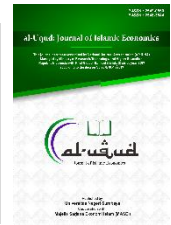




Contents list available at: <https://journal.unesa.ac.id>  
**al-Uqud: Journal of Islamic Economics**  
Journal homepage: <https://journal.unesa.ac.id/index.php/jie>



## Unveiling the links: How poverty, unemployment, education, and income inequality drive crime in Indonesia?

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### Article Info

#### Paper type:

Research Paper

#### Keywords:

Poverty; Unemployment; Education; Income Inequality; Crime.

#### Article history:

Received: 05 April 2024

Revised: 30 July 2024

Accepted: 30 July 2024

Available online: 03 December 2024

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### Abstract

*This study aims to empirically examine the effects of poverty, unemployment, education, and income inequality on crime rates in Indonesia. Utilizing secondary data from the Central Statistics Agency (BPS), the study analyzes a panel dataset comprising 32 provinces over five years through panel data regression techniques. The findings reveal that poverty and unemployment have a significant and positive impact on crime rates, highlighting their critical roles as socioeconomic determinants of criminal activity. In contrast, education levels and income inequality do not exhibit significant effects on crime rates in the Indonesian context. Theoretically, these findings underscore the relevance of economic and social strain theories, which suggest that socioeconomic hardships contribute to deviant behavior as individuals seek alternative means to meet unmet needs. Practically, the study emphasizes the need for targeted poverty alleviation programs and effective unemployment reduction strategies to mitigate crime rates. Policymakers should focus on creating sustainable economic opportunities and strengthening social safety nets in vulnerable regions. This research contributes to the broader discourse on crime prevention by providing insights into the socioeconomic drivers of crime in a developing country context, guiding future strategies to foster social stability and security.*

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Please cite this article in APA style as:

Kurniasih, E. P., Andini, N., Kartika, M., Dosinta, N. F., Hamsyi, N. F., & Iqbal, I. (2024). Unveiling the links: How poverty, unemployment, education, and income inequality drive crime in Indonesia? *Al-Uqud: Journal of Islamic Economics*, 8(2), 189–210. <https://doi.org/10.26740/al-uqud.v8n2.p189-210>

## Introduction

Crime is an act that defies both legal statutes and societal norms, causing detrimental impacts on individuals, groups, and community stability. High levels of criminal activity can erode investor confidence and hinder economic growth, primarily due to the complexities of economic and social factors. Scholars such as Saed (2020), Yemimov (2015), Batyrgareieva (2020), and Dunmei (2020) have established a correlation between criminal activity and the socio-economic development of society. Economic growth coupled with income inequality has been found to exacerbate crime rates in several countries. Poverty and lack of education often serve as primary drivers of crime, compounded by factors such as inflation and price instability. Additionally, various researchers (Anser et al 2020; Jonatatan, 2021; Denysoy, 2021; Alimova, 2021; Bakhrev, 2021) have emphasized that crime harms individuals and society.

In Indonesia, the trend of reported criminal cases per one hundred thousand inhabitants indicates a decline. West Java Province has notably reduced criminal cases by 20.8%, whereas Maluku Province has experienced a sharp increase of 22.5%. Economic issues such as poverty and social inequality can trigger criminal actions such as robbery, theft, or violence. Data from Table 1 reveals a decrease in crime rates in Indonesia alongside a decline in poverty levels from 2016 to 2020. The poverty reduction has proven to correlate with decreased crime rates in countries like Nigeria and Brazil (Wang, 2021; Shodunke et al., 2022; Ziebold et al., 2022) through various poverty alleviation programs and the creation of new job opportunities, enabling individuals to earn sufficient wages to meet their needs. Conversely, Papua Province has the highest poverty rate, reaching 27.39%, attributed to inadequate infrastructure related to education, healthcare, income inequality, and community welfare.

Islam's perspective on criminal behavior is strongly based on the principles of justice, maintaining security, and preserving individual rights. The Quran teaches Muslims to prevent evil deeds, fight injustice, and live a life based on high moral values. By upholding justice, obeying Allah's commands, and treating others fairly, Islam directs its people to avoid criminal behavior and create a safe, peaceful, and moral society. In QS. Ali Imran: 104 :

*“And let there be among you a group of people who call to virtue, enjoin the ma'ruf (good deeds) and forbid the munkar (evil deeds). And they are the lucky ones.”. This verse emphasizes the importance of carrying out Allah's commands by preventing evil deeds (munkar) and encouraging goodness (ma'ruf). Islam teaches that every Muslim has a responsibility to contribute to society by preventing and avoiding actions that harm themselves and others. In QS. Al-Ma'idah: 38 :*

*“And as for the male thief and the female thief, cut off their hands in recompense for what they have done, as a punishment from Allah. And Allah is the Mighty, the Wise.”. This verse provides harsh punishment for theft as part of an effort to maintain social justice and protect individual property rights. Islam emphasizes the need for fair and strict law enforcement as a form of deterrence against crimes, such as theft.*

One of the causes of poverty is the high rate of unemployment among individuals lacking adequate skills or education, which hampers their ability to seek employment. When impoverished individuals have limited income to meet their basic needs, they tend to engage in criminal activities to sustain themselves (Khan et al., 2015). QS. Al-Baqarah verse 268 shows that the fear of poverty can be a tool for Satan to encourage people to do bad deeds, therefore, Islam recommends fair and good ways to overcome poverty, so as to prevent negative behavior that may arise from economic pressure. Al-Quran QS. Al-Baqarah verse 268:

*“Satan promises (frightens) you with poverty and tells you to do evil (miserliness), while Allah promises you forgiveness from Him and bounty. And Allah is All-Wide (in His bounty) and All-Knowing”.*

This verse explains that satan uses the fear of poverty as a tool to influence people to commit crimes and immoral acts. Satan scares people with poverty so that they are compelled to be miserly or even commit other bad deeds to secure their interests. The fear of poverty can make people feel depressed and hopeless, which can drive them to commit unethical or criminal acts as a means of survival. Islam encourages its followers not to be trapped in the fear of poverty and to always rely on the mercy and bounty of Allah. Sadaqah, zakat and infaq are recommended ways to help the poor and ensure a fair distribution of wealth in society, thereby alleviating the economic pressures that can lead to crime.

The Open Unemployment Rate (OUR) in Indonesia, on the other hand, experienced an increase from 2016 to 2020, primarily due to the impact of the COVID-19 pandemic, which led to massive layoffs. Banten Province has the highest OUR, reaching 9.08 percent, attributed to many workers lacking adequate skills or education, thus struggling to find decent employment. Meanwhile, East Nusa Tenggara Province has the lowest OUR, at 3.36 percent, due to stable economic growth enabling companies to create new jobs, and enhancing employment opportunities for the population. The adverse effects of unemployment include reduced household income, ultimately lowering the level of welfare. [Brodeur et al \(2019\)](#) provide evidence that local public goods and local area characteristics such as unemployment, crime, and poverty drive the relationship between satisfaction and neighbor income at the postal code level. The unemployment rate is an indicator of a country's social processes, reflecting stability and confidence in the country's future. [Iurchenko et al \(2021\)](#) examine major statistical prediction methods based on time-series data. Efforts to reduce crime rates due to high unemployment are inseparable from government policies. [Soemarsono et al \(2021\)](#) study the analysis of a mathematical model's impact on the growth of unemployment on crime rates. The impact of the growth of unemployment on crime rates can be identified by constructing a new model. Using Southwest Nigeria as a case study, [Oluwaleye \(2021\)](#) employs quantitative and qualitative methods to interrogate sustainable security challenges for Nigeria with youth unemployment and crime. This research finds that unemployment and lack of meaningful empowerment from the government, among other factors, are causes of high crime rates among the younger generation.

The Average Years of Schooling (AYS) in Indonesia from 2016 to 2020 experienced an increase, reaching an average of 8.88 years. This means that the average education level of the Indonesian population is 8 years, equivalent to a Junior High School (SMP) level. This increase in education reflects an improvement in the quality of human resources in an area, resulting from society's demand for education to obtain better jobs and income, as well as achieve prosperity. According to data from Table 1, the highest AYS is recorded in DKI Jakarta Province, reaching 11.05 years or equivalent to the Senior High School (SMA) level. This is due to the availability of adequate educational facilities, such as comprehensive schools, sufficient transportation facilities, and other supporting facilities. A stable economy also tends to correlate with higher education levels. Meanwhile, the lowest AYS is recorded in Papua Province, reaching 7.31 years or equivalent to Junior High School (SMP) level. Limited educational facilities, such as incomplete schools, limited transportation facilities, a lagging economy, and insufficient job opportunities, affect access to quality education. This limited access leads some communities to prioritize seeking employment over continuing education. Islam teaches the importance of education and knowledge as the basis for forming moral and noble individuals. By emphasizing education, Islam provides a way to keep people away from

evil behavior through correct knowledge and understanding of life and religious teachings. Education helps distinguish between right and wrong, good and bad, thus creating a more just and civilized society. The Quran emphasizes the importance of knowledge and education as a way to achieve wisdom, good morality, and righteous behavior. Education is the key to forming individuals who are noble and avoid evil behavior, as QS. Al-Mujadilah Verse 11

*“Allah will elevate those who believe among you and those who are given knowledge several degrees. And Allah knows best what you do.”. This verse shows that Allah gives a high position to believers who have knowledge. Knowledge not only enhances one's understanding of the world, but also strengthens faith and morality, thus keeping them away from negative behavior and evil. In QS. Az-Zumar Verse 9:*

*“Say, ‘Are those who know equal with those who do not know?’ Surely only the reasonable can learn”.*

This verse emphasizes the difference between those who are knowledgeable and those who are not. Knowledge provides the ability to distinguish between right and wrong, good and bad, thus helping one avoid evil behavior. Empirically, an increase in the level of education can significantly reduce crime (Lochner & Moretti, 2004). Most of the time spent studying also limits individuals' potential involvement in criminal activities. The increase in human resources is also a result of increased societal demands for education to obtain better jobs and income for achieving prosperity. Additionally, low levels of education also have a significant influence on crime rates, as lower education levels can affect individuals' decisions to engage in criminal activities. Therefore, secondary and higher education play a crucial role in reducing crime rates (Nguyen, 2019).

Income inequality arises because of the indifference and ignorance of the rich group towards other groups (poor) as explained in QS. Al Imron: 134 as follows:

*“Those who give alms, both in times of plenty and scarcity, and those who restrain their anger and forgive others. Allah loves those who do good.”.*

This verse encourages people to give in charity regardless of their financial situation. In the context of income inequality, consistent giving by those who can afford it can help reduce economic disparities. Sharing wealth with the less fortunate not only helps ease their burden but also creates a more just and balanced society. Income inequality is often a source of discontent and anger among the less well-off, which can trigger acts of crime or violence, hence this verse teaches that restraining anger is key to maintaining peace and social stability. By restraining anger, individuals can avoid impulsive actions that may lead to crime. Forgiving the wrongs of others, including wrongs caused by economic injustice, can help repair relationships and rebuild trust within society. This can reduce crimes driven by resentment or a sense of injustice.

The Gini ratio in Indonesia experienced an average decrease of 0.36. The highest Gini ratio is recorded in the Special Region of Yogyakarta at 0.43, while the lowest Gini ratio is found in the Bangka Belitung Islands Province, reaching 0.27. The lower the Gini ratio value, the more equitable the income distribution. This inequality arises due to the lack of economic equalization. This decrease in the Gini ratio, along with the decrease in the crime rate during the same period, indicates that the low-income inequality among societal groups is one of the factors contributing to the decrease in crime rates in Indonesia, or vice versa. Income disparities and inequalities in an area tend to trigger criminal actions as they affect unemployment and poverty. Unemployment results in low income, which prompts criminal actions to meet daily

needs. High unemployment rates in any country can reduce income potential and drive people to engage in criminal behavior (Kang & Hanyang, 2014; Khan et al., 2015). Income inequality has a positive influence on crime rates in Indonesia, meaning that an increase in income inequality in an area can lead to an increase in crime rates. The growth of residents' incomes in an area is an indication of increased prosperity within that economic environment. Therefore, the growth of residents' incomes should be equitable and felt by all layers of society in Indonesia (Edwart & Azhar, 2019).

There was a significant decrease in the crime rate from 2016 to 2020 as shown in Table 1. This decrease may reflect efforts for better law enforcement, as well as social and economic changes that can influence crime rates. The poverty rate during that period experienced fluctuations. The lowest poverty rate was recorded in 2018 at 10.7 percent, while the highest was in 2020 at 10.89 percent. These fluctuations could be attributed to economic and social factors, including changes in job fields, social assistance programs, and other factors affecting poverty. The unemployment rate fluctuated during that period, with the highest rate recorded in 2020 (6.15 percent). These fluctuations may be influenced by economic factors, including changes in economic growth rates and the impact of the COVID-19 pandemic on employment. The data show a consistent increase in the education rate from 2016 to 2020. The increase in education can be linked to efforts to improve access to education and investment in the education sector. The Gini ratio remained relatively stable throughout the period, with insignificant changes. The stability of the Gini ratio indicates that income distribution may not have significantly changed during this period.

Although many previous studies, such as those by Saed (2020) have explored the relationship between crime and socio-economic factors such as poverty, income inequality, and education, most of these studies have focused on the global context or specific regions such as Africa and Latin America. However, there is a lack of understanding of how the specific socio-economic dynamics in Indonesia, such as the decline in poverty levels alongside relatively stable income inequality, affect crime rates. Moreover, previous research did not integrate the Islamic perspective as a normative approach and crime prevention in a predominantly Muslim country like Indonesia.

This research was conducted to fill the gap in previous studies by focusing on the unique context of Indonesia. This involves a comprehensive analysis of the relationship between poverty, unemployment, education, income inequality, and crime, while also considering the normative Islamic perspective on crime prevention. Empirical data from the period 2016–2020 provides an overview of crime patterns and the socio-economic factors influencing them. Indonesia, as a developing country with a majority Muslim population and diverse cultures, offers a unique context for understanding the complexity of the relationship between crime and socio-economic factors.

In the international context, the urgency of this research can provide valuable insights into how a holistic approach based on socio-economic policies and religious values can be adapted to reduce crime rates. Empirical findings from Indonesia can serve as a reference for other developing countries with similar demographic and economic structures and can enrich the global understanding of crime as a multidimensional phenomenon. By filling this research gap, this article not only deepens local understanding but also offers significant contributions to the international discourse on the socio-economic and criminality nexus.

This indicates that there is a complex relationship between these variables. The decrease in crime rates during this period may be correlated with factors such as education levels and unemployment rates, although it cannot be concluded as cause and effect without further analysis. This study aims to analyze whether poverty, unemployment, education, and income inequality affect criminal activities in Indonesia.

## Literature Review

### *The influence of poverty on crime*

Crime refers to actions or behaviors that are considered illegal or unlawful in a particular society or country. This includes various acts such as theft, robbery, physical violence, murder, rape, fraud, drug-related offenses, and other law violations prohibited by the applicable legal system (Sari & Azhar, 2019). Several studies conducted in various countries, including Iran, Indonesia, Pakistan, Africa, the United States, India, Turkey, and Malaysia, explore the complex relationship between economic and social factors contributing to the crime rate. Factors such as poverty, income inequality, unemployment, and education have been the main focus of these studies.

Oyelade (2019) examined the determinants of crime in Nigeria from an economic and socio-economic perspective through macro-level analysis using time series data from 1990 to 2014. In line with that, Song et al. (2020) explore how aversion to poverty and inequality affects criminal behavior. Chambru (2020) discusses the question of whether weather shocks contributed to an increase in interpersonal conflicts in early modern Europe by analyzing annual temperature variations and detailed crime data from Savoyard criminal procedures between 1749 and 1789. These studies show that economic, social, and environmental factors play a significant role in influencing crime rates. Mardinsyah et al. (2020) investigated the relationship between inequality and access to information related to criminal acts in Indonesia, reinforcing previous findings that social gaps can influence criminal behavior.

Ishak (2021) examined the impact of weather shocks on violent crime using separate data from Brazilian cities during the period from 1991 to 2015, which adds to the understanding of how external factors can exacerbate existing social problems. Additionally, Nairobi et al. (2021) used the Fixed Effects Model to analyze panel data over 9 years from 10 provinces in Sumatra, providing in-depth empirical evidence on how local factors influence crime dynamics. Overall, the results of this study indicate that crime is not only influenced by direct economic factors but also by social inequality, access to information, and external factors such as climate change. Poverty is often associated with higher crime rates, because the poorer someone is, the harder it is for them to access facilities that can help them achieve success. This increases the likelihood of them getting caught up in criminal activities to survive. Research by Rezaei (2022) in Iran shows a positive relationship between poverty and crime rates in urban areas, reflecting how the inability to access essential resources forces individuals to seek alternative ways to meet their living needs, including through crime. Similar findings were observed in the study by Garidzirai (2016) in South Africa and Imran et al (2018) in the United States, which showed that poverty and unemployment have a positive and significant impact on criminal behavior among both young and adult populations. These findings underscore the reality that individuals from low socio-economic backgrounds are more prone to engage in crime due to the lack of adequate economic opportunities.

Furthermore, research by Shah et al. (2019) and Anser et al (2020) in Pakistan analyzes the relationship between economic growth, income inequality, poverty, and crime rates. Their research results show a U-shaped relationship between poverty and per capita income, as well as the influence of income inequality and unemployment on crime rates. This U-shaped relationship indicates that at very low-income levels, crime rates tend to be higher, but after reaching a certain income level, the impact of poverty on crime tends to decrease. This shows that although poverty can be a major factor driving individuals into criminal behavior, there is a threshold where economic improvement can reduce the incentive to commit crimes.

Overall, these studies are interconnected in illustrating how poverty, income inequality, and unemployment can create conditions that drive individuals to engage in criminal behavior. The lack of access to economic and social opportunities exacerbates existing inequalities, which

in turn increases crime rates. Therefore, reducing poverty and income inequality, as well as improving job opportunities, can play a crucial role in lowering crime rates in society. According to the literature review, we developed the following hypothesis:

*H1: Poverty influences crime in Indonesia*

#### *The influence of unemployment on crime*

Unemployment and crime are closely interconnected, presenting significant challenges for governments, especially in developing and impoverished nations. Unemployment, defined as the state of being without a job or actively seeking employment, not only signals economic stagnation but also triggers a cascade of social issues over time. High unemployment rates often lead to declining community incomes, reducing individual welfare and exacerbating economic disparities (Yacoub & Aprianti, 2019). Persistently high unemployment also reflects weakening economic development, further deepening societal challenges.

Unemployment's impact extends beyond economic stagnation to social instability, as individuals without productive engagement may resort to criminal activities to meet basic needs. Food, clothing, and other essentials often become unattainable, driving some to illegitimate means of survival. As unemployment rates rise, so too does the segment of the labor force facing acute desperation, ultimately contributing to increased crime rates.

Hachica and Triani (2022) further emphasize the strong link between unemployment and crime. They argue that high unemployment exacerbates financial struggles, making it difficult for individuals to meet primary needs. This financial strain often pushes individuals to criminal behavior as a shortcut to survival. Consequently, addressing unemployment is not only an economic imperative but also a critical step in reducing crime and promoting social stability.

The research by Abdila et al. (2022) in East Java used Ordinary Least Square (OLS) analysis with Eviews and found a significant positive relationship between unemployment and crime rates. These findings are similar to the research by Harun et al. (2021) in Malaysia, which, despite using the ARDL boundary testing method, also found a long-term negative impact of unemployment on crime rates. However, these findings seem to contradict other research results that indicate a more complex influence of unemployment. For example, Eric et al. (2021), who studied Sub-Saharan Africa (SSA) using the Generalized Method of Moments (GMM) on data from 40 countries between 1990 and 2018, revealed that youth unemployment has a significant impact on murder rates in SSA countries. This research emphasizes that unemployment, especially among the youth, has a substantial effect on crime rates, particularly violent crime.

However, these findings can be viewed in a broader context that involves other variables. The research by Hakim & Jan (2022) in Pakistan shows that socioeconomic, demographic, and criminal justice system variables play an important role in influencing the overall crime rate. Here, although unemployment is identified as a contributing factor, factors such as adult literacy rates and police strength also prove to influence crime rates. This is in line with Hazra's (2020) research in India, which delves deeper into the relationship between economic, demographic, and social factors and crime rates. Hazra's findings indicate that factors such as Gross State Domestic Product Per Capita (GSDP), unemployment, prices, and other socioeconomic factors have a significant relationship with crime rates.

Overall, although there are variations in research findings regarding the relationship between unemployment and crime, one consistent pattern emerges: unemployment, especially among youth or individuals from low socio-economic backgrounds, tends to increase the likelihood of engaging in criminal activities. However, the impact can be influenced by other factors, such as education, overall economic conditions, and the strength of law enforcement institutions. In this context, it is important to consider a more holistic approach that combines

unemployment with other social and institutional factors to better understand how unemployment can affect crime rates in various situations.

Kizilgol and Selim (2017) examined factors influencing crime rates in Turkey and EU countries, finding that per capita GDP, inflation, unemployment, and urbanization positively impact crime rates. Similarly, Shafiq (2022) analyzed economic factors affecting crime in seven countries using advanced methods, including panel unit roots, cointegration, and Dynamic Ordinary Least Square (DOLS). Their results revealed significant relationships, notably the positive long-term impact of unemployment on crime, providing insights for policy development to reduce crime globally.

In Nigeria, Oyelade (2019) investigated crime determinants from economic and socioeconomic perspectives using the ARDL method. Long-term findings showed that per capita GDP and female unemployment rates reduce crime, while urban population growth, male unemployment, and poverty increase it. Short-term results indicated similar trends, with higher education also contributing to crime reduction. These insights offer valuable guidance for formulating targeted security and socioeconomic policies in Nigeria. Based on the literature review, we developed the following hypothesis:

*H2: Unemployment affects crime rates in Indonesia.*

#### *The influence of education on crime*

Education is a process aimed at enhancing an individual's knowledge or understanding, enabling them to become more independent and skilled, thus improving the quality of the workforce. Individuals with higher levels of education are less likely to engage in criminal activities because the rewards from such actions are relatively low. As a result, they tend to strive harder to meet their life demands. However, in an era of globalization filled with materialistic lifestyles, individuals may be tempted to commit crimes to gain financial benefits. Community involvement in education can also reduce the likelihood and intention of individuals to commit crimes, as most of their time is spent on learning.

According to Edward & Azhar (2019), education is a learning process that passes on knowledge, skills, and habits from one generation to the next. Education also shapes individuals with intelligence, noble morals, personality, spiritual strength, and skills beneficial to themselves and their surrounding communities. Human resources in the field of education are one of the key factors that will create a competitive generation capable of working together to achieve prosperity for their countries in facing global competition in the future.

Research on the relationship between education and crime rates shows varying results depending on the social, economic, and geographical context. The research by Rahman & Prasetyo (2018) in Indonesia using the Fixed Effect Model (FEM) method with panel data found that education does not have a significant impact on crime rates in Indonesia. This result contrasts with the study by Cheong & Wu (2015) in China, which showed that education has a negative and significant impact on crime rates. These findings indicate that the increase in education levels in China directly contributes to the reduction of crime.

Meanwhile, the research by Armin & Idris (2020) in Indonesia using multiple regression techniques with panel data shows that education has a negative and significant impact on crime rates. This result indicates that the higher a person's level of education, the lower the likelihood of their involvement in criminal activities. This study also found that poverty has a positive and significant impact on crime, whereas unemployment does not have a significant influence. This highlights how poverty, as a structural factor, can be a major driver of crime, regardless of the unemployment rate.

Consistent results were also found in other studies, such as by Patel & Fadaei (2017) in the United States, Nguyen (2019) in Indonesia, and Akay (2022) in Turkey, all of which



identified that education harms crime rates. Education is considered an effective tool for enhancing skills, opening access to better jobs, and shaping positive social attitudes, thereby reducing the incentives or need to engage in criminal activities.

Overall, although there are differences in research findings, most indicate that education plays an important role in reducing crime. The differences in results between the study by [Rahman & Prasetyo \(2018\)](#) and other studies may reflect local factors such as the quality of education, accessibility, or government policies in Indonesia. Therefore, investment in education, particularly quality and inclusive education, can not only improve individual well-being but also serve as a long-term strategy to reduce crime rates. Based on the literature review, we developed the following hypothesis:

*H3: Education influences the level of crime in Indonesia.*

#### *The influence of income inequality on crime*

Income inequality, defined as the uneven distribution of income within a region, has profound implications for societal well-being, particularly in its relationship to crime. High levels of inequality create barriers to meeting basic needs, such as food, education, and healthcare, pushing some individuals toward criminal activities as a means of survival ([Mardinsyah & Sukartini, 2020](#)). This connection is further exacerbated by unemployment and low income, which limit opportunities for social mobility and economic stability ([Ismah, 2015](#)). Research consistently highlights the significant role of income inequality in shaping crime rates, though findings across regions sometimes diverge, reflecting local economic, social, and institutional contexts.

Research by [Zungu & Mtshengu \(2023\)](#) in Africa shows a positive correlation between income inequality, unemployment, and crime rates, asserting that high inequality can trigger social conflict and criminality. [Sugiharti et al. \(2023\)](#) in Indonesia reinforce this finding, using panel data from 2010-2019 with the Generalized Method of Moments (GMM) approach, which shows that greater income inequality increases crime rates. Similar findings were also reported by [Lobonç et al. \(2017\)](#) in Romania and [Goh & Law \(2022\)](#) in Brazil. However, different results were found in the study by [Nagasubramaniyan \(2022\)](#) in India, which showed that income inequality has a negative impact on crime rates. These differences may reflect the role of factors such as redistribution policies, education levels, or the effectiveness of the criminal justice system in preventing crime. Research in developed countries, such as by [Costantini et al \(2018\)](#) in the United States, highlights that preventive efforts can effectively reduce the impact of income inequality and unemployment on crime.

The findings from various studies indicate that income inequality is an important determinant in driving crime rates, both directly through limited access to basic needs and indirectly through its impact on unemployment and education. However, differing results in several countries, such as India, underscore the importance of the local context, including socio-economic structures, the effectiveness of redistribution policies, and institutional capacity.

From a policy perspective, this research provides valuable insights for governments and related institutions in designing crime reduction policies. Efforts such as improving income redistribution, providing job opportunities, as well as investing in education and crime prevention initiatives can help reduce the negative impact of income inequality. A holistic approach that considers both economic and social factors simultaneously is key to achieving sustainable social stability. Based on the literature review, we developed the following hypothesis:

*H4: Income inequality affects the crime rate.*

## Methodology

This research utilizes secondary data in the form of panel data. Panel data is a combination of Cross-Sectional data and Time Series data. The Time Series data used in this study spans five years (2016-2020), while the Cross-Sectional data consists of 32 provinces in Indonesia, resulting in a total of 160 observations. The primary data source for this research is the Central Statistics Agency (Badan Pusat Statistik - BPS). Data processing will be conducted using Eviews 10. The panel data to be utilized can be outlined as follows:

$$\text{LogCri}_{it} = \alpha + \beta_1\text{Pov}_{it} + \beta_2\text{Unemp}_{it} + \beta_3\text{Edu}_{it} + \beta_4\text{Ineq}_{it} + e_{it}$$

Information:

$\text{Cri}_{it}$	= Crime
$\text{Pov}_{it}$	= Poverty
$\text{Unemp}_{it}$	= Unemployment
$\text{Edu}_{it}$	= Education
$\text{Ineq}_{it}$	= Income Inequality
$\alpha$	= Constanta
$\beta_1, \beta_2, \beta_3$	= Regression coefficient
$i$	= region ( 32 provinces)
$t$	= period (year 2016-2020)
$e$	= Error

This research uses panel data analysis, which is a combination of time series data (based on time) and cross-sectional data. (berdasarkan individu atau entitas). To choose the best model in this analysis, three main techniques are used. First, the Common Effect Model (CEM) combines data without considering the time dimension or differences between entities. This model assumes that individual behavior remains consistent over time. Second, the Fixed Effect Model (FEM) accommodates differences between individuals by modifying the intercept value. These differences can be caused by factors such as work culture, management, or incentives. Third, the Random Effect Model (REM) accounts for differences between individuals by including disturbance variables. (error terms). REM also helps address the issue of heteroskedasticity. (ketidakkonsistenan variansi).

To determine the best model for panel data analysis, several statistical tests are conducted. The Chow Test is used to compare CEM and FEM. If the p-value is less than 0.05, FEM is chosen as the best model. The Hausman Test compares FEM with REM, where a p-value less than 0.05 indicates that FEM is more suitable. Meanwhile, the Lagrange Multiplier (LM) Test is used to compare CEM and REM. If the p-value is less than 0.05, REM is considered the best model.

In addition to model selection, this study also uses hypothesis testing to analyze the influence of independent variables on the dependent variable. The t-test is used to test the influence of each independent variable partially. If the p-value of the variable is less than 0.05, then its effect is significant. The F-Test is conducted to test the effect of all independent variables simultaneously on the dependent variable. The F-Test result is significant if the p-value of the F-statistic is less than 0.05. Additionally, the coefficient of determination ( $R^2$ ) is used to measure the extent to which the model can explain the variation in the dependent variable. An  $R^2$  value close to 1 indicates that the model can explain most of the variation in the dependent variable.

In this study, the statistical approach was applied to evaluate the relationship between income inequality, education level, and crime rate. By selecting the best model through the

Chow, Hausman, or LM tests, this research ensures that its analysis aligns with the characteristics of the data. For example, if REM is chosen, the analysis results will consider disturbance variables across regions and time. The t-test and F-test are used to ensure the significance of the influence of variables such as education or income distribution on crime rates, both partially and simultaneously. Meanwhile, the coefficient of determination helps assess the extent to which this model can explain the existing relationship.

## Result and Discussion

In selecting a multiple linear regression model, there are three models used in the analysis of panel data, namely Common Effect, Fixed Effect, and Random Effect. After processing the data using the Common Effect Model approach, the results obtained are shown in Table 1.

Table 1. Fixed Effect Model Results

Variables	Coefficient	Probability
Constanta	7.171638	0.0000*
Poverty (Pov)	-0.012052	0.3311
Unemployment (Unemp)	0.065772	0.1002
Education (Edu)	-0.063388	0.4793
Income Inequality (Ineq)	5.515257	0.0042*
R-square	0.070920	

Source: Eviews 10 Test Results (Processed, 2023)

\*Significant at  $\alpha = 0.01$

\*\*Significant at  $\alpha = 0.05$

Based on the data in Table 1, it can be concluded that poverty, unemployment, and education do not affect crime based on probabilities  $>0.05$ , while the Gini ratio has a significant impact. Based on the Fixed Effect Model approach, the results obtained are as shown in Table 3, where poverty and unemployment significantly influence crime based on probabilities  $<0.05$ , while education and income inequality do not affect crime.

Table 2. Fixed Effect Model Results

Variable	Coefficient	Probability
Constanta	8.315919	0.0000*
Poverty (Pov)	0.114111	0.0026*
Unemployment (Unemp)	-0.070081	0.0116*
Education (Edu)	-0.118568	0.1280
Income Inequality (Ineq)	1.828928	0.4037
R-square	0.928947	

Source: Eviews 10 Test Results (Processed, 2023)

\*Significant at  $\alpha = 0.01$

\*\*Significant at  $\alpha = 0.05$

Further data processing was conducted using the Random Effect Model approach. From the regression results in Table 2, it can be seen that poverty, unemployment, education, and income inequality have insignificant results with a very low R2 value of 0.09.

Table 3. Random Effect Model Results

Variable	Coefficient	Probability
Constanta	8.656567	0.0000*
Poverty (Pov)	0.023993	0.2712
Unemployment (Unemp)	-0.035962	0.1570
Education (Edu)	-0.133199	0.0623
Income Inequality (Ineq)	3.470551	0.0754
R-square	0.097299	

Source: *Eviews 10 Test Results (Processed, 2023)*

\*Significant at  $\alpha = 0.01$

\*\*Significant at  $\alpha = 0.05$

The regression results in Table 3 also indicate that poverty, unemployment, education, and income inequality do not affect crime and have insignificant results with a very low R2 value of 0.09.

#### Model selection

In selecting a multiple linear regression model, there are three models used in the analysis of panel data, namely Common Effect, Fixed Effect, and Random Effect. In panel data analysis, it is necessary to test the appropriate model specification to determine which model is the most suitable. To choose the best model among these three models, the Chow Test and Hausman Test need to be employed.

Table 4. Chow Test and Hausman Test Results

Chow Test Results			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	48.303597	(31,124)	0.0000*
Cross-section Chi-square	411.323326	31	0.0000*
Hausman Test Results			
Test Summary	Chi-Sq. Statistic	d.f.	Prob.
Cross-section random	12.269847	4	0.0155*

Source: *Eviews 10 Test Results (Processed, 2023)*

\*Significant at  $\alpha = 0.01$

\*\*Significant at  $\alpha = 0.05$

Based on Table 4, the Prob value is 0.0000, which is smaller than the significance level of 0.05. Therefore, the appropriate model from the Chow test results is the Fixed Effect Model. Furthermore, the Hausman Test was conducted to determine the most suitable panel data model between the Random Effect Model and Fixed Effect Model for estimating panel data. The results show that the Prob value is 0.0155, which is smaller than the significance level of 0.05. Therefore, the suitable model from the Hausman test results is the Fixed Effect Model. Based on the Chow test and Hausman test results, the Fixed Effect Model is better suited for estimating variables, thus the LM Test is not necessary. It can be concluded that the appropriate model for analyzing the influence of poverty, unemployment, education, and income inequality on crime in Indonesia is the Fixed Effect Model.

In this study, the recommended model for multiple linear regression is the fixed effect model. Based on Table 4, the best-fitting model can be written as follows:

$$\text{LogCri}_{it} = 8.315919 + 0.1141116\text{Pov} - 0.070081\text{Unemp} - 0.118568\text{Edu} + 1.828928\text{Ineq}$$

According to the regression results, the constant of 8.315919 means that if poverty (Pov), unemployment (Unemp), education (Edu), and income inequality (Ineq) remain unchanged, the crime rate will be 8.315919. Poverty (Pov) has a coefficient of 0.114111, which means that every 1% increase in the poverty rate will decrease crime by 0.114111% assuming that unemployment, education, and income inequality variables are constant. The coefficient for unemployment (Unemp) is -0.070081, indicating that every 1% increase in unemployment will decrease crime by 0.070081% assuming that poverty, education, and income inequality variables are constant. The coefficient for education (Edu) is -0.118568, meaning that every 1% increase in education level will decrease crime by 0.118568% assuming that poverty, unemployment, and income inequality variables are constant. The coefficient for income inequality (Ineq) is 1.828928, signifying that every 1% increase in income inequality will decrease crime by 1.828928% assuming that poverty, unemployment, and education variables are constant.

Table 5. T-test Results

Variable	t-statistic	Probability	Explanation
Poverty (Pov)	3.070448	0.0026*	significant
Unemployment (Unemp)	-2.562100	0.0116*	significant
Education (Edu)	-1.532225	0.1280	Not Significant
Income Inequality (Ineq)	0.837829	0.4037	Not Significant

Source: *Eviews 10 Test Results (Processed, 2023)*

\*Significant at  $\alpha = 0.01$

\*\*Significant at  $\alpha = 0.05$

Based on Table 5, the estimation results of the model are presented. Firstly, poverty (Pov) has a probability (Prob) of 0.0026, which is smaller than the significance level (0.05), indicating that poverty significantly influences crime in Indonesia. Secondly, unemployment (Unemp) has a probability of 0.0116, which is smaller than the significance level (0.05), indicating that unemployment significantly affects crime in Indonesia. Thirdly, education (Edu) has a probability of 0.1280, which is smaller than the significance level (0.05), indicating that education does not significantly influence crime in Indonesia. Fourthly, income inequality (Ineq) has a probability of 0.4037, which is larger than the significance level (0.05), indicating that income inequality does not significantly affect crime in Indonesia.

Table 6. Results of the F-Test and Coefficient of Determination Test ( $R^2$ )

f-statistic	46.31942
Prob (f-statistic)	0.000000
R-squared	0.928947

Source: *Eviews 10 Test Results (Processed, 2023)*

The F-test is used to determine whether all independent variables collectively affect the dependent variable. Based on Table 6, the results show that the probability value (f-statistic) is 0.000000, which is smaller than the significance level of 0.05. Therefore, it can be concluded that the independent variables (poverty (Pov), unemployment (Unemp), education (Edu), and income inequality (Ineq)) collectively affect the dependent variable (Crime). From the Hausman test results, the impact of independent variables on the dependent variable yields an R-squared value of 0.928947, meaning that poverty, unemployment, education, and income inequality collectively explain 92.89% of crime in Indonesia, while the remaining 7.11% is explained by other variables not included in this study.

### *The influence of poverty on crime in Indonesia*

The study results found that poverty significantly influences crime in Indonesia. Poverty in Indonesia correlates with crime due to its significant impact on limited resources and access to viable economic opportunities, compelling individuals to resort to illegal activities to meet basic needs. Those living in poverty often struggle to access necessities such as food, housing, and education, leading to a lack of awareness regarding the consequences of criminal actions. This inability can induce emotional and financial strain, driving individuals to seek illicit means to fulfill their needs. Additionally, the lack of stable employment or adequate wages among impoverished individuals increases their likelihood of engaging in criminal behavior for income.

Poverty is both a developmental and social issue resulting from low human resource quality, leading to decreased labor productivity and income levels, thus driving individuals towards crime. Impoverished communities often reside in disadvantaged areas with weak social controls, fostering conditions conducive to criminal activities. Consequently, poverty transcends mere resource scarcity; impoverished communities struggle to compete with those possessing talent and knowledge. If they do manage to compete, they often secure positions with low wages, forcing them into criminal activities to survive.

Reducing poverty rates in Indonesia correlates with decreased crime levels, positively impacting societal well-being and economic improvements, thereby reducing the likelihood of criminal behavior. Poverty is a complex issue that requires comprehensive consideration from various perspectives, encompassing economic, social, and cultural difficulties. Addressing poverty necessitates addressing numerous interrelated factors, as it influences various social issues within communities, including crime. According to the [Central Statistics Agency \(2018\)](#), poverty in Indonesia is currently decreasing. The gap between the rich and the poor is also narrowing. The wealthy in Indonesia are estimated to be cutting back on their spending due to concerns about the economic situation. However, the disparity in poverty between rural and urban areas has not improved. This is because the government's efforts to distribute funds through village grants have not been effective, primarily due to the slow bureaucracy in the village fund application process. Farmer empowerment is still inadequate, and collaboration between state-owned enterprises (BUMN) and commercial companies is insufficient to absorb more agricultural production.

This study aligns with research conducted by [Rezaei \(2022\)](#) in Iran, [Shah et al. \(2019\)](#) in Pakistan, and [Anggrayni \(2022\)](#) in Indonesia, which found a significant positive relationship between poverty and crime. Decreasing poverty levels are associated with reduced crime rates, impacting societal well-being and economic growth, enabling people to meet their daily needs without resorting to criminal activities. However, this finding contradicts the study by [Dari & Asnidar \(2022\)](#) in Indonesia, which suggests a significant negative relationship between poverty and crime. This implies that an increase in poverty leads to a decrease in crime, and vice versa. Consequently, this could prompt individuals living in poverty to engage in illegal activities to meet their basic needs.

Islam views poverty as a condition that poses a significant threat to morality, familial stability, and societal harmony. From an ethical standpoint, poverty can lead to desperation and immoral behavior, as individuals may resort to unethical means to survive. Within the family unit, financial strain can cause discord and instability, undermining the foundational bonds of trust and support. On a broader scale, society suffers as economic disparity breeds resentment and jealousy between the impoverished and the affluent, potentially leading to social unrest and conflict.

The Quran addresses this issue in Surah Ad-Duha: 8, where it is illustrated that Allah SWT bestows material sufficiency upon His Prophet as a sign of honor and care. This divine

provision underscores the importance of economic stability and its role in maintaining dignity and righteousness. The message implies that alleviating poverty and ensuring material well-being are not only acts of charity but also essential measures for preserving ethical standards, family cohesion, and societal peace. Through such teachings, Islam encourages efforts to reduce poverty and promote equitable wealth distribution, fostering a more just and compassionate community.

The poorest segment of society is often perceived as the most severe societal ill. Within impoverished communities, extreme ideologies gain significant traction, and heinous acts are frequently justified as means to fulfill their needs and desires. This phenomenon is reminiscent of the pre-Islamic era, known as the Jahiliyyah period. During that time, people went as far as to kill their children out of fear of the disgrace associated with poverty. They witnessed firsthand how poverty's detrimental effects could endanger a person's life and dignity. This passage highlights the dire consequences of extreme poverty, illustrating how it can drive individuals and communities to desperate measures. The reference to the Jahiliyyah period underscores the historical context of these actions, showing that poverty-induced despair can lead to morally reprehensible behaviors. It also serves as a cautionary tale about the profound and dangerous impacts of economic deprivation, emphasizing the need for societal efforts to address and alleviate poverty to prevent such extreme outcomes.

#### *The influence of unemployment on crime in Indonesia*

Unemployment affects crime rates in Indonesia. Unemployment is a significant economic issue in many countries, especially in developing and underdeveloped nations like Indonesia. Those who are not employed or actively seeking employment are considered unemployed. One of the primary causes of unemployment is inadequate aggregate expenditure, resulting in reduced demand, limited production of goods and services, and decreased labor utilization. The repercussions of unemployment include reduced productivity and income for the population, consequently contributing to the emergence or exacerbation of social issues such as crime.

Table 8. Open Unemployment Rate by Education Level in Indonesia (%)

Education Level	Year					Mean
	2016	2017	2018	2019	2020	
Primary Education	2,95	2,62	2,40	2,39	3,61	2,79
Junior High School	5,84	5,52	4,77	4,72	6,46	5,46
Senior High School	8,63	8,32	7,90	7,87	9,86	8,52
Vocational High School	11,49	11,38	11,18	10,36	13,55	11,59
Diploma I/II/III	5,03	6,86	6,00	5,95	8,08	6,38
Bachelor's degree	4,54	5,25	5,88	5,64	7,35	5,73

According to the [Central Statistics Agency \(2019\)](#) educated unemployed individuals, especially graduates with academic/diploma and university degrees, have the highest unemployment rates. In such cases, the likelihood of criminal actions is low because highly educated individuals tend to have rational perspectives and refrain from engaging in criminal activities. It can be observed that a significant portion of educated unemployed individuals, particularly high school graduates, academic/diploma holders, and university graduates, face the highest unemployment rates. In these circumstances, the occurrence of crime is less probable as highly educated individuals possess sound judgment and are less likely to commit criminal acts. This is because highly educated individuals generally have a better understanding

of law and ethics. They comprehend that criminal actions can harm others and go against the cherished values of society. This is why unemployment has a negative effect on crime. Indonesia is currently experiencing massive unemployment due to several factors such as the high number of recent university graduates opting for employment and many bachelor's degree holders refusing to take part-time jobs as they deem it beneath their abilities. Consequently, these graduates end up unemployed, without any jobs at all. Their scholarly competence does not match the job demands and competencies. This is different from those with low education levels, who, having completed elementary or junior high school, tend to take up any job available to meet their needs. They do not consider their abilities; they only think about how to earn money.

This research is in line with a study conducted by [Harun et al. \(2021\)](#) in Malaysia, which states that in the long run, unemployment can have negative implications for crime. An unemployed individual, whether actively seeking employment or not, can still meet their basic needs and is not forced to commit criminal acts unless they are truly compelled to engage in criminal activities to sustain their livelihood. However, the findings of this study are not consistent with the research conducted by [Abdila et al. \(2022\)](#) in East Java, [Kizilgol & Selim \(2017\)](#) in Turkey, and [Eric et al. \(2021\)](#) in Africa, which suggest that unemployment has a positive effect on crime. This means that if the unemployment rate increases, crime rates will also rise, and vice versa, if the unemployment rate decreases, crime rates will increase.

Islam is full of teachings that encourage its followers to work and prohibit them from being unemployed. These teachings are contained in the Quran and Hadith. If both are scrutinized, it will be found that Allah SWT and His Messenger repeatedly command us to work for our good in this world and the hereafter at the same time. Islam teaches us not to sit idly by without any work being done. Allah SWT says in surah Q.S At-Taubah:105, namely:

“Say (Prophet Muhammad), “Work; then, Allah, His messenger, and the believers will see your work. You will be returned to the One Who knows the unseen and the manifest. Then, He will tell you what you have been doing.” QS. At-Taubah verse 105 teaches the importance of working and doing charity responsibly, with the realization that every action is watched by Allah and the community. In the context of unemployment and criminal behavior, this verse encourages individuals to remain active and productive and avoid crime. This verse commands Muslims to work and do charity. In the context of unemployment, this means the importance of seeking employment and striving hard to overcome the state of being without work. Unemployment often leads to frustration, depression, and economic instability, which can push individuals towards criminal behavior as a way to meet basic needs. This verse states that Allah, His Messenger, and the believers will see one's work. Awareness of Divine scrutiny can reduce one's propensity to engage in criminal behavior. In addition, supervision by a caring and supportive community can create a positive social environment and reduce the urge to commit criminal acts.

#### *The influence of education on crime in Indonesia*

This research found that education does not have a significant impact on crime rates. One of the reasons is that educated individuals, especially those with higher education, often have opportunities to obtain strategic positions, but some exploit them for corrupt actions. Economic burdens, such as high education costs and a luxurious lifestyle, are cited as drivers of this behavior. This condition renders the impact of education on crime insignificant in the context of Indonesia.

Education is generally considered an important factor that can reduce crime through the improvement of human resource quality, work skills, and legal understanding. These findings contrast with other research, such as [Rahmalia et al. \(2019\)](#), which states that education has a



negative relationship with crime. This study shows that the longer someone spends time in school, the less likely they are to engage in criminal activities because their time is occupied with educational activities. Similar findings were also reported by [Cheong & Wu \(2015\)](#) in China and [Patel & Fadaei \(2017\)](#) in the United States, which indicate that education can directly suppress crime rates.

There are several reasons why the findings of this study differ from previous research. In Indonesia, the quality and access to education are still very uneven between urban and rural areas. This disparity makes it difficult for many poor communities to access quality education. This is in line with the study by [Armin & Idris \(2020\)](#), which found that education in Indonesia significantly reduces crime, but only if access to education is equitable and of high quality. Another reason why education does not have an impact according to this study is that educated individuals can become involved in economic crimes, such as corruption. This reflects how economic pressures, such as a lavish lifestyle or debt, can lead individuals to criminal actions despite having a high level of education. On the contrary, this contradicts the findings of [Akay's \(2022\)](#) study in Turkey, which shows that education actually shapes positive behavior that reduces criminal tendencies. In countries like China and the United States, education serves as a strategic tool to reduce crime by providing job skills and high legal awareness. In Indonesia, as expressed by [Rahman & Prasetyo \(2018\)](#), educational policies have not been able to reach all layers of society evenly, making their impact on crime reduction insignificant.

This study also contradicts the research conducted by [Edwart & Azhar \(2019\)](#), which states that the level of education has a positive and significant impact on the crime rate. According to their research, an increase in the level of education will lead to an increase in the crime rate, while a decrease in the level of education will lead to a decrease in the crime rate. This is different from the findings in this study, which show that education does not have a direct impact on the crime rate in Indonesia.

These differing results can be explained by several factors. In the study by [Edwart & Azhar \(2019\)](#), there may be other factors not accounted for, such as inadequate education quality or unequal access to education among different societal groups. Meanwhile, in this study, there is an emphasis that although education plays a role in shaping better individuals, economic factors, especially high financial burdens, can drive individuals to engage in criminal activities, such as corruption. Higher education does not always mean that individuals will avoid crime, especially if they have opportunities to gain power or material benefits through illegal practices.

The findings of this research provide an important lesson that education alone is not enough to reduce crime if it is not supported by policies that improve the quality and access to education, especially for vulnerable groups. In addition, it is important to integrate education with moral, legal, and civic values to reduce the likelihood of economic crime. In Islam, education is not only understood as the transfer of knowledge but also as the formation of morals, ethics, and social responsibility. Therefore, the education curriculum must integrate moral teachings and spiritual values, such as honesty, justice, and trustworthiness. As stated in the Quran, Surah Al-Imran, verse 104:

"And let there be among you a group that calls to goodness, enjoins what is right, and forbids what is wrong. And they are the successful ones." This verse emphasizes the importance of moral-based education that teaches individuals to uphold goodness and avoid evil, including economic crimes such as corruption.

This value-based education can reduce the urge to commit economic crimes, such as corruption because educated individuals will have a strong moral awareness. Islamic economics encourages character education that instills values such as *qana'ah* (contentment with lawful sustenance) and social responsibility. By integrating moral-based education, empowering

vulnerable groups through zakat, and wealth redistribution, education can become a more effective tool for creating a just, prosperous, and crime-free society.

### *The influence of income inequality on crime in Indonesia*

Research on the relationship between income inequality and crime rates shows varied findings. Most previous studies, such as those conducted by [Sugiharti et al. \(2023\)](#) in Indonesia, [Zungu & Mtshengu \(2023\)](#) in Africa, and [Lobonț et al. \(2017\)](#) in Romania, found that income inequality positively impacts crime rates. High inequality is considered to create social dissatisfaction and drive some members of society, especially those unable to meet basic needs, to commit criminal acts as a means of survival. However, this research offers a different perspective. The findings of this study indicate that income inequality in Indonesia does not significantly impact crime rates.

This research suggests that income redistribution policies through a progressive taxation system in Indonesia are a key factor in reducing the impact of income inequality on crime. Higher taxes on the wealthy are used to strengthen security infrastructure, such as increasing the number of security personnel and improving public infrastructure. This taxation policy allows the poor to meet their basic needs without having to take the risk of committing crimes. However, if the poor cannot meet their basic needs, they will turn to crime. These results are in line with the research by [Nagasubramanian \(2022\)](#) in India and [Goh & Law \(2022\)](#) in Brazil, which states that income redistribution can mitigate the negative impact of inequality on crime. However, the results of this study contradict the findings of [Sugiharti et al. \(2023\)](#), who found a positive relationship between income inequality and crime in Indonesia. In Sugiharti's research, income inequality is particularly felt in rural areas, where the slow and ineffective distribution of village funds makes it difficult for the poor to access assistance. The high inequality in those areas increases the potential for criminal acts as a means to meet living needs. On the other hand, this research may better represent urban areas, where income redistribution policies are more effectively implemented.

In areas with low education and literacy systems, such as rural Indonesia, unemployment and income inequality are more prone to trigger crime. This is reinforced by the research of [Hakim & Jan \(2022\)](#) in Pakistan, which shows that adult literacy rates significantly affect crime rates. Conversely, in countries with strong institutions, such as the United States, investment in crime prevention can mitigate the negative impact of income inequality, as found by [Costantini \(2018\)](#).

The findings of this research indicate that effective redistribution can reduce the impact of income inequality on crime rates. Therefore, the government needs to strengthen fiscal policies such as progressive taxes and social fund allocations to improve the quality of life for vulnerable groups. Redistribution programs should focus on investments in education, health, and basic infrastructure to ensure equal access for all layers of society.

To reduce crime due to economic inequality, it is important to enhance institutional effectiveness through bureaucratic reforms that ensure the timely distribution of aid. Policies must also be tailored to local conditions, based on specific data from each region, to be more effective. Strengthening social welfare programs, such as job training and access to microcredit, can provide economic opportunities for vulnerable groups, reducing dependence on illegal activities. Additionally, investment in public security infrastructure, including enhancing the capacity of law enforcement and surveillance technology, is necessary to create a sense of safety and prevent crime.

The application of the principle of justice in wealth distribution is a key element in Islamic economics to create a just and prosperous society. Through the optimization of zakat, infaq, and sedekah, wealth distribution can be directed to support vulnerable groups through local

empowerment programs such as education, health, and small businesses. This is following QS. Al-Hasyr: 7:

"So that wealth does not circulate only among the rich among you." This verse emphasizes the importance of equitable wealth distribution to prevent the monopoly of wealth by certain groups. In addition, waqf becomes a powerful instrument in providing sustainable public infrastructure, such as schools, hospitals, and vocational training centers, especially in vulnerable areas. Strengthening Islamic financial institutions, through products such as *qard al-hasan* and *mudharabah*, can enhance inclusive financial access, reduce economic pressure, and curb potential criminality.

### **Conclusion**

The findings of this study reveal that poverty and unemployment have an impact on the crime rate. Increasing poverty tends to escalate crime rates as impoverished communities resort to various means, including criminal activities, to survive, influenced by their environment. Unemployment also correlates with crime in Indonesia. The study indicates that a reduction in unemployment leads to a decrease in crime rates. The prevalence of educated unemployment in Indonesia at least affects their mindset regarding the consequences of criminal actions.

Education and income inequality do not influence crime rates in Indonesia significantly. While the duration of schooling, as a proxy for education, suggests that higher educational attainment can decrease crime rates, the impact is not substantial. Unequal access to and quality of education in certain regions of Indonesia may result in inadequately prepared graduates. The mismatch between the skills taught and job market demands can also increase unemployment and potential criminal activity. Income inequality levels vary across Indonesia and do not consistently correlate with crime rates. Certain types of crimes, particularly those related to corruption or financial crimes, may not always be reflected in official crime statistics, potentially obscuring the relationship between income inequality and crime.

Recommendations to address this issue include equalizing access to education, creating economic opportunities, providing skills training, and offering social support to individuals striving for economic stability to reduce their involvement in criminal activities. Additionally, social programs and welfare support should be available to assist individuals and families impacted by unemployment in overcoming their economic hardships.

The research's policy implications include the necessity of integrating moral and spiritual values into education to deter economic crime, as well as the need for wealth redistribution through progressive taxes, *zakat*, and social programs that strengthen the weaker segments of society. In addition to improving public security capabilities, this program should incorporate investments in infrastructure, health, and education as well as administrative changes for efficient aid distribution. In the long term, this approach will increase social cohesion, promote community empowerment, raise moral consciousness, and lessen economic inequities. This step can lead to inclusive, equitable, and sustainable socioeconomic growth in Indonesia by tackling the underlying causes of economic crime and inequality.

### **Author Contribution**

Erni Panca Kurniasih: Creating and Designing analyses; Reviewing the draft; Writing paper.

Novia Andini: Creating and performing analysis; Writing paper.

Metasari Kartika: Review of the draft, literature review, and result discussion.

Nina Febriana Dosinta: Literature review, data collection, translator.

Nur Fitriana Hamsyi: Literature review, data collection, translator.

Ichsan Iqbal: Review of the draft, literature review, and result discussion.

## Declaration of Competing Interest

Author declare that have no conflict of interest

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