Economic Growth, Government Expenditure, and Unemployment Impact on Poverty in Bulukumba Regency

Andi Jam'an[1,] Asdar[2,] Riswanto Kadir[3]

andi.jam'an@unismuh.ac.id, asdar@unismuh.ac.id, riswantokadir68@gmail.com

Universitas Muhammadiyah Makassar

Abstract. Economic Growth, Government Expenditure, and Unemployment Impact on Poverty in Bulukumba Regency. This research intends to identify and assess the effects of economic growth, government expenditure, and unemployment on Bulukumba Regency's poverty rate. Quantitative research methods were used in this investigation. The processed data consisted of secondary information about economic growth, government expenditure, unemployment, and poverty in Bulukumba Regency. The findings indicated that economic expansion had a somewhat favorable effect on poverty in Bulukumba Regency. This is evident from the value of the data processing findings, where the variable coefficient value is 0.182 and substantially more than 0.05 (0.598 > 0.05). Government spending has a negative and negligible effect on poverty in the Bulukumba Regency. This is evident from the results of data processing, where the variable coefficient value is -0.006 and the significance level is larger than 0.05 (0,848 > 0.05). In Bulukumba Regency, unemployment has a favorable but little effect on poverty. This is evident from the value of the data processing findings, where the variable coefficient value is 0.228 and the significance level is larger than 0.05 (0.941% > 0.05).

Keywords: Economic Growth, Government Expenditure, Unemployment, and Poverty

1   Intoduction

Poverty is a very important problem for all countries in the world, especially in Indonesia which is still a developing country. Since the country's independence, poverty has become a serious problem in Indonesia. The problem of poverty is so complex related to many aspects including social, cultural, economic, and other aspects. Poverty that occurs in a country should be considered as a very serious problem, because poverty makes it difficult for many people to meet their daily needs. The problem of poverty in Indonesia is a very serious problem, this poverty is one of the diseases in the economy, so there must be a solution or policy to reduce the poverty level. Poverty is a complex and complex problem, therefore policies made for poverty alleviation must be carried out in a comprehensive and integrated manner. The term poverty is when a person or group is unable to meet the needs or prosper economically based on the standard of living in a certain area. Based on data obtained by the author from the statistical center of Bulukumba Regency, the poverty graph from 2016 to 2020 is as follows:

Tabel. 1 Total Poverty of Bulukumba Regency in 2016-2020

Year	Number of population (Thousands)	Poverty level (%)
2016	33.25	8,06
2017	33,10	8
2018	31,25	7,48
2019	30,49	7,26
2020	30,00	7,1

Source: Bulukumba Regency Central Bureau of Statistics, 2022

From the table above, it is identified that poverty in Bulukumba Regency tends to decrease when referring to the number of poverty calculated from the number of people and percent in 2016-2020. Poverty in Bulukumba Regency is closely related to economic growth, government spending, and unemployment. Good economic growth, increased government spending and reduced unemployment certainly make a good contribution to poverty in Bulukumba Regency.

The following is data on the poverty rate in Bulukumba Regency from 2016-2020

Tabel. 2 Poverty Rate in Bulukumba Regency in 2016-2020

Year	Number of population (Thousands)	Poverty level (%)
2016	33.25	8,06

2017	33,10	8
2018	31,25	7,48
2019	30,49	7,26
2020	30,00	7,1

Cource: Central Bureau of Statistics of Bulukumba Regency, 2022

Based on the table above, it shows that the poverty rate in Bulukumba Regency has decreased from year to year. The poverty rate of 8.06% in 2016 then decreased in the following year until 2020. Government spending in Bulukumba Regency from 2016-2020 experienced fluctuating conditions:

Tabel. 3 Number of Expenditure of Bulukumba in 2016-2020

Year	**Government** Expenditure	**Government** Expenditure **(%)**
2016	1,665,809,347,256,18	21,48
2017	1,611,080,524,921,71	-3,29
2018	1,478,746,559,991,48	-8,21
2019	2,212,453,382,670,28	49,62
2020	1,227,017,252,269,52	-44,54

Source: Central Bureau of Statistics of Bulukumba Regency, 2022

The table above shows that the amount of government spending per year has a large amount budgeted. The development of government activities from year to year always increases, the more the role of the government increases, the greater the government spending in proportion to national income. Unemployment development in Bulukumba Regency also experienced fluctuating conditions:

Table. 4 Unemployment Rates in Bulukumba Regency in 2016-2020

Year	Number of Unemployed (person)	Unemployment (%)
2016	6,314	3.07
2017	6,833	3,73
2018	6,934	3,42
2019	6,638	3,06
2020	7,530	3,42

Source: Bulukumba Regency Central Bureau of Statistics, 2022 .

The table above show that Unemployment in Bulukumba Regency has increased for several years, namely in 2016 by 3.07% but in 2018 it experienced a very drastic increase of 3.42% but in 2019 it decreased by 3.06%.

Based on these conditions, the authors are interested in discussing further about **"Economic Growth, Government Expenditures, and Unemployment Impacts on Poverty in Bulukumba Regency".**

2   Literature Review

a.   Poverty

Poverty is a phenomenon that is often encountered in social life. Poverty is also often seen as a symptom of a low level of welfare, even though poverty is a symptom that is complex and multidimensional. Various kinds of programs and policies to overcome this poverty problem, poverty rate statistics tend to be higher in line with the increasing level of community needs. The low level of life used as a measure of poverty is only one of the chains in the poverty environment (Waruwu, 2016). According to (Kuncoro, 2010)[3] the poverty line is all measures of poverty that are considered based on certain norms. The choice of norms is very important, especially in terms of measuring poverty based on consumption. The poverty line based on consumption consists of two elements, namely: 1) Expenditures needed to meet minimum nutritional standards and other basic needs and 2) The number of other needs is highly variable, reflecting the costs of participation in people's lives.

Poverty according to Arsyad (2010)[1] poverty is divided into two, namely:

1) Absolute poverty, which is measured by the amount of community income required to provide the bare necessities. If his income is insufficient to cover his minimal basic requirements, he is said to be poor.
2) Relative poverty, whereby this state is created by an unequal distribution of income. Some experts claim that

even if a person's income reaches the level of minimal basic necessities, that person's income is still much lower than the income of the surrounding population, and so that person is still classified as poor.

b.   Economic growth

Economic growth is a form of sustainable development of a country's economy that leads to a better direction for a certain period. Economic growth can also be interpreted as a process of increasing gross national product or real national income. Meanwhile, according to (Sukirno, 2006)[7] economic growth is caused by developments, especially in the industrial and commercial sectors. Based on this understanding, economic development occurs continuously from time to time and is always good for recovery, all of which have the potential to be better than before.

There are several theories about economic growth as follows:

a)**.** Classical growth theory

According to Adam Smith, there are two primary components of economic development: total product growth and population expansion. Human resources and the current stock of capital goods are the two most important components of a country's production system in terms of output growth. The most fundamental container for a society's productive activity, according to Adam Smith, is its natural resources. If these natural resources are eventually exhausted, the production increase will cease. Meanwhile, human resources play a passive role in the process of output growth, but capital stock is a production factor that actively affects the amount of output.

b). Neoclassical Theory

According to Robert Solow, he argues that economic growth is a series of activities that originate from human capital accumulation, use of modern technology and results or outputs. The population growth must be used as a positive resource. Meanwhile, according to the Lewis growth model, it is a model that specifically explains the case of developing countries that have a large population. The emphasis is on the transfer of excess population in the agricultural sector to the modern sector of industrial capacity which is financed from surplus profits.

c.   Government Expenditure

Government expenditure is expenditure that is intended for funding government affairs, both mandatory affairs, choices and handling in certain sections or fields. These expenditures can also support various programs and policies in the stability of the national economy.

There are several components of government expenditure which are as follows:

a) Direct expenditures can be grouped into: personnel expenditures which contain the meaning of expenditures issued by the government for wages, overtime and other employee expenses. This direct expenditure aims to increase the motivation and quality of employees in implementing various programs. Expenditure on goods and services is direct expenditure, this expenditure is used to purchase goods with a value of less than a year or expenditure on the use of services to carry out various programs.

b) Indirect expenditures, namely: 1) Personnel expenditures, are expenditures in the form of compensation given to employees in the form of salaries, allowances and other income in accordance with the law. 2) Interest expenditure, which is expenditure used to pay interest on debt based on debt principal obligations based on short, medium and long term agreements. 3) Subsidy spending, this expenditure is budgeted for production cost assistance to certain companies so that the production results of these companies can be reached by the general public. 4) Grant expenditures, namely expenditures given to other parties as grants in the form of money, goods and services. 5) Social assistance spending, this expenditure is used for the welfare of the community in the form of social security, social protection and poverty alleviation. 6) Revenue sharing expenditure on regional income as stipulated by law. 7) Financial assistance, expenditures given to regions for equity and financial assistance due to lack of regional finance. 8) Unexpected expenditure, namely this expenditure is budgeted for unexpected activities.

d.   Unemployment

Unemployment is someone who has been classified in the labor force, who is actively looking for work at a certain wage level, but cannot get the desired job. Unemployment is the workforce who are not working but are looking for work or are preparing for a business or residents who are looking for work because they feel it is impossible to get a job or who already have a job but have not started work. Open unemployment is looking for work because they feel it is no longer possible to get a job and those who already have jobs but have not worked.

There are several forms of unemployment including:

a) Open unemployment: Either voluntary (those who do not want to work because they expect a better job) or forced (those who want to work but do not get a job).

b) Underemployed are those who work less hours (days, weeks, seasonal) than they can work.

c) Appears to be working but not fully employed, i.e. those who are not classified as open unemployment or underemployed, including here are:

- Unemployment is not obvious, for example farmers who work in the fields for a full day, even though the work should not take a full day.
- Hidden unemployment, for example people who work not according to their level or type of education.
- Early retirement, this phenomenon is a growing reality among government employees. In some countries, the retirement age is simplified as a tool to create opportunities for young people to occupy positions above them.
- Weak workforce, namely those who may work full time, but the intensity is weak due to malnutrition or illness.
- Unproductive workers are those who are able to work productively, but because the auxiliary resources are inadequate, they cannot produce anything.

e.   Framework

The conceptual framework serves to facilitate research activities and clarify the roots of thinking in research. The need for the community to support government programs, by using economic growth, unemployment and government spending as variables that influence and poverty levels as variables that are affected. The framework in question is to roughly see the effect of the independent variables on the dependent variable, while the conceptual framework in question is as shown in the following picture:
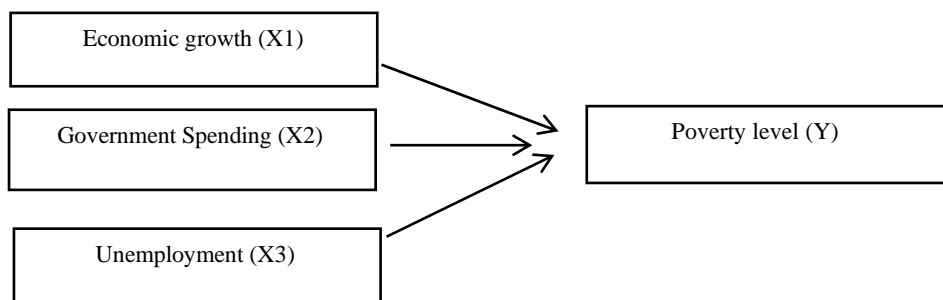
Picture. 1 Mindset Chart

RESEARCH METHODS

a.   Types of research

This study employed a quantitative research methodology. Quantitative research is a method of learning that employs numerical data as a tool to assess information about what is already known. The development and application of mathematical theories, models, and hypotheses concerning natural events was the aim of this study. In the scientific and social sciences, quantitative research was commonplace. This method is also used to look at many facets of education.

b.   Data analysis technique

The data analysis used was a series of activities to manage the data collected from the research results which then formed into a set of results. In this study, the analytical method used was multiple linear regression analysis model with the help of SPSS software and to determine the level of significance of each independent variable regression coefficient on the dependent variable, the following statistical tests were:

Multiple Linear Regression Analysis

This analytical tool aimed to be used in research, namely multiple regression analysis. This multiple regression analysis served to test the influence of more than one independent variable on the dependent variable. The multiple linear regression equation can be written as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Keterangan:

Y	= Poverty level
X1	= Economics growth
X2	= Goverment Expenditure
X3	= Unemployment
α	= Constant number
β1 β2 β3	= Variable Constant Regression Number
ε	= Error Standard

RESEARCH RESULT

a.   Variable Description

a) Development of Economic Growth in Bulukumba Regency

Tabel. 5 Gross Regional Domestic Product at Constant Prices Economic

Growth Rate of Bulukumba Regency 2016-2020

Year	PDRB (Milliar)	Economic Growth Rate (%)
2016	7,232,838,24	6.77
2017	7,730,913,32	6.89
2018	8,121,327,63	5.05
2019	8,567,455,14	5.49
2020	8,604,200,90	0.43

Source: Central Bureau of Statistics of Bulukumba Regency, 2022

The indicator of the level of welfare of a region is the value of GRDP per capita, which is generated from the quotient between the added value of all economic activities and the total population. Therefore, the size of the community affects the value of GRDP per capita, and conversely the size of the GRDP is closely related to the potential of natural resources and production factors in the area.

Based on table 2 of 2016, the rate of economic growth was 6.77% and in the following 2 years, in 2018 it fell to 5.05% and in 2020 the rate of economic growth experienced a very drastic decline of 0.43% from the GRDP value of 8,604,200.90.

Tabel. 6 Gross Regional Domestic Product at Constant Prices Economic

Growth Rate of Bulukumba Regency 2016-2020

Year	Government Expenditure	Government Expenditure (%)
2016	1,665,809,347,256,18	21,48
2017	1,611,080,524,921,71	-3,29
2018	1,478,746,559,991,48	-8,21
2019	2,212,453,382,670,28	49,62
2020	1,227,017,252,269,52	-44,54

Source: Statistic board of Bulukumba, 2022

The table above shows that the amount of government spending per year has a large amount budgeted. The development of government activities from year to year always increases, the more the role of the government increases, the greater the government spending in proportion to national income.

b) Unemployment Development in Bulukumba Regency

Tabel. 7 Unemployment Rate in Bulukumba Regency in 2016-2020

Tahun	Unemployment (person)	Unemployment (%)
2016	6,314	3.07
2017	6,833	3,73
2018	6,934	3,42
2019	6,638	3,06
2020	7,530	3,42

Source: Statistic board of Bulukumba, 2022

Based on the table above, it shows that the number of unemployed in Bulukumba Regency has increased for several years, namely in 2016 by 3.07% but in 2018 it experienced a drastic increase of 3.42% but in 2019 it decreased by 3.06%. Development of the Poverty Level in Bulukumba Regency

Table. 8 Poverty Levels in Bulukumba Regency in 2016-2020

Year	Number (in thousand)	Level of poverty (%)
2016	33.25	8,06

2017	33,10	8
2018	31,25	7,48
2019	30,49	7,26
2020	30,00	7,1

Source: Statistic board of Bulukumba, 2022

Based on the table above, it shows that the poverty rate in Bulukumba Regency has decreased from year to year. The poverty rate of 8.06% in 2016 then decreased in the following year until 2020.

b. Multiple Linear Regression Analysis Results

This study contains four variables, namely the independent variable is economic growth, unemployment and government spending and the dependent variable is the poverty level. To test whether there is an effect of each independent variable on the dependent variable, a regression model is tested with the dependent variable, then the regression model is tested with the following results:

Tabel. 9 Multiple Linear Regression Test Results Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	5.924	7.219		.821	.562		
	Economic growth	.182	.249	1.110	.731	.598	.067	14.876
	Government expenditure	-.006	.023	-.454	-.243	.848	.044	22.612
	Unemployment	.228	2.437	.125	.094	.941	.086	11.613

a. Dependent Variable: KEMISKINAN

Sumber: Output SPSS 25, Tahun 2022

From the results of the regression test, the regression equation model is obtained as follows:

$Y= 5{,}924 + 0{,}182X1 + 0{,}228X2 + (-0{,}006X3) + \varepsilon Y= 5{,}924 + 0{,}182X1 + 0{,}228X2 - 0{,}006X3 + \varepsilon$

The coefficients on the multiple linear regression equation in table 4.9 can be understood as follows:
a. The coefficient value is 5.924, meaning that the constant value has a positive regression coefficient direction of 5.924 showing that if other variables have an increase of 1%, the poverty variable has increased by 5.924%.
b. The coefficient value of the economic growth variable is 0.182, meaning that for every 1% addition to economic growth, poverty will increase by 0.182%.
c. The coefficient value of the government spending variable is -0.006, which means that for every 1% addition to government spending, poverty will decrease by 0.006%.
d. The coefficient value of the unemployment variable is 0.228, which means that for every 1% addition to unemployment, poverty will increase by 0.228%.

c. Hypothesis Test (t Test)

Partial t-test was tried to identify the partial effect of independent variables (economic growth, unemployment and government spending) on the dependent variable (poverty). The t-test is useful to identify how far the influence of the independent variables partially or individually in explaining the independent variables. From the results of the partial test, it can be seen in table 10:

Tabel. 10 Partial test result (t) Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.924	7.219		.821	.562
	Economic growth	.182	.249	1.110	.731	.598

Government expenditure	-.006	.023	-.454	-.243	.848
Unemployment	.228	2.437	.125	.094	.941

Source: Output SPSS 25, Tahun 2022

Table 10 shows the partial effect of the independent variables of economic growth, unemployment and government spending on the dependent variable of poverty, which can be seen from the direction of the sign and the level of significance. The independent variables of economic growth, unemployment and government spending have a significance level > 0.05, so it can be it can be concluded that all independent variables of economic growth, unemployment and government spending have no significant effect on the dependent variable of poverty.

Based on partial regression analysis, the results of the independent variables are Economic Growth (X1), Government Expenditures (X2), and Unemployment (X3) on the dependent variable poverty (Y) partially can be explained as follows:

a. Growth in the economy's impact on poverty in Bulukumba Regency

In Bulukumba Regency, economic progress has a beneficial but little impact on poverty. This is demonstrated by the data processing value, which has a variable coefficient value of 0.182 and a significant value more than 0.05 (0.598 > 0.05), as well as by the t-count value, which is lower than the t-table (0.731 12.706).

b. How government expenditure in Bulukumba Regency affects poverty

In Bulukumba Regency, government expenditure has a detrimental but little impact on poverty. This is demonstrated by the value of the data processing results, where the variable coefficient value is -0.006 and has a significant value above 0.05 (0.848>0.05), as well as by the t-count value which is smaller than the t-table (-0,243 < 12,706).

c. How poverty in Bulukumba Regency is impacted by unemployment

In Bulukumba Regency, unemployment has a beneficial but little impact on poverty. This is demonstrated by the value of the data processing, where the variable coefficient value is 0.228 and has a significant value larger than 0.05 (0.941 > 0.05). It is also demonstrated by the fact that the t-count value is lower than the t-table (0.094 12,706).

DISCUSSION

Based on the research that has been done with several stages of testing, the interpretation of the model in detail or specifically regarding the test results can be explained as follows:

1. The Influence of Economic Growth on Poverty in Bulukumba Regency.

In Bulukumba Regency, economic progress has a beneficial but little impact on poverty. This is evident from the data processing findings, where the variable coefficient value is 0.182, the t-count value is less than the t-table value (0.731 12.706), and the significant value is more than 0.05 (0.598 > 0.05). Government Spending's Effect on Poverty in Bulukumba Regency

2. The Influence of Expenditure on Poverty in Bulukumba Regency.

In Bulukumba Regency, government expenditure has a detrimental and little impact on poverty. This is evident from the value of the data processing results, where the variable coefficient value is -0.006 and the t-count value is lower than the t-table value (0.243 12.706) and much higher than 0.05 (0.848 > 0.05).

3. The Influence of Unemployment on Poverty in Bulukumba Regency.

In Bulukumba Regency, unemployment has a beneficial but little impact on poverty. This is evident from the outcome of the data processing, where the variable coefficient value is 0.228 and there is a significant value of more than 0.05 (0.941 > 0.05) with a t-count value less than t-table (0.094 12.706)..

CLOSING

Conclusion

Based on the research results from the discussion, the following conclusions can be drawn:

1. The economic expansion has a good influence on poverty in Bulukumba Regency, however this impact is not very substantial. This is proved by the data processing result, where the variable coefficient value is 0.182 and the t-count value is smaller than the t-table (0.731 12,706), both of which indicate a significant value more than 0.05 (0.598 > 0.05)

2. The effect of government spending on poverty in Bulukumba Regency is negative and minimal. This is obvious from the value of the processed data results, in which the variable coefficient value is -0.006 and has a significance level more than 0.05 (0.8481>0.05). is also confirmed by the fact that the t-count value is fewer than the t-table (0.243 12.706).

3. In Bulukumba Regency, unemployment has a tiny but beneficial effect on poverty. This is proved by the value of the data processing findings, where the variable coefficient value is 0.228 and a significant value greater than 0.05 is indicated by a lower t-count value; from the t-table (0.09 12,706)

Suggestion

Based on the research results and conclusions, the research can provide some suggestions as follows:

1. It is hoped that the government can increase economic growth. If economic growth has increased, the income per capita of the community will also increase so that it will lead to an increase in people's welfare to reduce poverty.
2. The government needs to reduce unemployment through physical policies, namely by developing or increasing government spending that creates new jobs.
3. The Bulukumba Regency Government must pay attention to the allocation and government expenditures so that they can be used as well as possible for the public interest and can help the community's economy, thereby reducing poverty.

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