

The Influence of Open Unemployment Rate, Inequality And Economic Growth On Poverty In Tanah Laut Regency 2013-2023

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ABSTRACT

The research observes the influence of open unemployment rate, inequality, as well as economic growth on poverty in Tanah Laut Regency throughout 2013-2023. Poverty has become a primary focus in regional development despite efforts to enhance economic growth. This study applies a quantitative method through panel data regression analysis utilizing the Common Effect Model. The findings suggest that individually, inequality plays a significant effect. However, when considered collectively, these three variables have a significant impact on poverty with an F-statistic value of $6.006733 > \text{the F-table value of } 2.6697$. The coefficient of determination, 34.12%, indicates that these three independent variables can explain the variation in poverty levels.

Introduction

Poverty remains one of the most critical and persistent challenges faced by various regions in Indonesia, including Tanah Laut Regency in South Kalimantan. Beyond the issue of insufficient income, poverty also involves limited access to basic services such as education, healthcare, and adequate housing. This phenomenon is often driven by several economic factors, including the open unemployment rate, income inequality, and uneven economic growth.

The open unemployment rate (OUR) reflects the proportion of the labor force actively seeking employment but unable to find work. A high unemployment rate indicates that the labor market is not functioning effectively in absorbing the workforce. In Tanah Laut Regency, fluctuations in unemployment over the past decade remain a significant concern. The large number of unemployed individuals contributes to higher poverty levels, exacerbated by the continuous addition of new labor force entrants each year, while job absorption fails to increase proportionally. The problem of unemployment is further intensified by rapid population growth (Sukirno, 2021).

Furthermore, the measurement of income inequality, as represented by the Gini Ratio, demonstrates the uneven distribution of income among the population. High inequality

can hinder poverty alleviation efforts, as economic gains are not distributed fairly across society.

On the other hand, economic growth is often perceived as a key driver of societal welfare. However, when growth is uneven and fails to reach the poor, it may instead widen the socioeconomic gap. Various economic aspects, including sectoral performance, public welfare, and poverty rates, are influenced by the pattern of economic growth. Therefore, every country strives to promote economic development as a strategic effort to improve community welfare and achieve inclusive national progress.

Given this background, the purpose of this study is to explore the extent to which the open unemployment rate, inequality, and economic growth affect poverty levels in Tanah Laut Regency. Poverty is a complex and multidimensional issue; therefore, its reduction requires massive, systematic, and comprehensive efforts that involve multiple aspects of society and coordinated implementation across sectors.

Poverty refers to a condition in which individuals or groups are unable to achieve a minimum level of economic welfare based on established standards (Purnomo & Utami, 2018). The impact of poverty is both broad and profound. In addition to contributing to social inequality, poverty is often associated with other social problems, such as rising crime rates, health issues, and instability. In the long term, poverty can hinder national economic growth due to the high dependence of poor populations on social assistance and their low productivity (Administrator, 2024).

This research offers both theoretical contributions, by enhancing understanding of the interactions among regional macroeconomic variables, and **practical contributions, by providing empirical evidence to support policymaking in poverty reduction. Previous research by Pratiwi and Sa'roni (2023) found that unemployment and GDP have a significant relationship with poverty, while Hidayanti (2023) highlighted the importance of income distribution and human development factors.

Research Methods

This research employs a quantitative associative method to analyze the relationship between independent and dependent variables. The study was conducted over a two-month period at the Central Bureau of Statistics (Badan Pusat Statistik/BPS) of Tanah Laut Regency, focusing on the influence of the open unemployment rate, income inequality, and economic growth on poverty during the period 2013–2023.

This study uses secondary annual data, which were analyzed through panel data regression, combining time series and cross-sectional components. The analytical model applied is the Common Effect Model (CEM), as the results of the Chow test and Hausman test did not show statistical significance in favor of using either the Fixed Effect Model (FEM) or the Random Effect Model (REM).

The analysis was conducted using EViews 12 SV software to test the model's goodness of fit and the significance of the independent variables. Several classical assumption tests were also performed to ensure the model's reliability, including normality test, multicollinearity test, heteroskedasticity test, and autocorrelation test. Through these analytical stages, the study aims to obtain a valid and consistent estimation model capable of explaining the influence of the open unemployment rate, inequality, and economic growth on poverty levels in Tanah Laut Regency.

Results

Tanah Laut Regency is located in the Province of South Kalimantan, Indonesia, with Pelaihari serving as its capital. The region is divided into 11 districts, 5 urban villages, and 130 rural villages. The local government of Tanah Laut Regency is headed by a Regent and a Deputy Regent, assisted by two main institutional structures:

1. Political institutions, which include the Regional Head and the Regional House of Representatives (DPRD).
2. Administrative institutions, consisting of regional apparatus such as district and village offices, secretariats, departments, and agencies.

These institutions collectively form the administrative and bureaucratic framework responsible for implementing regional development policies.

The data were processed using EViews 12 SV, and the following statistical tests were conducted to determine the most appropriate regression model.

Model Selection Tests

The selection of the Common Effect Model (CEM) was confirmed by comparing it with the Fixed Effect Model (FEM) and the Random Effect Model (REM):

Chow Test

Table 1. Chow Test

Redundant Fixed Effects Tests Equation: Untitled Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	9.937816	(10.1 6)	0.0000
Cross-section Chi-square	59.268791	10	0.0000

Source: Eviews 12 SV

The Chow Test was performed to compare the Common Effect Model (CEM) with the Fixed Effect Model (FEM). The results indicated that the CEM was more suitable because the test produced an insignificant p-value ($p > 0.05$).

Hausman Test

Table 2. Hausman Test

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.868682	2	0.0877

Source: Eviews 12 SV

Similarly, the Hausman Test was carried out to determine whether the Fixed Effect Model or Random Effect Model (REM) was more appropriate. The result also showed insignificance ($p > 0.05$), implying that there was no substantial difference between the estimators, and hence, the CEM remained the preferred model.

Lagrange Multiplier Test

Table 3. Langrange Multiplier Test

Lagrange Multiplier Tests for
Random Effects Null
hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-
Pagan) and one-sided (all others)
alternatives

	Cross-section	Time	Both
Breusch-Pagan	0.10889 5 (0.7414)	0.070787 (0.7902)	0.179682 (0.6716)
Honda	0.32999 2 (0.3707)	-0.266059 (0.6049)	0.045208 (0.4820)
King-Wu	0.32999 2 (0.3707)	-0.266059 (0.6049)	0.091475 (0.4636)
Standardized Honda	1.12886 7 (0.1295)	0.530819 (0.2978)	2.705729 (0.9966)
Standardized King-Wu	1.12886 7 (0.1295)	0.530819 (0.2978)	2.495000 (0.9937)

Source: Eviews 12 SV

The Lagrange Multiplier (LM) test was then used to compare the Common Effect Model (CEM) and Random Effect Model (REM). The chi-square probability value obtained was 0.7414 (> 0.05), indicating that the Common Effect Model was the best fit for this study.

Therefore, the results of the Chow, Hausman, and Lagrange Multiplier tests collectively confirm that the Common Effect Model (CEM) is the most appropriate estimation model for analyzing the relationship between the variables in this research.

Classical Assumption Tests

Normality Test

Table 4. Normality Test

One-Sample Kolmogorov-Smirnov Test			
		Unstandardized Residual	
N			11
Normal Parameters ^{a,b}	Mean		.0000000
	Std. Deviation		84.98466936
Most Extreme Differences	Absolute		.359
	Positive		.359
	Negative		-.340
Test Statistic			.359
Asymp. Sig. (2-tailed)			.000 ^c
Monte Carlo Sig. (2-tailed)	Sig.		.090 ^d
	99% Confidence Interval	Lower Bound	.082
		Upper Bound	.097

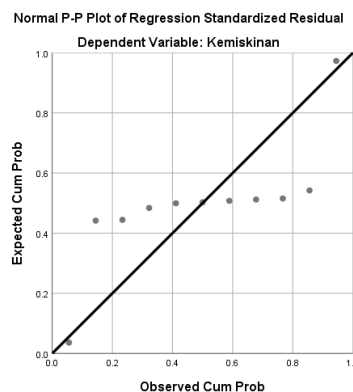
a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. Based on 10000 sampled tables with starting seed 2000000.

Source: IBM SPSS Statistics 25

The Kolmogorov–Smirnov normality test yielded an Asymp. Sig. (2-tailed) value of 0.359, which is greater than the significance level of 0.05, indicating that the residual data are normally distributed.

Additionally, the Monte Carlo simulation showed a Sig. (2-tailed) value of 0.090 within a 99% confidence interval (0.082–0.097), confirming that the residuals do not deviate significantly from the normal distribution.

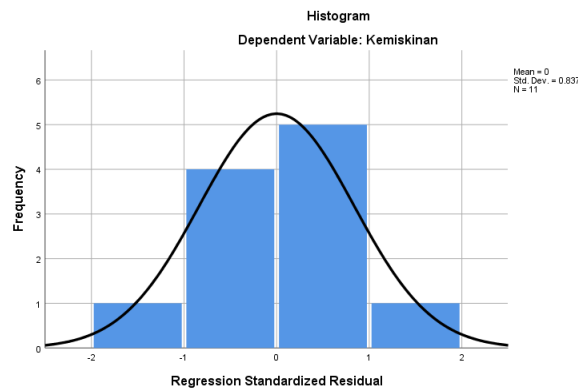
Figure 1. Normalitas Test



Source: IBM SPSS Statistics 25

The normal probability plot displayed data points distributed closely along the diagonal line, suggesting that the standardized regression residuals follow a pattern consistent with normal distribution. Although minor deviations were observed, the overall residual distribution conforms to the assumption of normality.

Figure 2. Normalitas Test



Source: IBM SPSS Statistics 25

The histogram also exhibited a bell-shaped curve, where most residuals are centered around the mean value (mean = 0), reinforcing the normality assumption of the regression model.

Multicollinearity Test

Table 5. Multicollinearity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.257475	0.225249	1.143067	0.2634
X1	0.002578	0.042476	0.060697	0.9521
X2	5.60E-05	2.31E-05	2.420514	0.0228
X3	0.014386	0.037446	0.384180	0.7040

Source: Eviews 12 SV

The multicollinearity test aims to determine whether there is a strong correlation between independent variables that could distort the regression results. Based on the correlation matrix, the correlation coefficients among the independent variables were 0.109, 0.025, and 0.172, all of which are below the threshold of 0.85. This indicates that the regression model does not suffer from multicollinearity, and therefore, each independent variable can be interpreted independently in explaining variations in poverty.

Heteroskedastisitas Test

Table 6. Heteroskedastisitas Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.257475	0.225249	1.143067	0.2634
X1	0.002578	0.042476	0.060697	0.9521
X2	5.60E-05	2.31E-05	2.420514	0.0228
X3	0.014386	0.037446	0.384180	0.7040

Source: Eviews 12 SV

The heteroskedasticity test evaluates whether the variance of the residuals is constant across observations. The results show that the p-values of all independent variables against the absolute residuals were greater than 0.05, indicating that no heteroskedasticity problem is present in the regression model.

Thus, the assumption of homoscedasticity is satisfied, and the regression model can be considered statistically reliable.

Regression Analysis and Hypothesis Testing

Partial Test (T-Test)

The t-test was used to determine the partial effect of each independent variable on poverty. The results are as follows:

1. Open Unemployment Rate (OUR):

The t-statistic value of $0.033 < 1.976$ indicates that the open unemployment rate has no significant partial effect on poverty in Tanah Laut Regency.

2. Income Inequality:

The t-statistic value of $4.188 > 1.976$ demonstrates that income inequality has a significant positive effect on poverty.

3. Economic Growth:

The t-statistic value of $0.413 < 1.976$ shows that economic growth has *no significant partial effect* on poverty.

These findings imply that only income inequality exerts a significant impact on poverty when assessed individually.

Simultaneous Test (F-Test)

Table 7. Simultaneous Test

a. Weighted Statistics			
R-squared	0.409362	Mean dependent var	4.578
Adjusted R-squared	0.341212	S.D. dependent var	667
S.E. of regression	0.580837	Akaike info criterion	0.715
Sum squared resid	8.771651	Schwarz criterion	618
Log likelihood	-24.12307	Hannan-Quinn criter.	1.874
			871
			2.061
			698
			1.934
			639
F-statistic	6.006733	Durbin-Watson stat	0.350
Prob(F-statistic)	0.002991		954

Source: Eviews 12 SV

The F-test was conducted to determine the simultaneous influence of the open unemployment rate, inequality, and economic growth on poverty.

The results reveal an F-statistic value of 6.006733, which is greater than the F-table value of 2.6697, with a significance level of 0.002991 (< 0.05).

Therefore, it can be concluded that the three variables collectively have a significant effect on poverty in Tanah Laut Regency.

Coefficient of Determination (R^2)

Table 8. Coefficient of Determination (R^2)

		Weighted Statistics	
R-squared	0.409362	Mean dependent var	4.578667
Adjusted R-squared	0.341212	S.D. dependent var	0.715618
S.E. of regression	0.580837	Akaike info criterion	1.874871
Sum squared resid	8.771651	Schwarz criterion	2.061698
Log likelihood	-24.12307	Hannan-Quinn criter.	1.934639
F-statistic	6.006733	Durbin-Watson stat	0.350954
Prob(F-statistic)	0.002991		

Reporting Research Results

This study used a quantitative method employing multiple regression analysis on panel data to examine the relationship between the Open Unemployment Rate (X^1), Inequality (X^2), and Economic Growth (X^3) on Poverty in Tanah Laut Regency. The Common Effect Model (CEM) was selected as the estimation method after diagnostic tests.

Key Findings

Individual Variable Effects (Partial Test / T-Test)

The partial test results indicate that only one independent variable has a significant individual effect on poverty:

Inequality was found to have a significant positive influence on poverty (thitung = 4.188 ttabel = 1.976). This suggests that unequal distribution of income is the most dominant factor affecting poverty in the region.

The Open Unemployment Rate had no significant partial effect on poverty (thitung = 0.033 < ttabel = 1.976). This finding is attributed to the local economy's flexibility, which allows individuals not absorbed in the formal sector to find income in the informal sector.

Economic Growth had no significant partial effect on poverty (thitung 0.413 ttabel = 1.976). This result indicates that economic growth in Tanah Laut Regency is not yet fully inclusive and has not automatically reduced poverty, as its benefits may only be felt by certain groups or sectors.

Collective Variable Effect (Simultaneous Test / F-Test)

When considered simultaneously, the three variables significantly impact poverty:

The collective effect of the Open Unemployment Rate, Inequality, and Economic Growth on poverty was statistically significant.

This conclusion is supported by an F-statistic (*Fhitung*) of 6.006733, which is greater than the F-table value (*Ftabel*) of 2.6697.

The significance level was 0.002991, which is less than $\alpha = 0.05$.

Explanatory Power of the Model (Coefficient of Determination / R^2)

The explanatory power of the model is summarized by the coefficient of determination:

The Adjusted R-squared value is 0.341212.

This means that 34.12% of the variation in the poverty level in Tanah Laut Regency is explained by the three independent variables (Open Unemployment Rate, Inequality, and Economic Growth).

The remaining 65.88% of the variation in poverty is influenced by other factors outside of this research model.

Discussion

The results of this study indicate that income inequality is the most dominant factor affecting poverty levels in Tanah Laut Regency. This finding supports the theory proposed by Todaro and Smith (2015), which asserts that unequal income distribution can reinforce the cycle of poverty, especially when disadvantaged groups lack access to economic opportunities.

Conversely, the open unemployment rate does not show a significant effect on poverty. One possible explanation is that many individuals who are not absorbed in the formal sector still find income-generating opportunities in the informal sector. This reflects the flexibility of the local economy, which allows people to sustain livelihoods despite not being formally employed.

Similarly, economic growth does not have a significant partial impact on poverty, suggesting that growth in Tanah Laut Regency has not been entirely inclusive. Economic expansion that benefits only certain sectors or social groups does not necessarily translate into a reduction in poverty rates.

These findings are consistent with Winata (2024), who revealed that inequality has a positive relationship with multidimensional poverty. Additionally, research by Pratiwi and Sa'roni (2023) emphasized that unemployment must be addressed structurally, not merely through GDP growth.

Overall, the results of this study signal that poverty reduction efforts cannot rely solely on economic growth. Redistributive policies and the promotion of inclusive economic participation must also be integrated into regional development strategies. Therefore, policies focusing on reducing inequality and creating decent, sustainable employment should become priorities in Tanah Laut Regency's development planning.

Conclusion

Poverty remains a long-standing issue faced by many economies, particularly in developing countries. This problem is multidimensional, reflecting not only economic hardship but also the inability to access social, cultural, and political opportunities, as well as to fully participate in society.

Based on the results of the analysis, it can be concluded that the three variables-open unemployment rate, inequality, and economic growth-jointly have a significant effect on poverty levels in Tanah Laut Regency. However, when examined partially, only income inequality shows a significant impact.

This finding highlights that unequal income distribution serves as a major obstacle in poverty reduction efforts. In contrast, the open unemployment rate and economic growth do not have a direct significant effect on poverty. This suggests that the mere presence of employment opportunities or economic expansion does not necessarily ensure welfare improvement if the distribution of income remains unequal.

Therefore, it can be concluded that an effective poverty reduction strategy must focus on inclusive development, emphasizing equity, social participation, and equal access to economic opportunities and development resources for all segments of society.

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