Effect of Economic Growth on Poverty in Bima City

Anggun Aisatun Zahroh, Puji Muniarty*, Julaiha
Management Program, Bima School of Economics, Bima City
Correspondent: puji.stiebima@gmail.com

ABSTRACT

Natural disasters and inflation that occurred in the city of Bima caused economic growth to slow down and create the impact of social inequality that causes poverty. This study aims to analyze the effect of independent variables on the dependent variable. The independent variable in this study is economic growth, while the dependent variable is poverty in the City of Bima for the period 2012-2018. The sample in this study is economic growth in the form of GDRP data based on constant prices and poverty over the past seven years, from 2012 to 2018. The data used in this study are in the form of a list of tables on economic growth in the way of GDRP based on constant prices and poverty during seven years obtained from the Central Statistics Agency office in Bima City. The data used are secondary data and the method used is simple linear regression analysis, simple correlation coefficient, pure direct determination and t-test (2 parties) using SPSS Version 21.0 to obtain a comprehensive picture of the relationship between one variable with another variable. The results showed that economic growth had no effect and was not significant in poverty in the Bima city.

Keywords: Bima City, Economic Growth, Poverty

INTRODUCTION

Economic growth is one of the most critical indicators in assessing the performance of an economy, especially to analyze the results of economic development that have been carried out by a country or a region. Shows the extent to which economic activity can generate additional income or welfare for the community in a certain period. Economic growth interpreted as an increase in the physical production capacity of goods and services over a particular time (Sarjono et al., 2018: 117).

Meanwhile, according to Hambarsari and Inggit (2016: 261), economic growth is the development of economic activities that apply from time to time and cause real national income has increased. The crucial factors that influence economic growth according to Sarjono et al. (2018: 117) are land and natural wealth, the number and quality of the population and labor, capital goods and the level of technology, social systems, and attitudes of the broader market community as a source of growth. The economic growth of a country or region that continues to show an increase, then it illustrates that the economy of the country or area is developing well (Romi and Umiyati, 2018: 2).

The economic growth measured by subtracting the local gross domestic product of the year in question subtracted the previous year's Gross Regional domestic product divided by the past year's gross regional domestic product multiplied by 100% (Hambarsari and Inggit, 2016: 261). According to the head of the National Development Planning Agency, NTB level

economic growth with a minimum national target of 1.55%. The economic growth of the City of Bima, which is reflected by the GDRP growth during the period 2012-2018 shows fluctuating growth every year. From 2012-2013 economic growth decreased by 0.02% due to the decline in several sectors in agriculture and mining. Whereas from 2014-2015 it decreased by 0.13% due to a decrease in the electricity and gas procurement sector and the last real estate from 2015-2016 rose 0.02%, and from 2016-2017 it rose 0.98%. Then there was a decrease of 1.91% due to climate factors and natural disasters that occurred in 2016 in Bima city, which caused the economy to decline in 2018.

One of the leading indicators of successful development is a decrease in the number of poor people. Effectiveness in reducing poverty is a significant growth in choosing development strategies or instruments. This means that one of the main criteria for the selection of the emphasis sector or the mainstay of the public development sector is effective in reducing the number of poor people (Didu and Fauzi, 2016: 103). Poverty According to the Indonesian Central Statistics Agency is the inability to meet the minimum standards of basic needs that include food and non-food requirements. According to Siagian (2012: 10), poverty is a level of life that is below the minimum standard of living needs so that humans can survive. According to the head of the National Development Planning Agency, poverty standards are a maximum of 13.52% national targets. According to Pangiuk (2018: 55), there are two forms of socio-economic poverty, namely Absolute Poverty and Relative Poverty.

According to the Indonesian Central Statistics Agency to measure poverty using the concept of ability to meet basic needs (basic needs approach). With this approach, poverty is seen as an inability on the economic side to meet basic food and non-food needs as measured by expenditure. Then the food poverty line is calculated from food and beverage needs of 2,100 calories per capita per day.

Based on this approach, the indicator used is the HeadCount Index (HCI), which is the number and percentage of poor people below the poverty line. According to Safuridar (2017: 44) states that for urban areas, the minimum requirement per capita is equivalent to 420 kg of rice per year and for rural areas 320 kilograms.

While the size, according to the World Bank, sets poverty standards based on per capita income. Population whose per capita income is less than one-third of the average national per capita income. In this context, the poverty measure, according to the World Bank, is $2 per person per day.

Factors that cause poverty according to Annur (2013: 415), namely: education that is too low, lazy to work, limited resources, limited employment, insufficient capital, a family burden.

Based on data from the Indonesian Central Statistics Agency (BPS), the percentage of poor people in the City of Bima since 2012-2018 has fluctuated. In 2015 there were 9.85% of the sparse population in the City of Bima, an increase of 0.11% from 2014. The increasing sparse population was raised by inflation and inequality in consumption distribution and difference expenditure both in terms of food and non-food needs such as clothing and shelter. Besides, low levels of education and weak health are also one of the causes. This explanation raises many questions about whether economic growth has a significant effect on poverty in Bima city. One way to overcome poverty is to increase the rate of economic growth. Economic growth shows the extent to which economic activity will generate additional income for the community in a certain period. Concerning poverty, these sources of growth expected to reduce poverty and

improve the welfare of the sparse population in the city of Bima. Based on research by Safuridar (2017), states that economic growth has a negative and significant effect on poverty in East Aceh District supported by other research by Hambarsari and Inggit (2016) saying that economic growth variables have a partial impact on poverty levels in East Java. The study by Romi and Umiyati (2018) states that the effect of economic growth partially has no impact on poverty in Jambi City. So the authors are interested in researching with the title Effect of economic growth and scarcity in Bima city.

METHOD

This study uses a quantitative approach. Quantitative research is research that concentrates on testing theories through variables in the form of numbers and then carries out data analysis with statistical processes either manually or computer software. This type of research classified as associative research. Associative research is a statement that shows allegations about the relationship between two or more variables (Sugiyono, 2017: 89). The research variables to examine in this study divided into two main variables, namely the independent variable (X) consisting of economic growth and the dependent variable, namely poverty (Y). The purpose of this study was to look for the effect of economic growth (X) on poverty (Y) in Bima city.

The population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and drawn conclusions (Sugiyono, 2016: 80). The population in this study is economic growth data in the form of GDRP based on constant prices and poverty for ten years, from 2012 to 2018. The sampling technique uses purposive sampling based on consideration of the availability of data obtained and the use of data that is still new / updated. The sample in this study is economic growth in the form of GDRP data based on constant prices and poverty over the past seven years, from 2012 to 2018.

Data collection techniques in this study were observation, interviews, documentation and library research. Below is a figure of developments in the percentage of economic growth and poverty from 2012-2018.
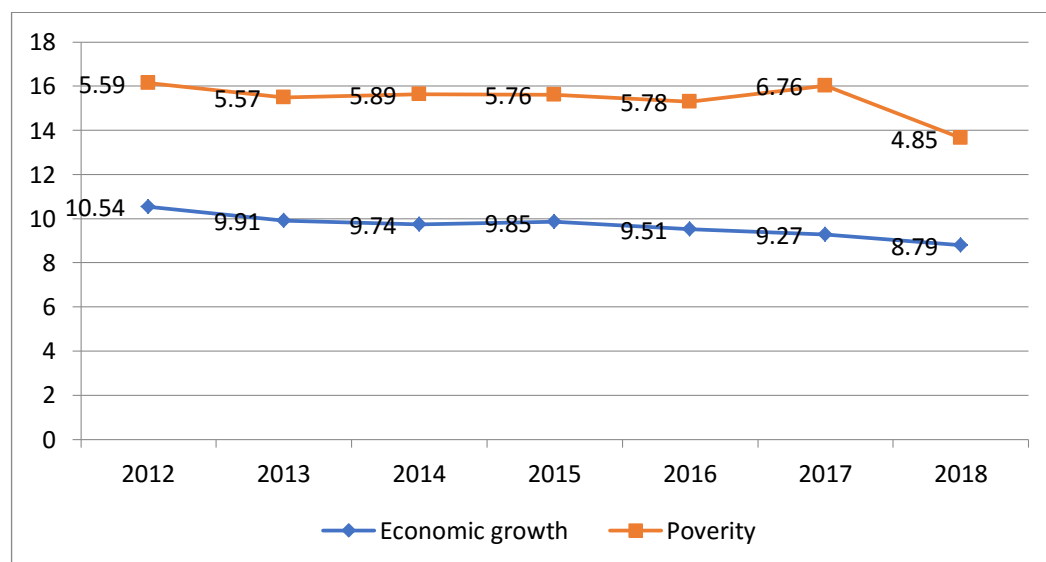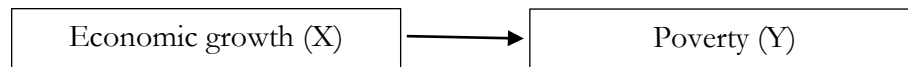

Figure 1.
Chart the percentage of economic growth and poverty from 2012-2018.

Source: BPS Bima City

The analysis techniques use economic growth analysis, poverty, simple linear regression, simple correlation coefficients, pure direct determination and t-test (2 parties) to obtain a comprehensive picture of the relationship between variables with variables other. The framework of thinking in this study are:

Economic growth (X)	→	Poverty (Y)

RESULT AND DISCUSSION
1. Simple Linear Regression Coefficient

Table 1. Simple Linear Regression

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	9.021	2.496		3.615	.015
Economic Growth	.111	.433	.114	.256	.808

a. Dependent Variable: POVERTY
Data Source: Processed With Spss Version 21.0, 2020

Based on SPSS output version 21.0, the regression equation as follows

$$Y= 9,021+ 0,111X$$

a. Variable Coefficient a = 9,021, if economic growth is constant or equal to zero, then poverty in the city of Bima will increase by 9,021
b. Variable Coefficient b = 0.111, if economic growth is Rp. 1 or 1%, poverty in Bima city is 0.111

2. Simple Correlation Coefficient

Tabel 2. Simple Correlation
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.114[a]	.013	-.184	.59789

a. Predictors: (Constant), Economic Growth
Data Source: Processed With Spss Version 21.0, 2020

Based on the analysis of processed results of SPSS Version 21.0, a correlation value of 0.114 is obtained, which means that the level of closeness of the relationship between Economic Growth and Poverty in the city of Bima is at a superficial level.

3. Simple Determination Coefficient

Table 3. Simple Determination

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.114[a]	.013	-.184	.59789

a. Predictors: (Constant), Economic Growth

Data Source: Processed With Spss Version 21.0, 2020

Based on the processed SPSS Version 21.0, the Determination Coefficient (R^2) value of 0.013 means that the effect of Economic Growth on Poverty in the city of Bima is 1.3%. In comparison, the remaining 98.7% influenced by other factors not examined in this study.

4. Hypothesis Test (T-Test)

Table 4. t-test

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	9.021	2.496		3.615	.015
ECONOMIC GROWTH	.111	.433	.114	.256	.808

a. Dependent Variable: POVERTY

Data Source: Processed With Spss Version 21.0, 2020

Based on the analysis of the processed results of SPSS Version 21.0, t-value of 0.256 and a significance level of 0.808. Then compared to t-table, by conducting two-way testing at α / 2 = 0.05 / 2 = 0.025 and degrees of freedom (df) = n - k where "k" is the number of independent and dependent variables = 2, then df = 7-2 = 5. So we get the t-table value of 2.5706. From these results, the value of sig. > 0.05 (0.256> 0.05) indicates that economic growth has no significant effect on poverty in the city of Bima.

CONCLUSION

Based on research and statistical calculations previously described, the t-value is smaller than the t-table value> 0.05. Shows that there is no significant effect of economic growth on poverty in the city of Bima. Thus Ho is accepted, and Ha rejected.

The analysis shows that the poverty rate in the city of Bima from 2012-2018 experienced fluctuations with the highest percentage of poverty that occurred in 2012 at 10.54% and the lowest poverty rate occurred in 2018 at 8.79%. While the highest economic growth in 2017 was 6.76%. Lowest commercial growth rate occurred in 2018 down 1.91% from 2017. The effect of economic growth on poverty in the city of Bima where the economic growth variable has no effect and is not significant on this poverty variable indicates there are variable factors not examined in this study. For other researchers, it expected that the results of this study could be used as a reference to study other variables besides the problem of economic growth that has been discussed by various authors and indicators and supported by the latest theories or research. The policy must be pursued, diversifying the economy to accelerate growth. The Bima city government must also accelerate one of the procedures in the tourism sector of Lawata Beach as a destination that can generate sizeable foreign exchange. And the development of

competent human resources by providing training and skills to produce independent and quality human resources which in this case is in line with the vision of the city of Bima, which is a quality and fair city of Bima towards an independent community. In this way, the town of Bima expected to increase economic growth and poverty can be reduced.

REFERENCE

Annur, R. A. (2013). Faktor-Faktor yang Mempengaruhi Kemiskinan di Kecamatan Jekulo dan Mejobo Kabupaten Kudus Tahun 2013. *Economics Development Analysis Journal*, *2*(4).

Didu, S., & Fauzi, F. (2016). Pengaruh Jumlah Penduduk, Pendidikan Dan Pertumbuhan Ekonomi Terhadap Kemiskinan Di Kabupaten Lebak. *Jurnal Ekonomi-Qu*, *6*(1).

Hambarsari, D. P., & Inggit, K. (2016). Analisis Pengaruh Pertumbuhan Ekonomi, Pertumbuhan Penduduk Dan Inflasi Terhadap Tingkat Kemiskinan Di Jawa Timur Tahun 2004-2014. *JEB17: Jurnal Ekonomi dan Bisnis*, *1*(02).

Pangiuk, A. (2018). Pengaruh Pertumbuhan Ekonomi terhadap Penurunan Kemiskinan di Provinsi Jambi Tahun 2009-2013. *ILTIZAM Journal of Shariah Economic Research*, *2*(2), 44-66.

Romi, S., & Umiyati, E. (2018). Pengaruh pertumbuhan ekonomi dan upah minimum terhadap kemiskinan di Kota Jambi. *e-Jurnal Perspektif Ekonomi dan Pembangunan Daerah*, *7*(1), 1-7.

Safuridar, S. (2017). Pengaruh Pertumbuhan Ekonomi Terhadap Kemiskinan di Kabupaten Aceh Timur. *Ihtiyath: Jurnal Manajemen Keuangan Syariah*, *1*(1).

Didu, S., & Fauzi, F. (2016). Pengaruh Jumlah Penduduk, Pendidikan Dan Pertumbuhan Ekonomi Terhadap Kemiskinan Di Kabupaten Lebak. Jurnal Ekonomi-Qu, 6(1).

Sarjono, N., Anwar, C., & Darmansyah, D. (2018). Analisa Pengaruh Pertumbuhan Ekonomi Terhadap Penerimaan Pajak Daerah Dengan Tingkat Kemiskinan Sebagai Variabel Moderasi Pada Pemerintah Daerah Kabupaten/Kota Di Jawa Barat. *Jurnal Ilmiah Ilmu Ekonomi (Jurnal Akuntansi, Pajak dan Manajemen)*, *6*(12), 113-127.

Siagian, M. (2012). *Kemiskinan dan Solusi*. Medan: Grasindo Monoratama.

Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Bandung:Alfabeta.