The Impact of Economic Conditions on Criminality in Indonesia

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ABSTRACT

The purpose of this research is to analyze the impact of economic problems on criminality in Indonesia. The data used in this research are secondary data sourced from the publication of the Central Bureau of Statistics, which consists of the crime rate as a dependent variable and the unemployment rate and the poverty rate as an independent variable. Furthermore, the object of this research is all provinces in Indonesia, consisting of 34 provinces. This research was analyzed using panel data regression analysis. Based on the results of regression panel data, it was found that partially, each unemployment rate and poverty rate had a positive and significant impact on the crime rate in Indonesia. Then, simultaneously, the unemployment rate and poverty rate have a positive and significant impact on the crime rate in Indonesia, with an adjusted R-squared value of 0.203. Based on these results, it can be concluded that to minimize the high crime rate in Indonesia, poverty and unemployment should be reduced. In addition to improving economic conditions, this will also have an impact on reducing the crime rate in Indonesia.

Keywords: Criminality, economic problems, poverty, unemployment.

1. INTRODUCTION

Poverty is an unlawful act involving violence, theft, fraud, or other harmful acts that can cause harm to individuals, groups, or society in general (Sherman & Eck, 2002). This crime is influenced by many factors, including high poverty, unemployment, and income inequality in society. In the end, these three factors will have an impact on people's social and economic lives. According to Merton (1968), the imbalance between the social goals desired by the individual and the individual's ability to achieve these goals will cause tensions or strains that drive the individual to commit criminal acts. As one of the developing countries, Indonesia has a crime rate that continues to increase from year to year.

The data on the crime rate in Indonesia can be seen in Fig. 1. Crime rate in Indonesia continues to increase from year to year. In 2022, the number of crimes in Indonesia increased by 7.3% compared to the previous year. That is, every hour, about 31.6 crimes occur in the country. According to the Chief of Police, the increase in crime cases in 2022 was caused by community activities starting to loosen after the surge in COVID-19 pandemic cases in Indonesia. Even when compared to countries in ASEAN, one of the cities in Indonesia, namely Jakarta, is included in the category of 10 cities with the highest crime rate in Southeast Asia. In this case, Jakarta ranks eighth with a score of 53.5 points. Jakarta's crime index score is below Ho Chi Minh City, Vietnam, which is 53.84 points (Numbeo.com).

The high crime rate in Indonesia indicates many problems in all aspects of state life, especially social and economic problems. As a developing country, Indonesia has many economic problems, such as high poverty, high unemployment, and unequal income distribution. These economic problems are thought to be closely related to the high crime rate in Indonesia. According to Merton (1968), unemployment can create economic pressure and difficulty in meeting basic needs, triggering individuals to seek alternative ways to acquire resources, including criminal behavior. This condition of not having a job will impact decreasing income and the potential to earn a more decent income. The longer a person is unemployed, the higher the potential to commit a crime. According to research by Pratama (2020) and Fachhrrozi et al. (2021), unemployment positively impacts crime. In addition to high unemployment, a person's inability to meet the basic needs of his life also encourages crime. According
to Todaro and Smith (2015), the poorer a person is, the farther his reach will be in getting facilities that can prosper the population. This has an impact on the inability to get a proper education. The low level of education and weak knowledge of the law means that this has a great opportunity to commit crimes. However, with economic limitations, they still have to meet the needs of the people to survive. According to Supriatna (1997), poverty is a limited condition and occurs not by the will of the person concerned. The population is said to be poor if it is characterized by low levels of education, work productivity, income, health, nutrition, and welfare (Jamaludin, 2015). According to Septriani (2023a), poverty impacts health and raises vulnerability to criminal acts. In this case, poverty will impact increasing the crime rate. The poverty and unemployment rates in Indonesia during the 2020–2021 can be seen in Fig. 2.

Based on Fig. 2, it can be seen that the unemployment rate and poverty rate in Indonesia are constantly fluctuating and tend to increase. The increase in unemployment and poverty in Indonesia is partly due to the COVID-19 pandemic. At that time, many people lost their jobs because many companies terminated employment relationships with employees. According to the results of the research found by Rusman (2021) and Krisnandika et al. (2021), the COVID-19 pandemic is the main cause of job losses. According to Khan et al. (2015), economic depression will cause an increase in crime, while economic prosperity can reduce criminal activity. As a result of the large number of unemployed people and high poverty, it is thought to have caused an increase in crime in the State of Indonesia. Therefore, in this research, I am interested in examining whether this macroeconomic condition impacts the high crime rate in Indonesia.

2. THEORETICAL BASIS

Many theories discuss crime. One of them is strain theory. This theory explains that crime is social tension or pressure due to the gap between the desired goal and the ability to achieve it. According to this theory, individuals experience dissatisfaction because they cannot achieve economic goals that are considered important in society. In the strain theory of economics, crime is considered to be something that can affect the efficiency of resource allocation and price distortions, so crime must be overcome (Merton, 1968). According to Karl Marx, crime occurs as a form of a capitalist economic system. Furthermore, according to Becker (1968), if a person’s expected utility exceeds the utility obtained, that person will commit criminal acts, while others may be able to carry out other activities using their time and resources. In some people who commit crimes, the reason for their criminal actions is not because
the person has a basic motivation but because of the cost and benefit. In this case, people commit crimes because of the theory of rationality. Rational choice theory is a neoclassical economic theory applied to the public sector that attempts to bridge the gap between microeconomics and politics by looking at the actions of citizens, politicians, and public servants as analogous to personal and consumer interests (Buchanan & Robert, 1972).

According to Becker (1963), labeling theory argues that individuals tend to avoid criminal behavior when they have strong social ties to society and institutions of social control, such as family, school, and work. This theory emphasizes that labels or stamps attached to individuals by society or the legal system can influence their behavior. Individuals labeled as criminals may tend to adopt a criminal identity and engage in further criminal acts (Bernburg, 2009). In Social Disorganization Theory, the crime rate in an area is influenced by social and economic environmental factors and environmental characteristics. They highlight the role of environmental factors in shaping social norms, social bonds, and behavior patterns that may support or oppose criminal acts (Cullen & Wilcox, 2010).

3. Research Methodology

The data used in this research is secondary data sourced from publications of the Central Bureau of Statistics. The data used is panel data consisting of time series and cross-section data. Furthermore, the object of this research is the 34 provinces in Indonesia. The variables that this research consists of are the crime rate as a dependent variable and the unemployment and poverty rate as independent variables. This research was analyzed using panel data regression analysis. The panel data regression model or Equation in this research can be expressed in (1).

\[
\ln CRM_{it} = \beta_0 + \beta_1 \ln POV_{it} + \beta_2 UNRT_{it} + \epsilon_{it}
\] (1)

where:

- \( \ln CRM \) is the crime rate,
- \( \ln POV \) is the poverty rate,
- \( \ln POV \) is the unemployment rate,
- \( \beta_0 \) is the intercept/constant,
- \( \beta_1, \beta_2 \) is the regression coefficient of the variable unemployment rate and poverty rate,
- \( i \) is a cross-section unit (i.e., the 34 provinces in Indonesia),
- \( t \) is the time period (2020–2021),
- \( \epsilon \) is the error term.

4. Results

The random effect model was used in this research. The regression results of the random effect model in this research are seen in Table I.

Based on the test results in Table I, the regression equation can be formed in (2).

\[
\ln CRM = 4.831914 + 0.248604 \ln POV + 0.082137 UNRT
\] (2)

4.1. Hypothesis Test Results

In this research, hypothesis testing was carried out using a coefficient of determination test (R²), F-test, and t-test. Based on the results of the coefficient of determination (R²) test, an adjusted R² value of 0.2033 was obtained. This shows that the poverty rate and unemployment rate are able to explain the crime rate in Indonesia, which is 20.33%, while 79.67% is explained by other variables outside this research model. Meanwhile, based on the F test, an F-statistic value of 9.552386 was obtained with an
F-statistic probability of 0.000000, less than 0.05. These results show that simultaneously, the poverty and unemployment rates have a positive and significant effect on crime in Indonesia at $\alpha = 0.05$.

Furthermore, based on the results of the t-test, a t-statistic value of poverty level of 4.160338 (positive value) was obtained with a probability value of 0.0001, which is below $\alpha = 0.05$, so $H_0$ is rejected, and $H_1$ is accepted. These results show that the poverty rate has a positive and significant effect on the crime rate in Indonesia at $\alpha = 0.05$. Then, the value of the t-statistic of the unemployment rate is 2.550312 (positive value), with a probability value of 0.0131, which is below $\alpha = 0.05$, so $H_0$ is rejected, and $H_1$ is accepted. These results show that the unemployment rate has a positive and significant effect on the crime rate in Indonesia at $\alpha = 0.05$.

5. Discussion

Based on the results of the t-test, a positive t-statistic was obtained, and the probability of the poverty rate variable t-statistic (0.0001) was smaller than $\alpha = 0.05$. These results show that the poverty rate partially has a positive and significant effect on crime in Indonesia. That is, when the poverty rate increases, crime in Indonesia will also increase, and vice versa. If the poverty rate decreases, then crime in Indonesia will also decrease.

The results of this research are in accordance with social disorganization theory, which states that the crime rate in an area is influenced by surrounding social and economic environmental factors. The crime rate is influenced by economic factors such as poverty, unemployment, and social instability (Cullen & Wilcox, 2010). Next, the results of this research are in accordance with the theory presented by Becker (1968), which states that poverty can affect individual motivation and increase the likelihood of criminal acts. According to Kartono (2009), there are many factors that affect crime, namely biological, sociological, and economic factors. In this case, poverty is one of the economic factors that cause crime. Todaro and Smith (2015) stated that the poorer a person is, the farther his reach will be in getting facilities that can prosper him. This has a greater chance for the person concerned to commit a crime in order to preserve his life. In the theory of psychogenesis, criminal behavior arises due to factors of intelligence, personality traits, motivations, wrong attitudes, fantasies, rationalizations, wrong self-internalization, inner conflicts, controversial emotions, and psychopathological tendencies, meaning that evil behavior is a reaction to psychological problems, for example in families destroyed by divorce or miscarriage because parents are too busy in their careers (Utami, 2012). Poverty is one of those factors. According to Todaro and Smith (2015), a person’s right to access facilities that can improve his welfare will be further affected by the poorer the person’s condition. This then triggers a high chance of committing criminal acts in order to survive.

In addition, the results of this research are in line with several previous research results, such as the results of research conducted by Sugiarti (2014), finding that poverty can cause crime. Furthermore, Sugianti (2014) found that the majority of perpetrators of crimes were committed by poor people. These crimes were committed to provide for them and their families. The emergence of this crime is a result of the family’s poor economic conditions. In this case, some people commit crimes to meet their living needs because the income they have is not proportional to the needs of life. According to Septriani (2023a), poverty not only has an impact on health but also raises vulnerability to criminal acts. In this case, poverty will have an impact on increasing the crime rate.

This is in line with the strain theory developed by Merton (1968). This theory argues that an imbalance between desired social goals and an individual’s ability to achieve them can create tensions or strains that drive individuals to engage in criminal behavior (Deflem, 2017). Furthermore, Dulkiah (2018) also found that poverty has a positive and significant effect on the crime rate in the city of Bandung. This means that the more poverty in Bandung, the higher the crime rate. In this case, the government does have a program or policy to improve the welfare of poor people, namely by providing assistance such as RASKIN rice assistance and other assistance. However, in its realization, the policy is still uneven due to the presence of irresponsible individuals. Likewise, the results of Antolyin (2023), Fachhrurrozi et al. (2021), Wicaksono and Suharto (2023), and Saputra and Widodo (2023) also found that poverty is proven to increase poverty.

In this case, poverty is a factor that influences the occurrence of crime because in order to meet the needs of life, people will tend to do anything, even though they have to commit crimes. People who are in the lower middle class will feel that their lives are very different from those who have an income above them. This encourages someone to commit crimes because they feel envious. In line with that thinking, one of the structural problems that needs to be considered in the analysis of crime in Indonesia is poverty. Therefore, to reduce the crime rate in Indonesia, the government must be able to overcome the problem of poverty. One of the efforts that can be made is to increase government spending through fiscal policy so that the budget can be allocated to help the poor. Furthermore, to
increase income distribution, the Indonesian government can also increase taxes on people who have high economic ability. It aims to increase the country’s development spending ability.

Meanwhile, the effect of the unemployment rate on crime, when viewed based on the results of the t-test, obtained a positive t-statistic value, and the probability of the variable t-statistic unemployment rate (0.0131) is smaller than \( \alpha = 0.05 \). These results show that the unemployment rate partially has a positive and significant effect on crime in Indonesia. That is, when the unemployment rate increases, crime in Indonesia will also increase, and vice versa. If the unemployment rate falls, crime in Indonesia will also decrease.

The results of this research are in accordance with social disorganization theory, which states that the crime rate in an area is influenced by social and economic environmental factors (Cullen & Wilcox, 2010). Moreover, this is consistent with the Strain theory by Merton (1968), which explains that unemployment can create economic and social pressures on individuals, encouraging them to engage in criminal behavior as a way to meet their needs. The results of this research are in accordance with the theory of Hagan (1993), which explains in a macro analysis that the occurrence of crime is caused by the increasing number of unemployed. Based on the assumption of rationality, when someone is unemployed, he will lose his income, but unemployed people must still meet the needs of life. This causes the efficiency of crime to be greater than the legal act, and the cost of imprisonment in the form of opportunity costs of lost legal income is also very small for unemployment. Therefore, it will cause incentives for the person to commit criminal acts.

According to the theory presented by Maslow (1967), humans have certain needs that must be fulfilled satisfactorily through homeostatic processes, both physiological and psychological. Meanwhile, according to socialist theory, crime arises due to unbalanced economic pressure in society. This pressure then gives rise to psychological disorders for the unemployed person. Psychologically, someone who is disturbed in social interaction will still have evil behavior regardless of the situation and conditions. Perpetrators of crimes tend to have a psychological state that is in a state of pressure to meet the needs of life because they do not have a fixed income.

The results of this research are in line with the results of research conducted by Ismah et al. (2015), Fachurrrozi et al. (2021), and Fauziah (2019), which found that unemployment was found to have a positive and significant effect on crime. Furthermore, Ismah et al. (2015) said that unemployment and low income can make someone think about committing criminal acts. This happens because unemployment and low-income result in the inability to meet their living needs. This condition encourages them to commit criminal acts. Meanwhile, according to the research results of Sabiq and Apsari (2021), which were conducted using a conflict perspective, unemployment provides psychological pressure for unemployed people, so this is what triggers criminal acts. The mental pressure felt by unemployed people makes them unable to think clearly and makes them justify various ways to meet their needs.

Therefore, to reduce the crime rate in Indonesia, the government must be able to overcome the problem of unemployment. According to Pardosi and Septiani (2023), overcoming unemployment can be done by increasing economic activity because this will have an impact on job creation. According to Yosuky et al. (2022), there are several policies that the government can do to overcome unemployment problems, such as job creation, changing the investment climate, spreading several economic stimuli, and improving the quality of human resources with education. This crime problem must be overcome because it can hamper the economic development of the Indonesian state. According to Septiani (2023), unemployment in a country will cause social and political chaos and will have a negative impact on people’s welfare and prospects for economic development in the long term. Furthermore, the high unemployment is an economic problem due to the waste of valuable resources (Septiani, 2023). In the theory of law, it is explained that the production of a country that has increased will have an impact on job opportunities. If employment opportunities increase, unemployment will decrease because labor productivity increases (Okun, 1963). The results of Khaireani (2019) and Kesuma (2019) state that crime hinders economic development.

6. Conclusion

Based on the results of the regression panel data, it was found that, partially, each unemployment and poverty rate had a positive and significant impact on the crime rate in Indonesia. Likewise, simultaneously, the unemployment and poverty rates have a positive and significant impact on the crime rate in Indonesia, with an adjusted R-squared value of 0.2033. Based on these results, it can be concluded that minimizing the high crime rate in Indonesia can be done by reducing poverty and unemployment. In addition to improving economic conditions, this will reduce Indonesia’s crime rate. Furthermore, in this research, researchers have just analyzed several macroeconomic conditions that are thought to influence the criminality in Indonesia. Therefore, the next research should include other macro variables and use different research methods with longer, extended periods.
The author declares that there is no conflict of interest.

REFERENCES


