

THEORIES OF POVERTY

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Abstract

Poverty is a major problem that occurs in almost all countries, especially in developing countries. Poverty is a condition in which a person is unable to meet their needs. According to the World Bank (2015), a person will be considered poor if they have an income less than the income standard. Poverty as a low standard of living can be seen directly in the level of health and moral life. According to Tambunan (2019) there are factors that influence poverty, namely the level and rate of growth, labor productivity, net wage levels, income distribution, employment opportunities, inflation rates, taxes and subsidies, investment, natural resources, availability of public facilities such as basic education, health, transportation, electricity, water, and residential locations, cultural culture, politics, and natural disasters.

The economic recovery of a country has a positive impact on improving people's welfare. People's welfare can be seen from the conditions of the community in the area. The poorer people in the area, the less prosperous the area is, and vice versa, the fewer poor people in the area, the area.

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I. Introduction

Poverty is a major problem that occurs in almost all countries, especially in developing countries. Poverty is a condition in which a person is unable to fulfill their life. According to the World Bank (2015), A person will be considered poor if their income is less than the income standard. Poverty as a low standard of living can be seen directly in the level of health and moral life. According to Tambunan (2019), there are factors that influence poverty,

namely the level and rate of growth, labor productivity, net wage level, income distribution, employment opportunities, inflation rate, taxes and subsidies, investment, natural resources, availability of public facilities such as basic education, health, transportation, electricity, water, and residential location, cultural culture, politics, and natural disasters (Jerumeh, 2024).

The economic recovery of a country has a positive impact on improving people's welfare. People's welfare can be seen from the conditions of the community in the area. The poorer people in the area, the less prosperous the area is, and vice versa, the fewer poor people in the area, the area.) (Bezgrebelna et al., 2024).

Poverty is a complex social and economic issue that has been explained through various theoretical perspectives. One of the most well-known explanations is the Individual Deficiency Theory, which attributes poverty to personal choices, lack of effort, or low skills. This theory suggests that individuals are responsible for their own economic status and that poverty can be overcome through education, hard work, and self-improvement. However, critics argue that this perspective overlooks structural barriers such as discrimination, economic conditions, and lack of opportunities that prevent individuals from escaping poverty (Willand et al., 2024).

Another key explanation is the Structural Theory of Poverty, which emphasizes systemic and institutional factors as the root causes of poverty. This theory argues that economic inequality, labor market conditions, inadequate education systems, and social policies create and sustain poverty. Unlike the individualistic view, the structural perspective suggests that poverty is not merely a result of personal failure but a consequence of broader socio-economic forces. Governments and policymakers using this approach focus on social safety nets, labor protections, and equitable access to resources to address poverty (Byaro et al., 2024).

A more recent and comprehensive framework is Amartya Sen's Capability Approach, which defines poverty not just in terms of income but also as a deprivation of essential capabilities, such as access to education, healthcare, and participation in society. According to this theory, poverty should be measured by individuals' ability to lead meaningful and fulfilling lives rather than just their financial status. This perspective has influenced multidimensional poverty indices and global development policies, emphasizing the need for holistic poverty alleviation strategies that go beyond economic growth (Bloomer & Boateng, 2024).

II. Literature Review

Poverty has been analyzed through various theoretical frameworks that seek to explain its causes and persistence. One of the earliest perspectives is the Culture of Poverty Theory, proposed by Oscar Lewis, which argues that poverty is passed down through generations due to shared values, behaviors, and attitudes that discourage economic mobility. According to this theory, individuals in poverty develop a mindset of dependence, fatalism, and lack of ambition, which reinforces their economic struggles. Critics of this theory argue that it places too much blame on individuals and ignores structural factors such as economic policies, discrimination, and unequal access to resources (Clavijo-Núñez et al., 2024).

Another major explanation is the Structural Theory of Poverty, which focuses on economic and social systems as the primary causes of poverty. This theory suggests that poverty results from institutional failures, labor market inequalities, and government policies that do not adequately support marginalized populations. Factors such as unemployment, low wages, lack of education, and limited access to healthcare contribute to systemic poverty. Unlike individual-based explanations, this perspective highlights the need for policy reforms, social safety nets, and economic restructuring to reduce poverty and promote equality (Kerschbaumer et al., 2024).

A more modern and comprehensive approach is Amartya Sen's Capability Approach, which defines poverty as more than just a lack of income. According to this theory, poverty should be understood as the deprivation of essential capabilities such as education, healthcare, and participation in social and economic activities. This approach shifts the focus from financial measurements to a broader view of well-being, emphasizing human development and empowerment. Policymakers using this framework advocate for multidimensional poverty indices and targeted social programs that improve people's abilities to live fulfilling lives beyond mere economic survival (Osei & Owoo, 2024).

III. Methodology

Poverty occurs because of world economic politics, not because of cultural and development issues. Poverty occurs because people continue to choose to be in this vicious circle and do not have the ambition to escape from the chain of poverty. Poverty also occurs because of the social structure of society so that people cannot use the sources of income.

IV. Result

A. UNDERSTANDING POVERTY

In the proper sense, poverty is understood as a state of lack of money and goods to ensure survival. In a broad sense, poverty is a multi-faced or multidimensional phenomenon (jeraman & Andrianto 2023). Chambers (in Nasikun) 3 said that poverty is an integrated concept that has five dimensions, namely: 1) poverty (proper), 2) powerlessness, 3) vulnerability to emergency situations (state of emergency), 4) dependency, and 5) isolation both geographically and sociologically. (jeraman & andrianyo 2023). Living in poverty is not only living in a lack of money and low-income levels, but also many other things, such as: low health levels, low education, unfair treatment under the law, vulnerability to the threat of criminal acts, powerlessness in the face of power, and powerlessness in determining one's own path in life. (jeraman & andrianto 2023)

B. CAUSES OF POVERTY

Nasikun 2 highlights several sources and processes that cause poverty, namely:

- a. Policy induces processes: the process of impoverishment that is preserved, reproduced through the implementation of a policy (induced of policy) including anti-poverty policies, but in reality, it actually preserves it.
- b. Socio-economic dualism: ex-colonial countries experience poverty due to colonial production patterns, namely farmers become marginalized because the most fertile land is controlled by large-scale and export-oriented farmers.
- c. Population growth: a perspective based on Malthus' theory that population growth is like a geometric progression while food growth is like an arithmetic progression.
- d. Resources management and the environment: the existence of elements of

mismanagement of natural resources and the environment, such as agricultural management that is haphazard will reduce productivity.

e. Natural cycles and processes: poverty occurs due to natural cycles. For example, living on critical land, where this land will flood if it rains but if the dry season there will be a shortage of water, so that it does not allow for maximum and continuous productivity.

f. The marginalization of women: the marginalization of women because women are still considered as second class, so that access and appreciation of the results of work given are lower than men.

g. Cultural and ethnic factors: the work of cultural and ethnic factors that maintain poverty. For example, the consumerist lifestyle of farmers and fishermen during the main harvest, as well as consumerist customs during traditional or religious ceremonies (jeraman & andrianto 2023).

i. Internal political fragmentation and civil strife: a policy implemented in a region with strong political fragmentation can be a cause of poverty.

j. international processes: the workings of international systems (colonialism and capitalism) make many countries increasingly poor. (jeraman & andrianto 2023).

C. Poverty Theories

1. Neo Liberal Theory

from Shanon et. Al This theory explains that poverty is an individual problem caused by the weaknesses and choices of the individual concerned. Poverty will disappear by itself if market forces are expanded as much as possible and economic growth is driven as high as possible. How to deal with poverty directly through families, self-help groups or religious institutions. The role of the state is only as a guardian who can only intervene if these institutions are no longer able to carry out their duties.

2. Social Democratic Theory

This theory assumes that poverty is not an individual problem but a structural problem. Poverty is caused by injustice and inequality in society due to the blockage of group access to community resources, especially economic resources. Social Democratic Theory suggests the role of government in responding to existing poverty.

3. Marginal Theory

from Lewis This theory assumes that urban poverty occurs due to the culture of poverty that is socialized among certain communities. Lewis's famous concept states "Culture of Poverty". According to Lewis, people in the world become poor because of the culture of poverty with character, apathy, lack of effort, just giving up on fate, unstable financial system, lack of education, lack of ambition to build the future, welfare and violence often occur.

4. Development Theory (Development Theory) This theory emerged from the theories of economic development, especially neo-liberal, which explains that poverty occurs because of economic problems that are considered unfair.

5. Structural Theory This theory is based on thoughts originating from the dependency theory introduced by Andre Gunder Frank. This theory states that poverty occurs not because of cultural issues and economic development, but because of world economic politics. (Susanto & pangesti 2019)

D. Causes of Poverty and Its Characteristics

1. The Occurrence of Poverty

There are many explanations regarding the causes of poverty. Mass poverty that occurred in many countries that had just gained independence after World War II focused on the backwardness of the country's economy as the root of the problem (Hardiman and Midgley, in Kuncoro, 1997:131). The

population of the country is poor according to Kuncoro (1997:131) because they depend on the subsistence agricultural sector, traditional production methods, which are often accompanied by an apathetic attitude towards the environment. (kadji 2012).

Sharp, et.al (in Kuncoro, 1997:131) tried to identify the causes of poverty from an economic perspective. First, on a micro level, poverty arises because of the inequality of resource ownership patterns that cause unequal income distribution. Poor people only have limited resources and their quality is low. Second, poverty arises due to differences in the quality of human resources. Low quality human resources mean low productivity, which in turn means low wages. The low quality of human resources is due to low education, less fortunate fate, discrimination, or because of heredity. Third, poverty arises due to differences in access to capital.

These three causes of poverty lead to the vicious circle of poverty theory according to Nurkse (in Kuncoro, 1997:132): the existence of underdevelopment, market imperfections, and lack of capital cause low productivity. Low productivity results in low income. Low income will have implications for low savings and investment. Low investment results in underdevelopment, and so on. (kadji 2019)

2. Characteristics of Poverty

According to Kartasasmita (1993:4), poor communities are generally weak in their business capabilities and have limited access to economic activities, so that they are increasingly left behind by other communities that have higher potential. Meanwhile, Soemardjan (in Sumodingrat 1999:81), describes various ways of measuring poverty with different standards, while still paying attention to two categories of poverty levels, as follows:

First, absolute poverty is a condition where a person's income level is not enough to meet basic needs such as food, clothing, shelter, health and education; Second, relative poverty is the calculation of poverty based on the

proportion of income distribution in an area. This type of poverty is said to be relative because it is related to the distribution of income between social strata. Chamber 1983:109) put forward five characteristics of the disadvantage that surround poor people or poor families, including:

- (a) poverty,
- (b) physical weakness,
- (c) isolation,
- (d) powerlessness.

Moeljarto (1995:98) states about Poverty Profile as follows: The problem of poverty is not only a welfare problem but also contains six reasons, including:

- (a) The problem of poverty is a problem of vulnerability.
- (b) Poverty means closed access to various job opportunities because production relations in society do not give them the opportunity to participate in the production process.
- (c) The problem of distrust, feelings of impotence, emotional and social in facing village elites and bureaucrats who determine decisions concerning themselves without giving them the opportunity to actualize themselves, thus making them helpless.
- (d) Poverty also means spending most of their income on food consumption in limited quality and quantity.
- (e) High dependency ratio, due to the large number of families.
- (f) The existence of poverty that is inherited continuously. (kanji 2019)

V. Conclusion

Poverty theories, including structural functional theory, Marx's theory, and the cycle of poverty, suggest that poverty is not simply an individual problem, but rather the result of a complex interaction of structural and individual factors. Structural functional theory emphasizes the role of social systems in creating and maintaining poverty through structural inequalities. Marx's theory adds the perspective of class exploitation and control over resources as primary drivers of poverty. The cycle of poverty describes how poverty can be perpetuated from one generation to the next through factors such as limited access to education, health care, and economic opportunities. Inequality, both economic and social, reinforces and exacerbates all of these factors, creating a vicious cycle that is difficult to break. Therefore, addressing poverty requires a holistic approach that addresses both structural and individual factors, with a focus on reducing inequality and increasing access to resources and opportunity

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