

## Analysis of the Effectiveness of the Indonesian Economic Heroes Program (PENA)

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Received: 14 May. 2024, Revised: 20 May. 2024, Accepted: 30 May. 2024

### ABSTRACT

The Nusantara Economic Hero Program (PENA) is an initiative that aims to develop and empower local micro-business actors in various economic sectors in Indonesia. Ministry of Social Republic Indonesia has generated this program. This paper seeks to analyze the program's effectiveness in reducing poverty by empowering the economic welfare of local communities and its contribution to graduating poverty relief. In this analysis, this study uses qualitative and quantitative approaches to evaluate various aspects of the PENA Program. It will analyze data on business growth, increased income, job creation, and other socio-economic impacts generated by the economic heroes involved in this program. In addition, it will also discuss the factors that influence the success of this program, including the role of government, financial support, market access, training, and availability of supporting infrastructure. Through this analysis, it is hoped that a deeper understanding of the effectiveness of the PENA can be obtained as well as recommendations for future development and improvement.

*Keywords: PENA, Empowerment, Graduation of Poor People, Poverty Relief.*



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### INTRODUCTION

PENA has become a major focus in the Indonesian government's efforts to eradicate poverty through the beneficiary graduation process where all of them are recorded in the Integrated Social Welfare Data (DTKS). This program aims to empower local business actors or those known as economic heroes in various regions of Indonesia, including in rural and urban areas. However, this program is a social assistance that seeks empowerment. The PENA program is an adoption of poverty alleviation activities in the city of Surabaya in 2010 at that time initiated by the Mayor of Surabaya.

PENA is considered successful because it was able to reduce poverty from 32% to 4.9% (Kompas, 2022). In 2022, this program was replicated by the Ministry of Social Affairs which at that time was also held by the former mayor of Surabaya. The program is currently entering its 3rd year. To see the success of poverty reduction from this program, one of the things that can be monitored is how many Beneficiary Groups (KPM) who can graduate do not receive one of the components of the Family Hope Program (PKH) assistance. PKH is a social assistance program aimed at poor families in Indonesia to reduce poverty and improve the quality of life through education, health, and social welfare. The assistance components in the Family Hope Program according to the

Regulation of the Minister of Social Affairs of the Republic of Indonesia No. 1/2018 article 5 include three main aspects, namely:

1. Educational assistance is intended for children from beneficiary families. The goal is to encourage children to attend school and reduce dropout rates. This assistance is usually differentiated based on education level, such as for children of elementary school age, junior high school, and senior high school or equivalent.
2. Health assistance is intended for pregnant women, breastfeeding mothers, and toddlers. The goal is to reduce maternal and child mortality rates, improve the nutritional status of children, and ensure that pregnant and breastfeeding mothers receive adequate nutritional intake and regular health checks.
3. Social welfare assistance by providing attention to vulnerable groups such as the elderly and people with disabilities. This assistance aims to improve the quality of life and provide social protection to groups in need.

This program is implemented with a Conditional Cash Transfer (CCT) approach, where beneficiary families will receive financial assistance with certain conditions that must be met, such as children's attendance at school and regular visits to health facilities. This aims to ensure that the assistance provided can truly have an impact on improving the quality of life of beneficiaries. The target of the PENA Program itself is KPM who are included in the PKH Program. Of course, these KPM are automatically recorded in the DTKS data. PKH itself has been implemented since 2007. According to the Director General of Budget, Ministry of Finance of the Republic of Indonesia (2015), PKH itself has been implemented since 2007. Initially, the budget distribution for PKH was IDR 843,600,000,000 for around 500,000 very poor households. In 2015, an additional PKH program of IDR 6.457 trillion was distributed to 3,500,000 very poor households/families.

Given the large distribution for the country, of course in many considerations, this burdens the state budget in development. A breakthrough is needed in poverty alleviation so that the PKH provided each year can be reduced. One of these breakthroughs is through the PENA program. Although this program is still in the assistance scheme, it is hoped that this program is empowering. Various steps have been taken to support this program, ranging from providing financial assistance, training, and market access, to building infrastructure that supports the growth of local businesses. However, although significant efforts have been made, an in-depth analysis is needed to evaluate the effectiveness of PENA. The questions that can guide efforts to evaluate the effectiveness of PENA are: 1) To what extent has PENA succeeded in increasing the income and economic welfare of local communities?; 2) What is the impact of this program on national economic growth and regional development?; and 3) What factors influence the success or failure of economic heroes in running their businesses? By answering these questions, it is hoped that a more comprehensive understanding of the effectiveness of the PENA Program can be obtained and recommendations can be provided for future development and improvement.

This study attempts to analyze PENA's contribution to the economic welfare of local communities in terms of its effectiveness. Therefore, the main objective of this study is to evaluate the extent to which PENA has succeeded in increasing income, standard of living, and economic welfare for local entrepreneurs in various regions in Indonesia in terms of 1) PENA's impact on family income; and 2) Factors that influence the success or failure of economic heroes in running their businesses, including internal factors (e.g., business

management, product innovation) and external factors (e.g., government support, market access, infrastructure).

## **METHODS**

This research is qualitative evaluative using evaluation guidelines from Yin (2009). Data were collected using a literature study approach in collecting information about PENA. The research collected was of course from 2010-2024. Although the PENA Program was carried out in 2022 at the Ministry of Social Affairs, the prototype of PENA has existed since 2010 in Surabaya, so data on the success or failure of this program can be traced academically from that year. Meanwhile, the collection of references to related concepts, evaluations of similar programs at the international level, and theories related to the effectiveness of economic development programs. Data collection and analysis rely on secondary data to get an overview of the development of the Economic Hero program over time, achievements that have been achieved, and evaluations that have been carried out previously. This data can be in the form of official government reports, academic publications, and independent evaluation studies. The data collected is then analyzed using qualitative analysis to describe trends and patterns in the data. The interpretation and conclusion of the analysis results will be interpreted to identify the main findings, conclusions, and recommendations.

## **RESULT**

Research conducted by Rachman (2019) provides several important notes on the success of the Pahlawan Ekonomi program in Surabaya, not only by the program participants but also by the wider community, especially in the current digital era, including emphasizing the importance of utilizing technology and digital media in business. This is a key strategy to globalize local products, expand market reach, and ultimately increase financial profits. This shows an awareness of the importance of adapting to changes in technology and markets for the advancement of MSMEs. They are also given an understanding of entrepreneurial awareness by prioritizing the importance of economic independence through entrepreneurship and doing business with their hard work. Also, emphasizing honesty and trustworthiness in trading as values that are exalted, even promising a noble position. This program also has a socio-economic impact because it is considered capable of empowering MSMEs and local money circulation to reduce dependence on foreign products and to equalize the economic effects in Surabaya. This shows an understanding of the importance of microeconomics in strengthening the macroeconomy of a region. Research conducted by Aldania & Niswah (2021) on competitive strategies through the Pahlawan Ekonomi program in empowering MSMEs during the COVID-19 pandemic in the city of Surabaya illustrates the application of Michael Porter's generic competitive strategy theory.

With a focus on leading cost, differentiation, and focus, this study reveals how MSMEs in Surabaya adapt and survive during the pandemic, several important lessons are obtained,

including:

1. The study indicates that MSMEs adopt a cost leadership strategy by temporarily stopping the production of non-superior goods and offering special prices and free shipping to increase sales. This approach is relevant in pandemic conditions, where consumers tend to be more sensitive to price. However, cost-saving strategies that result in reducing the workforce do not seem to be effective because they reduce turnover. Investment in new tools and machines for production efficiency is identified as a profitable step, indicating that long-term investment can play a role in maintaining this cost strategy without sacrificing product quality.
2. Differentiation strategy is seen through MSMEs' efforts to create a unique identity through product design and marketing, especially the use of social media and online advertising. This approach allows MSMEs to stand out from the competition and increase brand awareness and sales. The use of social media as a marketing tool not only increases market reach but also strengthens relationships with customers. This shows the importance of innovation in product differentiation and marketing in the digital era.
3. Focus strategy, which is oriented towards targeting specific market segments, is only successful for some MSMEs. The study noted that the sales approach is not limited to geographical areas but rather to product specifications. This suggests that in the context of the pandemic, when mobility is limited, MSMEs must be more dynamic in determining market segments, perhaps by exploring untapped market niches or being more responsive to changes in market demand.

Recommendations proposed by Aldania & Niswah (2021) to the Surabaya City Government and MSMEs emphasize the importance of continuous adaptation and innovation. Collaboration with the private sector and increasing digital marketing activities are key to expanding market reach both domestically and internationally. Adding training media and new social media platforms such as YouTube and TikTok can not only increase MSME visibility but also open up new revenue opportunities.

This study shows that the strategic adaptation of MSMEs in Surabaya to the COVID-19 pandemic has been diverse, with a primary focus on leading cost and differentiation strategies. The pandemic has forced MSMEs to innovate in both production and marketing. The suggestions given emphasize the importance of digitalization and collaboration as the main tools for MSME recovery and growth. The government and MSMEs need to work together strategically to overcome challenges and take advantage of new opportunities that arise in the digital economy.

Rahmansyah & Pradana (2020) research on the effectiveness of the Economic Heroes Policy in Surabaya City in reducing poverty rates focuses on five effectiveness variables according to William N. Dunn: efficiency, adequacy, equity, responsiveness, and accuracy. The conclusions drawn indicate that this policy has been quite effective in reducing poverty, supported by the positive experience of the community who felt an increase in the family economy and the ability to escape the poverty line. The implementation of the economic heroes in Surabaya is said to be quite efficient in using available resources to achieve its goals, namely reducing poverty levels. This efficiency is reflected in the way the program is designed to empower MSMEs and individuals through training and mentoring without requiring excessive investment of resources. From a sufficiency perspective, this policy has succeeded in meeting the needs of the target population who

need help to overcome poverty. However, recommendations for expanding training and geographic reach indicate that there is room for improvement in ensuring adequate resources and support for all those in need. From an equity perspective, it concerns the distribution of policy benefits fairly among all segments of society. The suggestion to provide training places in each sub-district and village shows an effort to improve equity, ensuring that program benefits can be accessed by the wider community without geographical barriers. In terms of policy responsiveness to the needs and preferences of the community it represents, it seems high, as reflected in suggestions for broader socialization and increased digitalization services. This shows a policy that is adaptive and responsive to feedback and changes in community conditions.

In terms of policy accuracy in achieving its specific objectives, namely poverty reduction, it is recognized through a decrease in poverty rates and positive community experiences. However, the need for additional, more effective policies suggests that accuracy can be improved through innovation and continuous policy adjustments. In some cases, it is still highly recommended that the Economic Hero program focus on increasing access and participation in the program, increasing the ease and effectiveness of training, and strengthening the digital marketing of MSME products. The emphasis on digitalization and marketing reflects the need to adapt to changes in technology and consumer behavior, which are critical to the long-term success of MSMEs in the modern economy.

Maulina & Handini (2020) research offers an in-depth analysis of the important role of women in economic and social development in the city of Surabaya, taking a specific example from the Economic Hero (PE) program. By adopting the Women in Development (WID) approach, Surabaya has shown how gender integration in development policies can bring about significant positive changes in society. This analysis will be divided into several sections, including the understanding of the WID concept, the implementation and results of the PE program, and its impact on poverty reduction and women's empowerment. The WID concept emerged as a response to the need to integrate women in the development process to achieve inclusive and equitable growth. This concept recognizes that women and men experience development differently and demands that development policies and programs specifically address the barriers faced by women. By focusing on the integration of women in development, this concept emphasizes the importance of a gender approach in policy formulation.

The economic hero program in Surabaya is an example of a practical application of the WID concept, with the dual objectives of equalizing gender-based development and breaking the chain of poverty. This program has succeeded in creating more than 10,000 MSMEs, proving the effectiveness of the approach taken in addressing economic issues from a gender perspective. By focusing on women, especially poor housewives, this program not only increases their productivity and income through skills and MSMEs but also creates new jobs, reducing unemployment in Surabaya.

The impact on poverty reduction and women's empowerment on poverty reduction and women's empowerment can be seen from several aspects, namely 1) Increasing women's economy through MSMEs has contributed to reducing poverty rates in Surabaya. This shows the importance of the role of women's economy in development; 2) This program also has a significant social impact, especially in terms of women's empowerment. Through training, mentoring, and strengthening of negotiation skills, women in Surabaya become more independent, actively participate in decision-making, and increase their

understanding of gender issues in the household; and 3) This socio-economic transformation also brings changes in social norms and values related to gender roles. Women are not only seen as household managers but also as important contributors to the family and community economy. In essence, the analysis of the implementation of the Economic Heroes program in Surabaya shows that the active involvement of women in economic development not only helps in reducing poverty but also in creating a more egalitarian and just society. This success proves the importance of the WID approach in development and public policy. To further improve the effectiveness of programs such as Economic Heroes, further collaboration is needed between the government, private sector, and communities, with a focus on innovation, scalability, and sustainability.

Putri & Prabawati (2022) studied the Economic Heroes Program in the City of Surabaya, initiated by Mayor Tri Rismaharini and developed by the Population Control, Women's Empowerment, and Child Protection Service (DP5A), showing significant effectiveness and efficiency in poverty alleviation efforts. This program, which focuses on empowering and assisting women and housewives from underprivileged families, has succeeded in achieving its goals by facilitating the development of MSMEs. The effectiveness of this program is proven through the achievement of various milestones, including the sale of 99 products to the international market, 105 products that have met national and ASEAN standards, and 999 independent products produced almost every day. This program has also succeeded in building partnerships with international companies such as Facebook and Google for product promotion and marketing. Perwali No. 21/2009 is the legal basis for this program, regulating the collection, management, utilization, and reporting of data on low-income communities, as well as facilitating training and assistance by expert sources. In addition, this program offers various business groups, ranging from culinary businesses, home food industries, and recycled crafts, to fashion and home decoration, all of which are arranged in comprehensive training and mentoring. This activity was carried out at Kaza City Mall Kapas Krampung, offering guidance, product packaging, and design creation by professional graphic designers. In terms of efficiency, the Economic Heroes Program utilizes human resources, tools, buildings, and budget optimally. The collaboration between the city government, private sector, community, and media shows strong synergy in supporting MSMEs. This program has succeeded in attracting entrepreneurs to invest and collaborate with MSMEs while maximizing the use of city government facilities without excessive budget expenditure.

The conclusion of this study emphasizes that the Economic Heroes Program in Surabaya City is an effective and efficient government initiative in overcoming poverty through women's empowerment and MSME development. By focusing on training, mentoring, and utilization of existing resources, this program has not only succeeded in improving the quality and reach of MSME products in local and international markets but also opened up new opportunities for collaboration that have the potential to improve the welfare of its participants. This shows the importance of synergy between government, private sector, and community in supporting inclusive local economic growth.

The next study conducted by Komalasari & Nugroho (2023) highlighted the role of PKH assistants in the PENA program graduation, including 1) providing materials, information, motivation, and training to PKH KPM both in group and individual meetings; 2) Monitoring transaction data, KPM economic conditions, and PKH KPM business budgets; 3) Mediating problems experienced by PKH KPM and their families related to

PKH social assistance, complementarity programs, and sexual harassment; and 4) Collaborating with fellow PKH Social Assistants, the Ministry of Social Affairs, and other partners in training, capital, marketing, and case resolution. To carry out empowerment, PKH social assistants should consider education because it affects the approach to PKH KPM and economic empowerment efforts. Differences are seen between Social Assistants with social welfare and non-social welfare educational backgrounds, as well as experience as social volunteers. Recommendations given to the Ministry of Social Affairs include the recruitment process for PKH Social Assistants must consider experience in the social sector in addition to formal education. In addition, ensuring the composition of Companions and aid recipients in the region is appropriate and effective for empowerment. No less important is providing re-training to Companions related to their role as agents of change and entrepreneurship of PKH KPM. From this analysis, it can be concluded that the role of PKH Social Companions is very important in supporting the success of the PKH program and improvements are needed in terms of recruitment, quality, and access to information to increase the effectiveness of the program.

Research conducted by the Directorate of Human Development, Population and Culture (PMKK) of the National Research and Innovation Agency (2023) stated that of the many KPMs, there are still some whose assistance has not been properly targeted even though all of them are already in the DTKS data. The inaccuracy is because 1) the assistance provided is not empowering, even though they signed an integrity pact to gradually exit PKH assistance; and 2) There are still KPM who have just started a business when the assistance is provided, even though the previous requirement stated that KPM must have a start-up business. The results of interviews in several locations (Brebes, Malang, Majalengka, Bukittinggi, and Lebak) still found KPM who were not ready to accept graduation with many considerations such as children who are still young and studying and the death of a spouse which reduces KPM's income. Some of them also find it difficult to save and some who do not have a start-up business tend to quit. From the results of random tests conducted by the PMKK study team, it was found that 22.6% of KPM were not ready to accept graduation, and 20.3% of KPM felt forced to participate in the PENA program.

## **DISCUSSIONS**

PENA as an empowerment program in poverty alleviation can be considered a fairly good program to implement by looking at the success in Surabaya alone. However, when this is replicated on a wider scale and from a cultural perspective, it makes the program biased. This certainly reflects the results of research on the Economic Hero program before being replicated by the Ministry of Social Affairs, which was considered effective and successful in alleviating poverty. However, when this program was replicated throughout Indonesia, the framing of the program's ineffectiveness occurred. From the perspective of empowerment itself, apart from making someone who is given capacity independent, it is also able to change cultural attitudes and behaviors from being dependent and begging to being independent and empowering themselves. If in PENA there is still an indication that there has been no change in attitude, then PENA as an empowerment program intervention is considered a failure (Setiyawati et al., 2023). Empowerment also fosters active participation, including the awareness of active community involvement in the

development process and decision-making that affects their lives (Muslim, 2007). Individually or as a family, empowerment can also be seen in changes in the real improvement in the quality of life of the community, such as better access to education, health, infrastructure, and employment (Rosidi et al., 2021). Another important thing in empowerment is also being able to create economic independence by developing their economic businesses and not depending entirely on assistance or empowerment programs such as research conducted by Bahri (2013). Based on the PENA program carried out by the Ministry of Social Affairs, when assistance is provided, the business market is expanded, so that is where the strengthening of networks and cooperation is naturally established. With the formation and strengthening of networks and cooperation between communities in dealing with various problems and developing shared potential. Empowerment also indicates an increase in knowledge and skills (Laili & Andriani, 2019; Saepudin., 2022). In this context, PENA also provides entrepreneurial capacity through the PENA TV program. Unfortunately, not all KPMs can access this for various reasons such as data packages, and time allocation for trading is lost. Whereas in the PENA TB, it is expected that KPM will have better knowledge and skills in managing resources and solving problems in their environment. No less important is the indicator of the success of empowerment, namely sustainability, where community empowerment activities can continue and have a positive impact in the long term (Suswanto et al., 2019). The success of community empowerment can often be measured by a combination of the above indications, which show a positive and sustainable impact on the empowered community.

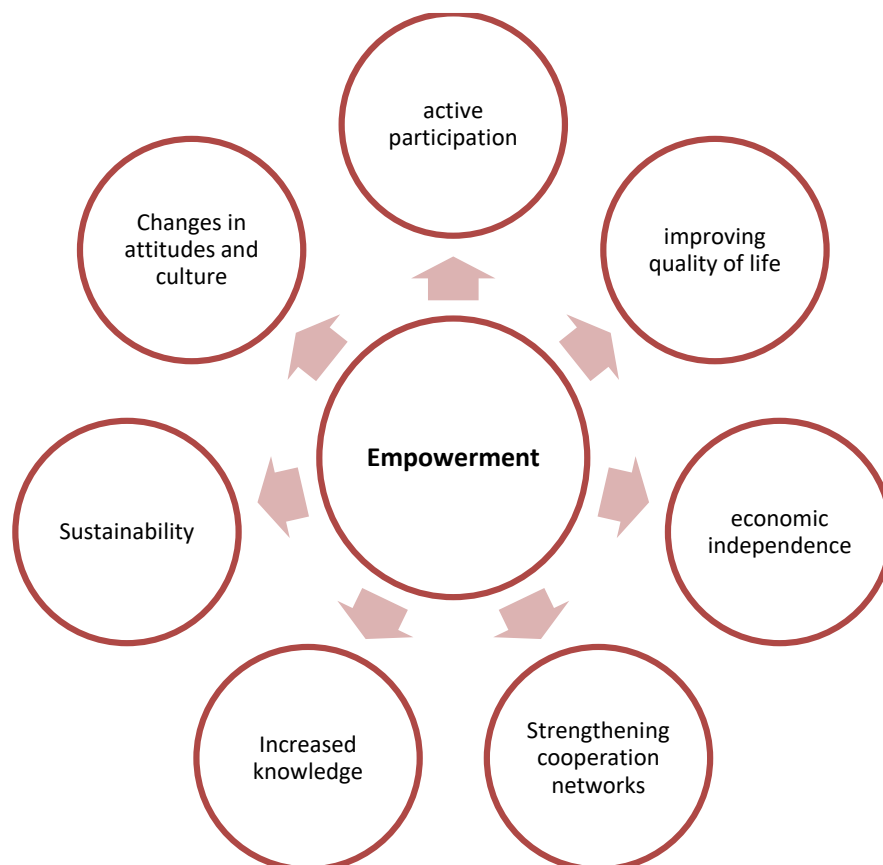


Figure 1. Indicators of Empowerment Success



## CONCLUSIONS

The Economic Heroes Program in Surabaya City initiated by Mayor Tri Rismaharini and developed by DP5A has proven to be effective and efficient in poverty alleviation efforts through women's empowerment and MSME development. This program has successfully achieved various milestones including product sales to the international market, meeting national standards, and significant independent product production every day. Strong cooperation between the city government, private sector, community, and media supports synergy in supporting MSMEs, including collaboration with international companies for product promotion and marketing. However, when PENA was replicated into a national program, there was a bias of failure in terms of empowerment. This program is considered less effective because some KPMs are not ready to accept graduation and this program is considered by a small number of people as coercion to get out of poverty immediately without considering the capacity of the KPM itself. This study finally provides recommendations for improving the PENA program based on the results of the analysis, the purpose of this study is to provide concrete recommendations for the government, financial institutions, the private sector, and other stakeholders to increase the effectiveness of the PENA Program, including in terms of policies, training, financial assistance, and infrastructure such as mentors who have an entrepreneurial spirit, the need for business incubators in creating an entrepreneurial spirit.

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