

The Effect of Per capita Income and Labor on Poverty in Rokan Hulu Regency

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Abstrak

Tujuan artikel ini adalah untuk mendeskripsikan kemiskinan di kabupaten Rokan Hulu dan menganalisis pengaruh pendapatan per kapita dan tenaga kerja terhadap penduduk miskin. Jenis data yang digunakan dalam penelitian ini adalah data sekunder yaitu data yang diperoleh dari pihak lain, data yang digunakan berasal dari Badan Pusat Statistik Provinsi Riau dan Badan Pusat Statistik Kabupaten Rokan Hulu. Dalam penelitian ini penulis mengelola data menggunakan analisis regresi berganda. PDRB per kapita berpengaruh positif dan signifikan terhadap jumlah penduduk miskin. Tenaga kerja memiliki pengaruh positif dan signifikan terhadap jumlah penduduk miskin. Pemerintah Kabupaten Rokan Hulu perlu meningkatkan pertumbuhan pembangunan ekonomi agar angka kemiskinan tidak meningkat. Masyarakat yang mandiri dan tidak bergantung pada pemerintah dapat meningkatkan kualitas hidupnya.

Kata kunci—kemiskinan; PDRB per kapita; tenaga kerja

Abstract

This article aims to describe poverty in the Rokan Hulu District and analyze the effect of per capita income and labor on poverty. The type of data used in this study is secondary data, namely data obtained from other parties; the data used comes from the Central Statistics Agency of Riau Province and the Central Statistics Agency of Rokan Hulu Regency. In this study, the authors manage the data using multiple regression analysis. GRDP per capita has a positive and significant impact on the poor population. Labor has a positive and significant influence on the poor population. The government of Rokan Hulu Regency needs to increase economic development growth so that poverty does not increase. People who are independent and not dependent on the government can improve their quality of life.

Keywords—poverty; GRDP per capita; labor

INTRODUCTION

Regional development takes place in an integrated and sustainable manner, following the priorities and needs of each region. National development goals and targets have been set through long-term and short-term development. To reduce the number of poverty, what must be done in the primary growth is choosing a strategy or development instrument. This means that one of the main criteria for selecting the emphasis sector or the mainstay of national development effectively reduces the number of poverty people (Dwihapsari, 2017).

High poverty is a problem that is often faced by developing countries. This is due to low national income and slowing economic growth. Several factors cause the level of poverty in an area to be high and low, including the large number of people who inhabit the area, the high level of Gross Regional Domestic Product (GRDP), the level of GRDP, in this case, is an indicator to see the rate of economic growth of a region, high unemployment rates, unequal distribution of income, employment opportunities, inflation, natural disasters, level and type of education, investment, availability of public facilities, net wage rates, taxes, subsidies, use of technology and others. Various policies, strategies, and activities to reduce poverty, both directly and indirectly, have been implemented both on a national and local scale (Ernawati, 2012). Poverty alleviation and alleviation can be done by increasing the income of poor and

near-poor households and reducing the cost burden for impoverished households (Mahsunah, 2013).

Central Statistics Agency (BPS) stated that Riau Province is one of the fifth position in the archipelago with a per capita GRDP of USD 7,762 or equivalent to Rp. 108 million. This province owns almost all-natural wealth. The earth's bowels contained oil, coal, gold, tin, and other mining materials. While on it lay the wealth of forests, plantations, and agriculture in a broad sense. Riau Province is rich in natural resources, but many Riau residents are classified as poor people. This happens because the population is high and not supported by adequate education and skills, limited job opportunities, economic growth, and GRDP per capita are the root causes of poverty. However, in reality, this only increases poverty and unemployment.

Development in Rokan Hulu Regency is intended to increase people's income and is also expected to reduce the number of poor people. The population increases every year, which automatically needs daily consumption also increases every year. Then it takes additional income every year (Tambunan, 2013). Rokan Hulu Regency has problems in dealing with the welfare of the population; many poor people in Rokan Hulu Regency are an indicator of the high level of poverty in Riau Province. Judging from the poverty that exists in Rokan Hulu Regency every year, it has increased and shows an increase in the people's standard of living.

One indicator of the welfare level of the population of a region is the per capita GRDP. GRDP is the net value of final goods and services produced by sharing economic activities in an area within a period (Sasana, 2011). Meanwhile, what is meant by GRDP per capita is GRDP divided by the total population. GRDP per capita is often used as an indicator of development. The higher the GRDP per capita of a region, the greater the potential source of regional revenue because the greater the local community's income.

LITERATURE REVIEW

The Anggadini (2015) study shows that literacy rates do not affect poverty. The open unemployment rate has a positive and significant effect on poverty. Life expectancy, literacy rate, open unemployment rate, and gross regional domestic income per capita contribute to poverty.

In their research, Sisca et al. (2013) concluded that employment, education, and health have a negative effect on poverty. Pratama et al. (2019) found that investment and labor had no significant effect on poverty. The level of education has a significant effect on poverty. Alkamah et al. (2021) state that GRDP has a negative and significant effect on poverty. The level of education has a positive and insignificant effect on poverty. Labor has a negative and insignificant effect on poverty.

Putra and Arka (2018) show that the open unemployment rate has a positive and significant effect on the poverty level. Employment opportunities have a negative and significant effect on the level of poverty and the level of education has a negative and significant effect on the level of poverty.

Giovanni's (2018) study shows that unemployment and education do not affect poverty, while GRDP affects poverty. Likewise, Nasir's (2014) study shows that GRDP per capita, unemployment, and inflation have a significant effect on the number of poor people in Aceh Province.

METHOD

This research was conducted in Rokan Hulu Regency; this district has the highest number of poor people in Riau Province. The initial selection of the research year 2011 and the final year of the study was 2020 due to the availability of data and information obtained.

The type of data used in this study is secondary data, namely data obtained from other parties. The data used comes from the Central Statistics Agency of Riau Province and the

Central Statistics Agency of Rokan Hulu Regency. Secondary data used are time-series data (time series), chronologically arranged according to time on a particular variable (Kuncoro, 2013). The data used, issued, and published by the Central Statistics Agency (BPS) Rokan Hulu related to the object of research.

In collecting this research data, researchers accessed information from contacting various relevant agencies and the Central Statistics Agency Online regarding the issues to be discussed.

In this study, the authors manage the data using regression analysis. Multiple analysis is a statistical analysis used to explain the relationship of a response variable Y by using one or more input variables $X_1 \dots X_n$, if $k=1$, the regression formed is called simple regression, whereas if $k>1$, the regression formed is called multiple regression (Rosadi, 2011).

The function of the multiple analysis methods is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + e$$

Dimana : Y : Number of poor people (thousand people)

X_1 :) GRDP per capita (million rupiah)

X_2 : Manpower (thousand people)

β_0 : intercept

e : Error term

β_1 dan β_2 : The regression coefficient X 1 and X 2

RESULTS AND DISCUSSION

Poverty and underdevelopment are huge and complex problems facing Indonesia today. To achieve the development goals, it is necessary to take government action in tackling or alleviating existing poverty. In implementing this policy, the government needs to understand the poor themselves; the increasing number of people every year creates new problems, such as the uneven distribution of income which will eventually impact poverty. The poverty rate in Rokan Hulu Regency has increased every year, and poverty has become an unresolved problem because poverty significantly impacts increasing unemployment in Rokan Hulu Regency.

The macroeconomic indicator that is often used as a reference to evaluate development performance is economic growth. Economic growth is an indicator to see the success of development and is a condition for reducing poverty levels. An economy is said to experience growing growth if economic activity is higher than what was achieved in the previous period. Economic growth is increasing output per capita in the long run. Economic growth is an essential factor in measuring the success of a region's development.

In an economic growth, one of the indicators used by economists to see if there are symptoms of economic growth in an area is Gross Regional Domestic Product (GRDP). Gross Regional Domestic Product (GDP) is used to see the extent to which the development of the people's economic activities of an area, where GRDP is a value of all goods and services produced by the community in a certain period.

Poverty reduction in Rokan Hulu Regency seems to be experiencing difficulty due to many migrants looking for work. However, Rokan Hulu Regency does not have great potential in various sectors. It is not a factor inhibiting poverty because job seekers and indigenous people want to find work. Decent work, while not all business sectors provide jobs. As a result, this increasing unemployment makes poor people bigger.

Table 1. Poverty Depth Index and Poverty Severity Index in Rokan Hulu Regency 2011-2020

Year	Poverty Depth Index (P1)	Growth	Poverty Severity Index (P2)	Growth
2011	1.27		0.32	
2012	1.41	11.02	0.35	9.37
2013	1.42	0.71	0.34	-2.86
2014	1.23	-13.38	0.26	-23.53

2015	1.54	25.20	0.34	30.77
2016	1.54	0.00	0.34	0.00
2017	1.74	12.99	0.47	38.24
2018	1.88	8.05	0.53	12.77
2019	1.87	-0.53	0.55	3.77
2020	2.04	9.09	0.57	3.64

Source: Processed Data, 2021

Table 1 shows that the poverty depth and severity index of Rokan Hulu Regency tends to increase every year. The highest depth index occurred in 2020 at 2.04, with a total growth of 0.03 and 5.45%. The lowest occurred in 2014, showing a depth index of 1.23 with a total growth of -0.08 and a total percentage of -23.52%. The severity of poverty in the Rokan Hulu Regency has increased. With the severity level occurring in 2020 of 0.57 and the lowest in 2014 of 0.26.

GRDP of Rokan Hulu Regency by sector (based on constant prices), several sectors have a reasonable percentage rate when viewed annually. The Health and Social Service in 2020 shows the most significant percentage with an average of 6.06% in the growth rate of GRDP of Rokan Hulu Regency. The overall growth rate of the Gross Regional Domestic Product (GRDP) of Rokan Hulu Regency by category from 2013-2020 has fluctuated. The changes tended to decrease in several categories.

The coefficient of determination value R² of 0.943 means that the variation of the independent variables (GDP per capita and labor) affects the variation of the dependent variable (the number) approximately by 94.3%. In comparison, the remaining 5.7% is influenced by other variables not included in this study.

To analyze the effect of GRDP per capita and labor on the number of poor people in Rokan Hulu Regency using multiple linear regression analysis. Based on the results of data processing with the help of the SPSS program, the results of this linear regression equation can be seen:

$$\hat{Y} = 18694.779 + 0.002 X_1 + 0.225 X_2$$

Influence of Per capita the Poverty

The macroeconomic indicator that is often used as a reference to evaluate development performance is economic growth. Economic growth is an indicator to see the success of development and is a condition for reducing poverty levels. An economy is said to experience growing growth if economic activity is higher than what was achieved in the previous period. Economic growth is increasing output per capita in the long run. Economic growth is an important factor in measuring the success of a region's development.

In an economic growth, one of the indicators used by economists to see if there are symptoms of economic growth in an area is Gross Regional Domestic Product (GRDP). Gross Regional Domestic Product (GRDP) is used to see how the development of the people's economic activities of an area, where GRDP is a value of all goods and services produced by the community in a certain period.

The per capita GRDP regression coefficient value has a significant level of 0.003. If this value is smaller than 0.05, then the per capita GRDP variable (X1) significantly affects the number of poor people (Y). While the coefficient of GRDP per capita is 0.002, this value means that every 1% increase in GRDP per capita will reduce the number of poor people by 0.002%. Economic growth is an indicator to see the success of development and is a necessary condition for reducing poverty levels. The adequacy requirement is that economic growth is effective in reducing poverty levels. The growth should be spread across each income group, including the poor.

Per capita income or Gross Regional Domestic Product per capita is used as an indicator of the level of progress or level of welfare of the population of a region. Gross Regional Domestic Product per capita is obtained by dividing the value of Gross Regional Domestic Product by the total population. Based on the estimation results, this study's conclusion follows the hypothesis that GRDP per capita has a negative and significant effect on poverty rates. The higher GRDP per capita illustrates that the district/city has a good economy to have an impact on reducing poverty.

Economic development can be viewed as an increase in per capita income. Per capita income is one measure of the prosperity of a region. The higher the per capita income, the higher the purchasing power of the people, so that the standard of living of the people is increased and they can be more than a decent standard of living. A better quality of life will undoubtedly create community welfare and reduce poverty. Therefore it is necessary to increase the productivity of economic output in each district/city. With the high productivity of economic output, the community's income will also be higher. High community income will create the ability of the community to meet the needs of a decent life.

The results of this study are in line with Giovanni (2018); this study concluded that GRDP has an effect and is significant on poverty. The research conducted by Leonita (2019) in this study concluded that GRDP has a significant effect on poverty in Indonesia. This study is in line with research conducted by Nasir (2014), where the study results of GDP per capita significantly affect the number of poor people.

GRDP of Rokan Hulu Regency by sector (based on constant prices), several sectors have a reasonable percentage rate when viewed annually. Where Health and Social Activities in 2020 showed the most significant percentage with an average of 6.06% in the GRDP growth rate of Rokan Hulu Regency. Overall the growth rate of the Gross Regional Domestic Product (GRDP) of Rokan Hulu Regency by category from 2013-2020 experienced fluctuations. The changes tended to decrease in several categories.

Effect of Labor on poverty

The number of residents aged 15 years and over who work for a week in Rokan Hulu Regency by age group and gender in 2020 shows the number of productive residents. When viewed at the productive age of 25-34 years with a total growth of 9,789 and a total percentage of 60.98%, it shows a very large population, and the lowest is in 55-64 years with a total growth of -16,082 and a total percentage of -0.77%.

Labor regression coefficient (X2) has a significant level of 0.001. This value is less than 0.05, then the variable labor (X2) significantly affects the number of poor people (Y). While the coefficient value of the labor force participation rate is 0.225, this value means that for every 1% increase in the labor force participation rate, the number of poor people will decrease by 0.225%.

Labor is every resident over the age of 15 years who can produce an item to obtain a profit to meet the needs of his life. Labor absorption is the number of people who can be absorbed to work in a company or an agency. This labor absorption will accommodate all available workforce if the available employment opportunities are sufficient or balanced with the number of available workers. Large population growth tends to bring slow economic growth if it cannot overcome the labor force that cannot be absorbed into employment. With the population's quality and a good workforce, it will produce a good workforce too.

This result follows Adam Smith's classic theory, which holds that an effective allocation of human resources is the starter of economic growth. In other words, the effective allocation of human resources is necessary for economic growth. These results also support the opinion of Todaro and Smith (2011), population growth and labor force growth are traditionally considered positive factors that spur economic growth and reduce poverty levels.

These results align with research conducted by Sanusi et al. (2014). This study

concluded that labor significantly affects poverty in North Sulawesi. Girsang et al. (2015) also conclude that labor significantly affects poverty in Riau Province.

CONCLUSION

GRDP per capita has a positive and significant impact on poor populations. Labor has a positive and significant influence on the number of poor people. The government of Rokan Hulu Regency needs to increase economic development growth so that poverty does not increase. People who are independent and not dependent on the government can improve their quality of life.

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