

ANALYSIS OF POVERTY AS A MAIN PROBLEM OF THE INDONESIAN ECONOMY AND ITS OVERCOME

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ABSTRACT

Poverty is a phenomenon that occurs in almost every developing country. Poverty stems from the inability of some people to organize their lives at a level that is considered humane. The problem of poverty is an unresolved problem in almost every country, including Indonesia. The research method used in this study was a literature study by examining various literature related to the topics discussed. The purpose of this research is to analyze poverty in Indonesia. The results of the analysis show that poverty in Indonesia can be caused by declining standards of global per capita income development, declining work ethic and people's productivity, low levels of education, and limited capital, these conditions reduce the quality of human resources, which leads to decreased productivity. and income. The reason is that the problem of poverty remains a major problem that needs attention and concrete action through the implementation of programs that are both recovery, empowering and facilitative. Therefore, the author wants to analyze poverty in Indonesia along with overcoming economic problems in Indonesia.

Keywords: poverty, developing country, Indonesia, Islamic economics

1. INTRODUCTION

The majority of Muslim countries are classified as developing countries and are still faced with economic problems. The main economic problem in developing countries is poverty. Poverty is a condition where a person cannot meet basic needs such as food, clothing, medicine and shelter (Hardinandar, 2019). The problem of poverty is an unresolved problem in almost every country, including Indonesia. The problem of poverty continues to be a major problem throughout Indonesia's history as a country. Based on data from the Central Statistics Agency

(BPS), the percentage of poor people in Indonesia in March 2022 reached 9.54 percent. Meanwhile, the number of poor people in Indonesia in March 2022 reached 26.16 million people. This figure shows that the poverty rate in Indonesia is still high. This is proof that Indonesia as a developing Muslim country is still synonymous with poverty and backwardness. It is undeniable that Indonesia is one of the Muslim countries that has low economic welfare problems. In Indonesia, we still find quite high poverty rates spread across various regions, resulting in the unfulfillment of daily living needs. Larasati Prayoga et al. (2021) states that poverty is caused by several factors, including inadequate minimum wages, poor living standards, and increasing unemployment rates every year without additional job opportunities. Nano Prawoto in a journal entitled *Understanding Poverty and Its Overcoming Strategies* states that poverty has prevented millions of children from getting quality education, difficulty financing health care, lack of savings and no investment, lack of access to public services, lack of employment, lack of social security and protection for families, strengthening the flow of urbanization to cities, and worse, poverty causes millions of people to meet their food, clothing and shelter needs in a limited way. The problem of poverty is still a separate concern for the government in overcoming it.

Poverty is a very complex and chronic problem. Because it is very complex and chronic, the way to overcome poverty also requires proper analysis, involving all components of the problem, and requires an appropriate, sustainable and non-temporary handling strategy. Several variables can be used to track the problem of poverty, then from these variables several strategies and policies for overcoming poverty are produced that are right on target and sustainable. From the education side, for example, low education is seen as the cause of poverty. From the health side, the low quality of public health causes poverty. From the economic side, limited ownership of productive tools, mastery of technology and lack of skills are seen as the fundamental reasons why poverty occurs. Integration is needed between the many factors that cause poverty with clear indicators, so that poverty alleviation policies are not temporary, but permanent and sustainable. Based on this description, the author wants to discuss what are the economic problems, especially poverty, that occur in Indonesia as a developing country and the strategies used to eradicate poverty in Indonesia using the methods offered by Islamic teachings. Because Islamic law offers solutions to overcome economic problems in a just manner.

2. RESEARCH METHOD

The research method used by the author is a literature study research method, namely a data collection technique by studying and reading literature that is related to the problem that is the object of research. Or reviewing which is carried out to solve a problem that is basically based on a critical and in-depth review of

relevant library materials. In this study, the author uses secondary data sources. The author uses references from journals and articles.

3. RESULT AND DISCUSSION

Economic Problems in Indonesia

Indonesia as a developing country certainly experiences economic problems. The problems faced by the government in the economic sector are very diverse and interrelated with each other. The economic problem in Indonesia is the imbalance between unlimited human needs and limited means of fulfilling needs. Therefore, there are economic problems in the community that have an impact on the economy as a whole. The following are some economic problems that generally occur in Indonesia:

a. Poverty and Low Standard of Living

The problem of poverty has always been a major issue that is the focus of government attention in every country, both developing and developed countries. According to the Central Bureau of Statistics (2016), poverty is the inability from an economic, material and physical perspective to meet basic food and non-food needs as measured by expenditure. Poverty is a condition in which a person experiences a low quality and standard of living for various basic human needs, including clothing, food and decent housing. A low standard of living will cause aspects of life to decline. For example, health, if a person is poor, then that person is unable to meet the need for healthy and nutritious food every day. Thus, health is disrupted due to not getting enough food intake. A low standard of living is also characterized by low income levels, low education levels, low life expectancy, inadequate infrastructure, and residents feeling unsafe and uncomfortable. The problem of poverty has indeed been a problem since ancient times. The poverty indicators issued by BAPPENAS have a relatively broad meaning, namely from various aspects of life needs, including limited food sufficiency and quality, limited access and low quality of health services, limited access and low quality of education services, limited employment and business opportunities, weak protection of business assets, and wage differences, limited access to housing and sanitation services, limited access to clean water, weak certainty of land ownership and control, deteriorating environmental conditions and natural resources, and limited public access to natural resources, weak guarantees of security, weak participation, large population burdens caused by large family responsibilities, poor governance that causes inefficiency and ineffectiveness in public services, widespread corruption and low social security for the community. If this poverty cannot be overcome properly, it will cause other problems. A person who has a low standard of living means that he cannot meet his daily needs properly. This will have an impact on decreasing his work productivity.

b. Income Inequality in Society

Income inequality is a concept that explains the differences in prosperity, standard of living, and income received or generated by individuals or households in society, resulting in uneven distribution between regions due to differences in production factors and available resources. Economic inequality is a condition where there is a gap in income distribution between high-income and low-income groups. This economic inequality occurs not only between individuals, but also between residents, between groups, and between regions. Income inequality is one aspect of poverty that needs to be seen because it is basically a measure of relative poverty, namely the calculation of poverty based on the proportion of regional income distribution. Income inequality reflects the distribution of development results in a region or country, both received by each person and from ownership of production factors among its residents. Income inequality can occur in Indonesia because of the difference in income between urban and rural communities. Urban communities earn more income because the wheels of the Indonesian economy are supported by large cities so that their people also receive comparable wages. Income inequality is greater in countries that are just starting their development, while for developed countries or higher income levels tend to be more even or have low levels of inequality. Income distribution inequality causes the income gap between the rich and the poor to widen, so that poverty will be difficult to overcome and will hinder economic growth. Therefore, in Islamic development economics, it is taught to distribute the wealth we have to those in need. This is because the income of the community between one and another is equal and can meet their needs.

c. Unemployment

Unemployment occurs due to the inequality of job opportunities available in society. In addition, the lack of available jobs often makes job opportunities easier to obtain for people who have education. The problem of unemployment is very crucial for Indonesia, because it can cause other economic problems such as income inequality and poverty. The high birth rate makes the annual population growth rate in developing countries very high. A large population with a high population growth rate can cause various problems in other areas if they are not well educated. In addition, the low level of labor productivity is caused by low levels of education and skills, weak strength and physical health due to low income levels and low nutrition. If the government is able to utilize the excess workforce, these two problems will not occur and will even have a positive impact on accelerating development. However, on the contrary, if the government is unable to utilize the existing resources, it will create a negative impact, namely disrupting economic growth. In addition, Indonesia has abundant natural resources that are widely distributed. However, with this abundant natural wealth, it cannot be managed properly by the existing human

resources. This shows that the quality of human resources is still low. Abundant natural resources should be utilized well for various businesses and to meet daily living needs.

Poverty Alleviation Efforts in Indonesia

In carrying out its duties, the government has a responsibility to improve the welfare of its people. The government has formulated, determined, and even implemented all forms of responsibility given to its people. One of these responsibilities is to overcome the problem of poverty. There are several basic strategies that have been established by the Indonesian government in accelerating poverty alleviation in Indonesia, namely improving social protection programs, increasing access for the poor to basic services, community empowerment and inclusive development. The nature of poverty is closely related to other socio-economic factors such as the level and quality of education, health conditions and types of work.

In overcoming this poverty, the government has implemented various programs. For example, the Inpres Desa Tertinggal (IDT) program. This program aims to improve sustainable poverty management in poor villages. Then a poverty alleviation program was launched, namely the Regional Program in Overcoming the Impact of the Economic Crisis (PDM-DKE) and continued with the Urban Poverty Alleviation Program (P2KP). The Indonesian government also issued the Family Hope Program (PKH), the Smart Indonesia Program (PIP), the Acceleration Program for the Prevention of Dwarf Children/Stunting, and expanding access to education. In the health sector, the government runs the National Health Insurance Program (JKN).

The government encourages increased productivity of poor and vulnerable groups, including through empowering MSMEs. The government also supports the development of Micro Waqf Banks, Baitul Maal wa Tamwil (BMT), and Islamic Microfinance Institutions (LKMS) to reach micro and small businesses. In Islam, poverty alleviation efforts can be realized by working, providing for weak families, zakat, the obligation to fulfill rights other than zakat, alms and carrying out good deeds, and social waqf. ZISWAF, especially zakat, is one of the instruments to overcome poverty. The institution that manages zakat in Indonesia is BAZNAS. BAZNAS has various programs that can alleviate poverty, so the government holds BAZNAS in every region and area. In alleviating poverty, BAZNAS has 2 types of zakat, namely consumptive zakat and productive zakat. Consumptive zakat is usually distributed in the form of assistance to the poor, educational scholarships, and health services. While productive zakat is usually distributed in the form of business capital. To support the success of poverty alleviation, the following elements are required (Sahdan, 2005):

- a. Efforts to overcome poverty should be carried out comprehensively, integrated, cross-sectorally, and in accordance with local conditions and culture, because there is no one poverty policy that fits all.
- b. Pay attention to the process aspect, without ignoring the end result of the process. Let the poor feel how they can get out of the vicious circle of poverty.
- c. Involve and be the result of a dialogue process with various parties and consultants with all interested parties, especially the poor.
- d. Increase awareness and concern among all related parties, and arouse the passion of those involved to take the appropriate role in order to create a sense of ownership of the program.
- e. Provide the widest possible space for the emergence of various initiatives and creativity of the community at various levels. In this case, the government plays a role more as an initiator, then acts as a facilitator in the process, so that finally, the framework and approach to overcoming poverty are mutually agreed upon.
- f. The government and other parties (NGOs, Universities, entrepreneurs, civil society, political parties and socio-religious institutions) can join forces to become a mutually supportive force.
- g. Those responsible for preparing the budget must realize the importance of poverty alleviation so that this effort is placed and given top priority in every program in every agency. Thus, poverty alleviation becomes a movement from, by and for the people.

4. CONCLUSION

Poverty is still a major factor in the economic problems of developing countries. Indonesia is one of the Muslim countries with a low poverty rate. In Indonesia itself, it is not 100% free from usury. The implementation of usury in the economy and finance will lead to exploitation of wealth, where the rich will get richer and the poor will get poorer. The Indonesian government has implemented various programs to overcome this poverty problem, namely by improving social protection programs, increasing access for the poor to basic services, community empowerment and inclusive development. The programs that have been established by the government in overcoming the problem of poverty are the Presidential Instruction on Underdeveloped Villages (IDT), Regional Programs in Overcoming the Impact of the Economic Crisis (PDM-DKE), Urban Poverty Alleviation Program (P2KP), Family Hope Program (PKH), Smart Indonesia Program (PIP), Acceleration Program for Prevention of Dwarf Children/Stunting, National Health Insurance Program (JKN), and others. In Islamic economics, zakat can also play a role in alleviating poverty. Zakat will be a solution to overcome these problems, because the distribution of wealth will be distributed evenly to those who are entitled to it.

The government must increase and expand community empowerment so that those in the villages can be reached. However, efforts to overcome poverty in Indonesia are not only carried out by the government, but must also be carried out together. For example, regarding zakat payments, BAZNAS and the government can work together to remind the community of the obligation to pay zakat. So that the number of zakat paying participants can increase and the funds collected can be greater so that the distribution can be more even and widespread.

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