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BANDIRMA ONYEDI EYLÜL UNIVERSITY

INSTITUTE OF SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

Master's Thesis

**ANALYSIS OF REGIONAL LOCAL INCOME, SOCIAL
WELFARE AND POVERTY. (CASE STUDY IN
BONDOWOSO DISTRICT, EAST JAVA PROVINCE,
INDONESIA)**

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Supervisor:

Assoc. Prof. Ufuk BİNGÖL

Bandirma 2025

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APPROVAL OF THE THESIS



ETHICAL DECLARATION PAGE

I hereby declare that the thesis entitled "*Analysis of Regional Local Income, Social Welfare and Poverty in Bondowoso District*" is my work. This thesis was compiled independently and does not contain the work or thoughts of others that have been submitted to obtain an academic degree at any institution, except those that have been legally stated.

I ensure that all data sources, references, and citations have been listed correctly following academic writing rules.



MOHAMMAD RIFAN FIRMANSYAH

ABSTRACT

The background of this research is the low level of regional local income and social welfare and the in-height poverty level in the Bondowoso district, which is consistently below the average for East Java Province, Indonesia. The purpose of this research is to analyze the dynamics of regional local income growth, social welfare, and poverty, find out the causal factors, and explore the contribution of local original income to social welfare and poverty, as well as analyze Bondowoso district Government programs to increase local original income and poverty. social welfare, and reducing poverty levels in the Bondowoso district.

The method used in this research is a qualitative case study conducted in Bondowoso Regency with participants who were selected deliberately and whose backgrounds were by the characteristics of the research problem. This research generated data through observation and semi-structured interviews with Bondowoso Regency Government officials, MSME actors, and several Bondowoso Regency residents. The analysis technique in this research uses NVIVO 15 tools or software, from data coding to visualization of the research findings. Based on data and analysis, it was found that in the dynamics of growth of local original income, social welfare, and poverty, several factors dominate the causes of low regional local income and social welfare and high poverty, and how local original income contributes to social welfare and poverty, as well as several programs implemented the government is to increase local revenue and social welfare and reduce poverty in the Bondowoso district.

Keywords: *Regional Local Income, Social Welfare, Poverty, Human Development Index, Bondowoso Regency.*

ÖZET

Bu araştırmanın arka planını, Endonezya'nın Doğu Java Eyaleti ortalamasının sürekli altında kalan Bondowoso bölgesindeki düşük bölgesel yerel gelir ve sosyal refah düzeyi ile yüksek yoksulluk seviyesi oluşturmaktadır. Bu araştırmanın amacı, bölgesel yerel gelir artışı, sosyal refah ve yoksulluk dinamiklerini analiz etmek, nedensel faktörleri bulmak ve yerel orijinal gelirin sosyal refah ve yoksulluğa katkısını araştırmanın yanı sıra Bondowoso bölgesi Hükümetinin yerel orijinal geliri ve yoksulluğu artırmaya yönelik programlarını analiz etmektir. sosyal refah ve Bondowoso bölgesindeki yoksulluk seviyelerini azaltmak.

Bu araştırmada kullanılan yöntem, Bondowoso bölgesinde kasıtlı olarak seçilen ve geçmişleri araştırma problemindeki özelliklere göre olan katılımcılarla yürütülen nitel bir vaka çalışmasıdır. Bu araştırma, Bondowoso bölgesi Hükümet yetkilileri, KOBİ aktörleri ve birkaç Bondowoso bölgesi sakini ile gözlem ve yarı yapılandırılmış görüşmeler yoluyla veri üretmiştir. Bu araştırmadaki analiz tekniği, veri kodlamasından bu araştırmanın bulgularının görselleştirilmesine kadar NVIVO 15 araçlarını veya yazılımını kullanmaktadır. Verilere ve analizlere dayanarak, yerel orijinal gelir, sosyal refah ve yoksulluğun büyüme dinamiklerinde, düşük bölgesel yerel gelir ve sosyal refahın ve yüksek yoksulluğun nedenlerine ve yerel orijinal gelirin sosyal refah ve yoksulluğa nasıl katkıda bulunduğuna ve hükümetin uyguladığı çeşitli programlara hakim olan çeşitli faktörlerin Bondowoso bölgesinde yerel geliri ve sosyal refahı artırmak ve yoksulluğu azaltmak olduğu bulunmuştur.

Anahtar Kelimeler: *Bölgesel Yerel Gelir, Sosyal Refah, Yoksulluk, İnsani Kalkınma, Bondowoso bölgesi.*

PREFACE

On this occasion, I would like to express my gratitude for the support from various parties so that I can complete my thesis entitled "Analysis of Regional Local Income, Social Welfare and Poverty in Bondowoso District" well. This thesis was compiled as one of the requirements to obtain a Master's degree at On Yedi Eylul University.

In the process of compiling this thesis, I received a lot of support, guidance, and assistance from various parties. Therefore, with full respect and appreciation, I would like to express my gratitude to:

1. Doç. Dr. Ufuk BİNGÖL, as a supervisor, has patiently provided direction, guidance, and very valuable input in the preparation of this thesis.
2. Prof. Dr. Meltem İNCE YENİLMEZ, and Doç. Dr. Emrah Utku GÖKÇE, as an examiner, thank you for your constructive criticism and suggestions in improving this thesis.
3. All lecturers and academic staff at the Social Science Institute, who have provided valuable knowledge and experience during my studies.
4. The Bondowoso Regency Government, has provided data and information that supports this research.
5. Parents, family, and friends, who always provide prayers, support, and endless motivation in my academic journey.
6. All parties that I cannot mention one by one, who have helped directly or indirectly in the preparation of this thesis.

I realize that this thesis still has limitations and shortcomings. Therefore, I am very open to constructive criticism and suggestions for the improvement of this work in the future.

Hopefully this thesis can provide benefits for the development of science and be a reference for further research.

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ABBREVIATIONS

HDI	: Human Development Index
MSMEs	: Micro, Small and Medium Enterprises
CSR	: Corporate Social Responsibility



INTRODUCTION

Indonesia's Gross Domestic Product (GDP) growth has shown encouraging stability in recent years. Despite facing challenges since the COVID-19 pandemic in 2020, Indonesia's economy recovered with positive GDP growth in the following years. Domestic and foreign investments continue to be the main driver for economic growth, with the government actively pushing for structural reforms to improve the investment climate. Meanwhile, domestic consumption remains the economy's driving force, strengthened by a large population and rapid growth of the middle class (Central Bureau of Statistics of Indonesia, 2022).

In terms of sector development, although agriculture still dominates the Indonesian economic sector, efforts are being made to increase productivity and added value by applying advanced technology and product diversification. The government is also focusing on developing the industrial sector, especially the manufacturing and creative industries, to increase added value and create more jobs. The tourism sector, although experiencing a decline due to the pandemic, is expected to recover and become one of the sectors with great potential for economic growth in the future (Industrial Report, Indonesian Ministry of Industry. 2022).

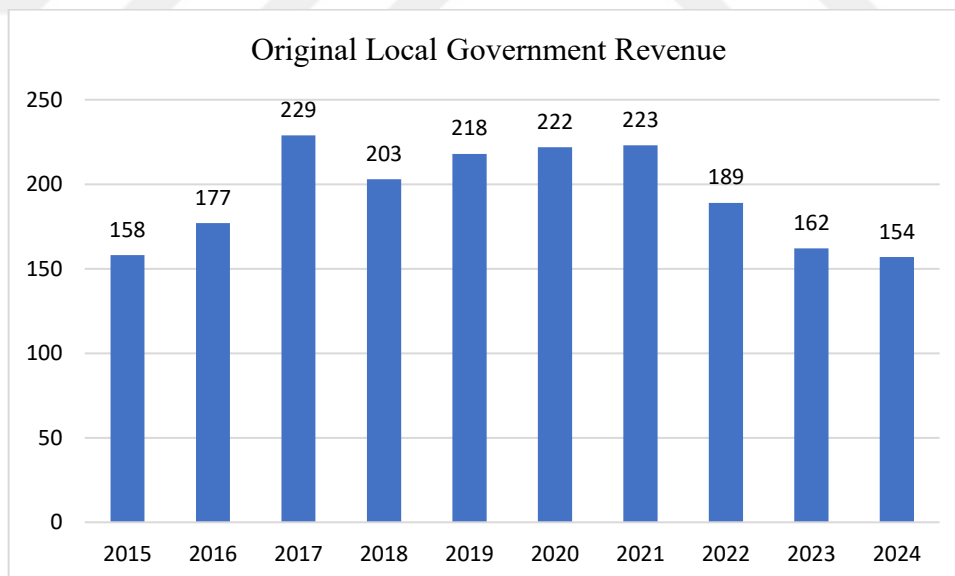
In terms of structural reform, the government is aggressively making improvements to investment policies to simplify the investment process, including by simplifying licensing and providing tax incentives. In addition, investment in education and training is considered the key to enhancing human resource quality and Indonesia's economic affordability on the global stage.

With economic growth increasing yearly, Indonesia's national income will also increase by 6.34% in 2024 from 2023. This year national income is projected to be 2,801 trillion rupiah or around 174 million dollars from 2023 of 2,634 trillion rupiah. Of the nominal national income, around 84% comes from tax income, both domestic tax, income tariff, value-added tax, and sales tariff on extravagance goods, land and building tariff, and other taxes. So, the role of tax revenue in Indonesia's national income is very large, the remaining around 16% is non-tax revenue such

as natural resource revenue, public service agency revenue, and others. (Ministry of Finance. 2024).

On the other hand, Regional Local Income is an important pointer that reflects the financial performance of a district. According to Suryanto (2018), suboptimal local revenue management can hinder the development and quality the public of services. This can affect the social welfare of society and increase poverty levels. In addition, research conducted by Setiawan (2019) shows that low local original income can cause limitations in the establishment of social facilities such as health, education, and infrastructure which can affect the level of social welfare and vulnerability in an area.

Bondowoso District Regional Local Income is unstable and experiences ups and downs every year, from 2021 The Regional Local Income of The Bondowoso District has decreased, according to a report by the Directorate General of Treasury of the Indonesian Ministry of Finance for the period June 2024, Regional Local Income has decreased from the recent year. The following is data on the Regional Local Income of The Bondowoso District for the last 10 years in the form of billions of rupiah:



Source: Indonesian Ministry of Finance

The picture above shows that the Regional Local Income of The Bondowoso District has decreased in the last few years since 2017, this is caused by several

reasons, one of the reasons is that people are less aware of paying regional taxes. Just as national income is dominated by local tax revenue at 84%, local revenue in The Bondowoso District is also dominated by regional taxes, so the lack of public awareness of paying taxes causes The Bondowoso District's Regional Local Income to decline.

Social welfare is one aspect that is the main focus of regional development. According to Sen (1999), social welfare is not only related to financial limitations but also comprises social aspects such as education, health, and access to public services. Good social welfare indicators show an upsurge in the superior life of the community, which in turn can progress the quality of the area's human resources. The Bondowoso District's Human Development Index is at a high level with 70.56 in 2024. To be at a high level, the Human Development Index of a region must be at 70.00, and the Human Development Index for The Bondowoso District in 2024 is above that figure. Even though in 2024 Bondowoso District's human development index will be at a high level, Bondowoso District's human development index will still be below the average Human Development Index for Province of East Java of 74.68. Of course, this is a concern for The Bondowoso District Government to be more optimal in improving welfare in The Bondowoso District.

Poverty is a complex social tricky and is often the focus of consideration in various studies. The Bondowoso District, as one of the regions in Indonesia, is not free from the problem of poverty which is still a major concern in development efforts. Based on data from The Bondowoso District Central Statistics Agency, the poverty level in the area is still quite high, with the percentage of lowly people reaching 13.34% in 2023, or around 105,690 people from The Bondowoso District population. The poverty percentage in The Bondowoso District is also higher than the average poverty percentage in East Java, namely 10.35%, and the average poverty percentage in Indonesia, which is 9.36%. (Central Bureau of Statistics of Indonesia, 2024). Of course, this is a problem for a region that has a poverty ratio that is higher than the poverty ratio of the province and the country. On the other hand, the population parameter is considered poor when they have an income below

Rp. 494,000 or the equivalent of 30 \$ per month. And this parameter is also lower when compared with the poverty ratio of Indonesia, which is Rp. 550,458. Or 33 \$ (Central Bureau of Statistics of Indonesia, 2024).

According to Smith (2018) in the journal *Poverty and Development*, poverty is a multi-faceted issue involving social, cultural, and political factors. Jones's view in his 2017 book "Understanding Poverty" is that poverty is determined not only by income level but also by access to education, health care, and infrastructure.

Poverty in the Bondowoso Regional Government is caused by various factors, including inadequate levels of education, limited employment options, and access to high-quality health services. According to data from the Central Statistics Agency, the educational participation of the Bondowoso Regency population is still low, only 60 percent of the population has completed elementary school. Economic development, especially in improving social welfare and overcoming poverty, will be achieved when the government can manage and distribute regional income properly and correctly according to state regulations and with honesty from the government. In Institutional Economics, institutions are divided into 2 parts, namely formal and informal. The formal part of institutions has 4 levels, namely Embeddedness, Institutional Environment, Governance, and Resource Allocations & Employment, and all of these levels are the duties and functions of the government or institution, and These four levels can reduce uncertainty, reducing uncertainty means reducing transaction prices, the lower the transaction prices, the higher the macro level such as efficiency, investment, and economic progress and the higher the micro level such as efficiency, productivity, profitability, and sustainability. Growing. Finally, when the macro level and micro level experience development, economic development will occur and institutions will always develop. The more developed institutions are, the better economic growth and economic development will be (Nort, 1990).

Economic growth must be in line with increased economic development, national or regional income, social welfare, and a reduction in poverty rates because many countries experience an increase in economic growth but the level of social welfare is low, and the poverty rate increases. If there is a case like this, it can be

concluded that there was an error in the management and distribution of income or there was fraud in income management. According to the Corruption Perceptions Index 2022, Indonesia is in the 110th position with a score of 34. Of course, this is a very bad score for a country the size of Indonesia with a population of 277 million. Indonesia is included in the list of the 20 countries with the largest economies in the world, or we call them members of the G20, but with this corruption index, there will definitely be suboptimal management and distribution of income, and this is also by the condition of society in Indonesia, one of which is in The Bondowoso District, The Bondowoso District is one of the smallest and least developed districts in Indonesia. The area of Bondowoso district is 1,519 km and has a population of 778,525 people

From the presentation of these facts and data, several problems regarding local revenue, social welfare, and poverty occur in the Bondowoso District, which will later become the focus of the study.

1. Research Focus

The research focus controls the problems sought through the research process. According to the background that has been explained, several research focuses can be found which are formulated as follows:

- a. What are the dynamics of growth in local revenue, social welfare, and poverty in the last few years in The Bondowoso District?
- b. Why are regional local income, social welfare, and poverty in The Bondowoso District below the average for East Java Province?
- c. How big is the contribution or input of regional local income to social welfare and poverty in The Bondowoso District?
- d. What are The Bondowoso District Government's efforts or programs to increase local revenue and social welfare and to reduce poverty levels in The Bondowoso District?

2. Benefits of research

This study is expected to clearly show how much local revenue contributes to social welfare and poverty rates in The Bondowoso District. Through in-depth analysis, this study will try to analyze the reasons why local revenue, social welfare,

and poverty in The Bondowoso District are always below the average value for East Java Province, as well as provide policy recommendations that the regional government can implement to increase revenue. Regional origin, community welfare, and reducing poverty rates.

It is hoped that the conclusions of this research can be an important guide for local governments, research institutions, and other stakeholders in developing sustainable development policies and strategies for the Bondowoso Regional Government.



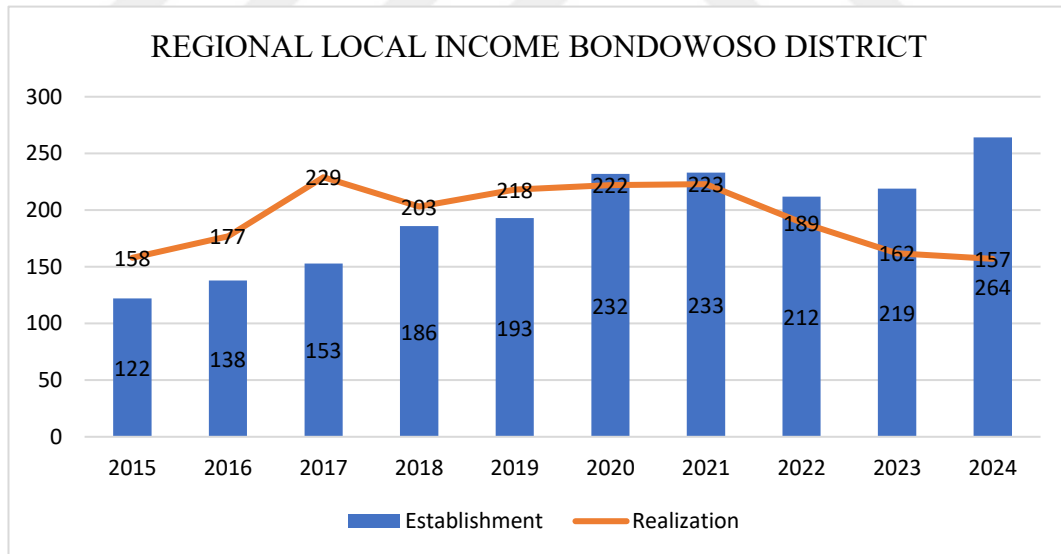
CHAPTER 1

REGIONAL LOCAL INCOME, SOCIAL WELFARE, AND POVERTY OF BONDOWOSO DISTRICT

1.1 Bondowoso District Regional Local Income

The Regional Local Income of Bondowoso district is still relatively low, as evidenced by the fact that in the last 10 years, the Regional Local Income of Bondowoso district has been at an average of 193.8 billion rupiah or the equivalent of 12.8 million dollars and is still lower than the average target for the last 10 years. Amounting to 194.4 billion, (Indonesian Central Statistics Agency, 2024). This amount is stagnant lower when likened to the total regional income and expenditure budget which is 2 trillion rupiah or the equivalent of 133.3 million dollars and only contributes 9.3% to the regional local income and spending budget. The following is the Regional Local Income of Bondowoso District during the last 10 years:

Figure 1. Bondowoso district's Regional Local Income in the last 10 years.

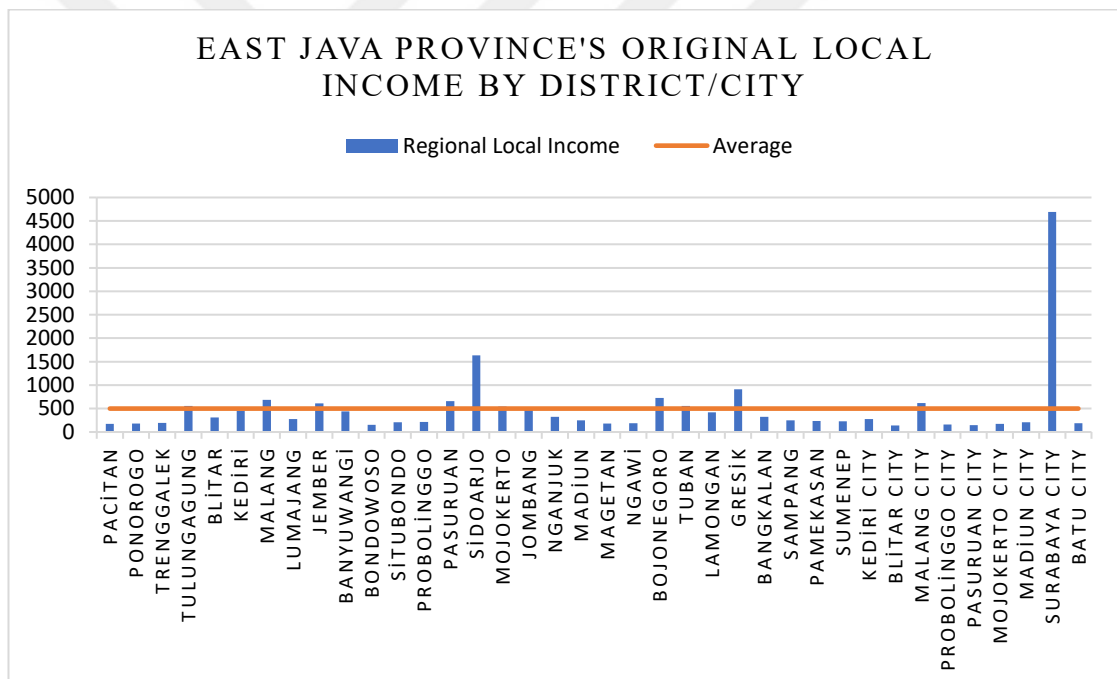


Source: Bondowoso District Central Statistics Agency

The data on Bondowoso District's Regional Local Income in the table above shows that realization has decreased in the last few years. It is proven that since 2017 the realization of Bondowoso District's Regional Local Income has

decreased until 2024, of course, this is a problem for the Bondowoso District Government in realizing original income. Regional, considering that the Bondowoso district government has also raised its Regional Local Income target for the last 10 years. Let's look at the Regional Local Income of East Java Province, which is the province of Bondowoso district, which is 18.9 trillion rupiah or the equivalent of 1.2 billion dollars. We divide it by the number of regencies or cities in East Java province of 37 regencies or cities, then the average number -The average Regional Local Income by district or cities in the Province of East Java is 511.7 billion rupiah or 4x the Regional Local Income of Bondowoso district. The following is a graph regarding the Regional Local Income of East Java Province according to districts and cities:

Figure 2. Regional Local Income of East Java Province by district and city.



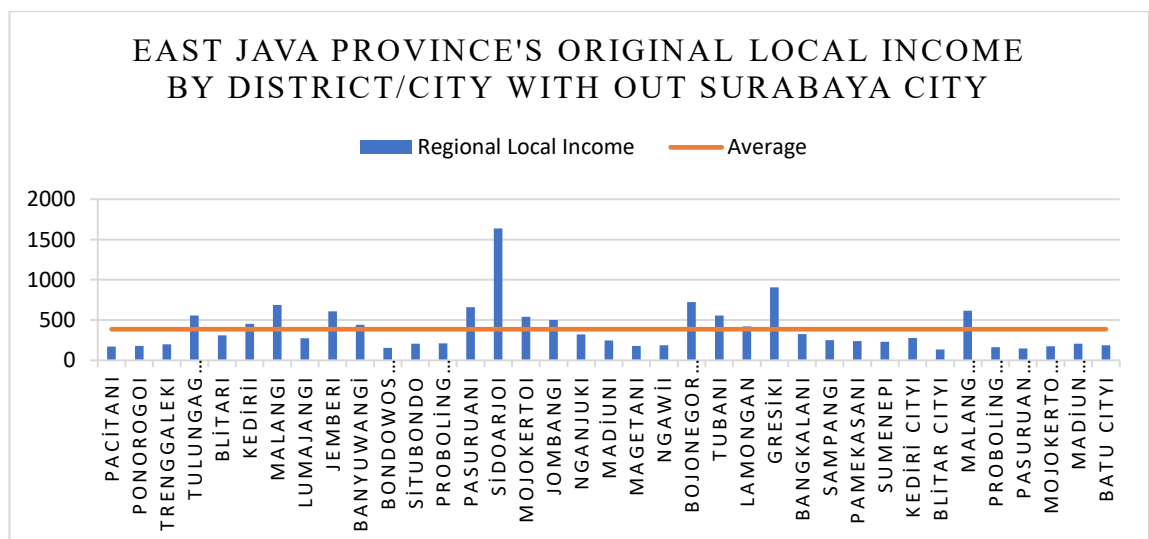
Source: Indonesian Central Statistics Agency

Based on this data, the Regional Local Income of Bondowoso district is still below the average Regional Local Income of East Java Province according to district or city. The yellow line in the figure is the average Original Local Income of East Java Province by district or city and the Regional Local Income of Bondowoso District is below it. The highest Regional Local Income was recorded

in the city of Surabaya with a figure of 4.689 trillion rupiah or equivalent to 300 million dollars (exchange rate of 1 dollar = 15,700 rupiah). The lowest Regional Local Income was recorded in the city of Blitar with a figure of 137 billion rupiah or equivalent to 8.7 million dollars Even though Blitar City is recorded as the region with the lowest local revenue if you compare the area of Blitar City which is only 39.58 km or only 0.068% of the zone Province of East Java which is 47,800 km and compared with the zone of Bondowoso District which is 1,560 km. Km or 47 times larger than Blitar City (Indonesian Central Statistics Agency, 2024), so Batu City's Regional Local Income is relatively high compared to its area.

The Regional Local Income of East Java province according to districts or cities in 2023 will experience very significant differences between the city of Surabaya and other regions, because Surabaya city is the East Java province capital and is a metropolitan city in East Java, so it is not surprising that local original income The city of Surabaya is very high compared to other areas. However, suppose we do not include the city of Surabaya from the list because there is a huge difference in numbers with other regions, the Regional Local Income of Bondowoso district will still be below the average for other regions. In that case, the following is the data table:

Figure 3. Regional Local Income Province of East Java by District and Cities without Surabaya City



Source: Indonesian Central Statistics Agency

We can compare with neighboring areas or border areas of Bondowoso District, including Jember District in the austral, Banyuwangi District in the eastern, and Situbondo District in the boreal, each of these three regencies has higher Regional local income than Bondowoso District. With details, Jember District amounted to 603 billion rupiahs, Banyuwangi District amounted to 440 billion rupiahs and Sibutondo District amounted to 208 billion rupiahs.

The process of collecting Bondowoso district's Regional Local Income is still dominated by the regional tax sector at 84% and the other 16% is divided from several sectors such as regional levies, legitimate regional assets, and others (complete data is attached on the attachment page). Of course, it can be said that Regional Local Income only depends on the people's awareness and willingness to pay taxes.

1.2 Social Welfare in Bondowoso District

Social welfare in Bondowoso district is in the high category on the East Java provincial chart in 2023, experiencing an increase from 2022 of 0.73%. Before 2023, the Bondowoso District human development index will be in the medium group, because the worth of the Bondowoso District HDI will still be below 70, which is the minimum value for the area to be in the high group. The following is a diagram of the HDI for East Java Province:

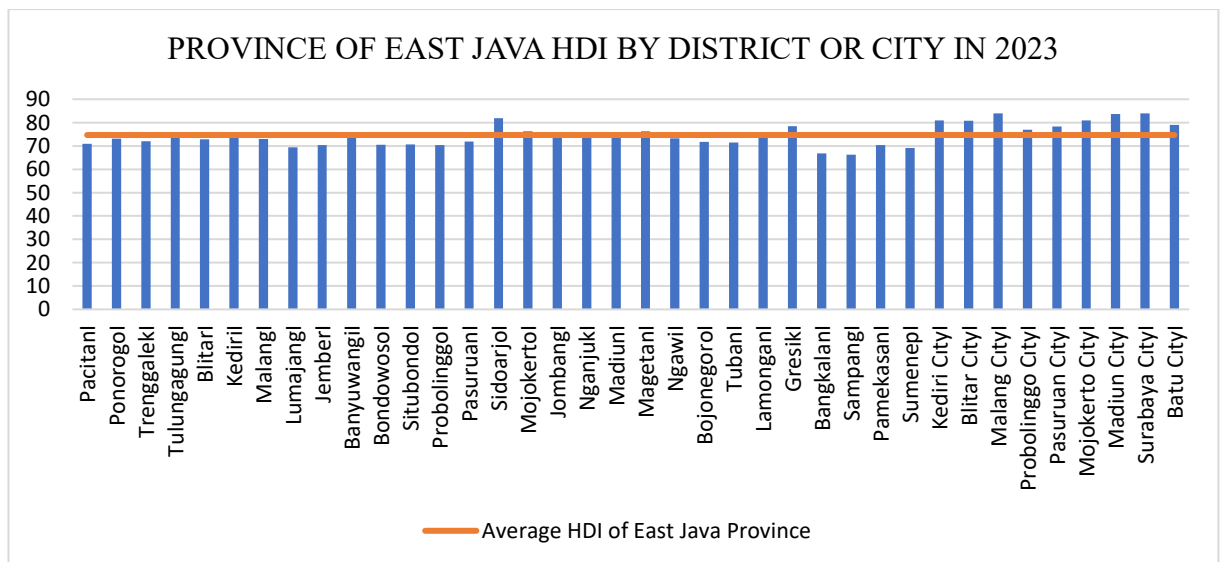
Figure 4. Sketch of the Province East Java HDI.



Source: Indonesian Central Statistics Agency

Even though the Bondowoso district HDI is classified as high, the human development index for the Bondowoso district is still below the average Province of East Java HDI. The following is data on the Province of East Java HDI by district or cities:

Figure 5. Human development index for East Java province in 2023



Source: Indonesian Central Statistics Agency

East Java's highest human development index was recorded in Malang City at 84.00, the same thing also happened in the previous year. There are 7 regions with a human development index in the "very high" category, namely Surabaya City, Madiun City, City of Mojokerto, City of Kediri, City of Malang, City of Blitar, and Sidoarjo District. In addition, there are 27 districts/cities in the "high" HDI category, including Bondowoso district, while there are 4 districts/cities in the "medium" human development index category. The regions in East Java whose human development index "went up a class" this year are Jember, Bondowoso, Situbondo, Probolinggo, and Pamekasan District, from the HDI in the "medium" to "high" category.

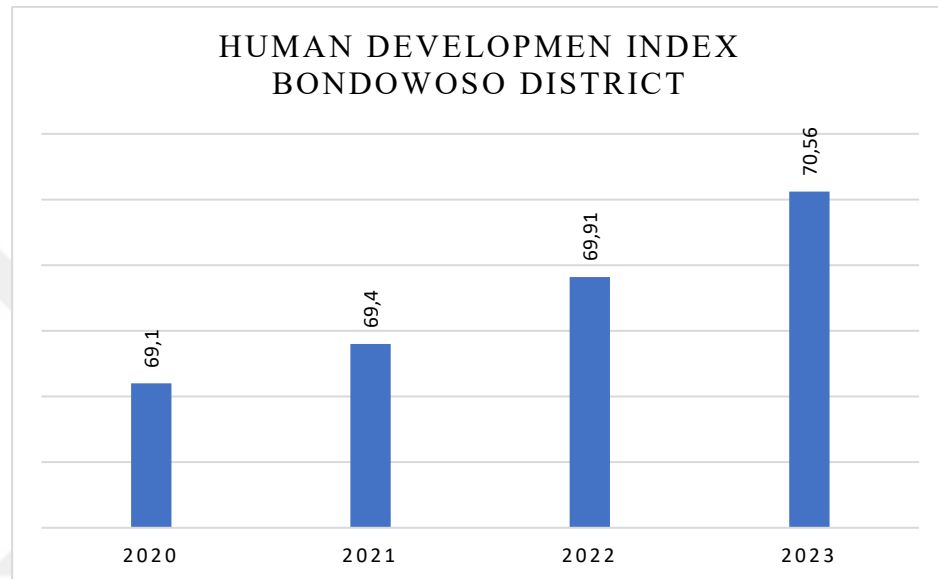
In 2023, Mojokerto City will be recorded as having the highest life expectancy, namely 75.80 years. Meanwhile, the lowest life expectancy was still recorded in Bondowoso District at 73.19 years. However, life expectancy in 2023 has improved by 0.21 years from the recent year. This increase indicates that health development in Bondowoso District is getting better.

Malang City has the highest expected length of schooling at 15.77 years, and the lowest is recorded in Bangkalan District at 11.97 years. Meanwhile, the highest average length of schooling was recorded in the City of Madiun at 11.82 years and the bottom was in Sampang District with an average length of schooling of 5.07 years (complete data is attached on the attachment page).

The Bondowoso District HDI lasts to progress. From 2020 to 2022, the human development status of Bondowoso District is at the "medium" level. In 2023, the human development status of Bondowoso District will increase to a "high" level. During 2020–2023, Bondowoso District's human development index improved by a standard of 0.70 percent per year, from 69.10 in 2020 to 70.56 in 2023. The improvement in the HDI in 2023 is supported by all its constituent dimensions, especially a decent regular of living. The indicator that experienced accelerated growth was Real Expenditure per Capita at 3.72 percent compared to the recent year's 1.51 percent. Meanwhile, other indicators experienced a slowdown. Life expectancy has slowed low from 0.37 percent in the recent year, now increasing by

0.29 percent. Old school expectations for growth also experienced a slowdown from 0.15 percent to 0.08 percent. Meanwhile, the growth in the Average Years of Schooling indicator slowed from 4.71 percent to 2.25 percent. The HDI development of its constituent dimensions during 2020–2023 can be understood in the character below.

Figure 6. Bondowoso District Human Development Index for 2020-2023



Source: Indonesian Central Statistics Agency

To know and measure the human development index in an area, we must know several dimensions of the human development index, including the long life and healthy living dimensions, knowledge dimensions, and decent living standards dimensions. From these three dimensions, we can find out the human development index.

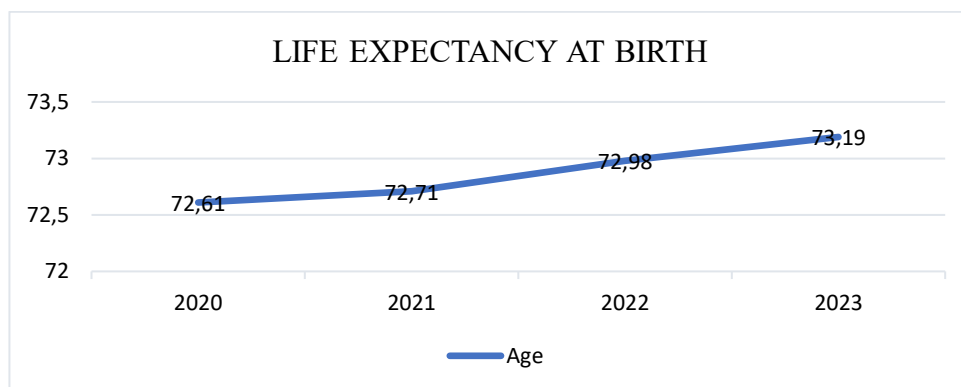
Table 1. Bondowoso District Human Development Index According to its Constituent Dimensions, 2020–2023.

INDICATORS	Unit	2020	2021	2022	2023
Long Life and Healthy Life					
Life Expectancy at Birth	year	72,61	72,71	72,98	73,19
Knowledge					
Long School Expectations	year	13,28	13,29	13,31	13,32
Average Years of Schooling	year	5,93	5,94	6,22	6,36
Decent Standart of Living					
Real Expenditure per Capita (adjusted)	Rp 000	10,610	10,690	10,851	11,255
Human Development Index (HDI)		69,10	69,24	69,91	70,56

Source: Indonesian Central Statistics Agency

a. Long Life and Healthy Life Dimensions

Life expectancy at birth, which represents the indicator of a long and healthy life, always improves from year to year. During the period 2020 to 2023, Life Expectancy increased by 0.58 years, or an average growth of 0.27% per year. In 2020, Bondowoso District's life expectancy is 72.61 years, and in 2023 it will reach 73.19 years. Life expectancy in 2023 will increase by 0.21 years (0.29%) compared to the recent year, higher than the average growth of 2020-2022 (0.25% per year). Figure 7. Dimensions of life expectancy at birth in Bondowoso district in 2020-2023.

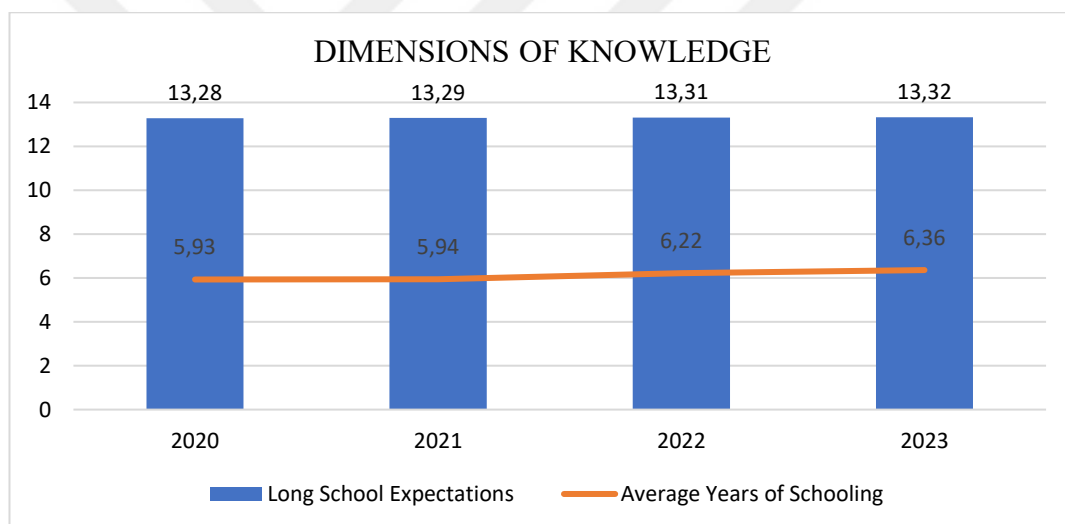


Source: Indonesian Central Statistics Agency

b. Dimensions of Knowledge

The knowledge measurement of the Human Development Index is designed by 2 indicators, specifically Expected Years of Education for the population aged 7 years and over and Average Years of Education for the population aged 25 years and over. These 2 pointers stay to increase from year to year. Throughout the period 2020 to 2023, the expected length of school in Bondowoso District improved by an average of 0.10% per year, while the average length of school increased by 2.38% per year. The average length of schooling in 2023 increased by 0.14 years (2.25%) compared to 2022, slowing down compared to the average growth in 2020-2022 (2.44%).

Figure 8. Dimensions of Knowledge in Bondowoso District in 2020-2023.

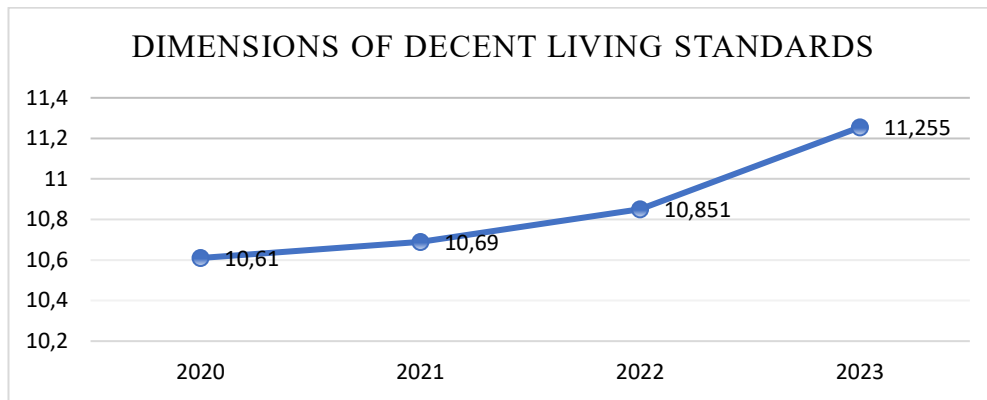


Source: Indonesian Central Statistics Agency

c. Decent Living Standards Dimensions

The third indicator representing human development is a decent normal of living which is signified by adjusted real expenditure per capita per year (at continual 2012 prices). In 2023, the real per capita spending per year adjusted for the people of Bondowoso District will reach IDR 11,255 million per year. This achievement increased by 404 thousand rupiah (3.72%) compared to the recent year, higher than the 2020-2022 average growth of 1.13% per year.

Figure 9. Dimensions of decent living standards for Bondowoso District in 2020-2023.



Source: Indonesian Central Statistics Agency

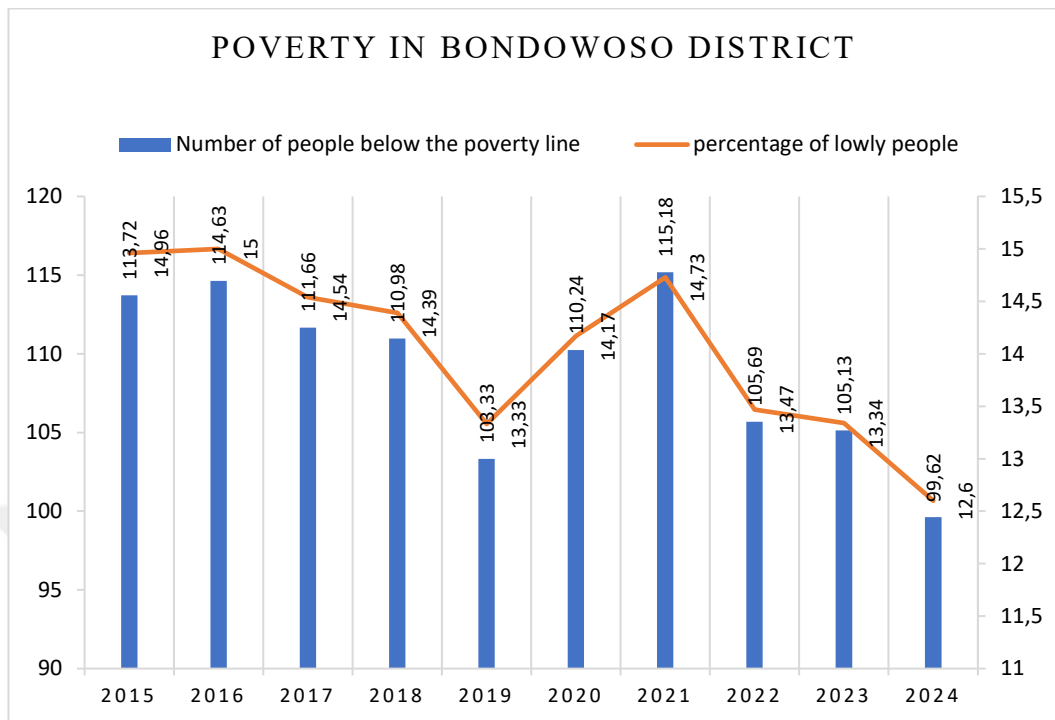
From these three dimensions, we can formulate a human development index for a region, including Bondowoso District, which will later become a benchmark for its welfare.

1.3 Poverty in Bondowoso District

a. Development of Poverty Levels in Bondowoso District in 2015-2024.

In general, in the 2015-2024 period, the poverty level in Bondowoso District tends to decrease, both the amount of lowly people and the percentage of poor people. The number of lowly people in 2015 was 113.72 thousand people, decreasing by around 14.10 thousand people to 99.62 thousand people in 2024. Temporarily, the percentage of lowly people in Bondowoso District in 2015 was 14.96%, decreasing by 2.36% or to 12.60% in 2024. The development of poverty levels in Bondowoso District from 2015 to 2024 is as in the table below.

Figure 10. Poverty in Bondowoso District 2015-2024.



Source: Bondowoso District Central Statistics Agency

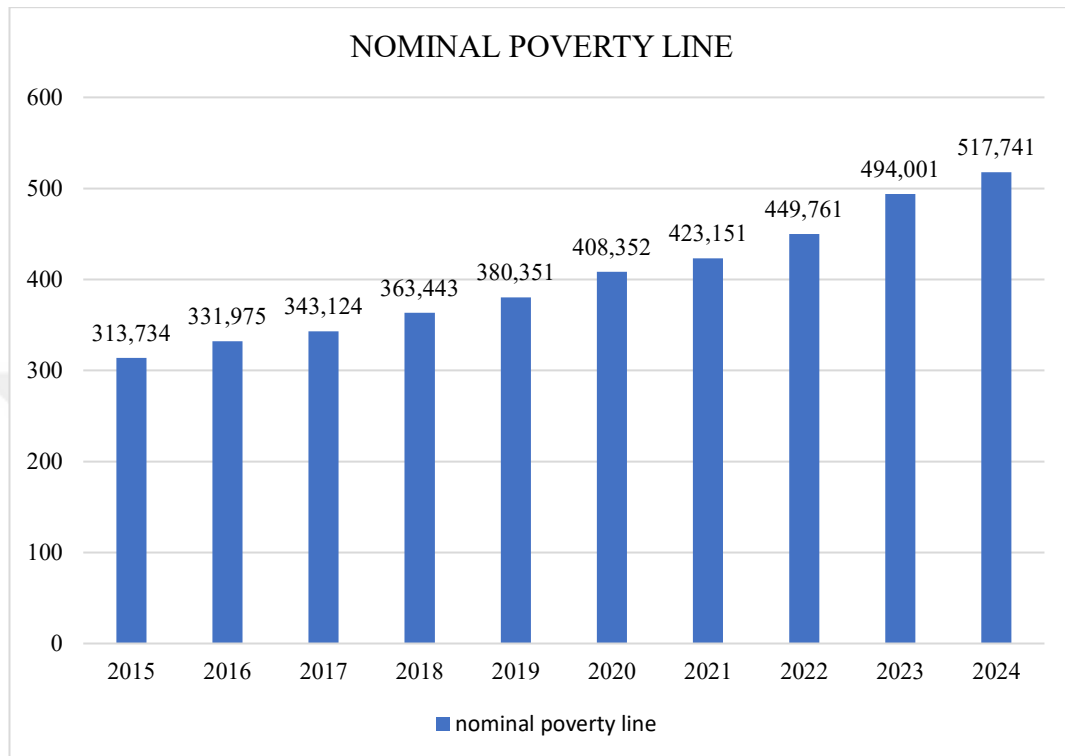
The poverty rate in Bondowoso Regency has tended to show a decline in the last 10 years, although there was a growth in 2016 and through the COVID-19 pandemic in 2020-2021. During the period March 2023-March 2024. The number of lowly people in Bondowoso Regency decreased, from 105,130 people in March 2023 to 99,620 people in March 2024. According to the percentage of poor people in Bondowoso Regency in one year, it decreased by 0.74 percent, from 13.34 percent in March 2023 to 12.60 percent in March 2024.

b. Development of the poverty line in Bondowoso District in 2023-2024.

The Poverty Line is a minimum spending value for needs that must be met in order not to be characterized as poor. Lowly people are people whose average spending is below the Poverty Line. The Poverty Line for Bondowoso District in March 2024 is IDR 517,741.00 per month per capita. Compared to March 2023, the lowly Line increased by IDR 23,741.00 per capita per month from IDR 494,000.00. This increase in the Poverty Line occurred partly as a consequence of increasing

fees for various commodities, especially food commodities. The following is the development of the Bondowoso District poverty line in rupiah terms:

Figure 11. Poverty Line in Bondowoso District 2015-2024.

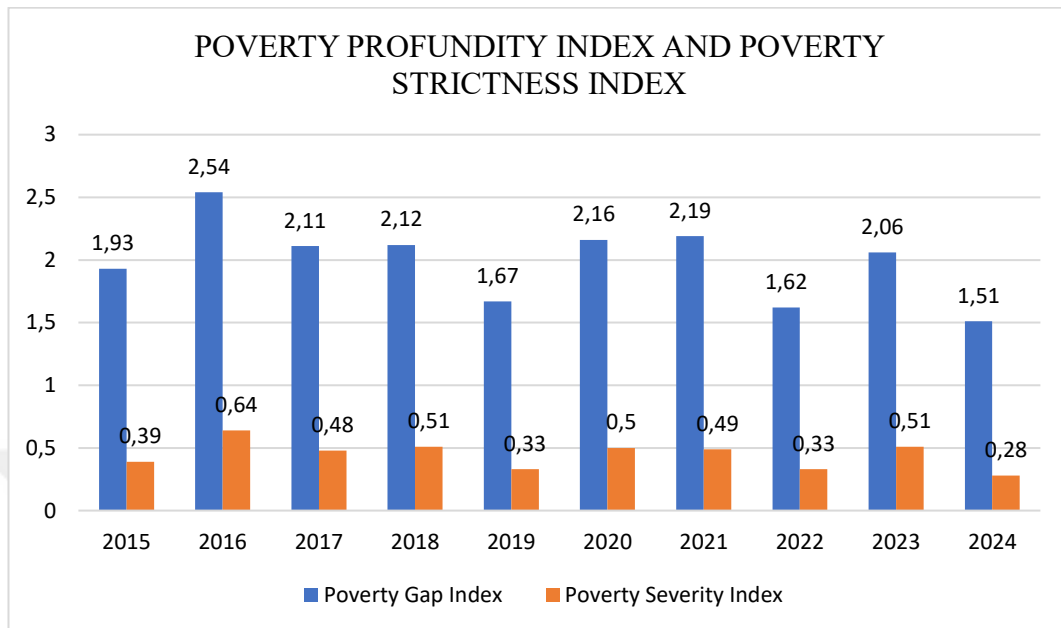


Source: Bondowoso District Central Statistics Agency

c. Poverty Depth Index and Poverty Severity in Bondowoso District 2015-2024.

The problem of poverty is actually not just the number or percentage of lowly people. However, an additional measure that needs to be considered is the profundity and strictness of the poverty that occurs. It is hoped that development policy efforts, especially those aimed at reducing the number of lowly people, can also reduce the depth and strictness of poverty. The following is the Poverty Profundity Index and Poverty Strictness Index in Bondowoso District for 2015-2024.

Figure 12. Poverty Profundity Index and Poverty Strictness Index in Bondowoso District 2015-2024.



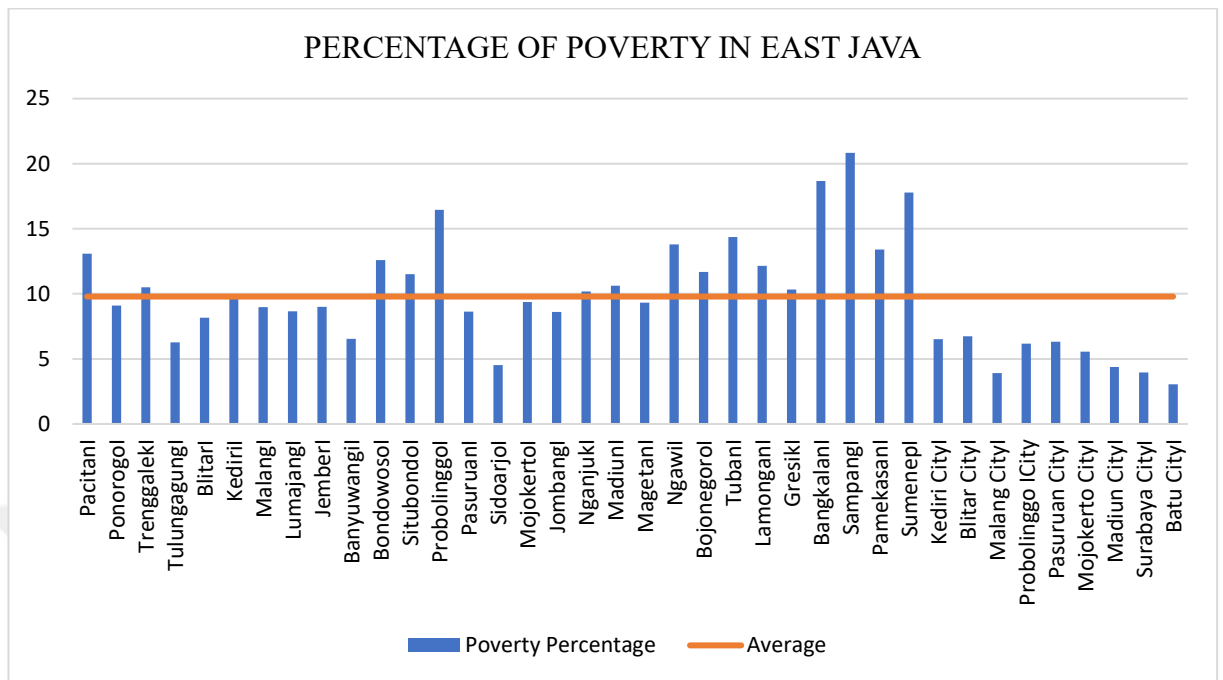
Source: Bondowoso District Central Statistics Agency

In the 2023-2024 period, the Poverty Depth Index in Bondowoso District decreased in value from 2.06 in 2023 to 1.51 in 2024. This condition shows that the average spending of the lowly is getting closer to the lowly line. Meanwhile, the Poverty Strictness Index also decreased from 0.51 in 2023 to 0.28 in 2024, which shows that the input of expenditure among the lowly below the poverty line is decreasing. This certainly makes it easier to eradicate poverty, where poor people spend less so they can focus more on targets.

d. Poverty in East Java Province in 2024

In general, the average lowly rate in the province of East Java tends to decrease from 10.35% in 2023 to 9.79% in 2024. Looking at the poverty percentage in Bondowoso District in 2024 of 12.60%, the poverty percentage in Bondowoso District is still higher than the average poverty in the province of East Java. The following is the percentage of poverty in the province of East Java by district or city in 2024:

Figure 13. Poverty Index for East Java Province in 2024.



Source: Indonesian Central Statistics Agency

The highest poverty occurred in Sampang district with a poverty percentage of 20.83% and the bottom poverty percentage happened in Batu City at 3.06%. Of the 38 districts and cities in East Java, 37 regions experienced a decrease in percentage in 2024, and only Lumajang district experienced an increase in poverty in 2024. And 17 districts and city poverty percentage in the province of East Java is still above the average provincial poverty percentage. East Java, including Bondowoso district.

CHAPTER II

REGIONAL LOCAL INCOME, SOCIAL WELFARE AND POVERTY

2.1 REGIONAL LOCAL INCOME

a. Definition of Regional Local Income

According to Constitution No. 28 of 2009, Original Local Income is revenue obtained from the local tax sector, local levies, Local-owned enterprises, results from the management of separated local assets, and other appropriate Regional Local Income (Dermawan, 2018). The original Local revenue purpose is to provide elasticity to regions in seeking funding for the implementation of local autonomy to realize the decentralization principle of Law No. 33 of 2004 (Semara & Yasa, 2021).

There is a close connection between local income, economic development, and public welfare. Regional Local Income has a significant consequence on economic growth because, to grow and develop the regional economy, regional levies and regional taxes collected are returned to the community through infrastructure development and other things according to regional needs and capabilities (Mawarni & Abdullah, 2013). Apart from that, if Regional Local Income strives to be high, it can reduce poverty levels and reflect prosperity (Isramiwarti et al., 2017; Suprihati et al., 2018).

Regional Local Income is a form of independence in the local autonomy era or independence from subsidies provided by a central government which encourages local economic growth to be better than recent regional economic growth (Isramiwarti et al., 2017; Semara & Yasa, 2021). Regional Local Income can advance the value of public services, and optimize and improve activities in sectors connected to economic growth, for example, the service, trade and industrial sectors, and other sectors (Isramiwarti et al., 2017).

b. Sources of Regional Local Income

Regional Local Income sources come from local taxes, local levies, local-owned enterprises, and the results of processing other detached local assets, and other legitimate local income (Fitriyanti & Handayani, 2021) as follows:

1) Local Tax

Regional taxes are a form of local regional income. According to constitution no. 34 of 2000 states that local taxes are mandatory assistances made by individuals/entities to the district without direct, balanced recompense that can be imposed by applicable constitutions and regulations which are used to finance the administration of local government and local development (Novalistia, 2016), to improve and equalize the welfare of society. Regional tax collection is closely related to regional economic development, meaning that successful economic development will be able to increase tax collection by the government (Handayani et al., 2015).

Types of regional taxes based on local taxes and levies Constitution No. 28 of 2009 as follows:

a) Provincial Taxes Type:

- Motor vehicle tax
- Motor vehicle fuel tax
- Motor vehicle title transfer tax
- Cigarette tax
- Surface water tax

b) Types of district taxes:

- Restaurant tax
- Entertainment tax
- Hotel tax
- Advertising tax
- Street lighting tax
- Tax on non-metallic minerals and rocks
- Parking tax
- Income tax
- Land and water taxes
- Tax on the cultivation of swiftlet cages
- Rural and urban land and building taxes
- Land and Building Rights Fee

2) Regional levies

Another important source of regional income is regional levies. Regional levies are local duties as payment for use or for procurement services or work or regional government services and district business services for those who have an interest in services provided by the region, either directly or indirectly (Kawulur et al., 2019). The more the receipt of regional levies in Regional Local Income, the greater the funds allocated to finance activities related to the provision of public facilities and infrastructure which again have an impact on community welfare and so on until the region's original income can be increased again (Ramlan & Abdullah, 2016).

Ersita & Elim (2016) outline the various types of regional levies according to Constitution No. 34 of 2000 concerning local duties which are grouped into 3 (three), namely:

a) General service levy

The types of general service levies consist of:

- Health service levies
- Waste service levy
- Retribution for compensation of costs for production identity cards and domestic registration licenses
- Levy for service services and cremation of corpses
- Levy for parking services on the side of community roads
- Market service levies
- Motor vehicle challenging levy
- Levy for testing fire extinguishers
- Fishing vessel testing levy

b) Venture service levy

The venture service levies type consists of:

- Levy for the practice of local assets
- Wholesale market and shop levies
- Auction site levy
- Terminal levy

- Retribution for special parking spaces
- Retribution for lodging/stopover/villa accommodation
- Toilet cleaning levy
- Slaughterhouse levy
- Levy for boat port services
- Levy for regeneration and sports places
- Fee for journey water
- Liquid waste processing levy
- Levy on sales of regional business production

c) Certain licensing fees

Certain types of licensing fees consist of:

- Building permit levy
- Retribution for permits for places selling alcoholic beverages
- Nuisance permit levy
- Route permit fees

3) Results of managing assets belonging to separated regions

Constitution no. 33 of 2004 classifies the local wealth management results type which is unglued and broken down allowing income objects that comprise the profit part from capital sharing in local-owned enterprises, the profit allotted from capital sharing in local-owned enterprises, and the profit share from capital participation in privately local-owned enterprises or community groups. The consequences of the management of local-owned enterprise assets which are separated are classified into capital participation in local-owned enterprises.

4) Other authentic Regional Local Income

This income is local revenue originating of other regional governments. This income type includes the according to income objects:

- Proceeds of the auction of local assets that cannot be unglued
- Current explanation service
- Interest revenue
- Receipt of demands for local financial compensation

- Receipt of assignments, reductions, or other forms as an outcome of sales, obtaining of goods and services by the area
- Financial receipts of the difference in the rupiah exchange ratio against external currencies
- Revenue from fines for delays in carrying out work
- Tax penalty revenue
- Retribution fine revenue
- Income from the execution of security
- Revenue of returns
- Social and general facilities
- Revenue from providing education and training
- Income from installments/sales installmentspenjualan

c. Function of Regional Local Income

The function of local revenue is very important for local governments because it can be hand-me-down to finance various progress programs, general services, and government operational activities at the local level. Some of the main functions of local original income include (Isramiwarti et al., 2017):

- 1) Supporting regional autonomy: Regional Local Income allows regional governments to mitigate dependence on transfers from the vital government, thereby increasing regional financial independence and independence.
- 2) Financing local development: local revenue is used to finance infrastructure development, education, health, and various other development programs aimed at improving community welfare at the local level.
- 3) Providing public services: local revenue is also used to provide various general services such as transportation, waste management, street illumination, and so on that are needed by the community.
- 4) Optimizing regional economic potential: By effectively using local resources and managing regional economic potential, Regional Local Income can help increase economic growth and regional competitiveness.

d. Regional Local Income Indicator

The Regional Local Income indicator is the sum of regional taxes, local duties, proceeds from local-owned enterprises, results of the supervision of separated local assets, and other genuine Regional Local Income (Dermawan, 2018). Original Local Income is measured by increasing Regional Local Income every year, therefore Regional Local Income has an important role in determining regional financial performance and regional independence (Azhar, 2021). The success of growing Regional Local Income ought not only be restrained by what is established but also by its character in managing the community's economy so that it can develop further, can progress the welfare of the public in the region (Semara & Yasa, 2021).

The Regional Local Income indicator is not only a benchmark for regional government income but also reflects economic activity and public services at the local level. Careful resource management planning and policies that support economic growth can increase the potential for Regional Local Income, thereby supporting the development and welfare of society as a whole.

2.2 Social welfare

a. Definition of Social Welfare

The Indonesian government issued a policy in Constitution No. 11 of 2009, regarding social welfare "Social welfare is the disorder of fulfilling the substantial, spiritual and social needs of peoples so that they can live a clothed life and can develop themselves so that they can carry out their social functions". This was also stated by (Zastrow & Kirst-Ashman, 2010). Referring to this concept, prosperity is an ideal that everyone wants to achieve. According to Setiawan (2019), social welfare can be understood from several perspectives, explicitly as an organized activity or system, as a condition of welfare, and as a scientific field. Temporarily, Midgley (1995) defines social welfare as "a disorder or state of human well-being." A state of prosperity is attained when people feel safe and glad because their basic needs, such as nutrition, health, education, housing, and income, can be met, and when they receive protection from the main risks that could threaten their lives. Social welfare reflects the ability of individuals, families, groups, and communities,

as well as social systems such as institutions and social networks, to fulfill basic needs, carry out social roles, and face challenges and pressure (Setiawan, 2019).

Welfare from another perspective is that, if humans can fulfill their needs, they will be able to achieve a decent life. A decent life refers to financial well-being, which includes adequate income to meet basic needs, health, which includes physical and mental well-being, and security, which means living free from threats and exploitation and the ability to maintain personal safety. Apart from being able to live a decent life, people who can fulfill their needs will be able to develop themselves, namely enjoying and achieving or living happily and developing skills that are useful for their lives, and making positive contributions, namely the capability to participate in public activities and contribute to civilization (Setiawan, 2019).

According to Dewi and Sutrisna (2014), public welfare is one of the ultimate objectives of realizing effective and efficient government in the context of creating fiscal decentralization. It is hoped that targeted socio-economic progress that can reflect the prosperity of the people in a region can be realized by the powers made by the local government. Energies to implement progress in each district are part of the implementation of district autonomy (Isramiwarti et al., 2017). Worthy infrastructure will make it help people to convey out economic and public activities, making it help investors to invest in the zone concerned so that it can improve community welfare (Isramiwarti et al., 2017). The positive impact on community prosperity is also measured by the scope to which Regional Local Income regulates economic activities in the region (Maryati & Endrawati, 2012).

b. Dimensions of social welfare

The dimensions of social welfare are as follows (Noll, 2004):

- 1) Quality of life. The value of life is a grouping of a good goal life and a subjective gratefulness of life.
- 2) Social solidity (disparities, disparities, social exclusion, and social ties/social capital). Social cohesion includes feelings of togetherness (sense of fitting), public trust, and teamwork (generalized reciprocity and cooperation), as well as social harmony (social harmony). Social

cohesion is characterized by a life that avoids inequality, inequality, and social exclusivity.

- 3) Sustainability. The sustainability of social prosperity is of course influenced by the dimensions of social change, especially regarding changes in economic and sociodemographic structures as well as changes in attitudes and values.
- 4) Social change Dimension (Socio-demographic and economic organization and values and approaches).

Based on the OECD, dimensions of welfare include (Setiawan, 2019):

- 1) Physiological desires

Physiological desires are a hierarchy of the most elementary human needs which are the wants to be able to live with outfit, food, residence, and sleeping. (Sari & Dwiarti, 2018). Thus, it is very important to include this dimension in the dimension of social welfare because it is a basic need that must be met. There are three components which include physiological needs, among others:

- a) Income and housing

This component covers income (income, satisfaction with income, & inequality), and the extent to which people are living well in terms of financial and material assets (including debts that reflect potential current concerns about future financial problems).

The function of the house is protection from various aspects, both physical and psychological protection in carrying out life. Housing quality is an important asset variable. Housing quality can be correlated with income but this is not always the case because it can be obtained from inheritance. It therefore advocates for a clear distinction between income and housing aspects.

- b) Health

In the health component, it is necessary to include important factors regarding health, especially physical health and mental health. The right to health is a basic right of every human being guaranteed in the

constitution and various laws. This is the duty and responsibility of all parties, including the authorities, entrepreneurs, and all partners of society, to make this happen. The highest degree of health can be realized through the participation of various parties (Yustina, 2015).

c) Basic rights regarding health and income

What is meant by basic rights to health and income include, among other things, the existence and accessibility of a social security system related to individual/family welfare.

2) Security and safety

a) Physical and political security

This component is important to ensure that individuals and communities can live in an environment that is safe, stable, and free from physical and political threats that could disrupt their well-being.

b) Economic security is related to education/skills and job security

Education is the key to socio-economic security, therefore it gives a person the opportunity to prosper in his professional life. Meanwhile, job security is an important welfare component of 'economic safety & security'. It would be better in terms of job security, also looking at the ILO dimensions and indicators of job quality.

c) Physical environment

The physical environment refers to the space where people live, including infrastructure. This component includes factors that ensure future physiological needs. In an analysis, there is no relationship between environmental variables and state policies in welfare. However, there is quite a lot of evidence from lessons that focus on the correlation between the two. For example, there is evidence that controlling air pollution is correlated with each person's well-being.

3) Individual activities that value autonomy and freedom

For employed people, long working hours can be detrimental to individual well-being.

4) Belonging relationship

a) Social interaction

There is a lot of evidence about social connections to well-being. One can identify at least two important things regarding relationship intimacy and the nature of the relationship. This highlights four dimensions namely supportive (close) relationships, activities with people, activities for people, and broader social capital (cohesion, belonging, and trust).

b) Basic rights at the public level

Basic rights at the social intensity include voting and participation rights and anti-discrimination laws. In principle, basic rights are guaranteed by law, and differences between countries lie more in the factual implementation of laws and strategies than in the 'written' rights themselves. This dimension is important for creating an inclusive, just, and sustainable society, with every individual having equal opportunities to achieve prosperity and progress in their lives.

5) Competence and self-esteem

This dimension is important to ensure that individuals feel meaningful, and valued, and have the ability to achieve their full potential in their lives. It also contributes to the formation of an inclusive and sustainable society, where every individual is valued and empowered to contribute positively.

c. Welfare Indicators

Several methods to determine indicators of social welfare, such as the physical quality of life index which was initiated by D.M Moriss (1979), the social progress indeks (The Index of social progress) created by Richard Estes (1985), and the latest is the human development indicator (Human development indicator) developed by the UN development program (1990) (Setiawan, 2019). Apart from these various measurements, some modify it by proposing a welfare index which is derived from the welfare function by accommodating the level of people's happiness as an adjustment factor. These various indicators are objectively measured. Meanwhile, social welfare is not only objective but also subjective or

felt by society. One of the weaknesses of this measurement is that it does not take into account the welfare of various regions (Setiawan, 2019).

People's welfare indicators consist of education indicators, employment indicators, demographic indicators, health indicators, and other social indicators. Education indicators include access to and finishing points of formal learning at various levels, such as the knowledge rate of adult residents, average years of schooling, children's educational participation rate, and student-teacher ratio (Psacharopoulos & Patrinos, 2018). The life probability indicator is the average age a personality is expected to access in their life, which reflects the quality of health services and environmental factors that influence life expectancy (Frenk & Moon, 2013). Social indicators include people's membership in public, diplomatic, and economic activities, as well as involvement in decision-making that impacts their lives. These various indicators impact each other, apart from that they can be affected by other factors such as the accessibility of job prospects which is determined by economic progress, facilities including clean water, sanitation, electricity, and transportation, and government rules so that the Human Development Index (HDI) will growth (Bustamam et al., 2021). Increasing HDI can improve work productivity which will develop income to meet the wants of a decent living. Thus, social welfare will increase.

Apart from the various indicators that have been mentioned, there are important indicators for measuring social welfare, one of which is poverty. Poverty is one of the main indicators of social welfare which measures the percentage of citizens living under the poverty line or having an income below the standard required to connect basic needs such as food, clothing, and shelter (Ravallion, 2019).

2.3 Poverty

a. Definition of poverty

In the popular scientific dictionary, the word "Poor" means having no wealth (existing assets are not sufficient for needs). Etymologically, the meaning contained is that poverty is full of consumption problems. This started in the neo-classical era

when poverty was only seen from the negative interaction (imbalance) between workers and the wages they earned (Kawulur et al., 2019).

Poverty is a situation of a person's inability to fulfill general needs (Isramiwarti et al., 2017). As stated by Semara & Yasa (2021), Poverty is a condition of lack of assets and valuables experienced by individuals or groups who live in a state of total limitation or lack of resources, both in financial aspects, knowledge, social power, politics, law, as well as access to public services, business opportunities, and employment opportunities.

Poverty is defined as individuals who have an average monthly spending of less than the destitution line. The destitution line is the sum of the food destitution line and the non-food destitution line. The food destitution line is a poverty line that refers to individual spending in meeting minimum food needs of 2,100 calories per capita per day, while the non-food destitution line refers to individual spending in meeting minimum daily living needs (Fitriyanti & Handayani, 2021).

Destitution is a low basic of living, namely the reality of a level of deprivation in many communities (Semara & Yasa, 2021). Apart from scarcity in several groups, income inequality also influences poverty. The better the income disparity between the higher and lesser classes, the better the number of citizens who are categorized as inadequate, so poverty is carefully related to revenue distribution difficulties (Budhi & Kembar, 2013). So deficiency is a crucial difficulty, not only because of its go-up tendency, but also its effects which not only cover the economic scope but also public problems and local political instability. Consequently, alleviating the problem of poverty must be a top urgency in both the short and long term (Semara & Yasa, 2021). Indonesia is famous for its note of poverty decrease, but the national deficiency line is one of the bottom in the world (Yusuf & Sumner, 2015).

b. Poverty Type

Poverty can be divided into four forms, namely:

1) Absolute poverty (Fitriyanti & Handayani, 2021)

Absolute poverty is poverty that is related to the rank of revenue and needs that are restricted to general needs so that the person can be said to live

a decent life. Absolute poverty is calculated by comparing a people's revenue rank with the revenue level needed to obtain their general survival needs. Thus, a people is said to be low if the revenue he earns is less than the deficiency line and is unable to meet his basic needs.

The World Bank uses the concept of absolute poverty as a basis for determining the number of needy people. Based on the World Bank, people who are classified as needy are those who have a revenue of less than US\$1 per day in Purchasing Power Parity dollars. Though, not all countries apply the minimum standards set by the World Bank, because, for developing countries, these limits are still relatively high. Therefore, many countries set their own national poverty lines with criteria adapted to their respective economic conditions.

In Indonesia, the Central Statistics Agency measures the number and percentage of poor people (headcount index), explicitly those who live under the deficiency line based on data from the National Socioeconomic Survey. The poverty line used in calculating the number of poor people is based on the basic needs approach, namely the amount of rupiah needed to fulfill minimum basic needs, both food and non-food, known as the food poverty line and non-food poverty line.

The food deficiency line in question is per capita spending expenditure per month which is equal to 2,200 calories per capita per day. Meanwhile, the non-food deficiency line is the quantity of rupiah needed for daily living needs

2) Relative poverty (Fitriyanti & Handayani, 2021)

Relative poverty is gotten from the characteristic of social disparity. If someone can fulfill their minimum general needs, but it is still much lesser compared to the groups around them, then that person is categorized as relatively poor. The higher the gap in income levels between the higher class and the lesser class, the higher the total of poor people. Thus, relative deficiency is closely connected to income allocation.

3) Structural poverty (Kawulur et al., 2019)

Structural poverty is poverty that arises not because of the poor person's inability to work (laziness), but because of the inability of the social system and structure to provide opportunities that enable the poor to work. This social structure is unable to connect society with available resources, whether provided by nature, the government, or the surrounding community. Those who fall into this group are agricultural laborers, scavengers, sand diggers, and those who are uneducated and untrained. The party that plays a big role in creating structural poverty is the government, because the government that has power and policies tends to permission people in lowly conditions, and does not topic pro-poor policies, although some are project-oriented, not welfare progress. So that there are no poor people who 'move up the class', meaning that if they were initially workers, fishermen, or scavengers, they will forever remain fishermen and scavenger workers because there is no effort to raise their level and abilities, whether in educational or training opportunities.

4) Cultural poverty (Kawulur et al., 2019)

Cultural poverty is poverty that arises as a result of the ideals or culture adhered to by a lack people, such as presence laziness, easily granting into fate, lacking a labor ethic, and so on. The characteristics of this culture of poverty are that people are reluctant to integrate themselves into the main institutions, and they are apathetic, suspicious, and discriminated against by the wider community. In local communities, some houses are dilapidated, overcrowded, and clustered together. At the family level, childhood tends to be short, people grow up quickly and get married quickly. In their individuals, there are feelings of worthlessness, helplessness, and acute inferiority. Another view regarding the culture of deficiency is that culture of deficiency is a domino impact of the shackles of structural deficiency that has overwhelmed society for too long, thus making people apathetic, and resigned, with the view that if something happens it is fate, in a religious context it is called the Jabariah ideology, especially as this understanding is

spread and doctrine in religious pulpits. Examples of this poverty exist in rural communities, faith or religious communities, and other marginalized groups.

c. Indicator of poverty

To measure poverty, the Central Statistics Agency has several poverty indicators, including the percentage of a lack of people (headcount index), deficiency depth indeks (poverty gap), and poverty strictness index (Nurrizqi et al., 2023). Apart from these indicators, according to Febianto & Palasara, (2019), there are other indicators including the ratio of literacy level aged 15-55 years, the ratio of per capita spending on food with lack status, the ratio of households receiving poor rice, the life expectancy rate, and the ratio of houses stairs that have correct sanitation.

1) Headcount ratio index (Murniati & Beik, 2014)

The headcount ratio index is a poverty indicator measuring the total number of people who lack under the deficiency line. The lack category is based on the standard deficiency line issued by the Central Statistics Agency. The formula for this ratio is:

$$H = \frac{q}{n}$$

Information:

H = Headcount ratio index

q = The number of lack families who are under the poverty line

n = Number of observations

The family deficiency line is found by multiplying the per capita deficiency line per month by the average family size. The lesser the value of the headcount percentage index, the smaller the total of poor people.

2) Deficiency gap indeks and Income gap indeks (Murniati & Beik, 2014)

To analyze the depth of poverty, two instruments are used, namely the poverty gap index to measure the deficiency gap and the income gap index to measure the income gap index. The deficiency gap index shows the difference between the aggregate income of lack communities and the poverty

line or measures the distance between the average aggregate income of lack groups and the deficiency line. The deficiency gap index is measured in currency units with the following formula:

$$P_1 = [\sum_{i=1}^q (Z - y_i)] / q$$

Information:

P1 = Deficiency gap

Z = Family deficiency line

y_i = Revenue of the i-poor family

q = The number of poor families who are below the deficiency line

The smaller the worth of this directory, the smaller the gap among the aggregate income of the lacking community and the deficiency line, so the better the welfare.

The income gap index actions the average percentage gap between each lack person's income and the deficiency limit. This index was created to normalize the overall population poverty gap to the average individual poverty gap (Beik, 2010). The method for measuring the revenue gap index is as follows:

$$I = \sum_{i \in S(z)} \frac{g_i}{qz}$$

Information :

I = Poverty gap index revenue

g_i = Z-y_i, the dissimilarity between the revenue of the i-th poor and the deficiency line

q = The total of poor families who are under the deficiency line

z = Family deficiency line

y_i = Income of the i-th poor family

The lesser the value of this percentage, the fewer lack people there are in the population

3) Sen index of deficiency (Murniati & Beik, 2014)

Sen index of poverty or poverty severity index which describes income inequality between poor people. The formula for the cent index of poverty is as follows:

$$P_2 = H [I + (1 - I) G_p]$$

Information:

P_2 = Sen index of deficiency

H = Headcount percentage index

I = revenue gap index

G_p = Gini constant of the poor

The Gini index value ranges from 0-1. For a Gini index, 0 indicates great revenue equality, $0 < I G < 0.3$ indicates low-income disparity, $0.3 \leq I G \leq 0.5$ indicates medium-income disparity, and $I G \geq 0.5$ indicates high-revenue disparity. The formula for calculating the Gini index is:

$$IG = 1 - \sum_{i=1}^n f_{pi} (F_{ci} + F_{c_{i-1}})$$

Information:

IG = Gini index

f_{pi} = of families in income class i

F_{ci} = cumulative frequency of number revenue in the i -th income class

$F_{c_{i-1}}$ = cumulative frequency of number revenue in the $(i-1)$ th revenue class

The smaller the Gini index, the smaller the percentage of poor people, the gap between the aggregate income of the poor and the poverty line is also smaller, and the income gap is smaller.

d. Factors Causing Poverty

The causes of poverty when viewed from an economic perspective are as follows (Kadji, 2012):

- 1) At the micro level, poverty occurs due to inequality in resource ownership, which leads to disparities in income distribution. Poor people only have limited and low-quality resources.

- 2) Poverty is also caused by differences in the quality of human resources. Low human resources are related to low levels of productivity, which ultimately results in low wages received. Low quality of human resources can be caused by factors such as low levels of education, backwardness, discrimination, or hereditary factors.
- 3) Another factor that causes poverty is differences in access to capital.

These three factors form the concept of a vicious circle of poverty, which is characterized by underdevelopment, market imperfections, and limited capital. This condition causes low productivity, which has an impact on the low income received by poor people. Low-income results in minimal savings and investment. Low investment then strengthens economic backwardness and continues to repeat itself in the same cycle (Kadji, 2012).

Bhinadi (2017) in his book explains that the causes of poverty are complex and are divided into several dimensions of causes of poverty, namely:

- 1) Poverty due to globalization. Globalization creates countries that are winners and countries that are left behind. Developed countries are generally the ones who benefit while developing countries are often increasingly marginalized due to competition and free markets that are part of globalization. Because of this marginalization, poverty levels in developing countries are much higher than in developed countries.
- 2) Poverty related to development. The development patterns implemented have produced various forms of poverty, such as rural poverty, which occurs when rural areas are negatively impacted by development processes that tend to marginalize them. Apart from that, there is also urban poverty, namely a condition of poverty that arises as a result of economic growth patterns that do not provide benefits for all groups of society.
- 3) Social poverty. This dimension looks at how social conditions in society can harm certain groups. For example, women, children, and minority groups often experience poverty due to social factors that are not in their favor. These factors include gender bias, discrimination, and economic exploitation.

- 4) Poverty due to external factors. This dimension highlights the causes of poverty that originate from external factors, such as conflict, natural disasters, environmental damage, and high population. In calculating the Foster Greer Thorbecke index, if the population increases, poverty will also increase (Isramiwarti et al., 2017), so these aspects are what cause the appearance of deficiency in society.

According to other experts, poverty can be caused by several factors, including population growth rate, high unemployment rate, low level of education, natural resources, and cultural factors.

- 1) Population development rate

A high birth rate will cause rapid population growth in a country. If this growth is not in line with economic growth, the poverty rate will increase. If population growth is accompanied by good-quality human resources, then this can become an important asset for development. However, if the quality of human resources is low, it will become a burden on the development process (Astuti, 2015).

- 2) High unemployment rate

The problem of unemployment arises due to rapid growth in the labor force, while employment growth is not able to keep up. The high unemployment rate reflects the failure of development in a country. Unemployment can contribute to poverty through various mechanisms (Margareni et al., 2016).

One of the negative impacts of unemployment is a decrease in people's income, which ultimately reduces the level of individual welfare. Decreased welfare due to unemployment increases the risk of people falling into poverty. The impact of unemployment on a country is very serious because it can trigger political and social instability, which ultimately hurts people's welfare and hampers long-term economic development plans (Margareni et al., 2016).

- 3) Low level of learning

People with low levels of learning tend not to have adequate talents, insight, and intelligence. So they cannot contest with highly educated people

in the world of work and the business world. This then causes unemployment and poverty rates to increase (Dalimunthe, 2021).

4) Natural resources

Minusive natural resources will lead to inequality in income distribution. In general, people who only have finite and low-value resources are below the deficiency line. And also natural disasters are factors that cause poverty that cannot be banned because they originate from nature. Natural tragedies such as tsunamis, deluges, landslides, etc., will cause harm to infrastructure and psychology. Large natural disasters can result in people experiencing poverty due to the loss of property (Dalimunthe, 2021).

5) Cultural factors

Cultural factors shape cultural poverty in a place. Thus, cultural poverty is caused by cultural or mental factors of people who do not have a high work ethic. Apart from that, people accept living conditions as they are, are full of resignation, do not show a desire to escape conditions of destitution, and do not have high motivation to improve the welfare of their families so they only wait for help from other parties (Abadi & Fauziah, 2015; Poluakan & Nurwati, 2019).

e. Strategies for Overcoming Poverty

The attending are several strategies that be able to be an alternative to overcoming deficiency, especially cultural poverty (Poluakan & Nurwati, 2019):

- 1) Change the perspective in looking at poor people from a problems perspective to a strengths-perspective. Problems-perspective focuses on the problems or shortcomings and needs of people with problems. Meanwhile, the Strengths perspective sees that poor people have the resources and capacity to develop their lives.
- 2) The government has various policies and programs to overcome poverty, for example, the Smart Indonesia Agenda, Healthy Indonesia Agenda, Family Hope Agenda, Affluent Rice or Social Food Aid, Non-Cash Food aid, Village Fund Program, and so on. Some of these programs have been equipped with accompanying organizations or tools, especially when distributing them to

the community. The government must maximize the role of these assistants so that they can help the community eradicate the poor culture that still exists.

- 3) The government needs to foster self-efficacy, self-reliance, and independence through empowerment programs in poor communities. These various government programs must be seen with a new way of thinking that creates a mindset to try to get out of poverty. These programs must be understood as a stimulant to further strive to become more prosperous so that there is no longer a mental "dependence" on these programs.

2.4 Theories

a. Regional Local Income Theory

There are several theories regarding local original income in this chapter, some of these theories are connected to the conditions and issues that occur in the Bondowoso district, including:

1) Fiscal Capacity Theory

This theory emphasizes that each region has different fiscal capacities depending on the potential resources they have. Fiscal capacity refers to a region's ability to collect revenue from existing resources in its area. Factors that influence fiscal capacity include the level of the economy, population, and local tax base (Musgrave and Musgrave, 1984).

2) Fiscal Autonomy Theory

This theory underlines the importance of fiscal autonomy for local governments to manage their finances. Fiscal autonomy allows regions to determine tax and levy policies independently according to the requests and situations of their respective districts. Bird emphasized that fiscal autonomy can increase the efficiency and accountability of local governments (Richard M. Bird, 2000).

3) Fiscal Decentralization Theory

Fiscal decentralization theory states that financial decentralization to local governments can increase the efficiency of public resource allocation. According to Oates, fiscal decentralization allows local governments to be

more receptive to regional needs and encourages innovation in public services (Wallace E. Oates, 1972).

4) Fiscal Sustainability Theory

This theory focuses on the importance of fiscal sustainability in regional financial management. Bahl and Linn argue that local governments must manage their revenues and expenditures in a balanced manner to ensure long-term fiscal stability. This includes maintaining reasonable debt levels and ensuring that local revenues are sufficient to cover routine expenses and investments (Roy W. Bahl and Johannes F. Linn, 1992).

5) Local Economic Theory

This theory highlights the important role of the local economy in determining local revenue. Wildasin stated that local economic growth could increase the tax base and, ultimately, increase Regional local income. Local governments must strive to encourage local economic growth through various policies and programs that support investment and job creation (David E. Wildasin, 1986).

6) Tax Administration Theory

This theory suggests that efficient and effective tax administration is the key to increasing local revenue. Tiebout said that people will choose to live in areas that offer the best combination of taxes and public services. Therefore, local governments must ensure that their tax administration systems are accessible, transparent, and fair (Charles Tiebout, 1956).

b. Social Welfare Theory

1) Utilitarian theory of welfare

This theory is based on the principle of utilitarianism which measures welfare based on the level of happiness or utility generated. According to Bentham, public policy should be aimed at achieving "the greatest bliss for the most number." Utility is measured through the sum of individual happiness resulting from certain policies or actions (Jeremy Bentham, 1789).

2) Rawlsian welfare theory

This theory is based on the ideologies of social equity put forward by John Rawls. In his book *A Theory of Equity*, Rawls proposed the construct of the "veil of ignorance" and two principles of equity: the fundamental of equal freedom and the tenet of difference. The difference fundamental states that social and economic disparity should be regulated in such a way as to best benefit those who are most disadvantaged in society (John Rawls, 1971).

3) Functionalist Social Welfare Theory

This theory suggests that social welfare is the result of a stable and well-functioning social system. According to Parsons, society consists of various institutions that work together to maintain stability and balance. Social welfare is achieved when basic functions such as education, economy, and family operate well (Talcott Parsons, 1951).

4) Marxian Welfare Theory

This theory suggests that social welfare can only be achieved through eliminating structural injustice caused by capitalism. According to Marx, the capitalist system creates exploitation of the working class by the capital-owning class, thereby creating significant inequality. Social welfare is achieved through class struggle and the formation of a classless society (Karl Marx, 1867).

5) Feminist Social Welfare Theory

This theory emphasizes the weight of gender in the analysis of social well-being. Friedan and other feminists argue that patriarchal systems create gender inequalities that hinder social prosperity. This theory advocates for gender equality in all parts of social, economic, and ethical life as a way to achieve more equitable social welfare (Betty Friedan, 1963).

c. Poverty Theory

1) Structural Poverty Theory

Structural poverty theory states that poverty is caused by unjust economic and social structures, which include discrimination, lack of access to education and employment, and unsupportive public policies. According

to Wilson, these factors create a cycle of deficiency that is troubled to break (William Julius Wilson, 1987).

2) Cultural theory of deficiency

Oscar Lewis suggests that deficiency is maintained by the culture that develops within poor communities. This culture of poverty includes attitudes and values passed down from generation to generation, such as dependence on government assistance, lack of educational aspirations, and distrust of formal institutions (Oscar Lewis, 1966).

3) Individual poverty theory

Charles Murray argued that poverty is often the outcome of individual choices and behavior. Based on Murray, some individuals remain poor because they lack the motivation, skills, or habits necessary to achieve economic success. This theory is often associated with approaches that emphasize the importance of personal responsibility and policies that encourage hard work and skill development (Charles Murray, 1984).

4) Economic theory of poverty

Galbraith argued that deficiency is caused by economic reasons, such as unfair allocation of income and lack of adequate employment opportunities. According to him, poverty can be overcome through greater government intervention in the economy, such as policies of income redistribution and job creation (John Kenneth Galbraith, 1958).

5) Social Poverty Theory

Peter Townsend argues that poverty must be seen in a social context. According to him, poverty is a condition where personalities or groups don't have adequate resources to participate in normal social life. This theory emphasizes the importance of a decent standard of living and social participation as indicators of welfare (Peter Townsend, 1979).

6) Social Mobility Theory

Coleman emphasized that poverty can occur due to low social mobility, which is caused by a deficiency of access to quality education, decent work, and supportive social networks. According to Coleman, improving the

education system and creating better job opportunities are the key to overcoming poverty (James S. Coleman, 1966).

2.5 Previous Research

Several previous studies have similarities with my research, both in terms of research objects, research methods, and research results on regional local income, social welfare, and poverty. The following are previous research, including:

- a. Research conducted by Sabina Alkiredan James Poster in 2011 regarding Counting and multidimensional poverty measurement, the research used an identification method called the dual cutoff method. This method identifies someone as poor if they experience deficiencies in several certain dimensions. Outcome of this research The conclusions of this study emphasize the importance of understanding multidimensional deprivation in a policy context. By using the proposed methodology, policymakers can more easily identify which dimensions contribute most to poverty and design more effective interventions.
- b. Research conducted by Sayef Bakari in 2022 with the title Determinants of Economic Development: The Issue of the USA. This research uses quantitative research methods with time series analysis. This research finds that consumer spending, domestic investment, population, FDI inflows, and exports have no influence on economic growth in the short period, but do in the long period.
- c. Research conducted by Endik Eko Wahyudi in 2023 regarding the practice of Minister of Social Affairs regulation number 3 of 2021 concerning integrated data on social welfare in Indonesia. This research was directed using a qualitative case study research method. The results of this research explain the successful implementation of Minister of Social Affairs regulation number 3 of 2021 concerning integrated data on social welfare and benefits to society.
- d. In 2015, Azizah conducted research on analyzing the impact of district local revenue and transfer funds on economic development in the province of North Sumatera. This study uses quantitative methods with panel data analysis. The

findings of this research show that regional local income, general distribution funds, and special distribution funds have a positive and significant impact on economic development.

- e. Fibrian Anggraeni and Lestari also researched the influence of economic development, poverty, and wages on tax revenues in 2022. This study used quantitative descriptive research with a times series analysis approach. The results of this research show that economic growth, poverty, and wages have an effect on tax revenues by 89.8%.
- f. Another research was conducted by Bella Bkti in 2023 with the title Analysis of the Effect of Local Original Income, Economic Growth, and Unemployment on Poverty on the Island of Java in 2013-2022. This study uses a quantitative descriptive approach with secondary data collection methods. The data used was obtained from the Central Statistics Agency and the Directorate General of Financial Balance. The research results show that local original income has a negative influence on poverty, but this influence is not significant.
- g. Miswan in 2022 conducted research entitled Analysis of Regional Income on Economic Growth in Lampung Province. This research uses quantitative methods with panel data analysis. The research results show that regional income has a positive effect on economic growth, while regional levies do not have a significant influence in improving community welfare. These findings provide empirical evidence that although regional income has a positive impact on economic growth, not all components of regional income significantly contribute to the welfare of society in Lampung Province.
- h. Margaretha in 2024 researched various factors that influence local income and poverty levels in East Kalimantan Province in 2023. This study uses quantitative methods with an explanatory approach, which aims to explain the cause-and-effect relationship between the variables studied. The research results show that there is a significant and negative relationship between local original income and poverty levels in East Kalimantan Province in 2023.

- i. In 2022, Gustiana Annisa will conduct research on the influence of regional income, balance funds, and poverty on community welfare in West Sumatra Province. This research uses quantitative methods with panel data analysis. The research results show that local revenue does not have a significant influence on social welfare, while poverty has a significant impact on social welfare.
- j. Garaika and Helisia Margahana conducted research entitled Measuring Economic Growth and Community Welfare Through Analysis of Regional Income and Financial Performance in 2019. The results of this research reveal that regional income, general allocation funds, and special allocation funds have a significant influence on the human development index in South Sumatra Province. This research applies a panel data regression model estimation method, which combines time series data and cross-section data.
- k. In 2024, Yusuf Efendi researched the Genealogy of Social Welfare Science in Indonesia. This research uses a qualitative method with a descriptive approach. The findings of this research reveal that psychological, sociological, political, and anthropological aspects have a role in improving society's welfare.
- l. Rizki Afri and Rianda Prima Putri conducted research in 2023 with the title The Influence of Poverty Levels and Gross Regional Domestic Product on Community Welfare. This research applies quantitative descriptive methods. The research results show that poverty has a negative and significant influence on social welfare, while local income also has a negative and significant influence on social welfare.
- m. Ika Pebriyanti and Herniwati conducted research on the influence of regional income, special allocation funds, and regional expenditure on poverty levels, with case studies in 35 districts/cities in Central Java Province during the 2012-2016 period. This research, which was conducted in 2020, used quantitative methods with time series analysis. The research results show that local original income has a significant influence on poverty levels.

- n. Kusuma Wijaya in 2012 conducted research entitled Analysis of the Effect of Fiscal Policy on Social Welfare and Poverty. This research uses a quantitative descriptive method with analysis based on Partial Least Square (PLS). The research results show that fiscal policy has a significant impact on social welfare and poverty levels.
- o. Irwan Saputra and Jeni Wardia researched an Analysis of the Influence of Regional Income and Capital Expenditures on Economic Growth and the Impact on Poverty Levels in Riau Province in 2023. The research results show that local revenue has a positive effect on economic growth, but this effect is not significant. Apart from that, economic growth also has a positive influence on poverty, but it is not significant. This study uses a quantitative method with analysis based on Partial Least Square (PLS).

Several factors cause low local revenue, as explained by several previous studies. Weiming Li, Zhaoyang Cai, Shixiong Cao (2021), Xiangxiang Zhang, Hong Liu (2022), Yannick Marchand, Jean Dubé, S. Breau (2020), Orley M. Amos (1988) and A. Scott (2002). They explained that the causes of low local revenue, including uneven economic development, unstable labor market conditions, socioeconomic differences such as uneven income distribution and differences in access to economic resources can affect regional income, individual heterogeneity in terms of education, skills, and access to economic opportunities can affect the income of low-income groups, poor infrastructure, economic policies and institutions that do not support the lack of autonomy of local governments in formulating strategies that are appropriate to local conditions.

Meanwhile, the factors causing low social welfare and high poverty are caused by several factors. Among them is low education, low education can create low-quality human resources. Culture and mindset, corruption, are very clear. This cruel act carried out by certain officials is very detrimental to the country so it can hinder the government's efforts to improve social welfare and reduce poverty. The lack of jobs in the formal sector makes it difficult for people to find income so many people depend on informal work. D. Jacobs (2000), Björn Halleröd, Daniel Larsson

(2008), David A. Reingold, Helen K. Liu (2009), K. Caminada, K. Goudswaard, F. Koster (2012), David J. Brady (2005), and Derek A. Epp, Jay Jennings (2021).

Regional local income can be increased in several ways. Among them, is the strategy of increasing revenue through diversification of sources of increase, optimization of local taxes, and increasing local levies. According to Helmy Syamsuri and Amril Arifin (2022) in their journal, one of the most effective ways to increase local revenue is by developing revenue potential from previously untapped sectors such as agriculture, mining, tourism, and other sectors owned by the region. If this can be done by the local government, then local revenue will increase. Adesanya Augustine Adekonya (2023) also explained that increasing local revenue through advertising and advertising revenue is the right choice, efficient automation and investment can encourage growth and development.

Regional taxes are the largest income or contribution to income in Indonesia and include regions in Indonesia. Therefore, optimizing regional taxes can help increase regional original income, through digitizing taxpayer data, transferring business knowledge, and grouping potential regional taxes, Siti Aisyah, Dedi Juniadi, Etc (2024). Increasing revenue from land and building taxes by updating taxable object sales value data and providing tax incentives are considered to be able to increase regional original income, Hussein Gabrieel Musa (2023) and Ria Pitriana, Y. Palinggi, Musmuliadi Musmuliadi (2022). In addition to optimizing regional taxes, increasing regional levies can also increase regional original income. This is explained by Ellys Rachman (2024), Improving management, supervision, and guidance related to regional retribution payments can significantly increase the efficiency of the retribution collection process, thereby encouraging sustainable growth in regional income flows.

In addition to the revenue-increasing strategy, also uses an approach through a management and policy approach. Such as human resource development, decentralization and local policies, and the use of technology. Helmy Syamsuri and Amril Arifin (2022) also stated that improving the quality of human resources in leading sectors such as agriculture, forestry, and fisheries through education and innovation can increase professionalism so that regional original income will

increase. G. Shapoval and Nataliia Chekh (2021), increasing regional original income can be done through decentralization and regional policies by increasing regional income by strengthening the local government tax base and implementing land decentralization, by implementing land decentralization to enable local communities to make better decisions regarding land use. The use of technology by adopting technology to increase efficiency in collecting and managing income, such as automating the retribution and tax system is also considered a way to increase regional original income, Adesanya Augustine Adekonya (2023)).

Social welfare can be increased when the government and society can work together and support each other. Government policy is very important in the dynamics of social welfare development. Like government social spending, with increased government spending in the social sectors such as health, education, and social protection proven to increase aggregate welfare, especially in low- and middle-income countries, it is considered to be able to increase social welfare, Fiseha Haile, M. Niño-Zarazúa (2018). The state's economic policy also affects increasing social welfare Oksana Yermolenko (2021), Increasing social welfare requires the focus of state economic policy on meeting the specific needs of individuals and society, by paying attention to these needs in the distribution of profits and budget revenues. Economic policies that focus on poverty reduction and income generation can improve social welfare. This includes the production of public goods, the influence on asymmetric information, and income support policies. Social and government policies can also reduce poverty in an area. Policies designed and implemented by local governments can have a direct impact on poverty reduction Wahyu Pramono (2023). In addition, income redistribution and affirmative action can also reduce poverty in an area. Reducing rural poverty requires redistribution of income, increasing the productivity of agricultural workers, improving the economic and social status of women, reducing systemic discrimination, encouraging tourism, and assisting in the irrigation of agricultural land. M. Dao (2004) and Collins Ayoo (2022).

Apart from government policies, community participation also greatly influences the development of social welfare. Community participation in social

activities can improve welfare, especially for vulnerable groups such as the elderly. These activities include health services and social activities that improve harmonious relationships and accessibility of health services Lauren Cameron (2024). Social movements are also considered as one way to improve social welfare through Collective approaches and strategic political action that can encourage sustainable social change and improve social welfare practices. Improving social welfare practices involves efforts for structural change in society, efforts for collective approaches and responses to social change, and building a foundation for continuous social change. Sun-kyung Kang, Hye Jeong Yang (2022). Implementation of CSR, technology, and innovation are also ways to improve social welfare. CSR has a significant positive effect on community welfare and social capital. CSR can be used as a tool for community empowerment to improve welfare. Meanwhile, the use of information technology can improve work efficiency in the field of social welfare, reduce workload, and increase the effectiveness of I.B.M.A. Dwijatenaya (2024) and Jung-Hoon Kim, and Keun-Ho Lee (2014).

Infrastructure development carried out by the Government has a significant impact on improving social welfare, especially in reducing poverty in an area. Infrastructure Development: Improving access to markets and basic services such as education and health can help reduce poverty. Strengthening local communities with principles of environmental, economic, and social sustainability can help overcome poverty in rural areas John R. Westley (2001) and Katarina Đurić, Mirela Tomaš Simin, Danica Glavaš-Trbić (2023).

Several previous studies have similarities and differences with this research. The similarity is that there are several research objects or variables studied that are the same as the research objects in this study. The research method used is also the same, namely the case study qualitative research method. And finally, the results or findings of several previous studies are similar to this research.

As for the differences, none of the previous studies combined the same research objects as this research, namely regional local income, social welfare, and poverty, there are several different variables. The research methods in previous

research are not the same as this research. Even though there is the same research using qualitative case studies, the analysis techniques are different. The analysis technique in previous research did not use tools or software and was carried out manually, while the analysis technique in this research used NVIVO tools or software. Lastly, the results or findings in several previous studies only examined whether there was an influence between each variable. Meanwhile, the results of this research explain holistically the dynamic state of regional local income development, social welfare, and poverty in Bondowoso district, explain the factors causing low regional local income and social welfare and high poverty in Bondowoso district, and also explain how much regional local income contributes to social welfare and poverty. as well as explaining several programs implemented by the Bondowoso district government to increase regional local income and social welfare and reduce poverty in Bondowoso district.

These are some of the similarities and differences between this research and several previous studies. Hopefully, the similarities will be consistent from a scientific point of view, and the differences will hopefully be new or novel in this research.

CHAPTER III

METHODOLOGY AND DISCUSSION

Methodology is an important factor in providing direction and as a guide in understanding a research object, so with the method it can be hoped that the research carried out will run well and smoothly, and it is also hoped that the research will obtain results that are meaningful and can be accounted for. In this case, a method is defined as a way to solve existing problems by accumulating, compiling, clarifying, and rendering data (V. Wiratna Syjarweni, 2014).

3.1 Methodology

This study uses a qualitative method with a case study approach. Qualitative Method is a study procedure that generates descriptive data in the form of written or spoken words from people and observable behavior (Lexi J. Moleong, 2016). Meanwhile, according to Ahmad Tanzeh, the qualitative method is a study procedure that is intended to reveal symptoms holistically contextually (thoroughly and following the context or what it is) by collecting data from natural settings as a direct source with the key research instruments themselves (Ahmad Tanzeh, 2009).

Qualitative methods attempt to expose the various exclusions found in individuals, citizens, or organizations in everyday life in a complete, detailed, and systematically accountable manner. Because it will be easier after faced with a double reality. This study uses logical rational, analysis with rationality, induction, deduction, equivalence, comparison, and the like (Tatang M. Amirin, 1995).

3.2 Researcher Presence

The role of researchers is very important because they interact directly with the main source of data and information (Participants). Therefore, to obtain accurate and reliable research results, researchers are required to have extensive knowledge about the research object and location. Apart from that, researchers must also have the ability to communicate and adapt to the environment to build public trust (Stake. R, 1995).

3.3 Research Location

The research location is in Bondowoso Regency, which is one of the districts in East Java Province, Indonesia. This district has an area of 1,560.10 km² and is geographically located at coordinates 113°48'10" - 113°48'26" East Longitude and 7°50'10" - 7°56'41" South Latitude. The air temperature in Bondowoso is relatively cool, ranging from 15.40 °C to 25.10 °C, because of its position surrounded by mountains. In the east, there are the North Kendeng Mountains with the peaks of Mount Raung and Mount Ijen, while in the west there are the foothills of the Hyang Mountains with the peaks of Mount Argopuro, Mount Krincing and Mount Kilap. In the north, there are Mount Alas Sereh, Mount Biser, and Mount Bendusa.

In terms of location, Bondowoso Regency is not on a strategic route. Even though it is located in the center of the region, this district is not traversed by national roads that connect between provinces. Apart from that, Bondowoso also does not have coastal or marine areas, which causes its growth to be slower than other districts in East Java. Geographically, Bondowoso Regency borders the following areas:

- a. North : Situbondo District.
- b. Eastern : Situbondo District and Banyuwangi District.
- c. Austral : Jember District.
- d. Western : Situbondo District and Probolinggo District.

The terrain in Bondowoso District consists of mountains and hills covering an area of 44.4%, 24.9% of which is highlands and lowlands 30.7% of the total area. Bondowoso District is at an altitude of between 78-2,300 mpdl, with details of 3.27% being at an altitude of below 100 mpdl, 49.11% being at an altitude of between 100 - 500 mpdl, 19.75% at an altitude of between 500 - 1,000 mpdl and 27.87% are at an altitude above 1,000 meters above sea level. According to the regional topographic classification, the slope of the Bondowoso District varies. Flat with a slope of 0-2% covering an area of 190.83 km², sloping (3-15%) covering an area of 568.17 km², slightly steep (16-40%) covering an area of 304.70 km² and very steep above 40% covering an area of 496.40 km². Based on a geological review in Bondowoso District there are 5 types of rock, namely 21.6% quaternary

volcanic yield, 62.8% young quaternary volcanic yield, 5.6% onsite rock, 8.5% alluvium, and 1.5% sediment jasmine miasm. %. The soil type is 96.9% medium textured which includes clay, dusty clay, and sandy clay; and 3.1% coarse texture which includes sand and clayey sand. Based on a review of geology, topography, soil type, and land use patterns, the Bondowoso District area is characterized as an area prone to natural disasters, especially floods and landslides (Indonesian Ministry of Village).

3.4 Data Source

In this research, there are two types of data sources collected by the author, namely primary data and secondary data:

- a. Primary Data, explicitly data sources unswervingly obtained from observation, documentation, and interviews with several participants.
- b. Secondary Data, namely data sources that cannot be obtained directly from participants, but rather through other people or documents. Like books, and journals. Reports and additional publications connected to the focus and objectives of this study (Sugiono, 2014).

3.5 Data Collection Techniques

To obtain data or information in this study, a data collection method is required. The following are several data collection techniques used in this study:

- a. Observation

Simply put, observation is also called the observation method. Observation is the systematic observation and recording of the problems being studied (Nawawi, 2014). Observations are carried out thoroughly on the case or problem being studied, by searching the research object, by observing the events that occur. In this case, the researcher came directly to the place being observed in Bondowoso District, East Java Province, Indonesia.

- b. Interview

An interview is a conversation between two people to share ideas and information through questions and answers, so that connotation can be created on a particular issue (Sugiono, 2014). In this case, the researcher

interviewed parties related to the problem formulation. Researchers conducted interviews with several participants in Bondowoso District. The type of interview carried out is a semi-structured interview, where the main or core questions to be asked have been prepared beforehand.

c. Documentation

An interview is a form of conversation between two individuals which aims to exchange information and ideas through a question-and-answer process, so as to form an understanding of a particular problem. (Sugiono, 2014). The purpose of this method is to obtain data about existing documents, through sources related to the study being researched as well as literature related to the problem formulation.

3.6 Data Analysis Techniques

This analysis is used cooperating and continues continuously until saturated data arrives. The stages of data analysis activities include namely data reduction, data coding, data display, and conclusion verification:

a. Data Reduction

The data found in the area is of course very large, so it is necessary to record it carefully and in detail. Therefore, researchers are required to carry out data analysis through data reduction. Reducing data means shortening, selecting the main points, focusing on what is important, looking for themes and patterns, and discarding what is not necessary. At this stage, the researcher records data regarding the Analysis of Regional Local Income, Social Welfare, and Poverty in the Regency in the form of notes and then interprets and selects the data needed to focus on this research.

b. Data Coding

Coding data is an important step in qualitative methods because coding data is the procedure of organizing and categorizing rare data such as interview transcripts and field notes into themes, concepts, or categories that are related to the focus and objectives of the study. (Sugiono, 2014). 3 types of coding can be done by NVIVO, including:

1) Manual coding, Manual coding is coding carried out manually by

researchers, researchers can create codes and child codes themselves.

- 2) Mixed coding, mixed coding is a coding process that is carried out manually and automatically. Researchers were first asked to manually code 10% of the data managed. After that, researchers can do coding automatically.

Automatic coding. This automatic coding can be carried out directly by researchers who carry out manual coding first.

- c. Display Data/Data presentation

The next stage is presenting the data in the procedure of narrative text. The data presented is analyzed and arranged systematically to explain and answer the main problems regarding the analysis of local original income, social welfare, and poverty in Bondowoso District. Through this presentation, data can be organized and arranged systematically so that the results will be easier to comprehend.

- d. Conclusion

The next step is drawing deductions and verification. After the data has been reduced coded, and presented in a systematic and organized manner, a conclusion is then drawn which can answer the problem formulation in this research (John W. Creswell, 2007). The conclusion of this research will be a new finding regarding the analysis of local revenue, social welfare, and poverty in Bondowoso District.

- e. NVIVO

Apart from the manual analysis techniques mentioned previously, this research also uses NVIVO software to make it easier to analyze the data obtained, especially in the process of coding and visualizing findings. So, it can make it easier for researchers to interpret the findings in this research.

3.7 Data Validity Verification Techniques

To verify the validity (trustworthiness) of data, inspection techniques are needed. The implementation of examination techniques is according to a certain number of criteria. In this research, four criteria were used, as recommended by Lincoln and Guba, explicitly the degree of belief,

transferability, dependability, and confirmability. The application of the degree of trustworthiness criteria replaces the non-qualitative concept of internal validity. This criterion functions: first, carry out inquiry in such a way that the equal of confidence in the findings is confirmed by the researcher in the multiple realities being studied (John W. Creswell, 2007).

In data validity verification techniques, six techniques need to be carried out in this research, including:

a. Triangulation

This technique is often used to validate the validity of data in qualitative methods. Triangulation is an effort to increase the validity and validity of data by comparing and checking the consistency of data or information obtained from various sources, methods, or perspectives. This triangulation technique aims to obtain data that is more accurate, complete, and free from subjective bias (Sugiono, 2011). According to (John W. Creswell, 2007) there are 4 types of triangulation, namely:

- 1) Data source triangulation, meaning comparing information or data obtained from various data sources. For example, by comparing the results of interviews with several different participants.
- 2) Method triangulation, meaning using various data collection methods such as observation, interviews, document analysis, and observation to obtain more holistic data.
- 3) Theory triangulation, meaning using various theories or perspectives to analyze and interpret data. For example, by analyzing poverty data in Bondowoso District using poverty theory and social theory which aims to gain a broader understanding.
- 4) Time triangulation, meaning collecting data at different times to check data consistency. For example, by observing people's behavior on weekdays and weekends to see differences in activity patterns.

So, of the four types, triangulation is the best way to remove alterations in the structure of statements that exist in the background of a study when accumulating data around various events and relationships from various

views. In other words, with experimentation, researchers can cross-check their findings by comparing them with various sources of methods or theories (Sugiono, 2011).

b. Extension of participation

In the qualitative research method, a researcher is the main instrument in the research, so his participation involves direct interaction with the data source through interviews, document analysis, and observation, the researcher is responsible for identifying, collecting, and understanding the data in depth. So, in qualitative research methods, a researcher is required to have good interaction skills in data collection. A researcher is also required to have flexible adjustments, which is not the same as quantitative research methods, in qualitative research methods a researcher interacts and communicates directly with the main data source (participants), so flexible adjustments in data collection are very necessary in qualitative research methods (John W. Creswell 2007).

c. Member Checking

This technique is very important to raise the validity and validity of the information that we obtain. where the researcher will later provide temporary results or final results from temporary findings or interpretations obtained from observations, interviews, and documentation to research participants to ask for input, clarification, and confirmation. This member checking aims to ensure data accuracy, identify discrepancies, and avoid research bias, so this member checking aims to increase credibility, enrich the data, and improve relationships with participants. Even though this technique is often used, some researchers consider this technique weak, because participants are not always objective due to the possibility of participants giving answers that they think are expected by the researcher, not from their original views (John W. Creswell. 2007). So, the triangulation technique is very necessary for the validity of this technique.

d. Negative Case Analysis

This technique is useful for increasing the validity and credibility of research results by observing and analyzing problems or data that contradict the initial themes or conclusions found by the researcher (John W. Creswell, 2007). For example, in this research, most of the cases or data show that the low local income in Bondowoso District is caused by the high level of poverty. However, it was found in one place where the local income was low, but the poverty rate was also low because the community had other sources of income such as strong informal income. This case example is analyzed to find out what causes make this place different from other places so that this case can also enrich data and holistic understanding.

e. Peer Review or Debriefing

This technique is the same as the previous validation technique which is useful for increasing the validity of the data, by involving colleagues or fellow researchers in the research process, data collection, data analysis, and even interpretation of findings. Apart from the supervisor who guides and provides direction in writing this thesis, colleagues or colleagues also function as the function of a supervisor. Some of the research colleagues include one of the university rectors in Bondowoso District, the regent's expert staff in the field of economic development, members of the Bondowoso District DPRD Commission 3 on social welfare, and several lecturers from campuses in Indonesia. The selection of colleagues or associates is relevant to the research object and the background of the colleague or colleagues. So that from this technique we can gain a broader understanding and perspective, identify potential data bias, and most importantly ensure that this research is carried out systematically and transparently.

f. Rich, Thick Description

The final technique in data validity techniques is Rich, Thick Description. As the name suggests, this technique is useful for describing research data in a holistic, detailed, clear, and in-depth manner so that readers

can understand the context and nuances of the case or phenomenon being studied (John W. Creswell, 2007). Usually, this technique organizes and explains cases or phenomena in detail and depth, contextualizes, presents or includes participants' voices, and focuses on nuances. So that these characteristics increase transferability, help validate data and of course build in-depth understanding. There are several ways to do this technique. Among them, describing the context in detail. For example, the morning atmosphere in Bondowoso District, the majority of residents working as farmers, are very busy carrying out buying and selling activities of their harvest. However, the most important thing is to prepare this technique using direct quotations. For example, *"a resident said: we have no other choice but to accept assistance from the Government, because the harvest is not enough to meet our daily living needs."*

Rich, Thick Description is an important element in qualitative research methods to describe cases or phenomena in a real, in-depth and contextual manner. This technique is not only useful for enriching readers' understanding, but can also increase confidence in research results.

3.8 Research Participant

Research Participants are individuals or groups who are voluntarily involved in the research process to provide data or information that is relevant to the focus and objectives of the research (John W. Creswell, 2007). Like the philosophy of qualitative research methods, participants are considered as the main source of data, through interviews, observations, and group discussions. So, this philosophy must be taken into account when determining participant characteristics, because the data or information provided by participants is the main source of our research data.

Many are still confused about the difference between participants and respondents. Participants are usually actively involved in the research and are often asked to provide in-depth perspectives on the research, such as interviews and observations. Meanwhile respondents usually only answer directly, often through surveys and questionnaires and these respondents are more common in qualitative research (Sugiono, 2011). So, from the function of participant involvement in the

data and information collection process, this qualitative research method is very suitable for social sciences, humanities, and holistic types of research such as this research. Some characteristics of participants that must be paid attention to include:

- a. Relevant to the case or phenomenon being studied. This means that the participants selected must be relevant or have experience, a role, or involvement with the case being studied.
- b. Voluntary. Participants selected must be voluntary and there is no element of coercion in the data collection process after being given information about the research, including focus and objectives, methods, and potential impacts.
- c. Representation of Social Context. Participants often represent specific groups, agencies, cultures, and situations to provide in-depth perspectives.

There are many ways to select participants in qualitative research methods, but I refer to a book by John W. Creswell entitled *Qualitative Inquiry and Research Design*. Several ways to select participants include:

- a. Purposive Sampling. Participants were selected based on criteria relevant to the focus and objectives of the research.
- b. Snowball Sampling. Initial participants recommend other individuals or groups who are also relevant to the focus and objectives of the research, in order to enrich the data that will be obtained.
- c. Convenience Sampling. Researchers choose participants who are easy to access and give permission to conduct research (John W. Creswell, 2007).

In Indonesia, this applies to the research permit process for an agency. Usually, before meeting with groups or individuals representing a government agency, researchers are required to apply to the national and political unitary body first.

From these three ways of selecting participants, you can obtain data or information that is relevant to the focus and objectives of the research and in accordance with research method procedures.

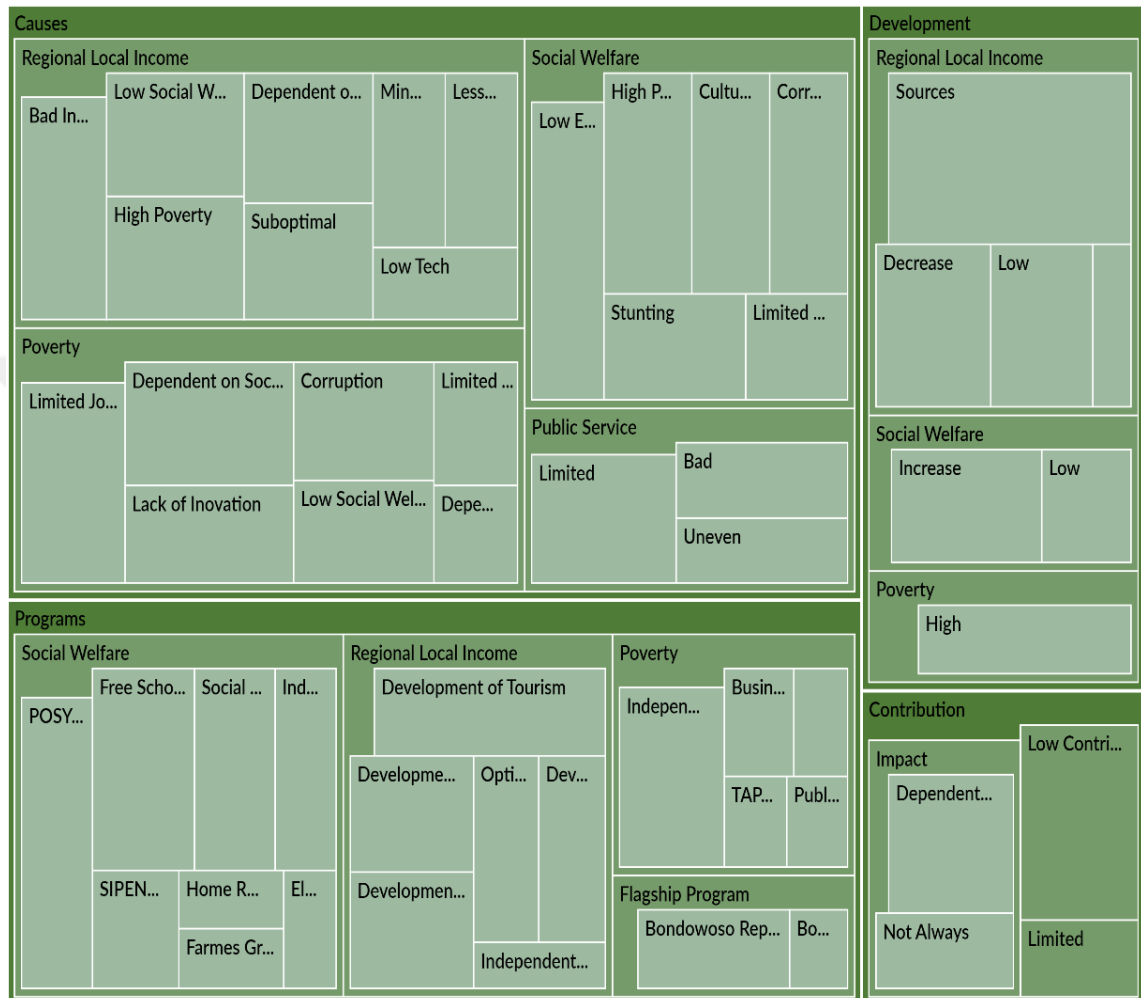
In compiling this list of participants, I referred to the journal written by Busra Polat and Ozan Alargoz from Anadolu University entitled *Deinstitutionalized Careers: Intersectionality of Gender Pay Gap among Women Knowledge Workers*.

Participants in this research have diverse backgrounds to obtain data and information holistically, but still by the characteristics and procedures for selecting participants as explained previously. The following is a list of participants in this research.

Name	Gender	Age	Job/Agency
P1	Male	69	Regent of Bondowoso District
P2	Female	50	Regional secretary of Bondowoso district
P3	Male	63	Chairman of the Bondowoso District People's Representative Council
P4	Female	44	Head of Bondowoso District Social Office
P5	Female	50	Head of Bondowoso District Education Office
P6	Male	46	Head of Bondowoso District Regional Revenue Office
P7	Female	43	Head of The Regional Tax and Retribution Division of Bondowoso District
P8	Female	48	Head of Regional Development Planning of Bondowoso District
P9	Male	23	MSMEs in Bondowoso District
P10	Male	27	MSMEs in Bondowoso District
P11	Male	31	MSMEs in Bondowoso District
P12	Male	33	MSMEs in Bondowoso District
P13	Male	39	MSMEs in Bondowoso District
P14	Female	40	MSMEs in Bondowoso District
P15	Female	42	MSMEs in Bondowoso District
P16	Female	19	Citizen Of Bondowoso District
P17	Female	22	Citizen Of Bondowoso District
P18	Female	27	Citizen Of Bondowoso District
P19	Female	34	Citizen Of Bondowoso District
P20	Female	37	Citizen Of Bondowoso District
P21	Female	40	Citizen Of Bondowoso District
P22	Male	45	Citizen Of Bondowoso District
P23	Male	49	Citizen Of Bondowoso District
P24	Male	53	Citizen Of Bondowoso District
P25	Male	55	Citizen Of Bondowoso District

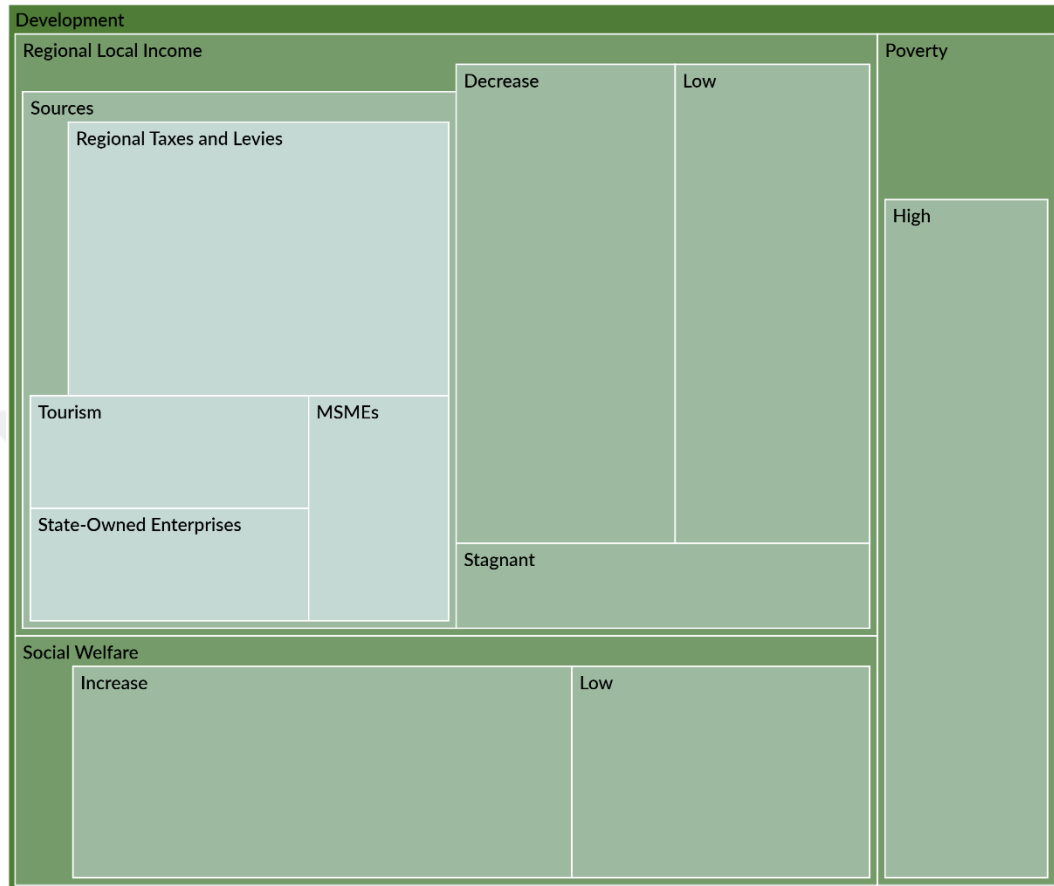
4. FINDINGS AND DISCUSSION

Based on the results of the hierarchy chart analysis produced by NVIVO on the data obtained, the following findings were found:



The mind map above is a finding visualized by NVIVO through Hierarchy Chart analysis. However, these findings will be explained according to the existing problem formulation.

4.1 Dynamics of Growth in Regional Local Income, Social Welfare and Poverty in Recent Years in Bondowoso Regency.



The results of the Hierarchy Chart analysis, explain the dynamics of regional local income development, social welfare, and poverty in the Bondowoso district in recent years. The results of the hierarchy chart analysis show that Bondowoso district's regional local income is predominantly experiencing a decline and the nominal value is low. Apart from experiencing a decline and being low, regional local income also experienced stagnation. The column sizes in the Hierarchy Chart analysis results also have several meanings. The larger the column in the Hierarchy Chart analysis, the more dominating the existing findings and problems. Conversely, the smaller the column in the Hierarchy Chart analysis, the smaller the dominance of the findings from the existing problem. Therefore, the findings on the

development of regional local income in Bondowoso district show that regional local income has predominantly decreased in the last few years because the decreasing column is greater than the other finding columns.

The main source of Bondowoso district's regional local income is regional taxes and levies, this sector still dominates around 84% of Bondowoso district's regional local income. The remainder is divided into several other sectors, such as the Tourism sector, the State or Regional-Owned Enterprises sector, and the MSME sector. However, some of these sectors still have a very low contribution to regional local income in Bondowoso Regency and have not been optimal in their development and management.

The social welfare of Bondowoso district has increased, although the increase is small. It is recorded that in 2023 the social welfare of Bondowoso district will change from a medium level to a high level. However, even though Bondowoso Regency's social welfare has increased in level, this does not mean that Bondowoso Regency's social welfare is already high. This was conveyed by several participants that social welfare in Bondowoso district is still relatively low. There are still many people in Bondowoso district who still live in deprivation and limitations, several indicators of the human resource development index are still very low, such as the average years of schooling is still very low. It is recorded that long school expectations are at 13.3 years, while the average years of schooling is still at 6.3 years. This means that the average educational background of the people of Bondowoso district is only 6.3 years or only up to the end of elementary school. Apart from that, the social welfare of Bondowoso district is always consistently below the average welfare of East Java province.

Meanwhile, poverty in Bondowoso district is still a major problem for the local government. All participants explained that poverty in Bondowoso district is still high. And the poverty of Bondowoso district is also consistently above the poverty average for East Java province.

4.2 The factors causing regional local income, social welfare, and poverty in Bondowoso Regency are below the average for East Java Province.



The results of the Hierarchy Chart analysis, it is clear that the factors causing low regional local income are dominated by poor infrastructure. This poor infrastructure is acknowledged by the Government, especially by the community. Many people complain about poor infrastructure such as damaged roads, and no street lights, so they find it difficult to carry out daily activities, especially bringing their merchandise to market.

Apart from poor infrastructure, there are several other contributing factors, such as low social welfare, high poverty, dependence on central transfer funds, less than optimal development and management of regional potential and wealth, minimal investment, less awareness of paying taxes, and low technology in the Bondowoso district. These are the factors causing low regional local income in the Bondowoso district. Regional governments need to pay attention to these causal factors, especially in developing and managing regional potential and wealth.

Because the government's job is to reduce uncertainty. If the Government can optimize regional potential and wealth, then the opportunity to depend on transfer funds from the central government will be reduced, and districts more independent. When a district or city is independent and can optimize regional potential and wealth, the Government can optimize development and other programs without experiencing budget limitations. So that the local economy, investment, and employment will increase, social welfare will also increase and poverty will also decrease.

Meanwhile, the factors causing low social welfare are dominated by the community's low level of formal education. Other factors such as high poverty, culture and mindset, corruption, stunting, and limited budgets also influence factors causing low social welfare in Bondowoso district. Indeed, this low level of education greatly influences future output. Low formal education can affect the culture and mindset of society so that low formal education causes the culture and mindset of the community to also be low and difficult to encourage them to develop. For example, when researchers conducted observations and interviews with several participants, they said that their level of education did not affect their future, they said "It's useless to go to high school, you'll end up becoming a farm laborer." This culture and way of thinking is caused by their low level of formal education. Another example of the culture and way of thinking that occurs in Bondowoso district is the prohibition on rejecting a woman's first marriage proposal. And they believe that if they reject the first proposal, it will be difficult to find a partner in the future. This culture and mindset causes many early marriages. This early marriage creates many women who are not ready to get pregnant, so they give birth in a stunted condition. It was recorded that 37% of babies or toddlers in the Bondowoso district experienced stunting caused by early marriage in 2021.

Meanwhile, the factors causing high poverty are dominated by the lack of employment opportunities. So, many people work odd jobs and informally, and many people from Bondowoso district even migrate out of town and abroad. Another factor is caused by the community's dependence on social assistance from the Government. This causes the community to be less independent and dependent

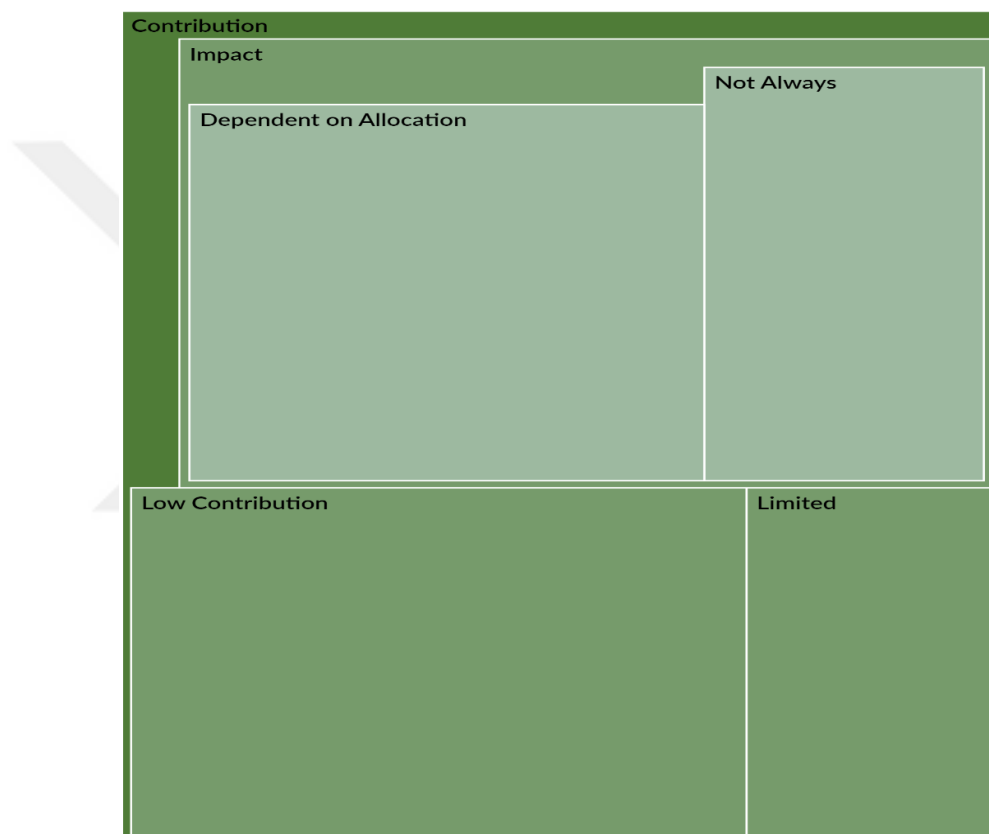
on the government, this is what causes the quality of the Bondowoso district community to decline, both in terms of human resources, innovation, and competitiveness. Corruption is also a factor in the high level of poverty in Bondowoso district. It is not uncommon for many government officials to commit corruption, so funds or budgets that should be used for development and other social programs are misused by government officials for their personal needs. This corruption is very detrimental to the state and society. Low social welfare, limited budget, and dependence on traditional agriculture are also factors in the high level of poverty in the Bondowoso district.

Corruption is no longer an issue in Indonesia. At any time there is always news or information about corruption carried out by government individuals, both at the central level, regional (provincial), and regional (district or city) levels, even at the village level. Many village heads have been caught in corruption cases, for example, my village head corrupted agricultural tractor equipment that should have been allocated to farmer groups in the village. The latest issue of corruption in Indonesia was carried out by Harvey Moeis in the case of corruption in the management of the trading system for tin commodities amounting to 300 trillion or the equivalent of 20 million USD. According to the corruption perceptions index for 2024, Indonesia is in 109th position out of 180 countries with the number 34. It is very unfortunate for a country of this size, especially a member of the G20 or the 20 countries with the largest economies in the world, but corruption cases are very high. Of course, this is the main focus for the Indonesian Government, more so for the Bondowoso Regency regional government.

Of these three research objects, the causal factors are interconnected. Low regional local income is caused by low social welfare and high poverty. Low social welfare is also caused by high poverty and limited budgets due to low regional local income, as well as high poverty caused by low social welfare and limited budgets due to low regional local income. Although these factors are not the only causes of low regional local income social welfare and high poverty, these factors are interrelated.

Apart from that, the state of public services in Bondowoso district is still very limited, especially in the education and health sectors. Apart from limited public services, the situation is also bad and uneven. Especially in rural and remote areas.

4.3 Contribution of Regional Local Income to Social Welfare and Poverty in Bondowoso Regency.



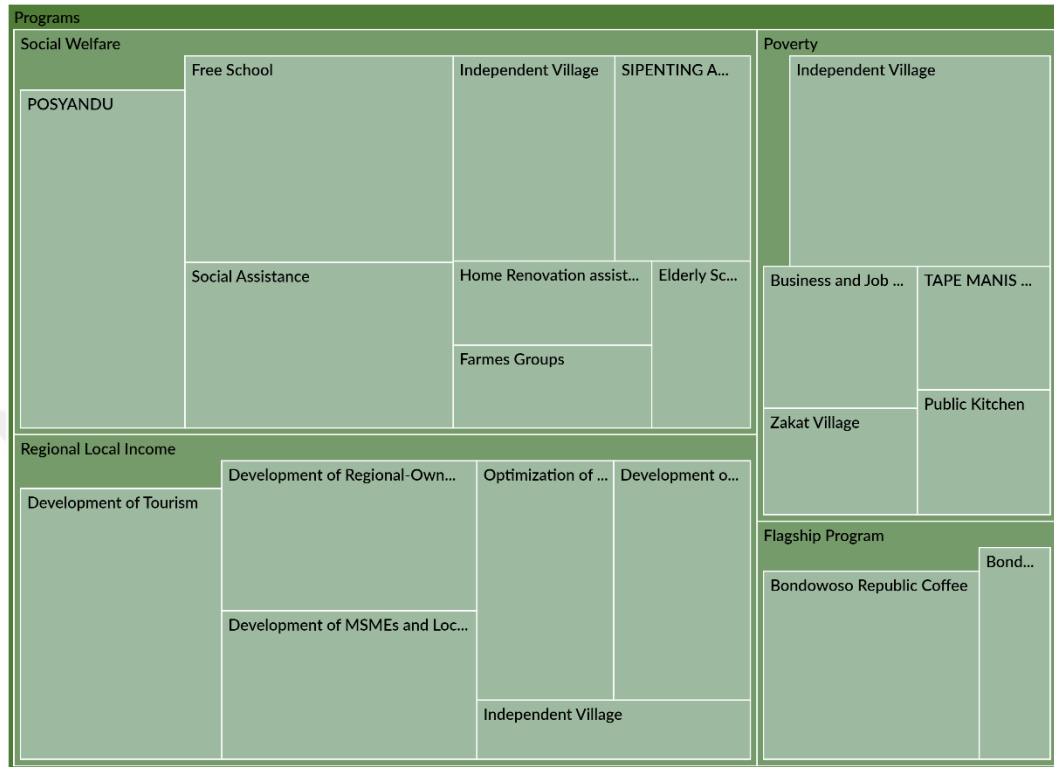
Based on the results of the Hierarchy Chart analysis, it is clear that the contribution of regional local income to social welfare and poverty in the Bondowoso district is very low. This is caused by the low allocation of regional local income to the local income and spending budget. It is recorded that regional local income only contributes around 5% -8% of the local income and spending budget each year. It is recorded that Bondowoso district's regional local income in 2024 is 154 billion rupiah, while the regional local income and spending budget for

2024 is 2 trillion rupiah, meaning that regional local income only contributes 7.7% of the original income and spending budget. So, the low contribution of regional local revenue to the regional income and spending budget means that the budget is limited and can hamper development and other social programs, such as social welfare programs and poverty programs. Apart from its low contribution, regional local income's contribution is also limited to social welfare and poverty, this is also caused by the limited budget.

Meanwhile, the effect of regional local revenue development on social welfare and poverty depends on how the income or budget is allocated. If allocated to development and other social programs, regional local income has a big impact on social welfare and poverty, and can also be felt by the community. However, if the income or budget is allocated to programs that are less useful and efficient, for example, excessive use of ceremonial events, then the income and budget will have no impact on social welfare and poverty. Moreover, if the income or budget is corrupted by government elements, then it is very clear that it will have no impact and can be detrimental to the state and society.

Levy or income allocation is the key to success in development. The budget or income must be right on target and timely in its allocation. So, it requires knowledge or individuals who understand the conditions of the region and society. Apart from being able to understand the conditions of the region and society, it also requires honesty. Because their honesty has a big impact on poor people. For example, in allocating social assistance, there are many errors in recording the people who receive social assistance. So that many poor people who are entitled to receive social assistance are not listed as recipients of social support, due to a lack of honesty. Conversely, many people are not entitled to receive social assistance but are listed as recipients of social support.

4.4 Bondowoso District Regional Government Program to Increase Regional Local Income, Social Welfare, and Poverty in Bondowoso Regency.



There are many programs carried out by the Bondowoso district government to increase regional local income and social welfare and to reduce poverty. Based on the results of the hierarchy chart analysis, it is clear that developing the tourism sector is the Government's main program for increasing regional local income. Apart from developing the tourism sector, the Government is also developing Regional-Owned Enterprises and MSMEs and local economics, as well as optimizing the collection of regional taxes and levies and optimizing infrastructure development and independent village programs. These are the programs carried out by the Bondowoso local government to increase regional and local income. Bondowoso district also has a superior program, namely the Bondowoso Republic of Coffee program. This program aims to introduce local Bondowoso coffee products (Arabica Coffee) on the national and international stage and increase exports of local coffee.

The development of the tourism sector has been the Government's main program in recent years. Because the government realizes that the tourism potential of Bondowoso district is very high. The development of the tourism sector includes developing tourist infrastructure, developing tourist villages, and promoting tourism in the Bondowoso district by creating a community called "Kacong Jebbing". This community is like Miss Universe which was selected from the young men and women of Bondowoso district to promote tourism in Bondowoso district. Apart from that, the Government is also developing MSMEs and the local economy by providing entrepreneurial training and assistance or borrowing business capital through the CRS (Corporate Social Responsibility) system, and the Government also provides time and place to promote products from MSMEs such as the Car Free Day program every Sunday. Ramadan festivals, Muharram festivals, and other festivals. The government is also optimizing the collection of regional taxes and levies. Because Bondowoso district's regional local income is still dominated by regional taxes and levies, through mobile tax collection cars for city residents and visiting people's homes for rural communities. This program aims to make it easier for people to pay taxes.

Meanwhile, POSYANDU is the most dominant program from the government in its efforts to improve social welfare. The free school program and social assistance are also the main programs of the Government as several other programs such as independent villages, SIPENTING, house renovation assistance, farmer groups, and seniors' schools.

POSYANDU is a government program as a form of community health effort for babies or toddlers and the elderly, to make it easier for people to get access to good health. This program is carried out at the village office and is carried out every 2 weeks. Free education for elementary schools, middle schools, and high schools is also the Government's main program to create people with a high educational background. With this program, it is hoped that it will produce higher quality and more innovative resources so that in the future it can improve the low and undeveloped culture and mindset of society. The SIPENTING program is a program specifically by the Bondowoso district social service for people who

experience stunting. Because many people get married at an early age, which is caused by their culture and mindset, the Bondowoso district social service is worried about this situation, so in this SIPENTING program, they create regulations for marriage celebrants not to marry underage couples as specified. by the central government, namely 21 years for men and 19 years for women.

Social assistance and house renovation assistance are also government programs to improve social welfare, but these programs are very limited due to the low and limited government budget. This program is also considered less than optimal in improving social welfare and poverty because this program is only temporary and does not eradicate the root of the problem. So, the Government is focusing more on long-term programs such as improving the quality of human resources. Apart from that, the Government also provides a school program for the elderly, this is done based on the condition of people whose education is low and many of the elderly have never gone to school when they were young for various reasons. So, the Government provides this elderly school program to improve the quality of human resources.

The independent village program is the Government's most popular program in its efforts to reduce poverty. This program aims to create a village that is independent in management and growth. Because the majority of social welfare and poverty problems originate from villages, both in terms of infrastructure, education, health, and other sectors. So, there is a disparity between urban areas and rural areas. It is from this problem that the Government focuses more on development in villages and remote areas to reduce these disparities. This program is of course the same as regional development programs (district or city level) but this program is on a small scale, namely at the village level. Similar to regional development programs, the independent village program also seeks and develops the potential that exists in the village. Apart from that, this independent village program also creates village-owned enterprise by managing village assets and wealth which will later result from the management. village funds in carrying out development.

Apart from the independent village program, there are several other programs carried out by the Government to reduce poverty, namely, job and

entrepreneurship training, the TAPE MANIS Movement, zakat villages, and public kitchens. The MANIS MANIS program is an acronym for the Movement for Responsiveness and Care for the Poor in Indonesian. This program is part of the Bondowoso district government's strategic steps through the poverty reduction coordination team. This program is aimed at providing services to poor people in conveying various complaints about their poverty issues, both related to program participation and non-program participation to further connect them with social protection and poverty reduction programs organized by regional, village, and non-governmental programs. Government according to their needs. Apart from that, this program was held to integrate all poverty reduction programs from both the Bondowoso district government and non-government to resolve complaints submitted by the poor. There is also a zakat village program, this program is aimed at better understanding the community regarding the obligation to pay zakat, where the zakat will be collected at the National Zakat Amil Agency and will later be distributed or levied on people who are entitled to receive zakat, including the poor. The last one is the public kitchen program, this program is organized by the Bondowoso district government through the Bondowoso district social service and is held in designated places and of course in poor areas. However, this program is not yet optimal due to budget limitations.

CONCLUSION

1. Bondowoso district's regional local income has decreased over the last few years and Bondowoso district's nominal regional local income is low and stagnant. The main source of regional local income for Bondowoso Regency is still dominated by regional taxes and levies. There are also other sources such as the tourism sector, regional-owned enterprises sector, and MSMEs sector, but these three sectors are not yet optimal. The social welfare of Bondowoso district has increased, although the increase is small. This changes the level of social welfare from a medium level to a high level. Even though social welfare has increased, the social welfare of Bondowoso district has not yet become high. This is because many indicators or dimensions of the human resource

growth index are still low. Meanwhile, poverty in the Bondowoso district is still high and is a challenge for the Bondowoso district government.

2. The factors causing the low regional local income of Bondowoso district are dominated by poor infrastructure and several other factors, such as low social welfare, high poverty, dependence on transfer funds from the center, less than optimal management of regional assets and wealth, minimal investment, less awareness of paying taxes and low technology. On the other hand, low education is the main factor for low social welfare. And several other factors such as high poverty, culture and mindset, corruption, stunting, and limited budget. Meanwhile, the main factor in high poverty is caused by limited work. and several other factors, such as dependence on social assistance, lack of innovation, corruption, low social welfare, limited budget, and dependence on traditional agriculture.
3. The contribution of regional local income to social welfare and poverty in the Bondowoso district is very small and limited. Meanwhile, the effect depends on how the government allocates income. This means that increasing regional local income does not always have an effect on increasing social welfare and reducing poverty.
4. There are many programs carried out by the government to increase regional local income and social welfare and reduce poverty. Regional local income, tourism development is the Government's main program in efforts to increase regional local income and is followed by the development of other sectors such as the Regional-Owned Enterprises sector, MSMEs, and local economics sector and infrastructure development. On the other hand, social welfare is still dominated by the POSYANDU program. There are other programs such as the free school program, social assistance program, and SIPENTING program. Meanwhile, the main program to reduce poverty is the independent village program. And several other programs such as job and entrepreneurship training, zakat campus, TAPE MANIS Movement, and public kitchens.

SUGGESTION

Based on the research results found in this research problem, the researcher proposed several suggestions. Among them:

1. The government cannot always rely solely on regional taxes and levies in collecting regional local income, due to the low social welfare situation and high poverty in Bondowoso district. The government should be more focused and optimal in developing and managing regional assets and wealth, such as the tourism sector, the Regional-Owned Enterprises sector, the MSME sector, and the local economic sector.
2. The government must pay more attention to the main factors causing the three research objects, especially poor and limited infrastructure, low human resources, and limited employment as well as optimizing limited and uneven public services, especially in rural and remote areas.
3. Income allocation is the key to success in regional development. Therefore, the Government's consistency in allocating the budget is very much needed for the progress of regional development.
4. The government is expected to be more selective and wise in determining and implementing regional government programs. Especially pay more attention to programs that are really needed by the poor. It is hoped that the Government will not engage in corruption and nepotism. The community is also expected to support and participate in the Government programs that have been provided, especially programs to improve the quality of human resources.

PROJECT PLANNING

Project Planning: Regional Local Income Development Strategy, Social Welfare, and Poverty Alleviation in Bondowoso Regency.

1. Plan For Researchers
 - a. Continue Ph.D/Doctoral studies in economics with a concentration in regional development studies.
 - b. Advanced Studies: Conduct further research on the effectiveness of Regional Local Income improvement programs, as well as their relationship to social welfare and poverty.
 - c. Policy Analysis: Evaluate local government policies in Regional Local Income management, poverty reduction, and improving social welfare.
 - d. Specific Sector Studies: Identify leading sectors that have the potential to significantly increase Regional Local Income, such as tourism, modern agriculture, and the creative economy.
 - e. Academic Collaboration: Hold seminars or discussions with other academics to obtain input on optimal strategies for the Bondowoso District.
 - f. Journal publication of the thesis, to be used as a future reference.
2. Plans for the campus (University)
 - a. Community Service Program: The campus can conduct mentoring programs for MSMEs, tourist villages, and potential economic sectors in Bondowoso.
 - b. Cooperation with the Regional Government: Providing data-based research that can assist in the formulation of regional economic and social policies.
 - c. Business & Technology Incubator: Building innovation centers and business incubators for local communities to develop technology-based businesses and the creative economy.

- d. Education and Training: Holding training programs related to regional taxes, MSME financial management, and entrepreneurship for the Bondowoso community.
3. Plans for the Bondowoso Regency Government
- a. Infrastructure Improvement: Improving road, electricity, and internet access to support local economic development and investment.
 - b. Optimization of PAD Sources: Improving the management of regional taxes and levies and improving regional asset management to increase PAD revenues.
 - c. Tax Policy Reform: Increasing taxpayer awareness through socialization, tax incentives, and digitalization of regional tax payments. And providing awards or tax deductions for business actors who are obedient in paying taxes as a compliance incentive.
 - d. Development of the Tourism & MSME Sector: Increasing tourism promotion, training for MSME actors, and encouraging cooperation between the public and private sectors in managing the local economy.
 - e. Improving Education & Human Resources: Increasing access to quality education and skills training to improve the competitiveness of the workforce in Bondowoso.
 - f. Transparency and Accountability: Minimizing corruption with a more transparent and participatory budget management system
 - g. Prohibiting the people of Bondowoso Regency from marrying at an early age, to prevent the birth of babies with stunting
 - h. Sentencing corruptors to death and confiscating assets from their corruption.
4. Plans for the community
- a. Increasing Tax Awareness: The public needs to be more aware of the importance of paying taxes for regional development.

- b. Participation in Government Programs: Participating in training and economic empowerment programs such as MSMEs, job training, and independent village programs.
- c. Entrepreneurship Development: The public can start developing small businesses by utilizing technology and innovation.
- d. Changes in Mindset & Work Culture: Encouraging the public to be more oriented towards productivity, innovation, and economic independence



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