

EFFECT OF ECONOMIC GROWTH ON LEVEL POVERTY AND UNEMPLOYMENT RATE AS MEDIATION IN EAST NUSA TENGGARA PROVINCE

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ABSTRACT

Keywords:

Economic Growth, Poverty Level, Unemployment Level

This research aims to determine the effect of economic growth on poverty levels with unemployment as mediation. This research uses a quantitative research method in associative form using one independent variable, namely economic growth, one dependent variable, namely the poverty level, and one moderating variable, namely the unemployment rate. According to Sugiyono (2016), the quantitative method is because research data is in the form of numbers and analysis uses statistics. The data used is a time series from 2018 to 2022 obtained from the Central Statistics Agency (BPS) of Nusa Tenggara Province. Economic growth influences poverty levels in NTT Province. This means that high or low economic growth has an impact on poverty rates. This is because the impact of economic growth is not felt by the poor in NTT Province. Unemployment moderates the influence of economic growth on poverty levels in NTT Province, which means that the number of unemployed continues to increase or decrease affecting economic growth and poverty.

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1. INTRODUCTION

Poverty is one of the problems faced in Indonesia. This is what influences economic development in Indonesia. Poverty describes a complex development problem, because poverty is related to social, economic, cultural and political aspects. According to the Central Statistics Agency (BPS), poverty is the financial inability to meet basic needs such as clothing, food and shelter. Poverty is a condition where a person is unable to support himself every day. From an economic perspective, poverty is the economic inability to meet basic needs, food and other goods as measured in terms of expenditure.

The problem of poverty is not only a national problem but also spreads to various regions of Indonesia, including the Province of East Nusa Tenggara. NTT Province is one of the provinces in Indonesia that has quite large economic potential. Even though this region is rich in natural resources and has attractive tourism potential, the poverty rate in NTT province is still high. As BPS data shows, in 2022, the number of poor people in NTT province will be 1,131,620 people. This shows that there is a significant gap between economic growth and people's quality of life.

Below, data on unemployment rates, poverty rates and economic growth rates in NTT Province are presented from 2017-2022.

Table 1. Unemployment Rate Data in NTT Province

NO	YEAR	UNEMPLOYMENT RATE (SOUL)				
		REGENCY. Crossword	REGENCY. SBD	REGENCY KUPANG	REGENCY. EAST SUMBA	REGENCY. EAST MANGGARAI
1	2017	3,363	1,610	3,520	2,900	500
2	2018	2,334	1,010	2,710	1,420	1,570
3	2019	4,178	1,250	4,480	2,130	950

4	2020	6,491	2,360	4,900	3,490	2,100
5	2021	6,718	2,040	3,990	3,350	1,960
6	2022	5,510	1,970	3,230	2,610	1,890

The high number of unemployed people shows that there is difficulty in absorbing the workforce in the labor market. Factors such as the financial crisis or changes in economic policy may have played a role in this increase. This increase was caused by the large number of workers being laid off by employers and the very limited job opportunities available as a result of the Covid-19 pandemic. Apart from that, this is also the impact of government and private sector efforts to overcome the problem of unemployment and restore economic stability after the Covid-19 pandemic by opening up entrepreneurial-oriented employment opportunities in leading sectors in NTT province such as Agriculture and Tourism.

Table 2. Data on Poverty Levels in NTT Province

NO	YEAR	POVERTY LEVEL (PERSON)				
		REGENCY. Crossword	REGENCY. SBD	REGENCY KUPANG	REGENCY EAST SUMBA	REGENCY. EAST MANGGARAI
1	2017	138,430	99,550	84,350	78,180	74,850
2	2018	130,630	97,280	88,670	76,800	74,880
3	2019	130,310	96,300	92,020	77,390	75,830
4	2020	128,980	97,810	94,940	77,300	76,690
5	2021	125,680	100,420	91,250	78,330	77,170
6	2022	120,450	98,500	88,020	75,280	74,550

The intervention carried out by the government took the form of improvements in housing indicators, sanitation, empowerment from APBD II, Village Funds and also NGOs. To further optimize the reduction in poverty levels, all government programs prioritize families that are still on the list of poor families. Apart from that, strengthening the agricultural sector, which is the largest contributor to income in NTT province, is one of the government's efforts to increase people's income and reduce poverty levels.

Table 3. Economic Growth Rate Data

NO	YEAR	ECONOMIC GROWTH RATE (BILLIONS)				
		REGENCY. Crossword	REGENCY. SBD	REGENCY. KUPANG	REGENCY. EAST SUMBA	REGENCY. EAST MANGGARAI
1	2017	4,337.77	2,101.30	4,674.11	3,617.31	1,837.99
2	2018	4,540.62	2,194.05	4,595.623	3,805.96	1,927.96
3	2019	4,771.99	2,305.02	4,791.68	4,001.27	2,023.56
4	2020	4,769.13	2,307.21	4,754.94	3,967.86	2,040.01
5	2021	4,883.92	2,355.16	4,883.42	4,009.59	2,087.11
6	2022	5,035.91	2,444.60	5,022.10	4,114.60	3,649.84

Poverty alleviation can be done by advancing economic growth rates. Because economic growth can be said to be an indicator of prosperity, it is important to pay close attention to economic growth. Rudy & Indah's (2020) research revealed that economic growth has a significant impact on poverty levels, increasing economic growth is due to the large number of jobs that can attract workers, ultimately the poverty level can be reduced.

Purnawa's (2017) research also revealed that economic growth has a significant effect on poverty levels, so if a country wants to reduce poverty it must be oriented towards economic growth. However, in Ningsih & Andini's (2018) research, economic growth has no effect on poverty. In research by Alfiando (2020) also explained that economic growth does not have a significant effect on poverty levels. The factor

that drives the poverty level is increasing unemployment which then has an impact on employment, the labor force which is inversely proportional to the increasing unemployment rate.

2. METHOD

This research uses a quantitative research method in associative form using one independent variable, namely economic growth, one dependent variable, namely the poverty level, and one moderating variable, namely the unemployment rate. According to Sugiyono (2016), the quantitative method is because research data is in the form of numbers and analysis uses statistics. The data used is a time series from 2018 to 2022 obtained from the Central Statistics Agency (BPS) of East Nusa Tenggara Province. The secondary data is processed using multiple regression analysis techniques with the help of SPSS 16 software. Quantitative processing includes descriptive tests, classical assumption tests, hypothesis tests and interaction tests or MRA (moderated regression analysis) which overall uses multiple regression analysis with moderating variables using the help of software. SPSS 16.

3. RESULTS AND DISCUSSION

1. Descriptive Test

Table 4. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
unemployment	30	500	6718	2884.47	1573,565
poverty	30	74550	138430	94028.00	19977,579
Economic growth	30	183799	502210	356052.03	115670.469
Valid N (listwise)	30				

Based on table 4, the results of the descriptive analysis explain that the amount of data processed was 30 data. The unemployment rate variable has a minimum value of 500 and a maximum value of 6,718, while the average value for the unemployment rate variable is 2,884.47 with a standard deviation of 1,573.57. The economic growth variable has a minimum value of 1,837.99 and a maximum value of 50,221.0 while the average value The average economic growth variable is 356,052.03 with a standard deviation of 115,670.47. The poverty level variable has a minimum value of 74,550 and a maximum value of 138,430, while the average value for the poverty level variable is 94,028.0 with a standard deviation of 19,977.58.

2. Normality test

Table 5. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		30
Normal Parameters ^{a, b}	Mean	.0000000
	Std. Deviation	16598.37166720
Most Extreme Differences	Absolute	,159
	Positive	,159
	Negative	-.104
Statistical Tests		,159
Asymp. Sig. (2-tailed)		,052 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Based on the SPSS output table, it is known that the significance value of Asymp.Sig. (2-tailed) of 0.052 is greater than 0.05. So in accordance with the basis for decision making in the Kolmogorov – Sminorv normality test above, it can be concluded that the data is normally distributed. Thus, the normality assumptions or requirements in normality have been fulfilled.

3. Hypothesis testing

The effect of economic growth on poverty levels

a. t test

Table 6. Coefficients a

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	70924.143	11305.948		6,273	,000
	Economic growth	,065	,030	,376	2,145	,041

a. Dependent Variable: poverty

Based on significant value (Sig.)

Based on the SPSS "coefficients" output table above, it is known that the significance value (Sig.) of the economic growth variable is 0.041. Because the Sig value. $0.041 < \text{probability } 0.05$ then it can be concluded that H1 is accepted. This means that there is an influence of economic growth on poverty levels.

Based on a comparison of the calculated t and t table values

Based on the SPSS "coefficients" output table above, it is known that the calculated t value of the economic growth variable is 2.145. Because the calculated t value is $2.145 > t \text{ table } 1.697$, it can be concluded that H1 is accepted and H0 is rejected. This means that there is an influence of economic growth on poverty levels.

b. F test

Table 7. ANOVA a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1633747820.252	1	1633747820.252	4,602	.041 ^b
	Residual	9940258659.748	28	355009237.848		
	Total	11574006480.000	29			

a. Dependent Variable: poverty
 b. Predictors: (Constant), economic growth

Based on the significant value (sig.) of the Anova output

Based on the SPSS output table above, the sig value is known. is 0.041. Because the Sig value. $0.041 < 0.05$, then according to the basis for decision making in the F test it can be concluded that the hypothesis is accepted or in other words economic growth simultaneously influences poverty.

Based on a comparison of the calculated F values and F table

Based on the SPSS output table above, it is known that the calculated F value is 4.602. Because the calculated F value is $4.602 > 4.18$, as is the basis for decision making in the F test, it can be concluded that the hypothesis is accepted, or in other words, economic growth simultaneously influences poverty.

c. R Test

Table 8. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.376 ^a	.141	,110	18841.689

a. Predictors: (Constant), economic growth

Based on the SPSS "Model summary" output table above, it is known that the value of the coefficient of determination or R square is 0.141. This R Square value of 0.141 comes from squaring the value of the correlation coefficient "R", namely $0.376 \times 0.376 = 0.141$. The coefficient of determination (R square) is 0.141 or equal to 14.1%. This figure means that the economic growth variable simultaneously influences the poverty variable by 14.1%. Meanwhile, the remaining 85.9% was influenced by other variables outside the research.

The effect of economic growth on poverty levels with the unemployment rate as a moderator.

d. t test

Table 8. Coefficients a

	Model	Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	Std. Error	Beta		
1	(Constant)	89905.677	12561.912		7,157	,000
	Growth economy	-.046	,050	-.264	-.906	,373
	x1m	1.755E-5	,000	,764	2,627	.014

a. Dependent Variable: poverty

Based on significant value (Sig.)

Based on the SPSS "coefficients" output table above, it is known that the significance value (Sig.) of the X1M variable is 0.014. Because the Sig value. $0.014 < \text{probability } 0.05$ then it can be concluded that H1 is accepted. This means that unemployment moderates the relationship between economic growth and poverty levels.

Based on a comparison of the calculated t and t table values

Based on the SPSS "coefficients" output table above, it is known that the calculated t value of the variable X1M is 2,627. Because the calculated t value is $2.627 > t \text{ table } 1.697$, it can be concluded that H1 is accepted and H0 is rejected. This means that unemployment moderates the relationship between economic growth and poverty levels.

e. F test

Table 9. ANOVA a

Based on the significant value (sig.) of the Anova output

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3656839425.200	2	1828419712.600	6,235	.006 ^b
	Residual	7917167054.800	27	293228409.437		
	Total	11574006480.000	29			

a. Dependent Variable: poverty

b. Predictors: (Constant), x1m, economic growth

Based on the SPSS output table above, the sig value is known. is 0.006. Because the Sig value. $0.006 < 0.05$, then according to the basis of decision making in the F test it can be concluded that the hypothesis is accepted or in other words, unemployment simultaneously moderates the relationship between economic growth and poverty levels.

Based on a comparison of the calculated F values and F table

Based on the SPSS output table above, it is known that the calculated F value is 6.235. Because the calculated F value is $6.235 > 4.18$, as is the basis for decision making in the F test, it can be concluded that the hypothesis is accepted or in other words, unemployment simultaneously moderates the relationship between economic growth and poverty levels.

f. R Test

Table 10. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,562 ^a	,316	,265	17123.913

a. Predictors: (Constant), x1m, economic growth

Based on the SPSS "Model summary" output table above, it is known that the value of the coefficient of determination or R square is 0.316. This R Square value of 0.316 comes from squaring the value of the correlation coefficient "R", namely $0.562 \times 0.562 = 0.316$. The coefficient of determination (R square) is 0.316 or equal to 31.6%. This figure means that the unemployment rate variable simultaneously influences

the relationship between the economic growth variable and the poverty variable by 31.6%. Meanwhile, the remaining 68.4% was influenced by other variables outside the research.

Discussion

1. The effect of economic growth on poverty levels

In this research, the economic growth variable has a significant effect on the poverty level in East Nusa Tenggara Province. This shows that high or low economic growth affects the number of poor people in East Nusa Tenggara Province. The results of this research are the same as research conducted by Purnawa (2017) that economic growth has a significant negative effect on poverty. This is because increasing economic growth has not been able to resolve the increase in poverty that has occurred. This means that the labor absorption sector only contributes slightly to increasing economic growth. According to Sunusi (2014), poverty and economic growth are important parts that can determine the success of a country's development and its main capacity to create poverty reduction. Increasing economic growth is very important to reduce poverty. Because poverty will be reduced on a very small scale if the poor receive only a few benefits resulting from economic growth (Pangkiuk, 2018).

Likewise, research conducted by Nizar et al (2013) explains that economic growth has a significant negative effect on poverty. Due to the reduction of poverty by overcoming it in the form of applying the use of technology to agriculture (agricultural products) then obtaining an increase in the creativity of agricultural products where the majority of poor people rely on agriculture for their livelihood. By increasing creativity and developing creativity, agricultural products will increase their selling prices, so that farmers' income tends to be stable and they can escape poverty. However, delays in mastering technology have an impact on creativity and the development of agricultural products declines and the effect on farmers' income becomes unstable.

2. The effect of economic growth on poverty levels with the unemployment rate as moderation

The results of data analysis on the effect of economic growth on the poverty level with the unemployment rate as moderation show that unemployment moderates the effect of economic growth on the poverty level. These results show that the level of unemployment affects economic growth and poverty levels in NTT Province. This is reinforced by research conducted by Pangkiro (2016), which states that increasing economic growth has not been able to resolve the increase in poverty that has occurred. This means that the labor absorption sector only contributes slightly to increasing economic growth. Apart from that, problems occur with the quality of the workforce, such as a lack of work creativity and many who are below standard.

In Giovanni's (2018) research, the unemployment rate has no impact on poverty because there are unemployed people in the household and there is one member of the family who works and has a high income so he is able to support the unemployed. However, increasing economic growth by 2% can only reduce the poverty rate by 0.612%. It can be concluded that reducing poverty levels and unemployment levels can increase economic growth.

4. CONCLUSION

Based on the results of the analysis and discussion that have been described, the following conclusions can be drawn: Economic growth influences poverty levels in NTT Province. This means that high or low economic growth has an impact on poverty rates. This is because the impact of economic growth is not felt by the poor in NTT Province. Unemployment moderates the influence of economic growth on poverty levels in NTT Province, which means that the number of unemployed continues to increase or decrease influences economic growth and poverty.

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