

Revealing poverty in South Sulawesi with several interrelated development indicators

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Abstrak Salah satu indikator rendahnya kualitas pembangunan ekonomi di suatu daerah adalah angka kemiskinan yang relatif tinggi, ketimpangan pendapatan yang lebar, ketergantungan yang sangat tinggi pada sektor pertanian, dan rendahnya penyerapan tenaga kerja di berbagai sektor. Artikel ini mengkaji dampak pertumbuhan ekonomi, kesempatan kerja, dan ketimpangan pendapatan terhadap tingkat kemiskinan di Provinsi Sulawesi Selatan. Data yang digunakan bersumber dari publikasi Badan Pusat Statistik Provinsi Sulawesi Selatan tahun 2006-2020. Hasil penelitian ini menunjukkan bahwa pertumbuhan ekonomi tidak berpengaruh signifikan terhadap kemiskinan, sedangkan kesempatan kerja dan ketimpangan pendapatan berpengaruh signifikan terhadap tingkat kemiskinan di Sulawesi Selatan. Upaya perluasan kesempatan kerja di berbagai lapangan usaha sangat penting untuk mengurangi ketergantungan pada sektor pertanian. Pada akhirnya ketimpangan pendapatan akibat pembangunan yang tidak merata di berbagai daerah dapat dikurangi setiap tahunnya. Demikian juga dengan peningkatan aksesibilitas dan infrastruktur wilayah dapat mengurangi ketimpangan wilayah dan pendapatan antar wilayah yang pada gilirannya diharapkan dapat menurunkan angka kemiskinan di Provinsi Sulawesi Selatan.

Kata kunci: tingkat kemiskinan; pertumbuhan ekonomi; ketenagakerjaan; rasio gini

Abstract One indicator of the low quality of economic development in a region is the relatively high poverty rate, wide income inequality, very high dependence on the agricultural sector, and low employment in various sectors. This article reviews the impact of economic growth, employment opportunities, and income inequality on poverty levels in South Sulawesi Province. The data used is sourced from the publication of the Central Statistics Agency of South Sulawesi Province from 2006-2020. The results of this study indicate that economic growth does not have a significant effect on poverty, while employment opportunities and income inequality have a significant effect on poverty levels in South Sulawesi. Efforts to expand job opportunities in various business fields are very important to reduce dependence on the agricultural sector. In the end, income inequality resulting from uneven development in various regions can be reduced every year. Likewise, regional accessibility and infrastructure improvements can reduce regional and income inequality between regions, which in turn is expected to reduce poverty rates in South Sulawesi Province.

Keywords: poverty rate; economic growth; employment; gini ratio

JEL Classification: C10; E46; O10

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INTRODUCTION

Poverty is a problem in almost all regions in Indonesia. Whereas one of the goals of national development is to improve economic performance to be able to create jobs and organize the lives of the entire community which in turn can realize community welfare through one national development goal, namely reducing poverty levels. Poverty is one of the many problems that require serious, comprehensive, targeted, and integrated handling because the problems involve various aspects of human life. To reduce the problem of shortages, the involvement of all parties responsible for social welfare development and the handling of various social problems is needed.

South Sulawesi Province is one of the provinces that has a fairly high poverty rate, although for the last 6 years it has been below the national poverty average, if we look deeper, there are still 9 districts with poverty above 2 digits or above the average - national poverty rate. Among them are Jeneponto Regency which has a percentage of poor people around 14.58 percent and distributed by Pakajene Regency and the islands which have a poor percentage of around 13.96 percent, North Luwu Regency around 13.41 percent, Luwu Regency around 12.65 percent, Islands Selayar is around 12.48 percent, Enrekang Regency is around 12.17 percent, Tanah Toraja is around 12.10 percent, North Toraja is around 12.01 percent, and Bone Regency has a percentage of poor people around 10.68 percent ([Central Statistics Agency of South Sulawesi, 2021](#)).

Based on the results of the 2021 National Socio-Economic Survey (SUSENAS), the number of poor people in South Sulawesi Province in 2020 amounted to 776.83 thousand people, or around 8.72 percent of the total population. Where the number of poor people in South Sulawesi Province continues to fluctuate every year. This proves that the poor population in South Sulawesi Province has increased in absolute terms by 9.03 thousand people compared to 2019 which was only around 8.62 percent or around 767.80 thousand people.

The Poverty Line of South Sulawesi Province in March 2021 was recorded at Rp. 372,491/capita/month with the composition of the Food Poverty Line of 279,240,- (74.97 percent) and the Non-Food Poverty Line of Rp. 93,251 (25.03 percent). On average, poor households in Indonesia have 4.66 household members. Thus, the size of the Poverty Line per poor household on average is IDR 2,118,678/poor household/month ([Central Statistics Agency of South Sulawesi, 2021](#)).

Several factors cause poverty from an economic point of view, namely: First, Poverty will arise due to unequal patterns of resource ownership that lead to an unequal distribution of income; Second, Poverty arises because of differences in the quality of human resources; Third, Poverty will arise when there is a difference in access to capital ([Kuncoro, 2006](#)). More specifically, the opinion of Amis ([1995](#)) that is relevant to date reveals that most cases of poverty occur due to lack of work and lack of opportunities to earn income in the labor market. Meanwhile, the World Bank noted various factors causing the economy in Indonesia; First, Starting from the

opportunity; Second, the concentration of wealth in the few; Third, Inequality in the labor market The community is facing economic shocks; Fourth, the trend in the value of Indonesia's Gross Domestic Product (GDP) continues to increase (Ministry of Finance, 2021).

With these problems, there is a wrong process of economic development, through economic growth it can be seen how the economy of a region increases. If the economy works well, the results of high economic growth can be enjoyed fairly and equitably for all levels of society. In some cases, research shows a link between economic growth, employment opportunities, estimates related to poverty.

Research conducted by Indrawati et al., (2020) found that there was a positive and significant effect on the economic growth of poverty, there was a positive and significant effect on the distribution of income and poverty. Research Result Yanti (2011) that economic growth does not have a negative but not significant effect on the poverty level, while the level of opportunity has a significant effect on the poverty level. Meanwhile, the findings in research conducted by (Ramdani, 2015; Hardinandar, 2019) show that economic growth has a significant effect on poverty.

Several related research results do not involve the employment opportunity variable which every year is one of the important variables in influencing its creation. One of the other differences in the current research is that this model involves data from the last 15 years, while in some related studies only data from the last 5 to 10 years is used. The findings in this study are expected to be one of the important considerations to strengthen planners and relevant stakeholders in planning development that is responsive to poverty alleviation in districts/cities in South Sulawesi.

METHOD

The method used is the explanatory method. This approach aims to test a theory or hypothesis to strengthen or even reject the theory or hypothesis of pre-existing research results. Explanatory or explanatory research aims to explain the relationship between two or more symptoms or variables (Leedy & Ormrod, 2005).

The secondary data in this study are economic growth data, emission level data, and income distribution data in South Sulawesi Province from 2006-to 2020. All of these data are sourced from the publication of the Central Statistics Agency of South Sulawesi Province. The data analysis technique used is a multiple linear regression test). The multiple linear regression equation is formulated using the semi-log model as follows:

$$Pvty_t = \beta_0 + \beta_1 EcGwth_t + \beta_2 Ln EmPLYOpt_t + \beta_3 GnRtio_t + e \quad (1)$$

Where: $Pvty$ = Poverty Rate; β_0 = intercept; $EcGwth$ = economic growth; $EmPLYOpt$ = Employment opportunity; $GnRtio$ = Gini Ratio; $\beta_1, \beta_2, \beta_3$ = Regression coefficient; Ln = Natural Logarithm; t = Time Series; e = term error

DISCUSSION

The assumption test used is normality test, multicollinearity, heteroscedasticity, and autocorrelation test. The normality test of the regression model is said to be normally distributed if the data plots or the points that describe the data correctly follow the diagonal line. While the heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. The method used to see whether or not heteroscedasticity is present is by looking at the scatterplot graph. The regression model is said to have no heteroscedasticity if there is no clear pattern in the scatterplot image, or points that spread above and below, left and right number 0 on the y-axis. The results of the normality test and the test can be seen from the output and results of SPSS 21 on Figures 1 and 2 below:

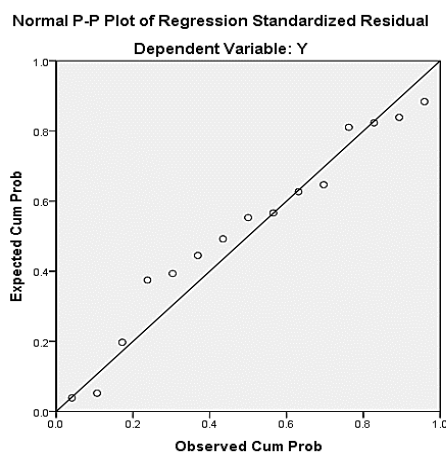


Figure 1. Normality Test

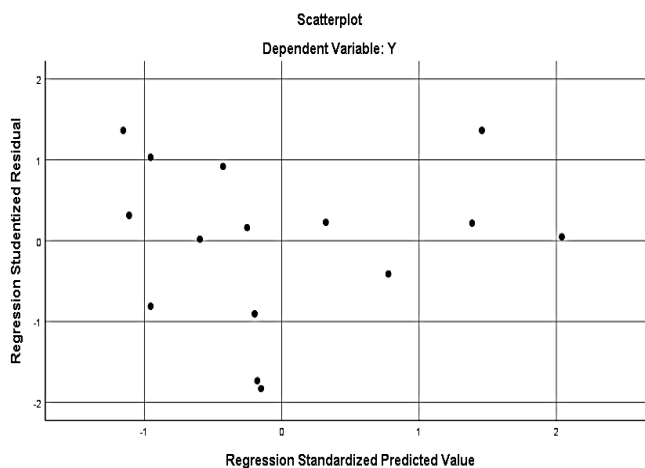


Figure 2. Heteroscedasticity Test

Source: Secondary data after processing by SPSS 21, 2022

Based on Figure 1 above, shows that the points are along the line and follow the diagonal line. So it can be said that the normal p-plot graph shows the regression model and the research data used is normally distributed. Based on Figure 2, shows that the points are spread out and do not form a certain clear pattern, so it can be said that the regression model and the data used do not have symptoms of heteroscedasticity.

Autocorrelation testing aims to test whether a linear regression model has a correlation or not. To determine the correlation in a regression model, it is possible to test the Durbin Watson (WD) value. While the purpose of the multicollinearity test is to test whether there is a correlation between the independent variables in the regression model, a good regression model should not experience a correlation between the independent variables or the independent variables. Autocorrelation and Multicollinearity values are integrated with Table 1. The following Multiple Linear Regression Test Results;

Table 1. Results of multiple linear regression analysis

Variable Independent	B	T	Sig	VIF
Economic Growth	.002	.724	.801	1.381
Employment Opportunity	-11.917	.682	.000	1.466
Gini Ratio	-21.148	.740	.007	1.352
Durbin-Waston (DW)				1.713
Intercept				198.511
F-Test				65.499
R Square				.947
Adjusted R				.933
N				15
Significant (α)				0.05

Source: SPSS 21 output, data processed 2022

Table 1, shows that the Durbin Watson (DW) number is 1,713, the Durbin Watson number is between -2 to +2. This shows that the regression model above does not have symptoms of autocorrelation. Meanwhile, the heteroscedasticity value can be seen in the VIF values of 1.381, 1.466, and 1.352 which are smaller than 10. So it can be said that the regression model and the data used in this study do not have symptoms of multicollinearity. Based on the results of data processing in Table 1, the following regression equation is obtained;

$$Pvrt_y = 198,511 + 0.002 EcGrwt - 11,917 EmplOpt - 21,148 nRtio \quad (2)$$

Table 1 shows that the significant value of the economic growth variable is = 0.801, employment opportunity = 0.000, and income distribution = 0.007. based on the significance level used which is smaller than 0.05, it can be said that the significance value of the economic growth variable has no significant effect on the poverty level in the province of South Sulawesi, while the employment opportunity variable, and the Gini ratio, has a significant effect on the level of poverty in the province of South Sulawesi.

The regression coefficient value of 198,511 means that if there is no poverty in South Sulawesi, there are 198,511 people in economic growth, employment opportunities, and income distribution. The economic growth variable has a significance value of $0.801 > 0.05$, so it can be said that the economic growth variable has no significant effect on poverty. so that the hypothesis in this study was rejected.

The opportunity variable for poverty shows a significance value of about $0.000 < 0.05$, which means that the employment opportunity variable has a significant effect on poverty in the province of South Sulawesi so the hypothesis in this study is accepted. The value of the regression coefficient 2 of -11,917 means that if employment opportunities increase by 1 percent, poverty in the province of South Sulawesi will decrease by -11,917 people.

The income distribution variable as measured by the Gini Ratio to poverty shows a significance of $0.007 < 0.05$, it can be said that the income distribution variable has a significant effect on poverty in the province of South Sulawesi, so the hypothesis in this study is accepted. The value of the regression coefficient 3 of -21,148 means that if there is a decrease in income of 1 percent, poverty in the province will decrease by -21,148 people.

Based on the results of the F test, it shows that the calculated F value is 65,499 $> F$ table 3.36, while the significance value is $0.000 < 0.05$, it can be said that job opportunities and income distribution simultaneously have a significant impact on poverty levels in the province of South Sulawesi. This means that the hypothesis in this study can be accepted.

The coefficient of determination in table 1 shows that the R square of 0.947 indicates that the large independent variables, namely economic growth, employment opportunities, and income distribution shown from this equation are 94.7 percent while the remaining 5.3 percent is influenced by other factors that are not included in this study.

Based on the results of research that has been carried out, it shows that economic growth does not have a significant effect on poverty in the province of South Sulawesi. This is contrary to the previous assumption that economic growth has a direct impact on the mission in the province of South Sulawesi. Theoretically, as stated by Adam Smith, David Rido, and several other classical school thinkers, economic growth has a positive impact on increasing demand and supply of goods and services in the aggregate, so that it has a direct impact on increasing job opportunities in a country/region. Through this poverty can be reduced or experience a decrease in running time.

Based on data from the province of South Sulawesi, the poor, most of the people who live in rural areas, are generally still dependent on the agricultural sector where many rural communities have minimal access to capital, technology, and low education so that with situations and conditions that are not supportive, the output produced is also low. will below.

The results of this study have similarities with previous research conducted by Nurhandayani, (2019) showing that economic growth has no significant effect on poverty. the results of this study also confirm the results that are consistent with the findings (Iskandar & Subekan, 2016; Khatimah, 2021) with research results showing that economic growth has no significant effect on poverty in the province of South Sulawesi. In contrast to research conducted by Tumiarsih (2018) with research results showing that economic growth has a significant effect on poverty in East Java.

Therefore, the South Sulawesi government to build cooperation between districts/cities and provinces needs to develop investment in the agricultural sector, especially agro-industry, because most of the people live in rural areas and work in the agricultural or plantation sectors. To increase people's income, especially in the sector, the government carries out a strategy with the concept of picking and selling which is the best solution, by processing agricultural commodities so that they will provide added value which will ultimately increase farmers' income. This is done with the hope of increasing growth in all development sectors following regional potential.

Based on the results of this study indicate that employment opportunities have a significant effect on poverty in the province of South Sulawesi. This shows that employment opportunities are still not sufficient to accommodate all the labor force so that many people get permanent jobs or are unemployed. Therefore, the government makes efforts to increase income based on equitable distribution, which is carried out as a development program by meeting basic needs such as education, health, housing, and income improvement through employment opportunities. So that the community can obtain these basic needs so that it can affect the quality of life of the community itself. Under these conditions, an increase in people's income will automatically have an impact on reducing the poverty rate.

From the data from the province of South Sulawesi, the number of people working in the province of South Sulawesi in 2020 was around 4,137,924 people, this development is relatively high in recent years. This is one of the government's efforts that continues to expand opportunities to increase the productivity of higher human resources to create wider employment opportunities so that it will have an impact on reducing poverty rates in the province of South Sulawesi.

Based on the results of the analysis conducted in this study with the results of previous research conducted by Tumiarsih (2018) that job opportunities have a significant effect on poverty in East Java, as well as previous research conducted by Nurhandayani, (2019) with research results showing that Employment opportunities have a negative and significant effect on poverty in East Luwu Regency.

Investments made by the government are expected to finance regional development which is planned to increase the production of goods and services which in turn can create job opportunities and increase people's income to reduce poverty in South Sulawesi. Although in terms of the size of the role of government investment for the whole that enters the South Sulawesi region, it is relatively small, this investment is expected to trigger the movement of the regional economy. Where

the economic activity carried out by the community comes from government investment, but it also has an impact on the creation of new jobs so that it can reduce the poverty rate in the province of South Sulawesi.

Based on the results of this study, shows that the distribution of provincial income has a significant effect on poverty in South Sulawesi. Where there is a difference in the income of the community or region which results in a large enough difference. so that a person's living conditions refer to a deficiency in meeting basic needs. This is usually influenced by regions with different resource potentials and tends to develop in relatively developed regions, which can lead to increased distribution of regional income.

The results of this study are in line with previous research conducted by [Tumiarsih \(2018\)](#) with results showing that the distribution of income has a significant effect on poverty in East Java. This is different from the previous research conducted by [Indrawati et al \(2020\)](#) which showed that the spread of the influence of income was positive and not significant on poverty in Papua province.

Income inequality is a reflection of development and accessibility to resources in an area. Therefore, in reducing income, it is necessary to expand employment opportunities through the diversification of business fields in various districts/cities in South Sulawesi Province. This is an optimistic effort in developing productive businesses in various regions.

CONCLUSION

Based on the results of the research and discussion, it can be said that the variable economic growth does not have a significant effect on poverty in the province of South Sulawesi, but the variables of employment opportunity and income distribution have a significant effect on poverty. Economic growth has not been able to have a direct impact on reducing poverty in South Sulawesi Province, but the economy has a direct relationship with the variables of employment growth and income distribution that cause poverty. The wide distribution of income and the non-maximum absorption of labor in various sectors indicate that the quality of economic growth is still not maximal and has a significant impact on people's welfare.

Therefore, investment in work and diversification of business fields is expected to be able to boost welfare and significantly reduce poverty. Empirically, equity in various regions to reduce development dependence on the agricultural sector is still relatively minimal, so the economic structure in various regions in South Sulawesi Province has not shown a progressive shift during the observation period.

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