

# Social Capital and Survival Strategies of the Poor in the Rural Community in Aceh, Indonesia

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## Abstract

This study aims to examine how the relationship between social capital and poverty in poor households in Aceh. Our analysis tries to explain how social capital affects the opportunities of a poor household to get out of poverty. From statistical tests using logistic regression, the social capital that is owned will increase the chances of getting out of poverty by 0.576 times greater than the people who have low social capital. The highest chance of getting out of poverty is 0.86 times greater. While the head of a woman's household causes the opportunity to become poor 0.46 times greater than the head of a male household.

Social capital is an asset owned by the people of Aceh that can provide them with ways to survive and get out of poverty or at least continue to survive even in poor conditions. Networks or involvement in organizations that are built in society, trust and cooperation are a form of social capital that has a contribution in how to survive. in this case, social capital becomes a strength or potential that can be developed to empower the poor.

**Keywords:** Social capital, Asset, Survival Strategies, Empower, Poor.

## Introduction

Poverty is a condition that is always evident in a society and is a problem in a development. Poverty is characterized by underdevelopment, unemployment and economic inequality, (Bayudan and Lim, 2013). Poverty can serve as an indicator in measuring development success. Poverty is defined as a low standard of living, that is the existence of a level of material deficiency in the number or class of people compared with the standard of life prevailing in the society concerned (Suparlan, 1995).

The cause of poverty problems is complex and diverse, this issue is not only influenced by human resources alone, but factors such as nature, politics, culture, law also reinforce each

other in exacerbating poverty if not handled properly., (Fiszbein *et. al.*, 2014). Poverty that occurs within the community can not be analyzed only with economic problems, poverty is not only measured by monetary units, but the size of poverty is expanded, (Bourguignon and Chakraparty, 2003). The analysis of poverty has moved from the traditional context. At present the concept of poverty has been widely accepted, which has included social inclusion factors, the lack of public goods, vulnerability to risk. This concept is known for its multi-dimensional poverty, (Liu and Xu, 2016); (Alkire and Santos 2014); (Bourguignon and Chakraparty, 2003). Economic disability is associated with many causal variables.

Poverty alleviation requires steps and policies that address the root causes of poverty. Poverty alleviation programs need to shift from the conventional view of taking the poor as objects by looking at poverty due to lack of assets, the old view, the poor are objects that need not be involved in any public decision-making. The views were so, making the government's role as the dominant decision makers and *top down*. Such an approach can not work optimally, because the root of the real problem has not been addressed, and has not been able to mobilize the great potential of the poor. The great potentials of the poor are such as capacity, social capital, and cultural capital.

In order to empower the poor, it is necessary to understand the problem of poverty appropriately. The construction of relationships between various poverty problems also needs to be understood in depth in order to facilitate the formulation of poverty problem solving and to design appropriate strategies, (Santoso, 2008). The problem of poverty has the construction of relationships that are interconnected with each other and the shape of cobwebs. The root of causes of poverty are internal and external, each having a diverse influence on poverty.

Research on poverty has attracted the attention of researchers worldwide, Sen, (2004): (Alkire and Santos, 2014). Research on social social capital as well as variables affecting poverty is also widely practiced, (Wekke and Cahaya, 2015), (Woolcock, 1998). (Woolcock and Narayan, 2000). Social capital, which is commonly characterized by trust, social relationships, and networks, is essential for the advancement of material and welfare gains. Even social capital is an important determinant of poverty. (Woolcock and Narayan, 2000), describes how the emergence of the concept of social capital. All to find solutions to the problem of poverty. Much of the research undertaken looks at the problem of poverty which places the poor as an object that needs to be solved. By placing the poor as an object, many poverty alleviation programs implemented by the government have not provided the expected benefits. The poor have basically the potential to be developed like social capital. In this research will look more deeply how social capital plays a role in overcoming the problem of poverty at the level of family and society. Interestingly, this study was conducted on coastal communities of Aceh that have a fluralistic nature, merging characteristics of urban and rural communities.

The rest of this paper is organized as follows. In part 2 will explain some theories and concepts related to poverty and social capital. Section 3, describes some similar research results that have been done before. Section 4 will be explained about the data used and the model of analysis to be performed. Furthermore, in sections 5 and 6 the research findings and conclusions will be explained respectively.

### Theoretical Review Theory of Poverty

Poverty is defined as a low standard of living, that is the existence of a degree of material deficiency in the number or class of people compared with the standard of living commonly prevailing in society, extending the view of poverty beyond the traditional view of poverty. Since then, the problem of poverty is generally accepted around the world that the concept of poverty should include not only economic shortages, but also social exclusion, lack of opportunities or public services, and vulnerability or risk exposure. Consequently, the measurement of poverty evolved from one dimensional measurement of income / consumption to a multidimensional. Therefore, the development of methods for the identification of multidimensional poverty into experiments is essential.

Theoretically the concept of poverty can be measured from four perspectives

Laderich, Suartha, (2013) that is:

1. Monetary approach, namely poverty as a lack of people to reach the level of consumption (income) is the minimum which is usually measured by the poverty line.
2. Approach capability approach that is more focused on indicators of the freedom to provide for life itself, poverty is losing the ability of individuals to achieve a minimum capability.
3. Approach to social exclusion is often the case in developed countries, namely the revocation process of marginalization and economic basic rights.

The issue of poverty can also be didekatii the *vicious circle of poverty* theory as cited by (Koncoro, 1997) cited from (Ragnar, Nurkse, 1953). In this theory the cause of poverty is itself. a poor country is poor Because it is poor. The monetary and social exclusion approach is used to describe poverty in understanding the poverty problem in this study.

### Social Capital

Zhang et al., (2017); Prasetiamartati et al., (2016), emphasized that social capital as the norms and social relations embedded in the structure of society and make people can work together to act to achieve the goal. Social capital is the parts of social organization such as trust, norms and networks that can improve the efficiency of society by facilitating actions coordinated social capital is also defined as the capability that emerges from a common belief in a society or certain parts of the community (Narayan, 1999).

Many studies placed social capital as a potential society in surviving poverty. (Wekke and Cahaya, 2015), (Woolcock, 1998); (Woolcock and Narayan, 2000). Social capital, which is commonly characterized by trust, social relationships, and networks, is essential for the advancement of material and welfare gains. Even social capital is an important determinant of poverty. (Woolcock and Narayan, 2000), describes how the emergence of the concept of social capital. According to the issue of the social and institutional dimensions of the economy began to emerge since pioneered by Hirschman and Adelman and Morris, but in general the problem was developed in 1980. Social capital becomes adhesive for each individual, in the form of norms, beliefs and networks, resulting in a mutually beneficial cooperation , To achieve common goals. *Social capital* is the how the relationship between economic players and its relationship with economic institutions. good social capital associated with the level of participation in education, good health, and involvement in decision-making, crime, (Putnam et al., 1994); (Xia, M, 2011)

While (Woolcock, 1998) defines social capital as something that includes horizontal linkages within local communities and vertical interconnections. The fourth dimension of social capital is analyzed based on the dimensions of social capital: (1) Integration is the

relationship with family members and neighbors; (2) Linkage )which links with the outside community and between communities; (3) The integrity of the organization are formal institutions at the macro level; (4) Synergy, that is the interaction between government and society.

### **Previously Research**

Many previous literatures show that social capital at the individual and community levels can contribute significantly to poverty reduction. Some some of that, (Zhang et al., 2017). Investigating the relationship between social capital and the probability of households living under poverty. A massive cross-sectional survey in western China province to explore the impact of household social capital on four different poverty measures. The results show that in addition to the structural and relational nature of households' social networks, the types of resources embedded within these networks such as business relations, political relationships and equivalent social organizations can contribute significantly to poverty reduction. Similar observations also like (Xia, M, 2011) and (Abdul et al., 2010), states that social capital is important for poverty reduction.

(Okunmadewa et al., 2005) emphasize support for new studies on investment in social capital. In addition it has been shown that investment in "Local Level Institutions" should be part of the poverty alleviation program. (Pramono, 2012). That social capital has no significant effect on research conducted in Kendal, Central Java. While the type of work and the number of dependents in the household have an influence on poverty. As well with education. (Gounder and Xing, 2012). Also examines the impact of education and health on poverty reduction, both in monetary and non monetary terms. This study was conducted in Fiji using income and household expenditure survey data. Testing of the hypothesis found that returns caused by education are not limited to monetary effects of wages and incomes, but also returns in the relevant nonmonetary form such as healthy behavior and decision making. The empirical findings show that resources invested in education can bring a return to the future of the individual, not only reflected in monetary units, but also to a higher level of basic needs satisfaction

(Pierce et al., 2016); (Woolcock, 1998). Linking between institutions, social capital with poverty alleviation and vulnerability. Institutions can increase the likelihood of success in poverty alleviation.

### **Sample, Data and Method of Analysis**

This research is a survey of poor households in Aceh. The study was conducted in three districts, which represented the development and economic growth zones, That is North Aceh, Bener Meriah and Aceh Jaya. From of this distric, six subdistricts were taken as samples. The research sample was taken in a non random sampling method, namely purposive random sampling because the sample selection was required to meet the criteria set beforehand. This study used primary data obtained by direct interviews using both questionnaires and in-depth interviews with respondents. In-depth interviews were conducted not only with the main respondents, but also with several key respondents in the form of village heads, village officials, and others. related and needed. The number of respondents selected was 300 respondents, which were scattered in selected villages. The answers to each of these questions are measured using a Likert scale.

The analytical tool used in this study is logistic regression, the selection is based on the selected variable is a categorical variable. The variables tested consisted of two categorical

variables, namely social capital and ownership of household assets, and five dummy variables. This variable is chosen because the coastal population is a mixture between urban populations with villages that have cultural background and heterogeneous characteristics, but togetherness and trust built in the community very well. The logistic equation model is:

$$Y = f(\sum_{n=1}^n \beta_n X_n) \dots \dots \dots (1)$$

$$Y = \beta_0 + \sum_{n=1}^n \beta_n X_n + \sum_{m=1}^m \gamma_m D_m + \epsilon \dots \dots \dots (2)$$

Equation 2 is changed in the form of logistic equations so

$$\ln Y = \frac{\hat{p}}{1-\hat{p}} = \beta_0 + \sum_{n=1}^n \beta_n X_n + \sum_{m=1}^m \gamma_m D_m + \epsilon \dots \dots \dots (3)$$

$$\text{Value of } \hat{p} \text{ is } \hat{p} = \frac{\exp(\beta_0 + \sum_{n=1}^n \beta_n X_n + \sum_{m=1}^m \gamma_m D_m + \epsilon)}{1 + \exp(\beta_0 + \sum_{n=1}^n \beta_n X_n + \sum_{m=1}^m \gamma_m D_m + \epsilon)} \dots \dots \dots (4)$$

Where is variable continuous, namely Soc\_Ca is Social Capital, Asset\_RT is the ownership of assets, *Variable Dummy* is composed of: D\_SMP is the chief education RT until junior category (1); Education other than SMP category (0); D\_SMA is head of household education up to SMA category (1); Education other than SMA category (0); D\_Head is the female head of household (1); Male head of household (0); D\_Kerja is the head of permanent working household (1); Not Working (0); Y is a Poor Household (1) or Not a Poor Household (0).

The level of empowerment of a household is measured by the poverty line of households in Aceh 2015 published by BPS at Rp. 390.150.-. Households that have per capita income per month above the poverty line are said to be empowered and given a score of "1", whereas if households have per capita income below the poverty line then it is categorized as defenseless and scored "0". Educational attainment is measured with the education level of the household head, for social capital variables, operationally to measure social capital. This study refers to (Grootaert. *et al*, 2003); (Pramono, 2012). This construct is measured by:

- a. Groups and networks, that is how many groups, organizations, networks or associations, followed by a family. Benefits of the existence of a group, organization, network or association which followed on the family. The diversity of backgrounds of members who follow such groups, organizations, networks or associations. The nature of openness of groups, organizations, networks or associations to the outside world (institutions outside of the institutions that followed). Contribute to the people closest to the difficult times of a household
- b. Trust and solidarity. The construct is linked to the dimension of trust level of a household to household environment where it is located, the sense of security and comfort of living in community. The level of household trust in the government. And willingness to provide support for development in the neighborhood where the household is located.
- c. Collective Action and Cooperation. Namely the involvement of households in the community, whether formal or non-formal meetings and esediaan to cooperate when experiencing environmental problems. Information
- d. Information and communication, the frequency of use of means of communication in the household and the means of communication chosen as a source of information
- e. Social cohesion and inclusion, that is how the difference in a community is able to characterize their village or neighborhood. The consequences arise from such differences. A sense of community togetherness in the form of banquets or activities that can build a sense of togetherness. Involvement of community members in the activities of togetherness.

Once the instrument is said to qualify further the validity and reliability of scores obtained by each respondent is calculated to be an index of each variable with the following formula (Cahyat, *et al* 2007).

$(\text{amount of scor } X_n) - (\text{amount of minimum scor})$

$\text{index Var } X^n = \frac{(\text{amount of maximum scor}) - (\text{amount of minimum scor})}{x} \times 100$

## Results and Discussions

From the model that has been made in the first one to 4 above, then performed hypothesis testing to answer the research question. Test results are shown in table 1.

Table 1.

### Hypothesis Testing Results

Variable	Coefficient	Significancy	Exp (coefficient)	95% CI for Exp (coefficient)	
				Lower	Upper
Constant	30.761	0.005	2.286E13		
Soc_Ca	-, 552	0.008	0.576	0.384	0.863
Asset_RT	-, 023	0.164	0.977	0.946	1,009
D_Head	3,074	0.078	0.046	0.002	1.406
D_SMP	-, 300	0.638	0.741	0.213	2,580
D_SMA	-, 637	0.278	0.529	0.167	1.672
D_kerja	-, 910	0.233	0.403	0.090	1.798

To determine which variables have the greatest influence on poverty, we use Wald's value (Pramono, 2012). Of all the variables tested, social capital and female heads as heads of households have the greatest value. Both of these variables have the greatest influence and significant at 95 percent level of household poverty in Aceh. While the variable of household asset, education of head of household and employment status do not give effect to poverty.

(Kuncoro, 1997) states that the low assets owned by households cause poverty. Assets owned will affect access to markets, especially in productive assets. However Nasir, *et al* in (Pramono, 2012), household assets are productive assets which are ownership of production tools that can increase family income. The definition of assets used in this study is the wealth owned by households, most of which are not productive assets so that they are thought to cause why they do not affect poverty.

The type of work that most of the rural areas in Aceh are involved in is the agricultural sector and the informal sector, where one of the characteristics of the agricultural sector and the informal sector is that it does not require high expertise. Because generally the community working on it does not require special skills, the level of education is not an important factor. This is thought to be the reason why education does not affect poverty.

The results of this study also show that women as heads of households have a contribution to poverty. This variable with a significant level of 0.078 shows a significant



degree of freedom as high as 10 percent. This means that the hypothesis that women as household heads affect poverty can be accepted.

The odds ratio of 0.46 (in Table 1) shows that the odds of increasing poor households with female heads of households are 0.46 times higher than that of male heads of households, assuming all other variables are considered constant.

Social capital variable is statistically significant at 95 percent level, it is seen from the significance value of 0.008 which is also below 0.05 thus the hypothesis that social capital contribute to poverty is acceptable. This is in line with the results found by (Woolcock and Nerayan, 2000); (Pierce *et. al* 2016): (Zhang, *et.al*, 2017); (Abdul.et.al, 2010), that social capital is owned by the community can contribute significantly to poverty reduction. Social capital has a coefficient of 0,552 and an odds ratio of 0,567. We can say that households with better social capital will have more prosperity as much as 0.57 times compared with low social capital population.

### **What is the Importance of Social Capital in the rural community of Aceh?**

Social capital in this study was analyzed using the dimensions of Groups and Networks, Trust and Solidarity, Collective Action and Cooperation, Information and Communication, Cohesion and Social Inclusion. (Grootaert *et al.* 2003), that social capital is defined as social norms and relationships that are integrated in the structure of society and enable people to cooperate in acting to achieve goals. Social capital has become a force for survival for the people of Aceh or at least still survive even in poor conditions.

Households that are members of one or more networks have a higher level of empowerment than those without networks. From the field observations, people who have networks are easier to solve the problems faced. Group members who are members of one group have good emotional ties between groups. The groups that are followed also provide benefits in employment, farmer households that are members of groups are generally easier to get agricultural production facilities such as fertilizer and agricultural medicines they need.

A network that is one of the dimensions that make up social capital allows group members to work together to produce something big. Interaction in groups will result in accumulated knowledge that will run faster through interaction between group members. Such conditions become the strength of the organization, because it can create various innovations. Knowledge and expertise possessed by one group will be transmitted more quickly to other group members through social interaction, even fellow group members deliberately to share their knowledge and expertise and experience.

The rural community of Aceh has a spirit of togetherness, trust, cooperation and group. This social capital dimension is used to provide economic and social benefits. Village communities that are often connoted with the poor, the problem of meeting household needs is their daily problem. When community members experience economic difficulties, they can borrow temporarily, this is because there is a sense of togetherness and mutual assistance (due to trust, togetherness and solidarity). This has been practiced as one of the ways they survive in material deprivation. The solidarity that is built up among the population, stronger in the equal strata of society, the reason given is a sense of comfort and not inferior when trust is built in the same strata. For individuals or networks. In rural communities that have limited resources, both physical resources and economic resources, social capital in the form of trust and norms of reciprocity are used to obtain resources used in business activities, Patron- clients relations provide benefits in reducing transaction costs to obtain resources and economic activities.

Several studies that have been carried out support this finding, (Putnam,1993) shows evidence that economic growth is strongly correlated with the presence of social capital. (Pramono, 2012) states that people who are blessed with high social capital (networks) are in a better position to overcome poverty and vulnerability problems. The same thing was also mentioned by (Abdul,et.al, 2010); (Sirven, 2006) which states that social capital plays an important role in poverty alleviation, high social capital, high participation in social activities in a society will reduce the risk of a household becoming poor.

**Conclusion** his research is to see the relationship between social capital and community poverty in Aceh. The results of this research hypothesis testing show that social capital has an influence on household poverty in the rural community in Aceh. Social capital variables contribute to poverty alleviation efforts, the greater the social capital owned by the community, the greater the chance to get out of poverty. While the female variable as the head of the household as an additional variable shows that if the head of the household is a woman, the chance of becoming poor becomes greater. Social capital is an asset owned by Aceh's rural communities that can give them a way to survive and get out of poverty, or at least they can survive even in poor conditions. In this case, social capital is a force or potential that can be developed to empower the poor in Aceh.

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