Analysis of Factors Affecting Poverty Levels in West Nusa Tenggara Province in 2012 – 2021

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ABSTRACT: The purpose of this study is to analyze the factors that influence the level of poverty in the province of West Nusa Tenggara from 2012 to 2021. The research method used in this study is a quantitative method. Analysis of the data used is the multiple regression method. The results of the study show that the unemployment rate, economic growth rate and the Human Development Index in the province of West Nusa Tenggara together have a significant effect on the poverty rate in the province of West Nusa Tenggara in 2012-2021. This can be seen in the F Test where the significance value is smaller than 0.05 (0.000 < 0.05). Then the human development index variable and changes in the unemployment rate which have a significant value on changes in poverty in the province of West Nusa Tenggara in 2012-2021. This is due to several things including the provincial government of West Nusa Tenggara for the last 10 years focusing on increasing human resources through education investment, such as increasing free education, providing skills institutions for workers and providing merit scholarships. It aims to create an increase in the quality of human resources in the province of West Nusa Tenggara.

KEYWORDS: Poverty Level, West Nusa Tenggara Province

INTRODUCTION

The problem of poverty is a complex and multidimensional problem, therefore, poverty alleviation efforts must be carried out comprehensively, covering various aspects of people's lives, and implemented in an integrated manner (Nasir, 2008). Diversity in formulating views on poverty can be interpreted that poverty is a multidimensional phenomenon. These phenomena are difficult to define absolutely as a special meaning. However, the World Bank stated that poverty must still be measured in the form of specific parameters as an illustration for poverty reduction policy making.

Umiyati, E., Amril, A., & Zulfanetti, Z (2017) describes two cycles of poverty traps in terms of supply and demand. The supply side explains that the low level of community income due to the low level of productivity causes people's ability to save is low. The low ability of people to save causes the level of capital formation (investment) to be low, resulting in a shortage of capital and thus the level of productivity will also be low. And so on. Meanwhile, in terms of demand, it is explained that in poor countries the incentive to invest is very low because of the limited market area for various types of goods. This is due to people's very low incomes due to their low productivity levels, as a result of the limited level of capital formation in the past. This limited capital formation is due to a lack of incentives to invest.

The complex problem of poverty is also influenced by various interrelated factors, including the level of community income, unemployment, health, education, access to goods and services, location, geography, and the environment. Poverty is the inability to meet basic needs such as food, shelter and health. Poverty occurs because the ability of the community of economic actors is not the same, so that there are people who cannot participate in the development process or enjoy the results of development.

Various socio-economic variables that can affect the poverty of the population in a country or region, some of which are related to income, education, access to goods and services, geographical location, gender and environmental conditions. Thus, poverty is not only understood as an economic incapacity, but also a failure to fulfill basic rights and different treatment for individuals or groups of individuals in living their lives with dignity. Basic rights that are generally recognized include the fulfillment of the needs for food, health, employment, housing, clean water, land, natural resources, and the environment, and a sense of security from treatment or threats of violence. For this reason, regional economic development is needed that can also support the problem of poverty. However, on the one hand, with the increasing economic growth, it has not completely overcome the problems faced by the district/city area. These problems, among others, are the distribution of development results that have not been fully felt by all circles of society.
Economic growth should be a process of changing the economic conditions of a country on an ongoing basis towards a better condition for a certain period. Economic growth can also be interpreted as a process of increasing the production capacity of an economy which is manifested in the form of an increase in national income. The existence of economic growth is an indication of the success of economic development which is pursued through optimal planning by the relevant government.

Economic growth and poverty are major problems faced by the Indonesian people since independence. Many efforts have been made by the government to spur economic growth and reduce poverty, but the results are far from satisfactory. The government's weakness lies in its low sustainability so that when the program is completed, all activities will also be completed. Even good economic growth in a country can be said to be good if the growth rate of gross domestic product is higher than population growth. This happens if the growth of the gross domestic product has a good impact on the welfare of the community. Because the meaning of development is to improve people's living standards through increasing productivity per capita, investment in human resources, physical investment, job opportunities (Mishkin: 2012).

West Nusa Tenggara Province consists of 10 regencies/cities located on two large islands, namely: Lombok Island: West Lombok, Central Lombok, East Lombok, North Lombok, and Mataram City. Sumbawa Island: West Sumbawa, Sumbawa, Dompu, Bima, and Bima City. Data from the Central Statistics Agency for West Nusa Tenggara Province in 2019 shows the percentage rate of poverty as much as 14.56% then the poverty rate has increased in 2020 as much as 14.75. Then in terms of the human development index in 2019 it was 68.30% and in 2020 it decreased by 68.13%. Based on these data, there is a significant increase in the level of poverty in West Nusa Tenggara Province in 2020. A fairly strong influence on changes in poverty in West Nusa Tenggara Province is also influenced by the human development index. Another factor that also affects the level of poverty is unemployment. Unemployment has a very close relationship in influencing poverty levels. In both developing and developed countries, unemployment is a condition whose existence is inevitable. Unemployment has limitations that need to be considered because unemployment is very influential on the occurrence of problems of vulnerability to various crimes, social unrest, politics and poverty (Amalia, 2012).

Therefore, the problem of poverty that hit the Province of West Nusa Tenggara has branches of problems that need to be resolved starting from unemployment, the human development index, education, health, economic growth, human resources and investment. To facilitate the analysis of this research, the researcher will raise several variables that affect the poverty level in the province of West Nusa Tenggara from 2012 to 2021. The variables that will be raised in the study with the title of analysis that affect the level of poverty in the province of Nusa Tenggara West Year 2012 – 2021, namely the open unemployment rate, Economic Growth and Human Development Index.

LITERATURE REVIEW

Poverty

Nowadays the definition of poverty is becoming more complex, where the dimensions of poverty include the problem of vulnerability, powerlessness and the inability to convey information. This makes poverty more multidimensional in society. Poverty is also considered as inequality of opportunity in accumulating social power in the form of capital and assets, social networks in obtaining jobs, goods and services. The inability to obtain knowledge and skills as well as useful information in the progress of their lives can also be assessed as poverty (Palenewen, T. O. M., Walewangko, E. N., & Sumual, J. I, 2018).

Unemployment

Unemployment is defined as the condition of a person who is already included in the labor force and who is actively looking for work for a certain level of wages, but that person does not get the job he wants. Furthermore, open unemployment is part of the labor force who have not worked and are looking for work (Sukirno, S 2004)

Economic Growth

According to Todaro (2006) there are three main factors or components in the economic growth of each country, namely: 1) Capital accumulation, which includes all forms or types of new investments invested in land, physical equipment, and capital or human resources; 2) Population growth, which in the next few years will increase the number of workers; and 3) Technological progress, which is considered the most important source of economic growth and can be classified into three, namely: (a) neutral technological progress; (b) technological advances that save labour; (c) capital-saving technological advances.
In line with Todaro, Simon Kuznets in Arsyad (2006) defines a country's economic growth as an increase in a country's ability to provide economic goods for its population, the increase in this ability is caused by technological advances, institutions, and the necessary ideological adjustments. Economic development is efforts to improve the standard of living of a nation which is usually measured by the level of real income per capita, the purpose of economic development is to increase real national income as well as to increase productivity. According to Todaro (2006), development must be viewed as a multidimensional process that includes various fundamental changes to social structures, attitudes of society, and national institutions, in addition to continuing to pursue accelerated economic growth, handling income inequality, and alleviating poverty. Economic growth is a process where there is an increase in real gross national product or real national income, the economy is said to be growing or developing if there is real output growth, while economic development shows the output structure and input allocation in various economic sectors.

**Human Development Index**

UNDP first used the human development index indicator in 1990 (Heka, A. J. L., 2017). Human Development Index is defined by UNDP as a process in expanding the range of choices for the population with regard to income, health, education, environment and so on. Each region should make the full scope of human development the focus of the development process. It aims to improve the quality of life of the community physically, mentally and spiritually.

The benefits that can be obtained by calculating the human development index include the role of the human development index as a parameter of the level of success in building the quality of life in the community. Appropriate and good human development can increase the level of community welfare (Hatta, R., & Khoirudin, R, 2020). In addition, the human development index can be used in determining the ranking of one region/country with another. On the other hand, the human development index is also a parameter of a government's performance due to the government's role as a facilitator and catalyst factor in the development process. The high value of the human development index, in other words, is a reflection of the increasing level of population welfare (Ariza, A., 2016).

The average development achievement of a country or region in using the human development index is measured based on three parameters, namely education, health and economy. Health level is measured by taking into account life expectancy at birth; education level is measured by looking at the average length of schooling; and, economic degree (decent living) is seen using purchasing power or gross national income per capita.

**RESEARCH METHODOLOGY**

This research is quantitative and the data in this study are secondary data. According to the collection of data in this study is periodic data (time series). The time series data used is annual data for 10 (ten) years, namely 2012-2021. The data is taken from the statistical center of the Province of West Nusa Tenggara which is related to the number of research variables, which include data on the poverty rate in the Province of West Nusa Tenggara as a variable.

The dependent variable (Y) and the independent variable are the unemployment rate in the Province of West Nusa Tenggara (X1), the rate of economic growth in the province of West Nusa Tenggara (X2) and the human development index data in the province of West Nusa Tenggara (X3). The data processing uses Statistical Product and Service Solution 20 (SPSS 20) software. The data analysis method used is the multiple regression method with the Ordinary Least Square (OLS) technique. To determine the effect of the independent variables, namely the unemployment rate (X1), economic growth rate (X2) and human development index data (X3) which affect the poverty rate in the province of West Nusa Tenggara for 10 years, the following regression equation is used:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu_i \]

**Description:**

- \( Y \) = Poverty Rate in West Nusa Tenggara Province
- \( X_1 \) = Unemployment rate in West Nusa Tenggara Province
- \( X_2 \) = Economic Growth rate in the province of West Nusa Tenggara
- \( X_3 \) = Human development index in the province of West Nusa Tenggara
- \( \beta_0 \) = Constant coefficient
- \( \beta_1, \beta_2, \beta_3 \) = Regression coefficient
\[ \mu = \text{Error Term.} \]

In using regression analysis tools, it is necessary to test the classical assumptions, so that the results of this regression analysis show a valid relationship. Among them are: (1) Normality test, (2) Multicollinearity test, (3) Autocorrelation test and (4) Heteroscedasticity test. Then after the model is free from classical assumption testing, it is continued with statistical justification. Statistical justification is a test of giving goodness of fit model that concerns the accuracy of the sample regression function in estimating the actual value by looking at its Goodness of Fit. Statistically, at least this can be measured from the value of the coefficient of determination, the value of the F statistic and the value of the t statistic (Imam Ghozali, 2013).

RESEARCH FINDINGS AND DISCUSSION

**Findings**

Based on the data processing that has been carried out using the SPSS 2.0 program, the value of the Coefficient of Determination (R2) is obtained as follows:

![Table 1. Determination Test Results](image)

Based on Table 1, it can be seen that the coefficient of determination obtained is 0.986. This means that X1 (unemployment rate), X2 (Economic Growth rate) and X3 (Human Development Index) have an effect on the poverty rate (Y) of 98.6% while the remaining 1.4% is influenced by other factors that have not been studied in this research, such as social factors, community culture and security factors. In other words, the magnitude of the influence of the unemployment rate, the level of Economic Growth and the Human Development Index on the poverty rate in the province of West Nusa Tenggara is 98.6% while the remaining 1.4% is influenced by other factors outside this regression model.

To determine the effect simultaneously or jointly on the three variables (unemployment rate, economic growth rate and human development index) on the analysis that affects the poverty rate in the province of West Nusa Tenggara for the period 2012-2021, the F test is used to determine whether the independent variable is which is included in the regression model has a simultaneous (simultaneous) effect on the dependent variable. This test uses the F test, with an analysis based on a comparison between the significance value and the significance level (α) used or (α) 5%. If the significance of F < 0.05 then Ha is accepted, meaning that the independent variable simultaneously has a significant effect on the dependent variable. The results of the F test analysis can be seen in Table 2 below:

![Table 2. F-Test Results in the Analysis of Factors Affecting the poverty rate in the province of West Nusa Tenggara 2012-2021.](image)
Based on Table 2. above, the significance value obtained from the F test table above is smaller than the significance value = 0.05 or 0.000 <0.05 so that Ha is declared accepted. So it can be concluded that Ha is accepted, which means the unemployment rate, economic growth rate and the level of the Human Development Index simultaneously have a significant effect on the poverty rate in the province of West Nusa Tenggara in 2012 - 2021. The results of this study are in accordance with research conducted by R. Bambang Budhijana (2019) which states that the Effect of Economic Growth, Human Development Index and Unemployment on Poverty Levels in Indonesia in 2000-2017. Then the results of this study are in accordance with research conducted also by Ridho Andykha, Herniwiati Retno Handayani and Nenik Woyanti (2018) which stated that the effect of gross domestic product, unemployment rate, and HDI on poverty rates in Central Java province.

Discussion
To find out the results of the partial analysis related to the analysis of the factors that influence the poverty rate in the province of West Nusa Tenggara in 2012-2021. The following are the results of data processing by regression and discussion of the results shown in table 3.

Table 3. Multiple Linear Regression Results in the Analysis of Factors Affecting the poverty rate in the province of West Nusa Tenggara 2012-2021.

| Coefficients |
|--------------|
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
|--------|-----------------------------|--------------------------|---|-----|
| 1      | (Constant)                  | 6507.603                 | 240.409 | 27.069 | .000 |
|        | Unemployment               | 1.240                    | .273 | .287 | 4.539 | .004 |
|        | Economic Growth            | .186                     | .073 | .141 | 2.553 | .043 |
|        | Human Development Index    | -.816                    | .045 | -.1155 | -18.078 | .000 |

a. Dependent Variable: Poverty Rate

Based on Table 3. above, the estimated model of the multiple linear regression equation in this study can be written as follows:

\[ Y_{Poverty \ Rate} = 6507.603 + 1.240(X1_unemployment \ rate) + .186(X2_{Economic \ Growth\ rate}) + -.816(X3_{human \ development \ index \ rate}) \]

The constant value of the regression equation model is 6507.603. This means that if the variable unemployment rate, economic growth rate and the level of the Human Development Index are zero or there is no change in the unemployment rate or in the level of economic growth and there is no change in the Human Development Index in the poverty level sector in the province of West Nusa Tenggara, it will result in the poverty rate in the province. West Nusa Tenggara did not experience a decrease of 65.07%. The results of this study are in accordance with research conducted by R. Bambang Budhijana (2019) entitled Analysis of the Effect of Economic Growth, Human Development Index and Unemployment on Poverty Levels in Indonesia in 2000–2017.

The regression coefficient value of the unemployment rate is 1.240. This shows that there is a significant influence between the unemployment rate on the poverty rate in the province of West Nusa Tenggara, which means that if the unemployment rate increases by 1% while the other independent variables remain constant, the poverty rate in the province of West Nusa Tenggara will increase by 1.240%. On the other hand, if the unemployment rate decreases by 1%, the poverty rate will decrease by 1.240%. This shows that the greater the unemployment rate in the province of West Nusa Tenggara, the higher the rate of the poverty rate in the province of West Nusa Tenggara and vice versa. This can also be seen in the significant value, namely 0.004 < 0.05, meaning that Ha is accepted. This is in line with research by Anggit Yoga Pemana and Fitri Yanti (2012) which states that the unemployment rate has a positive and significant effect on the poverty level.

The significance value of the economic growth rate is .043. This can be seen in the significance test table in table 3. where .043 > 0.05. This shows that there is a non-significant effect between the level of economic growth on the level of poverty in the
province of West Nusa Tenggara. The results of this study are in accordance with research conducted by Prasad (1998) who argues that there is no concrete relationship found between economic growth and poverty. Likewise, Muhammad Nurcholis (2014) found that there is a negative relationship between economic growth and poverty levels. An increase in economic growth will reduce the poverty rate. This relationship shows the importance of accelerating economic growth to reduce poverty levels. Then the results of this study are also supported by the results of research from Fadila & Marwan (2020) that there is no significant effect between economic growth and poverty. Another study by Nainggolan (2020) also shows that there is no significant effect on poverty. It can be shown that economic growth does not automatically reduce poverty and there is often inconsistency economic growth with poverty in East Java.

The regression coefficient value of the Human Development Index level in the province of West Nusa Tenggara is -0.816. This shows that there is a negative and significant effect between the growth rate of the Human Development Index on the poverty level in the province of West Nusa Tenggara, which means that if the Human Development Index level decreases by 1% while the other independent variables remain constant, the poverty rate will increase by -0.816%. On the other hand, if the level of the human development index increases by 1%, the poverty rate will decrease by -0.816%. This shows that as the Human Development Index increases in the province of West Nusa Tenggara, the poverty rate will decrease. Or the significance can also be seen in the sig value table, where 0.000 < 0.05, it can be concluded that Ha is accepted, which means the level of the human development index has a significant influence on changes in the poverty level in the province of West Nusa Tenggara. The results of this study are in accordance with research conducted by Irham Iskandar (2011) which shows that the human development index has a negative and significant effect on poverty. Then research that has a similar level of results between the influence of the human development index on poverty levels is the research conducted by Waseso Segoro and Muhamad Akbar Pou (2016) which raises the analysis of the Effect of Gross Regional Domestic Product, Inflation, Human Development Index and Unemployment Against Poverty in Indonesia in 2009-2012.

As stated by Adi Widodo, (2011) that the increase in the human development index every year causes an increase in one’s work productivity. Increased productivity has an impact on income and causes the poverty rate in Indonesia to experience a downward trend. If the human development index has increased, it can be assumed that the level of community welfare will also increase.

From the results of the explanation above, it shows that the variables of the human development index and changes in the unemployment rate have a significant value on changes in poverty in the province of West Nusa Tenggara in 2012-2021. This is due to several things including the provincial government of West Nusa Tenggara for the last 10 years focusing on increasing human resources. Human resources through educational investments such as increasing free education, providing skills institutions for workers and providing merit scholarships. It aims to create an increase in the quality of human resources in the province of West Nusa Tenggara. As stated by Mulyadi (2003) that improving human quality can be met with various policies, namely the development of education will also pay attention to the direction of economic development in the future, health development must receive attention by instilling a culture of healthy living and expanding the scope and quality of health services, to poor people quality improvement is done by providing practical skills. Then according to Ginting (2008) human development in Indonesia is identical to poverty reduction. Investments in education and health will be more meaningful to the poor than the non-poor, because the main asset of the poor is unskilled labor. The availability of cheap education and health facilities will greatly help to increase community productivity. In their research, Hong and Pandey (2007) found that people with higher levels of education were less likely to be poor. Ele-Ojo Ataguba et al. (2013) in their research suggests that one of the determinants of poverty reduction is education.

CONCLUSION
Based on the results of the research and discussion above that have been discussed previously, the conclusions obtained from this study are: the unemployment rate, the rate of economic growth and the level of the Human Development Index in the province of West Nusa Tenggara together have a significant effect on the poverty rate in the province of West Nusa Tenggara. years 2012-2021. This can be seen in the F Test where the significance value is smaller 0.05 (0.000 < 0.05). Then the human development index variable and changes in the unemployment rate which have a significant value on changes in poverty in the province of West Nusa Tenggara in 2012-2021. This is caused by several things including the provincial government of West Nusa Tenggara for the last
10 years focusing on increasing human resources through investment education such as increasing free education, the existence of skills institutions for workers and providing merit scholarships. It aims to create an increase in the quality of human resources in the province of West Nusa Tenggara.

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