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Comparative Analysis of Economic Growth in Jakarta and East Kalimantan 2018-2022

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A B S T R A C T

This research aims to determine the effect of unemployment and poverty on economic growth in Jakarta and East Kalimantan. This research also compares the effect of unemployment and poverty on economic growth between Jakarta and East Kalimantan. This type of research approach is carried out using a descriptive quantitative analysis approach. The results of this research found that in Jakarta unemployment and poverty both had a significant negative effect on economic growth, while in East Kalimantan it showed that unemployment had a significant negative effect on economic growth and poverty had an insignificant effect on economic growth. So this research recomandends that East Kalimantan as a candidate for the new capital city must pay attention to the unemployment rate to increase economic growth, while in Jakarta it must pay attention to two aspects of the importance of unemployment and poverty. This research provides new insights into comparative economic growth in Jakarta and East Kalimantan.

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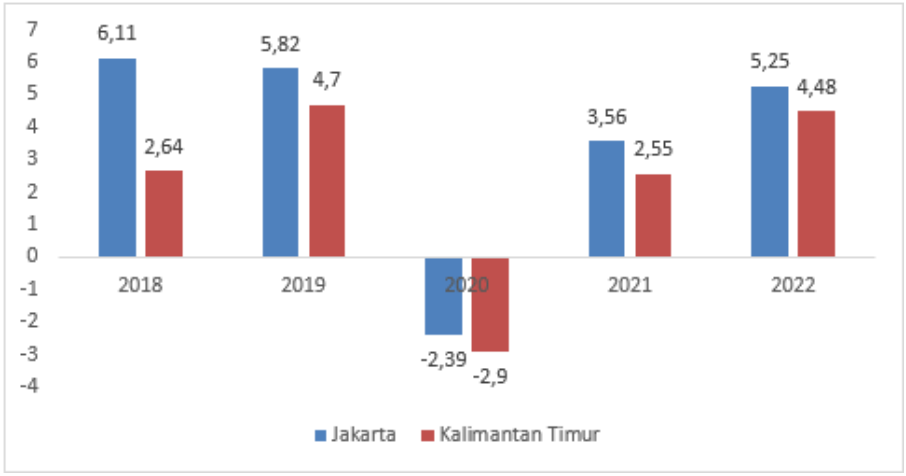
INTRODUCTION

Economic development is an effort to increase real income per capita in the long term and is followed by improvements to the development system. Community welfare is the goal of development and community welfare leads to economic growth and equal distribution of income (Yasa & Arka, 2015). The relationship between economic development and economic growth is interrelated, economic development will encourage economic growth and create favorable conditions for the Indonesian economic development process, economic growth is a sign of success in economic development (Sakdiyah, 2016).

One of the indicators used to detect signs of economic growth in a country or region is Regional Gross Domestic Product (GRDP) (Raskina & Saharuddin, 2022). Through GRDP, we can see the economic activities that have been carried out and achieved by a country or region within a certain period of time (Wiguna, 2013). It can be identified that in the cities of Jakarta and East Kalimantan, based on the differences, there are several aspects, mainly in the technological aspect. If seen from the technological aspect, there are significant differences between technology in Jakarta and East Kalimantan, where it is known that Jakarta is one of the metropolitan cities with technology. which is developing rapidly compared to East Kalimantan. Apart from that, if seen from a geographical perspective, Jakarta is in the western part of Indonesia which is close to the Indian Ocean which is likely prone to natural disasters. Apart from that, the area of Jakarta is 661.5 km2 compared to the geographical area of East Kalimantan which is located In the middle of the Republic of Indonesia, the East Kalimantan region is a stretch of lowland without active mountains and hills and is outside the volcanic ring route so this region is relatively safe from the threat of natural disasters and is ideal for development planning with an area of 743,330km2 (Suryanto, 2022)

Economic growth is the development of economic activities that takes place over a certain period of time and gives rise to growth in real income (Sukirno, 2012). Economic growth shows the level of economic activity at which the economy will generate additional income for society within a certain period of time (Utami, 2020). Economic growth can be influenced by several factors, namely income, expenditure and finances (Fajri, 2017).



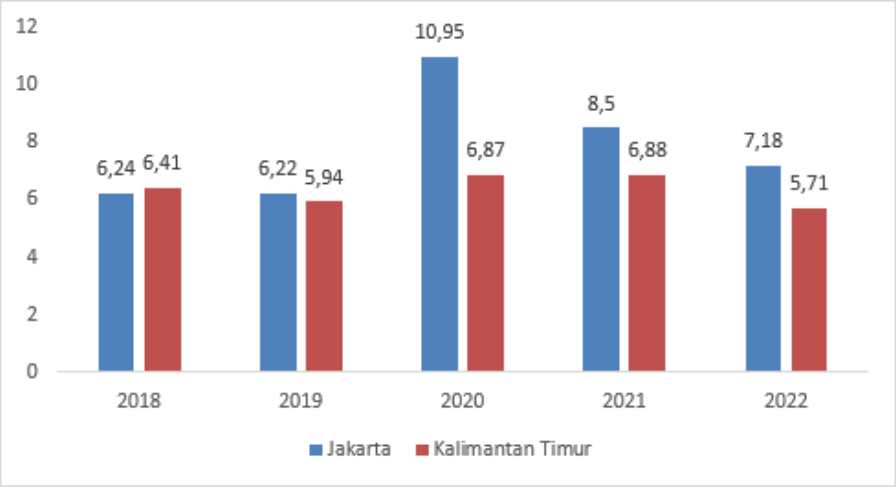
Source : Processed data (2023)

Figure 1.
Economic Growth in Jakarta and East Kalimantan 2018-2022

Several of these components show that income is an important indicator for economic growth, therefore, economic growth encourages local governments to maximize the full potential of existing resources and open opportunities for cooperation as investors or workers to create new jobs. This will have an impact on the development of economic activities. in the region (Kusumawati, & Wiksuana, 2018).

The economy in Jakarta in 2023 is projected to continue to grow high amidst the prospect of a global economic slowdown, namely in the range of 4.8-5.6% (yoy). The high growth was supported by increasing domestic demand following the lifting of PPKM. While the economy in East Kalimantan will reach positive figures in various business sectors in 2023, progress in infrastructure development in the East Kalimantan Industrial Area (IKN) will have a positive impact on the economy.

Economic growth in Jakarta during the 2018-2022 period. In 2018 the economic growth rate in Jakarta was 6.11% compared to East Kalimantan's 2.64%. and in 2019 the economic growth rate in Jakarta experienced a slight decrease of 0.29% in contrast to East Kalimantan which experienced an increase of 2.06%. Then in 2020 the economic growth rate in Jakarta experienced a decrease of 3.43%, while in Kalimantan East Kalimantan decreased by 7.6%, in 2021 the economic growth rate in Jakarta increased by 1.17% to -5.45% and in East Kalimantan by 2.55%. In 2022, the rate of economic growth will both increase, the rate of economic growth in Jakarta in 2022 will increase by 1.69%, while in East Kalimantan it will increase by 1.93%. As a result of the increasing rate of inflation, people who were previously able to meet their daily needs with high prices for goods and services are unable to meet their needs, resulting in poverty and inflation that fluctuates from year to year (Fadilla & Purnamasari, 2021), increasing and decreasing Economic growth cannot be separated from several factors, including unemployment (Prasetya & Sumanto, 2022). Unemployment is an indicator that plays an important role in a country's economy, because a good economy is a measure of people's happiness. Unemployment is a status for people who do not have a job at all or are in the process of getting a job so that it becomes a social problem (Sukirno, 2016). Unemployment will affect the economic stability of a country because it will create a burden for the country to carry out national development in the pendel and long term, the unemployment rate can



Source : Processed data (2023)

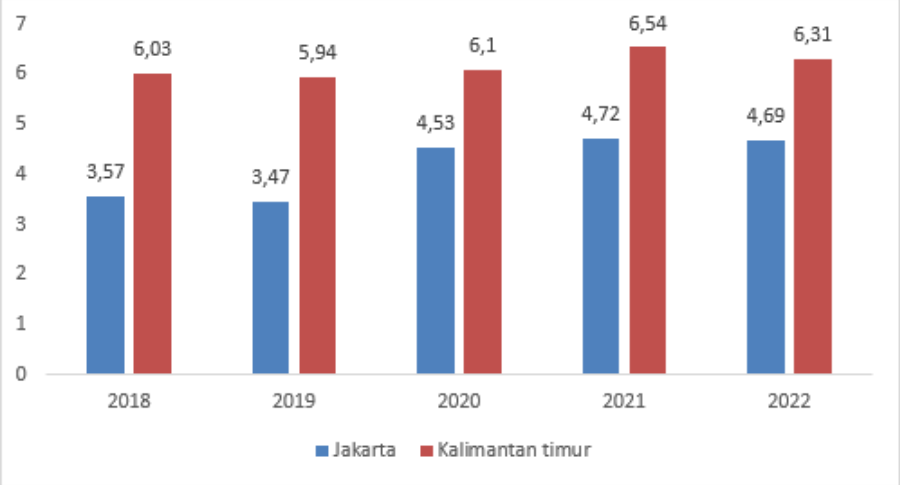
Figure 2.
Unemployment in Jakarta and East Kalimantan 2018-2022

determine whether a country's economic development conditions are stable or deteriorating (Siahaan, 2020). One indicator that influences the unemployment rate is economic growth (Ishak, 2018). Which is expressed in the high level of economic activity in the form of increased production which produces goods and services that have an impact on the economy (Hasyim, 2017).

Based on Figure 2 above, it can be seen that the unemployment rate in Jakarta and East Kalimantan in 2018-2022. In Jakarta in 2018 the unemployment rate was 6.24%, while in East Kalimantan it was 6.41%. Then in 2019 in Jakarta and East Kalimantan both experienced a decline. The unemployment rate in Jakarta in 2019 decreased by 0.02%, while in East Kalimantan it was 0.47%. In 2020 unemployment will both increase in Jakarta and East Kaliman. Unemployment in Jakarta in 2020 increased by 4.73%. Meanwhile in East Kalimantan it increased by 0.93%. In 2021, unemployment in Jakarta decreased by 2.45%, while in East Kalimantan it increased by 0.01%. And in 2022 unemployment in Jakarta and East Kalimantan will both experience a decline. The unemployment rate in Jakarta rose by 1.32%, while in East Kalimantan it rose by 1.17%. In the end, one of the things that influences economic growth in a country or region is poverty in a region (Imanto et al., 2020).

Poverty is the inability of a person or group of people to achieve economic prosperity which is the minimum requirement for a certain standard of living. In other words, poverty can be understood as a condition where a person is unable to improve their needs and quality of life (Putri et al., 2019). Poverty is used to describe limited income and consumption, backwardness in human status and dignity, social exclusion, disease, lack of capacity and physical inability to work, vulnerability to political and economic growth, as well as a lack of unfulfilled sources of livelihood and relative deprivation (Maxwell, 2018). Living in poverty is not only about living without money and low income, but also about many other things such as poor health and education, unfair application of laws, vulnerability to welfare, and the inability to do anything (Hidayatillah, 2021).

From figure 3 you can see poverty in Jakarta and East Kalimantan in 2018-2022. In 2018 in Jakarta the poverty rate was 3.57%, while in East Kalimantan it was 6.03%. And in 2019 poverty in Jakarta



Source : Processed data (2023)

Figure 3.
Poverty in Jakarta and East Kalimantan 2018-2022

and East Kalimantan both experienced a decline. The poverty rate in Jakarta in 2019 decreased by 0.1%, while in East Kalimantan it decreased by 0.09%. In 2020, poverty in Jakarta and East Kalimantan both experienced an increase. In Jakarta, the poverty rate in 2020 increased by 1.06%, while in East Kalimantan rose by 0.16%. Then in 2021 poverty in Jakarta and East Kalimantan will both increase. In Jakarta the poverty rate in 2021 increased by 0.19%, while in East Kalimantan it increased by 0.44%. And in 2022 poverty in Jakarta and East Kalimantan will both experience a decline. Poverty in Jakarta in 2022 will decrease by 0.03%, while in East Kalimantan it will decrease by 0.23%.

Previous research was conducted by Yoyok Soesatyo (2016) in his research entitled "The Influence of Education Levels and Unemployment Rates on the Economic Growth of the City of Surabaya". The results of the research show that the education level variable has no significant effect on economic growth, the unemployment rate variable has a negative and significant effect on economic growth, and the education level variable and the unemployment rate together have an effect on the economic growth variable in the city of Surabaya. Previous research was conducted by Hilal et al., (2020) in research entitled "The Impact of Labor, Education Level and Poverty Level on Economic Growth in South Sulawesi". The results of this research show that labor has a positive and significant influence on economic growth in West Sulawesi Province. Furthermore, the level of education has a negative and significant effect on economic growth. Meanwhile, the poverty level does not have a significant effect on economic growth. Previous research was conducted by Nairizi (2023) in his research entitled "Analysis of the Influence of Poverty, Unemployment and Inflation on Indonesia's Economic Growth". The research results show that unemployment and inflation variables in the short and long term do not have a significant effect on economic growth. Meanwhile, poverty variables in the short term and long term have a significant influence on economic growth. Previous research was conducted by Utami (2020) in his research entitled "The Influence of the Human Development Index (HDI), poverty, unemployment on economic growth in Aceh Province". The results of this research state that there is a strong correlation between the Human Development Index variables, poverty, unemployment and the rate of economic growth in Aceh Province. These results show that the Human Development Index, Poverty Level and Unemployment Rate influence the Rate of Economic Growth in Aceh Province. Previous research was conducted by Rahajeng (2021) who examined "How the PovertyVariable Influences Economic Growth in East Java". The research results show that the poverty level variable partially has a significant influence on economic growth. According to research by K. Pratama, et al., (2019) which explains that the level of poverty has a significant negative influence on economic growth. meaning that if the poverty level increases, economic growth will decrease. Meanwhile, research according to Adelowokan et al., (2019) produces the opposite conclusion which shows that the poverty level has a significant effect with a positive relationship on economic growth. Previous research conducted by Imanto et al., (2020) in research entitled "The Influence of Unemployment and Poverty on Economic Growth in South Sumatra" The results of this research say that the research results show that unemployment and poverty influence economic growth in South Sumatra Province. This is also in accordance with the results of calculations using simple regression, where the level of significance of all one-sided correlation coefficients is measured by probability Research by Bachtiar (2019) which examined "Analysis of the Influence of Informal

Labor, Unemployment and Education on Economic Growth in Indonesia". The research results show that the informal labor variable has a negative and insignificant effect on economic growth. Then the unemployment variable has a negative and significant effect on economic growth. Meanwhile, education has a positive and significant effect on economic growth. According to Rovia Nugrahani Pramesthi in (2013) "The Influence of Unemployment on Economic Growth in Trenggalek Regency" is positive and has a significant effect. Research conducted by Septiatin et al., (2016) in their journal "The Influence of Inflation and Unemployment Rates on Economic Growth in Indonesia" states that unemployment is positive and has a significant effect. However, research conducted by Ardian et al., (2022) "The Influence of Economic Growth on the Level of Open Unemployment in Indonesia" states that unemployment has no influence on economic growth and the results are negative or have no significant effect. Furthermore, research conducted by Arianto et al., (2015) "The Influence of Population and Unemployment Rates on the Economic Growth of Jember Regency" said it was negative or had no significant effect. Research conducted by Indriyani (2016) with the title "Analysis of the Effect of Inflation and Interest Rates on Economic Growth in Indonesia". The results of this research show a relationship between the influence of inflation and interest rates on economic growth. Research conducted by Kalsum (2017) "The Effect of Unemployment and Inflation on Economic Growth in North Sumatra". The results of the research show that unemployment has a significant effect on economic growth, while inflation has no effect. significant to economic growth.

The gap in previous studies was that many of them used time series data and used SPSS test tools. Research conducted by Raharjeng (2021) only used 1 independent variable and one dependent variable, not only that, but previous research only focused on one area. The novelty of this research provides new information regarding comparative economic growth in the capital city of Jakarta and the prospective capital city of East Kalimantan using a descriptive comparative approach using panel data and using the *Eviews* analysis tool.

This research uses classical growth theory, which according to Adam Smith in his book "An Inquiry into the Nature and Causes of Wealth of the Nation" put forward the factors that give rise to economic development. An increasing population will expand the market and market expansion will encourage the level of specialization Specialization will increase the level of economic activity or speed up the process of economic development, because specialization will encourage labor productivity and encourage technological development. So according to classical theory, economic growth is caused by a race between population development and technological progress.

METHODOLOGY

This research was carried out using quantitative methods to determine the effect of unemployment and poverty on economic growth in Jakarta and East Kalimantan. This research approach was carried out using descriptive quantitative analysis which focuses on comparative studies by comparing economic growth in Jakarta and East Kalimantan, the factors that influence economic growth in Jakarta and East Kalimantan in 2018-2022. The data in this research is panel data from 2018-2022 in Jakarta and East Kalimantan. Thus, the number of observation data is 35 in Jakarta, while in East Kalimantan there are 55 observation data. This research was carried out by collecting data directly on the Central Statistics Agency (BPS) website. Sources of data obtained through institutions or agencies include data on eco-

nomic growth (GRDP), unemployment rate (TPT) and number of poor people. Panel data analysis is a combination of time series and cross section. The analytical tool used to process this data is Eviews version 10. The linear panel data regression model is as follow

$$Y_{it} = \beta_0 + \beta_1 X1_{it} + \beta_2 X2_{it} + e_{it}$$

where Y is dependent variable economic Growth, i is regency/city, t is time (years), β_0 is constant, $\beta_1\beta_2$ is regression coefficients, $X1$ is independent variable poverty Level, $X2$ is independent variable unemployment rate, e is error.

The common effect model is a simple model for estimating panel data model parameters by only combining time series and cross section data without looking at any differences between time and individuals (entities). Fixed Effect Model (FEM) is a model that shows differences in intercepts for each individual (entity), but the individual intercepts do not vary with time (constant). Random Effect Model (REM) is a method that will estimate panel data where the disturbance variables (entities) are. This model assumes that the error term will always exist and may be correlated throughout the time series and cross section.

The Chow test aims to determine which panel data regression model should be used, whether the Common Effect Model (CEM) or the Fixed Effect Model (FEM). The basis for decision making is as follows: If the probability for the cross section F > a significant value of 0.05 then Ho is accepted, so the most appropriate model to use is the Common Effect Model (CEM). If the probability for the cross-section F < a significant value of 0.05 then Ho is rejected, so the most appropriate model to use is the Fixed Effect Model (FEM). The Hausman test aims to determine whether the model used is a Fixed Effect Model (FEM) or a Random Effect Model (REM). The basis for decision making is as follows: If the probability value for a random cross section is > a significant value of 0.05 then Ho is accepted, so the appropriate model to use is the Random Effect Model (REM). If the probability value for a random cross section is <0.05 significant value then Ho is rejected, so the most appropriate model to use is the Fixed Effect Model (FEM).

The Lagrange multiplier test is a test used to choose the best approach between the Common Effect Model (CEM) and the Random Effect Model (REM) in estimating panel data. The Random Effect Model (REM) was developed by Breusch-pagan which was used to test significance based on the residual values from the OLS method. The basis for decision making is as follows: If the Breusch-Pagan cross section value is > 0.05 significant value then Ho is accepted, so the most appropriate model to use is the Common Effect Model (CEM). If the Breusch-Pagan cross section value is <0.05 significant value then Ho is rejected, so the most appropriate model to use is Random.

The normality test aims to test whether in the panel regression model the variables are normally distributed or not. A good regression model has a normal or close to normal data distribution. Normality test using the eviews program. Normality of data can be determined by comparing the Jarque-Bera (JB) value and the Chi-Square table value. The guidelines that will be used in drawing conclusions are as follows, if the Probability value is > 0.05 then the distribution is normal. If the Probability value <0.05 then the distribution is not normal. Multicollinearity test which aims to test whether in the regression model a correlation is found between the independent variables. A good regression model should not have correlation between independent variables. If the independent variables are correlated with each other, then these variables are not orthogonal. Orthogonal variables are independent variables whose

correlation value between independent variables is equal to zero. Detecting the presence or absence of multicollinearity in regression is as follows, if the correlation coefficient (R2) value is > 0.80, then the data has multicollinearity, if the correlation coefficient (R2) value is <0.80, then there is no multicollinearity in the data.

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. If the variance from the residual from one observation to another is constant, it is called homoscedasticity and if the variance is different it is called heteroscedasticity. A good regression model is one with homoscedasticity or no heteroscedasticity. To detect the presence or absence of heteroscedasticity, you can use the Glejser Test, namely regressing the absolute value. The guidelines that will be used in drawing conclusions from the Glejser test are as follows if the Probability value is > 0.05 then Ho is rejected, meaning there is a heteroscedasticity problem. If the Probability value is <0.05 then Ho is accepted, meaning there is no heteroscedasticity problem.

The autocorrelation test aims to see whether in the linear regression model there is a correlation between confounding errors in period t and confounding errors in period t-1 (previously). Thus, the autocorrelation test can only be carried out on time series data, because what is meant by autocorrelation is a value in a particular sample or observation that is greatly influenced by the value of the previous observation. Therefore, research that uses cross section data or panel data does not need to carry out autocorrelation tests.

Autocorrelation testing on data that is not a time series, whether cross section data or panel data, will only be in vain or meaningless (Basuki and Prawoto, 2017). This is because, especially in panel data, although there is time series data, it is not a pure time series (time that does not repeat itself). Therefore, the autocorrelation test was not carried out in this study. In other words, in this study it is assumed that for certain independent variables there is no autocorrelation or serial correlation between the disturbance factors. Based on the explanation above, this research only carried out three classical assumption tests, namely the normality test, multicollinearity test, and heteroscedasticity test.

RESULTS AND DISCUSSION

The following are the results of descriptive statistical analysis in Jakarta and East Kalimantan for 2018-2022 in table 1. Mean (average value) to explain the average value of all observation data in Jakarta and East Kalimantan for 2018-2022. Based on the results of the analysis in table 4.1 above, it shows that the average value of economic growth (Y) in Jakarta is 2.898824 while in East Kalimantan it is 2.416727, poverty (X1) in Jakarta is 7.722857 while in East Kalimantan it is 5, 867273, and unemployment (X2) in Jakarta is 5.651765 while in East Kalimantan it is 7.109273. Median (smallest or largest value) to explain the value located in the middle of the data group which has been sorted from smallest to largest value or vice versa from observation data in Jakarta and East Kalimantan for 2018-2022. Based on the results of the analysis in table 4.1 above, it shows that the median value of economic growth (Y) in Jakarta is 4.785 while in East Kalimantan it is 2.68, unemployment (X1) in Jakarta is 7.33 while in East Kalimantan it is 5.7, and poverty (X2) is 4.29 while in East Kalimantan it is 7.25. Maximum (highest/maximum value) objective function which produces the highest value from observation data in Jakarta and East Kalimantan in 2018-2022. Based on the results of the analysis in table 4.1 above, it shows that the maximum value of economic growth (Y) in Jakarta is 6.81 while in East Kalimantan it is 14.49, unemployment

(X1) in Jakarta is 12.27 while in East Kalimantan it is 9.92, and Poverty (X2) in Jakarta is 15.06 while in East Kalimantan it is 11.9. Minimum (lowest value) lowest value for each variable tested from observation data in Jakarta and East Kalimantan 2018-2022. Based on the results of the analysis in table 4.1 above, it shows that the minimum value of economic growth (Y) in Jakarta is -6.22 while in East Kalimantan it is -4.21, unemployment (X1) in Jakarta is 5 while in East Kalimantan it is 2.12, and unemployment (X2) in Jakarta is 2.73 while in East Kalimantan it is 2.42.

Standard deviation (data distribution value) the distribution of data in a sample to see how far or how close the data value is to the average from observation data in Jakarta and East Kalimantan in 2018-2022. Based on the results of the analysis in table 4.1 above, it shows that the standard deviation value of economic growth (Y) in Jakarta is 3.835682 while in East Kalimantan it is 3.612332, unemployment (X1) in Jakarta is 1.932107 while in East Kalimantan it is 1.819796, and unemployment (X2) in Jakarta is 3.570737 while in East Kalimantan it is 2.617176. The following are the results of data analysis carried out in Jakarta East Kalimantan in 2018-2022. The data analysis in this research was carried out in several stages, including determining the best model, then carrying out classical assumption test. The following are the results of data analysis which illustrate comparisons related to economic growth in Jakarta and East Kalimantan in 2018-2022.

Based on table 2 above, the test results in Jakarta show that the chi-square cross section is 0.4319 or > alpha level 0.05. The results of the chow test analysis if the chi-square cross section probability results are more than the alpha level of

Table 1.
Descriptive Statistics

		Economic Growth (Y)	Unemployment (X_1)	Proverty (X_2)
Mean	Jakarta	2,898824	7,722857	5,651765
	East Kalimantan	2,416727	5,867273	7,109273
Median	Jakarta	4,785	7,33	4,29
	East Kalimantan	2,68	5,7	7,25
Maximum	Jakarta	6,81	12,27	15,06
	East Kalimantan	14,49	9,92	11,9
Minimum	Jakarta	-6,22	5	2,73
	East Kalimantan	-4,21	2,12	2,42
Standar Deviasi	Jakarta	3,835682	1,932107	3,570737
	East Kalimantan	3,612332	1,819796	2,617176

Sourch: Stata Processing data (2023)

Table 2.
Test Result in Jakarta and East Kalimantan 2018-2022

	Jakarta		East Kalimantan	
Chow Test	0.4319		0.8187	
Hausman Test	0.1147		0.6747	
LM Test	0.0092		0.0000	
Normality Test	0.182899		0.222816	
Multicollinearity Test	Unemployment	Proverty	Unemployment	Proverty
	1.000000	0.027308	1.000000	-0.739457
Heteroscedasticity Test	Unemployment	Proverty	Unemployment	Proverty
	0.4836	0.0837	0.5216	0.8557

Sourch: Stata Processing data (2023)

0.05 then H0 is accepted and H1 is not accepted. So it can be concluded that the common effect model is appropriate to use. Meanwhile in East Kalimantan the test results above show that the chi-square cross section is 0.8187 or > alpha level 0.05. The results of the chow test analysis if the chi-square cross section probability results are more than the alpha level of 0.05 then H0 is accepted and H1 is not accepted. So it can be concluded that the common effect model is appropriate to use.

H_0: Cross Section Chi-square probability > Alpha level 0.05, then the common effect model is valid to use

H_1: Cross Section Chi-square probability < Alpha level 0.05, then the fixed effect model is valid to use

Based on table 2 above, the test results in Jakarta show that the chi-square cross section is 0.1147 or > alpha level 0.05. The results of the Hausman test analysis if the random cross section probability results are more than the alpha level of 0.05 then H0 is accepted and H1 is not accepted. So it can be concluded that the random effect model is appropriate to use. Meanwhile in East Kalimantan the test results show that the chi-square cross section is 0.6764 or > alpha level 0.05. The results of the Hausman test analysis if the random cross section probability results are more than the alpha level of 0.05 then H0 is accepted and H1 is not accepted. So it can be concluded that the random effect model is appropriate to use

H_0: Random Cross Section Probability > Alpha level 0.05, then the random effect model is valid to use

H_1: Random Cross Section Probability < Alpha level 0.05, then the fixed effect model is valid to use

Based on table 2 above, the test results in Jakarta show that Breusch-Pagan is 0.0092 or < alpha level 0.05. The results of the LM test analysis if the Breusch-Pagan results are less than the alpha level of 0.05 then H0 is accepted and H1 is not accepted. So it can be concluded that the random effect model is appropriate to use. Meanwhile in East Kalimantan the test results showed that Breusch-Pagan was 0.0000 or < alpha level 0.05. The results of the LM test analysis if the Breusch-Pagan results are less than the alpha level of 0.05 then H0 is accepted and H1 is not accepted. So it can be concluded that the random effect model is appropriate to use.

H_0: Breusch-Pagan probability > Alpha level 0.05, then the common effect model is valid to use.

H_1: Breusch-Pagan probability < 0.05 alpha level, then the random effect model is valid to use.

Based on the results above, it can be seen that the best regression model from this analysis is the Random Effect Model (REM).

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. A good regression model is a model that has a normal or close to normal data distribution. The normality of errors can be tested using the Jarque Bera test. Based on the classical assumption test calculations for normality detection, it can be seen that the probability value in Jakarta and East Kalimantan is > 0.05, so Ho is accepted, the decision is that the residual data in the regression model is normally distributed. The following are the results of the multicollinearity test in Jakarta and East Kalimantan for 2018-2022.

Multicollinearity is a condition where there is a linear relationship or correlation between independent variables. There are two types of multicollinearity, namely perfect and imperfect. Perfect multicollinearity occurs when the independent variable is expressed as a linear combination of other independent variables, while imperfect multicollinearity occurs when the linear relationship is not perfect between the independent variables. Based on the classical assumption test calculations for

multicollinearity detection, it can be seen that if the VIF value is < 10 or the tolerance value is > 0.01, then it is stated that multicollinearity does not occur. The following are the results of the heteroscedasticity test in Jakarta and East Kalimantan for 2018-2022. Heteroscedasticity is a condition where the variance without disturbance or error from a regression model is not constant. Heteroscedasticity often occurs in cross section data. Based on the calculation of the classical assumption test for heteroscedasticity detection, the probability value for each independent variable in Jakarta and East Kalimantan is greater than the significance level (α) of 0.05, so Ho is accepted, the decision is that there is no heteroscedasticity problem in the regression model.

Based on the panel data regression model approach with Eviews (common effect model, fixed effect model, and random effect model) and the tests that have been carried out (chow test, Hausman test) show that the more appropriate regression model to be used in this research is the random effect model. Panel data regression results are presented in the following table:

on economic growth (Y), the poverty coefficient value (X1) is -1.136438 in a negative direction so that unemployment (X1) has a significant negative effect on economic growth (Y). The poverty profitability value (X2) of 0.0000 is smaller than 0.05 so it has a significant effect on economic growth (Y), the poverty coefficient value (X2) is -0.568788 in a negative direction so that poverty (X2) has a significant negative effect on economic growth (Y). So economic growth is that economic growth is determined by the level of poverty. The R-squared value of 0.628463 shows that the independent variables unemployment (X1) and poverty (X2) are able to influence the dependent variable economic growth (Y). The value is 62.8463 percent, the remaining 37.1537 percent is influenced by other variables not discussed in this research.

The constant coefficient value in East Kalimantan is 11.79735, stating that if the variables unemployment (X1) and poverty (X2) have a fixed value or no change, then the dependent variable economic growth (Y) has a constant coefficient value of 11.79735, namely. The profitability value of unemployment (X1) is 0.00159 which is

Table 3.
REM Model Estimation Results in Jakarta and East Kalimantan 2018-2022

		Coefficient	Prob.	Information
Jakarta	Unemployment	-1.136438	0.0000 < 0.05	Significant Negative
	Proverty	-0.568788	0.0000 < 0.05	Significant Negative
East Kalimantan	Unemployment	-1.008793	0.0159 < 0.05	Significant Negative
	Proverty	-0.486935	0.0896 > 0.05	No Signifikan
		Weighted Stat.		
R-squared Jakarta		0.628463		
R-squared East Kalimantan		0.117578		

Sourch: Stata Processing data (2023)

The constant coefficient value in Jakarta is 14.94157, stating that if the variables unemployment (X1) and poverty (X2) have a fixed value or no change, then the dependent variable economic growth (Y) has a constant coefficient value of 14.94157, namely. The profitability value of unemployment (X1) is 0.0000, which is less than 0.05, so it has a significant effect

smaller than 0.05 so it has a significant effect on economic growth (Y), the unemployment coefficient value (X1) is -1.008793 in a negative direction so that unemployment (X1) has a significant negative effect on economic growth (Y). The unemployment profitability value (X2) is 0.0896 greater than 0.05 so it has an insignificant effect on economic growth (Y), the poverty coef-

ficient (X2) value is -0.486935 in a negative direction so that poverty (X2) has an insignificant negative effect on economic growth (Y). The results of this research are supported by previous research conducted by Hilal et al., (2022) which explains that the number of poor people does not have a significant effect on economic growth. The R-squared value of 0.117578 shows that the independent variables unemployment (X1) and poverty (X2) are able to influence the dependent variable economic growth (Y), the value of which is 11.7578 percent, the remaining 88.2422 percent is influenced by other variables not discussed in this research.

Table 4.
Conclusion Results of Comparative Studies in Jakarta and East Kalimantan 2018-2022

Connection	Jakarta	East Kalimantan
Unemployment → Economic growth	Unemployment has a significant negative effect on economic growth	Unemployment has a significant negative effect on economic growth
Poverty → Economic growth	Poverty has a significant negative effect on economic growth	Poverty has no effect on economic growth

This research was conducted in two observation areas, namely in Jakarta and East Kalimantan with the observation year 2018-2022 through a comparative study, namely comparing the effect of unemployment and poverty on economic growth. The following are the results of the research. It can be concluded that economic growth in Jakarta in 2018-2022 is influenced by unemployment. This is proven by the unemployment probability value of 0.0000<0.05 with a negative coefficient value, so it can be concluded that unemployment has a significant negative effect on economic growth in Jakarta. Thus, increasing unemployment can increase economic growth in Jakarta in 2018-2022. The results of this research can provide discoveries in the form of theoretical information for the Jakarta government that the unemployment rate is the condition of a person who is not working or is looking for work to earn income so that if unemployment increases it will increase the burden on an area which will ultimately hamper economic growth. In overcoming unemployment, policies are needed that can reduce the unemployment rate and overcome employment problems. The government must be responsive and quick in solving the unemployment problem.

In theory, every increase in economic growth can absorb labor, thereby reducing the number of unemployed. Economic growth in Jakarta can be measured through the increase or decrease in Gross Regional Domestic Product (GRDP) produced by a region, because the indicator related to the number of unemployed is GRDP. The results of this research are supported by previous research conducted by Lidyanti & Hanifa (2022), explaining that the unemployment rate has a negative influence on economic growth in Sidoarjo Regency. From this equation it can be interpreted that if economic growth increases, the unemployment rate will also increase. The results of this research are also in line with previous research conducted by Putri & Soesatyo (2016) entitled “The Influence of Education Level and Unemployment Level on Economic Growth in the City of Surabaya”, this research states that the unemployment variable has a significant negative effect on economic growth in the City of Surabaya. It can be concluded that economic growth in East Kalimantan in 2018-2022 is influenced by unemployment. This is proven by the unemployment probability value of 0.0000<0.05 with a negative coefficient value, so it can be concluded that unemployment has a significant negative

effect on economic growth in East Kalimantan. Thus, increasing unemployment can increase economic growth in East Kalimantan in 2018-2022.

The results of this research can provide discoveries in the form of theoretical information for the East Kalimantan government that the government is paying attention to efforts to expand employment opportunities through the even distribution of job vacancies and issuing various social protection programs. Starting from direct assistance in the form of cash, housing improvements to economic empowerment. Development carried out by the government must prioritize sectors that can support economic growth and reduce the number of unemployed. The government should create an economic structure that drives economic growth, including construction services, health services and social activities, financial and insurance services, transportation and warehousing, food and drink accommodation providers, government administration and mandatory social security, agriculture, forestry and fisheries, procurement water, waste management, waste and recycling, electricity and gas supply, information and communications, industrial management, wholesale and retail trade in car and motorbike displays, and educational services.

The most important thing to pay attention to regarding unemployment is not the number of unemployed figures themselves but how large the percentage of unemployment is from the total workforce. A high unemployment rate will affect economic growth positively or negatively because economic growth will decrease as unemployment in a region is high. This is because unemployment will directly impact society's lack of prosperity, which is in line with lack of prosperity/poverty (reduced people's income). The results of this research are supported by previous research conducted by Bachtiar (2019), explaining that unemployment has a significant negative effect on economic growth. So it can be said that the unemployment rate influences economic growth. The results of this research are also supported by previous research conducted by Imanto et al (2020), explaining that unemployment has a significant negative effect on economic growth in South Sumatra Province. The results of this research explain that a relatively high unemployment rate will have an impact on economic growth.

It can be concluded that economic growth in Jakarta is influenced by poverty, which can be seen from the test results which obtained a probability value of 0.0000 < 0.05 with a negative coefficient value, so poverty has a significant negative effect on economic growth. Thus, increasing poverty can reduce economic growth in Jakarta in 2018-2022. The results of this research can provide discoveries in the form of theoretical information for the government in Jakarta in reducing poverty. Government spending in the form of capital expenditure has no effect on reducing poverty levels. This happens because when the government spends capital expenditure in the form of infrastructure development that does not involve the poor directly, it will create jobs in general. These findings can also explain that if infrastructure development using funds from government expenditure is mostly spent in urban areas, then poor people in rural areas will not participate in the project. In the future, the Jakarta government, in determining policies to reduce poverty, should use allocated funds specifically to reduce poverty levels so that what the government and society in general want can be achieved, namely a significant reduction in poverty levels. The results of this research are supported by previous research conducted by Darmawan (2020), that the level of poverty is negatively correlated with Indonesia's economic growth. This means that as the poverty level decreases, Indonesia's economic growth will increase.

The results of this research are also supported by previous research conducted by Nairizi (2023), explaining that poverty has a negative and significant effect on economic growth variables in Indonesia. Economic growth will reduce poverty rates in an area. Conversely, if economic growth decreases, the poverty level will increase. Economic growth in East Kalimantan is not influenced by poverty from the test results which obtained a probability value of 0.0896 > 0.05, so poverty does not have a significant effect in East Kalimantan. Thus, increasing poverty cannot increase economic growth in East Kalimantan in 2018-2022. The results of this research can provide discoveries in the form of theoretical information for the East Java Provincial government to make the problem of poverty their main focus to resolve. Poverty alleviation is implemented in the form of social counseling and guidance, social services, providing access to employment and business opportunities, providing access to basic health services, providing access to basic education services, providing access to housing and settlement services and/or providing access to training, business capital and marketing of results. business. Government expenditure on capital expenditure has a direct and indirect effect on poverty. This is contrary to development goals where the government always wants poverty to decrease every year or in other words that government spending in the form of capital expenditure has no effect on reducing poverty levels. The results of this research are supported by previous research conducted by Hilal et al (2022), explaining that the poverty variable (Y2) does not have a significant effect on economic growth (Y1) in Western Province. The results of this research are also supported by previous research conducted by Utami (2020), explaining that poverty has an insignificant effect on economic growth at α = 5% with a coefficient value of - 0.955433, meaning that when poverty rises by 1% it causes economic growth to fall by 0.955433 assuming other variables are constant. This research provides policy recommendations for Jakarta and East Kalimantan based on the findings produced. This shows that economic growth in Jakarta in 2018-2022 is influenced by unemployment and poverty, while in East Kalimantan in 2018-2022 economic growth is only influenced by unemployment, meaning that when unemployment and poverty increase, economic growth will decrease. The implications of the economic growth policy carried out by the government are by looking at 2 aspects, namely the unemployment rate and the poverty rate. Special attention needs to be paid to the level of unemployment, because the greater the population, the availability of labor must also be balanced, so that this will lead to a low unemployment rate. Due to high unemployment, economic growth will decrease, as well as poverty, when poverty increases, growth increases. the economy will decline.

CONCLUSIONS

Based on research conducted to determine the influence of poverty and unemployment on economic growth in Jakarta and East Kalimantan in 2018-2022, the following conclusions can be obtained unemployment both have a significant negative effect on economic growth in Jakarta and East Kalimantan in 2018-2022. This is because when the economic growth of a region or region experiences growth at a positive rate and has a continuous trend, this means that the income of the people of a country will certainly increase due to the large number of job opportunities. Poverty has a significant negative effect on economic growth in Jakarta 2017-2021. This is because poverty is seen as an economic inability to meet basic needs in the form of food and non-food as measured in terms of expenditure. Poverty is a problem faced by all regions, including East Java Province. Economic growth is an indica-

tor in overcoming the problem of poverty, where economic growth is a concept of economic development. Meanwhile in East Kalimantan poverty has no significant effect on economic growth in 2018-2022. If poverty decreases or increases, it does not have any effect on economic growth. This is because the measurement of poverty in East Kalimantan is based on the community's ability from an economic perspective to meet basic food and non-food needs as measured from the expenditure side which cannot describe the actual poverty limit. It is hoped that this research can increase understanding and knowledge about how unemployment and poverty affect economic growth and also play a role in developing theoretical research knowledge in higher education. This research recommends that East Kalimantan as a candidate for the new capital city must pay attention to the unemployment rate to increase economic growth, while in Jakarta it must pay attention to two aspects of the importance of unemployment and poverty.

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