ECONOMIC GROWTH AND POPULATION TO POVERTY IN EAST KALIMANTAN

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Abstract

Poverty is a social problem that is always faced by every country, even developed countries. The purpose of this study is to determine the influence of economic growth and population on poverty in East Kalimantan Province. This study uses time series data from 2011-2019. The population used is districts/cities in East Kalimantan. The number of samples is 9 years with saturated side techning. This study uses a quantitative approach with secondary data types. The data analysis method uses multiple linear regression analysis with the SPSS program. The results of the study show that economic growth has a significant effect on poverty. The population has a significant effect on poverty. With the results of this study, the number of population is a concern for every state leader so that poverty can be reduced.

Keywords: Economic Growth, Population, Poverty.

INTRODUCTION

According to Siregar & Wahyuniarti (2008:27), a person is said to be poor or living in poverty if his income or access to goods and services is relatively low compared to the average of other people in the economy. In absolute terms, a person is declared poor if the income level or standard of living is absolutely below subsistence. The measure of subsistence can be proxied with the poverty line. In general, poverty is the inability to achieve standards over every aspect of life. Economic growth is a factor that affects the poverty rate, but low economic growth results in a lower and declining level of people's welfare and the emergence of various basic social problems. Considering the growing population which means that economic needs will also increase, additional income is needed every year. The additional revenue was obtained from GDP (Gross Regional Domestic Product). Other factors that cause high and low poverty in an area include, namely the large number of people who inhabit the area As Malthus has revealed that a large number of people in an area will bring disaster because the development of human numbers is faster than agricultural products, so that the agricultural production is not able to meet human needs, and in the end there is a catastrophe such as a high number of people poverty in the region. East Kalimantan Province is an area surrounded by abundant natural resources such as coal. Based on data from the central statistics agency, East Kalimantan is still surrounded by poor people. Supposedly, with economic growth continuing to increase, the poverty rate can decrease. However, the poverty rate in East Kalimantan continues to fluctuate. Likewise with the number of people who are increasing every year. With the population increasing, it is a concern as a contributor to the increase in poverty rates. Through urbanization, people from villages to cities to look for jobs. What happened was that the area was getting slums and the number of delinquents was increasing. This makes the subject matter that must be investigated further.

LITERATURE REVIEW

Poverty

According to Tadaro (2011: 289) Poverty is a person or group of people who have often poor health conditions, many times among those who are not used to reading and writing, unemployed, and the prospect of achieving a better standard of living is very bleak. According to Todaro (2006: 232) said that the magnitude of poverty can be measured with or without referring to the poverty line (*poverty line*). Poverty is conceptually divided into two, namely relative poverty and absolute poverty.

1) Relative poverty is a poor condition due to the influence of development policies that have not been able to reach all levels of society, resulting in inequality in income distribution. Thus, the measure of poverty is relatively highly dependent on income distribution.

2) Absolute poverty is a person's inability to meet basic needs such as clothing, food, board, health, and basic education needed to be able to live and work.

Poverty is an absolute and relative condition that causes a person or group of people in an area to not have the ability to meet their minimum needs in accordance with certain values or norms that apply in society due to natural, cultural, or structural reasons. In other words, a person is said to be poor if his income level does not allow him to fulfill the value system in society, while the value system is very dynamic.

Economic Growth

Sadano Sukirno (2011: 423) argues that economic growth means the fiscal development of the production of goods and services that apply in a country, such as the growth and amount of production of industrial goods, infrastructure development, increase in the number of schools, increase in the production of the service sector and increase in the production of capital goods. To give a rough idea of the economic growth achieved by a country, the measure that is always used is the real growth rate of national opinion achieved. According to Sukirno (2011: 429), the factors that determine economic growth are:

1) Land and other natural resources. Natural wealth will make it easier to develop a country's economy, especially in the early days of the economic growth process.

2) The quantity and quality of the population and workforce. The growing population will drive the number of workers and the addition will allow the country to increase production.

3) Capital goods and technology level. Nowadays, world economic growth has reached a higher level, which is much more modern than the progress achieved by a society that is still undeveloped.

4) Social system and community attitudes. In analyzing development problems in developing countries, economists have shown that social systems and societal attitudes can be a serious obstacle to development.

Population Growth

According to the Central Statistics Agency (BPS), residents are people who reside in the geographical area of the Republic of Indonesia for 6 months or more and or those who reside for less than 6 months but aim to settle down.

Population is an important element in economic activities because it provides the necessary labor, experts, and entrepreneurs to create economic activities, as a result of these several functions, population is an element of creating and developing technology using various factors of production.

The Relationship between Economic Growth and Poverty Rate

According to Siregar and Wahyuniarti (2008:25), poverty is a situation where the annual income of individuals in an area cannot meet the minimum expenditure standards needed by individuals to be able to live properly in the area. Individuals who live below the standard of expenditure are classified as poor.

According to Kuncoro (2006:18), when the economy develops in a region (a country or a certain smaller region), there is more income to spend, which if well distributed among the population in the region, will reduce poverty. In other words, theoretically, economic growth plays an important role in overcoming poverty reduction.

The Relationship between Population Growth and Poverty Rate

According to Mustika (2011: 13), the most basic thesis of Malthus is that "the population tends to increase faster than the food supply". Based on this thesis, it can be concluded that the population grows like a series of measurements and the supply of foodstuffs based on a series of calculations. As a result, the earth's resources are unable to keep up with the rapidly growing human needs. That is what causes poverty. Based on this, population growth has a relationship with poverty levels. Where if population growth is high, it will increase the poverty level in an area.
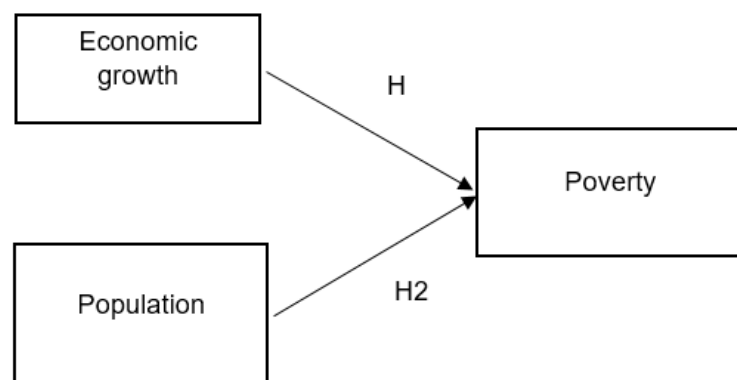

Figure 1: Conceptual Framework

Hypothesis

Based on the problems that have been proposed previously, research hypotheses are proposed, namely:

1. It is suspected that economic growth partially has an influence on the poverty level in East Kalimantan Province.

2. It is suspected that population growth partially has an influence on the poverty level in East Kalimantan Province.

RESEARCH METHODS

The type of research uses a quantitative approach. The type of data used is secondary data. The source of this research data is data recorded from the Central Statistics Agency of East Kalimantan Province in 2011-2019. The population in this study is all districts/cities in East Kalimantan. The sample used is a saturated sample. This study uses multiple linear regression analysis tools and data processing using the Statistical *Package for Social Science (*SPSS*) release version 24.0 for windows program.* Data analysis is carried out by statistically testing variables with software. The regression model in this study is:

$$Y = \alpha + b1X1 + b2X2 + e$$

Information:

Y	=	Poverty Rate
α	=	Constant
B1, B2, B3	=	Regression Coefficient
X1	=	Economic Growth
X2	=	Population Growth
e	=	Error Standards

3. RESEARCH RESULTS

The problem of poverty is one of the problems that are often faced by developing countries, including in Indonesia. The development of the poor population in East Kalimantan Province from year to year fluctuates, so that poverty alleviation programs are still unable to reduce the poverty level in East Kalimantan Province. The smaller the percentage of poverty rate, it shows that the level of welfare of the people of East Kalimantan Province is getting better.

the percentage of poverty rates in East Kalimantan from year to year has decreased. In 2011, the poverty percentage decreased to 6.63%, until in 2019, the poverty percentage became 5.91%. With a poor population of 220.91 thousand people.

East Kalimantan's economic growth declined from 2012 to 2016. In 2017, economic growth increased by 3.13% and then declined again in 2018. The most visible decline in economic

growth was in 2016 by -0.38%, this was due to the weakening of several sectors that supported economic growth. Such as capital formation, mining and quarrying, construction, corporate services, as well as government administration, defense and social security. In 2019, the economic growth of East Kalimantan Province increased by 2.10% from the previous year to 4.77%.

Population growth from year to year has decreased even though the number of people every year has increased. In 2011, the number of people living in East Kalimantan Province amounted to 3,123,369 people. Then in the following years, the number of people in East Kalimantan Province increased while population growth from 2011 to 2019 decreased to 1.99%. The highest population occurred in 2019, which amounted to 3,721,389 people with a population growth of 1.99%.

East Kalimantan unemployment has fluctuated or decreased and increased from year to year. From 2011 to 2014 the unemployment rate decreased to 7.38% then in 2015 it rose to 7.50% and in 2017 to 2019 it fell to 6.09%.

4. ANALYSIS AND DISCUSSION

Table 1: Multiple Regression Analysis Results

Coefficient											
Pattern	**Non-standard Coefficients**		**Standard Coefficient**	**t**	**Sig.**	**Correlation**			**Collinearity Statistics**		
	B	**STD error.**	**Beta**			**Sequence of zero**	**Partial**	**Part**	**Tolerance**	**VIF**	
1 (Constant)	3,395	,515		6,592	,001						
Economic growth	,024	,012	,257	2,036	,097	,470	,673	,243	,893	1,119	
population	1,315	,409	,990	3,213	,024	,933	,821	,383	,149	6,690	
a. Dependent Variable: poverty											

Source : SPSS Management Results

Based on the results of the regression analysis in the table above, an estimation model was formed as follows:

$$Y = 3.395 + 0.024\ X1 + 1.315\ X2$$

It can then be interpreted for each independent variable as follows

a) Economic Growth Variable (X1)

The economic growth variable has a positive (+) influence on the poverty rate in East Kalimantan Province with a regression coefficient value of 1.315. This means that if economic growth increases by 1 percent (%), then the poverty rate will increase by 1.315 percent (%).

b) Population Growth Variable (X2)

The population growth variable has a positive (+) influence on the poverty rate in East Kalimantan Province with a coefficient value of 0.990. This means that if population growth increases by 1 percent (%), the poverty rate will increase by 0.990 percent (%).

Table 2: The t-test and the F test Result

ANOVAa						
	Pattern	**Sum Squared**	**Df**	**Square Average**	**F**	**Sig.**
	Regression	,399	3	,133	21,832	,003b
1	Remnant	,030	5	,006		
	Entire	,430	8			
a. Dependent Variable: poverty						
b. Predictors: (Constant), economic growth, population						

1. Test t

a. Economic Growth Variable (X1)

The economic growth variable showed a sig value of $> \alpha$ (0.097 > 0.05) with t_{hitung} a value of $< (2.036 < t_{tabel}\ 2.570)$ from the results that could be concluded that H_0 it was H_a accepted. So it can be said that economic growth variables have a significant effect on the poverty rate in East Kalimantan Province.

b. Population Growth Variable (X2)

The population growth variable showed a sig value of $< \alpha$ (0.024 < 0.05) with t_{hitung} a value of $> (3.213 > t_{tabel}\ 2.570)$ from the results that could be concluded that H_0 it was rejected H_a . So it can be said that the population growth variable has a significant effect on the poverty rate in East Kalimantan Province.

2. Test F

Based on the table above, the influence of economic growth variables (X1), population growth (X2), and unemployment (X3) on poverty (Y), a value f_{hitung} of $> (21.832 > 5.41)$ was obtained with a significance value of 0.003 < 0.05. This shows that the four independent variables simultaneously have a significant effect on the dependent variable.f_{tabel}

Discussion

The Effect of Economic Growth on Poverty Levels

The initial hypothesis in this research equation has not been proven to be true. The first hypothesis says that economic growth has a significant effect on the poverty rate in East Kalimantan Province. From the results of SPSS data processing, the economic growth variable has a positive value and has an insignificant effect on the poverty rate in East Kalimantan Province from 2011 to 2019 with a regression coefficient value of 0.024 and $< (2.036 < t_{hitung}t_{tabel}\ 2.570)$.

What happened in East Kalimantan Province is that the economic growth rate is slow and low, causing economic growth in East Kalimantan Province from 2011 to 2019 to have no effect on poverty.

Overall in 2019, East Kalimantan's economy grew higher compared to the previous year. Improving mining performance is the main driving factor for East Kalimantan's economic growth in 2019. Meanwhile, the slowdown in growth mainly occurred in the construction business field sourced from strategic projects, which also caused investment performance to slow down.

The economic growth of East Kalimantan Province has fluctuated from 2011 to 2019, where the poverty rate tends to decrease within 9 years. This indicates that the poverty level in East Kalimantan Province is also influenced by the rapid economic growth in the city, where economic growth is relatively declining so that the number of poor people tends to increase.

The Effect of Population Growth on Poverty Levels

The initial hypothesis in this research equation is proven to be true. The second hypothesis says that population growth has a significant effect on the poverty rate in East Kalimantan Province. From the results of SPSS data processing, the population growth variable has a positive value and has a significant effect on the poverty rate in East Kalimantan Province from 2011 to 2019 with a regression coefficient value of 1.315 and a value t_{hitung} of > ($3.213 > t_{tabel}$ 2.570).

A lifestyle that tends to be consumptive is the real cause of the increased use of natural resources because excessive consumption will eventually lead to poverty. Therefore, population growth is one of the indicators of increasing poverty in East Kalimantan Province. This can be seen when population growth increases, the poverty rate also increases and vice versa.

5. CONCLUSION

Poverty cannot be eliminated in this world. Poverty can only be reduced in several ways, such as controlling a large population, but employment opportunities must also be balanced. Restoration of human quality of life such as education and health in order to improve their well-being.

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