

Determinan Kemiskinan

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THE DETERMINANTS OF POVERTY IN THE WEST PAPUA PROVINCE, 2010-2021

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ABSTRACT

Poverty has become a serious development problem, including in West Papua Province, which has the second-highest percentage of poverty. This study aims to analyze the determinants of poverty in West Papua. The dependent variable is poverty, and the independent variables are population density, unemployment, human development index, and the average length of schooling. Utilizing the method of multiple regression analysis time series for 11 years, this study found that unemployment has a positive and significant effect on poverty. Meanwhile, the human development index and the average length of schooling have a negative and significant effect. The region's characteristics and the population tend to live in the interior, so accessibility is an important factor in alleviating poverty in West Papua.

Keywords: poverty and human development

JEL Classification: I30, I32, J64

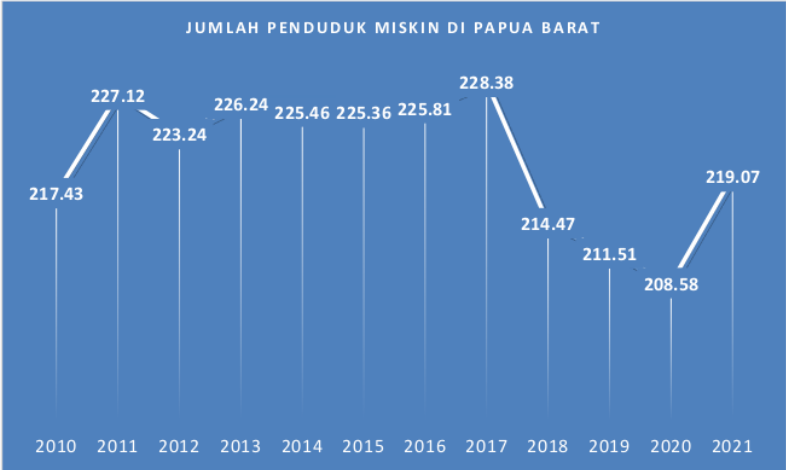
INTRODUCTION

Economic development must generate strong economic growth, reduce poverty and unemployment, and minimize regional income disparities (Todaro & Smith, 2015). Poverty is a global issue that affects many countries, including Indonesia. According to the Central Bureau of Statistics (BPS) (2023), poverty is the inability to meet basic food and non-food necessities as assessed by expenditures. Regarding expenditures, the World Bank uses the purchasing power parity (PPP) calculation base for 2017 as its reference point. The World Bank raised the extreme poverty limit from \$1.90 per person per day to \$2.15 per person per day, or IDR 32,812 per day. This condition affects the growing number of disadvantaged individuals in numerous countries, including Indonesia.

Nurkse (in Andhykha et al., 2018) suggests that poverty traps can be mapped from both the demand and supply sides. The demand side highlights that income in developing nations is low due to low production levels and limited market access for diverse goods; as a result, the investment incentive is modest. On the supply side, low savings derive from low income; hence, investment capacity is constrained. Poverty is a complex, multidimensional, cross-sectoral issue that necessitates considerable efforts from the national government to the village level to address. The synergy between government programs and policies, both vertical and horizontal, should foster public confidence and improve communication to provide timely feedback.

In 2022, there were 26,16 million people living in poverty in Indonesia, or 9.5% of the population. Compared to the previous year, the poverty rate decreased by 0.6% (BPS, 2023). Although poverty has decreased due to the country's progress, the gap between these percentages is still small. This shows that government programs aimed at alleviating poverty, such as the Family Hope Program (PKH), the Public Health Insurance Program (Jamkesmas), and educational support programs, have not been operating at their full potential. In order to effectively implement poverty alleviation initiatives and policies in Indonesia, it is necessary to be adaptable to the country's geographical diversity. For instance, if the assistance program is provided to all Indonesians without considering differences in price level effects in certain regions and regional egos that are still concerned with the development of urban areas, poverty alleviation programs in remote areas such as Papua and West Papua tend to run slowly.

The province of West Papua consists of thirteen districts/cities. Inequality in regional development in West Papua is confirmed by the Gini index value of 0.383 in 2022, which increased from the previous year and is higher than the national average. The increase in the Gini index implies that the income distribution gap between residents of West Papua tends to widen, indicating that those with high incomes will earn a disproportionately bigger share of the total income of the entire population. West Papua Province has the second-highest poverty rate in the area. The following chart illustrates how the number of poor people in West Papua has changed over time.



Source: BPS West Papua Province, 2022

Figure 1. Development of the Number of Poor People in West Papua 2010-2021
(thousands of people)

Figure 1 shows ¹ the number of poor people in West Papua from 2010-2021. The population in West Papua in 2010 was 0.765 million people; in 2021, it will be 1.03 million people, with an average growth in the last decade reaching 2.7%. Meanwhile, the development ⁴ of the number of poor people in West Papua in 2010 was 217.43 thousand people; in 2021, it will be 219.07 thousand people. The highest growth of the poor population occurred in 2021, namely 5%, where this phenomenon occurred partly due to economic growth in West Papua, which tended to decline by -0.51%. Hill (2021) revealed that changes in the poverty rate are influenced by aggregate economic growth, where the more equitable the income distribution, the lower the poverty rate. The growth in ¹ the number of poor people can result in a variety of societal issues, such as a decline in the quality and quantity of human resources, an increase in income disparity and uneven development, disruption of social, economic, and political stability, and an increase in the crime rate. Poverty in all its forms is a threat to which many nations are susceptible. There is an urgent need to develop, plan and implement practical poverty alleviation policies. The complexity of poverty is multidimensional, and overcoming it requires focused, planned, and coordinated efforts between various parties. Programs and policies that are both vertically and horizontally integrated are expected to affect sustainable and sustainable reduction.

This study is to investigate the causes of poverty in West Papua Province. This study focuses on poverty because, in West Papua, which has the second-highest poverty rate in the area, it has been rather difficult to escape the complexities of poverty during the past decade. Theoretically, poverty is defined as the inability to fulfill basic needs. Spicker (in Kurniawan Risky Septian & Suparta, 2020) suggests that the causes of poverty can be classified into four parts, namely 1) individual explanation, personal characteristics; 2) familiar explanation, heredity; 3) subcultural explanation, environmental characteristics, and 4) structural explanation, social status. According to Spicker, the causes of poverty can be categorized into two: oneself and the surrounding environment. The population can positively impact economic growth related to labor productivity. Still, on the other hand, an uncontrolled increase in population that tends to be concentrated in certain areas will raise the problem of poverty. The population continues to change in its development, and there is an inability to meet basic needs. Population change affects poverty; as stated by Cruz dan Ahmed (2018), rapid population growth tends to reduce the growth of per capita income and welfare, impacting poverty. Population density can lead to a long-term decline in education, health, and environmental quality for the next generation. Increasing population has an impact on decreasing employment opportunities; Ramdani (2015) revealed that increasing unemployment increases poverty.

Corcoran dan Hill (1980) revealed that the number of people living in poverty would decrease if unemployment could be reduced.

One of the causes of poverty is the low quality of human resources. BPS (2023) measures human development achievements with indicators of health, education, and living standards to obtain the quality of human resources. The link between the quality of human resources and poverty in research conducted by Andykha *et al.* (2018); Zuhdiyaty dan Kaluge (2017) confirms that the human development index has a negative effect on poverty, meaning that by improving education and health and quality of life, poverty will be lower. The emphasis on the importance of labor productivity through improved education and health has been put forward in the new growth theory. Sayifullah dan Gandasari (2016), examining poverty, found that the human development index is negatively related to poverty, meaning that an increase in the human development index impacts reducing the poverty rate.

The average number of years spent in education can affect the poverty rate. This number represents the average number of years spent on all levels of education by the population aged 15 and older (BPS, 2023). It can be concluded that the higher a person's level of education, the more positive the impact on their income and welfare. Hadi (2019) revealed that the average years of schooling have a negative impact on the percentage of poor people. The average number of years of schooling in West Papua is 10.14, which is greater than the national average of 9.08, indicating that citizens of the West Papua region require additional learning. The high value of the average years of schooling in West Papua is due to the population distribution, which includes difficult-to-access mountainous regions; hence, the relevance of education is not well understood. The contribution of this research is the first step in identifying the phenomenon of poverty in West Papua. West Papua's geography is often distinct from other Indonesian regions; hence, it uniquely impacts the average number of years spent in school.

RESEARCH METHODS

The province of West Papua is the focus of research using time series data from 2010 to 2021 and time series multiple regression analysis techniques. The dependent variable utilized in this study is the number of West Papuan poor individuals. While the independent variables consist of: a) population density, which is the number of people per area; b) unemployment, which is people who are not or have not worked; c) human development index, which is a composite index to measure the quality development of the population, and; d) average years of schooling, which is the average population aged 15 years and over for all types of education that have been taken. The regression equation model of this study transformed in the form of a natural logarithm (ln) is as follows.

$$\ln Y = \alpha_0 + \alpha_1 \ln X_1 + \alpha_2 \ln X_2 + \alpha_3 X_3 + \alpha_4 \ln X_4 + e \quad (1)$$

where: Y is the poverty rate in West Papua Province (people); X_1 is the population density in West Papua Province (people/km²); X_2 is the unemployment rate in West Papua Province (people); X_3 is the human development index in West Papua Province; X_4 is the average years of schooling; α_0 is the constant; α_1 , α_2 , α_3 , and α_4 are the regression coefficients, and; e is the error term.

Multiple regression analysis is to obtain research results, which are then tested with classical assumptions, namely heteroscedasticity, autocorrelation, and multicollinearity tests, to meet the best linear unbiased estimator rules.

RESULTS AND DISCUSSION

Based on equation (1) in the regression model used, the human development index variable is not transformed as a natural logarithm (ln), considering that a variable is an index number. The regression analysis results of equation (1) can be seen in the following table.

Table 1. Multiple Regression Estimation Results

Variables	Coefficient	Std. Error	t-stat.	Prob.
X1	-0.002430	0.005030	-0.483107	0.6438
X2	0.022265*	0.007417	3.001970	0.0199
X3	-0.006218*	0.002471	-2.516396	0.0400
X4	-0.164436*	0.071552	-2.298127	0.0351
C	7.381711	0.835659	8.833400	0.0000
R-squared	0.651624		D-W stat	1.887625
F-statistic	13.62319		Prob(F-stat.)	0.001647

Source: data processed.

Description: *sig. 5 %.

The estimation results presented in Table 1 indicate that unemployment, the human development index, and the average number of years of schooling considerably impact poverty in West Papua. Unemployment has a positive effect, indicating that an increase in unemployment reduces the number of impoverished individuals. Moreover, the human development index and average years of schooling have a negative impact on poverty, suggesting that an increase in the human development index and average years of schooling can reduce the poverty rate in West Papua.

Furthermore, the classical assumption test is carried out to get the best regression results. The results of the classical assumption test can be seen in the following table.

Table 2. Classical Assumption Test

Classical Assumption Test	Heteroscedasticity		Autocorrelation	
	F stats.	Chi-sq. Prob.	F stats.	Chi-sq. Prob.
Pers. (1)	1,114	0,323	0,813	0,229

Source: data processed.

Table 2 shows the heteroscedasticity test using the Glejser test where the *chi-square* probability results are greater than α 5 percent, meaning there are no *heteroscedastistias*. The autocorrelation test uses the Breusch-Godfrey LM test, where the results show no autocorrelation. Multicollinearity test using *varianve inflation factors* obtained the value of $X_1 = 5,43$; $X_2 = 7,17$; $X_3 = 1,39$, dan; $X_4 = 1,87$. As the value is smaller than 10, it can be concluded that there is no multicollinearity in the model.

The significance test of the regression coefficient using the t-test at 5% alpha obtained a t-table value of 1.795 and then compared with the t-statistic value in Table 1. The t-count value in Table 1 shows that the variables of unemployment, human development index, and average years of schooling have a significant effect with a t-count value > t-table. The significance test of the regression coefficient using the F-test obtained the F-table value is 4.066. Additionally, the F- statistic value is 13.623, with an F-statistic probability value of 0.001. With that, it can be concluded that all independent variables significantly affect poverty. The R-square value of 65.1 indicates that the model used can explain the variation in the dependent variable.

The results obtained show that unemployment has a significant and positive effect on poverty, indicating that an increase in the number of people who are not working or looking for work or who are temporarily preparing for work affects the increase in the number of poor people in West Papua. Amalia *et al.* (2018); Marisa (2019), and; Irawan (2022) revealed that unemployment is one of the factors that trigger the increase in poverty in Indonesia, so controlling unemployment is important. West Papua's unemployment rate has been on the rise over the past decade, indicating the necessity for proactive policymaking by regional authorities. Building human resources includes, 1) developing labor productivity through guidance and counseling of work skills, 2) improving education and skills through work training bodies (BLK), and so on. The focus on improving human resources with better quality and higher competitiveness is expected to increase the level of community welfare to reduce the number of poor people.

The human development index has a significant and negative effect on poverty, meaning that an increase in the index will reduce the number of poor people in West Papua. Amalia *et al.* (2018); Ardian and Destanto (2020); Aziza and Ichwan (2021); Irawan (2022), and; Solikhin (2022) examine poverty where the results show that the human development index has a negative and significant effect on poverty. The value of the human development index in West Papua in 2021 of 65.89 is still low compared to the national average of 72.91. The human development index tends to be high in metropolitan regions because they are economic and administrative hubs; therefore, access to the three main components used as indicators of

human development, namely education, health, and decent living conditions, is readily available. The reality is that inhabitants in the West Papua district tend to live far apart and in difficult-to-access mountainous regions. Government actions and programs must be consistently and sustainably executed to reach the unreachable by providing physical aid, such as creating schools in rural areas, and non-physical aid, such as education and health funds, to send teachers and health experts. Develop health infrastructure to improve living conditions.

² The average years of schooling have a significant and negative effect on poverty in West Papua, meaning that the higher the level of education of the population, which is reflected by the level of education that has been completed, the lower the number of poor people. The higher the level of education, the wider the opportunity to work. Hadi (2019); Pradipta and Dewi (2020); Hasanah *et al.* (2021), and; Sabrina *et al.* (2022) revealed that the average length of schooling has a significant effect on poverty where the longer or higher population who have completed education at all types and levels of education, ¹ the number of poor people will decrease. The average length of schooling in West Papua Province in 2022 was 7.84, while the national average was 8.69. The average number of years spent in school suggests that education investment in West Papua is often low or junior high school level. Accessibility of education in remote locations, particularly in the mountains, where indigenous people tend to reside, is necessary for localized development.

CONCLUSIONS AND RECOMMENDATIONS

¹⁷ The results show that unemployment positively and significantly affects poverty in West Papua Province. In contrast, the human development index and average years of schooling have a negative and significant effect. Poverty in West Papua is ⁷ the second highest in Indonesia; an increase in unemployment will further increase poverty. The value of the human development index and the average length of schooling is lower than the national average, and if these two variables can be improved sustainably, it will reduce poverty. ⁴

Addressing poverty issues requires vertical and horizontal, cross-regional, and cross-sectoral synergy. The introduction of the characteristics of the community and the region is unity in making policies, and this can support the success of the programs that are carried out. The characteristics of the community, especially indigenous people who live in mountainous areas, tend to be difficult to develop. The development of adequate education and health infrastructure facilities can help develop insight and knowledge. Ease of access is expected to improve the quality of human resources.

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