

THE IMPACT OF POVERTY ON ECONOMIC GROWTH FROM AN ISLAMIC PERSPECTIVE

Nur Alfi Laili¹, Laila Musfiroh²

Universitas Yudharta, pasuruan

¹nuralfilili050@gmail.com, ²lailamusfiro793@gmail.com

Abstract: Growth is an important requirement to combat poverty as a condition for growth, it is enough to provide an effective contribution to reducing poverty. This study aims to understand the extent to which poverty is affected by the Covid-19 pandemic, this will cause an increase in poverty rates in Indonesia and affect the rate of economic growth, this study is a qualitative study using a descriptive approach method. And the method of data collection uses the library survey method. Through this study, it is expected to reduce the level of poverty and thus have an impact on the level of economic growth, with economic growth being a factor in the success of economic development.

Keywords: poverty rate, economic growth, real impact of economic growth against poverty

Introduction

Poverty is basically a condition in which a person or group is unable to survive. Meet their daily needs. The result of poverty is that the prosperity of the population is very difficult to reach (Amin 2021). Poverty arises from the inability of a society to manage its life to a certain level seen as human. This condition is a factor in the decline in human resources. therefore productivity is lower (Efendy 2024)

In Indonesia, poverty causes many problems such as unemployment. Many sons and daughters of Indonesia cannot enjoy education because as the population increases, inflation will also increase. Even with the benefits of education, economic growth slows down, one of the problems of poverty is that there are still many people who suffer from unemployment, some people lose

their jobs and this makes it difficult to meet daily needs because the poverty rate is always there (Gunawan 2020)

The problem of poverty is one of the problems of economic development, economic development is essentially aimed at improving welfare. Achieving economic development goals requires improving the economy and equalizing income distribution (Maulana 2022)

Poverty is still a major problem in Indonesia, poverty has increased in Indonesia based on data from the Central Statistics Agency (BPS), the poor population in Indonesia has increased from 2019 to 2020, increasing to 10.14% in 2020. (Covid 19) has decreased from 2015 to 2019, where the pandemic (Covid 19) occurred, whatever the external factors, the government must start to be aware of the virus (Covid 19) that hit the world, including Indonesia. To overcome the problem of poverty, you can predict the level of poverty in Indonesia in the future, forecasting can be used to design and make future decisions (Nasution 2023)

The impact of Covid 19 is positive and significant. When it comes to poverty, poverty will increase or more people will be identified. The number of poor people in Japan will increase due to the corona virus or pandemic, a new viral disease (Covid 19) has a significant impact on disrupting economic activities, so (Nizar 2017) out how economic growth can remain good when poverty increases, the goal is to find solutions and provide recommendations, especially in the context of economic development based on Islamic values.

According to Sheikh AN-NABAWI, there are two types of poverty: the poor and the needy. The poor really do not have a little wealth but not enough to live on. This view is in accordance with the rules of zakat in Islam. However, westerners have a different view of poverty. They consider someone poor if they cannot meet all their needs, which continue to increase.

METHOD

This study uses a qualitative descriptive approach with a library research method. The data used is secondary data

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1. Definition of Poverty

Poverty is a problem that has many dimensions, so it can be seen from various perspectives. In general, poverty refers to a state or condition in which a person does not have the ability to meet their life needs, which include the need for clothing, food, and shelter. Based on the opinion of the Central Statistics Agency, poverty is defined as the powerlessness of a person or group of people in obtaining adequate basic needs, including food and non-food needs. To determine the size of poverty, the Central Statistics Agency uses the concept of the ability to meet basic needs (basic needs approach). Thus, the poor are those who have an average expenditure below the poverty line (Nizar 2018).

According to Suharto, poverty is closely related to material deficiencies, low income levels, and social needs. Therefore, the poor are defined as groups where individuals are unable to meet their needs due to low income (Nizar 2016).

Islam teaches that to avoid poverty, there are two approaches that need to be taken, namely by developing human resources for the benefit of the future. Life includes its natural resources and requires humans to obey the rules of Allah SWT, as stated in the Qur'an and Al-Sunnah, where these rules make humans happy in the world and the hereafter (Nizar 2016).

Poverty from an Islamic perspective actually has a slightly different understanding when compared to conventional poverty. Islam defines poverty into two categories, namely the destitute and the poor. The definition of the destitute according to the Syafii and Hambali schools refers to people who do not have an income because there are special reasons that are permitted by sharia (excuse of sharia), such as old age, and being busy in preaching that prevents them from earning a living. On the other hand, the definition of poor people according to the Syafii and Hambali schools is people who are unable to meet the needs of themselves and their families, even though they have jobs and income (Nizar 2016).

In this context, Islam stipulates the obligation to help each other, because not everyone is able to achieve sufficiency to meet their needs. In addition, Islam also requires every individual to make an effort to meet their needs (Nizar 2018).

2. Measure of Poverty

According to Michael P. Todaro and Stephen C. Smith, there are five categories of poverty, namely:

a. Absolute Poverty

Absolute poverty is not only measured by the extent to which the minimum basic needs are met which are needed for a person to live decently, but is also influenced by the level of income needed to meet those needs. Thus, minimum income functions as a boundary between conditions that are considered poverty, which we often refer to as the poverty line. A person is declared to be in the absolute poor category if his income is below the poverty line, which means he does not have enough income to meet minimum living needs such as food, clothing, health, shelter, and education. In this case, absolute poverty is a form of poverty that does not refer to the poverty line. This is a level of poverty where the minimum needs for survival cannot be met (Noviarita 2021)

b. Relative Poverty

Relative poverty is seen from the perspective of a comparison between the income level of one individual and another. For example, someone who is considered rich (capable) in the context of a particular village community could be the poorest individual in another village (Suhardi 2022).

c. Structural Poverty

Individuals are included in the category of cultural poverty if there is an attitude from individuals or groups of people who are reluctant to try to improve their standard of living, even though there is support from other parties. In other words, the poverty experienced by a person can be caused by their own lazy attitude and unwillingness to change their living conditions (Tariyah 2020).

3. Poverty Indicators

a. Poverty indicators based on economic dimensions

In this dimension, poverty is understood as the inability of individuals or groups of individuals to meet basic needs or basic needs. This economic dimension is divided into two aspects, namely the income aspect and the consumption or expenditure aspect. For poverty indicators in the income aspect, the income per capita is used. Meanwhile, the economic aspect is represented by the poverty line (Via 2023).

b. Income per capita

Income per capita describes the average income of people in a region for one year. The value of income per capita is calculated by dividing the total output by the number of residents in the region in one year (widiaty 2020).

Causes And Factors That Influence Poverty

1. Causes of Poverty

Poverty is caused by inequality and disparities that occur due to capitalist practices that prioritize economic values over other values, including politics. This allows them to employ workers arbitrarily, so that various types of disparities in social life further impoverish those who are already trapped in poverty, while those in the upper classes become increasingly prosperous (amin 2021).

Poverty can be caused by at least four factors:

First, low levels of education. Low levels of education limit an individual's ability to develop themselves and reduce their chances of getting a job. In the competition for employment, education levels play an important role. In addition, low levels of education also prevent individuals from seeking and taking advantage of existing opportunities. Second, low levels of health. Inadequate levels of health and nutrition result in low physical endurance, thinking power, and initiative. Third, limited employment opportunities. Poverty conditions influenced by education and health conditions become increasingly difficult to overcome with limited job opportunities. As long as jobs or economic activities

exist, there is hope to break the cycle of poverty. Fourth, the condition of isolation. Many poor individuals are economically powerless because they live in remote and isolated areas. They live far from access to education, health services, and progress enjoyed by other communities (Effendy 2024).

These four factors create a cycle of poverty. Generally, poor households have low levels of education and are concentrated in rural areas. With low education, their productivity is also low, so the rewards they receive are not sufficient to meet minimum living needs, including food, clothing, health, housing, and education needed to be able to live and work (Gunawan 2022)

2. Factors that influence poverty

There are three factors that cause poverty in the components of the Human Development Index when viewed from an economic perspective, namely:

a. Life Expectancy.

Life Expectancy (AHH) is the average estimate of the number of years a person can live during their life. Life expectancy is calculated using an indirect estimation approach. There are two types of data.

used in calculating Life Expectancy are Children Born Alive (ALH) and Children Still Alive (AMH). The maximum and minimum values for each of these components are amounts that have been agreed upon by all countries (175 countries in the world). For the life expectancy component, the highest number used as the index calculation limit is 85 years, while the lowest number is 25 years, and this number is taken from the UNDP standard (Maulana 2022).

a) Education Level The nation cannot develop well without education

Raja (2000) stated that education is the first step in the development process. This is a two-way process, on the one hand contributing to economic growth and on the other hand, reducing poverty and increasing productivity. Education plays a very important role in building human capabilities and driving economic growth through mastery of skills and knowledge. Education is a crucial element of human competence and sovereignty. In addition,

educational institutions, investment in education, quality of education, and equal access to education play an important role in eradicating poverty and encouraging economic growth (Nasution 2023). c. Decent Standard of Living The third dimension of measuring human quality of life is the decent standard of living. In a broader sense, the decent standard of living reflects the level of welfare enjoyed by the population as a result of economic improvement. UNDP assesses the decent standard of living using adjusted real Gross Domestic Product (GRDP) (Nizar 2017)

3. The Effect of Gross Regional Domestic Product on Poverty

The traditional development approach focuses more on increasing Gross Regional Domestic Product in a region. However, the rate of economic growth in a region cannot be measured solely from Gross Regional Domestic Product; it is also important to pay attention to the equitable distribution of income. Therefore, a decrease in Gross Regional Domestic Product can affect the quality of life and household consumption. If the level of community income decreases, households will adjust their consumption standards (Nizar 2018)

4. Efforts to Overcome Poverty

According to Daud Ali, there are several steps that can be taken to overcome poverty.

Conclusion

Based on the results of the discussion and analysis that have been presented by the author in the previous sections, the author can draw the following conclusions in this study: To increase the economic growth of the community, it is important to make various efforts to reduce poverty rates. This is because poverty has a significant impact on the rate of economic growth. The steps that can be taken to deal with the problem of poverty include conducting accurate poverty measurements. This is important so that aid efforts can be directed to areas that need it most and to evaluate the effectiveness of existing government programs. However, it should be noted that the process of making

predictions is not simple; it requires data, adequate methods, and clear stages. With focused efforts to overcome poverty, it is hoped that an increase in the rate of economic growth can be achieved.

Factors causing increased poverty caused by the Covid-19 pandemic that hit Indonesia. There are several implications in Indonesia that have emerged due to the Covid-19 Virus pandemic, especially in the investment, tourism, and trade sectors. In Indonesia, the existence of MSMEs (Micro, Small, and Medium Enterprises) that dominate can be the backbone of the country's economy, but this can have a very serious impact on aspects of trade value and total production, as well as on some workers who have to experience PHK (Termination of Employment) due to the Covid-19 Virus. As a result, poverty has increased quite rapidly in Indonesia and has an impact on the rate of economic growth.

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