poverty. Here are some research results that corroborate the above statement.

Matthew Morris (1998) concluded that social capital influences a country to reduce poverty. This conclusion is also in line with the research of Okunmadewa et al. (2005), showing that social capital affects welfare and reduces poverty. In addition, Roslan (2010), in a study in Malaysia, also concluded that social capital plays a vital role in poverty alleviation.

Sirven (2006), in his study, concluded that high social capital and participation in society are associated with a lower risk of households becoming poor. Sirven's study also agrees with Rustanto's (2007) article, which concluded that strengthening social capital that grows and develops in social groups is an approach that needs to be developed in poverty alleviation.

Alfiasari et al. (2009) concluded that social capital could be developed and optimized in the form of social institutions at the community level. It could strengthen food security in poor households based on bounded solidarity.

West Java Provincial Balitbang and the Universitas Padjajaran Research Center (2008) concluded three things. First, in the rural-agricultural model,

the means of social capital incorporated into farmers, citizens, and prayer groups play a role in helping community members to meet their daily needs. In this rural-agricultural model, it is also found that the use of social capital in agricultural areas is directed at developing the capacity of the community. It is used to define their needs and the ways to fulfill their daily needs according to their potential. The dominant group is located in residential areas, so that access to external resources is limited. In this model, social capital has not been maximally utilized to support productive economic activities due to the weakness of local institutions and the little creativity of human resources. Second, in the rural coastal model, the dominant groups in developing social capital are recitation groups, fishermen, and residents in settlements. Social capital is mainly used to meet the needs of daily life, both temporary and personal. Relations with groups outside the territory are still rare. Access to external resources is also limited. As in the first model, social capital has not been maximally utilized to support productive economic activities due to the little creativity of human resources and the weakness of local institutions. Third, in the urban-industrial model, the dominant groups are the recitation group, the professional group, and the community group in the residential areas. Unlike in the first and second models, access to external resources is relatively high in this third model. It can be used to develop a more comprehensive cooperation network. Social capital has not been optimally utilized to meet the needs and alleviate poverty. In terms of productive economic activities, social capital has not been used because of the tendency for social relations to be individual and contractual.

Azizi (2013), in his research, concluded that the social capital that grows and develops in the garbage collector community at Nologaten garbage dump is one of mutual trust in cooperation. For example, a sense of mutual commitment, assistance, collaboration, and social networks in the Punokawan Association benefit the sanitation worker's survival.

Zuri, Jamal, and Widowati (2012) found that social capital in neighborhood relationships, kinship, and religious relationships plays a role in empowering poor fishing communities. For example, the Coastal Community Economic Empowerment Program and the Program for Empowering The Fisherman

Village Community (P3EMDN), especially in Tasik Agung, Klidang Lor, Celong Kedawung, Pasir, and Karang Duwur.

Suryanto (2011) concluded that the social capital developed by BKM Surya Abadi and the Masjid Ilham Foundation contributes to poverty reduction through expanding health access. For example, compensation to the community, expansion of access to education in the form of training to improve human resources, growth of economic access in the form of distribution of revolving assistance funds, and expansion of environmental access in the form of green and clean programs and ecological development.

Sukmana (2005) concluded that social capital is in the form of village thanksgiving, cooperation, tahlilan, yasinan, and sholawat. These forms positively impact efforts to increase and empower the underprivileged people in rural areas. In addition, the community positively impacts all aspects of life in political, economic, social, cultural, and religious elements.

Amalia (2015) assumed that social capital is a force that forms a social network among the poor to work hand in hand. It aims to alleviate poverty by utilizing social solidarity to overcome the limitations of material capital, forming productive collective business groups to increase the income of the poor so that their welfare increases.

Referring to the various research results above, social capital, especially networks and organizations, for instance, business organizations, neighborhood associations (RT), citizen associations (RW), religious associations, hobbies, social events, and others, become a place for members of groups/organizations/communities to depend on. It refers to those who lack the ability in the economy to increase skills, individual capacity, and networks. These skills enable them to develop themselves as beneficiaries of existing social relationships and social networks and also acquire their potential as economic people who can mobilize themselves and their families to run a productive business economy. As a result, they can increase their family income. This increase in income means that their family's welfare can be improved. Low-income families or even those without income can get out of the poverty trap because of the increased revenue.

Social capital as the facilitation for the economic movement of the poor must be carried on. Social capital must not be reduced or even lost. On the contrary, it must constantly be added to and increased in number and quality, just like any other capital, either by strengthening the agreed norms, maintaining trust among members of communities, or adding horizontal and vertical social networks. If it can be maintained, the sense of belonging and the feeling of co-existence, both in joy and sorrow, in the community members will be held. Moreover, it will be an impetus to commit to helping members in need who are experiencing difficulties and have socio-economic problems.

D. Summary

Physical capital, human capital, and natural capital constitute essential economic growth factors. Therefore, development will be driven and sustainable if the capital per capita increases long-term. Furthermore, development is sustainable if the planning and implementation process involves the people, improving people's welfare.

Efforts to improve people's welfare are not achieved just by relying on physical and economic capital, but they must develop other means such as human resources. For example, the potential and participation of human resources can be increased when the development of education and health is a priority for the government.

The social capital embedded in society's social structure becomes one of the capitals that must be managed appropriately. Its aim is so that human resources built through quality education programs can move society's components to work together to create the community, society, and the state for the realization of common welfare.

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GLOSSARY

- Absolute Poverty : the income is below the poverty line and unable to meet their basic needs.
- Aggregate Poverty : the proportion and number of poor people living below the poverty line
- Asset : A resource with economic value that is owned or controlled by an individual, company, or country with the expectation that it will provide future benefits.
- Bonding Social Capital : Social capital that is exclusive, inward-oriented and solidarity between individuals in groups is very strong.
- Bridging Social Capital : social capital that acts as an intermediary or liaison between one group and another to achieve common goals through joint activities.
- Bottom-up : Development planning where the community is more involved in providing ideas from the beginning to the implementation of the evaluation.
- Cultural Capital : The owner of specific cultural competencies or a set of cultural knowledge that provides a specially differentiated form of cultural consumption and a complex classification of cultural and symbolic goods.

- Culture : Customs, something about a culture that has developed (civilized, advanced), something that has become a habit that is difficult to change.
- Capacity Building : A process that can improve the ability of a person, an organization, or a system to achieve the desired goals.
- Chronic Poverty : a person or family remains consistently poor for a relatively long period.
- Civil Society : A civilized society in building, living, and interpreting its life and as a social institution capable of protecting citizens from excessive state power.
- Corporate Social Responsibility : A business approach where companies take responsibility by contributing to sustainable development that benefits society and the environment.
- Community Development : Organized efforts aimed at improving people's living conditions and empowering people to be able to unite and direct them.
- Development : A planned change process to improve various aspects of people's lives.
- Economy : Knowledge of the principles of production, distribution, and use of goods and wealth (such as finance, industry, and trade).
- Empowerment : Efforts to build resources, by encouraging, motivating, and raising awareness of their potential and seeking to develop them.

- Habitus : a system through a combination of objective structure and personal history, enduring and changing dispositions that serve as a generative basis for objectively structured and integrated practices.
- Hegemony : An attempt to legitimize power through the approval of moral and intellectual leadership.
- Human center-development : Development activities must be oriented and aimed at human welfare
- Human Development Index : comparative measurement of life expectancy, literacy, education and standard of living.
- Inlanders : a derogatory term for indigenous people in Indonesia by the Dutch during the Dutch colonial period.
- Keris : Javanese traditional weapons with sharp and pointed ends on both sides.
- Linking Social Capital : a type of social capital that describes norms of respect and a network of trusting relationships between people interacting across gradients of power or authority that are explicit, formal or institutionalized in society.
- Mandiri National Community Empowerment (PNPM) : National poverty alleviation programs, especially those based on community empowerment.
- Marginalization : a condition of an incomplete part of culture and society.

Material Poverty	:	the condition of humans at the level that is in need but unable to meet their basic needs, so they need help from others.
Norms	:	Rules or regulations that bind group citizens in the community.
Participation	:	community involvement in development planning, implementation, and monitoring
Poverty	:	Inability to meet the minimum standards of basic needs which include food and non-food needs.
Poverty gap indeks	:	The average measure of the expenditure gap of each poor person against the poverty line.
Poverty line	:	A representation of the minimum number of rupiah needed to meet the minimum basic needs for food which is equivalent to 2100 kilo calories per capita per day and non-food basic needs.
Poverty Rockets	:	The driving wheel of poverty.
Purchasing Power Parity	:	A price measurement in various countries that uses the price of a particular good to compare the absolute purchasing power of that country's currency.
Qanaah	:	Acceptance of the existing reality as it is.
Relative Poverty	:	poverty situation is above the poverty line based on the distance between the poverty of the poor and non-poor in a community.
Self Sustaining Capacities	:	the ability of a person or group to care for themselves

- Service : Actions that provide everything that other people need; service
- Social Action : What individuals do in a social structure
- Social Assistance : Assistance in the form of money, goods, or services to individuals, families, groups, or communities who are poor, underprivileged, and/or vulnerable to social risks.
- Social Capital : The amount of actual or virtual resources accrued to an individual or group by virtue of having a durable network of institutionalized reciprocal relationships of acquaintance and acknowledgment.
- Social Interaction : Reciprocal relationships between individuals and individuals or groups, or groups with groups in the social structure.
- Social Network : Relationships created between individuals within a group or between a group and another group.
- Social Safety Net : A program designed to help poor people affected by the economic crisis and implemented through the stages of rescue and recovery to return to normal conditions.
- Stakeholder : All parties related to the issues and problems being raised.
- Structural Poverty : this poverty occurs when a person or group is reluctant to improve their living conditions until assistance is given to push them out of condition.

Symbolic Violence	:	Controllable power from the goal of obtaining legitimate recognition.
Target Beneficiaries	:	A person who benefits financially from something.
Top-down	:	Development planning in which all important decisions and types of activities have been determined by the government.
Transient Poverty	:	a condition where the life of a person or family can temporarily fall below the poverty line in the event of termination of employment, illness, and an increase in the cost of education.
Tuna satak bathi sanak	:	Javanese local wisdom that reflects the noble values of cooperation and cooperation in Javanese society.
Trust	:	The other party's expectations in social relationships, which include the risks associated with those expectations.
Trustee	:	Trusted person.
Trustor	:	People who give trust.
Warongko	:	Keris sheath made of wood or metal.
Welfare	:	A system of life and social life, both material and spiritual, which is filled with a sense of safety, decency, and inner and outer peace, which makes it possible for every citizen to fulfill the best possible physical, spiritual, and social needs for himself, his family and society by upholding human rights and obligations under Pancasila.

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