

BAB I

INTRODUCTION

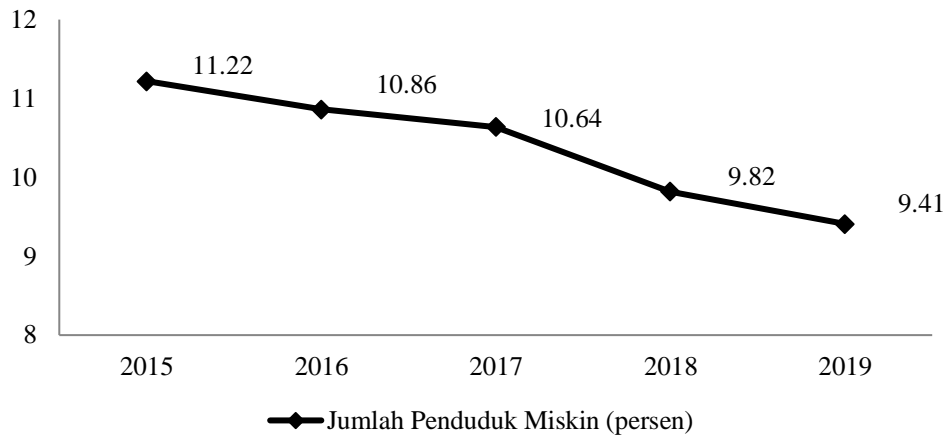
1.1 Background

Decent living is a human right that is universally recognized. The Indonesian Constitution mention in statute 1945, explicitly recognizes this by mandating that one of the main tasks of the government of the Republic of Indonesia is to promote public welfare, educate the nation's life, and create social justice for all Indonesian people. Based on Article 34, paragraph 1 of the 1945 Constitution, it is stated that the poor and neglected children are cared for by the state. This means that living free from poverty or enjoying a decent life are the fundamental rights of every citizen, and the government must ensure this realization. National development is improving general welfare and equitable for all Indonesian people.

Development must be carried out in an integrated and sustainable manner according to the priorities and needs of each region with the roots and targets of national development which have been determined through long-term and short-term growth. Therefore, one of the leading indicators of the success of national development is the reduction in the number of poor people. Poverty is a state of lack of money and goods to ensure survival. The term poverty arises when a person or group of people is unable to achieve a level of economic prosperity which is considered the minimum requirement of a certain standard of living. In a broad sense, Chambers said that poverty is an integrated concept that has five dimensions, namely: 1) poverty (proper), 2) powerlessness (powerless), 3) vulnerability to emergencies (state of emergency), four dependencies (dependence), and 5) isolation, both geographically and sociologically (Chriswardani, 2015). According to (Central Statistics Agency, 2020) someone is categorized as inferior if their income is below the poverty line.

Poverty is one of the diseases in the social economy, so it must be cured or at least reduced. The problem of poverty is very complex and multidimensional. Therefore, poverty alleviation efforts must be carried out comprehensively,

covering various aspects of community life, and implemented in an integrated manner (M. Nasir, et al. 2008).



Picture 1.1 Poverty Level in Indonesia Years 2015 – 2019

Source : (Profil Kemiskinan di Indonesia, 2019) Badan Pusat Statistik Indonesia Tahun 2019
(data diolah 2020)

Based on the graph in Figure 1.1, it is known that the percentage of poverty in Indonesia from 2015-2019 has always decreased with a total decline of 1.81%. Even though the data shows a reduction in the poverty rate in Indonesia, the government's efforts to reduce the number of poor people have not been maximally achieved.

Poverty is a social problem that has occurred in Indonesia from the past until now. This causes the government to keep trying to reduce the pain of poverty. The main objective in development efforts in addition to creating the highest growth possible must also eliminate or reduce the level of poverty, economic disparities between regions and the unemployment rate. The difference in the endowment factor between one part and another causes a gap between these areas. Economic differences between regions will cause backwash effects that are greater than the spread effects, resulting in an imbalance process. The success of development in an area will encourage economic growth; the development of a room can run well if the people's welfare increases. The success of a region's story can be reflected in the rate of decline in the number of poor people.

In 2019, South Sumatra was one of the provinces with the largest percentage of poor people on Sumatra Island. South Sumatra is in the third rank of 10 regions on the Sumatra Island with a portion of the low population at 12.71%. Although the percentage of poor people in Sumatra from the previous year has decreased from 12.80% to 12.71%, this value is still much higher compared to other provinces on the Sumatra Island.

Poverty is one of the diseases in the economy, so it must be cured or at least reduced. The problem of poverty is indeed complex and multidimensional. Therefore, poverty alleviation efforts must be carried out comprehensively, covering various aspects of community life, and implemented in an integrated manner (M. Nasir, et al. 2008)

Table 1.1 Percentage of Poor Population by Province in Sumatra 2015-2019

Province	2015	2016	2017	2018	2019
Aceh	17.08	16.73	16.89	15.97	15.32
Sumatera Utara	10.53	10.35	10.22	9.22	8.83
Sumatera Barat	7.31	7.09	6.87	6.65	6.42
Riau	8.42	7.98	7.78	7.39	7.08
Jambi	8.86	8.41	8.19	7.92	7.60
Sumatera Selatan	14.25	13.54	13.19	12.80	12.71
Bengkulu	17.88	17.32	16.45	15.43	15.23
Lampung	14.35	14.29	13.69	13.14	12.62
Kep Bangka Belitung	5.40	5.22	5.20	5.25	4.62
Kepri	6.24	5.98	6.06	6.20	5.90

Source : (Badan Pusat Statistik Sumatera Selatan, 2020)

The factor affecting the level of poverty is economic growth. High economic growth accompanied by equitable distribution of growth results throughout the business sector is needed to reduce poverty levels. So to accelerate poverty reduction, economic growth must be increased. The success of development in an area will encourage economic growth, the result of a region can run well if the people's welfare increases, which is reflected in the rate of decline in the number of poor people. The high number of poor people in South Sumatra Province shows that development in South Sumatra Province has not

been very successful. The following is the data on the percentage of poor people according to data from the 2014-2019 BPS Province of South Sumatra.

Table 1.2 Percentage of Poor Population by Regency / City in South Sumatra 2014-2019

No	Regency / City	Year					
		2014	2015	2016	2017	2018	2019
1	Ogan Komering Ulu	11.96	13.22	13.29	12.95	12.61	12.77
2	Ogan Komering Ilir	15.30	17.08	16.03	15.75	15.28	15.01
3	Muara Enim	13.76	14.54	13.56	13.19	12.56	12.41
4	Lahat	18.02	18.02	17.11	16.81	16.15	15.92
5	Musi Rawas	17.28	15.13	14.30	14.24	13.76	13.37
6	Musi Banyuasin	17.38	18.35	17.27	16.75	16.52	16.41
7	Banyuasin	11.88	12.45	11.72	11.47	11.32	11.33
8	Ogan Komering Ulu Selatan	11.21	11.58	10.95	10.98	10.64	10.53
9	Ogan Komering Ulu Timur	10.13	11.24	11.29	11.00	10.57	10.43
10	Ogan Ilir	13.38	14.43	13.80	13.58	13.19	13.31
11	Empat Lawang	12.89	13.33	12.54	12.44	12.25	12.30
12	Pali	14.98	14.88	14.23	14.53	13.81	13.47
13	Musi Rawas Utara	19.83	19.73	20.00	19.49	19.12	19.12
14	Palembang	12.93	12.85	12.04	11.40	10.95	10.90
15	Prabumulih	10.86	12.12	11.44	11.42	11.39	11.61
16	Pagar Alam	8.90	9.64	9.19	8.89	8.77	8.90
17	Lubuk Linggau	13.90	15.16	13.99	13.12	13.02	12.95

Source : (Badan Pusat Statistik Sumatera Selatan, 2020)

Based on Table 1.2 above, it shows that the district / municipal unemployment rate in South Sumatra Province has experienced instability from year to year in most districts/cities. The highest increase in the poverty rate occurred in the Ogan Komering Ulu Regency, which had an increase from 2014-2019 of 0.81%. Musi Rawas Regency is the district that has succeeded in reducing the poverty rate the most, from 2014-2019 at 3.91%.

Mudrajad Kuncoro, the cause of poverty comes from Nurkse's theory, namely the idea of poverty circles (Vicious circulation of poverty), it is said that there are

three factors, namely underdevelopment and underdevelopment of human resources (HR) which is reflected in the low human development index, market imperfections, and lack of capital. Low productivity resulting in low income they receive. Low income will have an impact on lower savings and investment. The low investment will affect low capital accumulation so that the job creation process is short.

According to the viewpoint of The United Nations Development Program (UNDP), human development is formulated as an option to increase their opportunities for education, health care, income and employment. The low human development index (HDI) will result in the low productivity of the population, which will result in a low level of income which results in a high number of poor people. One indicator that can be used to see the development of the quality of human resources that can bring the success of social development is the human development index (HDI) or the human development index (HDI). The following is the development and population growth in South Sumatra Province measured from the Human Development Index (HDI):

Table 1.3 Human Development Index by Regency / City
in South Sumatra 2014-2019

No	Regency / City	Year					
		2014	2015	2016	2017	2018	2019
1	Ogan Komering Ulu	66.20	67.20	67.50	68.30	69.00	59.50
2	Ogan Komering Ilir	63.90	64.7	65.40	66.10	66.60	67.00
3	Muara Enim	65.00	65.80	66.70	67.60	68.30	68.90
4	Lahat	64.50	65.30	65.80	66.40	67.00	67.60
5	Musi Rawas	63.20	64.10	64.80	65.30	66.20	66.90
6	Musi Banyuasin	64.90	65.80	66.50	67.00	67.60	67.80
7	Banyuasin	63.20	64.20	65.00	65.90	66.40	66.90
8	Ogan Komering Ulu Selatan	61.90	62.60	63.40	64.00	64.80	65.40
9	Ogan Komering Ulu Timur	66.70	67.20	67.40	67.80	68.60	69.30
10	Ogan Ilir	64.50	65.40	65.50	65.60	66.40	67.20
11	Empat Lawang	63.20	63.60	64.00	64.20	64.80	65.10

Source : (Badan Pusat Statistik Sumatera Selatan, 2020)

Table 1.3 Human Development Index by Regency / City
in South Sumatra 2014-2019

12	Pali	59.90	60.80	61.70	62.60	63.50	64.30
13	Musi Rawas Utara	61.30	62.30	63.10	63.20	63.80	64.30
14	Palembang	76.00	76.30	76.60	77.20	77.90	78.40
15	Prabumulih	72.20	73.20	73.40	73.60	74.00	74.40
16	Pagar Alam	64.80	65.40	66.00	66.80	67.60	68.40
17	Lubuk Linggau	72.80	73.20	73.60	73.70	74.10	74.80

Source : (Badan Pusat Statistik Sumatera Selatan, 2020)

Another factor that affects the poverty rate is economic growth. Low economic growth and a large population will affect the social conditions of humans in an area. The economy is said to experience growth if the production of goods and services increases from year to year. Economic growth that continues to show improvement indicates that the economy in an area is developing well. Thus, economic growth will show the extent to which economic activity can generate additional income or social welfare in a certain period. Increased economic growth is not sufficient to alleviate poverty, but is something that is needed to become a benchmark for reducing poverty in a region.

Table 1.4 Percentage of Economic Growth by Regency / City
in South Sumatra 2014-2019

No	Regency / City	Year					
		2014	2015	2016	2017	2018	2019
1	Ogan Komering Ulu	3.67	3.05	3.96	4.06	5.00	5.64
2	Ogan Komering Ilir	5.07	4.81	4.47	5.11	5.01	5.14
3	Muara Enim	3.14	7.62	6.78	7.16	8.67	7.02
4	Lahat	3.84	2.14	2.34	4.44	4.07	5.62
5	Musi Rawas	7.37	513.00	5.25	5.03	5.79	5.88
6	Musi Banyuasin	4.67	2.29	2.17	3.02	3.23	4.57
7	Banyuasin	5.14	5.56	5.89	5.05	5.14	5.22
8	Ogan Komering Ulu Selatan	5.51	4.54	5.19	4.51	5.16	5.07
9	Ogan Komering Ulu Timur	5.20	6.05	6.17	3.37	4.43	5.86
10	Ogan Ilir	6.66	4.43	5.13	5.14	5.26	5.16

Source : (Badan Pusat Statistik Sumatera Selatan, 2020)

Table 1.4 Percentage of Economic Growth by Regency / City
in South Sumatra 2014-2019

11	Empat Lawang	4.23	4.50	4.54	3.71	4.23	3.62
12	Pali	-0.01	4.44	5.19	5.97	6.43	6.16
13	Musi Rawas Utara	9.92	3.34	2.70	4.65	4.22	4.16
14	Palembang	5.25	5.45	5.74	6.21	6.69	5.94
15	Prabumulih	11.50	4.84	6.62	5.27	5.83	5.55
16	Pagar Alam	4.57	4.33	4.41	4.81	4.31	3.23
17	Lubuk Linggau	6.30	6.00	6.33	6.31	6.01	5.69

Source : (Badan Pusat Statistik Sumatera Selatan, 2020)

Based on Table 1.4, it shows that the rate of economic growth in the Regency / City of South Sumatra Province is experiencing instability. Several districts/cities have experienced an increase and also experienced a decline in economic growth from 2014-2019. Towns/districts that experienced the highest increase in economic growth occurred in the Pali region, which experienced a rise of 6.17% from 2014-2019. Meanwhile, neighbourhoods/cities that experienced the most significant decline in economic growth occurred in the Prabumulih region, it is 5.95% from 2014-2019. The highest growth rate in 2019 was found in Pali at 6.17%, and the lowest was in the Pagar Alam city, which was 3.23%. This shows that the ability of a region to manage human resources and its natural resources is different.

One of the factors causing the high number of poor people is determined based on how much unemployment is in the area. Unemployment is someone who is already classified in the labour force, who is actively looking for work at a certain wage level, but cannot get the job he wants. In unemployment there are open unemployment, namely, fully unemployed workers, in addition to facing open unemployment, Workers residing in cities also face the problem of underemployment, namely the use of workers who are lower than their regular working hours. In open unemployment, this type is found in many developing cities.

The unemployment rate, according to the Central Bureau of Statistics, is the percentage of unemployment to the total workforce. Open unemployed consisted of those who did not have a job. We're looking for work, those who did not have a job

and prepared a business, those who did not have a job and did not look for work because they felt they could not get a job and those who already had a job but had not yet started working. The following shows the data on the number of unemployment rates in the Regency / City of South Sumatra Province in 2014-2019.

Table 1.5 Percentage of Unemployment Rate by Regency / City in South Sumatra 2014-2019

No	Regency / City	Year					
		2014	2015	2016	2017	2018	2019
1	Ogan Komering Ulu	4.40	7.64	7.71	4.50	4.61	4.55
2	Ogan Komering Ilir	3.48	6.89	6.97	3.45	2.60	2.90
3	Muara Enim	5.61	6.69	6.65	3.31	4.27	4.78
4	Lahat	5.62	4.26	5.26	4.33	3.28	3.64
5	Musi Rawas	2.67	2.04	2.07	2.80	3.22	2.91
6	Musi Banyuasin	3.74	5.61	5.83	2.75	3.29	4.14
7	Banyuasin	2.97	5.56	6.32	3.64	3.84	3.90
8	Ogan Komering Ulu Selatan	2.92	0.83	2.87	3.54	4.10	2.99
9	Ogan Komering Ulu Timur	4.32	4.74	4.79	2.35	3.50	3.41
10	Ogan Ilir	3.03	5.43	5.31	3.19	2.42	3.23
11	Empat Lawang	5.87	5.21	4.55	3.84	2.27	2.64
12	Pali	2.19	1.94	2.69	4.42	3.79	4.05
13	Musi Rawas Utara	2.93	2.99	3.05	6.11	4.22	3.76
14	Palembang	9.32	9.52	9.44	8.19	7.21	7.93
15	Prabumulih	6.90	6.62	6.34	6.79	6.98	6.04
16	Pagar Alam	4.81	3.53	3.49	2.57	3.02	2.45
17	Lubuk Linggau	6.80	12.31	12.31	4.00	4.55	4.66

Source : (Badan Pusat Statistik Sumatera Selatan, 2020)

Based on Table 1.5, it can be seen that the unemployment rate has decreased from year to year, as seen from 2014-2019. However, the highest was Palembang City, where in 2019, Palembang City experienced an increase of 7.93 percent, while Prabumulih Regency / City was in second place, it is 6.04 percent, and was followed by Muara Enim Regency which amounted to 4.78 percent. The regency/city with the lowest unemployment rate was in the Pagar Alam City, amounting to 2.45 percent.

From the problems that mentioned above, the researcher is interested in measuring how much the human development index (HDI), economic growth income, and the unemployment rate effect on the number of poverty in the Regency / City of South Sumatra Province and wants to know how the Islamic economic perspective defines poverty. Based on the background that has been explained, the researcher is interested in conducting a study entitled "Analysis of Factors Affecting the Level of Poverty in 17 Districts of South Sumatra Province from an Islamic Economic Perspective in 2014-2019".

1.2 Formulation of the Problem

The problems in this formulation regarding the factors that affect the level of poverty in districts/cities of South Sumatra Province include the human development index, economic growth, and unemployment rate and a review from an Islamic Economic perspective in alleviating poverty. In this study will review the following matters:

1. Does human development index affect poverty in South Sumatra Province?
2. Does economic growth affect poverty in South Sumatra Province?
3. Does the unemployment rate affect poverty in South Sumatra Province?
4. What is the islamic economic perspective on poverty?

1.3 Research Objectives

1. To analyze the effect of the human development index variable on the poverty level in South Sumatra Province.
2. To analyze the effect of the economic growth variable on poverty levels in South Sumatra Province.
3. To analyze the influence of the unemployment rate variable on the poverty level in South Sumatra Province.
4. To find out the Islamic economic perspective on poverty.

1.4 Research Benefits

1.4.1 Theoritis

It is hoped that the results of this research will add scientific insight into economics which is reviewed from an Islamic economic perspective. As well as benefits for science to complement the study of poverty from an Islamic point of view.

1.4.2 Practice

For policy makers, this research is expected to be able to provide useful information related to poverty alleviation in South Sumatra Province so that it can be used as material for consideration and choice of policy-making strategies.