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Analysis of factors affecting poverty in districts and cities in West Java

Agus Tri Basuki[1], Widiya Nengsih [2]
[1,2] Universitas Muhammadiyah Yogyakarta,

A R T I C L E I N F O

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ABSTRACT

Poverty is a major problem facing every country. Various causes of poverty are the results of uneven development, narrow employment, low human resources, and high prices of necessities. This study aims to analyse the effect of Investment, Gross Regional Domestic Product, Government Expenditure, and Inflation on the poor in West Java province. The study used a sample size of 189 samples, consisting of 27 regencies and cities in West Java and 9 years of observation from 2014 to 2022. This study used a panel regression analysis tool. The results showed that investment and inflation had no influence on the poor in the districts / cities of West Java province. While GRDP has a positive and significant effect on the number of poor people, while government spending has a negative and significant effect on the number of poor people in the districts / cities of West Java province.

Corresponding Author:

Agus Tri Basuki
Department of Economics,
Universitas Muhammadiyah Yogyakarta,
Jl. Brawijaya, Geblagan, Tamantirto, Kec. Kasihan, Kabupaten Bantul, Daerah Istimewa Yogyakarta 55183.
Email: agustribasuki@yahoo.com

1. INTRODUCTION

Development is a process of change towards a better and continuous direction to achieve the goal of realizing a just, competitive, advanced, and prosperous Indonesian society within the forum of the Unitary State of the Republic of Indonesia. Development should be directed in such a way that each stage gets closer to the goal. Decent living is a universally recognized human right. Development is carried out to realize community prosperity through economic development, overcoming various development and social problems such as poverty (Puspita, 2015). The problem faced by many countries concerning public welfare is the inability of the community to meet their needs (Sri, 2010). Welfare can be interpreted as one of them by the poverty level of the population. Welfare itself has a negative relationship with the poverty rate, the lower the poverty rate, the higher the welfare level of the population.

Poverty as a national-scale problem is always faced by every government. Poverty arises from the accumulation of various problems and involves many basic dimensions. According to Makmun in Rusdarti & Sebayang (2013), poverty has four main dimensions, namely: (1) *lack of opportunity*; (2) *low of capabilities*; (3) lack of *empowerment*, the World Bank itself calls poverty because of accountability and responsibility of state institutions (World Bank, 2001). Realizing that poverty is multi-dimensional and reflects accountability and responsibility from state institutions, poverty alleviation efforts have become one of the objects of government responsibility.

The problem of poverty demands government intervention. With government intervention, it is hoped that the problem of poverty can be overcome. Government interference has often heard and felt both at the national and regional levels, for example in every general election campaign there

is always a poverty reduction program plan, in its realization there has also been Direct Cash / Temporary Assistance, BOS in the field of education, health insurance for the poor, PNPM (National Program for Independent Community Empowerment), raskin (poor rice), and more. In the 1945 Constitution Article 27 itself has been mandated that every Indonesian citizen has the right to work and a decent livelihood. This means that the government is responsible for public welfare problems, one of which is the problem of poverty experienced by every citizen. Dumairy (1996) states that the government makes a lot of expenditures to finance its activities, these expenses are not only to run the wheels of government daily, but also finance economic activities, this does not mean that the government participates in business, but the government must contribute to mobilizing and stimulating economic activities in general.

Poverty is one of the fundamental problems, because poverty involves meeting the most basic needs in life and poverty is a global problem because poverty is a problem faced by many countries Inflation is one of the factors that is considered to cause the poverty rate in West Java province to increase. Why can it be said that, because if inflation occurs the price of general goods will increase, it makes it difficult for people to meet their daily needs. If this happens, it will make the community far from prosperous.

One that affects poverty is investment, as we know that investment acts as one of the variables that stimulate economic growth, whereas high economic growth in a region will also lower the poverty rate. Sukirno (2012), investment activities carried out by the community will continuously increase economic activities and employment opportunities, increase national income, and increase the level of community prosperity.

Another factor is GDP, Kuncoro (2001), explains that economic growth is constant with an increase in GDP. So, from the explanation above, it can be concluded that the higher the GDP produced in a region, it will increase economic growth or reduce poverty.

Another factor that affects poverty is inflation Inflation is also one of the important indicators in the analysis of 7 economies of a region in addition to indicators of economic growth and population growth rate. A high inflation rate will cause an increase in the price of goods, an increase in the price of goods that is not supported by a high rate of economic growth will be able to exacerbate poverty in a region because high prices of commodity goods are not in accordance with low income. Daniel (2018) in his research explained that inflation is a condition that occurs in the economy of a region which leads to an increase in prices – prices of goods or price levels that occur periodically caused by imbalances in the flow of goods and money flows.

In addition to inflation, factors that affect poverty are government spending, government spending itself is one of the indicator tools in increasing economic growth to eradicate poverty itself, but in fact what happens in the community, economic growth does not reach the welfare of low-income people (Susanti, 2013). The results of the study are that education sector spending has a negative and significant effect on poverty, while health has a positive and significant effect on poverty can be interpreted as maybe the counseling provided is less targeted so that it has less impact on the community, and the last is subsidies, the results of the study have a negative and insignificant effect which means subsidies do not have an impact on poverty.

The understanding of the meaning of poverty is very diverse, diversity in the definition of poverty because the problem has propagated at a multidimensional level, meaning that poverty is related to each other with various dimensions of human needs. Poverty is the inability of the economy to meet the basic needs of food and not food measured in terms of expenditure. So poor people are people who have an average monthly per capita expenditure below the poverty line (BPS, 2017).

Poverty is also one of the problems faced by all countries in the world. Progress or develop. Especially in developing countries, one of which is Indonesia. As what is known, poverty is the limitations of a person, family, community or even state that cause discomfort in life, threaten the rule of law and justice, and potentially have a gloom in the future of the nation. The statement is poverty in the broadest sense. What can be narrowed in poverty is discomfort in life. In all fields, being eliminated creates gaps in parts of society because they are considered different (Aziz, et al., 2016).

Ragnar Nurkse (in Kuncoro, 2006) revealed that underdevelopment, market imperfections, and lack of capital are the causes of low productivity so that the income received is also low, low income has implications for low savings and investment, low savings, and investment causes

underdevelopment and so on. Kuncoro (2001) explained from the supply side, namely: The trick is to provide capital to economic actors, the capital comes from foreign debt, from here the government is trapped from that theory, on the grounds that it does not have rupiah or foreign exchange capital, then the government does foreign debt, in the next discourse based on the experience of developing countries comes the theory of correcting it. Kuncoro (2006) explained also from the demand side, low income has an impact on low supply, then investment decreases so that capital is inefficient, this has an impact on low productivity.

Klein, Aaron and Hadjimichael (2001), stated that investment will stimulate economic growth to reduce poverty, besides that investment will also improve the quality of economic growth and is a means to reduce poverty (Prasetyawan, et al., 2017). Donaldson (2008) concluded that other factors that accompany economic growth in encouraging poverty reduction are income distribution policies, agrarian reform, social safety nets, and unemployment reduction are factors that make the poverty reduction response, while the absence of these factors along with poor governance, corruption, and natural disasters makes the poverty reduction response to economic growth worse than expected. Economic growth can be seen as one of them increasing GDP regardless of whether the increase is higher or decreased, economic growth also does not need to be measured based on GDP growth evenly, but it is necessary to see how far the distribution of income that has been obtained is spread throughout society.

Increasing GDP in the process of economic growth is a must where to support success in economic development, so that if GDP increases it will reflect the welfare of the community. However, if the process of economic growth is not followed by adequate employment opportunities, it can have an impact on income inequality and the poor will increase, and poverty can eventually change the pattern of life in the community in adjusting the income obtained. Economic growth is one of the indicators in seeing the success of development and the conditions for reducing poverty. The conditions needed if the results of economic growth can spread to every group of society, especially to the poor (Siregar and Wahyuniarti, 2007). In research (Saputra & Mudakir, 2011, Nainggolan, E. 2020, and Alisha & Yulhendri 2021) found that there is a negative relationship between economic growth and poverty. An increase in economic growth can reduce poverty. This means that GRDP is an indicator of regional economic growth that has a negative relationship with poverty. So, it is necessary to accelerate economic growth to reduce poverty.

Inflation can be defined as the tendency of prices to rise generally and continuously, or it can also be called a symptom of an imbalance between the amount of money 31 in circulation and the amount of goods and services available, the amount of money in circulation is greater than the amount of goods and services available. According to Keynes's theory, inflation occurs because a society wants to live beyond its economic capacity. In other words, the process of fighting for a share of sustenance among social groups who want a greater share than society can provide, so that this process of struggle eventually translates into a situation where people's demand for goods always exceeds the amount of goods available (Saputra & Mudakir, 2011). Inflation has a close relationship with the poverty rate because if inflation persists it has a negative impact on poverty. For example, if the inflation rate is too high, when prices in the market soar, producers will be very difficult to market their production because with high prices, consumers will reduce their consumption and can even shift consumption to cheaper substitutes, this will harm producers and the flow of money circulation in society will slow down so that people's income will decrease and this is an indication of poverty.

Development problems that occur demand government intervention. With government intervention, it is hoped that the problem of poverty can be overcome. Government interference in question is government spending which is one of the instruments of fiscal policy other than taxes. An important factor in determining government spending is the economic goals that the government wants to achieve. Government spending is used to finance government activities whose purpose is to overcome the problems of poverty, unemployment, avoid inflation, and accelerate economic development in the long run. Government expenditure is an exogenous expenditure whose amount is determined by the extent to which the availability of government budget obtained from taxes.

Government expenditure is aimed at efforts to provide infrastructure in the form of public facilities, as well as in the form of direct transfers aimed at income equality and overcoming poverty problems. Thus, from this it can be known that the government's fiscal policy instrument through government

spending is expected to help generate jobs that result in reducing unemployment and increasing income and welfare of the population to reduce poverty.

2. RESEARCH METHOD

In this study, the data obtained were collected by library research method, which includes scientific literature materials, articles, journals, and other scientific research reports related to the research topic. The data collection technique in this study is by recording directly in the form of panel data, which is a combination of time series and cross sections starting from 2014-2022 obtained from the Central Statistics Agency (BPS) West Java and other related sources.

The analysis method that researchers used in this study was panel data regression. Regression analysis of panel data was used to see the extent of the influence of independent variables used in examining the Number of Poor People in each District/City of West Java Province. Panel data (pooled data) is obtained by combining time series data with cross section. Regression analysis of panel data allows researchers to find out the characteristics between time and individuals in variables that can vary (Basuki & Prawoto. 2017).

According to (Basuki & Prawoto. 2017), the panel data analysis method (pooled data) is data that combines time series data and cross section. Time series data is observation data on one research subject observed in a certain period, while cross section data is observation data on several subjects analyzed from time to time. The equation of the panel data regression model using time series data and cross section data can be written as follows:

$$\text{Log } (JPM_{it}) = \alpha + \beta_1 \text{Log } (INV)_{it} + \beta_2 \text{Log } (PDRB)_{it} + \beta_3 (INF)_{it} + \beta_4 \text{Log } (PP)_{it} + e$$

Where:

JPM = Number of Poor People
α = Contant
β_1- β_4 = Coefficient
INV = Investment
PDRB = Gross regional domestic product
INF = Inflation
PP = Government Expenditure
Log = Logaritma
t = Time Series (2014-2022 Time Series)
i = cross-section (West Java City/Regency)
e = error

In analysis using the panel data regression method can be done through three approaches consisting of Common Effect Model, Fixed Effect Model, and Random Effect Model. The three approaches can be explained as follows:

1. Common Effect Model

   According to (Basuki & Prawoto. 2017), the *Common Effect Model* is the simplest panel data model approach because it only combines *time series* and *cross section data* in the form of *a pool* without paying attention to individual dimensions or time, so it is assumed that behavior between individuals is the same in various time periods. This method can use the *Ordinary Least Square* (OLS) approach or the least squares technique to estimate panel data. The regression equation in the *Common Effect* model can be written as follows:

   Yit = *a* + Xitβ + *eit*

   Where:

   i = 27 Cities/Regencies of West Java Province
   t = 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022

2. Fix Effect Model

   The Fix Effect Model assumes that there are different effects between individuals, these differences can be accommodated through differences in their intercepts, to overcome this by inserting dummy variables to see the differences that occur. The technique is often called Least Square Dummy Variable (Basuki & Prawoto. 2017). Here's the model equation:

   Yit = ***α*** + Xitβ + ***μit***

   i = 27 cities/regencies of West Java Province

Commented [JS1]: Sudah baik

t = 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022

3. Random Effect Model

According to Basuki and Yuliadi (2015), in contrast to the fixed effects model, the Random Effect Model approach is there are disturbances related to individuals and time due to the entry of dummy variables. Such a model is called ECM (Error Component Model) or the Generalized Least Square (GLS) technique.

3. RESULTS AND DISCUSSIONS

The selection of the panel data model has the best analysis test from 3 kinds of approaches, namely common effect, fixed effect, and random effect. By using these three approaches, you can find out the best approach or model to estimate panel data. The Chow Test and Hausman Test must be carried out to be able to find out the right and best approach or model in analyzing panel data in this study as follows:

Table 1. Fixed Effect Estimation Results, and Random Effect

Dependent Variable: LOG(JPM)	**Model**	
	Fixed Effect	**Random Effect**
Constant	17.21387	16.43950
Standar Error	1.252948	1.153897
Probability	0,0000***	0.0000***
INV	-0.000927	-0.000458
Standar Error	0.004779	0.005220
Probability	0.8464	0.9302
LOG(PDRB)	0.718636	0.629382
Standar error	0.126638	0.091954
Probability	0.0000***	0.0000***
LOG(PP)	-2.156056	-1.975029
Standar error	0.258956	0.203520
Probability	0.0000***	0.0000***
LOG(INF)	0.004145	0.003302
Standar error	0.003383	0.003433
Probability	0.2224	0.3374
$R2$	0.989906	0.361769
F-Statistik	670.1088	26.07420
Probabilitas	0.000000	0.000000
Durbin-Watson Stat	0.905826	0.022791

Source: Data processed 2024

Based on the estimation results of Table 1 above, there are 2 approaches, namely *Fixed Effect Model* and *Random Effect Model*, then the next step that must be done is to analyze which model among the three models above is the best to be used in panel data tests, how to determine this using data specification tests consisting of 2 tests, namely the hausman test and the chow test, From the results of the specification test, it will emerge which model will be used in estimating the effect of Investment, Gross Regional Domestic Product, Government Expenditure and Inflation on the Poverty Rate in West Java Province in 2014-2022.

In this research method, the regression model used by panel data can be done through three approaches, namely, the least square approach (Ordinary / Pooled Least Square), the Fixed Effect Model approach, and the Random Effect Model approach. The three regression models can be used to estimate panel data, in analyzing the regression model with the best results will be selected. So, to find out the best model to use, it is necessary to test first using the chow test and hausman test.

The chow test is used to compare or choose which model is the best, namely between Fixed Effect Model or Common Effect Model. In making this decision by looking at the probability value (p) for Cross-Section F. If the p value < 0.05 then the model will be selected Fixed Effect Model. However, if p > 0.05 then the model will be selected Common Effect Model. Based on Table 2, the probability value of the result is smaller than Alpha 0.05, which means that it rejects the null hypothesis. So, this shows that the best model to use is the Fixed Effect Model method.

The Hausman test is used to compare and choose which model is the best, namely between Fixed Effect Model and Random Effect Model. This test was performed using Chi-square and in a Random Effect model state. If the probability value of the Chi-square is greater than alpha 0.05 then Ho is rejected, so the best model to be chosen and used is Fixed Effect. The following are the estimation results using the Chow test and the Hausmant Test:

Table 2. Best Model Selection

	Uji Chow				**Uji Hausman**		
Effect Test	Statistic	d,f	prob	Test Summary	Statistic	d.f	Prob
Cross-Section Chi-square	663.41	20	0.00	Cross-section Random	92.40	4	0.00

Data sources processed 2024.

Based on Table 2, the estimation results show that the chi-square probability value of 0.000 is smaller than alpha 0.05. So, Ho was temporarily rejected, and H1 was accepted. It can be concluded that the model selected and used is the *Fixed Effect model.* After the best model is selected, a classical assumption test is carried out in a regression, to determine that the regression result is said to be BLUE. The assumption test contained in the panel regression analysis consists of normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. However, the assumption tests that must be met in panel data regression are multicollinearity tests and heteroscedasticity tests.

Test to see whether there is a high correlation between independent variables in a multiple linear regression model. If there is a high correlation between the independent variables, then the relationship between the independent variables and the dependent variable becomes disrupted. See the strength of correlation between independent variables. If there is a correlation between independent variables > 0.85, multicollinearity can be indicated (Basuki & Prawoto. 2017). The results of the multicollinearity test can be seen in Table 3 as follows:

Table 3. Multicollinearity Test

	JPM	**INV**	**LOG(PDRB)**	**LOG(PP)**	**INF**
LOG(JPM)	0.988446	0.885968	0.921981	0.904514	0.203321
LOG(INV)	0.885968	0.988446	0.203321	0.921981	0.904514
LOG(PDRB)	0.921981	0.885968	0.988446	0.203321	0.921981
LOG(PP)	0.904514	0.921981	0.203321	0.988446	0.885968
INF	0.203321	0.904514	0.921981	0.885968	0.988446

Sources: Data Processed 2024

Table 3 above shows that the correlation value of each independent variable is smaller than 0.85 so that it can be concluded that the panel data regression model in this study does not occur multicollinearity or the assumption of multicollinearity of the panel data regression model in this study has been fulfilled.

The heteroscedasticity test shows that a model has some differences from observations or residual variance. In good models if heteroscedasticity does not occur. Problems that often occur start from cross section data used in heteroscedasticity tests. Generally, in cross sectional data there are heterogeneous units, heteroscedasticity tests may be rules or norms rather than exceptions (Gujarati & Porter. 2012).

Based on the results of the park test, if the probability of α ≤ 0.05 then H0 is rejected, and Ha is accepted. Whereas if α ≥ 0.05 then Ha is rejected and H0 is accepted (H0 = no heteroscedasticity problem, Ha = there is heteroscedasticity problem). The following is the output of the heteroscedasticity test using the park test as shown in the table below:

Table 4. Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Staatistic	Prob
C	12.75674	38.05464	0.335222	0.7379
LOG(INV)	2.048218	1.807407	1.133236	0.2588
LOG(PDRB)	-0.130990	0.264613	-0.495026	0.6212
LOG(PP)	-3.192313	3.596626	-0.887585	0.3761
INF	-4.68E-06	1.81E-05	-0.258890	0.7960

Source: data processed 2024

Based on the table above, it can be concluded that the regression model of the FEM model does not have a heroscedasticity problem, this can be seen from the probability value of > 0.05, so that each variable is free from heteroscedasticity problems.

Tabel 5. Hasil Model Regresi Fixed Effect

Dependent Variable: Number of Poor People	Model: Fixed Effect
Constant	17.21387
Standar Error	1.252948
Probability	0,0000***
INV	-0.000927
Standar Error	0.004779
Probability	0.8464
LOG(PDRB)	0.718636
Standar Error	0.126638
Probability	0.0000***
LOG(PP)	-2.156056
Standar error	0.258956
Probability	0.0000***
LOG(INF)	0.004145
Standar error	0.003383
Probability	0.2224
$R2$	0.989906
F-Statistic	670.1088
Probability	0.000000***

Source: Data Processed

In the estimation above, there is an influence of cross section variables in 21 districts and cities in West Java Province on poverty. There are 12 districts / cities that have a positive cross section effect, including Bogor Regency with a coefficient value of 0.274041, Cianjur Regency with a coefficient value of 0.169858, Bandung Regency with a coefficient value of 0.140786, Garut Regency with a coefficient value of 0.111751, Kuningan Regency with a coefficient value of 0.440299, Cirebon Regency with a coefficient value of 0.798562, Majalengka Regency with a coefficient value of 0.336835, Sumedang Regency with a coefficient value of 0.221332, Indramayu Regency with a coefficient value of 0.058555, Subang Regency with a coefficient value of 0.488966, West Bandung Regency with a coefficient value of 0.52749, and Bekasi City with a coefficient value of 0.564479.

While 9 districts/cities have a negative cross section effect, namely Sukabumi Regency with a coefficient value of -0.125521, Purwakarta Regency with a coefficient value of -0.359016, Karawang Regency with a coefficient value of -0.364898, Bekasi Regency with a coefficient value of -0.873228, Bogor City with a coefficient value of -0.173973, Bandung City with a coefficient value of

-0.315768, Cirebon City with a coefficient value of -0.592327, Depok City with a coefficient value of -0.160533 and Cimahi City with a coefficient value of -0.692949.

The results of the cross-section value determine how much influence the regional effect has on poverty in West Java Province. Of the 26 regencies/cities in West Java Province, Cirebon Regency has the highest influence with a coefficient value of 0.798562. As for the district/city that has the lowest influence is Bekasi Regency with a coefficient value of -0.873228. The addition of time effects to the analysis model can have a different effect each year on poverty in West Java Province. This can be obtained through the magnitude of the value of the variable coefficient in an unequal time each year.

Based on the calculation of the fixed effect regression model as shown in Table 5, the R Squared value of 0.989906 is obtained, this shows that the amount of contribution of the variables Investment, GRDP, Government Expenditure and Inflation simultaneously to the variable Number of Poor People in West Java districts / cities is 98.99%. This means that 98.99% of changes that occur in the number of poor people in West Java districts / cities can be explained or explained by the variables of Investment, GRDP, Government Expenditure. While the remaining 1.01% of the total poor population of West Java districts / cities is explained by other factors outside the independent variables studied.

The t test aims to determine how far the influence of each independent variable individually in explaining the dependent variable. If the probability value is < α = 5% then H0 is rejected, meaning that the independent variable can explain the dependent variable in the model. Conversely, if the probability value is > α = 5%, then H0 is accepted, meaning that the independent variable cannot explain the dependent variable or there is no influence between the two variables tested.

The results of this study show that investment not significant effect on JPM West Java districts/cities (Supratiyoningsih & Yuliarmi. 2022), because it has a negative regression coefficient = -0.000927, with probability = 0.9. This means that the small and large investment in West Java districts / cities will not affect the number of poor people in West Java districts / cities. Investment activities are one of the spearheads in moving the wheels of the economy, because of its dominant role in facilitating development, it is necessary to improve its management, both in terms of planning, promotion, supervision and providing maximum service to potential investors so that investors' interest in investing is increasing. The high investment interest targeting West Java province shows that investment in West Java province is currently less conducive.

In theory, it is stated that the high level of national income or regional income is also due to the increase in people's income, and then the high income of the community will increase the demand for goods and services. Then the company's profits will increase, and this will encourage more investment (Sukirno, 2012). In other words, if income increases, investment also increases and vice versa. Jhingan (1993) stated that one of the effects of investment activities on the aggregate demand side that affects income if investment increases increases, then aggregate expenditure will increase, which will then increase regional income through a multiplier process. Meanwhile, Kaldor revealed that the amount of profit in national income (profit as a proportional share of national income) is determined by the amount of investment (investment as part of national income). The amount of investment depends on the rate of income growth and capital-output ratio. In other words, profit in return for capital services is determined by the growth rate of production and income. The results of this study are in line with the findings of research by Suharlina (2017), which concluded that investment is not significant for the number of poor people.

The results of this study show that GRDP has a positive and significant effect on the JPM of West Java districts/cities, because it has a positive coefficient = 0.718636, with probability = 0.0000. This means that the higher the GDP, the higher the number of poor people in West Java districts/cities. This means that the increase in GRDP will affect the increase in the number of poor people in West Java districts/cities. The results of this study are supported by Susanti (2013), who states that GRDP partially has a positive and significant effect on poverty.

The results showed that government spending had a negative and significant effect because it had a negative regression coefficient = -2.156056, with probability = 0.0000. This means that the higher the government expenditure, the lower the number of poor people in West Java districts / cities.

Poverty occurs from the accumulation of various problems and involves many main dimensions demanding government intervention, namely the government expenditure component. Government expenditure contained in the State Budget (APBN), is one component of fiscal policy that aims to increase the pace of investment, employment opportunities, maintain economic stability, and create an even distribution of income.

The results of this study are in line with research conducted by Bandiyono (2018) with the research title "the effect of local government spending based on function on increasing HDI and poverty alleviation". With the results of the same study as this study, government spending has a negative and significant relationship to poverty. With the results of the study that the negative and significant relationship expenditure influenced by government spending on poverty in this study, is comparable to the important role of social protection itself in poverty alleviation efforts.

Government expenditures depicted in the State Budget in principle aim to be utilized as much as possible for services and improving public welfare. Provision of deconcentration funds and assistance tasks from the central government for the implementation of national programs financed by the budget of vertical ministries/technical institutions to achieve national goals and priorities, as well as specific assistance objectives for regions. However, the budget of these vertical ministries/agencies is not to finance national priority programs that have become regional affairs. For example, in the field of Education with a nine-year basic education implementation program. The principle of fiscal decentralization, especially the money follow function, requires funding for the implementation of basic education (starting from teacher salaries, administrative costs 51 and school operations to be the responsibility of the regional budget (APBD). If the region does not have the fiscal capacity to fund its responsibilities, it will be difficult to achieve goals for the welfare of the community. The results of this study are in accordance with previous research explained by Sari (2013), that government spending has a positive and significant effect on poverty.

The results showed that government spending had a positive and significant effect because it had a positive regression coefficient = 0.004145, with probability = 0.2224. The results of research on the effect of inflation on the poverty rate in West Java show that inflation has an insignificant effect on the poverty rate. This is in line with research conducted by Sandi et al., (2023), Susanto & Pangesti (2021), Susanto, et al. (2017), and Amalia & Rachmawati (2022), the inflation rate does not have a significant effect on the poverty rate.

The new thing I found in this study is that it turns out that the increase in prices of goods and services does not increase the number of poor people. It could also be that there are already so many people on the poverty line that price increases do not increase the number of poor people. It can also happen that high prices will trigger entrepreneurial spirit which raises creative ideas that have an impact on labor absorption so that poverty can be reduced. Another thing found in this study is that central government policies to local governments can control inflation and poverty rates, it is proven that inflation and poverty rates can be suppressed.

4. CONCLUSION

The research results show that investment and inflation have no effect on the number of poor people in the districts/cities of West Java province. Inflation has no effect on the number of poor people, this is because during Jokowi's administration inflation was controlled below 2 digits. Meanwhile, investment is more capital intensive than labor intensive, so investment cannot be relied on in alleviating poverty in West Java. Meanwhile, GRDP has a positive and significant effect on the number of poor people. This shows that an increase in GRDP results in unequal distribution of income for the poor. Meanwhile, government spending has a negative and significant effect on the number of poor people in the districts/cities of West Java province. Regional governments must be more pro towards investment that is more directed towards production using a lot of human power compared to using machine power, so that the causes of poverty in terms of unemployment can be overcome. Second, increasing economic growth also needs to pay attention to the distribution of income to the poor so that economic growth can be enjoyed by the poor. This research has limitations, one of which is that indicators of human resource quality have not been included in the regression model. The author hopes that there will be other researchers who use variable indicators of human resource quality in their research.

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