

THE EFFECT OF EDUCATION LEVEL, ECONOMIC GROWTH, ALLOCATION OF GOVERNMENT EXPENDITURE, AND THE NUMBER OF POOR PEOPLE ON UNEMPLOYMENT IN BALI PROVINCE IN 2017-2020

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Abstract: The purpose of this study is to measure the direction and magnitude of the influence of education levels, economic growth, allocation of government expenditure, and the number of poor people unemployed in Bali in 2017-2020. The analysis method used is the Panel Least Square (PLS) regression method with *cross sections* covering 8 regencies and 1 city in Bali province, namely: Jembrana Regency, Tabanan Regency, Badung Regency, Gianyar Regency, Klungkung Regency, Bangli Regency, Karangasem Regency, Buleleng Regency, Denpasar City. And this research uses a time series starting from 2017-2020. Independent variables used to explain the factors influencing the unemployment rate are the level of education, economic growth, government expenditure allocation, and the number of poor people.

Keywords: Unemployment, Education Level, Economic Growth, Government Expenditure Allocation, and Number of Poor People, PLS.

INTRODUCTION

Bali Province is one of the regions that has world famous tourist destinations that attract local and foreign tourists, where Bali Province relies on this attraction for the economy and dependence on tourism. It turns out that the advancement of the economy of Bali Province by the tourism industry has not been able to overcome the problem of unemployment in Bali Province.

Unemployment is an inexhaustible problem and often occurs in developed and developing countries and in every region. The unemployment rate is one of the indicators used to measure economic progress in the area, where if the unemployment rate is high then the economy in the area is bad, and vice versa if the unemployment rate in the area is low then the economy is good. And if the unemployment rate in the area is high, it is also a factor hindering long term development for the area.

A. W. Philips has observed a link between inflation and unemployment based on the incidence of economic depression in America in 1992. From his observations, there is a relationship between inflation and unemployment, where if inflation is high, unemployment will be low.

Yacoub (2012) efforts to reduce the unemployment rate and the poverty rate are equally important. Because in theory, if people are not unemployed, it means having a job and income. With this income, it is hoped that it can meet the needs of life, if the needs of life are met, it can help reduce poverty. So it can be said that with

a low unemployment rate, the poverty rate is also low.

According to Elfindri (2001: 239) another factor that also influences the unemployment rate is the level of education. The relationship between the level of education and the unemployment rate is that the level of education can determine the employment status of a person, because, with a better level of education, a person will tend to get a more qualified job so that they can meet the needs of life and on the other hand can also reduce the unemployment rate. In addition, if someone is highly educated, then the unemployment situation will not be as severe as when compared to people who are poorly educated and they are also able to earn wages that range from the minimum wage limit.

With a high level of education, a person is expected to increase their chances of getting a job. Education that a person completes will be expected to be able to produce quality human resources, based on human resource coaching is an effort to enlarge a person's production ability either in work or other activities that can make it easier for that person to be placed in the job. Efforts to foster human resources as one of the efforts to create job opportunities that can create more job opportunities are expected to reduce the unemployment rate (Yos Merizal, 2008).

Growth and economic development are two very important terms when talking about the concept of economic development. Economic growth is an effort

to shape the identity of a country from an economic perspective. Berger Hazil (1990:18).

Mulyadi (2003) argues that an increasing population can result in a large number of labor forces. This means the bigger the more people are looking for work or unemployed.

The unemployment rates is also due to the high criteria expected by companies that create jobs, many companies require a Bachelor's degree or even a Master's degree for applicants. Therefore, unemployment is the responsibility of the community, especially the government as the hope of the process of improving people's lives, to immediately find a way out by formulating strategic and systematic measures as a way to deal with the problem of unemployment. "A person is seen as unemployed if he is temporarily unemployed, is looking for a job, or waiting for time to start a new job" Mankiw (2000: 228).

According to Kurniawan (2013: 7). The close relationship between economic growth and unemployment is that the increasing economic growth in a country has an impact on the rapid flow of capital entering the region and the country, thus providing employment opportunities marked by the number of new business sectors, thereby reducing the number of unemployed in the country and the country.

Unemployment usually occurs in the younger generation who have just completed middle and high education. Those who have just completed their education tend to try to find work in modern sectors such as offices. So they are willing to wait for some gunda to get the

job. It is also possible that they are looking for work by migrating to cities, provinces, or being bullied by more developed industrial activities. And this is one of the causes of the open unemployment rate is quite high in the city or area. And conversely, the open unemployment rate in regions or in provinces where economic activity still rests on the traditional sector, the open unemployment rate is low, especially if the level of education in that area is still low (Kuncoro, 2003: Junaidi & Zulfanetti, 2016).

According to Jhingan (2012) economic factors include factors of land and natural wealth, capital accumulation, organization, technology and division of labor and scale of production. Land and other natural wealth are natural resources that are the main factors influencing economic growth. According to Todaro (2004), public expenditure is an expenditure that increases community capital in the form of development, both physically and nonphysically. Development expenditure is an expenditure shown to finance development programs so that the budget can always be adjusted to the funds spent. In macro analysis, the level of economic growth achieved by a country is measured by the development of real national income achieved by a country (Sukirno, 2006).

A country's high unemployment rate can be attributed to GDP growth within the country or to a smaller scope called Gross Regional Domestic Product (GRDP), which means an increase in regional income.

Okun's law explains the negative relationship between unemployment and GRDP. Any increased unemployment is often associated with declining economic

growth, hence the number of unemployed will increase. And vice versa, if economic growth increases, then the problem of unemployment can be reduced.

THEORETICAL FOUNDATIONS

Unemployment

Unemployment is a problem that must be experienced by countries, both developing and developed countries and in every region.

Indonesia itself is a country with one of the largest populations in the world which should be the driver of the economy, and as a result of the large number of people in a country or in an area, it also causes an unemployment rate caused by several factors, such as education, environment, technology, and equality from the government.

A larger population can get a large number of jobs. This means that the bigger the more people need jobs and also lead to an unemployment rate. In the opinion of Mulyadi (2003).

Level of education

The level of education also affects and can reduce the unemployment rate, which is where if the person is educated or has skills then can find a job and get wages as done, if it can be implemented then the unemployment rate will decrease.

According to Simanjuntak (1998). Higher education results in better work productivity so that the impact will provide a greater income. Because if the education is low and does not have skills, the choice of work to meet the needs of life becomes limited so that the job chosen is also an ordinary job that earns a low income.

Kuncoro in Subli (2005: 26) gives the choice of people who work as farmers have an income of 4.82%, people who work as employees in the field of production and services get an income of 7-9%, and people who work as managers or entrepreneurs have an income of 35%. And it can be concluded from the study that jobs that require higher education or skills have a greater income.

Economic growth

Looking at the development of data on the Gross Regional Domestic Product (GRDP) of a region is one way to measure economic growth. GRDP is the sum of the value of economic output produced or generated by all economic activities in a certain area (Regency/City). In units of a certain period on the prevailing price and constant price.

Economic growth is the long term capacity increase of the country concerned to provide its population with various economic goods. The increase in capacity is made possible by the advancement and adjustment of technology, and ideology to various existing circumstances. Simon Kuznetz.

According to Smith, the available natural resources (SDA) are the most basic container of community production activities. The amount of natural resources available (SDA) is the maximum limit for the growth of an economy.

Allocation of Government Expenditure

The allocation of government expenditures is government sector expenditures that are allocated including

the purchase of goods, services, and subsidy payments and are based on data sources from the Central Statistics Agency (BPS) of regencies/cities in Bali Province in 2017-2020.

The free market system of full use of labor is not always created so it is necessary to make efforts and government policies to create the use of labor and economic growth (Sukirno, 2004: 7). One solution that can be done is to carry out fiscal policy through tax reductions and additional government spending.

Number of Poor Population

Poverty can be interpreted as a condition of inability of income to meet basic needs so that the ability to survive is lacking. The number of poor people according to the Central Statics Agency (BPS) is the number of people who are below the poverty line. The data taken at the Central Statistics Agency of Bali Province for 2017-2020 is secondary data.

MATERIALS AND METHODS

A. Data and data sources

Data

The main data to be used is secondary data sourced from the publication of data published by the Central Statistics Agency (BPS) Bali in the year between 2017-2020

1. Data Sources

Data sources will be obtained from secondary data, namely publications from the Central Statistics Agency of Bali Province in 2017-2020.

2. Data Collection Methods

The data collection method that will be carried out is through secondary data stages and then data processing and

to measure poverty by using the concept of the ability to meet basic needs (basic need approach). With this approach, poverty is seen as the inability from the economic side to meet the basic needs of food and not food as measured from the side of income. So the poor are those who have an average monthly per capita expenditure below the poverty line. According to the Central Statistics Agency (BPS).

According to Arsyad (2010) there is a relationship between the unemployment rate and the level of poverty. For people who do not have a permanent job or only work part time (part-time) are always in the poor community. The more demanding job seekers but the narrow job opportunities will make the number of unemployed worse which means that a high unemployment rate can lead to low incomes which further triggers poverty and the number of poor people who arise due to insufficiency of basic needs.

analysis are carried out through the EViews 10 computer program.

3. Operational Definition

The operational definition described here is as follows:

a. Unemployment

A situation in which a person belonging to the labor force who wants to get a job but has not got or can get it, and unemployment itself can occur due to several things, one of which is because of technology, technological advances themselves make Some people replaced by the technology. The unit of unemployment data is %.

b. Education Level

The level of education is seen from the number of people who have passed the latest education of SMA / SMK and above in Bali province in 2017-2020, which is measured in units of soul.

c. Economic Growth

Economic growth is a process by which the production capacity of an economy increases over time. The economic growth data used in this study is the rate of economic growth on the basis of constant prices in 2000.

$$GROWTH_{it} = \frac{GDP_{it} - GDP_{it-1}}{GDP_{it-1}} \times 100\%$$

The unit of economic growth data is %.

d. Allocation of Government Expenditures

The allocation of government spending is data used to determine the magnitude of the effect of government spending on the unemployment rate. In units of billions of rupiah.

e. Number of Poor People

Poverty can be interpreted as a condition of the inability of income to meet basic needs so that the ability to survive is lacking. The number of poor people according to the Central Statistics Agency (BPS) is the number of people who are below the poverty line. And the data will be taken at the Central Statistics Agency of Bali Province in 2017-2020. The unit of the number of poor people is %.

f. Models and analysis tools

1. Panel

According to the analysis method used in this study is panel data regression which is a combination of (Gaby Dainty Julliet

Roring1 A. G., 2020) time series data and cross section. Time series data typically includes a single object/individual, but spans multiple periods (daily, monthly, quarterly, or yearly). Cross data consists of several or many objects, often referred to respondents for example a certain area with some type of data in a certain period of time.

2. Fem

According to (Gaby Dainty Julliet Roring1 A. G., 2020) the fixed effect model, it is a technique of estimating panel data using variables dummy to catch any intercept differences. This understanding is based on the difference in intercepts between companies but the intercepts are the same between times (time invariants). The model also assumes that the regression coefficient (slope) remains between companies and between times.

3. Rem

According to the method of panel data analysis with (Gaby Dainty Julliet Roring1 A. G., 2020) a random effect model, it must meet the requirements, namely. The number of cross sections should be greater than the number of research variables. The equation of the random effect model according to Gujarati (2012).

4. Chow

According to the Chow Test is a test carried out to determine the right model among the (Gaby Dainty Julliet Roring1 A. G., 2020). Common Effect or Fixed Effect to be used in estimating panel data. Note the probability value for cross section F, if the value > 0.05 then the selected model is CEM, but if the cross section F probability value < 0.05 then the selected model is FEM.

5. Hausman

The Hausman Test is a test carried out to determine the right model among the (Gaby Dainty Julliet Roring1 A. G., 2020). Fixed Effect or Random Effect to be used in estimating panel data. If the Cross section Random probability value > 0.05 then the model used is REM, but if the Cross section Random probability value < 0.05 then the selected model is the FEM model.

Based on the results of the panel data test that has been carried out, it is known that uji Chow shows that the best method is Fixed Effect rather than Common Effect. So the next step to determine whether Fixed Effect is better than Common Effect, Hausman test is needed.

Hausman's test shows that the best method is Random Effect rather than Fixed Effect. So the next step to determine whether Random Effect is better than Common Effect, a Lagrange Multiplier test is needed.

To estimate the direction and magnitude of the influence of education levels, economic growth, allocation of government expenditures, and the number of poor people on unemployed in Bali province in 2017-2020.

The panel data regression analysis resulting from the secondary data of the Central Statistics Agency (BPS) of Bali Province with an econometric model which is a combination of equation models that are modifications by Ma'ruf and Wihastuti (2008), Baltaqi (2000) are as follows:

$$UEMP_{it} = \beta_0 + \beta_1 EDU_{it} + \beta_2 PRTMB_{it} + \beta_3 PNGEL_{it} + \beta_4 PO_{it} + e_{it}$$

Where :

UEMP : Unemployment (%)

EDU : Level of Education (soul)

PRTMB : Economic Growth (%)

PNGEL : Government Expenditure Allocation (billion rupiah)

PO : Number of Poor People (%)

E : Error Term (error factor)

β_0 : Constant

$\beta_1... \beta_4$: Independent Variable Regression Coefficient

i : Regencies/Cities

t : T-th year

RESULTS AND DISCUSSION

After the first test, the chow test is as follows:

Table 1. uji chow

Effects Test	Statistic	D.F.	Prob.
Cross-section F	3.817453	(8,23)	0.0055
Cross-section Chi-square	30.417402	8	0.0002

From the results of this study, it shows that probability $F = 0.0055 < 0.01$, Probability chi-square = $0.0002 < 0.01$, H_0

= CEM, $H_A = FEM$. Then the H_0 kint was rejected, so the model chosen was FEM. Below shows the FEM test results as follows:

Table 2. Fixed effect model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.709951	2.864242	0.597000	0.5563
EDU	2.76E-05	4.78E-05	0.578945	0.5683
PRTMB	-0.303478	0.030652	-9.900785	0.0000
PNGEL	3.05E-10	6.49E-10	0.469524	0.6431
AFTER	0.090735	0.470342	0.192912	0.8487

Based on the chow test, a prob value of 0.0055 was obtained. When compared to the value of α (0.01) then H_0 is rejected because the prob value is $< \alpha$. From the results of the Chow test, the appropriate model or selected model is a fixed effect model.

Based on the data model above, it is known that the coefficient value (C) is 1.709951, meaning that unemployment has a positive and insignificant effect because the probability is greater than alpha. Invariabel education level the coefficient value of 2.76E-05 has a positive and

insignificant effect because the probability (0.5683) is greater than alpha. On Economic growth the value of the coefficient of -0.303478 has a negative and significant effect because the probability of 0.0000 is less than alpha. In government spending, the coefficient value of 3.05E-10 has a positive and insignificant effect because the probability (0.6431) is greater than alpha. In the number of poor people, the coefficient value of 0.090735 has a positive and insignificant effect because the probability (0.8487) is greater than alpha.

CONCLUSIONS

Based on the analysis that has been carried out, it can be concluded as follows:

1. Judging from the Fixed Effect Model test, the coefficient value (C) is 1.709951 and the probability value is greater than alpha. This means that the unemployment rate has a positive and insignificant effect.
2. When the level of education rises by one thousand people, the impact of the increase is 2.76E-05 and has a positive effect on unemployment.
3. In variable economic growth When it falls by 1%, then the impact of the decline is -0.303478 so it affects negatively unemployment.
4. When the government's allocation of expenditure falls by one mile, the impact of the decrease by 3.05E-10 has a positive effect on unemployment.
5. When the number of poor people is 1%, the impact of the decrease is 0.090735, which has a positive effect on unemployment.

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