The Effect of Human Capital and Unemployment on Poverty Through Economic Growth and The Moderating Role of Investment

Dahliah

ABSTRAK
The aims of this study are: (1) to analyze the effect of human capital and unemployment on economic growth. (2) analyze the effect of human capital, unemployment, and economic growth on poverty. (3) analyze the effect of human capital and unemployment on poverty through economic growth. (4) analyze the effect of investment moderation between human capital on economic growth. (5) analyze the effect of investment moderation between unemployment and poverty. The approach used in this study uses a quantitative approach. The data is secondary data sourced from the Indonesian Central Statistics Agency and the Central Statistics Agency of South Sulawesi in 2021. The data collection method uses secondary data from documentation related to years of education, unemployment, foreign and domestic capital investment, and Gross Domestic Product. Regional (GDP) and the number of poor people in South Sulawesi Province for 2017-2021. The analytical method uses descriptive statistics, classical assumption, path analysis, and Sobel. The study's results prove that: (1) Human capital positively and significantly affects economic growth. (2) Unemployment has a negative and significant effect on poverty. (3) Human capital has a negative and significant effect on poverty. (4) Unemployment has a positive and significant effect on poverty. (5) Economic growth has a negative and insignificant effect on poverty. (6) Human capital positively and significantly affects poverty through economic growth. (7) Unemployment positively and significantly affects poverty through economic growth. (8) Investment can positively and significantly moderate the relationship between human capital and economic growth. (9) Investment can positively and significantly moderate the relationship between unemployment and poverty.

Keyword: human capital, unemployment, investment, economic growth, poverty

Klasifikasi JEL: C68, F43, L52
PENDAHULUAN

The issue of poverty is a problem in almost all countries, including Indonesia. The causes of poverty are pretty diverse, making the poverty rate even higher. Poverty has complex and multidimensional issues and affects various aspects, such as social, cultural, and other aspects, so it needs serious attention from the government (Amalia, 2012; Astuti & Lestari, 2018). Poverty is a condition in which a person cannot fulfill basic needs such as food, clothing, medicine, and shelter (Hardinandar, 2019). The issue of poverty in Indonesia also hit South Sulawesi, and the number is directly proportional to poverty in Indonesia. Table 1 shows the number and growth of the poor in Indonesia and South Sulawesi from 2016 to 2021.

Table 1: Number and Growth of the Poor Population in Indonesia and South Sulawesi in 2016-2021

<table>
<thead>
<tr>
<th>Year</th>
<th>Indonesian (Millions of People)</th>
<th>Growth (%)</th>
<th>South Sulawesi (Thousands of People)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>11,00</td>
<td></td>
<td>807,03</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>10,38 (5,6)</td>
<td></td>
<td>813,07</td>
<td>1,24</td>
</tr>
<tr>
<td>2018</td>
<td>9,74 (0,06)</td>
<td></td>
<td>792,64 (2,52)</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>9,32 (0,04)</td>
<td></td>
<td>767,80 (3,13)</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>9,89 (0,06)</td>
<td></td>
<td>800,24</td>
<td>4,22</td>
</tr>
<tr>
<td>2021</td>
<td>7,60 (0,23)</td>
<td></td>
<td>784,98 (1,91)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Central Bureau of Statistics Indonesia & South Sulawesi (2021)

Based on Table 1, it can be observed that the growth of the poor population in Indonesia is in the same direction as South Sulawesi. The exciting thing is that the efforts of the governments of Indonesia and South Sulawesi to alleviate poverty have shown positive results, evidenced by the downward trend of poverty rate growth in 2021. However, the percentage of poor people in South Sulawesi still exceeds that of poor people in other provinces and ranks fourth. 24 of 34 provinces. The rate of poor people in South Sulawesi in 2021 is 4.6% higher than in other provinces, such as West Sumatra (4.83%) and Kep. Bangka Belitung (3.22%), DKI Jakarta (4.67%), Bali
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(4.33%), West Kalimantan (4.72%), South Kalimantan (3.81%), East Kalimantan (4.74 %), Gorontalo (4.06%), and North Maluku (4.83%) (BPS, 2018). This is undoubtedly a problem considering South Sulawesi is one of the most significant contributors to Indonesia's economic growth.

Poverty is a significant problem for the local or national economy. Therefore, poverty is a shared responsibility, and governments, in particular, must urgently find solutions to reduce poverty and support processes in government to improve people's lives. Policies made for poverty alleviation must also be carried out comprehensively. The existence of poverty alleviation in the regions shows that the development carried out is successful. When the economy develops in an area (a particularly small country or region), it increases disposable income, and poverty can be reduced when adequately distributed among the local population. Therefore, according to various theories, economic growth significantly alleviates poverty (Kuncoro, 2003). Table 2 shows human capital measured by the length of education for ages > 15 years, open unemployment, investment, economic growth, and poverty rates in South Sulawesi for 2017-2019.

Table 2: Human Capital, Unemployment, Investment, Economic Growth, and Poverty in South-Sulawesi for the period 2017-2021

<table>
<thead>
<tr>
<th>Years</th>
<th>Human Capital (Years)</th>
<th>Open Unemployment (Life)</th>
<th>Investment (Billion Rp)</th>
<th>Economic Growth (%)</th>
<th>Poverty (Thousands of Lives)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>8,42</td>
<td>213.695</td>
<td>2.878,2</td>
<td>7,21</td>
<td>813,07</td>
</tr>
<tr>
<td>2018</td>
<td>8,45</td>
<td>213.105</td>
<td>4.084,1</td>
<td>7,04</td>
<td>792,64</td>
</tr>
<tr>
<td>2019</td>
<td>8,73</td>
<td>200.304</td>
<td>6.281,2</td>
<td>6,91</td>
<td>767,80</td>
</tr>
<tr>
<td>2020</td>
<td>8,86</td>
<td>269.817</td>
<td>9845,1</td>
<td>-0,70</td>
<td>800,24</td>
</tr>
<tr>
<td>2021</td>
<td>8,95</td>
<td>252.349</td>
<td>12.632,4</td>
<td>4,65</td>
<td>784,98</td>
</tr>
<tr>
<td>Rata- rata</td>
<td>8,68</td>
<td>229.845</td>
<td>7.144,2</td>
<td>5,022</td>
<td>791,74</td>
</tr>
</tbody>
</table>


Table 2 shows the average length of education of the population aged 15 years is around 8.6820 years, the average number of unemployed is
229,845 people, and the average investment is Rp. 7,144.2 billion, the average economic growth is 5.0220%, and the average number of poor people is 791.74. The number of poor people in 2021 will decrease compared to 2021. This is because there is a correlation between human capital, unemployment, investment, and economic growth on poverty. In 2021, it can be seen that human capital will increase, unemployment will decrease, investment will increase, and economic growth will increase compared to 2020, so the impact on the poverty rate will decrease.

Various factors affect poverty, as evidenced by several previous studies. However, the findings still provide inconsistent conclusions. Economic growth is one of the policies that can affect poverty. Economic growth is characterized as an increase in Gross Domestic Product, whether the increase is more prominent or not precisely with the rate of population development or whether or not there is a change in monetary construction (Alihar, 2018).

Economic growth and poverty strongly correlate to the aggregate level (Balisacan et al., 2003; Tambunan, 2011). Economic growth is a necessary condition for poverty reduction. The sufficient condition is that the growth is effective in reducing poverty. This means that this growth should spread across every income group, including the poor (growth with equity) (Siregar, 2006).

Table 2 shows that in 2021 economic growth will increase compared to 2020. Economic growth in 2021 has reduced the number of poor people in South Sulawesi. This is also supported by Temaun (Abrar et al., 2022; Iksan & Arka, 2022; Saputra et al., 2022), which proves that economic growth is positive and insignificant on poverty. However, the findings of (Putra & Anis, 2022; Viollani et al., 2022) demonstrate that economic growth has a negative and significant effect on poverty.

Human capital is another factor that needs to be considered to increase economic growth and reduce poverty. Human capital refers to increased
education, health, and other human capacities that can increase productivity (Todaro & Smith, 2003). Human capital is also all expertise, skills, knowledge, and creativity that can be realized in workability that can be used to produce a professional service and economic value. Labor is capital that can generate returns; every expenditure made to develop the quality and quantity of the capital is an investment activity. Higher education allows the workforce to find better jobs, earn higher incomes, and reduce poverty. Human capital owned by the crew will enable them to optimize production and services, thereby increasing GRDP.

Table 2 shows that increasing human capital has boosted economic growth and reduced poverty. This is also supported by findings from (Winarto et al., 2022; Wujarso, 2022), proving that human capital has a positive and significant effect on economic growth. However, the findings from (Muna, 2022) demonstrate that human capital has a positive and insignificant impact on economic growth. Similarly, the research results from (Hadiman, 2018; Hilmi et al., 2022; Ilham, 2019) prove that human capital has a negative and significant effect on poverty.

Another factor that can affect economic growth and poverty is related to unemployment. Unemployment is a problem that often plagues the economic activities of a country (Sukirno, 2012). Unemployment is when a person is looking for work but has not found a job (Mankiw et al., 2006). The impact of unemployment is very influential on economic growth in an area. Unemployment is generally also due to the large workforce that is not proportional to the jobs provided by the government, so it cannot absorb labor (Deffrinica, 2019). Other efforts made by the government to reduce unemployment that impacts economic growth and poverty are organizing a job market exchange, promoting informal economic activities, improving workforce skills, improving the quality of education, and establishing job training centers (Sukirno, 2012).
Investment activities in an area will allow the community to continue to increase economic activities that increase job opportunities to minimize the potential for poverty. Investments implemented and managed effectively and efficiently help increase national economic growth and create jobs needed to reduce poverty levels. Table 2 shows that increased investment has increased growth and reduced poverty. Based on the background that has been stated and inconsistencies in the findings from previous studies, further studies are needed to affirm whether economic growth and poverty reduction in 2021 are influenced by human capital and unemployment. This research differs from previous research due to investment as a moderator between human capital on economic growth and unemployment on poverty.

**Human Capital Concept**

Human capital refers to increased education, health, and other human capacities that can increase productivity (Todaro & Smith, 2003). Human capital is also all expertise, skills, knowledge, and creativity that can be realized in workability that can be used to produce a professional service and economic value. The human capital indicator is the average length of schooling, which is the level of education in an area. Education is a form of human capital that shows the quality of Human Resources (HR). Labor is capital that can generate returns; every expenditure made to develop the quality and quantity of the capital is an investment activity. Higher education allows workers to get better jobs, thus earning higher incomes. This income level is strongly influenced by the length of time a person obtains education (Todaro, 1977). The company's benefits related to human capital are: (1) Increasing employee satisfaction. (2) Increase Company ROI. (3) Make the Recruitment Process Better. (4) Improving a More Positive Culture in the Company.

**Unemployment Concept**

Unemployment is related to a condition of a person belonging to the workforce who wants to get a job but has not yet
found a job (Sukirno, 2012). Unemployment is when a person in the labor force category does not have a job or is actively looking for work (Mankiw et al., 2006). The impact of unemployment can be in the form of economic and social implications (Sukirno, 2012). According to Case (2004), the types of unemployment are (1) frictional unemployment, where a person is unemployed due to changing jobs or looking for a better job. (2) structural unemployment, where a person cannot work because he does not meet the work requirements of a job vacancy. (3) conjuncture unemployment due to a change in an activity. The form of unemployment by Sukirno (2012) is based on its characteristics: (1) open unemployment, where the availability of the number of productive workers exceeds the available employment. (2) hidden unemployment where productivity is low due to its ability. (3) seasonal unemployment due to seasonal changes. (4) underemployment because workers do not work optimally due to limited employment opportunities. (5) technology unemployment is due to the transition from human labor to technology. According to Sukirno (2012), the impact of unemployment has some dire consequences, namely: (1) adverse effects on economic activities. (2) adverse effects on individuals and society where there is a social disadvantage (such as loss of income and loss of skills) and social and political instability. Social disadvantages, such as loss of income and loss of skills.

**Investment Concept**

Investment is related to investment spending or companies buying capital goods and production equipment to increase the ability to produce goods and services available in the economy. This increase in capital goods allows the economy to create more goods and services in the future (Sukirno, 2012). Investment activities in an area will enable the community to continue to increase economic activities that increase job opportunities and national income. According to Rosalendro (2017), there are three functions of investment: (1) Investment is one component of
aggregate expenditure so investment will increase aggregate demand and job opportunities. (2) The increase in capital goods due to investment will increase economic activity. (3) Investment activities are always followed by technological developments. The importance of investment in economic development is contained in the objectives stated in Law No. 25 of 2007 Article 3, paragraph 2. Investors' goals are: (1) To increase national economic growth. (2) Creating jobs. (3) Improving sustainable economic development. (4) Improving the competitiveness of national businesses. (5) Improving national technology capacity and capability. (6) Encouraging the development of the people's economy. (7) Processing the potential economy into real economic strength, using funds originating both from within the country and abroad. (7) Improving people's welfare.

*The Concept of Economic Growth*

According to Sukirno, economic growth is a quantitative measure that describes the development of the economy in a particular year compared to the previous year. The statement is always expressed as a percentage change in national income in the last year (Darma, 2021). According to Boediono, economic growth is the process of increasing in the long term as a percentage of the increase in output that must be greater than the total population, and economic growth will continue (Yosephina & Murtala, 2019). Economic growth and poverty have a solid relationship because in the early stages of the development process, poverty tends to increase, and then near the final stages of development, poverty will decrease (Kuznets & Murphy, 1966). Economic growth is also interpreted simply as an increase in total output (GDP) in the long term, regardless of whether this increase is smaller or larger than the population growth rate and whether it is followed by economic growth (Putra & Anis, 2022). Economic growth can be seen from the value of the gross domestic product (GDP), and for regions/regions in a certain period, it can be seen from data on Gross Regional Domestic Product (GRDP), both at
current prices and constant prices. GRDP is the total value of all goods and services produced within a certain period. GRDP at current prices is the added value of goods and services, which is calculated using the prices prevailing at that time and is measured annually. Meanwhile, GRDP at constant prices describes the added value of goods and services, calculated using the price in a particular year as an essential reference (Prasetyoningrum & Sukmawati, 2018). Similarly, there are four aspects of economic growth: (1) the workforce quality. (2) natural resources. (3) capital accumulation. (4) technology transfiguration and innovation.

The Concept of Poverty

Poverty is one of the fundamental problems because poverty involves fulfilling the most basic needs in life (Deffrinica, 2019). The poverty line is a measure that states the amount of expenditure to meet basic food and non-food needs (Alihar, 2018). The Poverty Line (GK) is the sum of the Food Poverty Line (GKM) and the Non-Food Poverty Line (GKNM) (BPS, 2018).

There are four forms of poverty, according to (Hardinandar, 2019), namely: (1) absolute poverty and (2) relative poverty. (3) cultural poverty. (4) structural poverty. Similarly, the types of poverty based on their nature are divided into (1) natural poverty. (2) artificial poverty. The causes of poverty, according to Kuncoro (2003), are: (1) macro-poverty arises because of the unequal pattern of ownership of income distribution resources; the poor only have limited resources, and their quality is low. (2) poverty arises due to differences in the quality of low human resources, which means low productivity and low wages. (3) poverty arises because of differences in access and capital.

H1: Human capital has a positive and significant effect on economic growth.

H2: Unemployment has a negative and significant effect on economic growth.

H3: Human capital has a negative and significant effect on poverty.

H4: Unemployment has a positive and significant effect on poverty.
H5: Economic growth has a negative and significant effect on poverty.

H6: Human capital positively and significantly affects poverty through economic growth.

H7: Unemployment positively and significantly affects poverty through economic growth.

H8: Investment can mediate positively and significantly between human capital and economic growth.

H9: Investment can mediate positively and significantly between unemployment and economic growth.

RESEARCH METHODS

The approach used in this study uses a quantitative approach. The data is secondary data sourced from the Indonesian Central Statistics Agency and the Central Statistics Agency of South Sulawesi in 2021. The data collection method uses secondary data from documentation related to the length of education, unemployment, foreign and domestic capital investment, and Gross Domestic Product. Regional (GDP) and the number of poor people in South Sulawesi Province for 2017-2021. The analytical method uses descriptive statistics, classical assumption, path analysis, and Sobel.


RESEARCH & DISCUSSION

Descriptive Statistics

Table 3: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Kapital (Lama Pendidikan)</td>
<td>5</td>
<td>8,42</td>
<td>8,95</td>
<td>8,6820</td>
<td>.2389</td>
</tr>
<tr>
<td>Pengangguran (Jiwa)</td>
<td>5</td>
<td>200.304,00</td>
<td>269.817,00</td>
<td>229.854,0000</td>
<td>29.655,99086</td>
</tr>
<tr>
<td>Investas (Milyard Rp)</td>
<td>5</td>
<td>2.878,20</td>
<td>12.632,40</td>
<td>7.144,2000</td>
<td>4.053,48421</td>
</tr>
<tr>
<td>Pertumbuhan ekonomi (%)</td>
<td>5</td>
<td>-.70</td>
<td>7,21</td>
<td>5,0220</td>
<td>3,36541</td>
</tr>
<tr>
<td>Kemiskinan (Ribuan jiwa)</td>
<td>5</td>
<td>767,80</td>
<td>813,07</td>
<td>791,7460</td>
<td>16,93259</td>
</tr>
</tbody>
</table>

Source: Secondary Data Process

Table 3 shows the average length of education of the population aged 15 years is around 8.6820 years, the average number of unemployed is 229,845 people, and the average investment is Rp. 7,144.2 billion, the average economic growth is Rp. 5.0220% and the average number of poor people is 741,7460 people.

Table 4: Normality Test

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>One-Sample Kolmogorov-Smirnov Test</td>
<td>Unstandardized Residual</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>5</td>
<td>.0000000</td>
<td>.0000000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal Parameters&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>Mean</td>
<td>.300</td>
<td>.300</td>
<td>-.300</td>
<td></td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td>Absolute</td>
<td>.300</td>
<td>.300</td>
<td>-.300</td>
<td></td>
</tr>
<tr>
<td>Test Statistic</td>
<td>.300</td>
<td>.300</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

55
Table 4 shows the residual value is normally distributed because of the importance of sig = 0.161 < 0.05.

**Multicollinearity and Autocorrelation Test**

Table 5: Multicollinearity and Autocorrelation

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
</tr>
<tr>
<td></td>
<td>X1</td>
</tr>
<tr>
<td></td>
<td>X2</td>
</tr>
<tr>
<td></td>
<td>X3</td>
</tr>
<tr>
<td></td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>Durbin-Watson</td>
</tr>
</tbody>
</table>

Source: Secondary Data Process

Based on the table 5 shows that there is no multicollinearity (Tolerance > 0.1) and autocorrelation (DW = 0.64 < 1.628).

**Hypothesis Testing**

Table 6: Hypothesis Testing Results

<table>
<thead>
<tr>
<th>H P</th>
<th>Exogenous Variable Intervening and Moderation</th>
<th>Variable Endogenous</th>
<th>Direct Effect</th>
<th>Indirect Effect</th>
<th>Total Effect</th>
<th>P-Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Human Capital (X1)</td>
<td>-</td>
<td>Economic growth (Y)</td>
<td>0.327</td>
<td>0</td>
<td>0.327</td>
<td>0.000</td>
</tr>
<tr>
<td>2</td>
<td>Unemployment (X2)</td>
<td>-</td>
<td>Economic growth (Y)</td>
<td>0.245</td>
<td>0</td>
<td>0.245</td>
<td>0.000</td>
</tr>
</tbody>
</table>
Based on Table 6 shows that: (1) Human capital (X1), and unemployment (X2), have a significant effect on economic growth (Y) and poverty (Z). (2) Economic growth (Y) has no significant effect on poverty (Z), (3) Economic growth (Y) can mediate between human capital (X1) and unemployment on poverty (Z). (4) Investment (X3) can moderate human capital (X1) on economic growth (Y). (5) Investment (X3) can moderate unemployment (X1) to poverty (Z).

Discussion

Effect of Human Capital (X1) on Economic Growth (Y)

The results of hypothesis testing prove that human capital has a positive and significant effect on economic growth. Higher human capital will increase economic growth. Human capital is all the workforce's expertise, skills, knowledge, and creativity and can be realized in workability that can be used to generate income. Workers with a higher knowledge level will be more easily empowered in an economic activity that supports economic growth. Human capital affects the economy of a region or country by increasing the productivity of the economy's labor force and improving technology. Human capital is essential in economic growth and development as a production factor other than natural resources. Better human quality will
affect the higher efficiency and productivity of a country. Sufficient investment in labor will be able to produce better economic growth. The results of this study support the findings of (Winarto et al., 2022; Wujarso, 2022), proving that human capital has a positive and significant effect on economic growth. However, the findings from Muna (2022) demonstrate that human capital has a positive and insignificant impact on economic growth.

Effect of Unemployment (X2) on Economic Growth (Y)

The results of hypothesis testing prove that unemployment has a negative and significant effect on poverty. Lower unemployment will increase economic growth. Unemployment is related to a condition where productive workers are trying to get a job but have not got it or are not working. Productive workers will get income when there is economic activity in the area. Economic activities that are carried out evenly and use the existing productive forces in the area will potentially increase per capita income, thereby minimizing unemployment. Economic activities will spur economic growth due to the empowerment of the local community to reduce the potential for unemployment. The results of this study support the findings of (Fajri & Iriani, 2022; Lidyanti & Hanifa, 2022), who prove that unemployment has a negative and significant effect on economic growth.

Effect of Human Capital (X1) on Poverty (Z)

The results of hypothesis testing prove that human capital has a negative and significant effect on poverty. Higher human capital will reduce poverty. Human capital is all the workforce's expertise, skills, knowledge, and creativity and can be realized in workability that can be used to generate income. Workers who earn income by their competencies will reduce poverty. Workers who have a higher level of knowledge will be more easily empowered in economic activity, so they have the potential to earn income and prevent poverty. Community
empowerment in the context of increasing the productivity of the poor and vulnerable groups through education and skills enables income generation. The results of this study support the findings of (Hadiman, 2018; Hilmi et al., 2022; Ilham, 2019), proving that human capital has a negative and significant effect on poverty.

The Effect of Unemployment ($X_2$) on Poverty ($Z$)

The results of hypothesis testing prove that unemployment has a positive and significant effect on poverty. Higher unemployment will increase poverty. Unemployment is related to a condition where productive workers are trying to get a job but have not got it or are not working. Unemployment causes productive workers to lose their income. Limited employment opportunities make workers classified as effective lose their income or experience social disadvantages, ultimately creating absolute poverty. Unemployment is caused by the workers themselves on the pretext of looking for a better job or changing jobs; there is a time lag, resulting in a loss of income. and ultimately making them relatively poor. The results of this study support the findings of (Elviani et al., 2020; Guampe et al., 2022; Prasetya & Sumanto, 2022), which prove that unemployment has a positive and significant effect on poverty. Productive workers who lose their income due to changing jobs (frictional unemployment), not meeting job requirements (structural unemployment), and changes in activities within a company (conjuncture unemployment) will cause poverty in the long term. The results of this study do not support the findings of Hilmi (2022), proving that unemployment has no significant effect on poverty.

The Effect of Economic Growth ($Y$) on Poverty ($Z$)

The results of hypothesis testing prove that economic growth has a negative and insignificant effect on poverty. Improved economic growth does not provide benefits to poverty. The most important indicator in assessing economic development is related to
economic growth. However, economic development that supports economic growth should minimize the gap between regions, but if it is not carried out evenly, people have low purchasing power. Inequality in economic development causes differences in income or poverty levels in an area. This results in the economic growth felt by certain regions does not provide benefits for reducing poverty.

Furthermore, the existence of economic development that is not well-planned results in damage to the environment. Industrialization, which results in the reduction of agricultural land and loss of natural habitat, both biological and animal, should be used productively by the community to minimize poverty. Economic activities should be able to create jobs for the community in terms of producing or distributing goods. This will help people earn income to meet their daily needs so they don't feel poor. However, economic activities that do not involve workers in the area are due to the low quality of resources, so using foreign workers or outside the local area cannot reduce poverty. People who do not have sufficient competence to support the economic growth of a region, so that foreign workers are used/outside the area, people lose their income and become poor. The results of this study support the findings of (Abrar et al., 2022; Iksan & Arka, 2022; Saputra et al., 2022), which prove that economic growth has a positive and insignificant effect on poverty. However, the findings of (Putra & Anis, 2022; Viollani et al., 2022) prove that economic growth has a negative and significant effect on poverty.

The Effect of Human Capital (X1) on Poverty (Z) Through Economic Growth (Y)

The results of hypothesis testing prove that human capital has a positive and significant effect on poverty through economic growth. Better economic growth requires high human capital. Workers with high human capital are more easily absorbed by employment, and the opportunities for poverty are decreasing. High economic growth is indicated by high GDPR. This is possible if the workforce has a level of
human capital to produce products and services with a high selling value. High GDPR. It indicates the existence of a high per capita income obtained by the workforce so that it can reduce poverty.

The Effect of Unemployment (X2) on Poverty (Z) Through Economic Growth (Y)

The results of hypothesis testing prove that unemployment has a positive and significant effect on poverty through economic growth. Better economic growth can reduce unemployment which in turn minimizes poverty. Efforts to provide more employment opportunities than the availability of productive labor can trigger higher economic growth. This contributes to labor absorption and minimizes the unemployment rate, reducing poverty. The results of this study do not support the findings of (Prasetya & Sumanto, 2022), which proves that the unemployment rate has no significant effect on poverty through economic growth.

Investment Moderation (X3) Between the Effect of Human Capital (X1) on Economic Growth (Y)

The results of hypothesis testing prove that investment can positively and significantly moderate the relationship between human capital and economic growth. The existence of investment originating from abroad/foreign and domestic provides opportunities for forming wider employment opportunities. This indicates the need for workers who have high human capital. The availability of high human capital in large proportions will support economic activities well, thus supporting higher economic growth.

Investment Moderation (X3) Between Unemployment (X2) Against Poverty (Z)

The results of hypothesis testing prove that investment can positively and significantly moderate the relationship between unemployment and poverty. The existence of investment originating from abroad/foreign and domestic provides opportunities for forming wider employment opportunities. This indicates the need for a more excellent and productive workforce to minimize unemployment. The absorption of more labor will increase the income of
workers and reduce the occurrence of poverty.

CONCLUSION

(1) Human capital positively and significantly affects economic growth.
(2) Unemployment has a negative and significant effect on poverty.
(3) Human capital has a negative and significant effect on poverty.
(4) Unemployment has a positive and significant effect on poverty.
(5) Economic growth has a negative and insignificant effect on poverty.
(6) Human capital positively and significantly affects poverty through economic growth.
(7) Unemployment positively and significantly affects poverty through economic growth.
(8) Investment can moderate the positive and significant relationship between human capital and economic growth.
(9) Investment can positively and significantly moderate the relationship between unemployment and poverty.

Recommendation

(1) Economic activities that are carried out evenly in various regions can minimize income disparities that have the potential to cause poverty.
(2) Absorption of domestic workers who are more dominant than foreign workers can help increase GDP and reduce the potential for poverty.
(3) The importance of increasing human capital to optimally manage investments that can support economic growth and reduce the number of poor people.

REFERENCES


