



Impact of Per capita Expenditure and Inflation on Poverty In Pekanbaru City (Before and After The Covid-19 Pandemic)

Herman

Sekolah Tinggi Ilmu Ekonomi Riau, Pekanbaru Indonesia
E-mail : herman@lecturer.stieriau-akbar.ac.id



<https://doi.org/10.54099/ijibmr.v2i1.167>

ARTICLE INFO

Research Paper

Article history:

Received: 5 June 2022

Revised: 15 June 2022

Accepted: 28 June 2022

Keywords: Expenditure per capita, Inflation, and Poverty.

ABSTRACT

This study aims to determine the impact of per capita spending and rising inflation on poverty in the city of Pekanbaru. Secondary data for the period 2012-2021 is from the Central Statistics Agency of Pekanbaru City. The data analysis method used multiple linear regression. The results of the descriptive research show that the average number of poor people is 3.2010 people, per capita expenditure is 1.4339 and inflation is 0.53 percent. And the results of the study showed that per capita expenditure before the covid-19 pandemic had no effect, while after the covid-19 pandemic there was an effect on the number of poor people, and the increase in inflation before and after the covid-19 pandemic had an effect. Meanwhile, the results of simultaneous research before the covid pandemic had no effect, while after the covid-19 pandemic, all independent variables had an effect on the dependent variable.

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.

INTRODUCTION

The problem of poverty is a classic problem of income distribution growth. The fundamental issue in poor countries is not only how to increase economic growth but also who makes the national cake grow, a few people or many people. If growth is mainly contributed by the rich, then it is they who benefit the most from growth, while poverty and income distribution worsen. However, if growth is contributed by many people, the fruits of economic growth will be felt more evenly (Kuncoro, 2003; Candrianto et al., 2022; Herman, 2021a, 2021b).

Poverty alleviation policies that are carried out often do not pay attention to the characteristics and local context of the poor. For example, high economic growth is not followed by the provision of jobs so that it is not able to overcome the problem of poverty. Limited employment opportunities are one of the causes of someone becoming poor because the opportunity to earn income is getting smaller. Poverty results in millions of children not being able to get a quality education, difficulties in financing health care, lack of savings, lack of employment opportunities, lack of social security and lack of access to public services. Poverty causes people to do anything for survival, even willing to accept wages that are not commensurate with the cost of labor. So the poor are people who have an average monthly per capita expenditure below the poverty line.

In the city of Pekanbaru itself Poverty is still one of the main focuses of the government in economic development goals, for that poverty reduction efforts are an absolute target to be achieved by the provincial government and the city government. In the last year, especially the impact of the Covid-19 Pandemic which resulted in a decline in economic activity in Pekanbaru itself, namely economic activity did not run compared to before the pandemic so that this had an impact on per capita expenditure, namely both food and non-food and also price increases in each major market. in the city of Pekanbaru so that in the short term it will have an impact on the level of poverty that will occur (Iskamto, 2012, 2019).

Like the theory of the vicious circle of poverty, namely a series of forces that influence each other, giving rise to a situation where a country, especially a developing country, has many problems to achieve higher development. On a macro level, poverty arises because of the unequal pattern of resource ownership which results in an unequal distribution of income. One of the factors causing poverty is the level of income and education and health. Where in Pekanbaru the average wage is still around Rp. 2.9 million and the education participation rate for SMP/MTs is around 72.74% while SMA/MA is around 71.92%, meaning that the level of participation of the people of Pekanbaru City in education is still low. So with a low level of education, the income earned will be low so that it will have an impact on spending and the number of poor people. The following is a description of per capita expenditure and the increase in inflation in Pekanbaru City over the last 10 years.

Table 1. Data on Per Capita Expenditure and Increase in Inflation in Pekanbaru City

No.	Year	Per capita Expenditure (Thousands of Rupiah)	Inflation rise (%)
1	2012	13. 805	0,69
2	2013	13 .891	0,41
3	2014	14 .023	0,38
4	2015	14 .126	1,69
5	2016	14 .225	0,27
6	2017	14 .547	0,48
7	2018	14 .778	0,27
8	2019	15 .206	-0,22
9	2020	14 .433	-0,21
10	2021	14 .360	1,54

Source: BPS Pekanbaru City, 2022.

Based on table 1 above, it can be explained that the per capita expenditure of Pekanbaru city residents from 2012 to 2019 always increased from 13,805 to 15,206, while in the last year it continued to decline to 14,360. 2021 so that people in carrying out economic activities experience difficulties, especially at the beginning of the first year because there are restrictions in all fields. Likewise, price increases/inflation in 2019 and 2020 experienced a minus meaning because people's purchasing power experienced a reduction. so that in the short term it will have an impact on the number of poor people, namely before Covid-19 occurred, the number of poor people was only 28.60 (thousand)/person while the last year now, 2021, it increased to 32.73 (thousand)/person. Based on the problems above, the researchers are interested in bringing up the research with the title: "Impact of Per capita Expenditure and Inflation on Poverty in Pekanbaru City (Before and After the Covid-19 Pandemic)".

LITERATURE REVIEW

Per capita Expenditure

According to the Indonesian Central Statistics Agency, per capita expenditure is the cost incurred for the consumption of household members in a certain period. (BPS: 2016).

Meanwhile, according to Muhammad Abdul Halim, defining expenditure per capita as a whole for household members included in one household is by using the notion of household consumption expenditure. (2012). The amount of income per capita can describe the welfare of a society. However, accurate income data is difficult to obtain, so that in the Susenas activities this data is approached through per capita expenditure (BPS, 2010). Per capita expenditure is the cost incurred for the consumption of all household members for a month divided by the number of household members adjusted for purchasing power parity.

Economic growth is best defined as the long-term expansion of the productive potential of the economy. The trend of growth can be expanded by increasing capital investment spending as a share of national income as well as measures of capital inputs and labor supply, labor force and technological progress. Economic growth is an increase in Gross Domestic Product (GDP) per capita or per capita income. According to the World Bank (2017) GDP Per Capita is gross domestic product divided by the mid-year population (i.e. population as of July 1 for the same year). That means GDP per person. It is an important indicator of economic performance and shows the average standard of living and economic well-being of a country (Focus Economics, 2017).

According to (Fausi, 2011) per capita expenditure is usually formulated as follows: $y = p/q$
where :
 y = per capita expenditure.
 p = monthly household expenses.
 q = number of household members).

Inflation

An increase in the price of goods and services in general where these goods and services are the basic needs of the community or a decrease in the selling power of a country's currency (BPS). Boediono (2008: 155) defines inflation as the tendency of prices to rise in general and continuously, but an increase in the price of one or two goods cannot be called inflation, unless the increase is widespread or results in an increase in most of the population. the prices of other goods.

Inflation is defined as a continuous increase in the general price of an economy. Meanwhile, according to Rahardja and Manurung, inflation is a symptom of a general and continuous increase in the price of goods. Inflation usually refers to consumer prices, but can also use other prices (wholesale prices, wages, prices, assets and so on))(Nurul Huda dkk,2009). The formula for calculating the inflation rate is:

$$\text{Inflation Rate (LI)} = (\text{IHK} - \text{IHK-t}) / (\text{IHK-t}) \times 100\%.$$

where :

LI = Inflation Rate

IHK = Consumer price indeks

According to Sudarso in Edyson Susanto, 2017, according to him, inflation is divided into three types, namely: 1) Pure Inflation, 2) Semi-Inflation, 3) Pseudo Inflation.

Poverty

Poverty according to the World Bank is defined as the inability of the population concerned to achieve or meet a certain minimum standard of living (Imelia in Kamaluddin, 2012).

Poverty is the total population below the poverty line who resides in the regency area in Central Java for more than 6 months or less than 6 months but intends to settle which is taken from the Central Statistics Agency and presented in units of thousand people.

To measure poverty, BPS uses the concept of the ability to meet basic needs (basic needs approach). With this approach, poverty is seen as an economic inability to meet basic food and non-food needs as measured from the expenditure side.

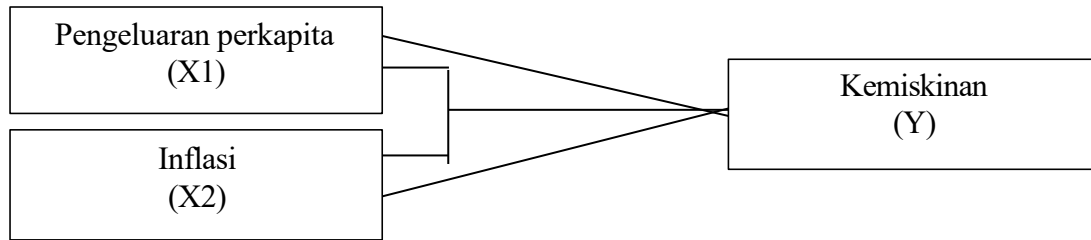
Poverty has been defined and presented in many ways and as Chambers (2006) points out, there are as many answers to the question 'what is poverty' as there are many people who answer it depending on

who is asking them. More time poverty has developed a multi-dimensional approach. The most common definition of poverty is based on income or consumption and defines poverty as a state of lack of income or a minimum level of consumption sufficient to meet basic needs.

Conceptual Framework

The conceptual model framework is about how theory relates to various factors that have been identified as important problems (Sugiyono, 2016). The description of the conceptual framework in this study can be seen in Figure 1 below.

Figure 1. Conceptual Framework



Hypothesis

1. Expenditure per capita has a significant negative effect on poverty.
2. Inflation has a significant effect on poverty.
3. Per capita expenditure and inflation have a significant effect on poverty.

Research Variable

1. Expenditure per capita/thousand and inflation/% (X).
2. Poverty/soul (Y).

METHODS

The scope of this research was conducted in Pekanbaru City in 2012-2021. This type of research is descriptive and quantitative. Data collection techniques used secondary data during the period 2012-2021, namely from the Central Bureau of Statistics of Pekanbaru City. Data analysis with multiple linear regression, namely $\text{Number of Poor Population} = a + b_1 \text{Per capita Expenditure} X_1 + b_2 \text{Inflation} X_2 + e$.

RESULTS AND DISCUSSION

1. Descriptive

Table 2. Description

	Mean	Std. Deviation	N
Number Of Poor People After	3.2010E3	149.27008	10
Per Capita Expenditure After	1.4339E4	427.00903	10
Inflation After	0.5300	0.63910	10

Source: Research Results, 2022.

Based on table 2 above, it can be explained that the average number of poor people is 3.2010 people, per capita expenditure is 1.4339 and inflation is 0.53 percent.

2. Model Interpretation Before the Covid-19 Pandemic

Table 3. Multiple Linear Regression Before the Covid-19 Pandemic

Model	Unstandardized Coefficients	
	B	Std. Error
1 (Constant)	3452.401	773.566



Per Capita Expenditure Before	-.018	.054
Inflation Before	107.038	37.891

a. Dependent Variable: Number Of Poor People Before

Based on table 3 above, the results of multiple linear regression before the covid-19 pandemic are obtained, namely $Y_{\text{Before the covid-19 pandemic}} = 3452.401 - 0.018X_1 + 107.038X_2$. It can be explained that if per capita expenditure and inflation remain/zero then the number of poor people is 3452.401 people. If per capita expenditure increases by one unit, the number of poor people will decrease by 0.018 people and if inflation increases by one percent, the number of poor people will increase by 107.038 people.

Table 4 T-test Before the Covid-19 Pandemic

Model		T	Sig.
1	(Constant)	4.463	.011
	Per Capita Expenditure Before	-.331	.757
	Inflation Before	2.825	.048

a. Dependent Variable: Number Of Poor People Before

Based on table 4 above, the results of the test before the covid-19 pandemic were obtained, namely for the value of Sig. The per capita expenditure variable before the covid-19 pandemic was obtained, which was 0.757, greater than 0.05, so this illustrates that per capita expenditure has no effect on the number of poor people. While for the value of Sig. the inflation variable before the covid-19 pandemic was obtained, which was 0.048, smaller than 0.05, so this illustrates that inflation affects the number of poor people.

Table 5. F Test Before the Covid-19 Pandemic

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	18564.195	2	9282.098	4.545	.093 ^a
	Residual	8169.519	4	2042.380		
	Total	26733.714	6			

a. Predictors: (Constant), Inflation before, Per Capita Expenditure Before,

b. Dependent Variable: Number Of Poor People Before.

Based on table 5, the results of the F test before the covid-19 pandemic were obtained, the value of Sig. 0.093, it can be explained that simultaneously the independent variables have no significant effect on the dependent variable, this is because it has a value greater than 0.05.

Table 6 Coefficient of Determination Before the Covid-19 Pandemic

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.833 ^a	.694	.542	45.19270

a. Predictors: (Constant), Inflation before, Per Capita Expenditure Before,

b. Dependent Variable: Number Of Poor People Before

Based on table 6, the result of the coefficient of determination before the covid-19 pandemic is 0.542, namely that the contribution of the influence given by the independent variable to the dependent variable is 54.2 percent while the rest is 55.8 percent.

3. Model Interpretation After the Covid-19 Pandemic

Table 7. T-test After the Covid-19 Pandemic

Model		Unstandardized Coefficients		T	Sig.
		B	Std. Error		
1	(Constant)	5576.744	1036.163	5.382	.001
	Per Capita Expenditure After	-.170	.071	-2.384	.049
	Inflation After	127.595	47.760	2.672	.032

a. Dependent Variable: Number Of Poor People After

Based on table 7 above, the results of the test after the covid-19 pandemic were obtained, namely for the value of Sig. the per capita expenditure variable after the covid-19 pandemic was obtained, which was 0.049, smaller than 0.05, this illustrates that per capita expenditure has a significant effect on the number of poor people. While for the value of Sig. the inflation variable after the covid-19 pandemic was obtained, which was 0.032, smaller than 0.05, then this illustrates that inflation has a significant effect on the number of poor people.

Table 8. F Test After the Covid-19 Pandemic

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	152057.722	2	76028.861	10.979	.007 ^a
	Residual	48476.278	7	6925.183		
	Total	200534.000	9			

a. Predictors: (Constant), Inflation After, Per Capita Expenditure After,

b. Dependent Variable: Number Of Poor People After.

Based on table 8 above, the results of the F test after the covid-19 pandemic were obtained, the value of Sig. 0.007, it can be explained that simultaneously the independent variables have a significant effect on the dependent variable, this is because it has a value less than 0.05

Discussion I Before the covid-19 pandemic

- The results showed that per capita expenditure before the COVID-19 pandemic had no effect on the number of poor people, because the economic situation was still normal or there were no restrictions on economic activity.
- The results showed that inflation before the covid-19 pandemic affected the number of poor people, this is because the increase in goods every month always fluctuates and is not proportional to the increase in wages, so that the increase in inflation will have an impact on increasing the number of poor people.

Discussion II After the covid-19 pandemic

- a. The results showed that per capita expenditure after the covid-19 pandemic affected the number of poor people, this was because the economic situation was not normal and there were restrictions on economic activity both large and small scale and there was a reduction in employees and also social assistance from the government was still not appropriate. target, so that per capita expenditure will have an impact on increasing the number of poor people.
- b. The results of the study showed that the increase in inflation after the covid-19 pandemic affected the number of poor people, this has been since the covid-19 pandemic all activities including the economy stopped, namely it was difficult for people to make buying and selling transactions in the market and also many companies reduced the number of employees and government assistance provided. only a few months received so that people will find it difficult to meet the needs of life so that consumption will continue to increase which has an impact on rising prices.

CONCLUSION

Based on the results of the study, it can be concluded that the impact of the increase in per capita expenditure and the increase in prices/inflation during the covid-19 pandemic resulted in an increase in the number of poor people while before the covid-19 pandemic per capita expenditure had no effect on the number of poor people. The government should pay attention to the social assistance provided so that the community can stabilize their per capita expenditure and maintain price increases in the community and also reopen employment opportunities.

REFERENCE

- Bank Dunia (2017)
BPS Riau dalam angka 2022
BPS:2016
- Candrianto, Ningsih², R., & Juniardi, E. (2022). Waste Management Financing Model Through Utilization of Village Funds. *International Journal of Entrepreneurship and Business Management*, 1(1), 64–75. <https://doi.org/10.54099/ijebm.v1i1.123>
- Cordelia Onyinyechi Omodero, 2019, *Research in World Economy, Government Sectoral Expenditure and Poverty Alleviation in Nigeria*. DOI: 10.5430/rwe.v10n1p80. https://www.researchgate.net/profile/Cordelia-Omodero/publication/334011522_Government_Sectoral_Expenditure_and_Poverty_Alleviation_in_Nigeria/links/5d4860ee4585153e593fd3a9/Government-Sectoral-Expenditure-and-Poverty-Alleviation-in-Nigeria.pdf.
- Dita Yuliana Agustin, Adi Wijaya, Andriawan Kustiawan, 2017, *JIEM, Pengaruh Ketimpangan Pendapatan dan Pengangguran serta Pertumbuhan Ekonomi terhadap Tingkat Kemiskinan di Indonesia*. Vol 2, No 1 (2017). DOI: <http://dx.doi.org/10.29264/jiem.v2i1.991>. DOI: <http://dx.doi.org/10.29264/jinv.v13i1.2435>.
- Edyson Susanto, Eny Rochaida, Yana Ulfah. 2017, *Jurnal INOVASI, Pengaruh inflasi dan pendidikan terhadap pengangguran dan kemiskinan*.
- Herman, 2018, *Pengaruh Tingkat Pendidikan Dan Jumlah Penduduk Terhadap Tingkat Kemiskinan Di Kota Pekanbaru*. Jurnal Uquilibrium, Vol 6 No. 2. DOI: <http://doi.org/10.25273/equilibrium.v6i2.2936> .
- Herman, H. (2021b). Impact of Inflation and City Minimum Wages on Human Development Index in Indonesia. *Husnayain Business Review*, 1(1), 78–86. <https://doi.org/10.54099/hbr.v1i1.5>
- Herman. (2021a). Analysis of Factors Affecting Traders' Income on Traditional Markets in Indonesia. *ADPEBI International Journal of Business and Social Science*, 1(1), 1–9. <https://doi.org/10.54099/aijbs.v1i1.31>

- Imelia Imelia, 2012, Jurnal Paradigma Ekonomika, Pengaruh Inflasi Terhadap Kemiskinan Di Propinsi Jambi. DOI: <https://doi.org/10.22437/paradigma.v0iApril.552>
- Iskamto, D. (2012). Persoalan sumber daya manusia dalam pengembangan ekonomi Islam. *Eko Dan Bisnis (Riau Economics and Business Review)*, 3(1).
- Journal of Economics and Sustainable Development. ISSN 2222-1700 (Paper) ISSN 2222-2855 (Online) Vol.7, No.8, 2016 <https://core.ac.uk/download/pdf/234647481.pdf>.
- Khairun Nisa, Ayu Wulandari, Rini Luciani Rahayu, 2020, SOROT, Pengaruh Ketimpangan Pendapatan Terhadap Kemiskinan Di Provinsi Kepulauan Bangka Belitung Tahun 2009-2018. Vol 15, No 1 (2020). DOI: <http://dx.doi.org/10.31258/sorot.15.1.55-63>
- Muhamad Abdul Halim, 2012. Teori Ekonomika Edisi 1, (Tangerang: Jelajah Nusa,)
- Muhammad Arief, Diena Fadhilah, 2017, Jurnal ilmu manajemen. Pengaruh Pendapatan terhadap Kemiskinan dan Pengangguran dengan Inflasi sebagai Pemoderasi di Sumatera Utara. *Vol 5, No 2 (2017)*. DOI: <http://dx.doi.org/10.35126/ilman.v5i2.16> .
- Nurul Fadlillah, 2016. *Eko-Regional, Analisis Pengaruh Pendapatan Per Kapita, Tingkat Pengangguran, Ipm Dan Pertumbuhan Penduduk Terhadap Kemiskinan Di Jawa Tengah Tahun 2009-2013 Vol.11, No.1.* <https://media.neliti.com/media/publications/266531-analisis-pengaruh-pendapatan-per-kapita-9f66a39f.pdf>.
- Nurul Huda dkk, Ekonomi Makro Islam : Pendekatan Teoretis, (Jakarta: Kencana, 2009), Hal. 175.
- Nurwati, Nunung. (2008). Kemiskinan : Model Pengukuran, Permasalahan dan Alternatif Kebijakan. *Jurnal Kependudukan Padjadjaran*, 10(1), 1-11.
<http://journal.unpad.ac.id/kependudukan/article/view/doc1>
- Sugiyono. (2016). Metode Penelitian Kuantitatif Kualitatif dan R&D. Bandung, Indonesia: PT Alfabeta