

# The Strategy of Urban Poverty Alleviation Through Empowering the Young Unemployed People in Municipality of Semarang, Central Java-Indonesia: Introducing A-B-G-C Collaboration\*

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Semarang municipality as a capital city of Central Java Province has multidimensional urban poverty problem, particularly with the unemployed young potential skilled people. This phenomena is likely correlate with the higher criminal rate in the city. The main objective of this study is to formulate the empowerment strategy by introducing informal educational/extension program to the targeted group. Mixed-method of quantitative and qualitative has been employed to develop the strategy posed. Thereafter 152 persons were selected using quoted purposive sampling. Focus group discussion (FGD) and in-depth interviewed with 20 persons of competent key-persons (informant) were also conducted as media to construct the strategy of empowerment to improve their social status. The results showed that the young people targeted were interested to create their new employment, among others mostly were as mechanic in the workshop of motor or car, operator or worker in garment and/or other industry, and opening small restaurant business. However, the suitability of their interest versus their talent may or may not match all the time. Thereby, it is indeed necessary to be adjusted and negotiated accordingly. In this case, the government plays a significant role as the mediator in order for better achievement and benefit to both side (between the supplier of human resource and its users in the field). Lastly, perhaps co-management approach with A-B-G-C (academician-business-government-community) collaboration arrangement should be applied as the way forwards to formulate the suitable empowerment strategy to induce the self-employment for the targeted respondents through informal education.

*Keywords:* urban, poverty, alleviation, young, unemployment, strategy, semarang, Indonesia

## Introduction

Many problems of urban poverty are rooted in a complexity of resource and capacity constraints, inadequate

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government policies at both the central and local level, and a lack of planning for urban growth and management. Given the high growth projections for most cities in developing countries, the challenges of urban poverty and more broadly of city management will only worsen in many places if not addressed more aggressively. Currently, an estimated one third of all urban residents are poor, which represents one quarter of the world's total poor (Ravallion, Chen, & Sangraula, 2007). Many of these are in small cities and towns where the incidence of poverty tends to be higher than that in big cities (Baker & Lall, 2003). While these proportions have not changed dramatically in the last 10 years, with continued urbanization, the numbers of the urban poor are predicted to rise and poverty will increasingly be an urban phenomenon.

In the coming years and decades, urban poverty will become a major challenge for policymakers in the Asian and Pacific region. As the urban population of the region is growing, so is urban poverty. Poverty reduction tools and approaches that have been developed for rural poverty reduction will not work in urban areas, because urban poverty is different in nature from rural poverty. To address urban poverty effectively, policymakers at the national and local levels need a good understanding of the nature of urban poverty as well as accurate data that present its dynamics, trends and conditions (United Nations Economic and Social Council, 2007). The growth of urbanization in Asia averaged for 39.8% in 2005 (United Nations, *World Urbanization Prospects: The 2005 Revision* (ESA/WP/200)), while the urban informal sector is not simply the result of a lack of job opportunities in the formal sector. Working in the informal sector is often a deliberate and rational choice, particularly for low-income entrepreneurs, because the regulatory framework sets too many requirements for a small-scale, start-up enterprise. The potential advantages of operating in the formal sector (access to services, legal protection) too often do not match the costs. Moreover, formal enterprises may not meet the demands of poor customers adequately. The goods and services they supply tend to be too expensive or sold in quantities unsuitable for the poor, who want to make small purchases on a daily or almost daily basis and need flexible payment arrangements (Committee on Poverty Reduction, World Bank, 2007).

Martin Ravallion (2010) said that the choice between \$1.00 a day and \$1.25 a day (or even higher lines) makes no difference to the Bank's claim that measures of absolute poverty have fallen in the developing world over 1981-2005. Indeed, Chen and Ravallion (2010) showed that this claim was robust to using global poverty lines anywhere between India's line and the official poverty line used in the United States, which was \$13 a day in 2005 (per person, for a family of four).

Semarang is a capital city of Central Java Province which covers about 373.7 km<sup>2</sup>. It lies in the northern part of Central Java with population of 1,453,549 persons (2007), of which 152,436 persons (10.5%) are categorized within poverty threshold of income, settlement, and assets property. As the biggest city in Central Java, Semarang attracts migrants from the surrounding areas. As metropolitan city, employment avails in Semarang is dominantly by formal sector in which tend to unflexible. The unemployment is relatively high (243,483 persons or 16.8% of the population) which may worsen the poverty rate of Semarang. In fact, the unemployed people mostly fall within the productive age cohort. From the initial result of the study indicates that about 10% to 15% of people in Semarang city is likely to fall to the poverty line of \$1.00 to \$1.50 per day. Therefore, it is timely to obtain a suitable strategy of urban poverty alleviation through empowering the young unemployed people in municipality of Semarang, Central Java-Indonesia. At the moment the study has not completed yet, nevertheless the ultimate goal of the study is to develop and test a model of poverty alleviation in urban area of Indonesia with

a special reference to Semarang city. It is hoped that the findings in this study will shed some light on how to formulate strategies for empowering the targeted group of urban poor people in Semarang city.

### **Materials and Method**

Baker (2008) indicated that the strategy of poverty alleviation in Vietnam was an example that stands out for its success in growth and poverty reduction. This is attributed to trade liberalization, export promotion in labor-intensive manufacturing, and substantial investments in infrastructure and education. The country invested heavily in infrastructure, prioritizing large infrastructure investments over rural infrastructure, targeted to regions with high numbers of poor people and high growth potential. The growth and poverty impact of this strategy has proven to be very successful (Besley & Cord, 2007). The programs aimed at the urban poor can be categorized as three types: (1) Those aimed at improving living conditions mainly through slum upgrading but also through public housing schemes, sites and services schemes, providing access to credit and housing finance, rent control, land titling, infrastructure improvements and utility subsidies; (2) Programs aimed at improving the income of the poor such as job training, micro-enterprise development, and the provision of childcare; and (3) Safety net programs targeted to the most vulnerable such as cash transfers, food stamps, feeding programs, fee waivers, subsidies, and public works programs. This study related to the second aim mentioned above.

Measuring urban poverty is not an easy task (Baker, 2008). There are numerous debates around the topic of poverty measurement related to the use of money metric approaches given the multidimensional nature of poverty, where to set poverty lines, and how to account for the higher cost of living in urban areas in national level poverty estimates (Ravallion, 2003; Bhalla, 2002; Reddy & Pogge, 2003; Sala-i-Martin, 2002). There are also debates on the definition of “urban” which affects estimates of urban poverty (An “urban area” is typically defined by country statistics offices as a non-agricultural production base and a minimum population size—often 5,000). There are substantial differences in practice across countries (UN Statistics Division). While addressing these debates, at the moment this study using a proxy of the three dimension of poverty as suggested by United Nations Economic and Social Council (2007) to outline the strategy of empowerment program, namely: lack of income, lack of access and lack of power.

The main objective of the study is to formulate the empowerment strategy in relation to urban poverty alleviation for Semarang Municipality through improving the individual capability with informal educational program. The specific objectives are: (1) To do mapping for the targeted group of unemployed-poor people at productive age and have potential skill in Semarang; (2) To analyze the demand and supply behaviors of labors from the targeted group observed (interaction between: potential supplied by urban poor people which can be demanded by the industries and/or self employment); and (3) To formulate the suitable empowerment program to alleviate the urban poverty of Semarang.

About 39.05 million (38.7%) of Indonesian population was under poverty line in 2009. While in 1996 this number was 22.6 million only. The higher increase of population could cause dissipating the quality of people life. Suryadi (2007) found that many unemployment in productive age and they did not have enough skills to compete in the market, then it will worsen the poverty rate. The poor people in Semarang city was 152,436 persons (about 10.49%) and the unemployment rate was 243,483 persons (16.75%) (Statistical Bureau Office, 2007). Hence, Semarang Municipality is selected as the study area since it has characteristics of urban poverty. Moreover, it is

likely a higher criminal rate due to high unemployment of the young people which might be caused by default of being the capital city of Central Java province as a center of urbanization and also missed-match in expected job wanted by the labor force in the city. The targeted respondents' criteria are resident of Semarang within a productive age cohort; she or he is unemployed during the period of study; and they are within poverty range by criterion. The primary data were collected from the targeted respondents of 150 persons using quoted purposive sampling. Focus group discussion (FGD) and necessary in-depth interview have also been done with 20 persons. FGD is aimed to explore the problem encountered in the field and to grasp idea of empowerment strategy that should be designed. Mixed-method of quantitative and qualitative has been employed to develop the strategy posed (Susilowati, Mujahirin, Tri, & Agung, 2004).

## Results and Discussion

The urban poverty presented in this paper is a part of an on-going umbrella project. The results shown here is in developing the model of poverty alleviation through empowering the poor people in Semarang city. While the tested (final) model perhaps will be completed in the next years after undergone by trials. Nevertheless, the phenomena found in the field have reflected the unique characters of urban poverty of Semarang.

### Profile of Respondents at Glance

There are five sub-districts in Semarang covered by this study, namely: (1) Semarang Barat,  $n = 29$ ; (2) Semarang Timur,  $n = 31$ ; (3) Semarang Utara,  $n = 33$ ; (4) Semarang Tengah,  $n = 30$ ; and (5) Semarang Gajahmungkur,  $n = 29$ . The total samples for urban poverty in Semarang city were 152 persons.

Respondents mostly have three-five persons of family member. At least the education level of respondents was graduated from elementary school and the highest level of education was senior high school and none of respondent had diploma or bachelor degree. Their age range is from teenager to 50 years. The portrait of respondents is shown in Table 1.

Table 1

#### *Profile of Urban Poverty Respondents in Semarang Municipality*

No.	Description	Kec. Sng Barat $n = 29$	Kec. Sng Timur $n = 31$	Kec. Sng Utara $n = 33$	Kec. Sng Tengah $n = 30$	Kec. Sng Gajahmungkur $n = 29$
1.	Family members					
	1	0	0	0	0	0
	2	0	0	0	0	0
	3	6	3	2	4	9
	4	2	5	3	5	1
	5	2	4	2	1	1
	>5	1	2	5	3	0
2.	Education level					
	No School	0	0	0	0	0
	Elementary (SD)	6	6	6	6	6
	Junior High School (SMP)	5	5	5	5	5
	Senior High School (SMA/SMK)	20	20	20	20	20
	Diploma	0	0	0	0	0
	Bachelor	0	0	0	0	0

(Table 1 continued)

No.	Description	Kec. Sng Barat <i>n</i> = 29	Kec. Sng Timur <i>n</i> = 31	Kec. Sng Utara <i>n</i> = 33	Kec. Sng Tengah <i>n</i> = 30	Kec. Sng Gajahmungkur <i>n</i> = 29
2.	Education level					
	No School	0	0	0	0	0
	Elementary (SD)	6	4	3	1	1
	Junior High School (SMP)	5	8	7	4	6
	Senior High School (SMA/SMK)	20	21	19	23	22
	Diploma	0	0	0	0	0
	Bachelor	0	0	0	0	0
3.	Age					
	10-20 yrs	9	12	9	9	8
	21-30 yrs	8	8	11	17	9
	31-40 yrs	9	10	7	2	6
	41-50 yrs	5	3	2	0	6
	51-60 yrs	0	0	0	0	0
	>60 yrs	0	0	0	0	0
4.	No. of children					
	1	6	3	4	2	5
	2	4	2	6	5	4
	3	3	3	1	3	3
	4	0	0	0	1	0
	5	0	0	0	0	1
	>5	2	5	3	2	0

Note. Source: primary data, processed, June 2010.

### Pattern of Respondents' Income and Expenditure

About 30%-40% of respondents' expenditure for food was spent buying staple food (rice) and followed by the portion of dish for protein intake but less amount for fruits and milk. This is a typical expenditure pattern for low-income level of household in both rural or urban area (see Table 2). Suprisingly, the bigger portion of non-food expenditure of resirpondents was spent on education, electricity and clothing (see Table 3). This is a good point, although respondents have a very limited income but their awariness of educating their family members is significant. This implies that many people in the city have perceived that education is the most effective media to enter the labor market sought by the users.

Table 2

#### *Pattern of Respondents' Expenditure for Food per Week*

No.	Sub-district	Rice	Vegetable	Protein intake	Fruit	Drink/Juice	Others
1.	Semarang Barat	39.19%	19.27%	26.71%	1.42%	10.46%	2.94%
2.	Semarang Timur	39.02%	18.74%	27.02%	1.05%	9.54%	4.62%
3.	Semarang Utara	38.41%	21.29%	29.38%	1.72%	6.32%	2.88%
4.	Semarang Tengah	34.49%	22.04%	32.21%	1.28%	7.81%	2.17%
5.	Gajahmungkur	33.68%	23.25%	34.77%	0.99%	1.64%	5.66%
6.	Kota Semarang	37.25%	20.86%	29.78%	1.34%	7.19%	3.58%

Note. Source: primary data, processed, June 2010.

Table 3

*Pattern of Respondents' Expenditure for Non-food per Week*

No	Sub-district	Clothing	Housing	Education	Health	Electricity	Social
1.	Semarang Barat	6.21%	0.00%	68.32%	7.63%	14.75%	3.08%
2.	Semarang Timur	8.06%	0.00%	75.65%	0.00%	13.43%	2.86%
3.	Semarang Utara	11.99%	0.56%	70.19%	0.00%	12.82%	4.43%
4.	Semarang Tengah	10.40%	0.00%	67.28%	0.00%	16.96%	5.37%
5.	Gajahmungkur	7.76%	0.00%	17.15%	0.00%	17.15%	4.74%
6.	Kota Semarang	31.98%	0.41%	25.62%	4.86%	43.01%	14.14%

*Note.* Source: primary data, processed, June 2010.

### Poverty Characteristics

The housing condition occupied by the observed poor people is mostly far from the ideal as noted by 60%-75% of respondents. Almost all of respondents are able to access the communication media especially TV and cell phone. They use dug-well as the sources of water supply (70%-90% of total respondents). The poverty indicators from the physical aspect are rather below the minimal standard defined by Worldbank or WHO. But it is believed that it is still within the range of tolerable urban poor criteria in Asia and Pacific.

The income of respondents in all sub-districts in the study area was about Rp.450,000 per month or approximately Rp.15,000 per day. Assuming the exchange rate pecked in Rp.9,100, for 1USD, thus income per day is about USD1.65. This is confirmed by the Martin Ravallion (2010) who said that the choice between \$1.00 a day and \$1.25 a day (or even higher lines) makes no difference to the Bank's claim that measures of absolute poverty have fallen in the developing world over 1981-2005. In contrast, the expenditure per day spent by respondent was about USD2.75 per head. Therefore, when it is calculated in monetary value actually respondent has to pay the deficit spending about one US dollar every day per person. One household consists of four persons, for one day the head of household need find the debts of at least USD4.00 in order to live using minimal standard with their neighbors. The question now is how to cover this deficit. At the moment "Asian solution" is the best answer, through seeking the helps of families, neighbors and other parties who are willing to share their empathy. This condition will going worsen particularly to the person who has no job at all (about 60%-70% of total respondents) and only 40%-30% with on-and-off job.

The educational and skills capacity of respondents remain relatively lower (see Table 1 and Table 4) than the demand of labor as stipulated by the industry or enterprises in the adjunction. Therefore, respondents are often lacking in access and power to breakthrough the qualified labor's market.

### Strategy of Empowerment

Among the available job opportunities, respondents prefer to work in motor-cycle and car workshops, garment industry or tailor and trading or sales as shown in Table 5. Each person has his/her talent, hobby and keenness on a certain speciality which needs to be grown accordingly. However, their expected job may not always match with the available job opportunity offered by the neighbourhood industries. Therefore, it indeed need a strong encouragement in order to meet the demand and supply for labour in the study area (see Table 5). Moreover, providing a portrait of empowerment program and also its steps for designing the strategy are shown in Appendix A.

Table 4

*Poverty Indicators Attributed by Respondents*

No.	Description	Kec. Smg Barat <i>n</i> = 29	Kec. Smg Timur <i>n</i> = 31	Kec. Utara <i>n</i> = 33	Smg Kec. Smg Tengah <i>n</i> = 30	Kec. Gajahmungkur <i>n</i> = 29	Kota Semarang <i>n</i> = 152
Physical condition							
1.	Housing ownership						
	Own property	76.92%	81.82%	83.33%	78.57%	84.62%	80.95%
	Rent/ contracted	23.08%	18.18%	16.67%	21.43%	15.38%	19.05%
	Housing condition <sup>a</sup>						
	Feasible	30.77%	36.36%	25.00%	35.71%	41.67%	33.87%
	Not feasible	69.23%	63.64%	75.00%	64.29%	58.33%	66.13%
	Land ownership						
	Individual (HM)	76.92%	63.64%	66.67%	64.29%	76.92%	69.84%
	Belong to the state	23.08%	36.36%	33.33%	35.71%	23.08%	30.16%
2.	Assets <sup>b</sup>						
	Furniture	91.31%	90.91%	83.33%	78.57%	84.62%	85.71%
	Cupboard	100%	100%	91.67%	100%	100%	98.41%
	TV	92.31%	90.91%	100%	85.71%	92.31%	93.65%
3.	Water supply						
	Well	69.20%	81.00%	70.25%	70.55%	87.67%	87.67%
	Buy <sup>c</sup>	5.00%	3.40%	5.00%	3.00%	-	3.13%
	State water supply (PDAM)	25.80%	15.60%	24.75%	26.45%	12.33%	10.00%
Non-physical							
4.	Job						
	Permanent	10%	7%	10%	20%	15%	15%
	Not permanent	90%	93%	90%	85%	85%	85%
5.	Income and expenditure (per month) <sup>d</sup>						
	Income	400,000-700,000	400,000-700,000	400,000-700,000	400,000-700,000	400,000-700,000	400,000-700,000
	Expenditure	500,000-800,000	500,000-800,000	700,000-1,000,000	600,000-800,000	500,000-900,000	500,000-1,000,000
6.	Unemployment						
	No job	64.52%	67.65%	57.14%	58.62%	65.52%	62.91%
	Disguise	35.48%	32.35%	42.86%	41.38%	34.48%	37.09%
7.	Potential Skills						
	Low	20.00%	25.71%	14.81%	26.67%	24.14%	22.22%
	Medium	37.5%	54.71%	62.96%	50.00%	58.62%	50.33%
	High	43.75%	28.57%	22.22%	23.33%	17.24%	27.45%

Notes. <sup>a</sup> just sufficient for shelter; <sup>b</sup> very minimum; <sup>c</sup> buy in gallon; <sup>d</sup> If exchange rate is 1USD = Rp.9,100 median income per month about Rp.450,000 (or equivalent to USD1.65 per day); median expenditure per month about Rp.750,000 (or equivalent to USD2.75 per day). Source: Primary data, processed, June 2010.

Table 5

*Expected Job Preferred by Respondents*

No.	Description	Smg Barat	Smg Timur	Smg Utara	Smg Tengah	Gajah Mungkur
1.	Printing	0.00%	0.00%	2.33%	1.51%	0.00%
2.	Salon	1.20%	4.71%	2.65%	5.78%	0.71%
3.	Sewing/ Tailor	4.58%	14.29%	3.29%	7.18%	19.26%
4.	Motor Workshop	17.00%	26.51%	15.47%	10.52%	28.18%
5.	Car Workshop	2.60%	10.67%	4.88%	18.23%	11.67%
6.	Electronic Repairs	3.67%	1.24%	0.29%	1.85%	3.27%
7.	Car Wash	5.40%	3.76%	6.15%	3.43%	3.83%
8.	Motor Wash	11.60%	8.60%	8.60%	9.89%	7.63%
9.	Trading	52.75%	22.91%	53.62%	47.28%	20.83%
10.	Other	1.30%	7.33%	2.72%	1.73%	4.98%
Total		100%	100%	100%	100%	100%

Note. Source: Primary data, processed, June 2010.

### Concluding Remarks

It should be realized that many of respondents (poor people in the city) are lacking in income, access (such as lobbying, communication, etc.) and power. Consequently, they have low bargaining position in labor supply. At the moment, the demand for labor by the neighborhood enterprises or companies is relatively high but of course with skillful requirements. Hence, there are four steps of empowerment strategy: (1) Mapping the target of potential labours supplied by urban poor people in Semarang; (2) Analyzing the “market” condition: interaction between: potential supplied by urban poor people which can be demanded by the industries and/or self employment; (3) Formulating the suitable empowerment program; and (4) Estimating the transaction cost needed to implement the selected (best) scenario of empowerment program to alleviate the urban poverty in the study area. For the success of implementation on empowerment program, therefore it needs to introduce the academician-business-government-community (A-B-G-C) collaboration to the stakeholders involved.

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## Appendix A

Table A1

Results of Test on Psychological of Potential Respondents' Work Interest

Items	No. of respondents	Rank by potency
A. Intelegencia		
1. General	63	4
2. Verbal	115	1
3. Special	97	2
4. Thinking micro	89	3
5. Thinking macro	35	5
B. Personality		
1. Emotional stable	122	3
2. Confident	98	5
3. Social relationship	126	2
4. Responsible	138	1
5. Motivation in vision	74	7
6. Compliance in rules	119	4
7. Motivation in leadership	31	9
8. Adaptive	60	8
9. Communication	85	6
C. Working		
1. Responsive	33	6
2. Prudent	56	5
3. Keen	112	2
4. Survival	127	1
5. Initiative	97	3
6. Cooperative	80	4

*Notes.* Source: adapted from psychological test format with necessary modification.

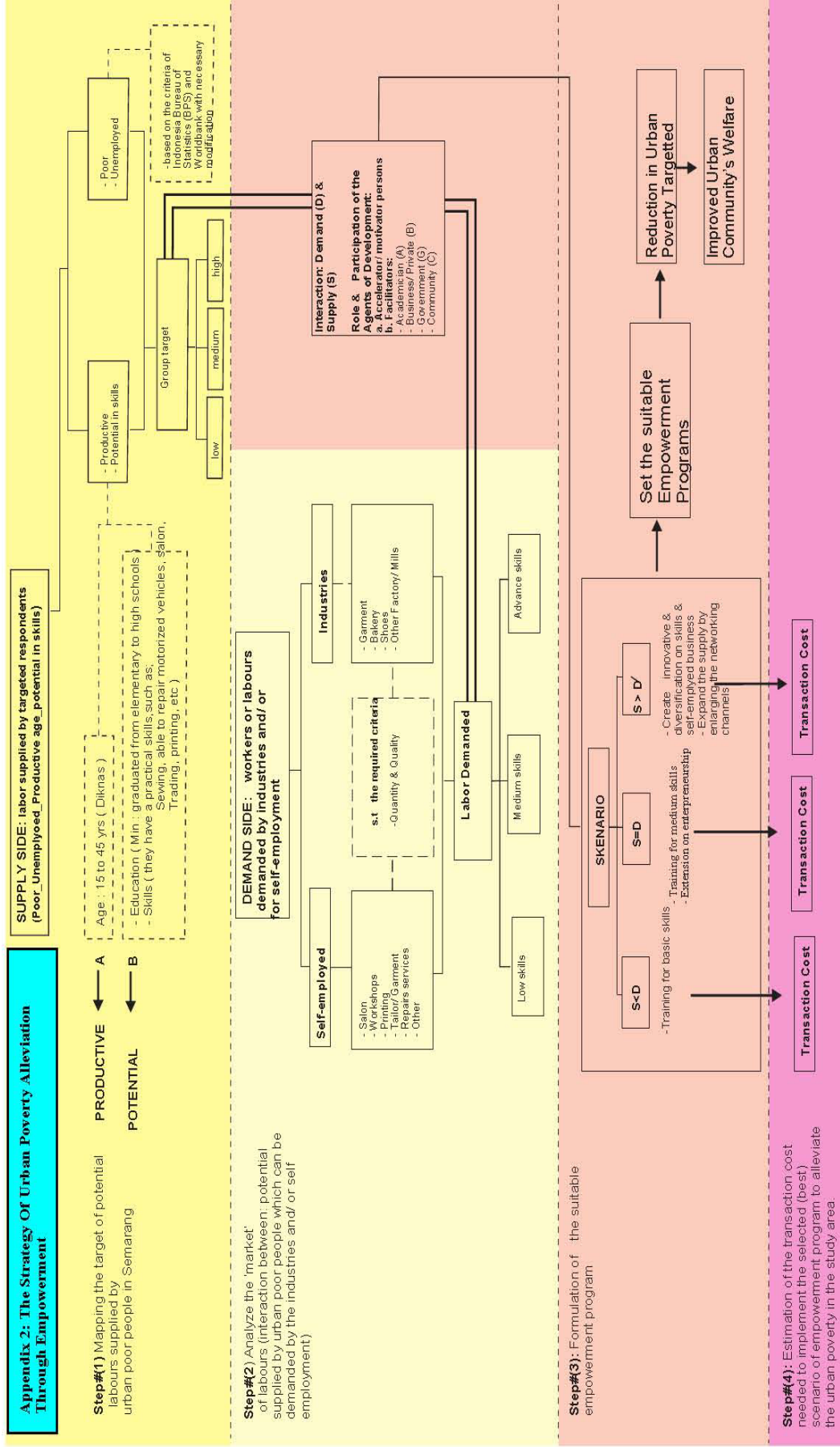


Figure B 1. The strategy of urban poverty alleviation through empowerment.