



Analysis of the Influence of Economic Growth, Education and Unemployment on Poverty

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Abstract : The problem in this research is the effect of economic growth, education and unemployment on poverty levels. This type of research is descriptive and associative research through secondary data. The results showed that (1) economic growth had a negative and significant effect on poverty by -1.4409 percent with a probability value = 0.002 (2) education had a negative and significant effect on poverty by -0.4376 percent with a probability value = 0.006 (3) Unemployment has a positive and insignificant effect on poverty by 0.502 percent with a probability value = 0.1771 .

Keyword : Economic Growth, Education, Unemployment, Poverty.

INTRODUCTION

In most developing countries, poverty is still a problem. Poverty reduction and hunger elimination are still given first priority in the development goals and objectives of the third millennium. Various programs, both direct and indirect, have been implemented by developing countries, but poverty remains a development problem.

Development The national objective is to improve the standard of living and welfare of the Indonesian people. As well as having the essence of the development of Indonesian people as a whole and the development of all Indonesian people evenly, This means that the government is trying to increase people's income and live a decent life. All of this is not only for one group or part of society but is truly felt by the whole community, thus the number of absolute poverty and the number of people living below the minimum income level can be reduced.

In Indonesia, one of the most crucial problems is the problem of poverty, with the existence of this poverty problem it means that there are still Indonesian people who do not enjoy the development results that have been achieved so that the government makes poverty alleviation programs one of the main agendas in the development process.

The problem of poverty in West Sumatra is that there are still many poor people and an increasing number, especially in rural areas. Therefore poverty is our shared responsibility, especially for the government as a support for the process of improving people's lives in a government, to immediately find a way out in poverty alleviation efforts. The number of poor people is still quite large and the problem of poverty is so complex and broad that it demands comprehensive and sustainable management in reducing the number of poor people.

Table 1. Percentage of Poor District/City Population in West Sumatra, 2010-2012

District / City	2010	2011	2012	Average Growth rate
Kep. Mentawai	19.77	18.85	16.71	-8.00
South Coast	10.22	9.75	8.69	-7.74
Solo district	11.74	11.19	10.04	-7.48
Sijjung	10.45	9.94	8.80	-8.17
Flat Land	6.9	6.57	5.96	-7.03
Padang Pariaman	11.86	11.26	10.13	-7.55
Religion	9.85	9.39	8.44	-7.39
Fifty Cities	10.48	9.96	8.90	-7.80
Passover	10.97	10.42	9.31	-7.83
South Solo	11.11	10.61	9.38	-8.05
Dharmasraya	10.57	10.09	8.83	-8.51
West Passage	9.59	9.14	8.05	-8.31
Padang	6.31	6.02	5.30	-8.28
Solo	7	6.72	5.88	-8.25
Sawahlunto	2.48	2.34	2.17	-6.46
Long Field	7.59	7.25	6.50	-7.41
Bukittinggi	6.82	6.49	5.74	-8.20
Payakumbuh	10.58	10.09	9.00	-7.72
Pariaman	5.9	5.66	5.02	-7.69

Table 2. Percentage of Regency/City Economic Growth Rate According to Constant Prices in West Sumatra in 2010-2012

District / City	2010	2011	2012	Average Growth Rate
Kep. Mentawai	4.88	4.94	5.25	3.76
South Coast	5.28	5.48	5.66	3.54
Solo district	6.26	6.13	6.26	0.02
Sijjung	5.63	5.74	6.08	3.94
Flat Land	5.89	5.87	5.71	-1.53
Padang Pariaman	5.14	5.50	6.03	8.32
Religion	5.68	5.93	6.82	9.70
Fifty Cities	6.02	6.31	6.37	2.88
Passover	6.14	6.15	6.16	0.16
South Solo	6.28	6.35	6.44	1.27
Dharmasraya	6.51	6.54	6.62	0.84
West Passage	6.93	6.42	6.47	-3.29
Padang	5.96	6.41	6.61	5.34
Solo	5.96	6.07	6.33	3.06
Sawahlunto	5.03	5.86	5.98	9.27
Long Field	6.08	6.14	6.24	1.31
Bukittinggi	6.12	6.19	6.39	1.30
Payakumbuh	6.38	6.79	6.82	3.43
Pariaman	5.26	5.98	6.02	7.18

The issue of education is becoming increasingly important and strategic because it can be used as a social foundation to drive the process of societal transformation. Education is directly related to crucial issues such as poverty, welfare, social cohesion and democracy.

Based on the description above, the author feels compelled to research and analyze the phenomenon of poor people in the Regency/City of West Sumatra as outlined in the form of a thesis entitled "Analysis of the Effects of Economic Growth, Education and Unemployment on Poverty Levels in the Regency or City of West Sumatra"

LITERATURE REVIEWS

Economic growth

According to Prof. Simon Kuznets (quoted from Budiono, 1999) growth economy is the long-term capacity building of a country concerned to provide various economic goods to its population. The increase in capacity itself is determined by progress or adjustments technological, institutional (institutional), and ideological to various demands existing situation.

Economic growth is a factor that is closely related to poverty , but not always an increase in economic growth will be able to reduce the level of poverty, assuming no matter how high the level of per capita national income is achieved by a country, as long as the distribution of income is uneven, the poverty rate in that country will definitely increase. will remain severe and vice versa, regardless of how evenly distributed income is in a country, if the average national income level does not improve, then poverty will expand. (Todaro, 2007:58) .

Education

Education is an effort to lead humans to maturity, through education members of the community have the opportunity to develop their abilities and regulate their life patterns, expanding opportunities for education means opening up economic opportunities. To strive for improvement and input into people's lives. Therefore education is a requirement to increase the dignity of human life (Djojohadi Kusuma: 1994: 64).

Education is also one of the main forms of human resource investment, in general education can be interpreted as an effort to develop all human potential to face the future (Widiawati: 1994).

Musgrave (in Marta: 2005: 23) identifies various educational functions covering 5 fields. The first is the political function which includes government spending on education which is later expected to produce human resources that support the education system regarding the order of a country. The second is an economic function, in which education will produce qualified field workers and increase individual income and improve the community's economy. The third is the function of selection, where in this function education can cause natural selection for certain social classes. The fourth function is stability and change, from this function it is hoped that education can preserve culture as well as change and develop it. The fifth function of education is as an agent of change, meaning that education is not only related to economic growth but education has a close relationship with all aspects of social structure such as politics, religion, family, social stratification, mobility and employment opportunities.

Unemployment

According to Sukirno (2000: 472) the definition of unemployment in general is someone who has been classified as part of the labor force. Those who are actively looking for work at a certain wage level, cannot get the job they want.

Meanwhile Nanga (2001: 254) causes unemployment in principle to mean loss of output *and* misery for people who do not work (*human misery*) and is a form of wastage of economic resources.

Definitions or indicators that can describe the real situation are difficult to obtain. However, according to Widyanti 1995 (in Nanga 2001: 253) there are two approaches commonly used to define what is meant by unemployment:

1. Labor *Force* Approach

In defining unemployment, this approach departs from the definition of the workforce and the workforce, this approach defines unemployment as a workforce that is not working.

2. Labor *Utilization* Approach

Here the unemployment indicator is based on the level of labor utilization. The measures used to calculate utilization rates are hours worked, productivity and income earned.

Poverty

Poverty is a condition where there is a shortage of ordinary things to have such as food, clothing, shelter and drinking water, p This is closely related to quality of life. Poverty sometimes matters too lack of access to education and jobs that can cope the problem of poverty and get proper respect as a citizen. (<http://Wikipedia.com>)

According to Amartya Sen in Bloom and Canning, (2001) that a person is said to be poor if he experiences " *capability deprivation* " where a person experiences a substantive lack of freedom. According to Bloom and Canning, this substantive freedom has two sides: opportunity and sense of security. Opportunity requires education and security requires health.

From this definition, it is understood that poverty is is a condition where a person cannot enjoy all kinds of things choices and opportunities in fulfilling their basic needs such as not being able to meet health, decent standard of living, freedom, self-respect, and taste in respect like everyone else.

METHODS

In accordance with the problems and objectives of this research, this research is classified as descriptive research. According to Irawan (199:60) descriptive research is research that aims to describe or explain something as it is. In this study, it will be seen how much influence the causal variable has on the effect variable, thus this research is classified as an associative descriptive study.

Then in terms of the type of research, this research includes descriptive and associative research, meaning that this research aims to test the hypothesis of interpreting each research variable using statistical analysis.

To avoid misinterpretation of the concepts used in this study, it is felt necessary to provide a definitional barrier to the concepts used. Thus it is hoped that there will be a similar interpretation of the concepts used.

1. Economic growth (X_1) is economic development that occurs from year to year according to districts/cities in West Sumatra Province, one of which is indicated by the added value of goods and services as reflected in GRDP in the form of rupiah units expressed as a percentage (%) per year .
2. Education level (X_2) is the percentage of the population 10 years and over according to the highest certificate held (D IV to S3) by Regency/City in West Sumatra Province.
3. Unemployment (X_3) is the number of unemployed people who increase from year to year as measured by the number of unemployed people in the Regency / City of West Sumatra Province.

Poverty level (Y) is the percentage of poor people as measured by the living conditions of the people who do not meet the absolute standard of living. The measure of poverty used in this study is the poverty indicator determined by the central statistics bureau (BPS : 2010), namely the calculation of the poverty line in society is people whose income is below Rp. 7,057 per person per day. The determination of the Rp. 7,057 per person per day comes from calculating the poverty line which includes food and non-food needs. For minimum food requirements, a benchmark of 2,100 kilocalories per capita per day is used. Meanwhile, spending on non-food minimum needs includes spending on housing, education, and health.

RESULTS AND DISCUSSION

The Effect of Economic Growth on Poverty Levels in West Sumatra .

Based on the results of the research hypothesis testing that has been done it was found that economic growth (X_1) has a positive relationship of 0.0002 with poverty , but economic growth (X_1) is not significant in explaining changes from poverty , where the probability value is greater than $\alpha = 0,05$ which is -1.440. The output level coefficient is 0.0002 , which means that every one (1) percent increase in economic growth (X_1) will reduce poverty by 0.0002 percent.

From the results of the analysis above, it can be seen that the positive relationship between economic growth (X_1) and poverty shows the suitability of the theory that has been valid. According to Todaro (quoted from Tambunan, 2001) until the end of 1960 , economists believed that the best way to catch up with economic backwardness was to increase the rate of economic growth as high as possible so that it can exceed the rate of population growth.

In this way, the per capita income figure will increase so that automatically there will also be an increase in people's prosperity and will ultimately reduce the number of poor people. As a result, the main target in economic development is more emphasized on efforts to achieve high levels of economic growth. However, development carried out in developing countries often experiences a dilemma between growth and equity. Economic development requires higher national income and for that a higher growth rate is a choice that must be made. However, the problem is not only about how to spur growth, but also who implements it and has the right to enjoy the results.

Kuncoro (2004) states that the traditional development approach is more interpreted as development that focuses more on increasing the GRDP of a province, district or city. Meanwhile, economic growth can be seen from the growth in GRDP (Gross Regional Domestic Product) figures. At present, GRDP is generally only calculated based on two approaches, namely from the sectoral/business field perspective and from the use side. Furthermore, GRDP is also calculated based on current prices and constant prices. Total GRDP shows the total added value generated by residents in a certain period.

According to the Central Bureau of Statistics (BPS), Gross Regional Domestic Product (GDP) is defined as the total added value generated by all business units in an area, or the total value of final goods and services produced by all economic units in a region. Gross Regional Domestic Product at current prices illustrates the added value of goods and services calculated using prices every year, while Gross Regional Domestic Product at constant prices shows the added value of goods and services calculated using prices in a particular year as the basis in which this calculation was used in 1993. Domestic Product Gross Regional Domestic Product based on constant prices is used to determine economic growth from year to year (Sadono Sukirno, 2005: 56), while according to BPS Regional Domestic Product Gross Regional Domestic Product based on current prices is used to show the size of the economic structure and the role of the economic sector.

The Influence of Education on Poverty Levels in West Sumatra

Based on the results of the research hypothesis testing that has been conducted, it was found that education (X_2) has a negative relationship of -0.4376 with poverty, but education (X_2) is significantly negative in explaining changes from poverty, where the probability value is greater than $\alpha = 0,05$ which is equal to 0.0006. The output level coefficient of -0.4376 means that every increase in education (X_2) of one (1) percent will increase poverty by -0.4376 percent.

the results of the hypothesis testing conducted, it was found that there was a negative and significant effect of education on poverty levels in West Sumatra. In other words, the level of education affects the level of poverty in West Sumatra.

The high level of education has an impact on the level of poverty in West Sumatra. This indicates that the level of education in West Sumatra can reduce the level of poverty.

Based on the results of the hypothesis testing conducted, it was found that education also has a significant influence on the poverty rate in West Sumatra. Thus, it can be concluded that there is a significant influence between the level of education on the level of poverty in West Sumatra.

The results of the above research are in accordance with the opinion of Simanjuntak (1998 : 77) which states that education and training is a very important aspect of human resource development, on the one hand education and training is an indicator of poverty.

Schiller (in Marta 2005: 26) suggests three main reasons why education greatly influences income levels, firstly the population affects the level of productivity, both directly and indirectly as a result of increasing knowledge and skills possessed, secondly with higher education it will open job opportunities more broadly, the three educational institutions in certain cases can function as manpower supply bodies.

According to Simanjuntak (1998:77) education and training is a very important aspect of human resource development, on the one hand education and training is an indicator of poverty.

And according to Todaro (2000: 406) education does have a positive influence on the promotion of economic growth, because the availability of a skilled and educated workforce is an important condition for ongoing and sustainable economic development. they are in getting a job and if they do not work, then the income they earn will be very low compared to residents who receive education.

The effect of unemployment on the level of poverty in West Sumatra .

Based on the results of the research hypothesis test that has been conducted, it was found that unemployment (X_3) has a positive relationship of -0.5023 percent with poverty, but unemployment (X_3) is not significant in explaining changes from poverty, where the probability value is greater than $\alpha = 0,05$ which is equal to 0.1771. The output level coefficient is -0.5023. means that every one (1) percent increase in unemployment (X_3) will increase poverty by -0.5023 percent.

From the results of the analysis above, it can be seen that the positive relationship between unemployment (X_3) and poverty shows the suitability of the theory that has been valid (quoted from Todaro, 2007: 320). Most of the members of the "poorest group" are those who have regular jobs or who work seasonally, those who have permanent jobs in the government or private sector who generally belong to the middle or high income groups, but of course one cannot say that every people who are unemployed or not working are necessarily poor or those who have permanent jobs always have high incomes. There are always voluntary unemployment found in every society, namely those who actually can or even easily get a good steady job, but choose to be unemployed. There are a number of reasons that could explain the possibility that the type of work is not in accordance with

education, financial targets, and so on. Rejection of the types of work available like that can only be done by those who have sufficient financial resources. By definition, they are classified as unemployed but not at all poor. Likewise, many people have permanent or full jobs when viewed from the hours they work per day, but the income they receive is very small. Economists in various productive entrepreneurial activities on a small scale or in the informal sector, for example pedicab drivers, street vendors, scavengers and so on. By definition they must be classified as full-time workers but cannot be said to be residents of the upper middle class because in general they it is indeed poor.

The effect of economic growth, education , and unemployment together on the level of poverty in West Sumatra.

Poverty in the Regency/City of West Sumatra is significantly influenced by economic growth , education , and unemployment , with a Probability=0.00006. The form of the influence is positive and the level of influence is 11.5817. If economic growth, education, and unemployment are increased by 1 percent, it tends to increase poverty by 11.5817 percent.

From the above analysis it can be seen that the joint relationship between economic growth , education , and unemployment to poverty has different results, where economic growth and unemployment have no significant effect on the poverty rate.

Where the effect of economic growth (X_1) on poverty (Y) is equal to 0.0002, meaning that every 1 percent increase in economic growth will increase poverty by 0.0002 percent. This is in accordance with the theory (Todaro, 2007: 58) no matter how high the level of per capita national income achieved by a country as long as the distribution of income is unequal, the level of poverty in that country will definitely remain severe and vice versa .

Education (X_2) has an effect on poverty (Y) which is -0.4376, which means that every 1 percent increase in education will affect poverty which will decrease by -0.4376 percent. This is in accordance with the opinion of Simanjuntak (1998: 77) which states that education and training is a very important aspect in the development of human resources, on the one hand education and training is an indicator of poverty.

Unemployment (X_3) has an effect on poverty (Y) which is -0.5023, which means that if there is a 1 percent increase in unemployment, it will affect an increase in poverty by -0.5023 percent.

So it can be concluded that the joint effect of economic growth, education, unemployment on the poverty rate. Only education is significant, it is different with economic growth and unemployment which do not have a significant effect. area.

CONCLUSION

In accordance with the research objectives, the results of the research that has been carried out can be concluded as follows:

1. Economic growth in the Regency/City of West Sumatra has a negative and significant direct effect on the poverty rate (Probability = 0.0002). The form of influence is negative and the level of influence is -1.4409 percent. If economic growth is increased by 1 percent, it tends to reduce poverty by -1.4409 percent.
2. The level of education in the Regency/City of West Sumatra has a negative and significant direct effect on the level of poverty (Probability = 0.000 6). The form of influence is positive and the level of influence is -0.4376 percent. If the education level is increased by 1 percent, it will tend to reduce the poverty rate by -0.4376 percent .
3. unemployment rate in the Regency/City of West Sumatra is not significantly affected by the poverty rate (Probability=0.1771). The form of influence is positive and the level of influence is -0.502 percent. If unemployment increases by 1 percent, it tends to increase poverty by -0.502 percent.

4. Economic growth, education, and unemployment in the Regency/City of West Sumatra have a significant effect on economic growth, education, and unemployment, (Probability=0.000000). The form of influence is positive and the level of influence is 23.918 percent. If economic growth, education, and unemployment are increased by 1 percent, it tends to increase poverty by 23.918 percent.

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