

System Development of Business Mentoring for Beneficiary Family in Alleviating Extreme Poverty in Indonesia Using Digital Marketing (Case Study in Pemalang Region)

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Abstract. According to the Central Bureau of Statistics (BPS), although the national extreme poverty rate, in March 2022 it was 2.04 percent or 5.59 million people, a decrease compared to March 2021 of 2.04% or from 5.59 million people to 5.8 million which is 2.14 percent or 5.8 million people, but there are several areas in Indonesia where extreme poverty rates are still high, one of which is Pemalang Regency. Hope Families Program (PKH) for Beneficiary Family (KPM) in this district through Social Entrepreneurship Training (ProKUS). By involving business incubators at tertiary institutions to provide business mentoring, this process involved 500 KPM, 20 mentors, and 64 facilitators. This research aims to develop system business mentoring through digital marketing of small business products that are used in the mentoring process during five months. The method used is through literature studies to create an efficient and sustainable mentoring model involving 3 multi-stakeholders, namely government-business and academia. The form of activity carried out is mapping the results of needs, training for KPM and local assistants with topics: business motivation, financial literacy, product photos and digital marketing. The results are increased knowledge for BF regarding financial literacy and digital literacy as evidenced by increased sales turnover, product packaging improvements and promotion capabilities on social media which are supported by the web-based platform www.semaibisnis.id. The business mentoring model through a business incubator is a system that effective and efficient because it is measurable and directed in terms of the success indicators of the PROKUS program.

Keywords: Extreme Poverty, Beneficiary Family, ProKUS, Business Mentoring, Digital Marketing

INTRODUCTION

Reducing extreme poverty is the government's priority agenda according to the direction of the President of the Republic of Indonesia in a limited meeting regarding the strategy to accelerate poverty reduction on March 4, 2020, extreme poverty is targeted to decrease to zero percent in 2024. Extreme poverty is measured using a consistent absolute poverty measure so that it can be compared between countries over time. One of them is by following the World Bank's definition, namely purchasing power parity/PPP below US\$1.9 per day [1]. In [2] it was stated that in 2017, the value of US\$1.9 PPP was equivalent to IDR 11,941 per capita per day. Indonesia's extreme poverty rate in 2021 is 4 percent with a total of 10.86 million extremely poor people, so with this terminology, alleviating extreme poverty will be more feasible and in line with the Sustainable Development Goals (SDGs). For the extreme poverty

rate to drop to zero percent by 2024 to be achieved, an extraordinary program is needed. It must also be ensured that it can be executed before the end of 2021.

Poverty alleviation has occupied a high position on the international development agenda following the adoption of the United Nations Millennium Development Goals (MDGs) in 2000. Various studies have been conducted by researchers around the world examining the effect of reducing poverty by developing small businesses.

According to [3] study, empowering micro, small, and medium-sized companies (MSMEs) is one of the most effective ways to address poverty in Indonesia under these circumstances. MSMEs in Indonesia have seen remarkable advancements in recent years, which have had an effect on the national economy.[4] claim that the emergence of MSMEs can help to further reduce poverty and improve socioeconomic conditions by absorbing more labor, increasing income, and accelerating economic growth.[5] in his article states that SMEs can be relied upon in poverty alleviation. Meanwhile, [6] argues that the poor can act as producers and poverty can be reduced not only by providing employment but also by providing decent income through SMEs as employment opportunities.

[7] conducted a study that stated that average income growth has become the main driving force behind poverty reduction. [8] examines how financial sector development policies can contribute to poverty alleviation, particularly by supporting the growth of micro and small (MSME). In particular, this paper draws on case studies and empirical work on the changing role of MSEs in development processes and their access to informal and formal finance, including the role of microfinance..

[9] conducted a study and review that examined the role of small and medium enterprises in poverty alleviation in Nigeria. The study found that SME development affects poverty alleviation and also the training organized by SMEDAN influences SME job creation. [10]concluded that the importance of small and medium enterprises (SMEs) in poverty alleviation and job creation is widely recognized. Despite high failure rates among SMEs, particularly in the African context, some are struggling with excellent results and showing signs of growth, innovation, and sustainability.

The Government of the Republic of Indonesia has decided that in the short term, it will focus programs on areas with high extreme poverty problems—areas that have the highest number and percentage of extremely poor people. One of the areas that has become the focus of the acceleration of extreme poverty alleviation is Pemalang Regency, which has a percentage of poor people of 16.02% and a percentage of extremely poor people of 9.52% of the total population of 209.30 people [11]

As the leading sector in poverty alleviation, the Ministry of Social Affairs of the Republic of Indonesia is continuously trying to implement poverty reduction, among others, by increasing the number of Program Keluarga Harapan (PKH) beneficiaries to 10 million Beneficiary Families (*Keluarga Penerima Manfaat-KPM*) and transforming from food subsidies to Non-Cash Food Assistance (*Bantuan Pangan Non Tunai*) with the number of beneficiaries in 2021 there will be 18.8 million KPM throughout Indonesia [12].

[13] Stated that poverty alleviation policies are directed at efforts to increase the income of the poor and vulnerable and efforts to release their dependence on social assistance. To realize the independence of the poor and vulnerable, the Directorate General of Social Empowerment seeks to develop innovative poverty reduction programs by carrying out social empowerment efforts through the Social Entrepreneurship Program (ProKUS) which is expected to be an alternative activity to break dependence on Beneficiary Families (KPM).

The implementation of ProKUS in Pemalang Regency was carried out based on the results of the selection and location determination carried out by the Indonesian Ministry of Social Affairs based on Integrated Social Welfare Data (DTKS) which had been verified by the Directorate General of Social Empowerment and matched data originating from the Directorate of Family Social Security. There were 2,814 data on KPM candidates, and 500 KPM were selected which had been determined by the Ministry of Social Affairs [14]

A study conducted by [5] through a literature survey found that the role of MSEs had a significant impact on reducing poverty even though the data collected from the survey showed that MSEs faced many limitations, including access to markets, financial support, and training. [14] stated ProKUS in Pemalang Regency has several goals, namely increasing the ability of KPM, increasing access and increasing KPM assets in order to achieve the welfare of KPM PKH through the form of capacity building activities through business incubation and mentoring, social assistance and provision of productive business assistance in the form of cash funds.

METHOD

Micro Small Medium Enterprise (MSME) Training

Entrepreneurship is one of the most effective ways of alleviating poverty in developing countries. Effective entrepreneurship requires a psychological approach — in particular, an active agent approaches [15]. He presents two different training interventions namely: (1) focusing on increasing the personal initiative of entrepreneurs from developing countries, (2) aiming to increase the startup rate in these developing countries by increasing the entrepreneurial skills and motivation of participants. [16]developed action-based entrepreneurship training. This training provides a special focus on action to the extent that participants learn the principles of action and are involved in starting a business during the training. He hypothesized that a set of action-regulating factors mediates the effect of training on entrepreneurial action. We evaluated the impact of training over a 12-month period using a randomized control group design.

Incubation Models

[17]define an incubator as an organization that aims to support the creation and growth of new businesses, by providing a shared office environment and agglomeration of new businesses that are still small. [18]have defined the definition into 2 points of view, namely: (1) Business incubation organizations (in its broadest sense) are organizations that support the foundation or growth of new businesses as a central element of their organizational goals. (2) Business Incubator (in the narrow sense) is a business incubation organization that supports the establishment and growth of new businesses with both tangible (e.g. space, shared equipment, and administration services) and intangible (e.g. knowledge, network access) resources over a flexible period and funded by a sponsor (eg government or company) or self-financed by taking the space rent from the incubation process.

The incubation process begins with (1) Search and Selection of Tenants to become incubators or business actors who are incubated (2) Business support services are increasingly prominent and relevant in the incubator business model, where the provision of large office space and facilities is secondary. (3) For example, examine the various knowledge agents that surround the incubator and examine the knowledge flow that occurs in the context of association with incubation. They distinguish between technology knowledge carriers, market knowledge carriers, and financial resource carriers [19]

Government Engagement

This study uses the theory of the government's role according to [20] and [21] which concludes that there are four main indicators in optimizing the role of local government in alleviating extreme poverty in namely (1) Entrepreneurship, local government is responsible for running a business by utilizing the potential land and buildings for business purposes, (2) Coordinator, local government can act as a coordinator to set policies or propose strategies for development in their area. The government takes an approach in which a plan is drawn up as a joint agreement between the government, entrepreneurs, and community groups, (3) Facilitator, local government can accelerate development through improving the behavioral environment in their area. This role can include streamlining the development process, improving planning procedures and establishing regulations and (4) Stimulator, local government can stimulate business creation and development through special actions which will influence the company to invest in the area.

Business Mentoring Model

The mentoring process carried out by the SBS Business Incubator refers to the ProKUS typology [22], namely social entrepreneurship grouping for KPM PKH which consists of aspects of increasing business capital including money, goods, and so on used to run the business. The proposed model: (1) Increase Business Income, namely all business receipts in the form of money or the form of goods originating from other parties as well as the results of their operations which are valued based on the amount of money from the results of operations carried out at a certain time, (2) Social Concern, is an attitude that arises based on concern on the surrounding environment. Measured by the ability of the business to employ someone from another party and provide wages or salaries agreed by both parties, (3) Marketing of Business Results, namely activities carried out by KPM to promote the results of the products or services provided. Marketing aspects include promotion, advertising, sales, and delivery of products

to customers, (4) Increase in Business Turnover, which is obtained from sales proceeds during a certain period, and is calculated from the amount of money earned which has not been deducted by operational costs, both fixed costs and variable costs and (5) Increase in Total Assets or assets are all wealth owned by KPM, both movable and immovable assets.

RESULT AND DISCUSSION

Training Target Data

The process for determining prospective KPM PKH ProKUS recipients in Pemalang Regency is carried out as follows: (1) Receiving data from the Indonesian Ministry of Social Affairs as many as 2184 By Name By Address (BNBA) from the Social Welfare Integrated Data-DTKS which then selected 500 Beneficiary Family BNBA names, (2) Establish the following Beneficiary Family ProKUS requirements: eligible, own business, and have an active business, (3) Verify and validate the PPKH Mentor in Pemalang Regency and reconfirm with data from the Pemalang Regency Social Service, and (4) Submit data to SBS Business Incubator to make a Beneficiary Family Decree signed by the incubator and know the local government agency. The data obtained are shown in **TABLE 1** below:

TABLE 1. Varian Product of Beneficiary Family (# Total : 500)

Type of Product	No of Unit	Percentage (%)
Food and Beverage	287	57.4
Groceries	72	14.4
Fresh Raw Material (Vegetables, Chicken etc)	62	12.4
Convection	32	6.4
Others	31	6.2
Jamu	8	1.6
Workshop	3	0.6
Cattle	3	0.6
Processing	2	0.4
Total	500	100

The Beneficiary Family's income prior to the incubation process was obtained by the ProKUS Team using interview methods and field visits conducted by the SBS Business Incubator. Approximately 33.6% of Beneficiary families have an income of IDR 1,000,000 – IDR 1,500,000, and this data is used as an indicator of program performance listed in **TABLE 2** below:

TABLE 2. Data of Beneficiary Family Turnover Before Incubation Process (# Total : 500)

Total Gross Turnover IDR / Month	No of Beneficiary Family	Percentage (%)
Below 1.000.000	57	11.4
1.000.001 - 1.500.000	168	33.6
1.500.001 – 2.000.000	145	29.0
2.000.001 – 2.500.000	75	15.0
Above 2.500.000	55	11.0
Total	500	100

The training model as part of the incubation process (Sudana 2018) is applied to the BF mentoring process, and from the results of the needs mapping according to the table above it is concluded what type of material will be provided during the training according to the questionnaire. The training material provided is: Motivation for KPM PKH and PPKH Mentors, On-Line and Off-Line Marketing, Financial Management - Simple Financial Governance, and Product Photos, Branding Packaging (Prokus Team 2022)

Digital Product Showcase

In the mentoring process, the SBS UNISBANK Business Incubator and the SBS Mentor assisted the PPKH local Mentor who directly interacted in the field with beneficiary family PKH. There were several interventions made to improve the business performance of beneficiary family ProKUS Pemalang Regency: (1) Product or business branding through adding identity place of business continued with business promotion, (2) Improvement of packaging, product etiquette, and attractive product photos so that through attractive packaging the market can be wider, including redesigning the KPM product logo, (3) Opening market access through the Digital Product Showcase for KPM products throughout Pemalang Regency through the website www.semaibisnis.id which consists of interactive chat and consultation forms as shown in Figure 1 below. The existence of 2-way communication from local assistants with SBS Mentors is very effective in establishing communication during mentoring because they need sustainable assistance.



FIGURE 1. Website view of www.semaibisnis.id with Interaction WA Chatbot

The concept used on the website is tenant management and business development for businesses owned by beneficiary families that are integrated with digital marketing. On this website, there are 500 products produced with product knowledge, producer addresses, and contact numbers. The WA Chabot function connects the Whatsapp number of the owner with the website

ProKUS Intervention Activity Model

The intervention activities in the social entrepreneurship program (ProKUS) consist of several stages that must be carried out referring to the standards set by the Ministry of Social Affairs of the Republic of Indonesia and developed by SBS Incubator according to the actual conditions in Pemalang Regency. This research, it was developed into several activity models aimed at 500 beneficiary families through the SBS Business Incubator mentoring process. The SBS Mentor assists the PPKH Mentor who is directly active in the field with 4 main types of activities namely: (1) Capacity Building Through Training, (2) Business Capital Increase of IDR 600,000, (3) Business Assistance, (4) Marketing, and (5) Institutional Interconnection. In detail all types of activities are listed in **TABLE 3** below:

TABLE 3. ProKUS Intervention Activity Model

Activity Interventon	Target of Beneficiary Family
1. Capacity Building Training	500
1.1 Business Motivation Training 1.2 Marketing Training 1.3 Product Photography Training 1.4 Simple Finance Training	
2. Increasing Business Capital IDR.600.000	500
3. Business Mentoring	500
3.1 Business Assistance 3.2 Provision of Business Identity / MMT Banners etc 3.3 Improvement of Product Packaging Materials 3.4 Packaging Label Improvements 3.5 Business Logo Improvements 3.6 Brand Name Product - Business 3.7 Making Product Photos 3.8 Improvement of Production Techniques 3.9 Business Licensing (NIB) and or Products (PIRT/Halal)	
4. Marketing	500
4.1 Social Media Optimization 4.2 Upload Product Photos on the Web 4.3 Online Exhibition at www.semabisnis.id 4.4 Business Matching	
5. Institutional Interconnection	500
5.1 Synergy with the Pematang Technical Service 5.2 Synergy with Corporate Social Responsibility 5.3 Synergy with Ministries/ Government Agencies	

Performance Based Mentoring System Development Results

[23]states that there are several steps taken in implementing this model which are described in the following steps: Mapping Problems, Developing Key Performance Indicators, Implementing Business Process Reengineering, and monitoring business performance. This can be applied to Beneficiary Family ProKUS by using the system developed as shown in **FIGURE 2**. In the figure it is explained that the Pentahelix Model mentoring process involves 5 stake holders as elements that support the success of ProKUS in alleviating poverty in Pematang Regency. Performance indicators used are turnover, assets, business legality and human resources mindset.

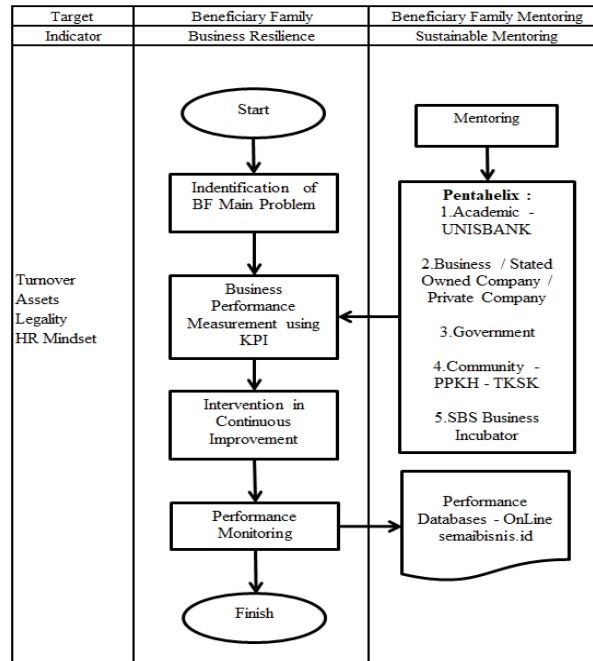


FIGURE 2. Business Mentoring Sistem for Beneficiary Family

CONCLUSION

From the system developed above, the results of this assistance are an increase in knowledge for KPM regarding financial literacy and digital literacy as evidenced by an increase in average sales turnover of 5% to 10%, improvement of product packaging and promotion capabilities on social media supported by platforms based semaibusiness.id website. The business assistance model through a business incubator is an effective and efficient system because it is measurable and directed in terms of the success indicators of the ProKUS program. For future research, it is necessary to conduct monitoring and evaluation for at least 12 months because the time spent on this program is very short, only 5 months. The weakness found in this study is the Beneficiary Family's digital capabilities which are very lacking even though they have smartphones but are not optimal in operating them.

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