

## The Effect of Unemployment on Poverty In Mandailing Natal

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### ABSTRACT

This study aims to analyze the effect of the unemployment rate on poverty in Mandailing Natal. This research is a quantitative research using SPSS 23 to process data. Data used is secondary data in the form of *time series* for the period 2001 - 2021. The results of the study conclude that the poverty equation obtained a Value  $t_{count}$  of 1.251 using a 95% confidence level,  $= 0.05$  compared to the sig value obtained at 0.226, the sig value greater than  $\alpha$  or  $0.226 > 0.05$ . This shows that there is no significant effect between unemployment and poverty and this indicates that the poverty rate in Mandailing Natal is not determined by unemployment. If the unemployment rate increases or develops, it will not necessarily affect poverty. Furthermore, the *R Square* Value in this study is 0.027, indicating that the unemployment rate has an influence of 2.7 % on the poverty rate in Mandailing Natal. Furthermore , another 97.3% is influenced by other variables that were not examined in this study.

**Keywords:** Unemployment, Poverty

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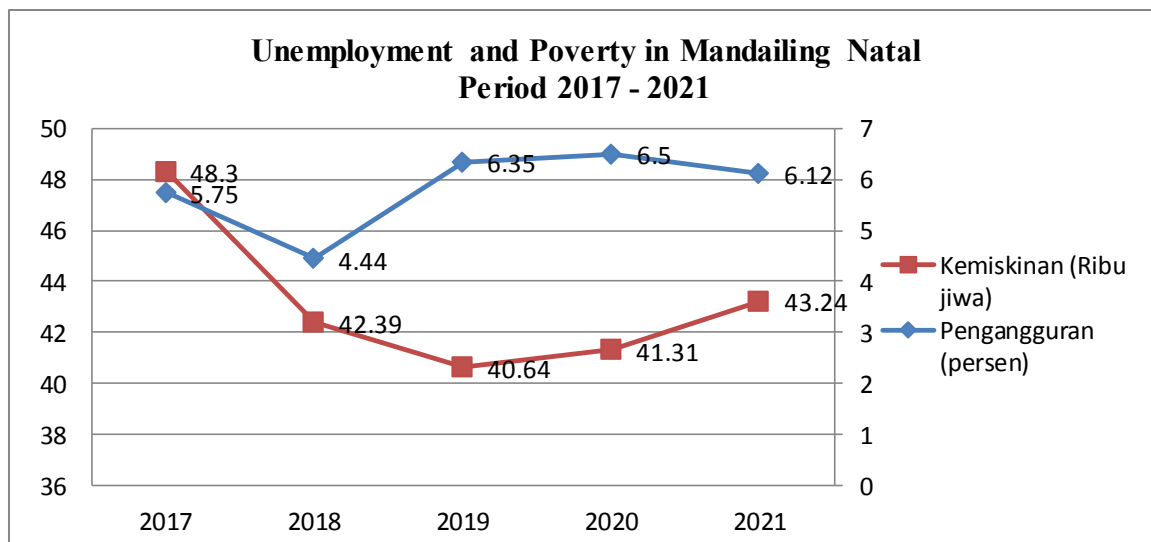
### INTRODUCTION

Poverty is one of the most important problems in Indonesia, even in almost every country in the world. Poverty arises when individuals or groups of people, men and women are unable to fulfill economic prosperity which is their basic right and need to develop a decent life at a certain time. According to (Suripto & Subayil, 2020) poverty is multidimensional, meaning that because human needs vary , poverty also has many primary aspects in the form of being poor in assets, socio-political organization, knowledge, and skills as well as a secondary aspect in the form of being poor in networks, social, financial sources, and information. Furthermore, poverty is also influenced by limited employment opportunities which causes many people to be without work and in the end will increase the number of unemployed. One of the elements that determine the prosperity of a society is the level of income. The community's income reaches its maximum if the condition of the *full employment level* can be realized . (Muslim, 2014) explains that unemployment is a very complex problem because it affects and is influenced by many interacting factors following a pattern that is not always easy to understand. One of the factors is the large population of Indonesia, which creates a new workforce every year and has an impact on the unemployment rate .

In overcoming the problem of poverty, we cannot be separated from economic problems, unemployment, education, culture and other problems that are closely related to poverty. The causes of poverty from an economic perspective, namely, the poor have limited resources and low quality, and there are differences in the quality of human resources. Low quality means that productivity becomes low so that it affects the wages received, and there are differences in access to capital. Economic development is one of the efforts to achieve

the goal of a just and prosperous society. In line with these objectives, various development activities are also directed to regional development, especially underdeveloped areas. Therefore, one of the indicators to reduce poverty is to create jobs.

Mandailing Natal is one of the districts in the province of North Sumatra which is directly adjacent to the province of West Sumatra. The population of Mandailing Natal district is predominantly Muslim. Currently the population reaches 489,569 people with a population density of 80 people/km<sup>2</sup>. Density of population will trigger problems, especially economic problems such as poverty. The rapid rate of population growth while the demand for labor is not balanced will cause new problems, so that unemployment will also increase. The following is data on unemployment and poverty in Mandailing Natal for the 2017-2021 period.



Source: Central Bureau of Statistics (BPS)

**Figure 1: Unemployment and Poverty Data in Mandailing Natal Period 2017 – 2021**

Figure 1 shows data on unemployment and poverty which continues to fluctuate from year to year. In 2019 the unemployment rate increased from the previous year by 6.35 percent and this was followed by a decrease in the poverty rate by 40.64 thousand people. This also happened in 2021 where the unemployment rate decreased by 6.33 percent but poverty increased by 43.24 thousand people. This is not in accordance with the theory where there is a positive relationship between unemployment and poverty. If the unemployment rate increases, the poverty rate will also increase, and vice versa. Based on these data, the facts that occur are not in accordance with ideals so that this is a very important problem and must be a serious concern for the government.

## LITERATURE REVIEW

### 1.1 Poverty

Poverty is a condition where individuals and groups cannot meet their daily needs, both secondary and primary needs. The level of poverty in each region is different from other regions, this is due to differences in location and standard of living. In a narrow sense, poverty is understood as a state of lack of money and goods to ensure survival. Chambers in (Listyaningsih, 2018) states that poverty is an integrated concept that has five dimensions, namely proper, powerless, state of emergency, dependence and isolation, both geographically and sociologically. (Mahsunah, 2013) poverty is defined as the inability to meet various needs such as food, housing, clothing, education, health, and so on. From the explanations of these experts, it can be concluded that poverty is a problem experienced by people who do not make changes in their lives for the better, so that the poor will remain poor if they are not able to adapt over time. Poverty is caused by inadequate natural factors and also human resources who are unable to manage what is around them.

In general, the measurement of poverty that is commonly used is absolute poverty and relative poverty. Absolute poverty is poverty associated with the estimated level of people's income and daily needs. If the income does not reach a decent need, then the person can be said to be poor. (Listyaningsih, 2018) Poverty itself can be classified based on its characteristics, namely absolute, relative, cultural, and structural poverty.

Many things can affect poverty including lifestyle factors, people's living habits, and also culture. This is because the existing life habits have not been changed by the community itself, habits with a lifestyle that are too excessive will make people poor. (Putra & Arka, 2016) said that the factors that can affect poverty include unemployment, education, health, people's income levels, consumption, location, and the environment. Furthermore (HM, 2015) said the causes of poverty can be distinguished in three senses: natural poverty, structural poverty, and cultural poverty. Natural poverty is a state of poverty, because from its origin it is poor. Structural poverty is poverty caused by unbalanced development results, including this type of poverty, namely absolute poverty and relative poverty. While cultural poverty refers to the attitude of life of a person or society caused by their lifestyle, living habits and culture, where they already feel sufficient and do not feel deficiency.

From the explanations of the experts above, it can be concluded that poverty is the inability of a person or group to fulfill their needs, causing discomfort in life. Many factors can affect poverty such as the rate of population growth which has an impact on the lack of employment opportunities. Furthermore, the difficulty of access and limited capital will also limit the level of community production. The low level of education and knowledge will prevent people from managing existing resources and most importantly the behavior of individuals who will impoverish them.

## 2.2 Unemployment

Unemployed is someone who does not have a job or is looking for work and has not found a job. (Sukirno, 2004) said unemployment is the number of workers in the economy who are actively looking for work, but have not yet found one. In line with that (Mahendra, 2017) said that unemployment or joblessness is a term for a person who does not work at all, is looking for work, works less than two days a week, or someone who is trying to find a decent job. From the explanations of these experts, unemployment is a person who does not have a job at all, is looking for work, or the condition of a person who is obliged to have a job or has entered the workforce, but he does not find a job that he deserves and does.

Many factors can cause unemployment including: lack of employment opportunities, less people's desire to work, the number of companies that are already using modern technology, the increasing number of the workforce, low levels of education, and so on. According to (Zulfa, 2016) the factors that affect unemployment are 1) because they want to find another better job, 2) Entrepreneurs use modern production equipment that reduces the use of labor, 3) Incompatibility between the actual skills of workers and the skills needed in the industry.

In line with that (Franita, 2016) suggests the factors that cause unemployment namely 1) Lack of employment opportunities, 2) Lack of expertise, 3) Lack of information, 4) Lack of equal employment opportunities, 5) The government's efforts to provide training to improve soft skills are still not maximal, 6) Lazy culture. The large number of unemployed will have an impact on the environment such as increasing crime rates. (HM, 2015) the effects of unemployment are as follows:

- a) Unemployment can cause people to be unable to maximize the level of prosperity they have achieved.
- b) Unemployment will cause national income from the tax sector to decrease.
- c) Unemployment does not promote economic growth.
- d) Unemployment can take away livelihoods
- e) Unemployment can take away skills
- f) Unemployment will lead to social and political instability.

Samuelson (Rianda, 2020) explain the impact of unemployment are:

- a) Unemployment This causes society to be unable to minimize the level of welfare it may achieve.
- b) Unemployment causes the government's tax revenue to decrease, unemployment caused by the low level of economic activity, which in turn will cause the government's tax revenue to be small.
- c) High unemployment will hinder, in the sense of not promoting growth economy.
- d) Unemployment causes loss of livelihoods and income.
- e) Unemployment can cause loss or \_\_ reduced skills in doing a job can only be maintained if these skills are used in practice.
- f) Unemployment can also lead to social and political instability.

Unemployment can be minimized by increasing employment opportunities. (Siregar et al., 2018) said that the acceleration of economic growth can be achieved, one of which is by suppressing the unemployment rate. The creation of new jobs is a way for people to get a decent life. In line with that (Rianda, 2020) ways to overcome unemployment, namely:

- a) For the unemployed themselves, they can develop their creativity through independent entrepreneurship.
- b) Development of schools that lead to the use of life skills, such as SMK.
- c) Development of cooperation programs with foreign countries in the use of Indonesian workers (TKI).
- d) Development of the informal sector such as home industry.
- e) Development of transmigration programs, to absorb workers in the agrarian sector and other informal sectors.
- f) Expansion of job opportunities, for example through the opening of labor-intensive industries in areas experiencing unemployment.
- g) Increased investment, both development and investment through the establishment of new businesses that can absorb workers.
- h) Opening public projects, this can be done by the government such as the construction of roads, bridges and others.
- i) Organizing practical education and training so that a person does not have to wait for job opportunities that are not comparable to job seekers, but he himself develops his own business which allows him to get his own work and income.

(Franita, 2016) said how to overcome unemployment in a way improve the curriculum in education, make trainings, expand tourism objects, and also stimulate investors to invest so that the business world continues to grow.

## METHOD

This research is a correlational quantitative research. The data used in this study is secondary data obtained from the Central Statistics Agency (BPS) for the period 2001 - 2021. Data processing and hypothesis testing were carried out using the SPSS version 23.

## RESULT AND DISCUSSION

The development of unemployment and poverty continues to fluctuate from year to year. This shows the economic turmoil and government policies in overcoming economic problems, especially those related to poverty and unemployment. Based on data from 2001-2021, the highest unemployment rate was 10.36% which occurred in 2006 and the lowest was 3.06% which occurred in 2002. The average unemployment rate during the study period was 6.29 %. Furthermore, the largest poverty rate was 88.10 thousand people which occurred in 2002 and the lowest was 39.68 thousand people which occurred in 2014. The average number of poverty during the study period was 58.17 thousand people . For more details can be seen in the following table:

**Table 1**  
**Descriptive Data on Unemployment and Poverty**  
**In Mandailing Natal Period 2001 - 2021**

Statistics

	Unemployment	Poverty
N	21	21
Valid		
missing	0	0
mean	6.2910	58.1743
median	6.1200	49.0500
Mode	3.06 <sup>a</sup>	39.68 <sup>a</sup>
Minimum	3.06	39.68
Maximum	10.36	88.10

a. Multiple modes exist. The smallest value is shown

Source: SPSS version 23 data processing

Furthermore, hypothesis testing is carried out using SPSS version 23 software as follows :

**Table 2**  
**t test results**  
**Unemployment And Poverty Rates In Mandailing Natal**

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	42,450	13,127		3.234	.004
Unemployment	2,499	1998	.276	1.251	.226

a. Dependent Variable: Poverty

Source: SPSS version 23 data processing

Based on the results of data processing using SPSS *software* in the above equation, it can be seen that the poverty constant is 42,450, this indicates that if the unemployment rate variable is fixed or constant, poverty will increase by 42.55%. Furthermore, the estimation of the poverty equation shows that the unemployment rate has a coefficient value of 2,499.

From the estimation results in the poverty equation, the  $t$  - count value is 1.251 using a 95% confidence level, = 0.05 compared to the sig value obtained at 0.226, the sig value is greater than or  $0.226 > 0.05$ . This shows that there is no significant effect between unemployment and poverty and this indicates that the poverty rate in Mandailing Natal is not determined by unemployment. If the unemployment rate increases or develops, it will not necessarily affect poverty and vice versa.

**Table 3**  
**Coefficient of Determination Test Results**  
**Unemployment And Poverty Rates In Mandailing Natal**  
**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.276 <sup>a</sup>	.076	.027	17.36461

a. Predictors: (Constant), Unemployment

Source: SPSS version 23 data processing

Based on the table above, it can be seen that the R Square value in this study is 0.027, indicating that the unemployment rate has an influence of 2.7 % on the poverty rate. Furthermore, another 97.3% is influenced by other variables that were not examined in this study. The results of this study explain that the unemployment rate does not affect poverty in Mandailing Natal. This study contradicts the theory that unemployment has a positive effect on poverty. (Kristanto. 2014) A high unemployment rate will lead to low incomes and in the end will trigger an increase in poverty rates. Furthermore, this research is supported by (Hanifah & Hanifa, 2021) which explains that unemployment does not affect poverty because unemployment is controlled by trained unemployed, where unemployed people can still meet their needs because not all people who do not work are poor. This is due to the open unemployment, some are focused on the informal sector and some have their own businesses. Furthermore (Suripto & Subayil, 2020) said that not entirely people who do not work are poor and those who work are rich people. This happens because there are some people who do not work because they choose a good job according to their level of education. Furthermore, there are also those who work less than 35 hours a week. They do not want to work for a small wage so they choose to look for other information that can provide greater income.

## CONCLUSION

Based on the results of the study, it can be concluded that the development of unemployment and poverty rates fluctuated from year to year in the research period, namely 2001-2021. The highest unemployment rate was 10.36% in 2006 and the lowest was 3.06% in 2002. The average unemployment rate during the study period was 6.29 %. Furthermore, the largest poverty rate was 88.10 thousand people which occurred in 2002 and the lowest was 39.68 thousand people which occurred in 2014. The average number of poverty during the study period was 58.17 thousand people . Furthermore, from the estimation results in the poverty equation, the  $t$  -

count value is 1.251 using a 95% confidence level, = 0.05 compared to the sig value obtained at 0.226, the sig value is greater than or  $0.226 > 0.05$ . This shows that there is no significant effect between unemployment and poverty and this indicates that the poverty rate in Mandailing Natal is not determined by unemployment. If the unemployment rate increases or develops, it will not necessarily affect poverty and vice versa. The value of *R Square* in this study is 0.027, indicating that the unemployment rate has an influence of 2.7 % on the poverty rate in Mandailing Natal. Furthermore , another 97.3% is influenced by other variables that were not examined in this study.

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