Developing a Poverty Alleviation Acceleration Model Based on Sustainable Development Goals (SDGs) through Economic Improvement and Regional Financial Management

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Article Info	Abstract
	The first year of the COVID-19 Pandemic greatly weakened the employment and unemployment situation in Semarang City. Based on previous researches, poverty can be overcome by increasing employment opportunities, social assistance, community empowerment, increasing education-based human resources and developing access to microfinance. Some previous investigations ignored the concept of Sustainable Development Goals (SDGs) as one of the concepts that can be carried out. SDGs are concepts that have prospects for overcoming poverty in Indonesia because those not only pay attention to economic aspects but also social and environmental aspects. The urgency of this research was the high poverty rate which indicated a low level of social welfare and required appropriate efforts and strategies to overcome. Poverty alleviation efforts must pay attention to all aspects, including economic, social and environmental in accordance with the Sustainable Development Goals (SDGs). Thus, the specific objectives of this research were 1) to analyze the development of poverty and the economy in the city of Semarang, 2) to analyze the role of economic growth and regional financial management against poverty, 3) to develop a poverty alleviation strategy model based on Sustainable Development Goals (SDGs). In realizing those objectives, this research employed a quantitative approach with the Partial Least Square (PLS) analysis method. Findings showed that the degree of fiscal decentralization did not directly have a significant direct effect on both economic growth and poverty. Furthermore, the balancing fund variable had a significant direct effect on both economic growth and poverty. Meanwhile, economic growth did not directly have a significant effect on poverty. Indirectly, neither the degree of fiscal decentralization nor the balance fund had a significant effect on poverty through economic growth.

INTRODUCTION

Poverty is a concern for all countries, especially in developing countries like Indonesia (1). One area in Indonesia that has poverty problems is Semarang City. As the capital city of Central Java Province, Semarang City faces poverty problems like other regions. Even though the poverty in that City is not the highest among the other cities, the trend has been increasing over the last three years. In 2019, the percentage of poor people in Semarang City was 3.98%, and in 2020 it increased to 4.34%. Then, in 2021 it rose to 4.56% (2). The first year of the COVID-19 Pandemic greatly impacted the employment and unemployment situation in Semarang City. Low economic growth was found as one of the factors for high poverty in the city of Semarang. Previous researches related to fiscal decentralization still provide different results.

Some previous researches have explained that transferred funds from the central government have a significant impact on poverty (3)(4)(5)(6). Another research shows that fiscal decentralization has no significant effect on poverty (7). In addition, researches related to economic growth and poverty show significant results (8)(9)(10). However, other researches show that economic growth has no significant effect on poverty (11). Researches related to poverty alleviation efforts have also been carried out by many previous researchers, but still obtained inconsistent results. According to several previous researches, poverty can be alleviated by increasing employment opportunities (12), social assistance, community empowerment (13)(14), increasing education-based human resources and developing access to microfinance (15)(16). Some other researches have ruled out the concept of Sustainable Development Goals (SDGs) as one of the concepts that can be carried out. SDGs are concepts that have prospects for alleviating poverty because those do not only pay attention to economic aspects but also social and environmental aspects.

Based on the debatable findings of the previous researches became a gap to fill by the present research. Therefore, urgency of this research was that the high poverty rate indicates a low level of social welfare and requires appropriate efforts and strategies to overcome. Poverty alleviation efforts must consider all aspects, covering economic, social and environmental in accordance with the Sustainable Development Goals. Thus, objectives of this study were: (1) to analyze poverty and economic development in Semarang City, (2) to analyze the role of economic growth and regional financial management on poverty, (3) to develop a model of poverty alleviation strategy based on Sustainable Development Goals.

RESEARCH METHODS

Mixed method was the design used in the present research to do the case study in Semarang City. The data used were secondary data derived from reports on the realization of the Semarang City budget as well as economic growth and poverty for the 2000-2020 periods. The data taken consisted of fiscal decentralization, balancing funds, capital expenditures, economic growth, unemployment, poverty in Semarang City in 2000-2020. This research also made use of primary data from the results of Focus Group Discussion (FGD).

The first analysis method done was Partial Least Square (PLS). PLS is an alternative method in structural equations. PLS is a method for implementing the Structural Equation Modeling (SEM) model. In this research, the structural model analyzed was a reflective model with all indicators of exogenous variables, namely fiscal decentralization, and capital expenditure and balance, endogenous variables of economic growth, unemployment and poverty.

A PLS analysis requires five stages of the process where each stage will affect the next stage. The stages are:

1) Model Conceptualization a. Designing inner models. b. Designing the outer model
2) Determining Algorithm Analysis Method
3) Determining the Resampling Method

Generally there were two methods used by researchers in the field of SEM to carry out the re-sampling process, namely bootstrapping and jackknifing. In this research, the resampling method used was the bootstrapping method since

this method is more commonly used in structural equation models.

4) Drawing a Path Diagram

Following the model conceptualization, the next step was to draw a path diagram of the model to be estimated.

5) Model Evaluation

The PLS evaluation model is carried out by assessing the outer and inner models. Evaluation of the measurement model or outer model is carried out to assess the validity and reliability of the model.

The second method of analysis was the Analytical Hierarchy Process (AHP). AHP method later resulted strategic models to be used for poverty alleviation based on economy growth and regional financial management.

In solving problems with the Analytical Hierarchy Process (AHP) there are several principles to consider as follows:

1. Decomposition (creating a hierarchy)

Hierarchy is determined by criteria to assess the existing alternatives. Each criterion sometimes has sub-criteria underneath which have their respective intensity values.

2. Comparative judgment

Criteria and alternatives are determined by the results of pairwise comparisons. According to Saaty (1988), for various issues, a scale of 1 to 9 is used in the assessment.

3. Synthesis of priority

Priority indicates the weight of the criteria in decision making. The Analytical Hierarchy Process (AHP) method performs a priority analysis for each criterion using a pairwise comparison method between two elements so that all existing elements will be included in the comparison.

4. Logical Consistency

Consistency has two meanings. The first is that similar objects can be grouped according to their type. The second concerns the level of relationship between objects based on certain criteria.

In determining the priority strategy, the following steps are needed in the Analytical Hierarchy Process (AHP) method:

In the first step, the purpose of this research, namely strategies for alleviating poverty was decided

In the second step, the criteria were obtained from the results of qualitative descriptive analysis with competent key person

In the third step, alternatives were sought through similar steps as the criteria

In the fourth step, the questionnaires were distributed to some key person assigned

In the fifth step, matrix gained from the key person was compiled and processed using *expert choice* software version 11.0

In the sixth step, the results of *expert choice* 11.0 were analyzed to determine the values of inconsistency and priority

The seventh step focused on determining prioritized scales from criteria and alternatives to set the proper strategies for alleviating poverty

Figure 2. AHP Analysis Steps.

RESULTS AND DISCUSSION

An Overview of Poverty in Semarang City

The city of Semarang has an area of 373.70 km². Administratively, the city is divided into 16 sub-districts and 177 villages. The two widest sub-districts are Mijen sub-district with an area of 57.55 km² and Gunungpati sub-istrict with an area of 54.11 km². Meanwhile, the sub-districts that have the smallest area are South Semarang sub-district with an area of 5.93 km² and Central Semarang sub-district with an area of 6.14 km².

To the west of Semarang City, there is Kendal Regency, Demak Regency to the east, Semarang Regency to the south and the Java Sea to the north with a coastline reaching 13.6 kilometers. The geographical location and conditions of Semarang City have an astronomical position between the line 6°50' – 7°10' South Latitude and the line 1090 35' – 1100 50' East Longitude. The city of Semarang has a geostrategic position due to its location in the economic traffic lane of the island of Java, and as a development corridor for Central Java which consists of four gateway nodes namely the North Coast Corridor; the South corridor towards dynamic cities such as Magelang Regency, Surakarta known as the Merapi-Merbabu corridor, the East corridor towards Demak/Grobogan Regency; and West towards Kendal Regency. In the development and growth of Central Java, Semarang plays a very

important role, especially with the existence of a port, land transport network (railway and road) and air transport which is a potential for the Central Java Regional transportation node and the Central Java Regional Transit City. Another position that is no less important is the strength of relations with outside Java, directly as the center of the central part of the national territory.

The development of the percentage of poor people aged 15 years and over according to the main employment field in Semarang City for the 2019-2021 period tended to increase. In 2019, the number of poor people who were unemployed was 44.25%. Then in 2020 it decreased to 43.91%. However, in 2021 it again increased to 49%. For more, in terms of the number of poor people in Semarang City.

The number of poor people in Semarang City from 2019 to 2021 continued to increase. In 2019, the number of poor people was 71.97 thousand people, and in 2020 it increased to 79.8 thousand people, while in 2021 it increased again to 84.45 thousand people.

**The Role of Economic Growth and Regional Financial Management on Poverty Alleviation**
1. The Results of Structural Model Design (Inner Model)

The description of latent variables and their manifest variables are as follows:

1. Exogenous latent variable of Degree of Fiscal Decentralization (X1) had two manifest variables (indicators), namely regional income (X11) and regional expenditure (X12).
2. The exogenous variable of Balancing Fund (X2) had three manifest variables (indicators), namely general allocation funds (X21), special allocation funds (X22) and profit-sharing funds (X23).
3. The endogenous variable of economic growth (Z) had one manifest variable (indicator), namely the GRDP growth rate at constant prices (Z1)

4. The endogenous variable of poverty (Y) had three manifest variables (indicators), namely the percentage of poor people (Y1), poverty depth index (Y2) and poverty severity index (Y3).

Based on the elaboration of the manifest variables (indicators) of each exogenous variable and endogenous variable, a structural model was designed as follows:
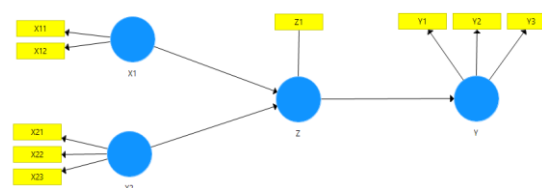
Source: Processed primary data output, 2022
Figure 1. Structural Model Design

2. Evaluation of the Measurement Model (Outer Model)

Evaluation of the measurement model is carried out to measure the specification of the relationship between latent variables and their indicators. It consists of four stages, namely convergent validity test, discriminant validity test, Cronbach's Alpha reliability test and composite reliability test.

a. Convergent Validity Test

The first data validity test was carried out using the Convergent Validity approach where indicators were assessed based on the correlation between the item score/component score. The validity testing for reflective indicators can be done by using the correlation between the indicator score and the construct score. Measurements with reflective indicators will show any a change in an indicator in a construct when other indicators in the same construct change. Convergent validity can be accepted or valid if it has a loading factor value $\geq$ 0.5 (Hair et al., 1998). In this research, the convergent validity test results using SmartPLS 3.3 software are presented in table 1 as follows:

Table 1. Output Results for Outer Loading

Variable	Indicator	Loading Factor	Result
Degree of fiscal decentralization	X11	0,919	Valid
	X12	0,911	Valid
	X21	0,889	Valid
Balancing funds	X22	0,915	Valid
	X23	0,876	Valid
Economic growth	Z1	1,000	Valid
	Y1	0,744	Valid
Poverty	Y2	0,850	Valid
	Y3	0,851	Valid

Source: Processed primary data output, 2022.

Based on table 1 all indicators for each variable gained a loading factor value above 0.5, so all have met the requirements of convergent validity. The output loading factor in the modeling of this research is presented in Figure 2 as follows:
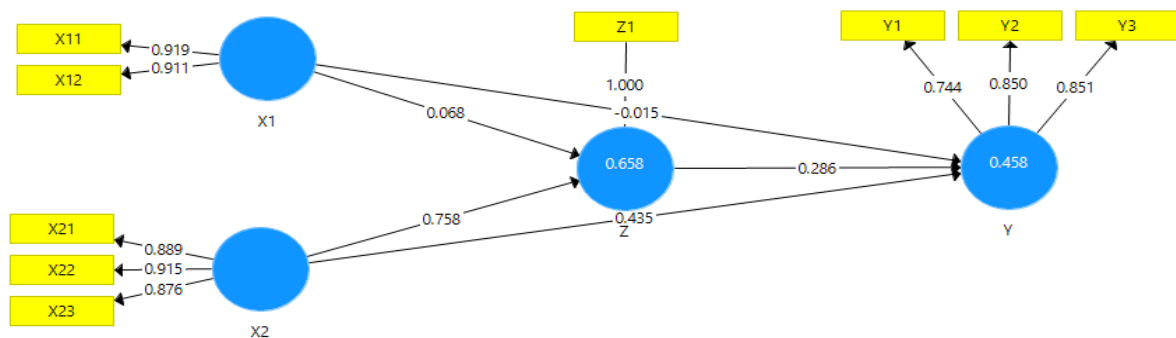
Source: Processed primary data output, 2022
Figure 2. Output Loading Factor in Research Modeling

b. Discriminant Validity Test (Discriminant Validity)

Discriminant validity test is also a must for reflective indicators. It is done by comparing the Average Variance Extracted (AVE) value of the average variance extracted and the correlation involving these latent variables. The model has good discriminant validity if the AVE root value of each latent variable is greater than the correlation value between the latent variables and other latent variables in the model. It is recommended that the AVE value should be greater than 0.50 (Kock and Lyn, 2012).

Table 2. The Comparison of AVE Values and Correlation between Variables

	X1	X2	Y	Z
X1	0.915			
X2	0.771	0.893		
Y	0.507	0.655	0.817	
Z	0.652	0.810	0.629	1.000

Source: Processed
primary data output, 2022

Table 2 shows that the Average Variance Extracted (AVE) value of the average variance extracted for each variable was greater than 0.5 and the correlation value between latent variables and other latent variables in the model was greater, so the discriminant validity in the model was met.

c. Cronbach's Alpha Reliability Test

Construct reliability test is needed to measure the consistency of the questionnaire. A questionnaire is said to be reliable or reliable if one's answers to the questions are consistent or stable from time to time (Putka & Sackett, 2010). It is said reliable if the construct or variable obtains a Cronbach's Alpha value > 0.70 (Sarwono & Narimawati, 2015). The results of the Cronbach's Alpha reliability test in this research model are as follows:

Table 3. Cronbach's Alpha Reliability Test Results

Construct	Cronbach's Alpha	Note
Fiscal decentralization degree (X1)	0,806	Reliable
Balancing funds (X2)	0,874	Reliable
Economic growth (Z)	1,000	Reliable
Poverty (Y)	0,748	Reliable

Source: Processed primary data output, 2022

Based on table 3, it can be seen that all constructs in the model obtained a Cronbach's Alpha value > 0.70, so all constructs in the model were reliable.

d. Composite Reliability

Composite reliability testing is done to show the internal consistency of an indicator in latent variables. The composite reliability value is usually greater than the Cronbach's Alpha value. It is reliable if the composite reliability value is > 0.70 (Nurnally & Bernstein, 1994). The results of the composite reliability test in this research are presented in table 4 as follows:

Table 4. Composite Reliability Test Results

Construct	Cronbach's Alpha	Note
Fiscal decentralization degree (X1)	0,912	Reliable
Balancing funds (X2)	0,922	Reliable
Economic growth (Z)	1,000	Reliable
Poverty (Y)	0,857	Reliable

Source: Processed primary data output, 2022

Based on table 4 all constructs in the model had a composite reliability value of > 0.70, so all indicators in the variable were reliable.

3. Evaluation of the Structural Model (Inner Model)

An evaluation of the structural model in SEM with PLS was carried out by performing the R-squared (R2) test, Goodness of Fit (Gof) and significance test through path coefficient estimation.

a. R-square test (R^2)

The predictive power of a structural model can be measured using RSquare (R^2). The use of R-Square (R^2) is whether there is an effect of certain exogenous latent variables on endogenous latent variables. The R-Square (R^2) with scores of 0.67, 0.33 and 0.19 shows that the model is strong, moderate and weak (Ghozali and Latan, 2015). In this study, the R-square test results are presented in table 5 as follows:

Table 5. R-Square Test Results (R^2)

Construct	R-Square	R-Square Adjusted
Economic growth (Z)	0,458	0,441
Poverty (Y)	0,658	0,651

Source: Processed primary data output, 2022.

Based on table 5 it can be seen that the R-Square value for the Poverty variable was 0.658. It indicated that the variable degree of fiscal decentralization, balancing funds, economic growth had an effect on poverty by 65.8%. In other words, the model was categorized moderate since the value of 0.658 is around the value of 0.33.

b. Goodness of Fit (GoF)

The PLS Path Modeling analysis can identify global optimization criteria to determine the Goodness of Fit index. The Goodness of Fit or GoF index was developed by Tenehause et al (2004) and is used to evaluate measurement models and structural models. In addition, it provides a simple measure of the overall predictions of the model. The GoF score criteria are 0.10, 0.25 and 0.36 indicating small, medium and large index (Ghozali and Latan, 2015). The Gof value in this research model can be seen in table 6 as follows:

Table 6. Goodness of Fit (GoF) Test Results

Construct	R-Square	Communality
Economic growth (Z)	0,458	1,000
Poverty (Y)	0,658	0,667
Mean	0,150	0,333

Source: Processed primary data output, 2022

Based on table 6, the GoF value was calculated using the square root value of the average communality index and average R-squares as presented in the following formulas (Ghozali and Latan, 2015):

$$GoF = \sqrt{Com \ x \ R^2}$$
$$GoF = \sqrt{0,333 \ x \ 0,150}$$

GoF = 0,221

Based on the calculation above, the GoF value obtained was 0.629, so the model in this study was included in the GoF Small criteria.

c. Significance Test (Bootstraping)

The acceptance of rejection of a hypothesis can be determined by the significance value between construct-statistics and p-values. With this technique, measurement estimates and standard errors are no longer calculated using statistical assumptions, but are based on empirical observations. In the bootstrap resampling method in this research, the significance value used (two-tailed) t-value was 1.985 (significance level = 5%) provided that the t-statistic value must be greater than 1.985. Hypothesis testing with the PLS SEM method was carried out by carrying out the bootstrapping process with the help of SmartPLS 3.3 software and resulted the following descriptions:

Table 7. Bootstrapping Calculation Results of the Research Data

Hypothesis	Construct	Original Sample Estimate	Sample Mean	Standard Deviation	t Statistic	P-Values	Note
Direct Effect							
H1a	X1 → Z	0,068	0,075	0,122	0,555	0,579	Not-significant
H1b	X1 → Y	-0,015	-0,006	0,142	0,106	0,916	Not-significant
H2a	X2 → Z	0,758	0,749	0,102	7,412	0,000	Significant
H2b	X2 → Y	0,435	0,413	0,162	2,680	0,008	Significant
H3	Z → Y	0,286	0,299	0,164	1,745	0,082	Not-significant
Indirect Effect							
H4	X1 → Z → Y	0,019	0,021	0.043	0,452	0,651	Not-significant
H5	X2 → Z → Y	0,217	0,225	0,132	1,651	0,099	Not-significant

Source: Processed primary data output, 2022.

Based on table 7. the hypothesis testing carried out is as follows:

1) Direct Effect between Variables

a. H1a: The degree of fiscal decentralization has a significant effect on economic growth

Based on the estimation results of SEM PLS, the t statistical value of the effect of the degree of fiscal decentralization (X1) on economic growth (Z) was 0.555 < 1.984 (t count) and the p value was 0.9579 > 0.05 (alpha 5%) so it can be concluded that H1a was rejected, meaning the degree of fiscal decentralization had no significant effect on economic growth. The original sample estimate value obtained the score of 0.068 which showed that the relationship between the variable degree of fiscal decentralization and economic growth had a positive direction. The results of this research are in line with the one conducted by Vitara Agatha &

Uliansyah (2021) that fiscal decentralization simultaneously affects economic growth. Another research related to the effect of fiscal decentralization on economic growth was done by Anwar et al., (2016). In his paper it is explained that partially fiscal decentralization has a significant positive effect on economic growth. Other results are showed by (Saputra & Mahmudi, 2012) where fiscal decentralization has a positive impact on economic growth.

b. H1b: The degree of Fiscal Decentralization has a significant effect on poverty

Based on the results of the PLS SEM estimation, the t statistical value of the effect of the degree of fiscal decentralization (X1) on poverty (Y) was $0.106 < 1.984$ (t count) and the p value was $0.916 > 0.05$ (alpha 5%), so H1b was rejected or the degree of fiscal decentralization had no significant effect on poverty. The original sample estimate value shows a score of -0.015 which meant that the relationship between the variable degree of fiscal decentralization and poverty had a negative direction. This finding is in line with a research conducted by Ichsan Maulana and Raja Masbar (2018) regarding the influence of fiscal decentralization through the General Allocation Fund (DAU) and the Special Allocation Fund (DAK), using the Gross Regional Domestic Product (GRDP) as a control variable, on poverty in eastern Indonesia; Papua, West Papua, Maluku, North Maluku and East Nusa Tenggara (NTT). The data used were panel data (pooled data) for 5 provinces in 2008-2013. The model used was the panel model with the fixed effect model analysis method. They conclude that fiscal decentralization has a positive and significant effect on poverty.

c. H2a: Balancing Funds have a significant effect on economic growth

Based on the results of the PLS SEM estimation, the statistical t value of the effect of balancing funds (X2) on economic growth (Z) was $7.412 > 1.984$ (t count) and the p value was $0.000 < 0.05$ (alpha 5%) so that H2a was accepted or the balancing funds have a significant influence on economic growth. The original sample estimate value shows a score of 0.758 which showed that the relationship between the balancing funds variable and economic growth had a positive direction. This result is in accordance with a research conducted by (Hasan, 2015) which shows that balancing funds

(DAU, DBH and interest rates) have a positive effect on economic growth with little significance. This may be due to the fact that regional balancing funds are relatively smaller compared to other government expenditure allocations. His research population was the district/city budget realization reports in South Sulawesi for the 2005-2010 periods. The results of other researches also show the same thing as stated by (Aulia, 2017) that balancing funds have a close relationship with economic growth. Aulia's was conducted with a population of regencies/cities in Central Java Province in 2003-2012, using a qualitative descriptive analysis model and canonical correlation.

d. H2b: Balancing Funds have a significant effect on poverty

Based on the results of the PLS SEM estimation, the t statistical effect of the effect of balancing funds (X2) on poverty (Y) was $2.680 > 1.984$ (t count) and the p value was $0.008 < 0.05$ (alpha 5%), so it can be concluded that H2b was accepted or balancing funds had a significant influence on poverty. The original sample estimate value shows a score of 0.435 which indicated that the relationship between the balancing funds variable and poverty had a positive direction. In a research conducted by (Manek & Badrudin, 2017) regarding Regional Original Income, Balancing Funds, Economic Growth and Poverty in Regencies/Cities in East Nusa Tenggara Province in 2007-2016 using combined times series and cross-sectional data using SEM-based variance, PAD has a significant positive impact on economic growth, but has a significant negative impact on poverty. Meanwhile, balancing funds have a significant negative effect on economic growth and poverty.

Another research conducted by (Adriawan et al., 2022) explains that the General Allocation Fund (DAU) on the Poverty Level has a positive relationship and a non-significant effect. Meanwhile, the Special Allocation Fund (DAK) on the Poverty Level has a negative direction and an insignificant effect.

e. H3: Economic growth has a significant effect on poverty

Based on the results of the PLS SEM estimation, the t statistical effect of the effect of economic growth (Z) on poverty (Y) was $1.745 <$

1.984 (t count) and the p value was 0.082 > 0.05 (alpha 5%), so it can be concluded that H3 was rejected or economic growth did not have a significant effect on poverty. The original sample estimate value shows a score of 0.286 which showed that the relationship between economic growth and poverty variables had a positive direction. (Nurhidayah et al., 2018) research which used path analysis states that there is no positive direct effect of economic growth on poverty. Their research used economic growth as an intervening variable. Different results are showed by (Manek & Badrudin, 2017) in their research on Local Own Revenue, Balancing Funds, Economic Growth and Poverty in Regencies/Cities in East Nusa Tenggara Province in 2007-2016. They found economic growth has no significant negative impact on poverty. Another research conducted by (Pangiuk, 2018) shows that the economic growth variable has no effect and is not significant on the poverty variable or its unitary value on poverty is negative.

2) Indirect Effect Between Variables

a. H4: The degree of fiscal decentralization has a significant effect on poverty through economic growth

Based on the results of the PLS SEM estimation, the t statistical value of the effect of the degree of fiscal decentralization (X1) on poverty (Y) through economic growth (Z) was 0.452 < 1.984 (t count) and the p value was 0.651 > 0.05 (alpha 5%), so H4 was rejected and meant that the degree of fiscal decentralization had no significant effect on poverty through economic growth. The original sample estimate value shows a score of 0.019 which indicated that the relationship between the variable degree of fiscal decentralization and poverty through economic growth had a positive direction. Researches regarding fiscal decentralization and economic growth on poverty by (Sudewi & Wiranthi, 2013) using multiple linear regression analysis show that simultaneously fiscal decentralization and economic growth have a significant effect on poverty. Furthermore (Vitara Agatha & Uliansyah, 2021) examined the effects of fiscal decentralization (PAD, DAU, DAK, Special Autonomy Fund and Capital Expenditure), economic growth and poverty in Papua Province for the 2014-2018 period. By using fixed effect

regression analysis and path analysis, the result is that fiscal decentralization simultaneously affects poverty. Besides, the indirect effect is showed by fiscal decentralization (DAU and DAK) on poverty through economic growth as a mediating variable. Meanwhile, the Special Autonomy Fund has a negative and insignificant effect, then PAD has a positive but not significant effect on poverty.

b. H5: balancing funds have a significant effect on poverty through economic growth

Based on the results of the PLS SEM estimation, the t statistical effect of the effect of balancing funds (X2) on poverty (Y) through economic growth (Z) was 1.651 < 1.984 (t count) and the p value was 0.099 > 0.05 (alpha 5%) so that it can be concluded that H5 was rejected or balancing funds had no significant effect on poverty through economic growth. The original sample estimate value shows a score of 0.217, meaning that the relationship between the balancing funds variable and poverty through economic growth had a positive direction. Through a research (Sudewi & Wiranthi, 2013) on fiscal decentralization, economic growth and poverty in Bali Province with the period 2003-2011 using linear regression analysis, it is known that simultaneously fiscal decentralization and economic growth have a significant effect on poverty. Both fiscal decentralization and economic growth have a partially significant negative effect on poverty. This is different from (Nurhidayah et al., 2018) which states that neither economic growth nor stat budget or APBD realization has a direct positive effect on poverty. This study uses four variables, namely PAD, DAU, DAK and Development Expenditure to examine the effect of APBD realization on economic growth, as well as examine the effect of economic growth as an intervening variable on poverty. By using path analysis with statistical mediation analysis, it was carried out in districts/cities in Central Java Province with data from 2014-2016.

CONCLUSION

Based on the findings, some conclusions are drawn as follows: The development of the percentage of poor people aged 15 years and over by main employment in Semarang City for the

2019-2021 period tends to increase. In 2019, the number of poor people who were unemployed was 44.25%. Then, in 2020 it has decreased to 43.91%, but in 2021 it has again increased to 49%. Thus, the number of poor people in Semarang City from 2019 to 2021 continued to increase. In 2019, the number of poor people was 71.97 thousand people. Then in 2020 it increased to 79.8 thousand people, and in 2021 it increased again to 84.45 thousand people.

Based on the results of the PLS estimation, the result is that the degree of fiscal decentralization does not directly have a significant direct effect on both economic growth and poverty. Furthermore, the balancing funds variable has a significant direct effect on both economic growth and poverty. Meanwhile, economic growth does not directly have a significant effect on poverty. Then, indirectly, neither the degree of fiscal decentralization nor the balancing funds has a significant effect on poverty through economic growth.

The suggestions that can be given in this study are that poverty in the city of Semarang is still high, so it needs to be a concern for the local government. Poverty alleviation efforts can be carried out by increasing the ease of public access to education, such as providing scholarships for young people who come from poor families. The government can optimize the provision of social assistance funds or productive capital to increase household income so that it can reduce poverty. For further research, it is possible to include other variables that have not been included in this study, such as capital expenditure, regional income, and other related variables.

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