

THE INFLUENCE OF POVERTY AND UNEMPLOYMENT ON ECONOMIC GROWTH WITH REGIONAL INCOME AS MEDIATION VARIABLES IN EAST JAVA 2017-2021

Sopiyatun

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Kata Kunci:

*Pertumbuhan
Ekonomi;
Tingkat
Kemiskinan;
Tingkat
Penganggura;
Pendapatan
Daerah.*

Keywords:

*Economic
Growth
Poverty level,
Unemployed
rate, regional
Income*

Abstrak

Tujuan penelitian ini adalah untuk menganalisis pengaruh kemiskinan dan pengangguran terhadap pertumbuhan ekonomi dengan pendapatan regional sebagai variabel mediasi di Jawa Timur 2017-2021. Penelitian ini menggunakan metode kuantitatif. Data yang digunakan adalah data deret waktu (time series) dari tahun 2017 hingga 2021 yang diperoleh dari Badan Pusat Statistik (BPS) untuk Kota dan Kabupaten di Jawa Timur. Data sekunder diolah menggunakan teknik analisis jalur (path analysis) dengan alat Smart PLS. Hasil penelitian ini menunjukkan bahwa Kemiskinan berpengaruh positif terhadap Pendapatan Daerah pada Kabupaten dan Kota di Jawa Timur, Kemiskinan berpengaruh negatif terhadap Pertumbuhan Ekonomi pada Kabupaten dan Kota di Jawa Timur, Pengangguran berpengaruh positif terhadap Pendapatan Daerah pada Kabupaten dan Kota di Jawa Timur, Pengangguran berpengaruh negatif terhadap Pertumbuhan Ekonomi pada Kabupaten dan Kota di Jawa Timur, Pendapatan Daerah tidak berpengaruh positif terhadap Pertumbuhan Ekonomi pada Kabupaten dan Kota di Jawa Timur, Kemiskinan tidak berpengaruh positif secara tidak langsung terhadap Pertumbuhan Ekonomi dengan memediasi Pendapatan Daerah pada Kabupaten dan Kota di Jawa Timur, Pengangguran tidak berpengaruh positif secara langsung terhadap Pertumbuhan Ekonomi melalui Pendapatan Daerah pada Kabupaten dan Kota di Jawa Timur.

Abstract

Objective from study This For analyze the effect of poverty and unemployment on economic growth with regional income as a mediating variable in East Java 2017-2021 . In this study apply quantitative methods. The data used is the time series from 2017 to 2021 obtained from the Central Bureau of Statistics (BPS) for East Java Cities and Regencies. The secondary data is processed using path analysis techniques with the Smart PLS tool. Results this research show that Poverty has a positive effect on regional income in regencies and cities in East Java, poverty has a negative effect on economic growth in regencies and cities and cities in East Java, unemployment has a positive effect on regional income in regencies and cities in East Java, unemployment has a negative effect on economic growth in regencies and cities in East Java, Regional Income has no positive effect on Economic Growth in regencies and cities in East Java, Poverty has no indirect positive effect on



Mu'amalatuna: Jurnal Ekonomi Syariah

Vol. 08 No. 02 (2025), Hal. 41-54

E-ISSN: 3047-3829, P-ISSN: 2621-0622



<https://doi.org/10.36269/muamalatuna.v8i02.3884>

Economic growth by mediating Regional Income in regencies and cities in East Java, Unemployment has no positive effect directly on Economic Growth through Regional Income in regencies and cities in East Java.

INTRODUCTION

Increased economic growth will affect the increase in welfare and reduced poverty. As research¹ reveals that economic growth has a significant impact on the poverty rate, because the increase in economic growth is due to the creation of many jobs that can reduce unemployment, so that the poverty rate decreases. This means that economic growth must be considered so that it occurs in various areas where the poor work. The unemployment rate will show the state of a country or region, whether its economy is developing, slowing down or declining. From the unemployment rate, inequality and gaps in the income distribution obtained by the State or region will also be seen²

Output, unemployment rate and inflation are three macro variables that can see the country's economic performance. The three are interrelated, if the real output of one country is more than the potential output it will cause inflation. So it can be interpreted, excessive use of labor will push output beyond its potential output. Unemployment has increased due to various factors, one of which is education, skills and wages. Research conducted by³ suggests that economic growth has a negative and significant effect on the poverty rate. Meanwhile, the unemployment rate has a positive and significant effect on the poverty rate. Meanwhile, according to⁴ economic growth and unemployment have a positive effect on the poverty rate.

The goal of national development is to reduce the number of poor people, because poverty is one of the obstacles for the State to advance its economy and for the State to achieve its goals. The problem of poverty has been encountered by various countries in the world, especially developing countries. Because poverty has a multidimensional nature, which means the needs of each individual vary. Poverty has various primary elements such as poor assets and skills and also secondary aspects such as poor friendship networks and sources of income⁵. The problem of poverty is influenced by various factors such as people's income, unemployment, education, location, geography, gender and environmental location

Cities and Regencies in East Java have a high poverty rate, with Cities and Regencies in East Java ranking sixteenth out of thirty-four provinces in Indonesia. The percentage of poverty in East Java Province is ranked as the third highest in Java Island⁶

Poverty alleviation can be done by advancing the rate of economic growth. This is because economic growth can be said to be an indicator of well-being, so it is important to pay close attention to economic growth. Research⁷ reveals that economic growth has a significant impact on the poverty rate, increased economic growth due to the large number

¹ "Pengaruh Inflasi Dan Pertumbuhan Ekonomi Terhadap Tingkat Kemiskinan Di Kota Palembang | Jurnal Ekonomi KIAT," accessed September 12, 2025, <https://journal.uir.ac.id/index.php/kiat/article/view/20277>.

² "PENGARUH PENGANGGURAN DAN KEMISKINAN TERHADAP PERTUMBUHAN EKONOMI DI PROVINSI SUMATERA SELATAN | Imanto | Al-Infah: Jurnal Ekonomi Islam," accessed September 12, 2025, <https://www.jurnalfai-uikabogor.org/index.php/alinfah/article/view/636>.

³ Siti Nur Aini and Ris Yuwono Yudo Nugroho, "Pengaruh Pertumbuhan Ekonomi, Pendidikan, Pengangguran, dan Ketimpangan Pendapatan Terhadap Kemiskinan di Provinsi Jawa Timur," *Buletin Ekonomika Pembangunan* 4, no. 1 (2023), <https://doi.org/10.21107/bep.v4i1.19474>.

⁴ "Pengaruh Pertumbuhan Ekonomi, Pendidikan Dan Pengangguran Terhadap Tingkat Kemiskinan Di Kota Makassar," *ResearchGate*, ahead of print, August 6, 2025, <https://doi.org/10.33096/paradoks.v3i2.463>.

⁵ Heri Sasono and M. Nuruz Zaman, "Dampak Variabel Makro Terhadap Tingkat Kemiskinan Di Indonesia," *Jurnal Pendidikan Tambusai* 7, no. 3 (2023): 26822–28, <https://doi.org/10.31004/jptam.v7i3.10936>.

⁶ BPS, *Statistik Indonesia Bagian Jawa Timur* (Jakarta, 1996).

⁷ Sasono and Zaman, "Dampak Variabel Makro Terhadap Tingkat Kemiskinan Di Indonesia."

of jobs that can attract workers, ultimately the poverty rate can be reduced. Research⁸ also reveals that economic growth has a significant effect on poverty levels, so if a country wants to reduce poverty it must be oriented towards economic growth. But in research economic growth has no effect on poverty. Research also explains that economic growth has no significant effect on the poverty rate. The factor driving the poverty rate is rising unemployment which then has an impact on employment, the labor force which is inversely proportional to the rising unemployment rate⁹ From the BPS data above Economic growth in East Java Cities and Regencies from BPS data, in 2017-2021, was quite volatile in 2020, growth began to slow down to 2.90 percent. This was due to the emergence of the Covid-19 virus in March 2020 which shook the economy quite a bit.

Increased economic growth will affect the increase in welfare and reduced poverty. As research¹⁰ reveals that economic growth has a significant impact on the poverty rate, because the increase in economic growth is due to the creation of many jobs that can reduce unemployment, so that the poverty rate decreases. This means that economic growth must be considered so that it occurs in various areas where the poor work. The unemployment rate will show the state of a country or region, whether its economy is developing, slowing down or declining. From the unemployment rate, inequality and gaps in the income distribution obtained by the State or region will also be seen¹¹

Output, unemployment rate and inflation are three macro variables that can see the country's economic performance. The three are interrelated, if the real output of one country is more than the potential output it will cause inflation. So it can be interpreted, excessive use of labor will push output beyond its potential output. Unemployment has increased due to various factors, one of which is education, skills and wages. Research conducted by¹² suggests that economic growth has a negative and significant effect on the poverty rate. Meanwhile, the unemployment rate has a positive and significant effect on the poverty rate. Meanwhile, according to economic growth and unemployment have a positive effect on the poverty rate.

From the BPS data above, unemployment in cities and regencies in East Java in 2017 was 4.00 percent. Then in 2021 in Cities and Regencies in East Java it will be 5.17 percent. It can be interpreted that unemployment in cities and regencies in East Java experiences an increase in the unemployment rate almost every year. Based on the explanation above, the researchers took the research objective, namely to examine the effect of poverty and unemployment on economic growth with regional income as a mediating variable in East Java 2017-2021. With the hope that it can provide benefits to be used as information material for City and Regency governments in East Java to increase economic growth and to build a better economy.

⁸ Angelina Chiquita Putri et al., *Ekonomi Sirkular dalam Gagasan Universal dan Praktik Lokal: Eksplorasi dan Kontekstualisasinya di Indonesia* (UGM PRESS, 2023).

⁹ Galuh Meiliza et al., "Pengaruh Inflasi Dan Pertumbuhan Ekonomi Terhadap Tingkat Kemiskinan Di Kota Palembang," *Jurnal Ekonomi KLAT* 36, no. 1 (2025): 43–54, <https://doi.org/10.25299/kiat.2025.20277>.

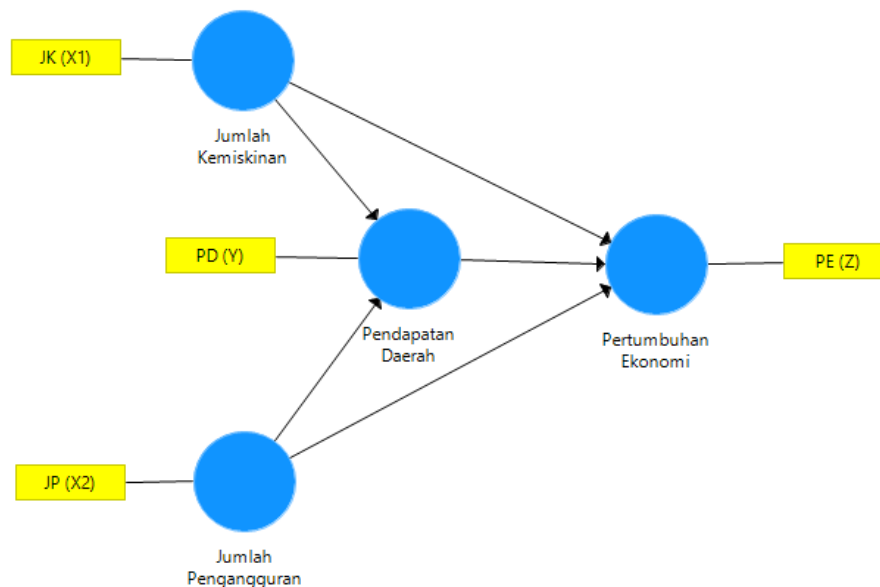
¹⁰ Meiliza et al., "Pengaruh Inflasi Dan Pertumbuhan Ekonomi Terhadap Tingkat Kemiskinan Di Kota Palembang."

¹¹ Meiliza et al., "Pengaruh Inflasi Dan Pertumbuhan Ekonomi Terhadap Tingkat Kemiskinan Di Kota Palembang."

¹² "Pengaruh Pertumbuhan Ekonomi, Pendidikan Dan Pengangguran Terhadap Tingkat Kemiskinan Di Kota Makassar."

RESEARCH METHOD

In this study, a quantitative method was applied in an associative form using one independent variable, namely economic growth, one dependent variable, namely the poverty rate and one intervening variable, namely the unemployment rate, which according to¹³ the quantitative method is research data in the form of analytical figures using statistics. The data used is the time series from 2017 to 2021 obtained from the Central Bureau of Statistics (BPS) for East Java Cities and Regencies. The secondary data is processed using path analysis techniques with the Smart PLS tool. Data collection techniques using documentation and quantitative processing methods include Outer Model Test (Evaluation of Measurement Models): Outer Loading, Reliability and validity testing, Discriminant validity, Fit Test. Inner Model Testing (Structural Model Evaluation): f Square value in Partial Least Square, R Square Test and Adjusted R Square, Direct and indirect Hypothesis Testing which as a whole use path analysis with mediating variables using Smart PLS. The research relationship model is as follows.



Information :

Y1 : Poverty Rate

Y2 : Unemployment Rate

Y : Regional income

Z : Economic Growth

¹³ "Sugiyono Metode Penelitian Kuantitatif Kualitatif Dan R&d - Penelusuran Google," accessed August 4, 2023, https://www.google.com/search?q=sugiyono+metode+penelitian+kuantitatif+kualitatif+dan+r%26d&sca_esv=553671429&csxsrf=AB5stBh-knsiI_uGgKj7F-S9FXIXKhB_wA%3A1691122631675&source=hp&ei=x3vMZOqEJ-XVseMPjvi_0Ak&ifsig=AD69kcEAAAAAZMyj19fnCIxxU0nCPn8v-uvEHULz9yMp&oq=sugiyon&gs_lp=Egdnd3Mtd2l6IgdzdWdpeW9uKgIIADIFEAAyGAQyCBAuGIAEGLEDmgQABiABBixAzIFEAAyGAQyCBAAGIAEGLEDmgUQABiABDIFEAAyGAQyBRAAGIAEMgUQABiABDIFEAAyGARIsvQAFjDEXAAeACQAQCYAXGgAfgEqgEDNS4yuAEBByAEA-AEBwgIEECMYJ8ICBxAjGIoFGCfCAgsQABiABBixAxiDAcICBxAAGIoFGEPcAgcQLhiKBRhDwgINEC4YigUYxwEYrwEYQ8ICCBauGLEdGIAEwgIFEC4YgAQ&client=gws-wiz

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistical analysis provides an overview or description of a data seen from the value of the mean, minimum, maximum, and standard deviation . Based on the table, the results of the descriptive statistical analysis of Poverty values show mean: 11664.35 , median: 11880.00, min: 663.00 , max: 28396.00 and standard deviation: 7059.93 . Unemployment values show a mean of 444.55 , median: 411.00 , min: 85.00 , max: 1097.00 and standard deviation : 179.99. Regional Income values show the mean 2837.54 , median: 2842.00 , min: 2738.00 , max: 2984.00 and standard deviation : 47.12 . Economic Growth values show a mean of 326.85 , median: 502.00, min: -625.00 , max: 1025.00 and standard division : 331.73 .

Table : MV Descriptives

	Means	Median	Min	Max	Standard Deviations
Poverty (x1)	11664.35	11880.00	663.00	28396.00	7059.93
Unemployment (x2)	444.55	411.00	85.00	1097.00	179.99
Regional Income (Y)	2837.54	2842.00	2738.00	2984.00	47.12
Economic Growth (z)	326.85	502.00	-625.00	1025.00	331.73

Source: Smart PLS Outputs, 2025

Outer Loading Test

Table : Outer Loadings

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)
Poverty (x1)	1.00	1.00	0.00
Unemployment (x2)	1.00	1.00	0.00
Regional Income (y)	1.00	1.00	0.00
Economic Growth (z)	1.00	1.00	0.00

Source: Smart PLS Outputs, 2025

Outer loading value > 0.7 means it is safe to continue.

Reliability and Validity Test

Table: Reliability and Validity Constructs

	Cronbach's Alpha	Rho_A	Composite Reliability	Average Variance Extracted (AVE)
Poverty (x1)	1.00	1.00	1.00	1.00
Unemployment (x2)	1.00	1.00	1.00	1.00
Regional Income (y)	1.00	1.00	1.00	1.00
Economic Growth (z)	1.00	1.00	1.00	1.00

Source: Smart PLS Outputs, 2025

Based on the table in testing the reliability and validity using Cronbach's Alpha and Composite Reliability shows a value of > 0.7 and an AVE value of > 0.5 . It can be concluded that the variables tested are reliable and valid and can be continued to test the structural model.

Discriminant Validity Test

Table : Discriminant Validity

	Poverty	Unemployment	Regional Income	Economic growth
Poverty (x1)	1.00			
Unemployment (x2)	-0.06	1.00		
Regional Income (y)	0.65	0.20	1.00	
Economic Growth (z)	-0.11	-38	-0.09	1.00

Source: Smart PLS Outputs, 2025

The value of discriminant validity shows that the lower the value, the smaller or $x_1 > x_2 > x_3 > y$.

Test the Fit Model

If the NFI value = $0.9 - 0.95$ and/ $SRMR < 0.10$. The size of the fit model in Smart PLS does not have to be used as a reference that must be obeyed. Researchers must be very careful to report and use the fit model in PLS-SEM (Hair, et al., 2017).

Fit Test Table

B	Saturated Model	Estimated Model
SRMR	0.00	0.00
NFIs	1.00	1.00

Source: Smart PLS Outputs, 2025

Inner Model Testing (Structural Model)

f Square Testing

		Regional Income		Economic growth
Poverty (x1)		0.84 = large		0.04 = small
Unemployment (x2)		0.11 = small		0.20 = moderate
Regional Income (y)				0.02 = small
Economic Growth (z)				

Source: Smart PLS Outputs, 2025

f square value $0.02 =$ small; $0.15 =$ moderate, and a value of $0.35 =$ large. Values less than 0.02 can be ignored or considered to have no effect (Sarstedt et al., 2017). The value of f Square Poverty has a big influence on regional income, which is equal to 0.84 . This means that if poverty is not controlled it will greatly affect regional income.

R Square Testing

Table : R Square

Matrix	R Square	R Square Adjusted
Regional Income	0.48	0.47
Economic growth	0.18	0.17

Source: Smart PLS Outputs, 2025

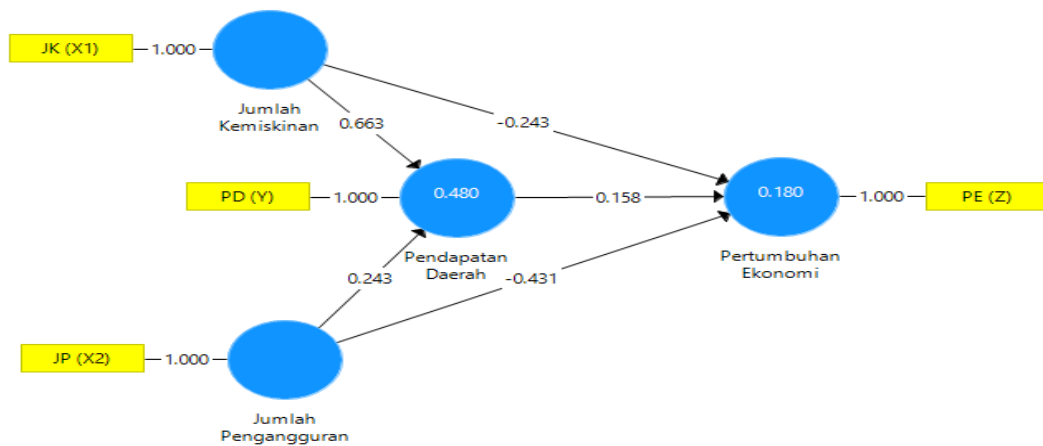
R square is a value that shows how much the independent (exogenous) variable affects the dependent (endogenous) variable. The R Square value of the joint or simultaneous influence of poverty (X1), unemployment (X2), regional income (Y) on economic growth (Z) is 0.18 with an adjusted r square value of 0.17. Adjusted R Square value is more than 17%, so the effect of all exogenous constructs X1 and X2 on Y is weak. Furthermore, all the exogenous constructs of poverty (X1), unemployment (X2) simultaneously affect regional income (Y) by 0.48 or 48%, including the strong category.

Hypothesis Test

Table : Path Coefficients (Total Effect)

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Poverty -> Local Revenue	0.66	0.67	0.04	15.45	0.00
Poverty -> Economic Growth	-0.24	-0.25	0.09	2.71	00.01
Unemployment -> Regional Income	0.24	0.24	0.07	3.49	0.00
Unemployment -> Economic Growth	-0.43	-0.43	0.08	5.74	0.00
Regional Income -> Economic Growth	0.16	0.16	0.10	1.54	0.12

Source: Smart PLS Outputs, 2025



Source: SmaPLS Source: Smart PLS Outputs, 2025

Figure: Research Model Relationship (*original sample / coefficient*)

H1: Poverty has a positive effect on regional income in regencies and cities in East Java in 2017 - 2021 with a statistical T value of 15.45 and a P value of 0.00 < 0.05 so that Hypothesis 1 is accepted. The original sample value can be interpreted, if poverty increases by 1 unit, then regional income will have an effect of 0.66.

H2: Poverty has a negative effect on Economic Growth in regencies and cities and cities in East Java in 2017 - 2021 with a Statistical T value of 2.71 and a P Value of 0.01 < 0.05 so Hypothesis 2 is accepted. The original sample value can be interpreted, if Poverty increases by one unit, then Economic Growth will decrease by -0.24.

H3: Unemployment has a positive effect on regional income in regencies and cities in East Java in 2017 - 2021 with a statistical T value of 3.49 and because the P value is 0.00 < 0.05 so Hypothesis 3 is accepted. The original sample value can be interpreted, if unemployment increases by one unit, regional income will increase by 0.24.

H4: Unemployment has a negative effect on economic growth in regencies and cities in East Java in 2017 - 2021 with a statistical T value of 5.74 and a P value of 0.00 < 0.05 so that Hypothesis 4 is accepted. The original sample value can be interpreted, if unemployment increases by one unit, then economic growth will have an effect of -0.43.

H5: Regional Income has no positive effect on Economic Growth in regencies and cities in East Java in 2017 - 2021 with a Statistical T value of 1.54 and because the P Value is 0.12 > 0.05 so Hypothesis 5 is rejected. The original sample value can be interpreted, if Regional Income increases by one unit, then Economic Growth will increase by 0.16.

Analysis of Indirect Effects (Indirect)

Table : Indirect Effects

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Poverty -> Regional	0.10	0.11	0.07	1.51	0.13

Income -> Economic Growth					
Unemployment -> Regional Income -> Economic Growth	0.04	0.4	0.03	1.30	0.20

Source: Smart PLS Outputs, 2025

H6: Poverty has no indirect positive effect on economic growth mediated by regional income because the P value is $0.13 > 0.05$ so that hypothesis 6 is rejected. From the *original sample value* it can be interpreted that if poverty increases by one unit, then economic growth will increase indirectly through regional income of 0.10.

H7: Unemployment has no indirect positive effect on economic growth through regional income because the P value is $0.20 > 0.05$ so hypothesis 7 is rejected. From the *original sample value* it can be interpreted that if unemployment increases by one unit, economic growth increases indirectly through regional income by 0.04 units.

DISCUSSION

The Effect of Poverty on Regional Income

In the results of this study, poverty affects regional income in cities and regencies in East Java. The results of this study are the same as research¹⁴ Poverty affects Regional Income. This is in accordance with the research of Arini and Mustika¹⁵ which states that Regional Original Income and economic growth have an influence on poverty levels. Likewise the results of research by Paat et al¹⁶ which stated that local revenue has an effect on poverty levels. What can be explained is that the high level of poverty has an effect on the factors that make up the Local Own Revenue, such as regional taxes, regional levies, separated regional assets, and other legal matters. The high level of poverty can affect the economic situation so that it can reduce local revenue.

The Effect of Poverty on Economic Growth

Based on the results of this study, poverty affects economic growth in cities and regencies in East Java. The results of this study are the same as the research (Made, Sudarsana, and Wayan) which reveals that poverty affects economic growth. These results are in accordance with previous theories and research which form the theoretical basis of this research. Which according to Kuznet in Tambunan¹⁷, growth and poverty have a very

¹⁴ "(PDF) Kontribusi Tingkat Kemiskinan Terhadap Pendapatan Asli Daerah Di Kabupaten Purbalingga," *ResearchGate*, ahead of print, August 6, 2025, <https://doi.org/10.54199/pjeb.v2i1.78>.

¹⁵ Made Dwi Setyadhi Mustika and Arini Arini, "Pengaruh Pendapatan Asli Daerah dan Belanja Tidak Langsung terhadap Kemiskinan melalui Pertumbuhan Ekonomi di Provinsi Bali Tahun 2007-2013," *E-Jurnal Ekonomi Pembangunan Universitas Udayana* 4, no. 9 (2015): 44572, <https://www.neliti.com/publications/44572/>.

¹⁶ Dewi Chrisanty Paat et al., "PENGARUH PENDAPATAN ASLI DAERAH (PAD), DANA PERIMBANGAN TERHADAP PERTUMBUHAN EKONOMI SERTA DAMPAKNYA TERHADAP KEMISKINAN DI KOTA BITUNG," *JURNAL PEMBANGUNAN EKONOMI DAN KEUANGAN DAERAH* 18, no. 4 (2019), <https://doi.org/10.35794/jpekd.15774.19.1.2017>.

¹⁷ Sherin Eknandya Juliantika and Sudarsana Arka, "Analysis of the Influence of Economic Growth, Unemployment Rates, Poverty Levels on the Level of Community Welfare in the Regency/City of Bali Province,"

strong correlation, because in the early stages of the development process poverty tends to increase and during the final stages of development the number of poor people gradually decreases. to increase equity in income distribution, overcome poverty and reduce unemployment what local governments are doing is increasing local government spending on education, infrastructure development, social welfare and employment, research results can reduce the Gini coefficient, reduce the percentage of poor people and reduce the number of unemployed. Likewise with research¹⁸ explaining that there is an effect of poverty on economic growth.

The Effect of Unemployment on Regional Income

In the results of this study, unemployment affects regional income in cities and regencies in East Java. The results of this study are the same as research (Rahmah Tia, 2022) which reveals that the unemployment rate affects regional income. According to Deddi Nordiawan,¹⁹ explains the definition of regional original income as follows: "Regional original income is regional income that originates from the area itself. Included in this type of income are regional taxes, regional levies, results of separated regional wealth management, and other legitimate PAD. Meanwhile, according to Sadono Sukirno²⁰ regarding the notion of unemployment, namely: "Unemployment is a condition where someone belonging to the workforce wants to get a job but has not been able to get it"

The Effect of Unemployment on Economic Growth

In the results of this study, unemployment affects economic growth in cities and regencies in East Java . The results of this study are the same as research²¹ which reveals that the unemployment rate affects economic growth . Because the economy will be stable and grow well if there is no unemployment, the content conditions are based on the strength of the market mechanism which will always aim for balance. Quoted from the opinion According to Fritzen²² regarding the reduction in Vietnam explained that the unemployment and poverty that occurred were influenced by differences in rural and urban wage rates, there were rural and urban migration events, steps taken by local governments, namely the policies and strategies carried out by local governments to overcome this in the form of subsidies, direct assistance to poor households. The results show that wage welfare for labor and employment expansion. Unemployment is a burden for a region because the unemployed do not work in the economic sector. If the condition of a region is full

International Journal of Economics and Management Sciences 1, no. 3 (2024): 382–408,
<https://doi.org/10.61132/ijems.v1i3.204>.

¹⁸ Paat et al., "PENGARUH PENDAPATAN ASLI DAERAH (PAD), DANA PERIMBANGAN TERHADAP PERTUMBUHAN EKONOMI SERTA DAMPAKNYA TERHADAP KEMISKINAN DI KOTA BITUNG."

¹⁹ "Akuntansi Pemerintahan / Deddi Nordiawan | Perpustakaan Mahkamah Konstitusi," accessed September 12, 2025, <https://simpus.mkri.id/opac/detail-opac?id=7115>.

²⁰ "Makroekonomi Teori Pengantar - Sadono Sukirno," *Rajagrafindo Persada*, n.d., accessed September 12, 2025, <https://www.rajagrafindo.co.id/produk/makroekonomi-teori-pengantar-edisi-ketiga/>.

²¹ Siti Nur Aini and Ris Yuwono Yudo Nugroho, "Pengaruh Pertumbuhan Ekonomi, Pendidikan, Pengangguran, dan Ketimpangan Pendapatan Terhadap Kemiskinan di Provinsi Jawa Timur," *Buletin Ekonomika Pembangunan* 4, no. 1 (2023), <https://doi.org/10.21107/bep.v4i1.19474>.

²² Nga Van T. Le et al., "Growth, Inequality and Poverty in Vietnam: How Did Trade Liberalisation Help the Poor, 2002–2008," *International Journal of Social Welfare* 31, no. 1 (2022): 86–99, <https://doi.org/10.1111/ijsw.12482>.

employment or all labor is absorbed in employment in the economic sector, it means that the number of unemployed falls, it can increase economic growth. Increase economic growth by absorbing skilled workers and special skills so as to increase productivity and production capacity. Production capacity by increasing the amount of output and quality of output and using machines in activities in the economic sector.

Likewise with research²³ explaining that there is a partial effect of unemployment on economic growth in regencies and cities in East Java Province in 2015-2019. Thus the second hypothesis of the study which states "The unemployment variable partially has a significant effect on economic growth in regencies and cities in East Java Province in 2015-2019" is proven.

Effect of Regional Income on Economic Growth

In the results of this study, unemployment has no effect on economic growth in cities and regencies in East Java. The results of this study are the same as research (Dewi, Rosalina and Vekie) which reveals that unemployment has no effect on economic growth. According to Law No. 33 of 2004, regional own-source revenue (PAD) is income earned by the regions and collected based on regional regulations in accordance with applicable laws and regulations. PAD is a source of regional income obtained from regional revenue sources. The implementation of development in the regions requires quite a lot of funds and in this case the regions cannot only depend on balancing funds from the center, so the regions must be able to explore their regional potential to be used as financing for routine expenditures and regional development expenditures in the era of regional autonomy in order to increase their income.

CONCLUSION

From the results of the discussion it can be concluded that:

1. Poverty has a positive effect on regional income in regencies and cities in East Java in 2017 – 2021
2. Poverty has a negative effect on Economic Growth in regencies and cities and towns in East Java in 2017 – 2021
3. Unemployment has a positive effect on regional income in regencies and cities in East Java in 2017 - 2021
4. Unemployment has a negative effect on economic growth in regencies and cities in East Java in 2017 - 2021
5. Regional Income has no Positive Effect on Economic Growth in regencies and cities in East Java in 2017 – 2021
6. Poverty has no direct positive effect on economic growth by mediating regional income in regencies and cities in East Java in 2017 - 2021
7. Unemployment has no indirect positive effect on Economic Growth through Regional Income in regencies and cities in East Java in 2017 – 2021

²³ Aini and Nugroho, "Pengaruh Pertumbuhan Ekonomi, Pendidikan, Pengangguran, dan Ketimpangan Pendapatan Terhadap Kemiskinan di Provinsi Jawa Timur," 2023.

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