CHAPTER 1

INTRODUCTION

A. Background

Poverty is a serious problem that must be dealt with quickly, poverty has emerged since humans have been in the world. Differences in income, differences in abilities, and also differences in resources give rise to poverty. Poverty is also an interesting topic of discussion among politicians, bureaucrats, ordinary people and even academics. According to Suparlan (1984) poverty is a low standard of living, namely the level of material deprivation of a number or group of people compared to the standard of living that generally applies in society.

One of the benchmarks used to see the quality of human life is the Human Development Index (HDI) which is measured through the quality of education, health and economic levels (purchasing power) (Mirza, 2012: 102). Through the approach of these three indicators, it is hoped that there will be an improvement in the quality of human life. This is due to individual heterogeneity, geographic disparities and diverse social conditions in society, meaning that income level is no longer the main benchmark in calculating the level of development success (Ananta, 2013).

The need for improvement starts from the bottom, namely from society or each individual human being, by paying attention to health levels, education levels, and decent living standards or income levels, which are the basic dimensions in the human development index. This problem must be handled seriously with various ways to overcome it, one of which is carrying out human development or also carrying out economic development, namely by opening up many job opportunities so as to reduce the unemployment rate. Apart from that, the government as the implementer of development needs a competent and quality base or human capital so that improvements are needed in its human resources to produce progressive development. Since development was carried out in Indonesia, the number of poor people in 1990 amounted to 27.2 million people (13.4%) and in 1996 it decreased to 22.5 million people (4.7%).

Labor force growth is a positive factor in helping economic development, more labor force means more productive power. However, in developing countries there is still a lack of employment opportunities, which hinders the workforce from wanting to work, and does not have a positive impact because the workforce and employment opportunities are not balanced. Development must be seen as a multidimensional process that includes various changes in social structures, community attitudes, and national institutions, while continuing to pursue accelerated economic growth, addressing income

inequality, and alleviating poverty (Todaro and Smith, 2006). This is in accordance with human capital theory, namely that education has an influence on economic growth because education plays a role in increasing labor productivity. Because development basically aims to improve people's welfare, development programs have always paid great attention to poverty alleviation efforts. Poverty alleviation must be a top priority in development. One of the goals of the Indonesian government is to create a just and prosperous society. As a result, development efforts have focused on developing relatively underdeveloped areas. The central and regional governments have tried to implement various programs and policies to end poverty, but have not achieved optimal results. Increased community capabilities and skills as well as better health conditions will result from increased investment and quality human resources. When demand for labor is faced, the availability of workers of productive age as reflected in the labor force participation rate (TPAK) will be an advantage. In order not to increase the number of unemployed people, labor force growth must be balanced with the availability of wider job opportunities. The HDI is designed to provide more comprehensive information about a nation's rate of development than is possible using only economic measures such as GDP (Gross Domestic Product) per capita. Because, HDI prioritizes public health and education, two important indicators of a person's quality of life.

HDI is expressed in the form of an index ranging from 0 to 1, with 1 being the human construction index and 0 representing the lowest human construction index. Investment can be an effective means of reducing poverty if done correctly and focused on sectors that affect the lives of poor people. Investments can create economic opportunities, create jobs, increase incomes, and provide better access to necessary resources and services.

TABLE 1.1

Human Development Index (HDI) 2015-2022

Location /Year	2015	2016	2017	2018	2019	2020	2021	2022
Tanah Bumbu	67,58	68,28	69.12	70.71	71.00	70.71	71.00	71,79
Tanah Laut	66,99	67,44	68.00	69.38	69.87	69.38	69.87	70,35
Kotabaru	66,61	67,10	67.79	68.86	69.13	68.86	69.13	69,74
Tabalong	69,35	70,07	70.76	72.19	72.60	72.19	72.60	73,13
Balangan	65,34	66,25	67.25	68.82	69.11	68.82	69.11	69,73
Banjar	66,39	66,87	67.77	69.18	69.89	69.18	69.89	70,72

Source: BPS, 2022

For Indonesia, HDI is an important indicator that measures progress in education, health and the standard of living of its population. As of 2014, the HDI was at 68.90. Then, in 2015 it became 69.55, then in 2016 it was 70.18, in 2017 it reached 70.8 and 71.39 in 2018, and in 2019 Indonesia's HDI target reached 71.98. Over the last few years, Indonesia has shown an increase in HDI, indicating progress in these aspects. Improved health, access to education, and

better living standards are the main factors in the growth of a country's HDI. The increase in HDI can be linked to various government development policies, such as programs that increase access to education, health infrastructure, poverty alleviation and gender equality. However, to increase HDI evenly throughout Indonesia, further efforts are still needed, especially to overcome differences between regions and community groups. Increasing access to health, education and a better economy remains an important focus in increasing Indonesia's HDI as a whole. As one of the largest islands in Indonesia, Kalimantan Island has various Human Development Index (HDI) developments in various regions. Several regions in Kalimantan are West Kalimantan, East Kalimantan, Central Kalimantan and South Kalimantan. The trend of increasing HDI in Kalimantan generally increases over time, but the level of development can differ in each province and even at the district/city level. However, disparities between Kalimantan regions are still a problem. The HDI may be higher in some areas than in others. This may be due to differences in access to health services, education, and economic infrastructure in the area.

South Kalimantan Province is a province not far from the location of IKN (National Capital) which is located in East Kalimantan. South Kalimantan Province has an area of 38,744.00Km2 in 2020 and has a population of 4,087,894 people. South Kalimantan Province also has

a relatively geographical position, namely in the middle of the archipelago starting from the island of Sulawesi, the island of Java, Bali, so that South Kalimantan has a lot of access to trade in goods and services, this area also has abundant natural resources, especially coal. The large number of mining companies in this area attracts investors to invest their capital.

TABLE 1.2

Number of Poor Population in South Kalimantan Province

Year 2015 - 2022

Location /Year	2015	2016	2017	2018	2019	2020	2021	2022
Tanah Bumbu	17,910	17,480	17,016	17,063	17,348	16,832	18,919	17,216
Tanah Laut	14,790	15,240	15,308	14,870	15,449	14,787	15,862	13,541
Kotabaru	14,720	14,780	14,440	15,167	15,287	14,597	16,834	15,065
Tabalong	15,710	15,400	15,003	14,874	15,222	14,695	16,128	15,243
Balangan	7,280	7,090	7,213	7,214	7,266	7,064	8,062	7,825
Banjar	18,050	17,360	16,846	15,615	15,914	15,124	18,067	16,711

Source: BPS, 2022

The latest information about the status of the poor in each Indonesian province may change from year to year and depends on various factors, such as government policy, economic situation, social assistance programs, and others. Statistical institutions such as the Indonesian Central Statistics Agency (BPS) usually collect this data through surveys and research. In general, some Indonesian provinces have higher poverty rates than others. Provinces such as Papua, East Nusa Tenggara, Maluku and Sulawesi have a higher tendency to

experience poverty compared to other provinces. However, various economic, social, and political factors can cause it to change over time. To reduce poverty levels across provinces, the Indonesian government usually offers social assistance programs, infrastructure development, increased access to education, and skills training. These programs help improve the economic conditions of residents in the province. Since 2010, the number of poor people in Indonesia has continued to decrease to 28.1 million people (11.37 percent) in 2013. However, in 2014–2015, the number of poor people increased again to 28.3 million people in 2014 and 28.6 million people in 2015. However, in 2016, the number of poor people fell again to 28.1 million people.

Based on table 1.2 above, it shows that the poverty rate is increasing every year. South Kalimantan Province is the province with the lowest poverty percentage in the Kalimantan region and the second lowest in Indonesia, with a percentage figure of 4.61 percent (based on BPS data). Jhingan (2000) states that poverty arises due to several factors that are reciprocal with each other and have consequences. In economic development, it is not only about human resources but also the level of investment in the area that is needed. Sukirno (2005) explains that investment will have an impact on increasing economic activity, employment opportunities, national income and community welfare. The investment value in South Kalimantan from 2015 was

worth 2,060.4 to 2021 reaching 11,003.9 (billion Rupiah), (BPS, 2021). This shows that investment is increasing from year to year in South Kalimantan, which is obtained from mining and fisheries, because abundant natural resources are able to reduce unemployment.

South Kalimantan Province plays an important role in the national economy, especially in the agriculture, food crops, plantations, livestock, forestry and fisheries sectors. Additionally, the province is a major producer of rubber and palm oil. The poverty rate in South Kalimantan Province is considered to continue to change. This is in accordance with the results of BPS data collection in July 2016. The poverty rate rose from 5.21% in 2010 to 5.35% in September 2011, which encouraged the South Kalimantan Provincial government to take various policies to overcome poverty. The South Kalimantan Provincial Government places great emphasis on the poverty alleviation program known as Gerbangmas-Taskin (Integrated Community Development Movement for Poverty Alleviation). This program is implemented using the Tridaya approach, which includes economic, human and environmental empowerment. Since 2007, 50 villages and sub-districts in South Kalimantan Province have received the Gatemas-Taskin Program in turn. This program is a superior program to reduce poverty rates, which other provinces in Indonesia do not yet have. The Gatemas–Taskin program was able to provide a significant reduction in the percentage of poverty rates in 2012,

starting from 5.06% in March to 5.01% in September. The decline in percentage figures during 2012 put the poverty rate in South Kalimantan Province in the third lowest position after DKI Jakarta Province and Bali Province, but what is happening now is the opposite, in March 2015 it rose by 0.18 points when compared to the situation in September 2014 (BPS 2016).

In the holy book Al-Qur'an, QS. At Taubah verse 105 to work both for yourself and others.

وَقُلِ ٱعْمَلُوا۟ فَسَيَرَى ٱللَّهُ عَمَلَكُمْ وَرَسُولُهُۥ وَٱلْمُؤْمِنُونَ ۖ وَسَتُرَدُّونَ إِلَىٰ عَٰلِمِ ٱلْغَيْبِ وَٱلشَّهَٰدَةِ فَيُنَبِّئُكُم بِمَا كُنتُمْ تَعْمَلُونَ

Meaning: And say: "Work, then Allah and His Messenger and the believers will see your work, and you will be returned to (Allah) Who knows the unseen and the real, then He will report to you what you have done.

The human development index also influences poverty (Ningrum, 2017). HDI includes aspects of health, education and living standards (Todaro & Smith, 2013). On the other hand, research findings by Suripto & Subayil (2020); Hutagaol et al., (2019); Hasan (2021) concludes that there is an impact between HDI and poverty. The human development index aims to improve human life, where improving the quality of human resources is very important and can

reduce poverty in people's lives. This explains that human development can make people better and more qualified.

This paper aims to analyze existing economic developments in South Kalimantan Province and present other directions for future study. Our focus is on the poverty rate then HDI, Investment and Regional Expenditures. Previous research conducted by Isa et al., (2019) shows that poverty is positively and relevantly influenced by HDI. On the other hand, the research results of Syaifullah & Malik (2017) found that HDI has a negative and irrelevant impact on poverty, resulting in a research gap in research. If the human development index is classified as low, then poverty is high, causing inequality in human life. Differences in research results can provide guidance for further research in improving the human development index optimally.

Research conducted by Asis (2016) explains that investment has a significant effect on labor absorption. This is different from the results of research conducted by Izhartati (2017) which explains that investment does not have a significant effect on labor absorption.

According to research conducted by Meilen, Amran, and Patrick (2014), there is a relationship between direct shopping and poverty levels in Manado City. Apart from that, other research conducted by

Agustina (2013) found that public spending had a positive impact on poverty levels in East Java Province.

Based on the background of this problem, the author is interested in researching the influence of human development index factors, investment, regional spending and poverty. Therefore, the author gave the title of this research as:

"Analysis of the Influence of the Human Development Index, Investment and Regional Expenditures on Poverty in South Kalimantan Province 2015 - 2022".

B. Formulation of the problem

Based on the background description above, there are 3 three problems:

1. What is the influence of HDI on poverty in South Kalimantan Province in 2015-2022?

2. What is the influence of investment on poverty in South Kalimantan Province in 2015-2022?

3. What is the influence of Regional Expenditures on poverty in South Kalimantan Province in 2015-2022?

C. Research purposes

1. Analyzing the influence of HDI on poverty in South Kalimantan Province in 2015-2022

2. Analyzing the influence of investment on poverty in South Kalimantan Province in 2015-2022

3. Analyzing the influence of Regional Expenditures on poverty in South Kalimantan Province in 2015-2022

D. Benefits of research

The results of this research are useful for:

1. As a reference and also literature for further research that other people may carry out.

2. South Kalimantan Provincial Government to evaluate policies for handling poverty.

3. For researchers, to develop knowledge and also get images regarding poverty alleviation.