

The Economy of Mutual Cooperation in Promoting Economic Growth in Improving the Welfare of Coastal Communities, Bone Bolango Regency, Gorontalo City, Indonesia

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Abstract:- This type of qualitative research uses a phenomenological approach, while the results show that the economic growth of rural communities has decreased in the midst of a very declining national economic condition due to the global Health Crisis that has continued since the last 1 year which has an impact on developed countries including Indonesia as a developing country. participate in feeling the impact, especially in the economic field of rural communities which has greatly decreased due to the sluggish economic activity of the community, by working together the government provides capital assistance to small and medium economic actors on the other hand the surrounding community has the awareness to jointly carry out economic activities in conducting transactions in order to meet daily needs, so that with this mutual cooperation it can encourage the economic growth of small communities through the development of MSMEs.

Keyword:- Mutual Cooperation, MSMEs, Economic Growth. Promoting.

I. INTRODUCTION

The community's economy is greatly declining in the midst of the global health crisis that is hitting the world today and has an impact on the national economy due to the low level of people's purchasing power so that it has an impact on the decline in economic activity in the midst of the community, which has resulted in many community businesses experiencing setbacks and some even experiencing closures. , community businesses that experience setbacks or closures are influenced by several factors, namely internal factors and external factors. The majority of internal factors are influenced by the inability to provide most of the community's needs due to the lack of capital they have so that people look for places that provide them so that at the same time they also get other needs, in addition to external factors caused by the absence of public

awareness for each other. assist in encouraging community businesses to develop properly.

II. LITERATURE REVIEW

A. Public Policy

According to Wahab (in Bakry 2010) public policy is a relatively new science that emerged in the mid-1960s as a discipline that stands out in the scope of public administration and political science. Meanwhile, public policy analysis can be said to have existed for a long time since the existence of human civilization. Since then, public policy has been inseparable from human life in the form of individual micro-level and macro-level contexts in the life of society and the state. Public policy regulates, directs and develops interactions within the community and between the community and its environment for the benefit of the community being able to obtain or achieve the good it expects effectively. According to Dye (in Eddi, 2004: 45) what is meant by public policy is "Everything the government does, the reasons why it is done, and the differences incurred as a result." Meanwhile, according to Lasswell (in Eddi, 2004: 45) explains that "Public policy is a series of planned programs that include goals, values, and practices". In this case, public policy can also be interpreted as a program.

In contrast to the two opinions above, Ranney in (Eddi, 2004: 45) contributes ideas about public policy as "certain actions that have been determined or statements of a will". In addition, according to Lester in (Eddi 2004: 45-46) what is meant by public policy is "a process or series of government decisions or activities designed to address public problems, whether they are real or still planned (imagined).

Feredrick (in Nugroho, 2011:93) defines public policy as a series of actions proposed by a person, group, or government in a certain environment, with existing threats

and opportunities. The proposed policy is aimed at exploiting the potential as well as overcoming the existing obstacles in order to achieve certain goals.

Various definitions of the concept of public policy can be concluded according to Sutapa (2008) that there are two general opinions that have emerged. First, the opinion which views that public policy is identical to the actions taken by the government. This opinion assumes that in general all actions taken by the government are public policies. Second, the opinion that focuses on policy implementation (Policy Implementation). The first view sees that public policies are government decisions that have certain goals or targets, and the second view assumes that public policies have predictable or anticipated consequences and impacts.

From the various opinions of the experts above, it can be concluded that public policy is a program made by the government in a country aimed at overcoming all problems or problems that exist in the midst of society, both those that have been implemented and those that are still planned. Basically, public policy is launched by the government to improve people's welfare. In every policy making, the government must refer to the community because the object of public policy is the public interest.

The definition of public policy has been stated in the previous section, while the notion of education policy departs from the thoughts of Tilaar and Nograho (in Bakry 2010) who reveal that education policy cannot be separated from the nature of education in the process of humanizing human children to become independent. Free man is a creative human being embodied in his culture.

According to Chan (2005:65) education is something that cannot be separated from human life which always wants to develop and change. Education absolutely exists and is always needed as long as there is life. Therefore, an education policy is needed. Educational policies relate to decisions related to the improvement and refinement of education administration (Gaffar, 2007 in Prasajo).

Education policy is a public policy, not an educational policy as part of public policy. Education is a public property and every citizen has the same opportunity to gain access to proper education. Therefore, education policies are programs planned by the government in order to overcome problems that arise in the field of education in order to fulfill the government's obligation to provide education for every citizen.

B. Welfare Economy

Welfare Economics is a branch of economics that uses microeconomic techniques to simultaneously determine the allocative efficiency of macroeconomics and the associated income distribution effects (O'Connell, 1982). Welfare economics is the framework used by most public economists to evaluate people's desired income (Rosen, 2005:99). Welfare economics provides a basis for assessing the performance of market and policy makers in resource allocation (Besley, 2002). Welfare economics tries to

maximize the level of social welfare by examining the economic activities of individuals in society. Economic welfare has to do with the well-being of individuals, as opposed to groups, communities, or societies because welfare economics assumes that individuals are the basic unit of measurement. Welfare economics also assumes that individuals are the best judges of their own well-being, that is, everyone will favor greater well-being over lesser well-being, and that welfare can be measured either in monetary terms or as a relative preference.

Social welfare refers to the overall use-value status for society. Social welfare refers to the overall use-value status for society. Welfare can be measured either cardinally in dollars (rupiah), or ordinal in terms of relative use value. The cardinal method is rarely used nowadays because of aggregate problems which make the accuracy of the method questionable. There are two sides of the welfare economy, namely economic efficiency and income distribution. Economic efficiency is positive, income distribution is much more normative.

C. Conventional Welfare Economic Approach

In the theory of welfare economics, there are two approaches that can be taken, namely the Neo-Classical approach and the new (modern) welfare economics approach. The Neo-classical approach has been developed by Pigou, Bentham, Sidgwick, Edgeworth, and Marshall. The Neo-Classical approach assumes that use value is cardinal and that additional consumption provides a diminishing marginal utility. The Neo-Classical approach further assumes that all individuals have the same use-value function, therefore it has the meaning to compare the use-value of individuals with the use-values of others. Because of this assumption, it is possible to construct a social welfare function by simply adding up all the individual use value functions.

Most economists use Pareto efficiency, **as their goal of efficiency**. According to this measure of social welfare, a situation is optimal only if no individual can be made better off without making others worse off. This ideal condition can only be achieved if four criteria are met. The average marginal substitution in consumption must be identical for all consumers (no consumer can be made better off without making another consumer worse off). The rate of transformation in production must be identical for all products (it is impossible to increase the production of each good without reducing the production of other goods). The marginal resource cost must equal the marginal product of revenue for all production processes (the marginal physical product of a factor must be equal to all firms producing a good). The marginal rate of consumption substitution must be equal to the marginal rate of transformation in production (the production process must be in accordance with the wishes of consumers).

There are a number of conditions that most economists agree to allow inefficient to include: imperfect market structures (such as monopoly, monopsony, oligopoly, oligopsony, and monopolistic competition), non-factor

allocation, market failures and externalities, price discrimination, lower average costs. long-term average, several types of taxes and rates. To determine whether an activity is moving the economy toward Pareto efficiency two compensation tests have been developed, each change generally makes some people better off as long as it makes others no worse off, so this test asks what would happen if the winner compensated the other. lost.

D. Welfare Measure

The Coordinating Ministry for People's Welfare gives the definition of prosperity, which is a condition of the community whose basic needs have been met. These basic needs are in the form of adequacy and quality of food, clothing, housing, health, education, employment, and other basic needs such as a clean, safe and comfortable environment. Also the fulfillment of human rights and participation as well as the realization of a community of faith and piety to God Almighty (www.menkokesra.go.id). There are various developments in measuring the level of welfare from the physical side, such as the Human Development Index (Human Development Index), Physical Quality Life Index (Quality of Life Index), Basic Needs (Basic Needs), and GNP/Kapita (Per capita Income). This measure of economic welfare can be seen from two sides, namely consumption and production (scale of business). In terms of consumption, welfare can be measured by calculating how much a person or family spends for clothing, food, shelter, and other needs within a certain time or period.

The measure of the level of human welfare is always changing. In the 1950s, prosperity was measured from physical aspects, such as nutrition, height and weight, life expectancy, and income. In the 1980s, there was a change where prosperity was measured by income, labor, and civil rights. In the 1990s, Mahbub Ul-Haq, a scholar of Pakistani descent, formulated a measure of well-being called the Human Development Index (HDI). With HDI, welfare is no longer emphasized on the economic-material quality aspect, but also on the social quality aspect of a society. The welfare of a person's life in reality has many indicators of success that can be measured. In this case, Thomas et al., (2005:15) said that the welfare of the middle to lower class can be represented by the level of community life marked by the reduction of poverty, the level of better health, the acquisition of a higher level of education, and an increase in community productivity. All of this is a reflection of the increase in the income level of the lower middle class.

Todaro more specifically stated that the welfare function W (welfare) with the following equation:

$$W = W(Y, I, P)$$

Where Y is per capita income, I is inequality and P is absolute poverty. These three variables have different significance, and must be considered thoroughly to assess the welfare of developing countries. In relation to the welfare equation function above, it is assumed that social welfare is positively related to per capita income, but

negatively related to poverty. Pareto Criteria The most widely used criterion in assessing welfare economics is the Pareto criterion proposed by an Italian economist named Vilfredo Pareto. This criterion states that a change in circumstances (eg Intervention) is said to be good or appropriate if with the change there is (at least one) party who benefits and no party is harmed. Things that need to be considered in the Pareto Criteria are Pareto Improvement and Pareto Efficient. Both of these things will affect the decision making of an economic policy. As for what is meant by Pareto improvement, it is still possible to make a change decision to produce at least one party who is better off without making the other party worse off. Pareto efficient is a condition in which it is no longer possible to make changes that can result in the benefiting party (bettering off) without causing the other party to be harmed (worsening off).

Levels of Welfare According to Pareto Theory

In microeconomic theory there is what is known as Pareto theory which explains about three types of welfare levels, namely the first Pareto optimal. In the Pareto optimal level, an increase in the welfare of a person or group will certainly reduce the welfare of another person or group. Second, Pareto is not optimal. In a non-optimal Pareto condition, the occurrence of one's welfare will not reduce the welfare of others. Third, Pareto Superior. Under the Pareto-superior condition, an increase in one's welfare will not reduce the highest welfare of another. According to the Pareto theory, when people's welfare conditions have reached the Pareto optimal condition, there is no more government policy that can be done. The weakness of the Pareto Optimal concept is that it cannot be used to solve the basic social problems of distribution and redistribution. Conventional welfare economics at times has problems with allocations and tries to solve these allocation problems based on consideration of the variable value of these allocations. These variable value considerations apply to the conventional welfare function. This understanding is not a solid foundation of welfare economics (Chowdhury, 1999).

E Mutual Cooperation

According to Kusnadi in 2006 that gotong royong is a positive attitude that supports village development and needs to be maintained as part of a community habit in maintaining solidarity between the communities themselves. Gotong royong is currently not only focused on a daily community activity in the form of development but now gotong royong is focused on community economic activities, the government in improving the national economy strives to continue to encourage the populist economy that exists in the community, this gotong royong economy is considered very powerful In improving the economic situation which is currently being controlled by a handful of big investors, if the national economy is only controlled by a handful of people then the national economic power is not so strong because it is only controlled by a handful of people, so this mutual cooperation economy must be developed from below by implementing the concept of mutual economics. The big cooperation can help the small ones, the mature ones can help the beginners and the

government through the policy of mutual cooperation to help the community in encouraging the community's economy in the form of capital assistance. The government through the village ministry which is channeled through the village fund program has helped the community in developing the economy.

F. MSME

MSMEs are community economic activities in the small economy category, meaning that the scope is still relatively small, starting from the process to marketing which is still relatively simple. MSMEs, one of the economic activities of the community, get serious attention from all circles, especially the government, this is because MSME activities are considered very important in encouraging national economic growth, therefore MSMEs are an alternative in improving people's welfare. The development of MSMEs can be a solution in reducing poverty which is one of the main problems in Indonesia which from time to time cannot be overcome, besides that the development of MSMEs can provide opportunities for every citizen so that it will have an impact on people's opportunities to be independent in terms of work so that will be able to reduce the unemployment rate, especially for the productive age, where the labor force is not proportional to the employment field so that it will open up space for

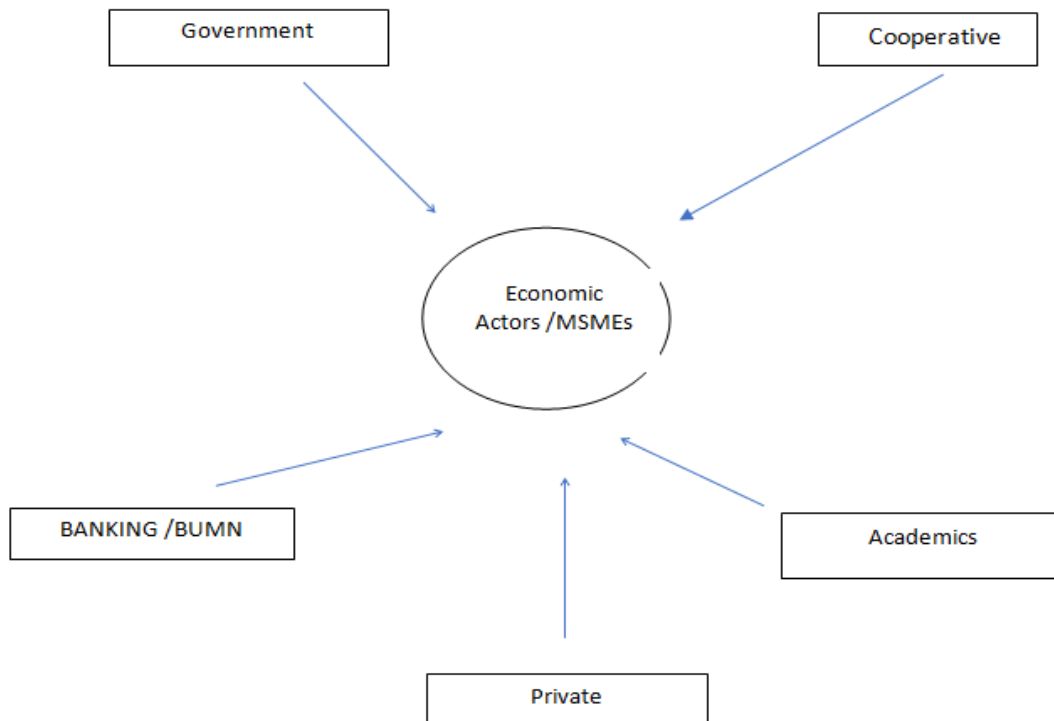
increasing unemployment, based on data from the BPS that the largest number of unemployed is from the productive working force age. The average productive age unemployed only has a maximum education of high school so that it will be difficult for them to get a job in government offices, especially if the workforce does not have the skills so that they will have difficulty competing or competing with the workforce that already has special skills. With the development of SMEs this will be a solution to the problem of unemployment.

G. Economic Growth

In the current era of global economic competition, it will have an impact on national economic growth, this is because there is a dependence of national economic actors on global economic developments. The national economy is only controlled by about 10% of the Indonesian population of all Indonesians. So that the strength of the national economy is not so strong, therefore in strengthening the national economy, the economy of the lower classes must be strengthened by involving them in encouraging the national economy from below through the development of a populist economy or MSMEs. By doing mutual cooperation, the development of MSMEs will be able to develop more quickly in all corners of the archipelago.

III. DISCUSSION

Mutual Cooperation Economic Scheme



a. Government

The government has empowered MSME economic actors in the community by encouraging or providing business capital assistance through village officials by channeling assistance in the form of funds from the village

budget that have been allocated by the central government through the village ministry to the village government to assist small economic actors through assistance. capital to develop their business, but the funds are in the form of grants because the community does not return it to the

government in this case the village government, but the government has supervision over the sustainability of the business, if the business develops then the government can provide the same assistance again in the next period. If the community business fails or does not develop, then the community business no longer gets the opportunity to get business development funding assistance, but not a few community businesses have developed with the assistance that has been provided. h provided by the government through village funds.

b. Cooperative

The role of cooperatives to economic actors/MSMEs in community economic development or MSMEs is in the form of small and large capital assistance in a short period of time, such as economic actors or business actors who only choose to get weekly and monthly term loans. They get capital assistance from the cooperative in accordance with their daily sales capacity, and this is a consideration for the requirements to get the amount of the loan from the cooperative and the term of the loan itself.

c. Banking / BUMN

Banking is one of the financial institutions that plays a very important role in community business development in the form of providing business fund assistance without collateral and with low credit interest and varying terms depending on the ability of the community or business actors. Banks that carry out activities in helping the community in developing community businesses are banks that have been appointed by the government as partners in community business development or MSMEs which are currently being encouraged to develop as a solution to reduce the various gaps that exist in society, both social and economic inequality. economic gap

d. Private

In developing the community's economic business, it takes the participation of all elements of society, one of which is the private sector in supplying a number of goods to economic business actors that are the needs of the community, in this system the private sector does not directly receive money from economic business actors but will receive money after the goods have been supplied. to economic business actors has been sold out or in accordance with an agreement with economic business actors, and this activity is very helpful for economic business actors related to the provision of large capital to develop businesses in supplying a number of goods that are needed by the community.

e. Academics

Business development does not only rely on a financial capability for economic business actors but requires knowledge in managerial skills for a business, the presence of academics or lecturers in assisting the development of community economic enterprises, simply providing knowledge related to development strategies, including how to deal with more complex technological developments. currently in business competition in terms of marketing. Academics provide assistance in the form of providing

knowledge in the form of conducting seminars and training on business management.

IV. CONCLUSION

Community business development or MSMEs needs to get attention or the role of all elements by jointly or collaboratively to encourage business actors or MSMEs by carrying out their respective roles according to their capacity, the role they play in encouraging community economic business has had an impact which is quite significant in the development or progress of economic business. The involvement of external institutions as described above has helped the community of economic entrepreneurs or MSMEs, they have been able to survive in existence until now even though national economic development has stagnated due to the global health crisis which has an impact on national economic stability.

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