

# *The Effect of External Factors and Program Mechanisms on the Level of Participation of Program Beneficiaries*

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**Abstract** - The importance of participating in program beneficiaries is a necessity in community development. The objective of this research was to analyze the effect of external factors and program mechanisms on beneficiary participation rates in the province of West Java. The total population of 1,888 beneficiaries of the program, through the formula slovin obtained a sample of 330 respondents. The research sites were Bogor City, Cianjur Regency, Sukabumi Regency and Bogor Regency. The research method used was a survey through a questionnaire and was processed by the SPSS program. The results of the study showed that the variable indicators of external factors were categorized high; the role of religious values, the role of social values and market potential. Whereas in the indicators of community support, formal and informal leadership has a medium category. Then the program mechanism variables have indicators including; program socialization, distribution of funds, repayment agreements, sanctions and awards received high category results, while the selection of business activities was in the medium category. Furthermore, there are several indicators for the level of participation of program beneficiaries in the utilization of loan funds, namely the presence of routine meetings, the presence of routine activities, increasing business, making investments, and developing cooperation that have high categories. The partial effect of the external environmental conditions variable on program beneficiaries was 49.5%, and the partial effect of the program mechanism variables on program beneficiaries was 40.6%, and the simultaneous effect on program beneficiary variables was 56%.

**Keywords** - External Factors, Program Mechanism, Level of Beneficiary Participation.

## I. INTRODUCTION

Poverty is one of the social problems faced by developing countries. Economically, poverty can be defined as a lack of resources that can be used to meet the needs of life and improve the welfare of individuals or groups of people. The resources intended here are not only financial aspects, but all kinds of wealth that can improve the welfare of the community in a broad sense. According to Saad and Ahmad (2006) poverty is always associated with income levels which can be divided into absolute poverty and relative poverty. Absolute poverty is if an individual or citizen with income is unable to meet basic needs, both in the form of food and non-food. Relative poverty shows the degree of inequality in the distribution or distribution of income among various groups

of citizens, between regions and between sectors of economic activity. The number of poor people (residents with per capita expenditure per month below the poverty line) in Indonesia as of March 2017 reached 27.77 million people (10.70 percent of total population) (BPS 2019).

The reality of poverty has caused various parties, namely the government, non-governmental organizations, and private companies to participate and contribute to reducing the poverty rate. One of the efforts of the government, non-governmental organizations and private companies to alleviate poverty is to create and develop community empowerment programs in the productive economy to increase income and welfare of the community. Furthermore, the program is expected to foster economic independence.

Some of the community empowerment programs in the productive economy carried out by the government, non-governmental organizations, and private companies, among others: First, the work of Mandiri Community Dompot Dhuafa that has carried out the following programs: a) Agricultural Empowerment Program with a total of 2,846 beneficiaries of the program in 21 Cooperative Institutions in 21 Regencies / cities; b) Animal Husbandry Empowerment Program with 4,818 program beneficiaries in 26 local institutions in 32 districts; and c) MSME and Coastal Empowerment Program with the number of program beneficiaries of 10,082 in 32 local institutions / cooperatives in 32 districts / cities.

Second, the National Amil Zakat Agency (BAZNAS) through the Zakat Community Development program with a total of 6,913 beneficiaries or 25,004 people in 10 provinces. This program is in the context of improving the welfare of the mustahik who are scattered in various regions in Indonesia.

Third, Rumah Zakat which has carried out empowerment programs include; a) entrepreneurial assistance with a total of 95,612 program beneficiaries b) Community development with a total of 416,862 program beneficiaries c) other economic assistance programs with a total of 39,255 program beneficiaries, and d) rowdy cattle and sheep programs with a total of 17,587 program beneficiaries in 16 districts /city.

Fourth, PNPM Loans revolving funds include; in December 2016 region I with the number of KSM members receiving loans namely 1,123,147 the number of KSM female members receiving loans was 773,089 and the number of KSM poor members receiving loans was 1,088,691 in 13 Provinces. PNPM Loan revolving fund in December 2016 region II with the number of KSM members receiving loans namely 2,749,659 the number of female members of KSM receiving loans is 1,897,949 and the number of poor members of KSM receiving loans is 2,620,757 in 13 Provinces.

Fifth, Astra for creative Indonesia with programs such as; a). Astra's Fostered MSME program with a total of 10,847 beneficiaries; b). Program recipient community program with a total of 97,641 beneficiaries; c). 16 business development program programs; d). 10 microfinance institutions program; e). A diffal fostered program with a total of 200 individuals.

Community empowerment in the economic field is the independence of the business of beneficiaries. According to Kurniawati et al. (2013), empowerment in the economic field that was carried out was to increase economic independence, especially in the productivity and income of the people who received program assistance. Beneficiaries of the program

can become independent because of an increase in income and an increase in income and to develop their business.

In fact, community empowerment in the productive economy with funding sourced from zakat, the state budget and corporate social responsibility have not fostered business independence in the beneficiaries. This implies that the program beneficiaries still depend on the available assistance, they have not been able to stand alone in their business activities. In this connection, empowerment programs and activities place more emphasis on technical assistance while behavioral changes that are independent cannot be realized.

Based on the above, business sustainability and independence has not yet grown in the beneficiaries of community empowerment programs in the productive economy. This is because the empowerment program does not properly and correctly utilize the concepts of empowerment, competence, capacity and other behavioral concepts. Actually the program manager has understood these concepts, but in its implementation not through proper planning; does not have an impact on changes in the behavior of program participants because knowledge, skills and attitudes have not reached the highest level as described by Taxonomy Bloom.

The purpose of this study was to analyze the influence of external factors and program mechanisms on the level of beneficiary program participation in the province of West Java.

## II. RESEARCH METHODS

This research was designed as an explanatory survey, which to explain the data findings and the relationship and influence among research variables by testing hypotheses. As explained by Babbie (2004) and Singarimbun and Effendi (2011), explanatory research is a survey research that aims to explain the influence of research variables through testing the research hypotheses that have been formulated. The variables studied are: the level of participation of program beneficiaries in the use of loan funds (Y), as a dependent variable (dependent variable). Meanwhile, as a free variable (independent variable), external environmental conditions (X1) and the empowerment program mechanism (X2). Then in this research, data were collected by confirming existing data to respondents using a prepared questionnaire (questionnaire).

This research uses descriptive method with informant data processing method through SPSS program and deepened with qualitative data. The research sites are in four districts in West Java Province, namely Bogor City, Bogor Regency, Cianjur

Regency, and Sukabumi Regency. The research was conducted from May 2018 to September 2019. The population was rolling fund participants with a total of 1,888

people. The number of samples was set at 330 people (Table 1).

Table 1. Population and sample in West Java Province

Location	Beneficiary Population (People)	Sample (Respondent)
Bogor city	435	76
Bogor Regency	1.109	194
Cianjur Regency	286	50
Sukabumi Regency	58	10

III. RESULTS AND DISCUSSION

A. Descriptive Analysis of External Environmental Conditions

External Environmental Conditions include community support, the role of religious values, and the role of social

values, formal leadership, non-formal leadership, and market potential. More details can be seen in Table 2.

Table 2. Descriptive Analysis of External Environmental Conditions

External Environmental Conditions	Category	Total Program
		People
Community Support Average score of 16	Low (score 1-15)	162
	Medium (score 16-30)	167
	High (score 31-46)	1
The Role of Religious Values Average score of 14	Low (score 1-5)	0
	Medium (score 6-10)	2
	High (score 11-16)	328
The Role of Social Values Average score of 13	Low (score 1 - 5 )	5
	Medium (score 6 - 10)	24
	High (score 11-16)	301
Formal Leadership Average score of 10	Low (score 1 - 5)	4
	Medium (score 6 - 10)	218
	High (score 11-16)	108
Non Formal Leadership Average score of 10	Low ( score 1-5)	49
	Medium (score 6 - 10 )	93
	High ( score 11-16)	188
Market Potential Average score of 13	Low (score 1 - 5)	6
	Medium (score 6 - 10)	28
	High (score 11- 16)	296

B. Community Support

Judging from the average overall support of the respondent community that is above 165 it means quite high. Then

almost 50% of people are included in the low category while those who get high scores are only one person and in the middle position there are 167 people.

The surrounding community is less supportive because the community actually does not know about this, at the beginning there was no socialization, because the information was limited to loans and this was in line with Sarens's research, 1997. Lack of interaction and communication contributed to the lack of adoption of innovation.

**C. The Role of Religious Values**

Most of the respondents' average community support that is above 320 people means that they are in the high category. In this respondent can be seen, there are no respondents who are in a low position, and few are included in the medium category, the majority are in high order. Religion in substance such as ethos, never give up to entrepreneurship is inherent in religious orders, which makes the problem of internalization in themselves is still low.

**D. The Role of Social Values**

Judging from the overall average role of the social values of the respondents in a high position. In this respondent, there are only a few categories in the low zone, while in the medium category there are not too many, but the majority fall in the high category. This is in line with the research of Suminah (2017) that the high social values can be a motivation and inspiration in business activities. Group values or norms become motivations or supporters to carry out entrepreneurial activities, social values provide reinforcement for them to do the best entrepreneurship for the welfare of themselves and their families.

**E. Formal Leadership**

Most of the respondents' overall formal leadership is in the medium category. Respondents who answer low are few, and can be seen mostly in the medium order, while in the high category it is not nearly the same as the medium position. From the results of Pratama's (2013) research, in a moderate

classification it does not have too much impact on what makes success for community empowerment. Because they lack an intense bond and interaction with formal leadership. They feel that formal leadership is less concerned with productive economic empowerment activities for them. They are more intense in communicating and getting support from KSM management and other group members.

**F. Non Formal Leadership**

Most of the overall average non formal leadership of respondents is in the medium category. In the respondents of this indicator, at least in the low category, whereas seen from the order of quite a lot, and which is at the highest level is very much more than 180 people. Non formal leadership such as clerics and clerics have a better interaction and provide their impetus to carry out programs in the productive economy in a diligent, diligent and never give up. These motivations and messages are always conveyed repeatedly to program beneficiaries.

**G. Market Potential**

Most of the respondent's overall market potential is 290 and this is included in the high category. The respondents who answered in the category of low and medium were few, and vice versa the majority were in a high order position. This meant that the products and services offered were indeed the basic needs of the people so that they had no difficulty in marketing their products. On average they are sellers of basic necessities such as selling uduk rice, vegetables, drinks, cloth and so on.

**H. Descriptive Analysis of Program Mechanisms**

Program mechanisms include program socialization, selection of business activities, and distribution of funds, repayment agreements, sanctions and awards. More details can be seen in Table 3.

Table 3. Program Mechanism

Program Mechanism	Category	Total Program
		People
Program Socialization Average score of 16	Low ( score1-7)	17
	Medium (score 8 – 14)	28
	High (score 15-20)	285
Selection of Business Activities Average score of 11	Low (score 1-8)	107
	Medium (score 9 – 16)	220
	High (score 17-23)	3
Fund Distribution Average score of 17	Low (score 1-7)	1
	Medium (score 8 – 14)	16

Program Mechanism	Category	Total Program
		People
Return Agreement Average score of 13	High (score 15-20)	313
	Low (score 1-5)	8
	Medium (score 6 – 10)	11
Granting Sanctions and Awards Average score of 13	High (score 11-16)	311
	Low (score 1-5)	11
	Medium (score 6 – 10)	37
	High (score 11 – 16)	282

**I. Program Socialization**

Most of the overall respondent program socialization is in a high position. In the respondents, if seen from a few who answered low and moderate, while the high category many respondents who answered to this realm were around 280 people. As stated by Sutrisno (2007) the socialization of this program is very important for the success of the mechanism of productive economic empowerment. This socialization was quite successful because the material of the communication channel and also the tools of assistance were sufficient to be understood by the program beneficiaries. Besides that, socialization is also carried out both formally and informally. This is done in order to increase stakeholder understanding of the implementation of productive economic empowerment programs.

**J. Selection of Business Activities**

The majority of the overall average selection of respondents' business activities is in the medium order. Respondents who answered low scores were few, while those in the medium ranking were high, and high categories were the least answers among other categories. From the results of Andriyani's research (2017) that the capacity for selecting business activities is still determined by both the program manager and program beneficiaries. Because the beneficiaries still need facilitation and supervision in carrying out their business activities, for example making proposals, payment mechanisms, ways of production, market potential and so forth. So they in the selection of business activities require consultation with the program manager or others. They need guidance in carrying out their business activities from the manager.

**K. Fund Distribution**

Most of the overall distribution of respondent funds is in a high position. In the respondents in this indicator of fund distribution, there are two categories that answered a little,

including the low and medium categories. While the high category is at the top in the sense that most are among the other classifications. The mechanism for channeling funds has been well understood by the program beneficiaries, thanks to the intense socialization and facilitation of program managers. The program manager provides technical guidance starting from the financing model and also the agreement on the refund and utilization of funds.

**L. Return Agreement**

Most of the overall respondent return agreement is in the high position. The high category has the most answers than the other categories that around 300 respondents agreed to be in the high class. Seeing from Andriyani's research (2017) related to the stage of awareness, capacity building and empowerment, the mechanism of the return agreement is fairly easy and has been coordinated in its management. They have read carefully the contents of the agreement in the revolving loan agreement. And they understand that the revolving fund must be returned so that other beneficiaries can borrow it. They are aware of sanctions if they are late, one of the sanctions is that they cannot borrow revolving funds.

**M. Granting Sanctions and Awards**

The overall average sanctions and awards of respondents are in a high position. Few of these respondents answered in the low or medium category, but the majority of many respondents agreed with the high category. This is consistent with the results of Triyono's research (2014) regarding the analysis of socialization needs to the community who will be the subject of posdaya implementers, there are high sanctions for revolving fund participants who are late in returning funds and give appreciation to participants who are obedient and obedient in the return of these funds. They are aware of the agreement that the agreement must comply with it as a form of successful implementation of the productive economic program, and they also consider that sanctions and rewards

are important for the sustainability of the program. And they agree that those who are late in returning revolving funds are given sanctions and vice versa, for those who return smoothly, they are rewarded by one of them increasing the number of borrowing.

**N. Descriptive Analysis of Program Beneficiary Participation Rates in Utilizing Loan Funds**

The level of participation of program beneficiaries in the utilization of loan funds includes the presence of regular meetings, the presence of routine activities, increasing business, making investments, and developing cooperation. More details can be seen in Table 4.

Table 4. Participation Beneficiary Level in Utilizing Loan Funds

Participation rate	Category	Total Program
		People
Attendance at Regular Meetings Average score of 26	Low (score 1 - 12)	15
	Medium (score 13 - 24)	84
	High (score 25- 36)	231
Presence of Routine Activities Average score of 23	Low (score 1 - 11)	21
	Medium (score 11 - 21)	75
	High (score 22 - 32)	234
Increase Business Average score of 16	Low (score 1 - 7)	11
	Medium (score 8 – 14)	58
	High (score 15 -20)	261
Investing Average score of 12	Low (score 1 - 5)	9
	Medium (score 6 – 10)	73
	High (score 11 - 16)	248
Develop Cooperation Average score of 11	Low (score 1 - 5)	17
	Medium (score 6 – 10)	91
	High (score 11 – 16)	222

**O. Attendance at Regular Meetings**

The average overall attendance of regular respondent meetings is that most of them are in high positions. It can be seen from the table above that the respondents who answered were low a little, while those included in the medium category were quite a lot and the high category was in the highest order of the respondents' answers. According to Hermawan's research (2017) about the stage of providing information, consultation, joint decision making is already high. their attendance at high routine meetings because they want to make sure the program mechanism runs in accordance with what they want and also according to the notes in the user guide. Regular attendance also means for them to share experiences and motivation to realize the success of their business activities, because at the meeting they can share problems, potential, raw materials, markets for the success of their business activities.

**P. Presence of Routine Activities**

Most of the overall average of the respondents' routine activity is located in a high position. In this indicator, seeing a few of the respondents included in the low category, then the classification is not so much when compared to the high category. This is the same as stated by Hermawan (2017) that people can provide input, dialogue and make decisions. The presence of beneficiaries of productive economic programs in routine activities at this high level indicates that they want to find solutions to their business problems. They also want to get information about productive economic empowerment programs, this is needed for them to carry out their business activities better.

**Q. Increase Business**

Most of the overall average increase respondent business that is in a high position. The respondents did not overly choose the low or medium category, but the respondents were



more inclined to agree to the high category than the indicator. From Jalieli's research (2013), it is in line that the level of empowerment of respondents is significantly related to the high level of participation, by seeing high production results, large buyers and high prices. They in managing their business activities always strive to increase the results of the production of the number of buyers and also competitive prices, in order to expand their business. They always make efforts and innovation in increasing promotional production and competitive prices.

#### **R. Investing**

Most of the overall average respondents' investment is located in a high position. Most respondents acknowledged that investment was in the high category, and few answered low, so too the medium category did not approve too much of this. This is consistent with the results of research by Gani Putra (2015) that the high participation of business actors can increase capital from income and other sources routinely allocated, planned to increase production. They try to set aside from their profits to buy goods or raw materials for production in order increase their sales turnover. They don't spend profits on unproductive things. But they invest their profits to increase the amount of production.

#### **S. Develop Cooperation**

Most of the overall average develops the respondents' cooperation, namely entering into a high position. Seeing from the answers of the few respondents who answered in the low category, and quite a lot were in the medium position, while the high position in fact the majority of respondents agreed. They have not been maximized to collaborate with outsiders in terms of promotion, funding and raw material cooperation. They are limited in their collaborative networks, which requires facilitation from program managers.

#### **T. Analysis of the Effect of External Factors and Program Mechanisms on Beneficiary Participation Rates**

Partial influence of external environmental conditions on the level of participation of program beneficiaries in the utilization of loan funds is almost close to 50%. This is indicated by the results of the SPSS determination coefficient (R<sup>2</sup>) of 0.495. This partial effect is very significant (indicated) which is indicated by probability 0.00\*\*. External conditions have a high enough contribution to the participation of beneficiaries of productive economic programs because they feel that the group or community has provided motivation, support, and the provision of knowledge and skills in carrying out these activities. This

support is carried out in various forms, as an effort to create togetherness and improve the welfare of program beneficiaries.

Social values and religious values have an important role for the growth of awareness that can be a pillar or guide them in business activities. They have experienced the process of internalizing these values to work and try to be more active, more focused and more honest to benefit from business activities.

On the other hand informal leadership has mainly provided motivation and support for business activities of program beneficiaries, in the form they provide advice or suggestions on business opportunities, cheap raw materials, as well as the potential that exists.

The partial effect of program mechanisms on the level of participation of program beneficiaries in the use of loan funds is 40.6%. This is indicated by the results of the SPSS determination coefficient (R<sup>2</sup>) of 0.406. This partial effect is very significant (indicated) which is indicated by probability 0.00\*\*. Program socialization has a high contribution to the level of participation because the material, methods, counselors and tools used are very appropriate to the conditions of program beneficiaries. Besides that, the socialization mechanism is carried out continuously in various opportunities by the program manager so that the beneficiaries understand the technicalities and the implementation.

Business selection activities turned out to be program beneficiaries still need help from managers in terms of what business activities are easy both raw materials, market opportunities and quick profits. They are very enthusiastic about the selection of business activities guided by the program manager because they think they do not have enough knowledge compared to the program manager.

They have understood and understood the contents of the return agreement for that they adhere to the mechanism. This causes them to realize that these funds are loans that need to be returned for the sake of program sustainability. Because of the funds they have borrowed there is another person's right to borrow it, the other person is part of their group. They also agreed with sanctions and awards as a mechanism for the productive economic empowerment program to run smoothly. Because sanctions and awards will realize or make the program more useful and efficient and not stagnant.

The simultaneous influence of external environmental conditions and program mechanisms on the level of participation of program beneficiaries in the use of loan funds

above 50%. This is indicated by the results of the SPSS determination coefficient (R<sup>2</sup>) of 0.560. This simultaneous influence is very real (significant) as indicated by the probability 0.00\*\*. External environmental support and program mechanisms have increased the participation of program beneficiaries because there is a lot of support from various parties, for example, non-formal leadership, to encourage and provide motivation and solutions for program beneficiaries. A clean and easy-to-understand, more efficient

and effective program mechanism for program beneficiaries to implement it in their business activities.

In more detail, it can be seen in Figure 1. Which shows the partial and simultaneous influence of the variable external environmental conditions and program mechanisms on the level of participation of program beneficiaries in the use of loan funds.

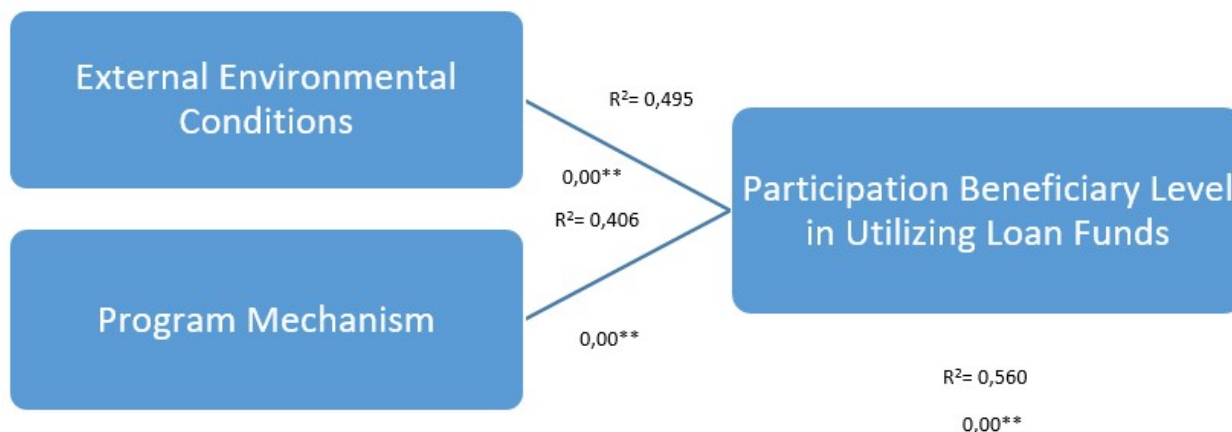


Figure 1. Analysis of the Effect of External Environmental Conditions and Program Mechanisms on the Participation Beneficiary Level of the Program in Utilizing Loan Funds

#### IV. CONCLUSION

Partial influence of external environmental conditions on the level of participation of program beneficiaries in the utilization of loan funds is almost close to 50%. This is indicated by the results of the SPSS determination coefficient (R<sup>2</sup>) of 0.495. This partial effect is very significant (indicated) which is indicated by probability 0.00\*\*. The partial effect of program mechanisms on the level of participation of program beneficiaries in the use of loan funds is 40.6%. This is indicated by the results of the SPSS determination coefficient (R<sup>2</sup>) of 0.406. This partial effect is very significant (indicated) with a probability of 0.00\*\*. Simultaneous influence of external environmental conditions and program mechanisms on the level of participation of beneficiaries in the utilization of loan funds above 50%. This is indicated by the results of the SPSS determination coefficient (R<sup>2</sup>) of 0.560. This simultaneous influence is very real (significant) as indicated by the probability 0.00\*\*.

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