International Journal on Social Science, Economics and Art, 12 (1) (2022)46-53

Published by: Institute of Computer Science (IOCS)

International Journal on Social Science, Economics and Art

Journal homepage: www. ijosea.isha.or.id

The influence of economic growth and unemployment on community poverty in pangkajene and islands regency

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Article Info

Article history:

Received: Apr 29, 2022
Revised: May 12, 2022
Accepted: May 23, 2022

Keywords:

Effect of Economic Growth;
Poverty;
Unemployment.

ABSTRACT

This researcher discusses the influence of economic growth and unemployment on community poverty in Pangkajene and Islands districts. This researcher aimsreveals the influence of economic growth and unemployment on community poverty in Pangkajene and Islands districts. This type of research uses the Expost Facto approach. This research is limited by analyzing quantitative secondary data in the 2011 period1until 2020. The research results show that variations in independent variables explain dependent variations in Pangkep Regency by 95.2% and the remaining variations in other variables are explained outside the model by 4.8%. As the data obtained shows that the results of calculating the correlation between the variables economic growth and unemployment and community poverty are 69.828, where the results of this calculation are consulted with the F table with a total of n 10 and an error level of 5%, provided that the calculated F value is greater than the F value table, then the hypothesis H1 is accepted and Ho is rejected (69.828 > 4.74). The implication of this research is that economic growth and unemployment experienced fluctuations from 2011 to 2020 and had a significant influence on poverty in Pangkajene and Islands Regency. It is hoped that the government can implement it in a real way to improve people's welfare and that the government will open up more job opportunities so that it can absorb labor to reduce poverty and unemployment levels and increase economic growth in Pangkajene and Islands Regency.

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1. INTRODUCTION

Pangkajene and the Islands is one of the districts in South Sulawesi Province, whose territory is spread across islands, mainland and mountains and serves as a connecting route to the capital city of South Sulawesi Province. Pangkajene and Islands Regency has a very large population, making it possible for economic problems to occur both at the level of economic growth, unemployment and poverty.

Poverty is a problem that always gets major attention in life, especially in Pangkajene and Islands Regency. The complex problem of poverty is related to various aspects such as social, economic, cultural and other aspects (W. Astuti, 2015). The poverty that has occurred in various regions since the beginning of this country's independence has become a serious problem that must be taken into account, because poverty makes it difficult for many people to meet their daily needs (Primandari,

2020). The term poverty is when a person or group is unable to meet economic needs or prosperity in accordance with the standard of living in an area (Guampe et al., 2022).

Basically, development is a multidimensional process that includes changes in social structure, changes in national institutions, and changes in people's attitudes to life, levels of economic growth, reduction of income inequality and eradication of poverty (Syukria, 2023). Economic growth is a process of changing the economic conditions of a country which continuously leads to a better direction over a certain period (Marlina & Nasution, 2016). Economic growth is an increase in the capacity of a country to provide various economic goods and services to its population (Adam et al., 2022).

Efforts to overcome poverty have been carried out, both directly and in the form of providing stimulant assistance funds as business capital for productive economic activities and social assistance as well as indirect assistance carried out through the provision of facilities and infrastructure to support socio-economic activities and community empowerment.(Padang & Murtala, 2020).

Economic growth can also be interpreted as the process of increasing the amount of production capacity or the economy which is realized in the form of an increase in national income (W. Astuti, 2015). The increase in capacity itself is determined by technological, institutional and ideological progress or adjustments to various existing situational demands (Guampe et al., 2022). High economic growth will increase economic capacity, create new jobs, increase per capita income, and increase demand and supply. Theoretically, economic growth plays an important role in overcoming poverty reduction(Ishak et al., 2020).

The rapid rate of economic growth makes efforts to reduce unemployment politically more acceptable (Primandari, 2020). Economic growth will increase demand for output, increase the productive capacity of workers and open up new jobs so that this will all lead to an increase in workers' income. Increased income will have an impact on increased expenditure, such as expenditure on population, health and skills development (reducing poverty and unemployment). (Erik Prahara) However, in reality economic growth is not balanced by an increase in the number of jobs created, resulting in still high unemployment rates. which leads to increasing poverty rates. This is due to changes in the level of economic growth in Pangkajene and Islands Regency, which tends to fluctuate, resulting in levels that lead to an increase in poverty.

Poverty is related to employment and usually people who are categorized as poor do not have jobs, and the level of education and health is generally inadequate. The people of Pangkajene and Islands Regency are often faced with high unemployment rates due to the limited employment opportunities and large population(Adam et al., 2022).

Unemployment in principle is the loss of output and misery for people who do not work and is a form of waste of economic resources (Somba et al., 2021). Unemployment will cause various economic and social problems for those who experience it (Ishak et al., 2020). The condition of unemployment causes a person to have no income, as a result the welfare that has been achieved will decline further (Padang & Murtala, 2020). The further decline in people's welfare due to unemployment will of course increase the chances of being trapped in poverty. The bad effect of unemployment is that it reduces people's income, ultimately reducing the level of prosperity that a person has achieved(M. Astuti & Lestari, 2018).

If the number of unemployed is high, it means that many people do not have the income to meet their needs, which results in them having to reduce their needs. In Pangkajene and Islands Regency, the unemployment rate is still quite high.

Based on the results of describing the variables above, we can get an idea that economic growth and unemployment are one of the factors that influence poverty. Poverty levels are decreasing, economic growth is unstable and even tends to decline and the number of unemployed is decreasing, so researchers are interested in conducting research with the title"The Effect of Economic Growth and Unemployment onCommunity Poverty in Pa Regencyngkajene and the Islands".

2. METHODS

The type of research used is quantitative, namely a research method that is a scientific approach to economic decisions. Quantitative is a variable whose value can be expressed quantitatively or in the form of numbers. (Uber Silalahi, 2009) While the location of this research took place in the Pangkajene and Islands areas, the research object was data released by the Central Statistics Agency (BPS), namely poverty data, economic growth and unemployment. This method approach starts from data (ex post facto) and then processes it into information that is very valuable in decision making.(Saleh et al., 2019)Quantitative research is based on the following assumptions:

a. That the reality that is the target of research is single-dimensional, fragmental, and tends to be fixed so that it can be predicted.
b. Variables can be identified and measured with objective and standard tools.

The population is all objects to be studied, or can be said to be a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to study and then draw conclusions.(Rahmadi, 2011). The population in this study is the entire data for each variable from 2011 to 2020.

A sample is part of the number and characteristics that a population has. The sampling technique used is judgment sampling. Judgment sampling is a type of purposive sampling other than quota sampling where the researcher selects a sample based on research on several characteristics of the sample members which are adjusted to the research objectives.(Kurniawan & Zahra Puspitaningtyas, 2016). This is often done when the population is relatively small, namely only 10 samples or research that wants to make generalizations with very small errors. The samples used in this research were data on poverty levels, economic growth and unemployment from the period 2011 to 2020, each of which was 10 samples taken from annual data in the form of time series data.(Dr. Drs. Ngatno, 2015)

Data and information collection techniques related to the problems that will be discussed in this research use the documentation method, namely data collection is carried out using categories and classifications of written data related to research problems from various sources including books, articles and others. Data and information collection is carried out by obtaining it through the Central Statistics Agency of Pangkajene and Islands Regency, namely data in annual form for each variable that has been obtained, articles, related journals and books that have relevance to the problems raised in this research. from the library and download from the internet.(Saleh et al., 2019)

This research uses two variables, namely the independent variable and the dependent variable. After specifying the research variables, operational definitions will be carried out. This aims to ensure that the research variables that have been determined can be operationalized, thus providing clues as to what part of a variable can be measured. In this research the operational definition used is as follows:

a. The dependent variable (Y) in this research is poverty that occurs in Pangkajene and Islands Regency, the data used is the percentage of poverty in Pangkajene and Islands Regency in 2011 - 2020 in percent units.
b. The independent variables (X) in this research are economic growth and unemployment in Pangkajene and Islands Regency.
    1) Economic growth (X1)
    Economic growth means growth in output or increase in aggregate regional income within a certain time frame based on the production sector on the basis of constant goods prices in 2020. The economic growth data used in this research is the economic growth of Pangkajene and Islands Regency in 2011 - 2020 in percent units(Somba et al., 2021).
    2) Unemployment (X2)
    Unemployment means someone who has been classified in the labor force who is actively looking for work at a certain wage level, but cannot get the job they want. The data used to see unemployment is open unemployment in Pangkajene and Islands Regency for 2011 - 2020 in percent units (Dr. Drs. Ngatno, 2015).

Data Processing and Analysis Techniques

a. Multiple linear regression

In this analysis, comparative and quantitative analysis techniques are used, namely allegedly comparing problems and analyzing data and matters related to variables. The data in research is in the form of numbers or analyzing the problem being researched based on the data obtained. To test whether it can be used and test the hypothesis carried out, statistical testing is required, namely as follows:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Information:

Y = Poverty level variable

a = Constant or fixed number

b1 b2 = Regression coefficient for each independent variable

X1 = Economic Growth (%)

X2 = Unemployment (%)

e = Error (residual)

b. Classic assumption test

Classical assumption testing is a statistical requirement that must be met in multiple linear regression analysis. The classical assumption test is divided into four, namely:

1) **Multicollinearity Test**a condition where there is a strong correlation between the independent variables (X) that are involved in forming the linear regression model. To detect multicollinearity using SPSS, this can be done by looking at the correlation between independent variables (correlation matrix).
2) **Autocorrelation Test**can be interpreted as the correlation between the members of a series of observations over time, the autocorrelation test is used to determine whether there are deviations from the classic assumption of autocorrelation, namely the correlation between the residuals of one observation and other observations in the regression model. This test uses Durbin Watson (DW). If the DW value is greater than the upper limit (two) and less than the independent variable, it can be concluded that there is no autocorrelation.
3) **Data Normality Test**The aim is to determine whether a data distribution is normal or not.
4) **Heteroscedasticity Test**The aim is to test whether in the regression model there is inequality of variance from the residuals of one observation to another. A good regression model is homoscedastic or does not have heteroscedasticity (Rahmadi, 2011).

c. Hypothesis testing

Hypothesis testing is a temporary answer to the research problem formulation, where the research problem formulation has been stated in the form of a question sentence.

1) **Determinant Coefficient Test**R^2
   This test will determine the variable size of the dependent variable that can be explained by the independent variable. If the R2 value = 0, then the independent variable cannot explain the dependent variable at all. If R2 = 1, then the variables of the dependent variable as a whole can be explained from the independent variables so that all observation points are exactly on the regression line (Iii et al., 2008).
2) **F test**
   Statistics are carried out to determine whether the coefficients being regressed are significant or not simultaneously. If Fcount > Ftable then Ho is rejected and H1 is accepted.
3) **T Test**
   This test functions to find out whether the influence of each independent variable on the dependent variable is significant or not.
   a) Hypothesis Formulation, Ho:βI=0, H1:βI>0,
   b) Determine the real levelα = 5%, degrees of freedom df = (nk)
   c) Testing Criteria
      Ho is accepted if tcount < ttable

Ho is rejected if tcount > ttable

3. RESULTS AND DISCUSSION

To find out whether economic growth and unemployment affect community poverty in Pangkajene and Islands Regency. Then tests will be carried out on samples of each variable, as follows:

Classic assumption test

The requirements test analysis in this research uses the classical assumption test as one of the conditions for using correlation analysis. The testing can be divided into several testing steps as follows:

a. Data Normality Test, aims to test whether in the regression model, the dependent variable and the independent variable both have a normal distribution or not. A good regression model is one that has a normal or close to normal data distribution. The first normality test is by looking at the normal P-Plot graph and the Kolmogorov-Sminorv test table as shown in Figure II and Table V as follows:

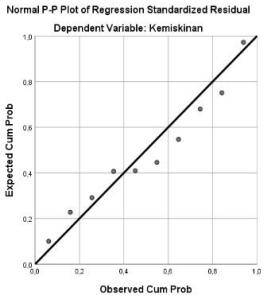

Figure 2. Normal P-Plot Graph
Source: Data processed using the SPSS 26, 2021 program.

b. Data Multicollinearity Test to test whether in the regression model a correlation is found between the independent variables. The tolerance value is the same as the high VIF value because VIF = 1/tolerance and indicates high collinearity. The cotuff value that is commonly used is 0.10 or the same as a VIF value above 10. Based on the Variance Inflation (VIF) and tolerance rules, if the VIF exceeds 10 or the tolerance is less than 0.10 then symptoms of multicollinearity are declared to occur. It is best if the VIF value is less than 10 or the tolerance is more than 0.10, then it is stated that there are no symptoms of multicollinearity (Affandi, n.d.).

Table 1. Multicollinearity Test Table
Coefficientsa

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant) Economic growth Unemployment	 0.672 0.672	 1,487 1,487

Source: Data processed using the SPSS 26, 2021 program

The VIF value for the model variable is 1.487 < 10 and the tolerance value is 0.672 > 0.1 so that the economic growth variable is declared to have no symptoms of multicollinearity. The VIF value for the model variable is 1.487 < 10 and the tolerance value is 0.672 > 0.1 so that the unemployment variable is stated There are no symptoms of multicollinearity.

c. Autocorrelation Test The autocorrelation test is used to determine whether there are deviations from the classic assumption of autocorrelation, namely the correlation between the residuals of one observation and other observations in the regression model.
d. The Heteroscedasticity Test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. If the probability value of each variable is > α = 0.05 or greater than the significant level then there is no heteroscedasticity problem.

Table2. Heteroscedasticity Test
Coefficientsa

Model		Sig.
1	(Constant)	0.587
	Economic growth	0.775
	Unemployment	0.596

From the table above, the Sig value. of the economic growth variable is 0.775 > 0.05 and the Sig. of the unemployment variable is 0.596 > 0.05. This means that heteroscedasticity does not occur.

Multiple Linear Regression Analysis

The regression equation can be seen from the table of coefficient test results based on the two variables economic growth and unemployment on the poverty level in Pangkajene and Islands Regency which can be shown in the following table:

Tebel 3. Regression Test Results Recapitulation Table

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,045	1,747		,026	,980
	Economic growth	,859	,073	1,189	11,809	,000
	Unemployment	1,131	,159	,718	7,127	,000

Based on table IX, you can see the results of the regression coefficient (β) above, so the following regression equation is obtained:

$$Y = 0.045 + 0.859 + 1.131 + e$$

The results of the regression equation above can be interpreted as follows:

a. If the value of the economic growth (X1) and unemployment (X2) variables is 0 then the coefficient or constant value is 0.045.
b. The regression coefficient of economic growth on poverty is = 0.859. This means that if the independent variable has a constant value and economic growth increases by 1%, the amount of poverty will decrease by 0.859. This coefficient is positive, meaning that there is a positive relationship between economic growth and poverty because as economic growth increases, poverty decreases.
c. The regression coefficient for unemployment on the poverty level = 1.131, meaning that if the independent variable has a constant value and unemployment increases by 1%, then poverty will increase by 1.131. This coefficient is positive, meaning that there is a positive relationship between unemployment and poverty because the lower the unemployment rate, the more poverty decreases.

Hypothesis testing

Hypothesis testing is the answer to the problem formulation in a research. Hypothesis testing can be divided into three as follows:

a. The Determinant Coefficient Test (R Square) is used to measure how far the independent variables explain the related variables (R Square Value).

Table 4. Table of Determination Coefficient (R2)

Model Summary b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,976a	,952	,939	,38199	1,759

Based on the results of the calculations, the coefficient of determination value symbolized R2 (R Square) is 0.952, in this case it shows that a large percentage of the variation in poverty levels can be explained by variations in the two independent variables, namely economic growth and unemployment, which is 95.2%, while the remaining amounting to 4.8% which was influenced by other variables outside the research.

b. The F test (Simultaneous Test) is a simultaneous test to determine whether the variables of economic growth and unemployment simultaneously have a significant influence on poverty.

Tenel 5. Test Results Table

ANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
1						b
	Regression	20,378	2	10,189	69,828	,000
	Residual	1,021	7	,146		
	Total	21,399	9			

Based on the regression results table, the influence of the variables economic growth (X1) and unemployment (X2) have a significant effect on poverty (Y), a significant value of 0.000 < 0.05 is obtained. This shows that the two independent variables simultaneously have a significant effect on the dependent variable.

c. The T test (Partial Test) was carried out to determine the influence of the variables economic growth (X1) and unemployment (X2) on poverty (Y) partially independently.

Tebel 5. T Test Results Table

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,045	1,747		,026	,980
	Economic growth	,859	,073	1,189	11,809	,000
	Unemployment	1,131	,159	,718	7,127	,000

The test results above, partially between the independent variable and the dependent variable, can be analyzed as follows:

1) The effect of economic growth on poverty levels, the economic growth variable (X1) shows that sig 0.000 < 0.05, meaning that the economic growth variable has a significant effect on poverty in Pangkajene and Islands Regency.
2) The influence of unemployment on poverty levels, the unemployment variable (X2) shows that sig 0.000 < 0.05 of the unemployment variable has an influence on poverty in Pangkajene and Islands Regency.

4. CONCLUSION

Based on the results of the data analysis carried out and the discussion that has been put forward, the following conclusions are obtained: The economic growth variable (X1) has a positive and significant effect on community poverty in Pangkajene and Islands Regency with a value of sig. 0.00 < 0.05. The unemployment variable (X2) has a positive and significant effect on community poverty in Pangkajene and Islands Regency with a sig value. 0.00 < 0.05. Based on the results of the analysis and discussion, the variables economic growth (X1) and unemployment (X2) simultaneously have a significant effect and are related to community poverty in Pangkajene and Islands Regency with a sig. 0.00 < 0.05. This has answered the problem in the problem formulation where economic growth and unemployment have a significant effect on community poverty in Pangkajene and Islands Regency. Poverty can be overcome if the government increases development in the economic sector and reduces unemployment. Development in the economic sector currently carried out by the government in the fisheries, industry, plantations, trade and agriculture sectors is essentially aimed at not only encouraging regional economic growth but also aimed at overcoming unemployment which results in increasing poverty. So, it can be concluded that the economic growth and unemployment variables have a significant influence on the community poverty variable in Pangkajene and Islands Regency from 2011 to 2020.

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