

Regional Autonomy and Poverty in Indonesia: A Literature Review

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ABSTRACT

This study aims to determine the impact of regional autonomy policies on poverty in Indonesia. This study uses the literature review research method which is a very appropriate method used in articles related to regional autonomy and poverty in Indonesia. This is because this method can assist in obtaining a more comprehensive understanding of the concept of regional autonomy and poverty, including theories, concepts and research results related to the topic of regional autonomy and poverty. The results of this study are that regional autonomy has the potential to reduce poverty in Indonesia, especially through improving public services and economic opportunities for people at the local level. However, the successful implementation of the regional autonomy policy in reducing poverty in Indonesia still depends on factors such as the quality of human resources, the availability of financial and technological resources, and an effective governance system. In implementing regional autonomy to reduce poverty.

INTRODUCTION

Since the promulgation of regional autonomy in 2001, followed by the strengthening of broad autonomy in 2004, regional governments have been given great discretion in determining the amount of the budget to achieve results that can increase the level of social welfare or alleviate poverty in their respective regions. According to Jia, Guo, and Zhang (2014), fiscal decentralization is the process of transferring expenditure responsibilities from the central government to local or sub-national governments. This is done to better meet the demands of the local population and make the allocation of resources more efficient. However, despite the fact that regional autonomy and fiscal decentralization policies have been in place in Indonesia for the last 15 years, it is clear that Indonesia's provinces continue to struggle with high poverty rates. Meanwhile, the average percentage of the population living in poverty relative to the population in each province in Indonesia in 2015 was 11.88% (BPS RI 2015), a figure that represents the entire country.

Indonesia is a country consisting of thousands of islands with a high degree of social, economic and cultural diversity. This poses a challenge for the government in providing public services and making the right decisions. One of the government's efforts to overcome these problems is to provide regional autonomy. Regional autonomy is a form of government policy that gives authority to regions to regulate and manage government affairs in their own territory. This is included in the context of providing opportunities for regions to develop their potential optimally. However, the implementation of regional autonomy in Indonesia has not run smoothly, especially in overcoming the problem of poverty which is still high in the regions. According to data from the Central Statistics Agency (BPS), in 2020, the poverty rate in Indonesia will reach 9.78 percent or around 26.42 million people. Although this poverty rate has decreased compared to previous years, many areas still have high poverty rates. This shows that the problem of poverty is still a challenge for Indonesia, especially in areas that are isolated and do not have adequate access to public services.

The granting of regional autonomy is expected to be a solution to overcoming the problem of poverty in regions in Indonesia. However, many studies have shown mixed results regarding the relationship between regional autonomy and poverty in Indonesia. Therefore, this article will discuss the effect of regional autonomy on poverty in Indonesia based on several studies, one of which is an expert. Soemardjono (2016), regional autonomy has great potential in reducing poverty in the region, especially if the region has sufficient potential resources and is able to manage these resources properly. This can be realized if the regions have the authority to regulate the management of these resources, including in making decisions related to resource utilization. The same thing was also expressed by Rasyidin (2017), who stated that regional autonomy can be a solution for regions that still have high levels of poverty. In his view, regional autonomy can provide opportunities for regions to optimally develop the potential of their resources, so that they can improve the welfare of the people in the area.

However, on the other hand, regional autonomy also has several obstacles in overcoming poverty in Indonesia. Some of these obstacles include the limited financial resources owned by regional governments, especially in less developed regions, so that dependence on the central government is still high. In addition, there are still differences in the capabilities and capacities of local governments in managing resources and overcoming poverty problems, so that there are disparities between developed and less developed regions in terms of poverty alleviation.

In addition, there are still differences in the interpretation and implementation of regional autonomy policies between the central government and regional governments, so that this can lead to failures in overcoming the problem of poverty in the regions. In addition, the lack of public participation in the process of planning and implementing regional autonomy policies can also be an obstacle in efforts to overcome poverty in Indonesia.

According to Widodo (2017), one of the obstacles in implementing regional autonomy is that there are still differences between regional development goals and national development. This results in an imbalance in the use of existing resources, thus affecting the ability of local governments to overcome poverty.

The same thing was expressed by Burhanuddin (2019), that there is an imbalance between regional development and national development which can affect poverty alleviation efforts. Therefore, there is a need for good coordination between the central government and regional governments in formulating and implementing development policies, so as to achieve national development goals while overcoming the problem of poverty in the regions. In addition, according to research conducted by Supriyanto (2020), regional autonomy can also trigger injustice in budget allocations in the regions, which can exacerbate poverty problems in the regions. This is because there are still practices of nepotism, corruption and collusion at the local government level which can affect the use of the budget that should be used to overcome poverty. The granting of regional autonomy is expected to be a solution to overcoming the problem of poverty in regions in Indonesia. However, many studies have shown mixed results regarding the relationship between regional autonomy and poverty in Indonesia. Therefore, this article will discuss the influence of regional autonomy on poverty in Indonesia based on the opinions of experts.

THEORETICAL REVIEW

Regional autonomy

According to Asrun (2009), regional autonomy is a form of governance that gives broad authority to regional governments to manage and regulate affairs in their own area, in accordance with the interests of the people in the area. In this case, the central government only provides direction, guidance, and supervision in the implementation of governmental tasks in the regions. Asrun also stated that regional autonomy in Indonesia has experienced rapid development since the enactment of Law Number 22 of 1999 concerning

Regional Government. However, Asrun stressed that the implementation of regional autonomy still faces many obstacles, such as a lack of quality human resources, weak governance, and development disparities between regions.

According to A. Zainal Arifin (2013), regional autonomy is a form of governance that gives wider authority to regional governments in managing and regulating affairs in their area. This is done with the aim of providing better public services, improving people's welfare, and accelerating regional development. Arifin also emphasized that regional autonomy must be supported by important aspects, such as the quality of human resources, the existence of adequate facilities and infrastructure, as well as a system of good governance. In this case, local governments must be able to manage existing resources properly, so as to produce quality development.

According to Hafid Abbas (2014), regional autonomy is a form of governance that gives broad authority to local governments to manage and regulate affairs in their own regions, while still referring to the applicable laws and regulations. In this case, the central government only provides direction and supervision in the implementation of governmental tasks in the regions. Abbas also emphasized that regional autonomy must be accompanied by a system of good and accountable governance, so as to improve the quality of public services and accelerate regional development. In addition, regional autonomy can also provide space for local communities to participate in development, so as to increase community participation in development

Poverty

According to Amartya Sen (1981), poverty is a condition in which a person does not have the ability to meet basic needs, such as food, clothing, health and education. Sen stressed that poverty is not only caused by a lack of income, but also by injustice and inequality in access to resources. Sen also introduced the concept of "equal opportunity", namely a situation in which every individual has equal access to opportunities to meet basic needs. In this case, poverty is considered as an injustice that must be overcome through equitable access to resources.

According to David Gordon (2005), poverty is a condition in which a person or family does not have access to basic needs, such as food, clothing and shelter. Gordon stressed that poverty is not only related to material conditions, but also involves social and psychological aspects. Gordon also introduced the concept of "relative poverty", which is a situation in which a person or family does not have access to a standard of living considered reasonable by the surrounding community. In this case, a person or family is considered poor because they cannot live according to the standards accepted by society.

Esther Duflo and Abhijit Banerjee (2011) are two economists who research poverty and make major contributions to its handling. They state that poverty must be approached scientifically and systematically, and requires specific and measurable solutions. In their book entitled "Poor Economics", they emphasize the importance of understanding the needs of the poor directly and making well-targeted policies to overcome poverty.

METHODOLOGY

The literature review research method is a very appropriate method used in articles related to regional autonomy and poverty in Indonesia. This is because, this method can assist in gaining a more comprehensive understanding of the concept of regional autonomy and poverty, including theories, concepts, and research results related to these topics.

In this case, the literature review method allows the writer to collect and analyze various reference sources related to the topic, such as books, journals, articles and other relevant documents. Thus, the writer can find and integrate the thoughts and views of experts on the topic.

In addition, the use of the literature review method also provides advantages in terms of time and cost efficiency, because it does not require new data collection through interviews, surveys or observations. Thus, this method allows the author to present complete and actual information on the topic in a relatively short time.

According to Adisasmito (2014), the literature review research method can be used to identify problems and solutions that have been found by previous researchers, as well as identify the weaknesses and deficiencies of these studies. This can help writers build strong arguments and present accurate and reliable information in their articles.

Meanwhile, according to Sekaran (2010), literature reviews can help writers to develop strong hypotheses and frameworks and formulate relevant research questions. In addition, literature reviews can also assist authors in identifying research gaps that still need to be filled and provide ideas for further research.

Meanwhile, according to Tranfield, Denyer, and Smart (2003), the literature review research consists of three stages, namely:

1. Planning stage: this stage includes choosing a topic, collecting and selecting literature sources, and developing a conceptual framework.
2. Implementation stage: this stage includes reading and evaluating literature sources, as well as collecting and compiling data.
3. Writing stage: this stage includes preparing a literature review research report, including synthesis and analysis of the collected literature sources.

In the context of regional autonomy and poverty in Indonesia, the literature review research method can help to collect information and research results related to the implementation of regional autonomy in overcoming poverty in Indonesia. Thus, it can help in building arguments and providing appropriate solutions related to the issue.

RESULTS AND DISCUSSION

Many studies have been conducted in explaining the ability of regional autonomy policies to reduce poverty. including research conducted by Muhammad Ali Nasir, et al. (2020) with the research title "Fiscal Decentralization and Poverty Reduction in Developing Countries: A Literature Review", the conclusion in this study is that fiscal autonomy can make a

significant contribution to reducing poverty in developing countries, by giving regional governments greater control over fiscal resources and public spending. In some cases, fiscal autonomy can also have a positive impact on economic growth and reduce economic inequality. However, the effect of fiscal autonomy on poverty and economic inequality depends on complex contextual factors, such as socio-economic and political conditions in each country. It is important to pay attention to these conditions in designing an effective and sustainable fiscal autonomy policy. Several studies show that fiscal autonomy can have a positive impact on poverty reduction, including in Indonesia and the Philippines. However, there are also studies showing different results, such as in Brazil and India, where fiscal autonomy is not fully successful in reducing poverty. In order to achieve better results in poverty reduction, the researchers recommend the importance of strong oversight of the use of public funds at the local level, and increased capacity of local governments to manage and supervise public spending. In addition, synergy and coordination is needed between the central and regional governments in order to achieve the same goal of reducing poverty.

Bird, RM, & Vaillancourt, F. (2014) conducted research entitled Fiscal decentralization in developing countries: Review of recent literature and policy implications. This research is a literature review that aims to present an overview of fiscal decentralization policies in developing countries and the implications of these policies on development. This study identified three types of fiscal decentralization, namely administrative fiscal decentralization, political fiscal decentralization, and functional fiscal decentralization. This article shows that fiscal decentralization can provide benefits for developing countries, such as improving the quality of public services and community participation in decision making. However, fiscal decentralization also has risks, such as imbalances in the allocation of resources and increased administrative costs.

This study uses a literature review method by collecting and analyzing data from various relevant sources. The results of this study indicate that fiscal decentralization can help reduce poverty and improve people's welfare, but the implementation of this policy requires support from various parties, including the government, communities, and the private sector. This article provides a broader understanding of fiscal decentralization in developing countries and the policy implications for development. Overall, this research provides a comprehensive and normative view of fiscal decentralization in developing countries, and provides several policy implications for development. This article can be useful for researchers, academics, practitioners and policy makers who are interested in understanding more deeply about fiscal decentralization and its impact on development in developing countries.

Research conducted by El-Haddad, MA (2018) with the research title Decentralization and Poverty Reduction in Developing Countries: A Review of the Empirical Literature.

In this article, the authors point out that there are conflicting research results on the impact of decentralization on poverty reduction in developing countries. Several studies show that decentralization can help reduce poverty

by empowering regions and increasing community participation in decision-making. However, there is also research showing the opposite, namely decentralization can exacerbate poverty if it is not matched by adequate resources and effective governance.

The author then identifies the factors that influence the relationship between decentralization and poverty reduction, such as the quality of institutions, adequate human resources, sufficient financial support, and the existence of good oversight and accountability mechanisms.

Overall, this article concludes that decentralization can have a significant impact on poverty reduction in developing countries, but its successful implementation depends on factors such as those mentioned above. Therefore, governments need to pay attention to these factors in designing and implementing effective decentralization policies to reduce poverty in their countries.

The research "The Effect of Decentralization on Poverty Reduction: Evidence from Indonesia" by Rahmad Heru Setianto and Andi M. Sofyan (2019) is an empirical study that aims to evaluate the effect of regional autonomy policies on reducing poverty in Indonesia. This study uses provincial panel data from 2005-2016 and applies the Fixed Effect Regression model. The results of the research show that the regional autonomy policy has a positive and significant impact on poverty reduction in Indonesia. Apart from that, this research also shows that variables such as economic growth, inflation rate, and human development index (IPM) also affect the level of poverty in Indonesia. The strength of this study is that it uses panel data which allows it to evaluate the effect of regional autonomy policies on poverty over a longer period of time and to account for differences between provinces in Indonesia. However, this research also has weaknesses such as the lack of explanation regarding the mechanism of influence between regional autonomy policies and poverty reduction. Overall, this research provides strong empirical evidence that regional autonomy policies can contribute to reducing poverty in Indonesia. Therefore, the results of this study can provide insights for policy makers to continue to encourage the implementation of effective and efficient regional autonomy policies in Indonesia.

Research "The Impact of Fiscal Decentralization on Poverty Reduction: Empirical Evidence from Indonesia" by Yudha Prambudia, et al. (2016) is an empirical study that aims to evaluate the impact of fiscal autonomy policies on poverty reduction in Indonesia. This study uses data from the 2012 national socio-economic survey (SUSENAS) and tests the hypothesis that fiscal autonomy policies can contribute to reducing poverty in Indonesia. The results of the study show that the fiscal autonomy policy has a significant effect on reducing poverty in Indonesia. With fiscal autonomy, local governments have control over budget allocations and development policies, so that they can adjust development priorities according to the needs of local communities. In addition, fiscal autonomy policies can also strengthen public participation in decision-making and reduce dependence on the central government. However, this study also shows that the success of fiscal autonomy policies in reducing

poverty depends on factors such as the quality of human resources, the availability of financial and technological resources, and an effective governance system. Overall, this research makes an important contribution in demonstrating that fiscal autonomy policies can contribute to reducing poverty in Indonesia, and need to be implemented properly and effectively to achieve this goal.

From the five studies that have been mentioned, the conclusion is that regional autonomy policies can reduce poverty, but they need to be implemented properly and effectively. However, there is also research showing the opposite, namely decentralization can exacerbate poverty if it is not matched by adequate resources and effective governance. Hidayat and Riyadi (2018).

The results of the study show that regional autonomy does not have a significant impact on reducing poverty in Indonesia. This is mainly due to deficiencies in the effective and efficient implementation of regional autonomy in various regions in Indonesia. This research makes an important contribution in understanding the impact of regional autonomy on poverty in Indonesia. However, this study also has several limitations, such as focusing on the direct effect of regional autonomy on poverty, without considering other factors that may influence this relationship.

The article "Decentralization and Poverty Reduction in Indonesia" by Thomas Pepinsky (2009) discusses the relationship between regional autonomy and poverty in Indonesia. The author uses data from various sources to evaluate the impact of regional autonomy policies on poverty in Indonesia. Pepinsky found that there were significant differences in the successful implementation of regional autonomy policies in various regions in Indonesia. Some regions have succeeded in improving the quality of public services and reducing poverty levels, while other regions have failed in implementing regional autonomy policies and have even experienced an increase in poverty. The author argues that the successful implementation of regional autonomy policies depends on factors such as the quality of human resources, availability of financial resources, and an effective governance system. Apart from that, Pepinsky also highlighted the importance of community involvement in the decision-making process and implementation of regional autonomy policies. Overall, Pepinsky concludes that regional autonomy policies can help reduce poverty in Indonesia, but there needs to be greater effort in improving the quality of implementation of these policies. The author emphasizes the importance of community involvement in the decision-making process and implementation of regional autonomy policies to ensure the success of this policy in reducing poverty.

The research "Does Decentralization Reduce Poverty? Evidence from Africa and Asia" by Yuko Ito and Masahiro Shoji (2013) is a study that examines the impact of decentralization policies on poverty in Africa and Asia using data from 30 countries. In this study, the researchers used a regression model with the independent variable being the level of decentralization in each country and the dependent variable being the poverty rate. The research results show that

there is no significant relationship between the level of decentralization and poverty in the countries studied. Although there are several indications that the level of decentralization contributes to poverty reduction in a small number of countries, the results of statistical tests show that the relationship is not empirically significant. Overall, this research shows that the impact of decentralization policies on poverty can vary from country to country, and does not always produce significant results. Therefore, there is a need for a careful assessment of the factors that influence the success of decentralization policies in reducing poverty in each country.

CONCLUSIONS

Based on the discussion in this article, it can be concluded that regional autonomy has the potential to reduce poverty in Indonesia, especially through improving public services and economic opportunities for people at the local level. However, the successful implementation of the regional autonomy policy in reducing poverty in Indonesia still depends on factors such as the quality of human resources, the availability of financial and technological resources, and an effective governance system. In implementing regional autonomy to reduce poverty, serious attention is needed to improve the quality of public services, develop the local economic sector, and strengthen the capacity of local governments in planning and implementing programs that can help reduce poverty. Further research needs to be conducted to measure the impact of regional autonomy policies on poverty in Indonesia and other developing countries in more detail and up to date, including in the context of the ongoing COVID-19 pandemic. Overall, this article provides an important overview of the link between regional autonomy and poverty in Indonesia, as well as providing directions for more effective policy making in efforts to reduce poverty at the local level. Some policy suggestions that can be taken to increase the effectiveness of regional autonomy in reducing poverty in Indonesia are as follows:

1. Improving the quality of human resources in the regions, such as through improving education and training to strengthen local government capabilities in planning and implementing poverty alleviation programs.
2. Provision of sufficient and stable financial resources to support poverty alleviation programs in the regions.
3. Increasing transparency and accountability in regional financial governance, so as to minimize corruption and budget abuse.
4. Improving coordination between sectors and between regions, so that poverty alleviation programs can be implemented in an integrated and effective manner.
5. Increasing community participation in the planning and implementation of poverty alleviation programs, so as to strengthen the support and success of these programs.

All of the policy suggestions above must be adapted to the conditions of the region concerned and continue to be evaluated to assess their success.

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