

The Influence of Economic Growth and Unemployment on Poverty Level in Makassar City

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Abstract:- Effects of Economic Growth and Unemployment on Poverty Levels in Makassar City The purpose of this study is to determine the effects of economic growth and unemployment on poverty levels in Makassar City. To achieve this goal, a quantitative research approach is used in conducting the research. Data were collected using secondary data obtained from Makassar City Central Bureau of Statistics. The population and sample for this study are levels of economic growth, unemployment and poverty. In this case, being secondary data, it is declared valid and reliable based on a sample of the last 10 years, i.e. from 2011 to 2020. Classical assumptions in the form of normality test, heteroscedasticity test and multicollinearity test were also tested. Multiple linear regression technique. The results show that economic growth has a negative and small impact on poverty levels and unemployment has a negative and small impact on poverty levels in Makassar city..

Keywords:- Economic Growth, Unemployment and Poverty Level.

I. INTRODUCTION

The goal of development is to improve economic efficiency so that jobs can be created and a decent life can be organized for all, which will ultimately ensure the welfare of the Indonesian people. One of the national development goals is poverty alleviation. Poverty is a disease of the economy that must be cured or at least reduced. The problem of poverty is really complex and multidimensional. Therefore, efforts to eliminate hunger and reduce poverty must be carried out holistically, covering all aspects of people's lives and implemented in an integrated manner.

The poverty line in various countries is not uniform, and changes according to the level of income or the stage of economic and social development of a country. The definition of poverty line is the minimum consumption level or the level of expenditure or income that allows ordinary people to live. There are still many people whose income is only slightly above the poverty line. This group, which is considered to be near poor, is very vulnerable to changes in economic conditions, such as increases in the prices of key commodities or a decline in the level of economic growth. Therefore, the problem of poverty still needs to be considered seriously because the aim of Indonesia's development is the development of the Indonesian people as a whole.

Poverty is the inability to meet basic needs, such as food, clothing, housing, education, and health. The problem of low living standards is also related to low income, inadequate housing, poor health and medical services, low level of public education leading to low human capital and high unemployment rate.

Poverty problem that all countries in the world face, especially in developing countries like Indonesia. Many negative effects of poverty Besides causing many social problems, poverty can also affect the economic development of a country. In Indonesia, the problem of poverty is quite complicated due to the large area, diverse socio-cultural conditions of the people, and the different experiences of poverty.

The causes of poverty lead to the theory of the vicious circle of poverty from Nurkse. The existence of backwardness and underdevelopment of human resources, market imperfections, and lack of capital causes low productivity. Low productivity results in low income received which will have an impact on low savings and investment resulting in low capital accumulation resulting in low job creation.

The term poverty appears when a person or group of people is unable to meet the level of economic prosperity which is considered the minimum requirement of a certain standard of living.

This poverty phenomenon occurs in almost every province in Indonesia as well as what happened in South Sulawesi, including in Makassar City which is the provincial capital. The phenomenon of poverty that occurs in Makassar City is very concerning and requires special attention from the government, the grandeur of skyscrapers in urban areas does not guarantee the welfare of its inhabitants, in reality, apart from skyscrapers, we also find many slum houses located on the outskirts of the city.

Urbanization is one of the reasons for the increase in the number of poor people in urban areas. Residents from rural areas flocked from their hometowns to survive by trying their luck in search of a better life. Apart from the city, which was flooded by the urbanites, there were also the natives of the city. People's lives in cities generally have high mobility. The high employment opportunity for people outside the city is the main cause of the increase in the population of Makassar City. So that the increase in population in urban areas makes competition very obvious.

The increasing number of residents in Makassar City which is not accompanied by an increase in employment has given rise to phenomena such as street children and beggars in urban areas. The phenomenon of street children and beggars is nothing new for this nation, especially in the city of Makassar, street children and children who drop out of school due to economic factors that require them to look for work in order to meet the needs of their families. They carry out various activities such as begging or just selling newspapers, not infrequently there are those who go around the complex with small books containing collections of prayers for sale, and some even only have a piece of paper that is worn out and folded.

Many young people in Makassar City do not work as they should, such as doing jobs as beggars or buskers where

they actually still have the physical strength to find work.

II. METHODS

This study is a quantitative research, of the type of explanatory research, specifically a study aimed at explaining the effects of research variables by testing hypotheses. The data collection uses secondary data obtained from the records of the Makassar City Central Bureau of Statistics.

The population and sample for this study are levels of economic growth, unemployment, and poverty. In this case, using a sample from the last 10 years, specifically from 2011 to 2020, it is declared valid and reliable because it is in the form of secondary data.

III. RESULT

➤ *The Estimation Results of Hypothesis Testing are as follows:*

Table 1 Output Thitung Pada Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	7,030	1,953		3,600	,009
Pertumbuhan Ekonomi	-,069	,079	-,722	-,871	,412
Pengangguran	-,170	,125	-1,127	-1,361	,216

Source: Output spss 25.0

IV. DISCUSSION

➤ *Based on the Analysis and Results of Hypothesis Testing, the following Interpretations of the Results of this Study:*

- *The Effect of Economic Growth on the Level of Poverty in the City of Makassar*

The first hypothesis tests whether economic growth has a negative impact on the poverty level in Makassar city. The results of the partial statistical test show that the regression coefficient of the economic growth variable is -0.871, this value is not significant at the significance level of 0.412 with a p-value of 0.000. Specifically, this result is supported by the result of comparing tcount with table, the value of tcount is $-0.871 < 2,306$ pounds. The results of this test indicate that economic growth has a negative and insignificant impact on the poverty level in Makassar city, so the first hypothesis is accepted. If economic growth increases, people's income will also increase, which will have an impact on poverty reduction.

This is in accordance with the theory put forward by Siregar and Dwi (2008), which states that economic growth is a necessary condition for reducing poverty. The sufficient condition is that this growth is effective in reducing poverty. This means that growth should spread to every income group, including the poor (growth with equity).

In this case it states that the condition of economic growth has a direct relationship with the level of poverty if the economic growth spreads to every class of society, including the poor. The results showed a negative effect on the level of poverty in the city of Makassar. Where this happens because the results of economic activities in the city of Makassar have not spread to every class of society such as the poor.

This is in accordance with previous research conducted by Ambok Pangiuk (2018) with the results of research on economic growth having a negative and insignificant effect on the poverty rate and R. Bambang Budhijana (2019) economic growth has a negative and insignificant effect on the poverty rate.

- *The Effect of Unemployment on the Level of Poverty in the City of Makassar*

The second hypothesis tests whether unemployment has a positive effect on poverty levels in the city of Makassar. The partial statistical test results show that the regression coefficient for the unemployment variable is -1.361, this value is not significant at a significance level of 0.216 with a p value of More precisely, this result is supported by the results of a comparison of tcount with table, the value of tcount is $-1.361 < 2.306$ table. The results of this test indicate that unemployment has a negative and insignificant effect on the level of poverty in the city of Makassar, so in other words the second hypothesis is rejected.

The theoretical unemployment rate has a positive effect but the estimation results have a negative effect on the poverty rate. This study shows that unemployment has a negative effect on the level of poverty in the city of Makassar. This happens because unemployment in the city of Makassar is unemployment which is dominated by educated unemployment. Where they are people or unemployed people who have just graduated from education, people who are unemployed but are still able to meet their needs because not all unemployed people are always poor.

Where sometimes there are workers in urban areas who donot work voluntarily because they are looking for a better job that is in accordance with their level of education. They turn down jobs that they feel are not suitable for their abilities and they behave this way because they have other sources that can help with their financial problems. This is in accordance with previous research conducted by Radinal Muktar (2019) with the results of unemployment having a negative and insignificant effect on poverty and Suropto et al (2020) with theresults of research on unemployment having no effect on poverty.

V. CONCLUSION

This study aims to determine the effect of economic growth and unemployment on poverty levels. Based on the results of the research presented in the previous chapter, the conclusions that can be drawn by the author are as follows:

- Economic growth has a negative and insignificant effect on the level of poverty in Makassar City. This can be seen from the results of data processing where the tcount value of 0.871 is smaller than the ttable of 2.306 ($0.871 < 2.306$) and the significance value of 0.412 is greater than 0.05 ($0.412 > 0.05$).
- Unemployment has a negative and insignificant effect on the level of poverty in Makassar City. This can be seen from the results of data processing where the tcount value of 1.361 is smaller than the ttable of 2.306 ($1.361 < 2.306$) and the significance value of 0.216 is greater than 0.05 ($0.216 > 0.05$).

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