

The Effect of Poverty on Development Growth in Sidoarjo Regency

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Annotation: This study investigates the impact of unemployment and poverty rates on economic growth in Sidoarjo District. To overcome the problem of poverty, the Sidoarjo Regency Government has implemented Regional Regulation Number 2 of 2016, which aims to reduce poverty. Poverty is considered one of the factors that hinder development in Sidoarjo Regency. Several factors affect the open unemployment rate, including economic growth, poverty, and the human development index. This study aims to identify the influence of independent variables such as economic growth, poverty rate, and human development index on the open unemployment rate in Sidoarjo Regency. The Sidoarjo Regency Government must make a strategy to reduce unemployment by creating collaboration between the Cooperative & MSME Office, the Industry Office, and the Trade Office through various empowerment programs. Renegotiation must also be done with factory owners in the percentage of workers locally and outside the region.

Keywords: Economic Growth, Poverty, Public policy.

A. INTRODUCTION

Poverty is one of the fundamental issues that the government focuses on in any country. Poverty is a condition not only of living in lack of money and low-income levels but also includes limited access to Education, health, and other public facilities. Poverty is a significant problem for many countries in the world, especially in developing countries. Poverty is one of the fundamental issues that the government focuses on in any country. The big problem facing developing countries is poverty. Poverty is the inability to meet the minimum standard of basic needs, including food and non-food. Poverty is a significant problem that countries around the world want to solve. The monetary and economic crisis is also one of the backgrounds of poverty reduction programs. Poverty can occur due to various factors, such as inequities in income distribution, low levels of Education, lack of employment, and lack of access to resources. Poverty can also result from natural disasters, conflicts, and wars. In addition, poverty can also occur due to inappropriate government policies, such as policies that do not pay attention to the interests of the small people. Poverty significantly impacts human life, such as low quality of life, poor health, low Education, and low productivity. Poverty can also lead to social inequality, conflict, and violence. Therefore, poverty reduction is one of the top priorities of governments worldwide.

Poverty is a condition that describes the difficulty of individuals or families in meeting their basic needs, such as food, clothing, shelter, Education, and health. Poverty can be of various types, including absolute, relative, cultural, and structural. Relative poverty occurs when a person's income meets basic needs but is considered poor because the amount is much lower than the average income the surrounding community receives. In addition, cultural poverty arises from the habits and attitudes of individuals or groups who are reluctant to improve their standard of living. They may not take advantage of the existing opportunities to change their economic situation. Structural poverty occurs when social structures and economic systems cannot provide adequate access to resources and opportunities for members of society. (Bhinadi, 2017).

Responses to poverty generally include direct assistance to impoverished individuals or families and efforts to transform social and economic conditions. The government and communities work together in implementing various social assistance policies and programs to reduce poverty. These programs include financial assistance, skills training, economic empowerment, increased access to Education and health services, and efforts to reduce social inequality. In Indonesia, the poverty rate in March 2022 reached 26.16 million people out of the total population. Although in September 2022, there was an increase to 26.36 million people from the total population, there was a decrease in the percentage of poverty compared to the previous year. Nonetheless, it should be noted that poverty rates are still a significant challenge for the country. (Mahsunah, 2013)

In September 2022, the poverty line in Indonesia was set at Rp—535,000 per individual per month as the standard for determining poverty status. To reduce poverty, the government and society continue to implement programs and policies to improve the entire population's welfare. These measures include infrastructure development, increased access to Education and health, economic empowerment, and the development of more effective social programs. Sustainable cooperation is expected to create significant positive changes in overcoming poverty problems in Indonesia. Sidoarjo district, located in East Java, Indonesia, also experienced a similar impact. (Faizin, 2021)

All of these sectors have increased from 2021 to the present. For example, in 2021, the electricity and gas processing and procurement industry sector experienced growth of 11% and is expected to increase to 12% in 2022. Similarly, the accommodation and water supply and waste management sectors increased from 9% in 2021 to 13% in 2022. Meanwhile, the information and communication sector increased from 9% to 13% in the same period. In addition, there was a decrease in the percentage of problems in other sectors, where the figure, which initially reached 62% in the previous year, decreased to 43%. These facts prove the significant influence of Indonesia's membership in the G20 on economic progress in Sidoarjo District.

With a population of 2,082,801 people, there is a bright light regarding regular access, movement of accommodated population, adequate access to health, regular transportation, and increased industrial land. In addition, improving educational conditions is no less important, covering the level of Education from school to high Education. However, economic improvement also has consequences in terms of expenditure and income in Sidoarjo Regency, mainly because of the critical role of Surabaya City as a metropolitan city. Therefore, it needs to be appropriately managed so that the resulting expenses are within income. Indonesia's participation in the G20 makes it easier for outside investors to invest in Sidoarjo Regency, which has the potential to affect economic growth positively.

B. METHODS

This research method uses qualitative descriptive approach research. This research uses a qualitative descriptive approach to gain a deeper understanding and interpretation of the research subject's point of view and events. According to Moleong, qualitative research aims to gain a deep understanding of the phenomena experienced by research subjects, such as behavior, perception, motivation, action, and so on. This approach involves thorough description and using words and language to describe the phenomenon in a specific natural context.

C. RESULTS AND DISCUSSION

Poverty

According to Soerjono Soekanto, a sociologist in law, poverty refers to a situation where a person is unable to maintain a standard of living that is in line with his group and cannot use mental

potential. Poverty is also a condition in which an individual loses his welfare. Poverty occurs when a household or individual has difficulty meeting the necessities of life. On the other hand, the Central Bureau of Statistics defines a person who is economically unable to meet the basic needs of food and other clothing measured in terms of his expenditure. According to the National Development Planning Agency, poverty is when an individual or group of human beings, including men and women, have difficulty fulfilling their fundamental rights to lead a decent and dignified life. These basic rights include food needs, good physical health, access to Education, income through employment, shelter, access to clean water, land ownership, natural resources for prosperity, a safe and violence-free environment, and freedom to participate in social and political life.

Economic Growth

High economic growth rates tend to be related to improved public welfare. Economic growth refers to the increase in the production of goods and services by society, which leads to economic growth and people's welfare. Sustainable economic growth is a critical focus in long-term macroeconomic development. The economic growth rate in a region is measured through economic growth that occurs in one year. At the national level, economic growth can be observed by acquiring Gross Domestic Product (GDP).

In contrast, at the regional level, economic growth can be monitored through Gross Regional Domestic Product (GDP). If there is economic development, it shows the success of economic development in society. (Iii, n.d.)

Poverty is also linked to the low reach of the poor to make decisions about public policies for their lives. Poverty alleviation is the main focus in development planning that involves cooperation from various sectors, including communities, governments, and the private sector. The success of poverty reduction programs can be measured through accurate data. Data provides information on the number of poor people and becomes a reference in evaluating the effectiveness of these programs. Given the dynamic nature of poverty, it is essential always to have up-to-date data.

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The Effect of Poverty on Development Growth

Welfare disparities, high numbers of poor people, limited access to information, and lack of infrastructure in rural areas are at the root of the problem of poverty. Based on data from BPS Sidoarjo Regency from 2014 to 2021, the number of people below the poverty line increased from around 133.83 residents to 137.15 residents, although this figure is uncertain per year. To address this problem, Law No. 6 of 2014 was introduced, giving authority to villages to develop local potential. Villages are encouraged to innovate and cooperate with academia, the private sector, government, and the media in a (penta helix) approach. Poverty is a challenge in development in Sidoarjo Regency, and the local government has implemented various policies to address this problem.

According to data released by BPS in September 2022, the percentage of poor people in Indonesia reached 9.57%, an increase of 0.03% from March 2022 but a decrease of 0.14% compared to September 2021 (Central Bureau of Statistics Sidoarjo Regency, 2021). From 2006 to 2020, Sidoarjo Regency experienced a decreased poverty rate, although insignificant and sometimes increased. The poverty rate in Sidoarjo Regency is lower than in East Java Province and at the national level. The poverty line in Sidoarjo Regency also increased, reaching Rp 486,421 per capita per month in 2020, an increase of 5.11 percent compared to the previous year. The poverty depth and severity in Sidoarjo Regency decreased by 0.26 points and 0.16 points, respectively, compared to the previous year. (Penduduk & Kabupaten, 2021)

Tackling poverty is a shared responsibility between the government and society. Government policies and programs that are planned, systematic, and collaborate with the business sector and society are essential in reducing the number of poor people and improving people's welfare, as stipulated in Presidential Regulation Number 15 of 2010 in Indonesia. Other legal bases governing poverty alleviation in Indonesia include Law Number 13 of 2011, Government Regulation Number 42 of 1981, and Minister of Home Affairs Regulation Number 42 of 2010. The National Long-Term Development Plan (RPJP-Nas) and National Medium-Term Development Plan (RPJMN) 2015-2019 also underline poverty alleviation efforts. In addition, each province and district/city has the authority to address poverty problems according to the context of their regions. Sidoarjo Regency, for example, has shown its commitment to poverty reduction by issuing Regional Regulation Number 02 of 2016, which contains various programs to overcome poverty. These programs include integrated family-based social assistance, community empowerment, microeconomic enterprise empowerment, and other programs that contribute to improving economic activities and the welfare of people experiencing poverty. These programs aim to reduce poverty and fulfill the fundamental rights of the people of Sidoarjo Regency, with program recipients referred to as target households.

For poverty alleviation policies to be implemented effectively and efficiently, it is necessary to look at poverty holistically. Poverty is determined by the number of poor people and the depth (P1) and severity (P2) of poverty, that is, how far apart the average expenditure of the poor is from the poverty line and how much diversity of expenditure between them. In addition to paying attention to the number and percentage of poor people, factors such as the depth (P1) and severity (P2) of poverty are also critical in poverty reduction and alleviation efforts. The poverty depth index measures the extent to which the average expenditure of the poor is below the poverty line. The higher the index value, the more significant the spending gap between the poor and the poverty line.

Meanwhile, the poverty severity index provides information on expenditure distribution among the poor. The higher the index value, the higher the expenditure inequality between them. Therefore, government programs in poverty alleviation need to focus on efforts to reduce the depth and

severity of poverty, in addition to efforts to reduce the number of poor people. Thus, poverty alleviation will be more effective in reducing spending gaps and improving the overall welfare of people experiencing poverty.

In 2021, Sidoarjo Regency experienced a decrease in the poverty depth index (P1) to 0.95, down 0.01 points from the previous year of 0.96. The poverty severity index (P2) also decreased to 0.25 in 2021, a decrease of 0.01 points compared to 2020, which reached 0.26. However, it should be noted that the spending gap between people with low incomes and the inequality of expenditure between them is increasing. To understand more about the condition of poor households, it can be seen from the aspects of Education, employment, and housing conditions of household members. Understanding these characteristics of poor households is essential as a basis for formulating more targeted poverty alleviation policies and programs. Thus, the government can effectively reduce poverty and improve people's welfare.

Based on the information provided, we can see several factors related to poverty in the Sidoarjo Regency, including the high number of poor people and the lack of access to information and infrastructure in rural areas. However, data on poverty rates in Sidoarjo Regency should be provided in detail in your request. To determine whether Sidoarjo Regency can be categorized as a poor district, more information is needed about the poverty rate in the region. Data that need to be known include the level of per capita income, poverty index, and other indicators used in measuring poverty. (Yuniarti & Imaningsih, 2022)

Income is one of the critical factors in measuring poverty rates. If the per capita income in Sidoarjo Regency is relatively low and far below the national poverty line, then Sidoarjo Regency faces significant poverty problems. However, data on per capita income in this context are not given. In addition, other factors such as the level of access to essential services (Education, health, sanitation), income inequality, and employment level can also affect a region's poverty rate. To overcome poverty in Sidoarjo Regency, various policy innovations can be carried out. Here are some policy innovation measures that can help reduce poverty:

- **Community Economic Empowerment Program:** The government can implement community economic empowerment programs by providing skills training, business assistance, access to business capital, and cooperative development. This can help people experiencing poverty increase their income and improve the family's economic condition.
- **Education and Training Programs:** To address the problem of poverty, the government implements education and training programs that align with the demands of the job market. The move aims to improve the skills and qualifications of community members living in poverty so they can access better jobs and increase their incomes.
- **Infrastructure and Access to Basic Services:** Improving infrastructure in rural areas and fulfilling access to essential services such as Education, health, sanitation, and transportation are essential. This will help reduce the access gap between urban and rural areas so that the rural poor can access the essential services needed to improve their quality of life.
- **Food and Nutrition Programs:** Programs focusing on meeting the food and nutrition needs of people experiencing poverty can help reduce hunger levels and improve population health. Examples are food aid programs, sustainable agriculture development programs, and nutrition extension programs.
- **Private and Non-Governmental Organizations:** Governments can partner with the private sector and non-governmental organizations to launch partnership programs to reduce poverty. This can involve capital assistance, training, or business mentoring to people experiencing poverty to start or develop micro and small enterprises.

- **Participatory and Collaborative Approach:** It is important to involve communities in planning, implementing, and evaluating policies. A participatory approach will allow poor people to participate in decision-making that affects their lives actively. In addition, collaboration between government, academia, private sector, government, and media (penta helix) also needs to be increased to strengthen poverty reduction efforts.

Poverty Resolution Strategy through Collaboration between Sidoarjo Regency Government and All Elements

One of the indicators of development success can be seen from the achievement of the Human Development Index (HDI) formed by a composite of indicators of Education, health, income, and purchasing power (Purchasing Power Parity). HDI or human development index (HDI) is not the only measurement tool that can best describe human resources' quality. However, with four indicators used as parameters through the HDI concept, it can be used as one of the instruments to reveal how Sidoarjo Regency, with its policies, can ensure better survival for the people of Sidoarjo. The demand to increase HDI is not only intended in the context of fulfilling the community's fundamental rights as part of Human Rights but also to build the economic foundation of the community in Sidoarjo Regency, which will ultimately impact the survival of democracy.

The economic growth of Sidoarjo Regency tends to experience a slowdown since 2016. In 2016 the economic growth of Sidoarjo Regency was at 5.51 percent, then increased to 5.8 percent in 2017. Economic growth in 2018 again increased to 6.02 percent. Within 5 (five) years, economic growth in 2018 was recorded as the highest. However, in 2019 there was a slight decrease to 5.99 percent. The economic growth of Sidoarjo Regency in 2020 was corrected to minus 3.69 percent. However, 2021 shows that economic growth has increased significantly. A significant increase from minus 3.6 increased to 4.21% or an increase of 80%.

Based on Sidoarjo Regency Regulation Number 2 of 2021, poverty's influence on development growth in the Sidoarjo Regency area is very significant. Poverty can be an obstacle to achieving sustainable and inclusive development. In this context, implementing policies to address poverty will be crucial. Some policies that can be an effective solution include Increasing access to Education: Policies that improve access and quality of Education in Sidoarjo District will help reduce poverty. The government can provide education subsidies for low-income families, provide affordable education facilities, and implement education empowerment programs in remote areas.

Policies to improve access to health services that encourage access to affordable and quality health services will help reduce the burden of poverty. The government can provide health assistance for low-income families, expand the reach of health facilities in rural areas, and increase public awareness of the importance of a healthy lifestyle (Lidyanti & Hanifa, 2022). Infrastructure development: Equitable and integrated policies can create jobs, increase accessibility, and boost economic growth. Governments can focus on building roads, bridges, irrigation canals, and water resources to improve accessibility and facilitate economic sector growth (Prayoga et al., 2021).

Policies that promote economic empowerment for people experiencing poverty are critical to addressing long-term poverty. In order to overcome poverty, the government has the potential to provide skills training to the community, facilitate access to business capital, and encourage the development of the micro, small and medium enterprises (MSMEs) sector in Sidoarjo Regency. These actions are expected to help improve the skills and economic opportunities of people who are in poor conditions. Social protection policies: The government can implement social protection policies, such as social security programs for low-income families, cash social transfers, health insurance for low-income families, and sustainable poverty reduction programs. In designing such

policies, involving various stakeholders, including local governments, non-governmental organizations, the private sector, and the community, is essential. In addition, it is also essential to conduct regular policy monitoring and evaluation to ensure the effectiveness and efficiency of policy implementation in overcoming poverty and encouraging development growth in the Sidoarjo Regency (Puteri & Notobroto, 2017).

Sidoarjo Regency is one of the significant industrial areas in East Java. This can be seen by the high number of District Minimum Wages (UMK) in Sidoarjo. Reflecting on these conditions, the Sidoarjo Regency Government can implement several strategies to reduce unemployment. One way is how the Sidoarjo Regency Government, through the Regent, makes agreements with entrepreneurs who have factories in the Sidoarjo Regency to make a percentage of workers. For example, 40% are filled by workers from residents or who have Sidoarjo ID cards, and 60% are residents who have Identities outside Sidoarjo. The Sidoarjo Regency Government can do this with several regulations and policies, and the unemployment rate in Sidoarjo will drop drastically. In 2022, the open unemployment rate stood at 8.8 percent, a decrease of 23.52 percent from 2021. However, the decrease in the unemployment rate is due to the government providing facilities and business capital assistance to MSME actors and providing job training in each sub-district. It is not impossible if the percentage of workers is carried out through several regulations and policies, then the unemployment rate will fall massively. Suppose the unemployment rate in Sidoarjo Regency is low. In that case, the crime rate will decrease, the happiness index of the community will increase, and it will also be able to increase the Regional Original Income (PAD) of the Sidoarjo Regency through taxes generated from the community.

In addition, what must be understood by the Sidoarjo Regency Government is that not all Sidoarjo people enjoy being workers. Hence, the steps taken are to train electives and entrepreneurs and conduct coaching and mentoring for business actors (SMEs, MSMEs). Of course, this is done with collaboration between the Office of Operations & MSMEs, the Department of Industry, and the Trade Office, through various empowerment programs for Potential Sources of Social Welfare

D. CONCLUSION

Overall, poverty substantially impacts the development process in Sidoarjo Regency. The high percentage of poor people is an obstacle to achieving equitable, sustainable development and hurts access to Education, health, and available job opportunities. Although poverty reduction efforts have shown positive results, more targeted and holistic policies are needed to address this problem. Collaboration between local governments, non-governmental organizations, the private sector, and the public is critical to implementing effective policies. By making poverty reduction a priority in development, increasing access to Education, health, and infrastructure, and involving all stakeholders, Sidoarjo Regency can reduce poverty, reduce inequality, and improve the community's quality of life significantly.

In addition, several strategies must be carried out to reduce unemployment. The creation of a collaboration between the Cooperative Office & MSMEs, the Industry Office, and the Trade Office, through various empowerment programs for Social Welfare Potential and Resources, must be carried out to make training for entrepreneurship and entrepreneurship as well as conducting coaching and mentoring for business actors. Through the Regent, the district government must agree with entrepreneurs who have factories in Sidoarjo Regency to make a percentage of local and foreign workers. This will have a significant impact on reducing unemployment and poverty in Sidoarjo Regency.

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