

THE IMPACT OF GROUP AND NETWORK ON WELFARE : THE EVIDENCE FROM URBAN INFORMAL SECTOR IN EAST FLOOD CANAL (BKT), JAKARTA

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ABSTRACT

The purpose of this study is to look at the relationship / correlation between Group and Network and Welfare of migrant workers / traders who are the informal sector in the flood area of the eastern canal (BKT) of Jakarta. Migrant workers / traders who act as respondent of research in urban areas in the informal sector are able to survive to improve their welfare through the support of their social capital where Group and Network are sub dimensions of social capital variables that influence research. The results showed that there was a significant correlation between Group and Network on Welfare of migrant workers / traders. *Keyword : Urban Informal Sector, Group and Network, Welfare, East Flood Canal.*

1. INTRODUCTION

Humans migrate from one place to another generally to improve their welfare, from rural to urban areas, as Jakarta. When migrants arrive in the city, they are faced with scarcity of work. They were forced to go into the informal sector, one of them being a worker / street vendor to survive by utilizing the social capital they have. These migrant traders get hereditary ways and trading skills, both through their families and relatives, most of whom are still one hometown. One of the central areas of a group of street vendors that are quite famous in Jakarta is in the flood of the eastern canal and often abbreviated as BKT, always crowded with visitors on weekdays and holidays, providing snacks and food even clothes, watches, tire patches and other daily necessities at affordable prices, also a place to hang out of all ages. On weekdays, this area starts to be crowded by traders from 4 pm and gets busier when coming home from work around 5 to 6 pm and closes at 12 pm until one in the morning for Monday to Friday. On weekends on Saturdays and Sundays, the area is busier than usual, even closed until morning before dawn and then closes.

Based on the phenomenon mentioned above, the researcher is interested in conducting further surveys about social capital applied by migrant workers / traders and and want to find out more about what dimensions are significant representing social capital and its effect on the welfare of migrant workers / traders in BKT as an urban informal sector. This research is unique because it has never been done before in the informal urban sector in the BKT public facilities.

2. LITERATURE REVIEW

Migration is one of one's efforts to improve his standard of living, and not only affects the population size of an area, but also has a significant influence on the socioeconomic aspects (Chotib and Nurbaiti, 2018). In principle, business can develop in areas with more population, and have purchasing power (Horiuchi et al, 2013). The migration of urban village residents has been so massive with the advancement of transportation technology, then businesses are developing in urban areas in the informal sector (Horiuchi, and Takahashi, 2016). The informal

sector is a dynamic sector, continues to grow and is always able to adapt to the development of the economic climate. Decent work is central to poverty alleviation efforts and how to create equitable development and sustainable development, fulfilling basic human rights (ILO, 2012). Generally, informal work is self-employed, recruiting family members or close relatives, family workers, where the production is limited to household needs, but also suitable for sale according to community needs (Chen, 2012). The informal sector answers this as a form of adaptation from oversupply of labor that is not absorbed by the market swerved into entrepreneurship in the sector. The informal sector was chosen because it has flexibility in carrying out entrepreneurial activities even for beginners (Priyono, 2015).

Migrant workers can survive in relationships by maintaining interpersonal relationships, friendship and close family ties where they provide information to each other, which unites one another which is often called social capital (Walsh and Isabel, 2016). According to Narayan and Michael (2014), social capital is included in 3 groups: (1) the input dimension, which includes group and network as well as trust and solidarity; (2) operational dimension, which includes collective action and cooperation as well as information and communication, and (3) implementation dimension which includes social cohesion and inclusion and empowerment.

The group and network sub dimensions include aspects of participation, contributions and informal networking and individual involvement in the social entity, while the trust and solidarity sub dimension describes perceptions and attitudes of trust towards neighbours, public policy makers, and helps between members as time goes by. The essence of social capital is the existence of networks, applied norms, and trust and solidarity between individuals in social entities. Social capital is very helpful in increasing the productivity of individuals and communities in carrying out daily activities such as working and trading and other social activities (Nurbaiti and Chotib, 2020).

The collective action and cooperation sub-dimension describes the participation of individuals with other members of the community in carrying out activities for the common good, such as disasters and other social activities, while the information and communication sub-dimension provides access to information and communication using adequate public service infrastructure facilities and encourages economic activities in the community (Farr, 2014). The social cohesion and inclusion sub-dimension illustrates the level of social closeness in reducing conflict turmoil due to differences in society, by applying equality without discrimination to one particular community group in accessing public services. The sub-dimension that is included in the application dimension is empowerment, where this aspect provides an overview of the ability of the community to manage and control all related processes in aspects of their lives.

To advance the standard of living and business continuity of street vendors / informal sector workers, it is necessary to empower efforts, namely: (1) strengthening business capacity or developing entrepreneurship among traders through training or capacity building; (2) capital access needs to be given; (3) need to be given access to communication with local authorities; (4) there needs to be a joint forum to be able to compete with modern markets in the form of institutions; and (5) need assistance in overcoming business obstacles (Utami, 2010). All of the dimensions above illustrate the condition of community members in managing the ability to control all processes that are directly related to their lives, and also play an active role in using their capacities to get welfare.

Welfare can be measured by income, consumption or family expenses, living conditions, housing facilities, health of family members, easy access to health services, ease of getting educational facilities, and transportation facilities. In addition, well-being is also characterized by prosperity, happiness and satisfaction in life (Schueller and Seligman, 2010). According to Alartartseva and Barysheva (2015) welfare is measured in two aspects, namely (1) the objective aspect, where in this case welfare is measured through material and (2) subjective aspects, where welfare is the internal experience of each individual other than material. Objective aspects include: income or income, wealth, expenditure / consumption, living conditions, and education, health, while the subjective aspects include psychological, social and spiritual well-being. Subjective aspects are generally related to one's ability to have a balanced lifestyle, to have interpersonal relationships, social networks and community support, as well as to have a relationship with God and good worship.

3. RESEARCH METHODS

The study was conducted for one month from mid-July to mid-August 2019 in the BKT Jakarta area by taking primary data using a questionnaire instrument from 300 respondents. The results of the field data were processed with Lisrel software. This processed carried out through 3 (three) stages, namely: (1) Test the measurement model that includes the Goodness of Fit test, validity and reliability test. For the fit test can be seen in the Goodness Of Fit Index (GOFI) table where there are 9 indicators to show a good match (RMSEA, NFI, NNFI, CFI, IFI, RFI, Standardized RMR, GFI and AGFI). For the match above, both (Perfect Fit) contains degree of freedom = 0, minimum fit function chi-square = 0. For the validity test can be seen from the Standardized Loading Factor (SLF) value ≥ 0.50 , and the reliability test is said to be good if the Construct Reliability value (CR) ≥ 0.70 , and Variance Extract (VE) ≥ 0.50 . For further, (2) Confirmatory Factor Analysis (CFA) Test, which tests all latent variables processed and simplified by calculating Latent Variable Score (LVS) and the last one is (3) Structural model test (hypothesis test), test the research hypothesis, if the absolute t value score ≥ 1.96 , then the hypothesis is accepted, whereas if it is not rejected. For the standard coefficient value on the structural model test, it shows the strength of influence between two latent variables (Wijanto 2008 in Nurbaiti, and Chotib 2020).

4. RESULTS AND DISCUSSION

Based on the measurement test data processing, the Confirmatory Analysis (CFA) test and the structural model test / research hypothesis test can be seen in the description below:

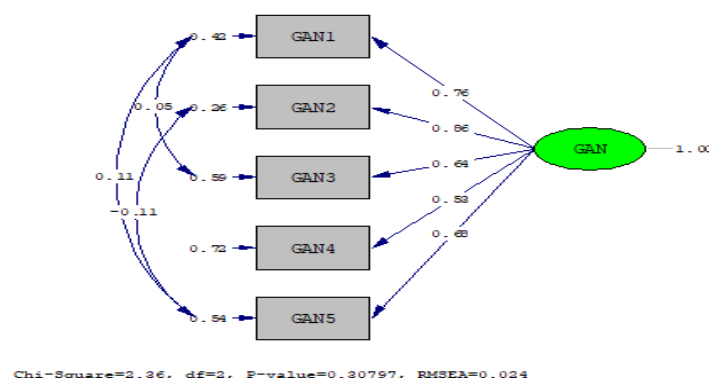


Figure 4.1 Path Diagram Variable Group and Network (GAN)
(Standardized Solution)

Table 4.1 Goodness of Fit Test Results Group and Network (GAN)

Indicator	Good Fit	Goodness of Fit Test Results	Information
RMSEA	≤ 0.08	0.024	Good Fit
NFI	≥ 0.90	1.00	Good Fit
NNFI	≥ 0.90	1.00	Good Fit
CFI	≥ 0.90	1.00	Good Fit
IFI	≥ 0.90	1.00	Good Fit
RFI	≥ 0.90	0.98	Good Fit
Standardized RMR	≤ 0.05	0.015	Good Fit
GFI	≥ 0.90	1.00	Good Fit
AGFI	≥ 0.90	0.97	Good Fit
Conclusion Goodness of Fit Test Results : has a good match, the data support the research model.			

Table 4.2 Validity and Reliability of Group and Network (GAN)

Latent Variable/ Observed Variable	Standardized Loading Factor (SLF)	Error	Information
GAN1	0.76	0.42	Good Validity
GAN2	0.86	0.36	Good Validity
GAN3	0.64	0.59	Good Validity
GAN4	0.53	0.72	Good Validity
GAN5	0.66	0.54	Good Validity
Conclusion Goodness : all variables have good validity and reliability, with values CR = 0.82, VE = 0.50			

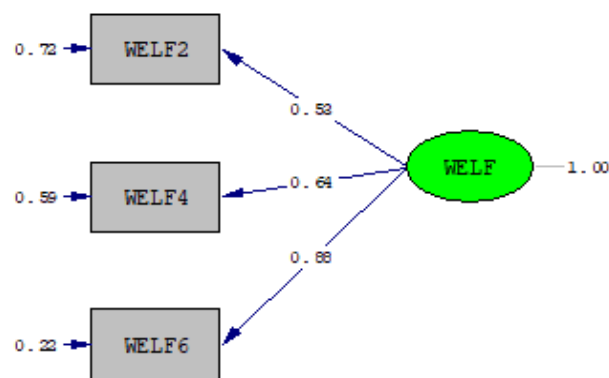
All measurement results of the 5 observed variables from the latent variable Group and Network (GAN) are valid, because the SLF value > 0.50 with the highest order of SLF values to the low are GAN2, GAN1, GAN5, GAN3 and GAN4. From the Group and Network (GAN) latent variable measurement chart below sequentially based on the highest SLF value, it can be seen that the ease of obtaining the knowledge of trading in groups due to kinship and becomes the main thing in the findings in the field (GAN2), followed by the ease of capital (GAN1), ease of moral and material assistance (GAN5), ease of developing a business (GAN3) and ease of solving problems in trading (GAN4).

The migrant traders in BKT based on the results of interviews stated that they gained knowledge about how to start and run a trading business in a group that is still related by family, or one of their hometown colleagues. In addition, with the kinship, capital problems can also be overcome by mutual cooperation among members of the kinship. They trust one another, making it easier to help one another and motivate morally and materially. In terms of developing their business, for example opening a branch of trade, they have more confidence in members who still have kinship, because it is easier to exercise control especially if there are problems during trading.

These migrants came almost entirely to try their luck in the capital, and were invited by relatives / family who had already traded at BKT for years. The kinship factor makes them feel more comfortable and believes that the skills assistance, capital assistance will be smooth because they have known each other long before. Especially if one hometown, they believe more in this

kinship, and already feel part of a large family, especially when surviving in someone else's territory, which is not their home area, even far away from their home region. This continues to be done from generation to generation to form a trade group in BKT.

This is in line with research conducted by Morais et al (2016), Moreta (2015) and Morais (2016) where migrant workers / traders in the informal sector can more easily get capital if they are in groups. In addition, in according to Kwok and Leung (2015) and those who have a group entity or a tribe are also more supportive to help if there are difficulties in terms of capital, as well as trading skills and information. Another form of interaction is vertically, with individuals / groups outside the community environment (bridging), also with parties who have higher authority, such as government, formal social organizations, business institutions, and so on (linking) (BPS, 2013).



Chi-Square=0.00, df=0, P-value=1.00000, RMSEA=0.000

Figure 4.2 Path Diagram Variable Welfare (WELF)
(Standardized Solution)

Table 4.3 Goodness of Fit Test Results Welfare (WELF)

Degree of Freedom = 0
 Minimum Fit Function Chi-Square = 0.00 (P = 1.00)
 Normal Theory Weighted Least Square Chi-Square = 0.00 (P = 1.00)
 Satorra-Bentler Scaled Chi-Square = 0.00 (P = 1.00)
 The Model is Saturated, the Fit is Perfect!

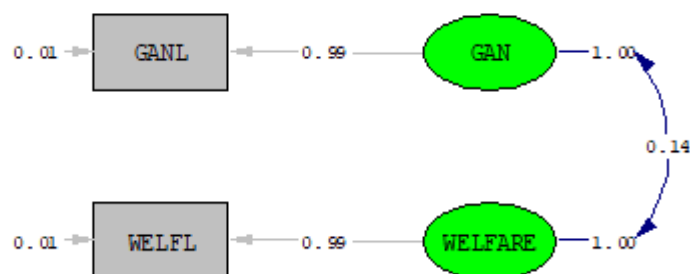
Conclusion : all variables observed in the WELF latent variable have a very good fit (Perfect Fit), the data support the research model.

Table 4.4 Validity and Reliability of Welfare (WELF)

Latent Variable/ Observed Variable	Standardized Loading Factor (SLF)	Error	Information
WELF2	0.53	0.72	Good Validity
WELF4	0.64	0.59	Good Validity
WELF6	0.88	0.22	Good Validity
Conclusion Goodness : all variables have good validity and reliability, with values CR = 0.73, VE = 0.50			

For latent welfare variables (WELF), respondents consider that welfare is primarily to have a place to live that is protected from heat and rain (WELF6), has time to worship and explore religious knowledge (WELF4) and is able to consume 4 healthy foods 5 perfectly or healthy and nutritious food (WELF2). Meeting nutrition is felt to be far more important than having to go to a doctor or hospital. These three things are considered more priority compared to the time of friendship with family / relatives, as well as time to improve trading skills. This finding is in line with research conducted by Schueller and Seligman (2016), and Alatartseva and Barysheva (2015), where welfare is measured by income marked by decent living conditions, and nutrition fulfillment. In theory, there is objective welfare (material) and subjective well-being (non-material). Based on the results of the data in the field also supplemented with interviews, migrant traders in BKT prioritize the fulfillment of nutrition in this case healthy food first as their primary welfare standard. After nutrition is fulfilled, the next priority is the time they have to worship, study religion, and be busy with their trade. After that, they thought that a decent place to live was able to protect family members from the heat and rain, even though the place of residence was simple.

Although their average income per month is enough to survive and there is not much savings, but they do not forget the concept of health and balanced nutrition. There is another interesting thing that the hustle and bustle of metropolitan life in Jakarta does not make them forget their religion and religious life. Even this religious aspect is considered far more important than a decent place to live, not getting rained and overheated even though it is a simple contract.



Chi-Square=0.00, df=0, P-value=1.00000, RMSEA=0.000

Figure 4.3 Path Diagram of Confirmatory Factor Analysis (CFA) Test (Standardized Solution)

Table 4.5 Confirmatory Factor Analysis (CFA) Test

Degree of Freedom = 0 Minimum Fit Function Chi-Square = 0.00 (P = 1.00) Normal Theory Weighted Least Square Chi-Square = 0.00 (P = 1.00) Satorra-Bentler Scaled Chi-Square = 0.00 (P = 1.00) The Model is Saturated, the Fit is Perfect! Conclusion of CFA Test : all variables observed have a very good fit (Perfect Fit), the data support the research model.

Table 4.6 Validity and Reliability of CFA Test

Latent Variable/ Observed Variable	Standardized Loading Factor (SLF)	Error	Information
<i>GAN</i>	CR = 0.98 VE = 0.98		Good Reliability
GANL	0.99	0.01	Good Validity
<i>WELF</i>	CR = 0.98 VE = 0.98		Good Reliability
WELF	0.99	0.01	Good Reliability

Conclusion Goodness : all variables have good validity and reliability.

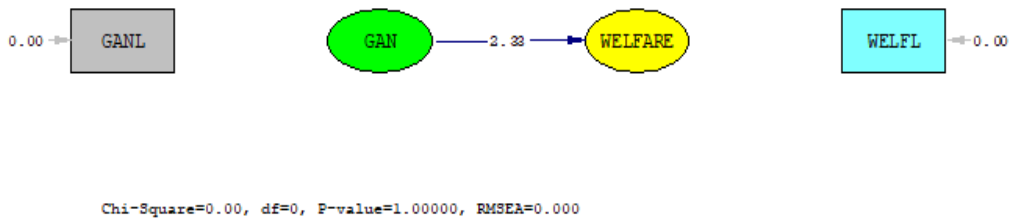


Figure 4.4 Path Diagram Of Measurement Model Test (T-Value)

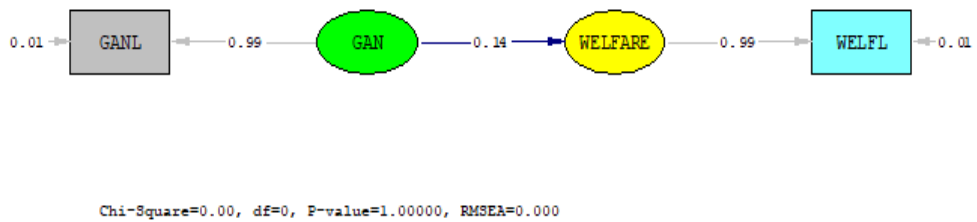


Figure 4.5 Path Diagram of Test Measurement Model (Standard Coefficient)

Table 4.7 Structural Model Test Results

Information	Relationship Between Variables	T-Value Score	Standard Coefficient Score	Hypothesis Test Results
Hypothesis 1	There is a significant relationship between Group and Network (GAN) on Welfare (WELF) variables	2.33	0.14	Hypothesis 1 was accepted, T value ≥ 1.96 , positively correlated

Based on the results of the structural model test below, it is proven the research question that there is a significant relationship / correlation between Group and Network (GAN) and the welfare of workers / migrants in urban areas, namely Jakarta. Statistically indicated by the T-Value of 2.33 which is greater than 1.96. It can be seen the profile of respondents of migrant traders in BKT in terms of sex, age and education as follows:

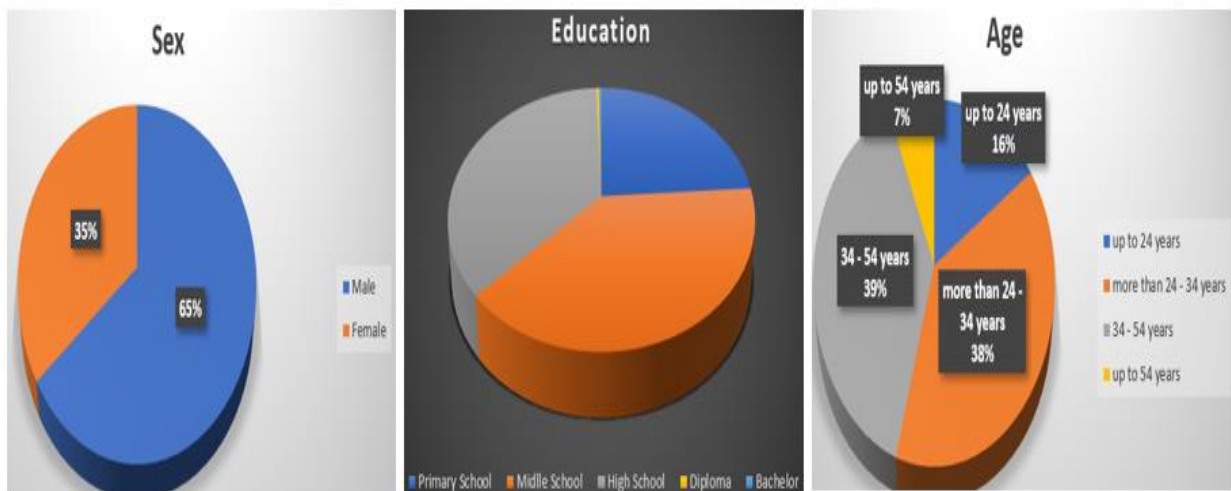


Figure 4.6 Pie Chart of Descriptive Statistics Results From The Respondent's Profile

Based on the survey data obtained that male migrant traders are greater than women, with the majority of middle school and high school education levels, and the most at the age of 24 to 54 years. as additional information based on the results of the interview, the migrant traders in the BKT have been around for quite a long time most of them coming from West Java, East Java, Central Java and Sumatra. In addition, there are also those from Kalimantan and Sulawesi and also NTT, NTB, Bali, Papua, Maluku and Flores, although only a few. In line with the results of research from Handiyatmo (2009), metropolitan is a relatively large urban area in terms of area, population and scale of economic and social activities, one of which is the city of Jakarta. This has become an attraction for people to come to metropolitan cities leaving their hometown / birth in the hope of improving their standard of living through the informal sector with entrepreneurship. The decision to become an entrepreneur or worker is related to an individual's

attitude to risk, managerial ability, family background and financial constraints (Catherine et al, 2012).

The tendency of work informality is experienced by young workers, where young female workers tend to experience work informality compared to male workers. Young educated workers tend to experience work informality compared to highly educated workers and young workers in rural areas tend to experience work informality compared to urban areas. And there is a tendency that young workers who do not experience migration tend to experience work informality compared to those who migrate. Based on age, people who are in the productive age category (15-49 years) are the most migratory groups. The highest migration pattern occurs at the age of 30 - 50 years and will decrease with age at the age of up to 50 years. This is in line with research conducted by William and Youseff (2015) and Chaudary and Barman (2014).

5. CONCLUSION AND SUGGESTIONS

Group and network as part of social capital forming variables, are important and significant factors for migrant workers in BKT to maintain their lives, communicate with each other with mutual cooperation in terms of skills and trading capital. This group and network is carried out by almost all migrant workers, both from Java and outside Java, where migrant workers in the BKT are dominated from West Java, Central Java and East Java. There is a significant positive effect between Group and Network and Welfare, which can be concluded that the better the quality of the Group and Network, the better the level of welfare.

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3 Jun 2020 19.46



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