

## **CHAPTER 1**

### **INTRODUCTION**

#### **A. Background**

Poverty is a major problem faced by all countries. In general, poverty is a condition where a person or group of people cannot fulfill their basic rights to maintain and develop a dignified life. Therefore, the government seeks to eradicate poverty by implementing the Millennium Development Goals (MDGs) policy. Based on the MDGs policy from 1998 to 2012, the result of the Millennium Development Goals policy was that the rural poor contributed more than the urban poor. In 1998, public attention to the problem of poverty caused by the monetary crisis was revived after a long period of not being discussed in the mass media. The public's attention stems from a statement by the World Bank (1990) in the mass media praising Indonesia's success in alleviating poverty. According to the World Bank, Indonesia has succeeded in reducing the number of poor people relatively from 40.08% in 1976 to 17.42% in 1987. A drastic decline over the past 10 years.

The Islamic view of poverty is a very complex problem, which it strongly discourages. Islam forbids its people to leave their families weak and poor in accordance with the word of God in QS. An Nisa' 4: 9, as follows:

لِيَخْشَ الَّذِينَ لَوْ أُنْفِقُوا مِنْهُ لَخِفَّتِ الْأَقْبَابُ عَلَى غَلِيظٍ مِنَ الْعَذَابِ

Meaning: "And fear Allah those who, if left behind them weak children, who they worry about (their welfare). Therefore, let them fear Allah and let them speak the truth." (Surat an-Nisa': 9)

According to Abu Hurairah, poverty is a person whose life is not sufficient, in terms of food, clothing or shelter. As mentioned in the Qur'an, faqir is identified with poverty as mentioned in the QS. Al-Baqarah [2]:286 namely:

الَّذِينَ يَدْعُونَكَ إِلَى الْفَقْرِ وَيَأْمُرُكَ بِالْحَسَاءِ وَاللَّهُ يَعْذِبُكُمْ وَمَنْعَفَرٌ مَمْنَهُمْ فَضَلُّوا اللَّهُوَ اسْعَلِيكُمْ

(البقرة: 268)

" *Satan promises (scares) you with poverty and orders you to do evil (miserly); while Allah has made for you forgiveness from Him and bounty. And Allah is Extensive (His bounty) and All-Knowing.* "

It is also explained in the Bukhari hadith explicitly that poverty is as follows:

اللَّهُعَنْهُ، عَنَّا النَّبِيِّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: إِنْ

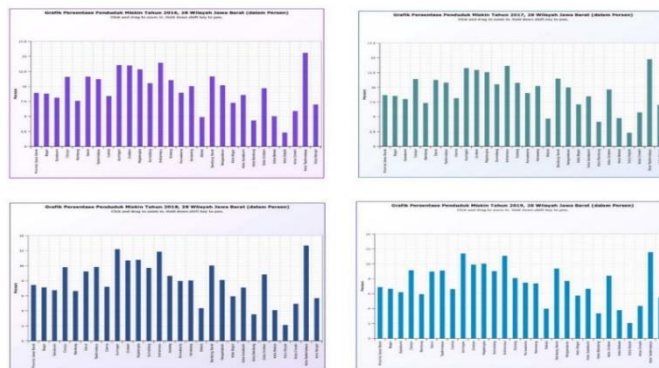
لَيْسَ أَمْسِكِيْنَا الَّذِينَ دُهُمَا لَأَكْلَتَهُوَ الْأُكْلَتَانِوَ لَكِنَّا الْمَسْكِينُْنَا الَّذِينَ يَسْأَلُهُمْ عَنَّا وَيَسْتَحْيِيَانَا وَ لَيْسَ أَلَانَا سِإِلَاحَافَ

" *Hajjaj bin Minhal has told us Hajjaj bin Minhal has told us Shu'bah has described to me Muhammad bin Ziad said; I heard Abu Hurairah Radliallahu 'Anhu from the Prophet sallallaahu' alaihiwasallam: "Is it not called poor people who can be overcome with one or two bites of food". However, what is called poor is a person who does not have sufficient but he refrains (embarrassed) or a person who does not ask for urgently (Narrated by Bukhari No. 1382) "*

According to Nano Prawoto (2009) The problem of poverty continues to be a big problem in Indonesian history as a country. In a country that mismanagement, no more problems big, apart from the problem of poverty. Poverty has kept millions of children from can get a quality education,

difficulty financing health, lack of savings and no investment, lack of access to public services, lack of job opportunities, lack of social security and protection against family, the strengthening of the flow of urbanization to cities, and worse, poverty causes millions of people to meet their food, clothing, and housing needs limited.

The world poverty standard is 2 US dollars, while in Indonesia it is only 1 US dollar. If you follow world standards, there will be a very drastic spike. Based on data from the Central Statistics Agency (BPS), the poverty rate in 2015 has increased. In 2015, the number of poor people in Indonesia reached 28.59 million people (11.22 percent), an increase of 0.86 million people compared to the condition in September 2014 of only 27.73 million people (10.96 percent). In West Java itself percentage of poor population figures from the year 2016-2019 as follows:



**FIGURE 1.1**  
 Poverty Percentage in West Java  
 Source: BPS (West Java Central Statistics Agency)

From the picture above, it can be seen that the first rank of poverty in West Java from 2016-2019 is the city of Tasikmalaya with a percentage of 15.6% in 2016, 14.8% in 2017, 12.71% in 2018, and 11.6% in 2019 with the second most replaced position. by Kuningan with a poverty percentage of 11.41%. then for the lowest position in poverty, namely Depok with a percentage of 2.34% in a row in 2016-2017, 2.14 in 2018 and 2.07% in 2019. If you look in more detail at all districts in West Java from the graph above, it can be concluded that the occurrence of percentage reduction in the poverty rate each year. Even so, the standard of poverty in Indonesia is one level below the standard of poverty in the world. Indonesia is one of the countries with a high percentage of poverty.

According to the World Bank (2004) one of the causes of poverty is due to lack of income and assets to meet basic needs such as food, clothing, housing and an acceptable level of health and education. In addition, the causes of poverty contained in the theory According to the vicious circle of poverty, factors that cause underdevelopment and underdevelopment of human resources in a country are market imperfections, lack of capital also has an impact on low productivity which will automatically result in low income which can lead to low income. High unemployment and low wages will have implications for low savings and investment. Not only that, the

human development index (HDI) is also an important factor to see or measure the level of poverty in a country.

The human development index (HDI) is used to compare human development performance between countries and regions. The human development index is also one of the benchmarks for an area to see how high the level of development is. That way we can know in detail the quality of its human resources. The quality of human resources is very important to the productivity of one's performance. So improving the quality of individuals by training skills so that there will not be a low HDI which causes low income gains which result in poverty. The low productivity of a person can occur due to a lack of skills. The following is the development and growth of the quality of human resources in West Java as measured by the Human Development Index (HDI):

**TABLE 1.1**  
HDI by West Java District

West Java Region	Human Development Index			
	2016	2017	2018	2019
Bogor	68.32	63.13	69.69	70.65
Sukabumi	65.13	65.49	66.05	66.87
Cianjur	62.92	63.70	64.62	65.38
Bandung	70.69	71.02	71.75	72.41
Garut	63.64	64.52	65.42	66.22
Tasikmalaya	63.57	64.14	65.00	65.64
Ciamis	68.45	68.87	69.63	70.39
Kuningan	67.51	67.78	68.55	69.12
Cirebon	66,70	67.39	68.05	68.69

Majalengka	65.25	65.92	66.72	67.52
Sumedang	69.45	70.07	70.99	71.46
Indramayu	64.78	65.58	66.36	66.97
Subang	67.14	67.73	68.30	68.69
Purwakarta	68.56	69.28	69.98	70.67
Karawang	68,19	69.17	69.89	70.86
Bekasi	71.83	72.63	73.49	73.99
West Bandung	65.81	66.63	67.46	68.27

Source: BPS HDI 2020

Based on the table above, it can be seen that all districts in West Java from 2016-2019 showed an increase in the percentage of the human development index. The highest figure for the human development index in Bekasi Regency was ranked first with a percentage of 73.99% in 2019 and the lowest number in Garut Regency with a percentage of 61.67% in 2019. Therefore, the increase in HDI greatly affects the poverty rate in West Java province as shown in table 1.1 above.

The open unemployment rate is also one of the most important things to know the condition of the poor in West Java province. Unemployment can lead to high levels of poverty because it will reduce people's income, thereby reducing the level of community prosperity (Endrayani and Dewi, 2016) . The following is unemployment data in West Java Province based on:

**TABLE 1.2**  
District Open Unemployment Rate (Percent)

West Java Region	Unemployment Rate			
	2016	2017	2018	2019

Bogor	10.01	9.55	9.75	9.06
Sukabumi	10.05	7.66	7.77	7.99
Cianjur	10.06	10,10	10,16	9.72
Bandung	4.03	3.92	5.00	5.48
Garut	6.50	7.86	7.07	7.28
Tasikmalaya	8.51	6.61	6.83	6.25
Ciamis	6.99	5.17	4.60	5,10
Kuningan	7.49	7.94	8.99	9.61
Cirebon	10.51	9.61	10.56	10.28
Majalengka	4.01	5.02	4.95	4.37
Sumedang	9.00	7.15	7.52	7.63
Indramayu	8.51	8.64	8.36	8.28
Subang	10.04	8.74	8.65	8.59
Purwakarta	10.00	9.11	9.89	9.65
Karawang	11.51	9.55	9.05	9.61
Bekasi	10.03	10.97	9.69	8.94
West Bandung	10.01	9.33	8.50	8.17

Source: TPT BPS 2020

It can be seen from table 1.2 above, the unemployment rate that occurred in Karawang Regency has increased with the highest percentage of 11.51% in 2016 followed by Bekasi Regency in second place with a percentage of 10.97% in 2017 and the lowest unemployment rate with a percentage of 10.97%. 3.92% in Bandung Regency.

Poverty can cause many negative impacts, in addition to many social problems, poverty can also affect the economic development of a country. High poverty will increase the cost of economic development, thus indirectly hampering economic development. Poverty is a disease where people always lack material, such as food shortages, poor nutrition, lack of education, lack

of access to information and others. It can be seen from the quality that there are other very obvious factors regarding poverty, especially in big cities in Indonesia. Lack of food and drink, no proper place to live, even members of the community were evicted from settlements, thousands of workers demonstrated to protest the threat of termination of employment (PHK) attitude and arbitrary treatment of female workers abroad.

The economic growth of a country can be seen from its national income. This national income leads to the Regional Gross Domestic Product (RGDP), which is the value of goods or services produced in a country in a given year using production factors belonging to its citizens and belonging to residents in other countries. Usually valued at market prices and can be based on current and fixed prices. Regional Gross Domestic Product (RGDP) is used to measure an economic growth rate from year to year. According to Todaro (2000), that the new economic view considers the main goal of economic development to be not only RGDP growth, but also poverty alleviation, overcoming income inequality and providing employment opportunities in the context of a growing economy. This can be interpreted that poverty is one of the problems that must be overcome in the context of economic development according to the new economic view. The success of an economy is no longer only measured by an increase in RGDP, but also the ability of a country to overcome the problem of poverty. To find



out the macroeconomic conditions of West Java, the following are the details of RGDP according to constant prices for the period 2016-2019 (Table 1.3).

**TABLE 1.3**  
RGDP by West Java Regency (Percent)

West Java Region	RGDP Rate at Constant			
	2016	2017	2018	2019
Bogor	5.84	5.92	6.19	5.85
Sukabumi	5.85	5.75	5.79	5.75
Cianjur	6.43	5.77	6.23	5.47
Bandung	6.34	6.15	6.26	6.09
Garut	5.90	4.91	4.96	5.02
Tasikmalaya	5.91	5.95	5.70	5.43
Ciamis	5.99	5.21	5.44	5.38
Kuningan	6.09	6.36	6.43	6.56
Cirebon	5.63	5.06	5.02	4.86
Majalengka	6.03	6.81	6.10	7.14
Sumedang	5.70	6.23	5.83	6.32
Indramayu	0.08	1.43	1.34	3.20
Subang	5.40	5.10	4.38	4.27
Purwakarta	5.99	5.15	4.98	4.38
Karawang	6.55	5.13	6.07	4.06
Bekasi	4.84	5.68	6.02	4.18
West Bandung	5.65	5.21	5.50	5.05

Source: RGDP BPS 2020

Based on the table above, it can be seen that the RGDP from year to year experienced an ups and downs percentage, seen in 2016-2019 the highest was Majalengka regency, reaching 7.14 percent in 2019, while Kuningan regency was in second place reaching 6.56 percent in 2019. 2013 too, and the lowest was Indramayu regency with a percentage of 0.08 percent in 2016.

According to the Classics, in general, the population is seen as an obstacle to development, especially in large numbers accompanied by high population growth. Thus the population is considered a development burden. According to Said Mulyadi (2001), Population is the number of people living in an area at a certain time and is the result of demographic processes, namely fertility, mortality, and migration. According to Nurdiman, residents are those who settle and domiciled in a country. Meanwhile, according to Srijanti and A. Rahman, residents are people who inhabit a place in a certain area regardless of the citizenship status adopted by that person. To find out the population in the province of West Java as follows:

**TABLE 1.4**  
Number of District Populations in West Java

Districts	District Population in west java			
	2016	2017	2018	2019
Bogor	11.79	11.9	12	12.1
Sukabumi	5.16	5.11	5.05	5
Cianjur	4.75	4.7	4.64	4.59
Bandung	7.59	7.61	7.64	7.66
Garut	5.42	5.39	5.35	5.32
Tasikmalaya	3.68	3.64	3.6	3.56
Ciamis	2.48	2.46	2.44	2.42
Kuningan	2.24	2.22	2.21	2.19
Cirebon	4.52	4.5	4.47	4.45
Majalengka	2.51	2.48	2.46	2.44
Sumedang	2.41	2.39	2.36	2.34
Indramayu	3.59	3.56	3.53	3.5
Subang	3.26	3.25	3.24	3.24
Purwakarta	1.97	1.96	1.96	1.95
Karawang	4.85	4.82	4.8	4.77

Bekasi	7.12	7.29	7.46	7.63
West Bandung	3.48	3.47	3.46	3.45

*Source: Population BPS 2020*

It can be seen from the table above that the population in the province of West Java in almost all regencies has decreased the number of residents every year but there are certain cities whose population numbers have increased, such as in Bogor, Bandung, and Bekasi, . Bogor has the highest population percentage, which reached 12.10% in 2019, followed by Bandung with 7.66% and Banjar with the lowest percentage reaching 0.37% in 2019.

The school Enrolment rate for 16-18 year olds is gradually increasing every year, and the poverty rate in Indonesia is decreasing every year, but is still classified as a high percentage. The School Participation Rate according to the Central Bureau of Statistics is the proportion of the population of a certain school age group currently attending school (regardless of the level of education taken) to the population of the corresponding school age group. "The school participation rate is a measure of the education system's absorption capacity of the school-age population and is an indicator to determine the educational progress of an area" according to Dewi, (2015, p. 106). The School Enrolment rate is a basic indicator used to see the population's access to educational facilities, especially for the school-age population. The increase in the School Enrolment Rate (APS) is also a

measure of the success of a region's education. This shows the level of prosperity of the area. Therefore, an increase in the number of APS will be associated with a decrease in the poverty rate. Poverty according to the Central Statistics Agency, (2000) is, "the condition of an individual or group of people who are unable to meet their basic needs, such as food, clothing, shelter, education, and health which are considered as minimal needs and have certain standards". Poverty is one of the diseases in the economy of a country, especially in developing countries or third countries. The problem of poverty is complex and multidimensional. Poverty is complex, meaning that poverty does not appear suddenly. However, having a background that is quite long and complicated so it is very difficult to know the root of the problem of poverty itself, while poverty is multidimensional meaning that it is seen from the many diverse human needs, poverty also has a primary aspect in the form of poverty of assets, social organization politics, knowledge, and skills, as well as secondary assets in the form of poverty of social networks, financial resources, and information. As a result of the nature of poverty, it is illustrated in the form of one of which is the low level of education.

**TABLE 1.5**

School Participation Rates Age 16-18 districts in West Java

West Java Region	School Participation Rate Angka			
	16 – 18			
	2016	2017	2018	2019

Bogor	63.71	59.6	52.76	55.03
Sukabumi	57.23	59.17	58.58	57.13
Cianjur	48.2	57.9	62.04	61.1
Bandung	63.98	62.16	65.57	64.15
Garut	56.27	64.08	60.82	60.48
Tasikmalaya	64.07	70.61	68.37	69.87
Ciamis	65.15	65.76	71.34	71.01
Kuningan	67.14	74.88	76.5	75.39
Cirebon	68.04	62.8	66.35	67.03
Majalengka	69.43	68.78	73.85	72.91
Sumedang	55.71	64.65	71.25	70.4
Indramayu	64.58	64.3	64.24	63.38
Subang	62.43	60.52	66.91	65.83
Purwakarta	61.63	56.34	61.15	60.82
Karawang	66.67	61.43	61.58	64.79
Bekasi	67.04	73.48	73.48	72.3
West Bandung	59.58	61.13	68.24	66.66

*Source: SPR BPS 2020*

It can be seen from the table above that the District School Participation Rate (APS) in West Java fluctuates, where the number goes up and down every year. The highest percentage of school participation is Kuningan Regency with 76.5% in 2018, followed by Majalengka Regency with 73.85% in 2018. For the lowest number in school participation rate, Cianjur Regency with 48.2% in year 2016.

Based on the results of research conducted by Karini, (2018, p. 103) with the title *The Effect of Poverty on School Participation Rates Aged 16-18 Years in the Province of the Bangka Belitung Islands*, shows on average that the poverty rate is directly proportional to the school Enrolment rate. .

The results of this study are proven to be able to reduce poverty levels, therefore it is said to be very useful for local governments to continue to increase school participation rates. Meanwhile, in the results of research with the title conducted by Ummi and Soejoto, (2017, p. 127) with the title Research on the Effect of Poverty Levels and Number of Schools on School Participation Rates (APS) in the City of Surabaya draws conclusions from the research as follows: Research with the title Effect of The Poverty Level and Number of Schools on the School Participation Rate (APS) in the city of Surabaya, shows the results of the regression test that the poverty rate and the number of schools have a significant negative effect of 55.33% where the influence of the poverty rate and the number of schools is 22.62% and 32, 71%. An increase in poverty is followed by a decrease in the school Enrolmentrate and vice versa.

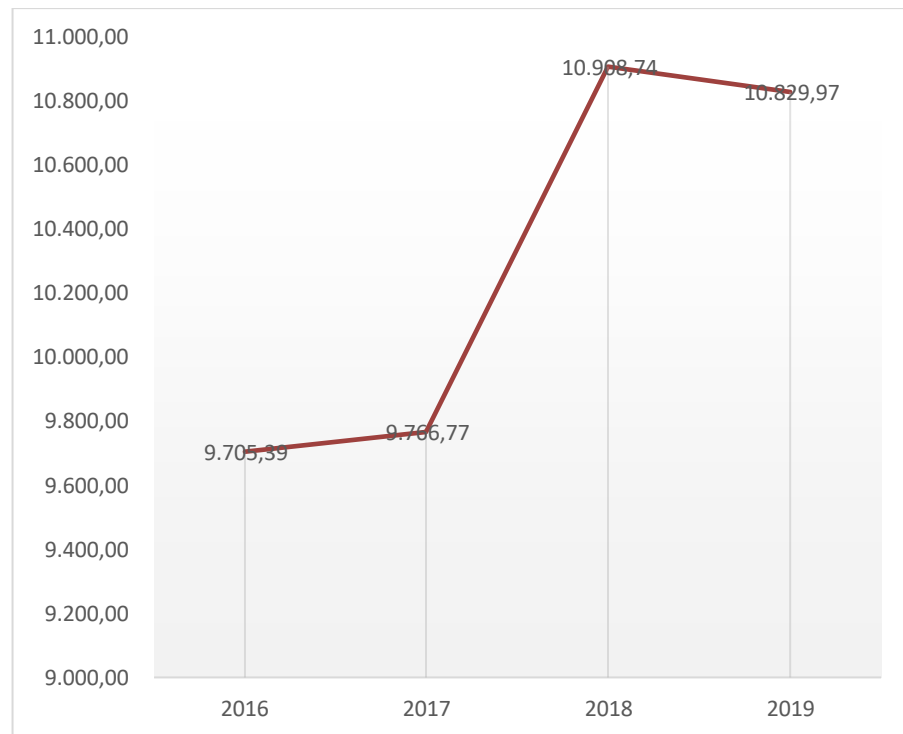
The level of consumption provides an overview of the level of prosperity of a person or a society. The higher the level of consumption, the more prosperous a person is. On the other hand, the lower the level of consumption, the poorer it is. To be able to consume someone must have income. If income increases, someone can consume goods in greater quantities, but not all income is used for consumption, but for someone who has excess income after consumption, it will be used for saving (Mahyu, 2013). As it is known that to call someone poor, the poverty line is used as

an indicator which is usually measured based on the amount of calorie consumption. Thus, there should be a factor between the total consumption factor and the poverty level, namely calorie consumption. However, calorie consumption is not included, so it is considered that total consumption has a direct influence on the poverty level, without any intermediary factors (Anggraini, 2012).

The poverty rate in Indonesia is very sensitive to inflation and inflation is very sensitive to increases in the price of basic necessities, based on 2015 SUSENAS data, the urban poverty rate of 8.3% will double to 16.2% if the poverty line is increased only 20%. In rural areas from 14.2 to 26%. For every 1% increase in rice prices, there is a potential for an increase in the number of poor people in Indonesia by almost 300 thousand people. Even the government has felt the bitterness of increasing poverty due to rising food prices during the early days of Jokowi's administration (Yusuf and Sumner, 2015).

Center for Indonesia Policy Studies (CIPS) researcher Novani Karina Saputri, said the cause was high food prices caused by a lack of domestic production. High food prices had occurred in early 2018. Based on data from the Ministry of Trade, the price of rice in July 2017 was Rp. 10,574 per Kg and increased to Rp. 10,794 per Kg and in January 2018 it rose to Rp. 11,041

per kilogram. Rice is a strategic commodity to maintain the stability of purchasing power. One of the rice commodities that is widely consumed by the public is IR 64 rice. The following is the average price of rice in West Java for the 2016-2019 period:



**FIGURE 1.2**  
Average Rice Price IR 64(Rp/Kg) Consumers in West Java (2016-2019)

*Source: Central Bureau of Statistics BPS (2019)*

The average price of rice in West Java from 2016 to 2019 fluctuated. In 2016 the price of rice was Rp. 9,705.39 rose by 0.03 percent. In 2017 it increased by 0.63 percent with a price of Rp. 9,766.77. And in 2018 it rose



by 11.69 percent to Rp. 10,908.74. In 2019, the average price is Rp. 10,829.97, down by 0.72 percent over the previous year.

From the problems above, researchers are interested in studying the factors that influence poverty in West Java. Researchers believe this to reduce poverty in West Java by reducing unemployment and accelerating economic development. Therefore, the researcher limits the variables used in the study, including the Open Unemployment Rate (TPT), Human Development Index (HDI), Regional Gross Domestic Product (RGDP), Total Population, School Participation Rate (SPR) Ages 16-18 years and the price Food Consumers. The title of this research is "ANALYSIS OF FACTORS AFFECTING DISTRICTS' POVERTY IN WEST JAVA PROVINCE (YEAR 2016-2019)"

## **B. Research Questions**

This study discusses the influence of the Open Unemployment Rate (TPT), Human Development Index (HDI), Regional Gross Domestic Product (RGDP), Population, School Participation Rate (SPR), Food Consumer Prices on District Poverty in West Java Province. In particular, this research will clearly review the following matters:

1. How does the calculation of the Human Development Index (HDI) partially affect District Poverty in West Java Province in 2016-2019?

2. How does RGDP affect Regency Poverty in West Java province in 2016-2019 partially?
3. How is the effect of open unemployment (TPT) on the level of poor district population in West Java province in 2016-2019 partially?
4. How does population size affect district poverty in the province of West Java in 2016-2019 partially?
5. How does the School EnrolmentRate (APS) partially affect District Poverty in West Java province in 2016-2019?
6. How does Food Consumption Prices partially affect District Poverty in West Java Province in 2016-2019?

### **C. Research Obejectives**

1. Analyzing Human Pemanfaatan Index (HDI) against to poor late Kabupaten in West Java in 2016-2019 partially
2. Analyze the influence of the RGDP against to poor late regency in West Java province in 2016-2019 partially
3. Analyzing the impact of the open unemployment rate (TPT) against to poor late regency in West Java in 2016-2019 partially
4. Partially analyze the effect of Population on District Poverty in West Java Province in 2016-2019
5. Partially analyze the effect of School Participation Rate on District Poverty in West Java Province in 2016-2019

6. Partially analyze the effect of food consumer prices on district poverty in West Java province in 2016-2019

#### **D. Research Benefits**

1. Theoretically, the results of this research are expected to add insight and scientific basis for development economics, as well as provide relevant references for academics and researchers.
2. Practical, results of this study are expected to provide useful information to the government regarding to poor late in the province of West Java, so it can be used as the assessment and selection strategies for poverty reduction, development planning and as a material consideration in determining the direction of policies related to poverty reduction in Indonesia through DSM development indicators and employment as a reference