

INFLUENCE ECONOMIC GROWTH AND PERCENTAGE OF THE UNEMPLOYED POPULATION TO POVERTY IN INDONESIA 2016-2020

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Abstract:

Focus on the findings of previous studies (gap research) and different perspectives on economic development and factions living unemployed in poverty inform the implementation of this research. Besides that, regardless of the government's effort to combat poverty, there are still problems with research (phenomenon gap) about Indonesia, where the poverty level is still relatively high. The number of people in poverty in Indonesia is not affected significantly by this thing. This research aims to study How the expansion population and the contributing population to poverty interact. Website official Body Center Statistics was used to gather all research data, which was then processed with analysis panel data regression and testing hypothesis (F test, t-test, and coefficient determination). Findings study show that 1) economic growth has a positive and significant impact on poverty, 2) the level of unemployment has a positive and significant impact on poverty, 2) the level of unemployment impact positive and significant on poverty, and 3) economic growth and level of unemployment impact in a way simultaneously to poverty.

Keywords: Economic Growth, Total Unemployed Population, Poverty

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INTRODUCTION

In Indonesia, poverty is quite a problem. Heavy ones do not Once escape from the attention of the government. According to the World Bank, poverty is one reason for the impolite to buy needs like food, clothes, place to stay, health, and education. Poverty is also related to a lack of possibility jobs. Talent, opportunity, and income gaps cause poverty (Metcalf, 2019).

Based on Agency Data Center Statistics, it was explained that in 2016-2020, the level of poverty in Indonesia experienced fluctuation (Abduvaliev & Bustillo, 2020; Razmi et al., 2021). However, one province continues to experience enhancement from 2016-2020, namely North Maluku Province, from number poverty by 6.41% increase to 6.97% in the same period. One province that continues to experience a decline is West Kalimantan Province, from which the number of people living in poverty decreased by 8.00% to 7.24%. The most significant number of poverty cases 2016 amounted to 20.40% in Papua Province. Meanwhile, the lowest poverty in 2019 amounted to 3.42% in DKI Jakarta Province (Khan, 2019).

Every province in Indonesia has varying degrees of poverty, from low to extreme (Muhammad et al., 2019). There are signs that the government has difficulty lowering the number of poverty (Ratnawati, 2020). As a country develops, Indonesia still endeavors to look for a solution to the problem of poverty for its people. Wrong One stage practically is the publication policy

government shaped regulation legislation, which is next invested in response programs poverty (Handoyo et al., 2021; Khan, 2019).

Family Program Hope is Wrong is one of several government initiatives to help the public escape poverty (Clarete, 2018). Healthy and Smart Indonesia Program available (Handoyo et al., 2021). Recipient Family Program benefits Hope is medium mother contain or Mother breastfeeding, a child in lower six years old, children attending school, parents aged 60 years to on as well as disabled person disability weight (Zhu et al., 2022). Smart Indonesia Program through KIP provides educational and financial assistance to all children aged 6–21 years who come from families that are not capable and vulnerable or fulfill conditions for others (Ratnawati, 2020). Guarantee Program Health Nationally run _ by BPJS Health channel service health to the public not enough capable blessing Healthy Indonesia Card (Murdiyana & Mulyana, 2017).

Because of the need for more awareness among the public about these initiatives, the government's programs are genuinely incapable of overcoming poverty and only have little influence on reducing it (Asare & Barfi, 2021; Li et al., 2018). Data collection public recipients who are not accurate should Not accept it again because the economy is improving; instead, do it, and where society is also lacking understanding, help the government alleviate poverty (Asare & Barfi, 2021). Because of the lack of awareness, the public will receive this information, and the programs being implemented by the government are genuinely incapable of overcoming central poverty and only impact small ones (Amar & Pratama, 2020).

Level poverty relates to several macroeconomic factors (Amar & Pratama, 2020). Economic expansion and the proportion of the unemployed population are among them (Jayawarsa et al., 2021). Enhancement of economic growth is significant For reducing poverty (Song et al., 2022). When economic growth increases, more Lots commodities or services are created, reducing poverty. Indonesia from 2016-2020 is visibly fluctuating (Breunig & Majeed, 2020). The highest economic growth was in Central Sulawesi Province in 2018 at 20.60%, while the lowest was in Papua Province, which reached -15.74%.

Unemployment is wrong. One influencing element of poverty besides economic growth is High unemployment, which influences how prosperous an individual is (Erlando et al., 2020). Level income needs to be corrected. One variable deciders the prosperity of people. If the precondition for work is fully fulfilled, the income of the public can increase to a maximum. Poverty will be attention during not enough prosperity. DKI Jakarta Province had the lowest unemployment rate from 2016 to 2020 (10.95% in 2020); meanwhile, Bali Province has the lowest level of unemployment (1.40% in 2018). Based on the written phenomena above, the question in this research :

1. How did the change in poverty in Indonesia between 2016 and 2020 affect _ economic growth and the percentage of unemployed people?
2. How did Indonesia's economic growth influence poverty between 2016-2020?
3. How did the percentage of unemployed people affect Indonesia's poverty in 2016-2020?

METHODS

The country of Indonesia is the location or region of research. The focus study is data from Body Center Statistics, which is information on unemployment, economic growth, and poverty from 2016 until 2020. Panel data analysis is the approach analysis used _ in this research; meanwhile, Eviews 12 is used as a tool for data processing. Technique panel data analysis combines row count and series time (Saputra et al., 2019). Determine the estimation model. To know the model used in this research before analyzing panel data regression,



RESULT AND DISCUSSION

The random effects model was chosen using an estimation model equality regression using Test Chow, Test Hausman, and Lagrange Multiplier Test based on technique estimation regression between the common, fixed, and random effect models. For equality regression linear panel data. The formulation following represents the derived estimation model from the Random Effect Model:

$$K = 9.377586 + 0.033961 PE + 0.249946 JPM + e$$

According to the equality of the result following the use of panel data regression, level assessed possibilities with poverty own mark constant 9.377586, which means if variable, independent other mark fixed (constant), then this value will also be actual. Economic growth has coefficient regression 0.033961, which means that with the assumption variable independence still constant, every 1% increase in economic growth will increase opportunity measured disclosure with poverty by 0.033961%. The percentage of the unemployed population owns coefficient regression 0.249946, meaning that for every 1% increase in unemployment, risks measured disclosure with poverty increase amount to 0.249946%.

Table 1. Results F Test (Simultaneous Test)

F-statistic	5.647314
Prob (F-statistic)	0.004234

Source: Eviews 12 output

Table 1 concludes that economic growth and the percentage of unemployed population influenced in a way together to poverty in Indonesia between 2016 and 2020 and earned a mark probability 0.004234 < value significance 0.05.

Table 2. Results t test (Partial Test)

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	9.377586	1.063973	8.813749	0.0000
X ₁	0.033961	0.015784	2.151615	0.0329
X ₂	0.249946	0.074183	3.369303	0.0009

Source: Eviews 12 output

Based on Table 2 above shows _ that :

- a) Economic growth has an influence significant to poverty, proven by marking the probability equal to 0.0329 < 0.05.
- b) The percentage of resident unemployed with their influence significant to poverty have a mark probability of 0.0009 < 0.05.

Table 3. Results Test Coefficient Determination (R²)

R-squared	0.063348
Adjusted R-squared	0.052131

Source: Eviews 12 output

Studies shown in Table 3 findings on produce mark adjusted R-squared amounting to 0.052131. Shows that economic development variables and levels of unemployment accounted for

5.21% of Indonesian poverty levels, the rest, amounting to 94.79%, explained by other variables outside the model or other factors unrelated to this research.

The regression findings show that poverty is influenced by economic expansion and the level of participation in forced work. This is supported by results testing using Eviews 12 that shows that mark probability $0.004234 < \text{value significance } 0.05$.

Economic expansion positively and significantly reduces poverty. It means that If economic growth increases, poverty also increases. This happens Because inequality in income is not evenly distributed, and the Gini ratio fluctuates with the highest Gini ratio in DI Yogyakarta Province, which amounted to 0.440% in 2017. Several implications in Indonesia caused the COVID-19 pandemic to affect sector investment, tourism, and trade (Erlando et al., 2020; Zhu et al., 2022).

Similarly, at this moment, the findings regression show that unemployment significantly influences poverty positively (Cruz & Ahmed, 2018; Prasetyo & Kistanti, 2020). If the unemployment rate increases, poverty also increases (Manzoor et al., 2019; Sethi & Acharya, 2018). This happens Because unemployed residents have reduced income society, temporary cost life walking, and a lower level of prosperity and well-being (Ivanic & Martin, 2018; Khobai, 2021). The decreasing well-being of society improves opportunities for those trapped in poverty Because of no income (Mahadevan & Suardi, 2019).

CONCLUSION

Economic growth and the percentage of unemployed residents influenced poverty in Indonesia from 2016 to 2020. There is a positive and significant influence on economic growth and poverty in Indonesia 2016-2020. The percentage of the unemployed population has a positive and significant impact on poverty in Indonesia 2016-2020. Recommended For researcher Next, use other variables besides economic growth and the percentage of residents unemployed who can afford it due to poverty. This is intended for complete invention, the latest in the next period, focusing on government for advanced Countries.

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