

THE INFLUENCE OF INCREASED PRICES OF SATISFACTIONS ON ECONOMIC GROWTH

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Abstract: *Economic growth greatly affects people's purchasing power of basic commodities. The phenomenon that occurred entering the beginning of September 2022 the prices of a number of basic commodities were observed to have increased. There are several prices of basic commodities that have increased. The purpose of this study is to analyze the increase in staple commodities such as premium rice, eggs, garlic, red chili peppers, sugar, and cooking oil together whether there is a significant effect on economic growth in Indonesia using multiple linear regression analysis. In this study used primary data, with simple random sampling as a sampling technique. Hypothesis testing using the F test is known that the commodities of premium rice, eggs, garlic, red cayenne pepper, sugar, and cooking oil and the number of family members together have influence on economic growth in Indonesia. The variables that have a significant influence on the income of coconut farmers are the amount of coconut production and the cost and the resulting coefficient value is 0.756 or 75.6% percent.*

Keywords: *Prices of Basic Materials, Economic Growth*

1. INTRODUCTION

Economic growth is a long-term economic problem, and economic growth is an important thing that the world is experiencing in recent times. The process of economic growth is called Modern Economic Growth. Basically, economic growth is defined as a process of growing per capita output in the long term. This means that in the long run, welfare is reflected in an increase in per capita output which at the same time provides many alternatives in consuming goods and services, and is followed by the increasing purchasing power of the people (Yuniarti et al., 2020).

The phenomenon that occurred entering early September 2022 the prices of a number of staples were observed to increase. There are several staple food prices that have increased. For changes in the price of staples that tend to increase, because the price is adjusted to the level of needs and public demand for basic needs, including premium rice commodities, imported dry seed soybeans, garlic, to red cayenne pepper (Rifan Aditya, 2022).

According to Elsa Catriana, *kompas.com* stated that the price increase was quite significant and some were slightly up from the previous day. Quoting from data from the Food Price Panel of the National Food Agency, the price of premium rice increased by 0.40 percent or by Rp. 50 compared to yesterday's price to Rp. 12,400 per kilogram, this imported dry seed soybean commodity also increased by 0.29 percent or Rp. 40 to Rp. 13,740 per kilogram. Then, the commodity that also rose was weevil garlic which rose by IDR 50 to IDR 25,590 per kilogram. Furthermore, the red curly chili commodity rose by IDR 1.59 percent to IDR 60,210. and Granulated sugar also increased by IDR 20 to IDR 14,340 per kilogram (Elsa Catriana, 2022).

Basic material needs are important things needed by humans in meeting the needs of life. Human beings or society in meeting the needs of life, in addition to spiritual needs, physical needs that are beneficial to the body and nutrition are met. However, in meeting the needs of basic materials, the community is faced with several economic problems (Afriyanti, 2022).

The increase in the price of staples has a significant impact on business and also public consumption from Indonesian traders and housewives. Consumption is an activity aimed at using the benefits of a good or service to meet the needs of life. Staples are also commonly referred to as staple food which stands for nine staples whose names are familiar to Indonesia (Rochmaniah & Oktafia, 2019).

The problem of this study is whether there is a significant influence on the increase in the price of staples on the economic growth of premium rice, eggs, garlic, red cayenne pepper, sugar and cooking oil together, of the six free variables which are the most dominant variables and how much influence they have on economic growth in Indonesia.

The purpose of this study is to analyze the increase in staples such as premium rice commodities, eggs, garlic, red cayenne pepper, sugar, and cooking oil together whether there is a significant influence on economic growth in Indonesia and find out which free variables have the dominant influence on economic growth in Indonesia and how much influence these variables have on economic growth.

2. LITERATURE REVIEW AND HYPOTHESIS

2.1. Economic Growth

Economic growth is defined as a change in the increasing production of goods and services in a country over a period of time, and therefore economic growth in general means an increase in income for a particular country. Economic growth is measured using a percentage of GDP growth, and the ratio is compared in a given year with the previous year. Capital increase, technological progress and education level improvement play a major role in economic growth (الجزيرة, 2008).

According to capitalist economic theory, economic growth can occur in society, but prosperity can reach some members of society, while most will be affected by poverty. According to Solow Swan, economic growth is a parameter of successful economic development. Economic progress is influenced by high growth determined by changes in population, capital accumulation, technological progress, and national output, as well as sustainable economic growth can also improve people's living standards. Because economic growth is an important indicator in the success of economic development for a country. Advanced economies are due to increasing growth, one of which is from national output. This is sustainable so that it can improve people's living standards. Economic growth in Indonesia as a whole remains solid amid a slowing global economy. Indonesia's economic growth is largely supported by domestic demand (Farah Diffa Hanum et al., 2022).

Based on a statement from Bank Jakarta on June 22, 2022, it was revealed that the Indonesian economy is projected to experience growth at 5.1 percent in 2022 and 5.3 percent in 2023, in line with pressures related to declining global economic conditions, higher inflation, and tightening external finances that are starting to weigh on, according to the Indonesia Economic Prospects report released. Risks to the outlook look downwards. Commodity prices have seen a sharp increase and are likely to continue to be at a high level in 2022-2023. While Indonesia benefited short-term from rising commodity prices, domestic prices began to rise and foreign funding became tighter.

Economic growth greatly affects people's purchasing power on staples. When the price of staples rises, it will trigger increased inflation which can affect people's consumption levels. The

increasing consumption of people has resulted in necessities becoming scarce, quickly depleted and even disappearing. The scarcity of necessities in the markets caused people to panic. People's panic in obtaining necessities affects the process of buying and selling in markets.

2.2. The Increase In The Price of Staples

The increase in the price of staples is one of the influences on the community's economy. The most frequent price increase is usually rice, thus triggering other staples to increase. Many people complain about not being able to buy groceries like they were before the price went up. The increase in the price of staples is deeply felt by the middle and lower class people, while for the middle and upper class people they do not feel so much because they can still afford it. This price increase will trigger an increase in the poverty rate in Indonesia (Siaran Pers, 2022).

The price of basic necessities can change every year, this can lead to inflation and shake economic growth. As the population of the population grows every year, the demand for basic necessities increases, and there is not enough supply for consumers. Therefore, food prices have increased. For example, premium rice commodities, imported dry seed soybeans, garlic, to red cayenne pepper are widely sold in the market, both in traditional and modern markets (Pratama et al., 2022).

The increase in the price of staples is influenced by supply and demand often fluctuating due to various things such as weather, pests, and other factors that interfere with the course of distribution activities. In Indonesia, commodity prices often experience price fluctuations. Fluctuations in food prices are caused by an imbalance between supply and demand for staples. The demand for staples will continue to increase as the population increases, living standards and people's welfare. On the supply side, food is highly vulnerable to turmoil such as climate and natural conditions, restrictions on agricultural land and changes in function, as well as international geopolitical conditions (Rahmanta et al., 2020). Below can be seen the development of staple food prices as follows:

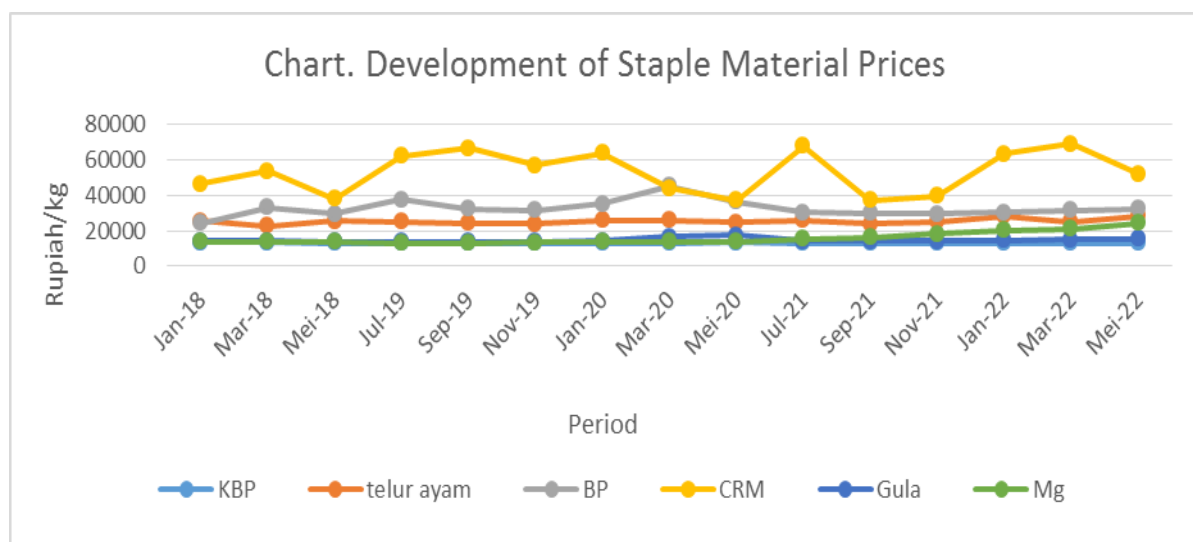


Figure 1
Chart. Development of Staple Material Prices

Based on the chart above, there are several basic needs experiencing a significant price increase. For example, red cayenne pepper from January 2018 in 2018 amounted to Rp. 46,150 / kg until May 2022 for Rp. 51,950 / kg and this despite also still experienced an increase of Rp. 62,300 / kg, which increased by around 2.55%. And for other commodity prices, some have increased and

some have decreased. So that the increase in the price of staples is one of the influences on the community's economy. The most frequent price increase is usually rice, this commodity triggers other staples to increase. Many people complain about not being able to buy groceries like they were before the price went up. The increase in the price of staples is deeply felt by the middle and lower class people, while for the middle and upper class people they do not feel so much because they can still afford it. This price increase will trigger an increase in the poverty rate in Indonesia (BPS, n.d.).

In Islamic economics, price increases are conceptualized on demand and supply and economic justice taking into account the interests of the parties involved in the market. According to Asy-Syatibi that the main purpose of maqasid sharia is first Daruriyyat means urgent or emergency needs. In this category, there are five things that need to be considered, namely maintaining religion, maintaining the soul, maintaining reason, maintaining honor and offspring and maintaining property. Daruriyyat's need is that if this level of need is not met, it will threaten the safety of mankind in the world and in the hereafter. Secondly, Hajiyyat means secondary need, if this need is not realized it does not threaten safety, but will experience difficulties.

To eliminate these difficulties, in Islam there is a rukhsa (waiver) law, which is a law needed to ease the burden, so that the law can be implemented without feeling pressured and constrained. And third, Tahsiniyyat is a perfection of this level of need in the form of complementary needs. If this need is not met, it will not threaten and will not cause difficulties. So, in sharia maqasid, the welfare of the community is determined by basic needs. If economic growth is good then the welfare and benefit of the people will be achieved because of human efforts to meet their basic needs so that they can be met. On the other hand, if the basic needs are high, then humans cannot meet their needs and survive (Irwan et al., 2020). Good economic growth can be achieved when the implementation of regional development is carried out by humans themselves. Trusted human beings can run as economic actors who are trustworthy and honest and fair. Practicing honesty, trust, fairness means having maintained and maintained the Islamic religion itself. These values implemented will lead to a straight path so as not to cause fraud such as hoarding goods when the price of staples increases. Indeed, the way to overcome the increase in the cost of goods in the view of sharia maqasid is to conduct socialization, conduct market supervision and provide honest explanations to the public.

3. RESEARCH METHODS

This type of research is descriptive quantitative. Descriptive studies aim to obtain descriptive data that are able to describe the composition and characteristics of the units studied and the research data used in the form of numbers adjusted to the research objectives. The type of data used in this study is secondary data obtained in the form of numbers and their analysis using statistics. Data sources obtained from agencies related to research problems such as PIHPSN (National Strategis Food Price Information Center). The data analysis used in this study is Multiple linear regression. This model was chosen to find out how much influence free variables have on bound variables either partially or together. Before the regression model is used to test the hypothesis, the classical assumption test, the t test and the f test are first carried out. The data tool used is SPSS version 23.

4. RESULTS AND DISCUSSION

4.1. Normality Test

The results of the normality test with the graph method can be seen in figure 1 below:

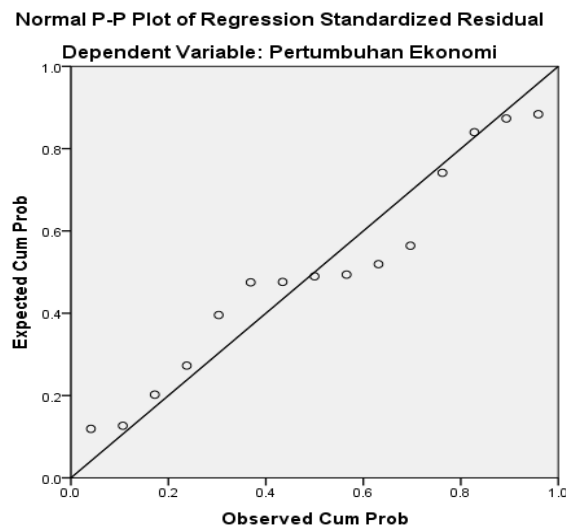


Figure 2. Normality Test Results

In figure 2 above we can see that the normal probability plot chart shows a normal chart pattern. This can be seen from the points that spread around the normal chart and the spread follows a diagonal line. The results of the normality test by statistical methods can be seen in table 2 of Kolmogorov Smirnov's One Sample test.

Table 1 Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		15
Normal Parameters ^{a,b}	Mean	0E-7
	Std. Deviation	.96870220
Most Extreme Differences	Absolute	.149
	Positive	.149
	Negative	-.134
Kolmogorov-Smirnov Z		.576
Asymp. Sig. (2-tailed)		.894

a. Test distribution is Normal.

b. Calculated from data.

From the output above, it can be seen that the significance value is 0.894. Since the significance is more than 0.05 ($0.894 > 0.05$), the residual value has normalized. It can therefore be concluded that the regression model is feasible because it meets the assumption of normality.

4.2. Multiple Linear Regression Coefficient Test

The results of the F test in the study can be seen in the following table 2:

Table 2. F Test Results

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	81.230	6	13.538	8.244	.004 ^b
	Residual	13.137	8	1.642		
	Total	94.367	14			

a. Dependent Variable: Pertumbuhan Ekonomi b. Predictors: (Constant), Minyak Goreng, Gula, Cabai Rawit Merah, Komoditi Beras Premium, Telur Ayam, Bawang Putih

From the results of the F test in this study, a calculated F value of 8.244 was obtained with a significance figure of 0.000. With a significance level of 95%. The significance figure is $0.004 < 0.005$. Based on this comparison, it is rejected to mean that the commodity variables of premium rice, chicken eggs, red cayenne pepper, garlic, sugar and cooking oil have a significant influence together on the variables of economic growth in Indonesia.

The results of multiple linear regression analysis obtained the regression equation:

$$Y = -13.261 + 0.004X_1 + 0.000X_2 + 0.000X_3 + 3.695E-005X_4 - 0.002X_5 + 4.164E-005X_6$$

The results of the t test in the following study are in Table 3 below:

Table 3. The Results of Multiple Linear Regression Analysis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-13.261	70.807		-.187	.856
	Premium Rice Commodity	.004	.006	.118	.664	.525
	Chicken eggs	.000	.000	-.157	-.866	.412
	Garlic	.000	.000	-.194	-.932	.378
	Red Cayenne Pepper	3.695E-005	.000	.170	.986	.353
	Sugar	-.002	.001	-.745	-2.855	.021
	Cooking oil	4.164E-005	.000	.056	.266	.797

a. Dependent Variable: Economic growth

Based on the table above, the results of the t test can be explained as follows:

1. Premium Rice Commodity

a. The hypothesis is $H_0 : \beta_1 = 0$, meaning that the rice commodity variable does not have a partially significant effect on economic growth in Indonesia.

b. The hypothesis is $H_1 : \beta_1 \neq 0$, meaning that the rice commodity variable has a partially significant influence on economic growth in Indonesia.

Test results with SPSS were obtained for X_1 variable obtained calculated t value = 0.664 with a significance level of 0.525. Using a significance limit of 0.05, the significance value is less than the 5% level which means it is rejected and accepted. This means that it has an influence on economic growth in Indonesia.

2. Chicken Eggs

- a. The hypothesis is $H_0 : \beta_1 = 0$, meaning that the chicken egg variable does not have a partially significant influence on economic growth in Indonesia.
- b. The hypothesis is $H_1 : \beta_1 \neq 0$, meaning that the chicken egg variable has a partially significant influence on economic growth in Indonesia.

Test results with SPSS were obtained for the variable X_2 obtained a calculated t value = 0.866 with a significance level of 0.412. Using a significance limit of 0.05, the significance value is less than the 5% level which means it is rejected and accepted. This means that the variable chicken eggs have an influence on economic growth.

3. Garlic

- a. The Hypothesis is $H_0 : \beta_1 = 0$, meaning that the garlic variable does not have a partially significant influence on economic growth in Indonesia.
- b. The hypothesis is $H_1 : \beta_1 \neq 0$, meaning that the garlic variable has a partially significant influence on economic growth in Indonesia.

Test results with SPSS were obtained for X_3 variable obtained calculated t value = 0.932 with a significance level of 0.378. Using a significance limit of 0.05, the significance value is less than the 5% level which means it is rejected and accepted. This means that the garlic variable has an influence on economic growth.

4. Red Cayenne Pepper

- a. The hypothesis is $H_0 : \beta_1 = 0$, meaning that the red cayenne pepper variable does not have a partially significant effect on economic growth in Indonesia.
- b. The hypothesis is $H_1 : \beta_1 \neq 0$, meaning that the red cayenne pepper variable has a partially significant influence on economic growth in Indonesia.

The test results with SPSS were obtained for the variable X_4 obtained a calculated t value = 0.986 with a significance level of 0.353. Using a significance limit of 0.05, the significance value is less than the 5% level which means it is rejected and accepted. This means that the red cayenne pepper variable has an influence on economic growth.

5. Sugar

- a. The hypothesis is $H_0 : \beta_1 = 0$, meaning that sugar does not have a partially significant effect on economic growth in Indonesia.
- b. The hypothesis is $H_1 : \beta_1 \neq 0$, meaning that sugar has a partially significant influence on economic growth in Indonesia.

The test results with SPSS were obtained for X_5 di variable obtained a calculated t value = 2.855 with a significance level of 0.021. Using a significance limit of 0.05, the significance value is less than the 5% level which means it is rejected and accepted. This means that sugar variables have an influence on economic growth.

6. Cooking Oil

- a. The hypothesis is $H_0 : \beta_1 = 0$, meaning that the red cayenne pepper variable does not have a partially significant effect on economic growth in Indonesia.
- b. The hypothesis is $H_1 : \beta_1 \neq 0$, meaning that the red cayenne pepper variable has a partially significant influence on economic growth in Indonesia.

The test results with SPSS were obtained for the variable X_6 obtained a calculated t value = 0.266 with a significance level of 0.797. Using a significance limit of 0.05, the significance value is less than the 5% level which means it is rejected and accepted. This means that cooking oil has an influence on economic growth.

While the coefficient of determination of the equation above can be seen in table 4 below:

Table 4 Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928 ^a	.861	.756	1.281

a. Predictors: (Constant), Cooking Oil, Sugar, Red Cayenne Pepper, Premium Commodity Rice, Chicken Egg, Garlic

Based on the table above, the R value shows a multiple correlation, namely work ability and work benefits are 0.928 or 92.8%. This means that the relationship is close, the bigger R means the closer the relationship. R square (R^2) or square R indicates the coefficient of determination is 0.861 or 86%, meaning that the percentage effect between the variables of premium rice commodities, chicken eggs, red cayenne pepper, garlic, sugar and cooking oil on economic growth. From the table above, it can be read that Adjusted R Square (R^2) is 0.756 or 75.6% while the remaining 24% is explained by other factors. The Standart Error of The Estimated is a measure of the variable of the predicted land. Standart Error of The Estimated can also be called standart deviation. In this case the value is 1.281. The smaller the standard deviation means the better the model.

5. CONCLUSION

Economic growth can occur in society, but prosperity can reach some members of society, while most will be affected by poverty. Meanwhile, according to Solow, it is a series of activities that are sourced from humans, capital accumulation, modern technology and results or outputs. As for population growth, it can have a positive impact and can have a negative impact. The increase in the price of staples is one of the influences on the community's economy. The most frequent price increase is usually rice, thus triggering other staples to increase. Many people complain about not being able to buy groceries like they were before the price went up. The increase in the price of staples is deeply felt by the middle and lower class people, while for the middle and upper class people they do not feel so much because they can still afford it. This price increase will trigger an increase in the poverty rate in Indonesia.

In sharia maqasid, good economic growth will be achieved when the implementation of regional development is carried out by humans themselves. Trusted human beings can run as economic actors who are trustworthy and honest and fair. Practicing honesty, trust, fairness means having maintained and maintained the Islamic religion itself. These values implemented will lead to a straight path so as not to cause fraud such as hoarding goods when the price of staples increases. Indeed, the way to overcome the increase in the cost of goods in the view of sharia maqasid is to conduct socialization, conduct market supervision and provide honest explanations to the public.

In the results of research with hypothesis testing using the F test, it is known that premium rice commodities, chicken eggs, red cayenne pepper, garlic, sugar and cooking oil together affect economic growth. This is shown from the calculated F value of 8.244 with a significance figure of 0.000. The resulting value of the double coefficient of determination R^2 is 0.861 and the value of R_{adj}^2 is 0.756 or 75.6%. In the results of the multiple linear regression analysis, it was obtained that what had an influence on the income of coconut farmers were the variables of premium rice commodities, chicken eggs, red cayenne pepper, garlic, sugar and cooking oil.

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