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POVERTY STUDY IN BENGKULU PROVINCE (INCLUSIVE DEVELOPMENT INDEX REVIEW)

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ABSTRACT

The percentage of poor people in Bengkulu Province during 2011 – 2023 is still above the national level. The problem of poverty in Bengkulu Province remains the focus of development, especially in efforts to alleviate poverty. This study aims to analyze the influence of 3 pillars of inclusive economic growth, per capita income, length of schooling, and unemployment on poverty in Bengkulu Province. The results of the research conducted showed that simultaneously, per capita income, education, and unemployment, the three pillars of the inclusive development index, had an effect on poverty in Bengkulu Province. Partially, the variables that are able to reduce poverty in Bengkulu Province are Per Capita Income, education, and the inclusive development index pillar 1. The Pillar 3 inclusive development index has a positive influence on poverty in Bengkulu Province

INTRODUCTION

Economic growth is a reflection of a country's economic development. The process in the economy causes the increase in wealth and the accumulation of goods and services due to economic growth. The increased production of goods is proportional to economic growth. Thus, the level of community welfare has increased (Ambarwati, Sara and Aziz, 2021).

Development is defined as reducing or eliminating poverty, inequality, and unemployment in the context of economic growth. Therefore, it must be understood as a multidimensional process that involves significant changes in social structures,

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popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality, and the eradication of poverty (Todaro dan Smith 2009).

(Amponsah et al., 2023) Putting forward economic growth, in addition to being assumed to increase income and will reduce poverty. This supports the statement (McCulloch, 2003; Partridge and Rickman, 2008a). This view has been supported by the experience of many countries in the global South, which have experienced strong economic growth and significant poverty reductions (Dollar et al., 2013).

Inclusive growth is a model of economic development that emphasizes the equitable distribution of economic benefits across society, ensuring that all individuals have access to opportunities that drive economic participation and well-being. This approach is increasingly recognized as essential for sustainable economic growth, as it addresses social and economic disparities that can undermine long-term stability and prosperity. The goal of inclusive development is to create economic possibilities and enhance everyone's quality of life, irrespective of gender, color, ethnicity, religion, or other characteristics. Because inclusive development guarantees that everyone has access to the resources and services they require to realize their full potential, it is crucial to economic growth (Zhukovska, 2019; Zhukovska et al., 2021). Studies on inclusive growth were conducted by (Junaidi et al., 2024)(Johnson & Muthoora, 2021)(Dluhopolskyi & Zhukovska, 2023)(Vos & Cattaneo, 2021)(Gupta et al., 2021).

(Lee & Sissons, 2016) Examines the connection between poverty and economic growth in UK cities from 2000 to 2008. They discovered scant proof that production increases lessened poverty. Growth is not linked to below-average pay growth; rather, it is linked to wage growth at the top of the distribution. Furthermore, there is no connection between low levels of skilled employment and economic development. These findings demonstrate the need for more inclusive growth at this time. Anyanwu (2013) conducted a study to see its contribution to the design of inclusive growth policies. It examines the correlation of poverty – an index of the number of heads of international poverty lines of US$1.25 per day – with a multivariate model using data on 43 African countries from 1980 to 2011. Empirical studies show that higher rates of income inequality, primary education alone, mineral rents, inflation, and higher population levels are likely to increase poverty in Africa and are bad for poverty reduction and inclusive growth on the continent. On the other hand, higher real GDP per capita, net ODA, and secondary education have a significant adverse effect on poverty in Africa and, thus, are suitable for poverty reduction and inclusive growth on the continent.

Despite African nations' enormous liberalization efforts, trade openness has a favorable but negligible impact on poverty in Africa. Inam (2015) conducted a descriptive study on poverty and inclusive growth in Nigeria. The study concludes that to encourage inclusive growth, rapid poverty alleviation efforts are needed. Suppose Nigeria's poverty rate is to decrease. In that case, governments at all levels must encourage broad-based growth that creates productive jobs, redistributes income, improves equality, and involves people with low incomes in active participation. Effective social services and good infrastructure in both urban and rural areas can help reduce poverty.

According to the findings (Soleh et al., 2022), the province's overall economic growth on the island of Sumatra is not inclusive. Although lower than the economic growth coefficient (Ĝg), most provinces have a positive inclusive growth coefficient (IGp). Sumatra Island's average IGp coefficient is 0.032, less than the Ĝg coefficient of 0.049. Economic growth and inclusive growth coefficients are determined by economic growth performance. However, achieving inclusive growth is not always ensured by a region's strong economic growth. Achieving high economic growth is simply one aspect of quality economic growth; another is the capacity of economic growth to alleviate poverty..

(Amponsah et al., 2023) was shown that poverty and inclusive growth are negatively impacted by income disparity. Though its effect on income inequality varies depending on the type of inclusiveness, inclusive growth can aid in the reduction of poverty. The negative impact of income disparity on poverty is mitigated by inclusive growth. Promoting inclusive growth is crucial from a policy standpoint to lessen the negative effects of poverty and economic disparity on Sub-Saharan Africa's livelihoods.

The economic development and economic growth of a country are classified as inclusive or non-inclusive, which can be determined by the size of the Index. At the national, provincial, and district/city levels, Indonesia's development inclusiveness is measured and tracked using the Inclusive Economic Development Index. The Inclusive Economic Development Index assesses how inclusive Indonesian development is through economic growth, poverty, inequality, and access and opportunity (Bappenas, 2019). Therefore, this study's novelty is its inclusion of the variables of the three pillars of inclusive development toward poverty alleviation.

LITERATURE REVIEW

Poverty is a multidimensional and complex phenomenon related not only to income or consumption, considered as the monetary dimension of poverty but also to non-monetary dimensions such as education, health, gender equality, water supply, etc. Many factors cause poverty and have several impacts that affect the lives of people considered poor. The influence of factors varies from place to place because many countries have different development possibilities. Factors that affect the poverty level are economic, social, political, cultural, geographical, etc. (Spaho, 2014).

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Furthermore, Supriatna (1997:90) stated that poverty is a minimal situation that occurs not at the will of the person concerned. A population is said to be poor if it is characterized by low levels of education, work productivity, income, health and nutrition, and welfare, which shows a circle of helplessness. Poverty can be caused by limited human resources, both through formal and non-formal education, which ultimately results in low informal education.

The concept of development, known as inclusive development, means that the development process must involve all groups in society so that its benefits can be felt by all levels of society, including the poorest and most marginalized groups. Inclusive development aims to reduce social and economic inequality by emphasizing the equitable distribution of development results, in contrast to traditional development, which concentrates on overall economic growth. This type of development is relevant in poverty alleviation because it provides more significant opportunities for poor groups in society to access economic and social opportunities.

Inclusive growth can be measured using a social opportunity function, similar to a social welfare function. Therefore, it can be said that inclusive growth leads to the maximization of the social opportunity function. To be consistent with our definition of inclusive growth, we propose a methodology to measure the inclusiveness of growth in terms of increasing the social opportunity function, which depends on two factors: (i) the average opportunities available to the population and (ii) how opportunities are shared or distributed among the population. This social opportunity function gives greater weight to the opportunities the poor enjoy: the poorer a person is, the greater the weight.

The Inclusive Development Index (IPI) is a composite measure that evaluates how effectively countries are promoting inclusive growth by considering economic, social, and environmental dimensions. Inclusive development is a multifaceted concept that aims to ensure equitable growth and opportunities for all segments of society, address inequalities, and promote social cohesion. It is increasingly recognized as an essential component of sustainable development strategies worldwide.

Conceptual Framework and Measurement Inclusive development is often conceptualized as a people-centered approach emphasizing equity and social justice.
The Multidimensional Inclusivity Index (MDI) is a new tool designed to measure inclusivity by considering equity of development and absolute achievements. It provides a more comprehensive view than traditional measures such as the Human Development Index (HDI) (Dorffel & Schuhmann, 2022). The inclusive development model emphasizes social cohesion, economic security, and citizen empowerment to achieve sustainable and inclusive societies. This model is particularly relevant in Eastern and Southern Africa, where social inclusion is seen as an ethical imperative and a driver of economic growth (Abbott et al., 2017).

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METHODS

The design of this study is an explanatory research. The study will analyze and compare the inequality of income distribution in urban districts in Bengkulu Province except Central Bengkulu. Furthermore, this study will explain the influence of the inclusive development index, economic growth, per capita income, unemployment, and school length on poverty.

The Data Panel regression model analysis tool is used in this investigation. Cross-sectional and time series data are combined to create panel data. The Eviews program is used to perform the panel data regression analysis approach used in this study. The optimum model will be determined by several tests, including the common effect model (CEM), random effect model (REM), and fixed effect model (FEM) (Wooldridge, 2013). The following is the fundamental equation for panel data regression:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta 3X3_{it} + \beta 4X_{4it} + \beta_5 X_{5it} + \beta_6 X_{6it} + \varepsilon_{it} \quad \text{........................}(1)$$

Where: Yit = Poverty Variable in Bengkulu Province
β0 = Constant
β1; β2; β3; β4; β5; β6 = Regression coefficients
X1 = Per capita income
X2 = Length of school
X3 = Unemployment
X4 = Inclusive Development Index pillar 1
X5 = Inclusive Development Index pillar 2
X6 = Pillar 3 Inclusive Development Index
ε = error term
i = Unit *Cross section* (7 districts/cities in Bengkulu Province)
t = Time period (Time *Series* Data 2015-2019)

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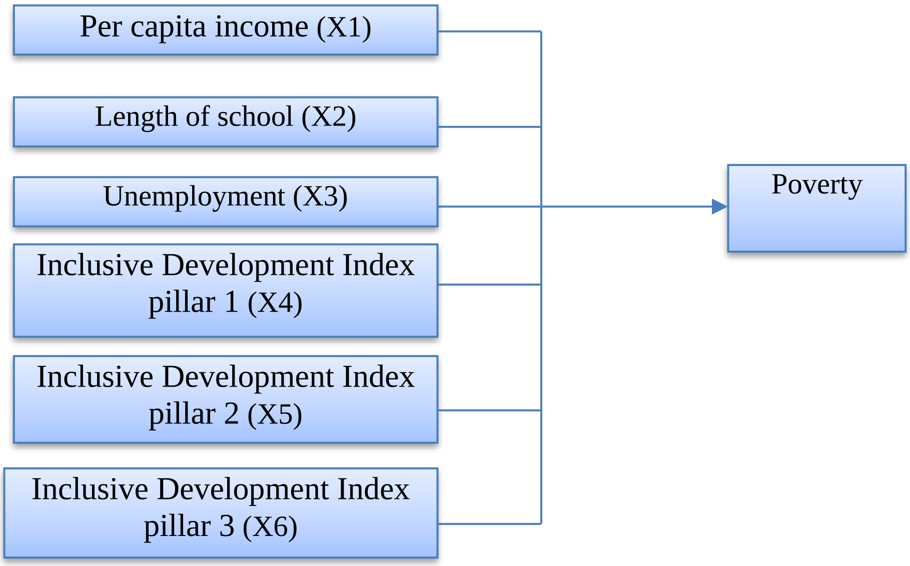

Figure 1. Research Model

RESULTS AND DISCUSSION

Poverty in Bengkulu Province decreased during the 2011-2023 period, which reflects the improvement in people's welfare. In 2011, the poverty rate in South Bengkulu was 22.55%. This figure has gradually declined to reach 17.51% in 2023, with the most significant decline occurring between 2017 and 2018. The decline was caused by the success of the Bengkulu government in implementing poverty alleviation programs that were more effective and focused than in previous years.

The Inclusive Development Index (IPI) is divided into three pillars, namely, IPI Pillar 1 is an index that measures economic growth and development, Pillar 2 measures the Income Equity and Poverty Reduction index, and Pillar 3 measures the Expansion of Access and Opportunity. In IPI pillar 1, South Bengkulu district is the area with the highest score (4.86). As for IPI2, Lebong district recorded the highest score (6.27), as well as the highest IPI pillar 3 in Lebong district (6.52), followed by Bengkulu City (6.20). Overall, Lebong and Bengkulu City show better inclusive development than other regions.

This study aims to analyze the influence of 3 pillars of inclusive economic growth, per capita income, length of schooling, and unemployment on poverty in the coastal area of Bengkulu Province. The results of data processing using Eviews were obtained as follows:

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Table 1.
Result of Regression

Dependent Variable: Poverty				
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	50.06571	4.560813	10.97736	0.0000
Percapita Income	-0.450644	0.088455	-5.094627	0.0000
School	-2.207316	0.629722	-3.505222	0.0008
Unemployment	-0.092402	0.120980	-0.763781	0.4475
IPI1(-2)	-0.826098	0.375395	-2.200611	0.0310
IPI2(-3)	-0.668594	0.637613	-1.048589	0.2979
IPI3(-3)	0.551469	0.257550	2.141214	0.0356
R-squared	0.957203			
Prob(F-statistic)	0.000000			

Source : Output Eviews, 2024

The value of the determination coefficient indicates the extent to which the independent variable may explain the dependent variable according to the outcomes of the data processing. The analysis's findings revealed that the R2 value was 0.95, meaning that the variables of per capita income, length of education, unemployment, and the Inclusive Development Index pillars 1, 2, and 3 can account for 95% of the poverty in Bengkulu Province; the remaining portion is explained by other variables not included in the model.

Test F is a test conducted to see the influence of independent variables (per capita income, length of schooling, Unemployment, Inclusive Development Index pillar 1, inclusive development index pillar 2, inclusive development index pillar 3) in whole or simultaneously on the bound variable (poverty). The level of significance used is 5% ($\alpha = 0.05$). The Prob (F-statistic) value is 0.0000 < 0.05, meaning that it can be concluded that the variables of per capita income, length of schooling, Unemployment, Inclusive Development Index pillar 1, Inclusive Development Index pillar 2, and inclusive development index pillar 3 have a simultaneous effect on the poverty rate variables in Bengkulu Province.

The t-test is a test that is carried out partially or independently on each independent variable against the bound variable. The constant value in data processing of 50.06 means that if the independent variables (per capita income, length of schooling, Unemployment, Inclusive Development Index pillar 1, Inclusive Development Index pillar 2, inclusive development index pillar 3) are equal to zero, then poverty in Bengkulu Province is 50.06 percent. The results of the study showed that the variables of per capita income, length of schooling, unemployment, Inclusive Development Index Pillar 1, and Inclusive Development Index Pillar 2 had a positive effect on poverty in Bengkulu Province. In contrast, the variable of the Inclusive Development Index pillar 3 has a negative impact on poverty in Bengkulu Province.

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The per capita income variable has a coefficient value of -0.45 and a probability of 0.00. The probability value is lower than α (0.05), indicating that per capita income significantly has a negative effect on poverty in Bengkulu Province. For every Rp.1 increase in per capita income, poverty in Bengkulu Province decreases by 0.45 percent. The school-age variable has a coefficient value of -2.20 with a probability of 0.00. The probability value is lower than α (0.05), indicating that school length significantly has a negative effect on poverty in Bengkulu Province. For every 1 year of school length, poverty in Bengkulu Province will decrease by 2.20 percent.

The variable of the Inclusive Development index of pillar 1 has a coefficient value of -0.82 and a probability of 0.03. The probability value is lower than α (0.05), indicating that the Pillar 1 Inclusive Development Index significantly has a negative effect on poverty in Bengkulu Province. For every 1 percent increase in inclusive development in pillar 1, poverty in Bengkulu Province decreases by 0.82 percent.

The variable of the Inclusive Development index of pillar 3 has a coefficient value of 0.55 with a probability of 0.03. The probability value is lower than α (0.05), indicating that the pillar 3 inclusive development index significantly has a positive effect on poverty in Bengkulu Province. For every 1 percent increase in the Inclusive Development Index of pillar 3, poverty in Bengkulu Province will increase by 0.55 percent.

The unemployment variable has a coefficient value of -0.92 and a probability of 0.44. This probability value is higher than α (0.05), indicating that unemployment has no effect on poverty in Bengkulu Province. Similarly, the inclusive development index variable of pillar 2 has a probability of 0.29 or a probability value higher than α (0.05).

The purpose of this study is to analyse the influence of per capita income, length of schooling, unemployment, and 3 pillars of inclusive economic growth on poverty in Bengkulu Province. The research was conducted using panel data covering 9 districts in the Province in the 2011-2023 period. Based on the results of data processing, the best model used is *the fixed effect model* with the equation:

$$\begin{aligned} Poverty\,;\;\; & 50{,}06 - 0{,}45_{Percapita} * -2{,}21_{School} * -0{,}09_{Unemployment} \\ & - 0{,}940{,}82_{IPIpilar1} * -0{,}67_{IPIpilar2} + 0{,}55_{IPIpilar3} * \; + \epsilon \end{aligned}$$

In the equation of a constant value of 50.05, which means that if the variables of per capita income, education, unemployment, and inclusive development index are considered constant, then the poverty that occurs in Bengkulu Province is 50.06 percent. The effect of per capita income on poverty is an essential topic in economic studies, especially in the context of sustainable development. The results of data estimates show that per capita income in Bengkulu Province has a negative effect on poverty. The better the per capita income of the community, the more the problem of poverty will be overcome. Per capita income is often used as an indicator to measure people's welfare and predict poverty levels in an area (Fadilah et al., 2016; Najmi et

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al., 2024; Azizah & Aisyah, 2023). In line with the results of the estimates carried out, several studies show that increasing per capita income can contribute significantly to reducing poverty rates. Research in Madiun Residency conducted by (Titania & Setyowati, 2022) shows that per capita income has a negative effect on poverty levels, which means that the higher the per capita income, the lower the poverty rate. In the Special Region of Yogyakarta, an analysis of government spending on education, health, and per capita income shows that all of these variables have a significant influence on poverty reduction (Sari, 2018).

Some studies have found the opposite; in the last decade, despite some economic growth in Latin America, including Mexico, the increase in per capita income has yet to be able to reduce poverty. This is attributed to structural inequalities and ineffective social policies that fail to meet the needs of the most vulnerable populations. As a result, per capita income can increase, and poverty levels increase. This shows that income growth alone is not enough to raise living standards and achieve social justice (Munoz, 2015; Neme Castillo & Chiatchoua, 2022; Machira et al., 2023; Bernini et al., 2023; Balasubramanian et al., 2023).

Furthermore, the results (Amponsah et al., 2023) demonstrate that income disparity negatively impacts poverty and inclusive growth. It was discovered that while inclusive growth can aid in reducing poverty, the degree to which it affects income disparity varies depending on the kind of inclusiveness. Inclusionary growth mitigates the negative impacts of income disparity on poverty. Our findings demonstrate the significance of encouraging inclusive growth from a policy standpoint, mitigating the detrimental effects of poverty and income disparity on livelihoods in Sub-Saharan Africa.

The results of data processing also showed that there was a significant negative influence between education and poverty. Education measured by the length of school can reduce poverty; this means that an increase in the size of school by 1 year will reduce poverty. The larger the number of school years, the higher the level of education taken. The higher the education, the greater the possibility of getting a higher income and ultimately able to reduce poverty.

The relationship between education and poverty has remained the focus of research over the past decade, highlighting the critical role that education plays in alleviating poverty. A number of studies have shown that increased educational attainment correlates with lower poverty rates, especially in developing countries. (Januardi & Utomo, 2017) emphasized that a higher percentage of high school and university graduates has a significant impact on poverty alleviation in Java, Indonesia, which means that an increase in the length of schooling (years) will be able to increase human resources and subsequently reduce poverty levels. Similarly, (Novignon et al., 2018) argued that investment in human resources, especially in education and health, is significant to overcome poverty.

Nonetheless, research (Tran, 2023) shows the opposite condition in Vietnam. Tran argued that education loans can serve as an essential tool in the fight against poverty, allowing students from low-income backgrounds to pursue higher education, improve their economic prospects, and reduce poverty. Analysis (Liu, 2018) on the impact of education on economic growth in Shaanxi Province emphasized that changing the approach to education is essential to uplift people with low incomes. The importance of tailored education policies that meet the needs of the growing labor market and the need for comprehensive reforms in health and education to reduce poverty (Anu et al., 2022).

Education is one of the main drivers of poverty alleviation. However, to maximize its impact, education policies must be inclusive, fair, and responsive to the needs of disadvantaged communities. This requires a concerted effort from governments, educational institutions, and communities to ensure that all individuals have access to quality education, thus breaking the cycle of poverty and fostering sustainable economic growth.

Unemployment has a significant negative effect on poverty in Bengkulu Province. This is, of course, contrary to the theory that there is a positive correlation between unemployment and poverty. One reason that unemployment has a negative effect on poverty in Bengkulu Province is the increasingly good employment conditions there. The unemployment rate in Bengkulu Province is low, but most of the workforce, especially in rural areas, works in the informal sector and as family workers.

Unemployment significantly increases poverty rates, as it directly affects an individual's ability to earn an income. In developing countries, most of the workforce is unable to earn enough to rise above the poverty line, exacerbating poverty levels. The World Health Organization reports that many workers in the region are unemployed or earn insufficient wages, contributing to persistent poverty (Fryer & Fagan, 2003).Unemployment significantly contributes to a new form of poverty characterized by high unemployment rates in separate neighborhoods. Over the past decade, factors such as technological advancements, increased college enrollment, and international trade policies have reduced the demand for unskilled labor, worsening the unemployment rate (Wilson, 2018; Siyan et al., 2016; Atangana, 2022).

The effect of unemployment on poverty over the past decade has varied significantly between regions. In countries such as Brazil and Chile, empirical analyses show that unemployment has a significant impact on poverty rates, suggesting a potential trade-off between unemployment reduction and poverty alleviation. However, in MENA countries, this relationship could be more robust due to the higher incidence of voluntary unemployment among educated individuals. Overall, the nature of these exchanges depends on specific policy shocks and the accompanying financing rules, with short-term and long-term implications for different groups of households. (Agénor, 2004).

Inclusive development plays a vital role in reducing poverty by ensuring that economic growth benefits all segments of society, especially people experiencing poverty. Inclusive development strategies can significantly reduce poverty by addressing income inequality and improving access to education and economic opportunities (Anyanwu, 2013; Kurian, 2008; Rahul et al., 2014; Sitorus & Hutasoit, 2021). Inclusiveness in the inclusive economic development index is arranged into three major elements. These aspects are placed through the aspect of economic growth as pillar 1, the aspect of inequality and poverty as the aspect of pillar 2, and pillar 3, namely access and opportunity.

The results of the estimation show that the inclusive development index of pillar

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1 has a significant negative effect on poverty in Bengkulu Province. Pillar 1 measures the goals and development of the economy. Alleviating poverty requires the growth and development of foreign economies in each region. However, growth and development in the past two years have had an impact on poverty alleviation. This shows that poverty alleviation cannot necessarily happen, but there is a process in these efforts. The Inclusive Development Index (IDI) is a multidimensional framework that aims to assess a country's economic performance by taking into account social equality and environmental sustainability. The index is particularly significant because it addresses the limitations of traditional economic indicators, such as Gross Domestic Product (GDP), which often fail to capture the distribution of wealth and well-being of the population. IDI emphasizes the importance of inclusive growth, which is defined as economic growth that is evenly distributed throughout society and creates opportunities for all, especially marginalized groups (Anand et al., 2013; Heshmati et al., 2019).

On the other hand, pillar 2, the inclusive development index, which includes income equality and poverty, has no effect on poverty alleviation in Bengkulu Province. However, there is a negative relationship between the pillar 2 inclusive development index and poverty in Bengkulu. Results (Jewaru & Siagian, 2022) show things that are no different. Pillar 3 of the Inclusive Development Index related to the expansion of access and opportunity has a significant positive effect on poverty in Bengkulu Province. This means that the increased access and infrastructure associated with expanded access and opportunity are not entirely beneficial for people with low incomes.

The concept of inclusive development is rooted in the idea of human-centered growth, which prioritizes human well-being and social equality over mere economic expansion. As articulated by (Anand et al., 2013), Inclusive growth encompasses the pace and distribution of economic growth, highlighting that sustainable growth must also be equitable to reduce poverty and inequality effectively. This perspective is echoed in the work of Tikova (2021), which notes that inclusive development is linked to issues of inequality, poverty, and social protection, thus reinforcing the need for equal access to social, political, and economic opportunities (Tikova, 2021).

Additionally, the Inclusive Development Index incorporates various dimensions of well-being, including income equality, employment levels, and access to essential services such as education and healthcare. For example, research has shown that inclusive growth strategies can significantly influence social development indicators, thereby improving the overall well-being of society (Askarova et al., 2021; Anwar et al., 2019). The construction of the inclusive growth index, as shown in research from Pakistan, leverages variables such as inequality, poverty, and employment levels to measure inclusivity in economic growth (Anwar et al., 2019; Asghar & Javed, 2011). This approach underscores the need to integrate social dimensions into economic assessments to foster a more comprehensive understanding of development.

CONCLUSION

The purpose of this study is to analyze the influence of per capita income, length of schooling, unemployment, and the 3 pillars of inclusive economic growth on poverty in Bengkulu Province. The results of the study show that simultaneously, per capita income, education, and unemployment, the three pillars of the inclusive development index, affect poverty in Bengkulu Province. Partially, the variables that are able to reduce poverty in Bengkulu Province are Per Capita Income, education, and the inclusive development index pillar 1. Pillar 3 inclusive development index has a positive influence on poverty in Bengkulu Province.

Recommendations

Inclusive development pillar 3, related to the expansion of access and opportunity, has a significant positive effect on poverty in Bengkulu Province. Therefore, the government must make efforts and implement policies related to access and opportunities that are more favorable to people with low incomes.

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