ABSTRACT

MUHAMMAD YAFIZ. Welfare Refinement Model for Fishermen through Improvement of Fishery Business Sector at the Regency of Rokan Hilir, Riau Province. Under supervision of M. FEDI A. SONDITA, DANIEL R. MONINTJA, SOEPANTO SOEMAKARYO, SUGENG HARI WISUDO

Fishery sector has not significantly given a denotable economic contribution in improving fishermen’s welfare, as shown by fishermen’s poverty headcount index (PHI) of 0.32 which falls in “poor” category. This research was carried out to develop a welfare improvement model for fishermen based on both internal and external factors affecting the fishery sector in Regency of Rokan Hilir. The study was conducted by applying Structural Equation Model (SEM) method which considers some external and internal factors in fishery business, activities in fishery industry, capture fishery activities, aquaculture activities, fish processing activities, central government, regional government, and fishermen welfare factors. The research was conducted in four coastal sub-districts in the Regency of Rokan Hilir, Riau Province and data collection was carried out in an eight-month period, from July 2008 to February 2009. Two additional analysis were simultaneously carried out for this research, i.e. fishermen welfare analysis using welfare indicators established by the Indonesian Bureau of Statistic, financial performance analysis of fishery business that calculated conventional indicators, such as net present value (NPV), net benefit-cost ratio (NB/C), internal rate of return (IRR), return on investment (ROI), and payback period (PP).

SEM analysis concluded that in overall the studied factors significantly affected fishermen welfare improvement in the area. Both capture and aquaculture activities significantly promote fishermen’s welfare as they involved more labors from local work forces. The national and local fisheries authorities indirectly affected the fishery industry through their regulation while the local authorities significantly promoted the expansion on some fisheries activities and fishermen’s welfare.

The fishery businesses with payang, bubu, serok, jaring insang hanyut and handline are worth developing as indicated by satisfactory financial indicators, i.e. values of both NPV and NB/C > 0, IRR was greater than 8.65% (the interest rate at the time of data collection) and the ROI and PP were considerably shorter or faster. On the other hand, the fishery businesses with jaring insang lingkar, pukat udang and pukat pantai are not worth due to unsatisfactory performance, i.e. both NPV and NB/C < 0, and IRR was considerably lower than 8.65%) and the ROI and PP were longer or slower.

Keywords: Financial Performance Analysis, Rokan Hilir, Fishermen’s Welfare, Structural Equation Modeling (SEM)