

Poverty in Indonesia and Poverty Alleviation Efforts: A Literature Review

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ABSTRACT

Poverty is a condition of a person or group of people who are unable to fulfill the basic rights of life in order to survive and be able to develop a dignified life. Poverty can lead to increased unemployment, school dropouts, health problems, and increased crime. Poor people may find it difficult to access proper education. This research aims to find out the opportunities in improving poverty alleviation efforts in Indonesia. The author also discusses the factors that cause poverty in Indonesia, the impact of poverty, private institutions that have an important role in overcoming poverty, opportunities in improving alleviation efforts, the impact of bullying, and social support received by victims. This research is a literature review by searching the literature in several online databases such as Google and Google Scholar. As a result, Indonesia can improve poverty alleviation through the use of technology, inclusive education, and access to the labor market. These efforts require synergy between the government, non-governmental organizations, the private sector, and society at large to achieve optimal results.

Keyword : Poverty, Unemployment, Education, Private Institutions, Poverty Alleviation.



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1. INTRODUCTION

Poverty is a condition of a person or group of people who are unable to fulfill their basic rights to survive and be able to develop a dignified life (Arifuzzaman et al., 2021). The problem of poverty in Indonesia has always been a trending conversation to assess the success of government administration. The problem of poverty throughout Indonesia's history continues to be a big problem (Prawoto, 2009).

Poverty is a problem that is difficult to solve in developing countries, especially Indonesia. Hari (2017) revealed that poverty in terms of social-psychological leads to a lack of networks and social structures that can increase productivity. The poverty dimension is poverty caused by factors that hinder opportunities in society.

In dealing with the problem of poverty, efforts to deal with poverty in Indonesia are not only carried out in the current era. Poverty management has even been carried out since the old order period under the leadership of Soekarno. In the Soekarno era, a policy was made in terms of land reform in order to meet the basic needs of the community (Alika, 2018). Furthermore, Indonesia has seriously made efforts to alleviate poverty since the New Order in the period 1976-1996, Indonesia's poverty rate, which was originally 40%, fell very drastically to 11% (Purwanto, 2007). The government's success in poverty alleviation had to slow down temporarily with the monetary crisis that occurred in Indonesia in 1997, where the value of the rupiah currency plummeted against the US dollar. (Saribulan et al., 2023)

The government's efforts together with the community in alleviating poverty have shown changes. Although it was hit by the covid-19 pandemic in early 2020 which resulted in an increase in the number of poor people until 2021, it has been reduced in 2022. The percentage of poor people in March 2022 was 26.16 million people or 9.54%, the poor population decreased by 0.34 million people compared to September 2021 or 1.38 million people in March 2021 from the total population of Indonesia (Nurhanisah, 2022). The downward trend in poverty in Indonesia is not in line with the pressure of increasing commodity prices in the community and even globally, especially food and energy prices, for example, cooking oil which was scarce in circulation. The government's success in

maintaining economic growth has had a positive impact that needs to be maintained, especially in 2023 with a forecast of an economic recession characterized by negative Gross Domestic Product (GDP), an increase in unemployment, and negative real economic growth (UIR Public Relations, 2022).

Table 1. Percentage of Poor People in Various Provinces

No	Provinces	2021(%)	2022(%)	No	Provinces	2021(%)	2022(%)
1	Papua	27.38	26.56	19	Sumatera Utara	8.49	8.42
2	Papua Barat	21.82	21.33	20	Jawa Barat	7.97	8.06
3	Nusa Tenggara Timur	20.44	20.05	21	Jambi	7.67	7.62
4	Maluku	16.3	15.97	22	Sulawesi Utara	7.36	7.28
5	Gorontalo	15.41	15.42	23	Riau	7	6.78
6	Aceh	15.53	14.64	24	Kalimantan Utara	6.83	6.77
7	Bengkulu	14.43	14.62	25	Kalimantan Barat	6.84	6.73
8	Nusa Tenggara Barat	13.83	13.68	26	Kalimantan Timur	6.27	6.31
9	Sulawesi Tengah	12.18	12.33	27	Kep. Riau	5.75	6.24
10	Sumatera Selatan	12.79	11.9	28	Maluku Utara	6.38	6.23
11	Sulawesi Barat	11.85	11.75	29	Banten	6.5	6.16
12	Lampung	11.67	11.57	30	Sumatera Barat	6.04	5.92
13	DI Yogyakarta	11.91	11.34	31	Kalimantan Tengah	5.16	5.28
14	Sulawesi Tenggara	11.74	11.17	32	DKI Jakarta	4.67	4.69
15	Jawa Tengah	11.25	10.93	33	Bali	4.72	4.57
16	Jawa Timur	10.59	10.38	34	Kalimantan Selatan	4.56	4.49
17	Indonesia	9.71	9.54	35	Kep. Bangka Belitung	4.67	4.45

18	Sulawesi Selatan	8.53	8.63
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Table 1 shows the percentage of poor people based on 34 provinces in Indonesia. The data shows that out of 34 provinces, there are 16 provinces in Indonesia that have a higher poverty percentage rate than the national average and 18 provinces that are below the national poverty rate (9.54%). The provinces with the highest poverty rates are Papua Province at 26.56%, West Papua Province at 21.33%, and East Nusa Tenggara Province at 20.05%. Furthermore, the regions with the lowest poverty rates are Bangka Belitung Province at 4.45%, South Kalimantan Province at 4.49, and Bali Province at 4.57%. (Saribulan et al., 2023)

2. RESEARCH METHOD

This journal is a literature review. Therefore, there is no research method conducted in this journal. In this literature review, the author conducted a literature search in several online databases such as Google and Google Scholar using the keywords poverty and alleviation efforts. The articles selected had to meet the inclusion criteria, which were to discuss poverty and its impact as well as poverty alleviation efforts.

After searching, the author selected several relevant articles and then reviewed each article in detail. In this literature review, the author used a qualitative approach by analyzing the selected articles. The author synthesizes the articles to provide a more complete picture of poverty in Indonesia and poverty alleviation efforts.

3. RESULTS AND DISCUSSION

A. Factors that Cause Poverty in Indonesia

1. Income Inequality

The unequal distribution of people's income is known as income inequality. Social jealousy and poverty can result from income inequality, which puts people at greatest risk for things like civil unrest and separatist movements. Regional differences in development can also contribute to inequality. Inefficient regional labor, wages, and investment mobility exacerbate regional inequality. Major league wage differences can undermine monetary development and maintenance. As low-income households lose opportunities to maintain their health and accumulate physical and human capital, high inequality can slow growth. This may result in inadequate education financing. High-income kids attend better schools than low-income kids. (Salwa Fadhilah Haya et al., 2022)

2. Economic Instability

In the problem of poverty, the instability of economic growth is also one of the causes. For this reason, growing the level of economic growth is one approach that can be applied. Because it is assumed that regional revenue sources will tend to be large when economic growth in the area is high (Sjafrizal, 2016). Economic growth can be seen from the size of the Gross Domestic Product (GDP). As for regional areas, it can be reviewed through the value of the Gross Regional Domestic Product (GRDP) based on constant prices or reviewed at current prices. Because from the value of GRDP we can describe the extent to which the region budgets the resources contained there in (Firmansyah, 2016).

Indonesia's economic growth rate in the period 2018 to 2022 experienced fluctuating changes, namely in 2018 by 5.17 percent, in 2019 with a value of 5.02 percent, then in 2020 it decreased to -2.07 percent, then in 2021 to 3.69 percent and finally in 2022 in the third quarter the economic growth rate was 5.72 percent. Of course, fluctuations in the magnitude of the rate of economic growth are influenced by various problem factors, such as the decline in the rate of economic growth in 2020 due to the covid-19 pandemic that is endemic throughout the world and of course also has an impact on Indonesia. Indonesia itself is a developing country whose economic existence is certainly difficult if it is in a stable condition. So that there needs to be intervention from the government to encourage an increase in national economic growth (Budhijana, 2020).

3. Unemployment Rate

The existence of unemployment and with a high unemployment rate is one of the factors for poverty. Where it can be seen that from year to year unemployment has a tendency to increase. This is a big challenge for the Indonesian government because one of the indicators of successful development is being able to lift poverty and reduce unemployment significantly. Moreover, in this era of globalization, competition for workers is getting tighter, especially due to the opening of free trade

which facilitates the supply of foreign workers. The population has two roles in economic development; one in terms of demand and the other in terms of supply. In terms of demand, the population acts as consumers and in terms of supply, the population acts as producers. Therefore, rapid population growth is not always an obstacle to the course of economic development if this population has a high capacity to produce and absorb the resulting production. (Suripto & Subayil, 2020)

B. The Impact of Poverty

1. Increased unemployment

Poor people will find it difficult to get access to proper education. Thus, the poor will find it difficult to compete for jobs with the rich or well-off. This can trigger an increase in the unemployment rate. (Suripto & Subayil, 2020)

2. The number of school dropouts

In developing countries such as Indonesia, the cost of education that must be paid by an individual is quite high, so this will close the access of the poor to education. (Hindun et al., 2019)

3. Various health problems arise in the community

With poverty, various health problems will arise. There is an increase in needs, but not affordable, then the disease comes. For example dizziness, high blood pressure, stroke and others.

4. Increased crime

Poverty can be one of the causes of crime. This is because poor people will tend to want to fulfill their basic needs by using any means, including crime. Some forms of criminality that can be committed by an individual are fraud, theft, robbery and murder.

5. Increased mortality rate

Poor people who are unable to fulfill their basic needs will find it difficult to get access to adequate health for themselves and their families. This difficult access to health can cause the mortality rate of a population to increase, especially the mortality rate of the poor.

6. Conflicts that occur in the community will arise

The poor will generally get different treatment from the rich. For example, getting access to certain facilities. The disparity that occurs in the community will trigger conflicts in social life because of the jealousy that arises.

C. Relationship between Poverty and Various Issues

1. The Relationship Between Poverty and Health

The correlation between poverty and health is not a simple relationship, and is a reciprocal relationship that cannot be separated between the two. Poor health can lead to poverty and poverty has the potential to lead to low health status, as stated by the World Bank (2002) that poverty and health are inseparable. Poor health can lead to reduced productivity and deplete household savings, ultimately reducing quality of life and creating poverty. The poor, in turn, are exposed to greater personal and environmental risks, malnutrition, and a lower ability to access health facilities. (Wagstaff, 2013)

2. The Relationship Between Poverty and Education

Education is the most basic need for all people because an educated society can at least have the ability to free itself from poverty. According to Ihsan (2011) the level of education is a continuous stage of education, which is determined based on the development of students, the level of complexity of teaching materials and how to present teaching materials. The level of school education consists of primary education, secondary education, and higher education. The level of education can be used as an indicator to see the level of welfare of the population. The higher a person's level of education, the better the quality of their human resources. Education is the most important factor that can lift a person out of poverty. The link between poverty and education is very large because education provides the ability to develop through the mastery of knowledge and skills (Suryawati, 2005).

3. Relationship between Poverty and Income Inequality

Income inequality is closely related to relative poverty (Badrudin, 2017). Poverty causes the inequality of income distribution between rich and poor to become more unequal. As expressed by Arsyad (2017), not achieving a significant reduction in the poverty rate has resulted in increasing inequality in income distribution in developing countries. Therefore, poverty reduction is needed, so that income inequality in society is getting lower.

There are several studies related to the relationship between the effect of poverty and income inequality as follows. In their research, Hassan et al. (2015) stated that in the long run there is a positive relationship between poverty and income inequality. Syawie (2011) revealed that at a certain proportion, poverty is indeed related to inequality. However, reduced poverty does not necessarily mean reduced inequality. Syawie's findings are also supported by Afandy, Rantung, & Marshdeh (2017) who state that a lower poverty rate actually increases inequality, so solutions or measures to reduce poverty can be in favor of inequality, but rather allow inequality to increase.

Discussion

A. Programs and policies in poverty alleviation

The Indonesian government has implemented various programs and policies in poverty alleviation, including:

1. Community Empowerment Program: This program is one of the priority programs in the field of poverty alleviation. This program aims to increase community income through increased access to capital, improved product quality and marketing access, skills development and business services, as well as the development of entrepreneurship, partnerships, and brokering.¹

2. Social Assistance: Social assistance in the form of community empowerment programs and subsidies is one of the programs for poverty alleviation. This subsidy is in the form of social assistance, while this empowerment is by providing basic infrastructure such as housing, drinking water/clean water, sanitation, etc. ².

3. Provision of Basic Needs: This program is one of the three programs directly directed at the poor. This program aims to meet the basic needs of the poor, such as rice, cooking oil, and others. ³.

4. Development of the Social Security System: This program aims to provide social protection for people in need, such as the public health insurance program (JAMKESMAS).⁴.

5. Economic Empowerment Program: This program aims to empower the community through the provision of basic service infrastructure for the community such as housing, drinking water/clean water, and sanitation⁵.

B. Non-governmental organizations (NGOs), non-governmental organizations (NGOs), and the private sector have an important role in addressing poverty.

Here are the roles of each entity:

1. LSM (Lembaga Swadaya Masyarakat) :

- LSM have a role in community empowerment, public advocacy, and oversight of local government policies. (Praja, 2009)
- LSM can also respond, be responsive, and care about the safety of the younger generation in relation to drug prevention and eradication⁶.
- LSM are expected to trigger community involvement in providing solutions to various problems that occur in the midst of society⁷.

2. NGO (Non-Governmental Organization):

- NGOs can play a role in local economic development, community empowerment, public advocacy, and monitoring local government policies. (Wulan & Muktiali, 2013)

¹ <https://www.kemendiknas.go.id/strategi-pengentasan-kemiskinan-melalui-sinergi-program-pemberdayaan-masyarakat>

² <https://pu.go.id/berita/dukung-pengentasan-kemiskinan-dan-stunting-menteri-basuki-tingkatkan-program-pemberdayaan-masyarakat-di-tahun-2022>

³ <https://djp.kemendiknas.go.id/kanwil/sulteng/id/data-publikasi/berita-terbaru/2830-memahami-kembali-strategi-pengentasan-kemiskinan-di-indonesia-sebagai-sumber-penerimaan-negara.html>

⁴ <https://web.kominfo.go.id/sites/default/files/Program%20Penanggulangan%20Kemiskinan%20Kabinet%20Indonesia%20Bersatu%20II.pdf>

⁵ <https://www.kompas.id/baca/humaniora/2023/08/22/pemberdayaan-masyarakat-dapat-tekan-kemiskinan>

⁶ <https://malut.bnn.go.id/peranan-lembaga-swadaya-masyarakat-dalam-pencegahan-pemberantasan-narkoba/>

⁷ <https://malut.bnn.go.id/peranan-lembaga-swadaya-masyarakat-dalam-pencegahan-pemberantasan-narkoba/>

- Utilization of digital technology can also help inclusive economic development and market access development¹².

2. Inclusive Education:

- Quality education is key to breaking the cycle of poverty. By improving access to and quality of education, poor individuals can have a better chance of getting a decent paying job and building a better life.
- Programs such as scholarships, educational assistance, and improvement of educational facilities and infrastructure can be a concrete step in this effort¹³.

3. Access to the Labor Market:

- Inclusive economic development can be done through fostering micro and small enterprises, as well as establishing access to fair markets and capital.
- Increased market access can also help reduce poverty, such as cooperation with e-commerce platforms. (Hidayat, 2014)

In light of these opportunities, it can be concluded that the utilization of technology, inclusive education, and access to the job market are opportunities to improve poverty alleviation efforts in Indonesia. These efforts require synergy between the government, non-governmental organizations, the private sector, and the community at large to achieve optimal results.

4. CONCLUSION

Poverty is a significant problem in Indonesia, affecting individuals and groups who are unable to fulfill their basic rights to survive and develop a life of dignity. It has been an ongoing problem throughout Indonesia's history, with alleviation efforts having started since the old order period under the leadership of Soekarno. Despite the 1997 monetary crisis, government efforts have shown positive changes in poverty alleviation. In 2022, the percentage of poor people was 26.16 million people or 9.54%, a decrease of 0.34 million people compared to September 2021. This downward trend is not in line with the pressure of rising commodity prices, especially food and energy. The government's success in maintaining economic growth has had a positive impact, but it needs to be maintained, especially in 2023 when an economic recession is predicted. Factors that contribute to poverty in Indonesia include income inequality, regional development disparities, and inadequate education financing. Government efforts to address these issues are crucial to ensure a sustainable and dignified future for the people of Indonesia.

Economic instability is a major cause of poverty in developing countries like Indonesia. To overcome this, it is crucial to increase economic growth, as local revenue sources tend to be greater when economic growth is high. Indonesia's economic growth rate fluctuates from 5.17 percent in 2018 to 5.72 percent in 2022, with fluctuations influenced by factors such as the COVID-19 pandemic. High unemployment is another factor that contributes to poverty, as it can hinder economic development. In Indonesia, the government needs to intervene to boost national economic growth. Population plays an important role in economic development, both as consumers and producers. Rapid population growth can address these challenges. Poverty can lead to increased unemployment, school dropouts, health problems, and increased crime. Poor people may struggle to access proper education, leading to competition for jobs with the rich or well-off. The high cost of education can also limit access to education for the poor. Addressing these issues is critical to Indonesia's successful development.

Indonesia can improve poverty alleviation through the use of technology, inclusive education, and access to labor markets. ICT can improve quality of life, international competitiveness, and worker productivity. Inclusive education can break the cycle of poverty by increasing access to quality education and improving education facilities. Access to labor markets can grow micro and small enterprises, build fair markets, and improve market access. These efforts require collaboration between the government, non-governmental organizations, the private sector, and communities to achieve optimal results.

¹² <https://bappeda.jabarprov.go.id/pengentasan-kemiskinan-di-jabar-dari-bantuan-iuran-bpjs-operasi-pasar-murah-hingga-perbaikan-rutilahu/>

¹³ <https://www.bhuanajaya.desa.id/penanggulangan-kemiskinan-melawan-ketidakadilan-sosial-demi-kesejahteraan-bersama/>

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