



The Effect of Education Level and Village Funds on Poverty with Unemployment as an Intervening Variable in Wonosobo Regency

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Abstract

Poverty is a situation of inability to fulfill some basic needs such as food, clothing, shelter, education and health. This study aims to know how the effect of education, village funds and unemployment toward poverty and the effect of village funds toward poverty through unemployment in Wonosobo Regency. The approach that is used in this research is quantitative research. The data used in this research is secondary data. The data was taken from 15 sub-districts in Wonosobo Regency. The data period that will be used in this study is 2018 – 2019. The data analysis method that is used is path analysis and Sobel test. The results of the research showed that the level of education and unemployment had a significant effect on poverty while village funds statistically had no effect on unemployment and poverty and unemployment was unable to mediate the relationship of village funds toward poverty

INTRODUCTION

Development is held to realize prosperity of people through economic growth to overcome various development and social problems such as unemployment and poverty. Besides of economic growth, one of the important aspects to see the performance of development is how effectively the using of existing resources so that employment can absorb the available labor force. Increasing economic growth means the production of goods/services is increasing. Therefore, the workers are needed to produce these goods/services so that unemployment is reduced and poverty is decreasing (Yacoub, 2012).

Poverty and economic growth are important indicators in achieving the country's development success. Every country will try hard to optimize economic growth and reduce the level of poverty to achieve successful development. The appearance of increasing the number of people that live below the poverty line problem occurs in the developing countries including Indonesia which accompanies the achievement of economic growth in these countries (Jonaidi, 2012).

Poverty is something complex, it means that poverty is not only caused by lack of income and assets problem, but also it is related to another dimensions outside of the economy. Poverty is a problem of the low human resources qualities, the problem of clothing, food and housing, the problem of employment, and the problem of future uncertainty. In short, poverty is a problem of lack and a phenomenon that often occurs in rural areas (Nanga, 2005).

Based on the data from the Central Statistics Agency (BPS) in 2021, the percentage of the number of poor people in Indonesia is concentrated on the Java island in 2019 at 10,8 percent. The total of poor population in Java is divided into 6 provinces, where the Special Region of Yogyakarta has the highest percentage of poor people at 11,7 percent, followed by Central Java 10,8 percent, East Java 10,37 percent, West Java 6,91 percent, DKI Jakarta 3,47 percent, and Banten 5,09 percent. Central Java is a province with the second highest percentage of absolute poverty after DIY with a difference on 0,9 percent.

The strategic problems in the Wonosobo district government are not much different from the

problems in the government of Central Java province, that it has the high poverty rate, especially in the Wonosobo district. Based on data from the Central Statistics Agency (BPS) in 2021, Wonosobo district will be the area with the highest percentage of poverty rates in the province of Central Java. The percentage of poverty in Wonosobo Regency is 16,63 percent with a population of 790,504 people.

The problem of poverty can be viewed from the factors that influence it. Kuncoro (2006), states that the cause of poverty will fill in line to the vicious cycle of poverty theory. Under development, market imperfections and lack of financial capital causes the low productivity. The low productivity causes the low income that they receive. Low income will cause in the low of savings. The saving is low so the investment is low. Meanwhile, according to Sukirno (2004) the bad effect of unemployment will reduce people's income and it will reduce the level of prosperity that person has achieved. Decreasing the level of people's prosperity because of unemployment will increase their opportunity of being trapped in poverty.

Poverty that occurs in the households is caused by the low of education. The factor of education is very influential on the level of poverty. The problems regarding investment in education and poverty are almost same. Generally, people face the dilemma of whether economic growth takes precedence or better investment in education. The relationship between education and poverty is quite important because education has a major role in increasing economic growth and reducing poverty (Haughton, 2012). A person with a higher education usually has a greater access to get a job with a higher pay. It can be compared to an individual with a lower education level (Wiguna, 2013).

Sari, Anwar and Darussamin (2016) based on the results of regression, it is known that education measured using the number of high school graduates and above in South Sumatra gives a negative influence and significant on the poverty level in South Sumatra. However, Amalia (2012) in her research conducted in Eastern Indonesia area (KTI) in 2001–2010 stated that education had a positive effect on poverty.

Based on BPS data, the average length of schooling in Wonosobo Regency in 2019 got increasing from 2018 in the amount of 0.01 percent

from 6.75 percent to 6.76 percent. However, based on the ranking of Wonosobo Regency, it has been decreased from 27th to 30th rank in Central Java province which consists of 35 regencies and cities. The average of length schooling in Wonosobo district is lower than the average of length schooling in the province of Central Java. The average of length schooling in Central Java province in 2018 was 7.35 percent, while in 2019 it was 7.53 percent.

Unemployment becomes a problem in every country, even developed countries, especially in developing countries like Indonesia. Sri Budhi (2008) argues that any country in the world that is categorized as a developing country or a developed country always faces unemployment problem, the difference is that developing countries that are unemployed are unable to provide benefits to citizens, while developed countries are able to provide benefits. Some various ways to overcome this problem have been taken by the government, but this problem has not been able to be resolved. Unemployment has the potential to cause various criminal vulnerabilities, social unrest, poverty and politics because it is very important to pay attention to the problem of unemployment (Cang and Wu, 2012).

Unemployment is someone who is classified into the labor force and is actively looking for work at a certain fee level, but they cannot get the desired job (Sukirno, 2004). The rapid growth rates of the labor forces and slow job growth have caused the unemployment problem in an area to become more serious. The magnitude of the unemployment rate is a reflection of the lack of success of development in a country which can ultimately affect poverty (Tambunan, 2001).

Fima (2015) in his research shows that the unemployment rate gives a positive and significant influence on the poverty level of 11 Regencies/Cities in Province of Central Sulawesi. However, Rusdarti and Sebayang (2013) in their research conclude that unemployment is not statistically significant toward the poverty level in Central Java Province. It means that the poverty indicator that occurs is not caused by the unemployment rate but by other indicators.

Based on BPS data, the Open Unemployment Rate (TPT) in Wonosobo Regency in 2018–2019 got increasing amount of 0.03 percent. In 2018 the TPT

of Wonosobo Regency was 3.44 percent while in 2019 it was 3.47 percent.

The government's role in reducing poverty and anticipating market failures in the economy is very important. Its role through fiscal policy is targeted to solve economic development problems (poverty, unemployment and income distribution). Mankiw (2003) states that fiscal policy consists of two main instrument, they are tax policy and government spending. The role of the government through fiscal policy with three purposes, each of them has different purposes, namely:

1. The allocation function is related with the supply of social goods and the overall process of utilizing resources for the production of private goods, social goods and combinations of social goods.
2. The distribution function is related to the equality of prosperity and income distribution in society.
3. Stabilization function is addressed to stabilize or defend the low of unemployment rate, price or the level of inflation and economic growth that has been targeted.

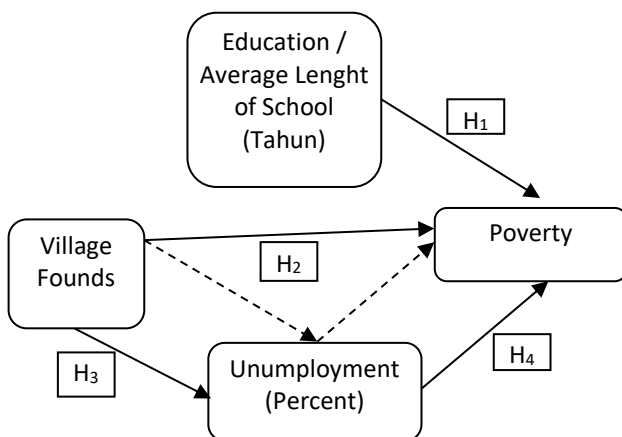
Mulyani (2017) revealed that the results of the evaluation of the use of village funds over the last two years showed that village funds had succeeded in increasing the quality of life of rural communities, which was shown, among others, by decreasing the ratio of rural inequality from 0.34 in 2014 to 0.32 in 2017. The decreasing the number of rural poor people from 17.7 million in 2014 to 17.1 million in 2017. Sunu and Utama (2019) in their research conducted in the Regency/City of Bali Province stated that village funds had a negative and significant effect on poverty levels. Oktavia (2019) concludes that the village fund variable has a negative and insignificant effect on the poverty level in West Kalimantan.

Based on some variable in the research that has been explained, there are some results of research about poverty, education level, village's fund and unemployment which gets some differences between one researcher and another researchers about the same variable produces the difference research.

Based on the description of the background of the problem above, it is important to be researched to find out poverty which is caused by the level of education, village funds and unemployment. Furthermore, this research is written in the form of a

thesis with the title "The effect of education level and village funds on poverty with unemployment as an intervening variable in Wonosobo Regency".

The purpose of this research is to analyze the influence level of education, village fund and unemployment and to analyze the influence of village fund toward poverty through unemployment in Wonosobo regency.



RESEARCH METHODS

This study uses quantitative research methods. The data used in this research is secondary data. Data were taken from 15 sub-districts in Wonosobo Regency. The data period to be used in this study is 2018 – 2019.

a. Dependent Variable : Poverty

Based on the results of the regression of the effect of education (X_1) on poverty (Y) it can be known that the significance value of the variable $X_1 = 0.017$ is smaller than 0.05 with the regression coefficient of the education variable (X_1) of -2.721. The magnitude of the R Square value of the influence of education level on poverty is amount 0,186 percent. It indicates that the contribution of the influence of education level on poverty is 18.6 percent. These results indicate that education has a negative and significant effect on poverty levels in Wonosobo Regency. These results indicate that the hypothesis H1 in this study is accepted.

The increasing level of education becomes a factor that affects the poverty level in Wonosobo

The data analysis technique used in this research is the classical assumption test, path analysis, hypothesis testing and Sobel test. The classical assumption test is carried out, namely the heteroscedasticity test is carried out to examine whether in the regression model there is an inequality of variance from the residuals of one observation to another observation and the autocorrelation test is carried out to examine the relationship that arises because of observations all the time related to each other.

Hypothesis testing is carried out, namely simultaneous test, t test or partial test. It is used to examine the effect of the independent variable on the dependent variable separately (Ghozali, 2011). Sobel test is used to examine the strength of the indirect effect of the independent variable (X) to the dependent variable (Y_2) through the intervening variable (Y_1).

RESULTS AND DISCUSSION

The Effect of Education Level on Poverty

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	35,498	7,286		4,872	,000
	Pendidikan	-2,721	1,075	-,431	-2,531	,017

Regency. The average of length schooling in Wonosobo Regency as a variable for education level in 2019 got increasing by 0.01 years from the previous year. The poverty rate in Wonosobo Regency decreased by 1.31 percent, in 2018 it was 17.57 percent while in 2019 it decreased to 16.62 percent.

The results of this study are appropriate with the opinion expressed by Anderson (2012) states that through adequate education, the poor residents will have a better opportunity to get out of poor status in the future. The new growth theory emphasizes the importance of the government's role, especially in increasing human capital development and it encourages research and development to increase human productivity. In fact, it can be seen that

investing in education will be able to improve the quality of human resources which is shown by increasing knowledge and skills of someone. The higher a person's education level, so the knowledge and skills will also increase so that it will encourage an increase in work productivity. The company will get more results by employing workers with high productivity, so the company will provide higher salaries for those concerned. In the informal sector such as agriculture, improving the skills and expertise of the workforce will be able to increase agricultural output, because skilled workers are able to work more efficiently. Finally, someone who has high productivity will get better welfare, which is shown through an increase in income and consumption (Rasidin K and Bonar M, 2004).

Based on the regression results of the influence of village funds (X2) on poverty (Y) it can be seen that the significance value of the variable X2 = 0.079 is greater than 0.05. The magnitude of the R Square value of the influence of village funds on poverty is 0.106. It indicates that the contribution or contribution of the influence of village funds on poverty is 10.6 percent. These results conclude that village funds have no significant effect on poverty levels in Wonosobo Regency. These results indicate that the hypothesis H2 in this study is rejected.

Village funds as one of the government output have been realized since 2015. Since 2015 the village fund budget has always increased with a fairly high level of budget absorption. From the beginning of the disbursement, the area with the most number of villages always received the largest allocation of funds. Meanwhile poverty is almost evenly distributed in Wonosobo Regency and even in Indonesia.

These results are in line with Susilowati's research (2017) that Village Funds are ineffective and

Based on the regression results of the effect of village funds (X2) on unemployment (Z) it can be seen that the significance value of the variable X2 = 0.075 is greater than 0.05. The value of R Square of the effect of village funds on unemployment is 0,109. It indicates that the contribution or the contribution of village funds to unemployment is 10.9 percent. These results give a conclusion that village funds have no significant effect on the unemployment rate in Wonosobo Regency.

This result is in line with the research conducted by Sari, Anwar and Darussamin (2016) which concluded that education measured by the number of high school graduates and above in South Sumatra has a negative and significant effect on poverty levels in South Sumatra. Astrini and Putu (2013) states that the results of the t test show that the literacy rate partially has a negative and significant effect on the poverty level in Bali Province.

The Effect of Village Fund on Poverty

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	13,361	2,120		6,302	,000
Dana Desa	,179	,098	,326	1,824	,079

unsuccessful in reducing poverty in every Regency/City in East Java Province. This is because the use of village funds is mostly used for the construction of rural physical facilities and infrastructure. Meanwhile, the using for community economic empowerment is still relatively small. On the other hand, the quality of the facilities and infrastructure that was built is still not good due to the lack of technical processing capabilities, both in terms of planning and management.

The Effect of Village Fund on Unemployment

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,782	,968		1,842	,076
Dana Desa	,083	,045	,330	1,851	,075

These results indicate that the H3 hypothesis in this study is rejected.

Village funds as one of the government expenditures have been realized since 2015. Since 2015 the village fund budget has always increased with a fairly high level of budget absorption. From the beginning of the disbursement, the area with the most number of villages always received the largest allocation of funds. Meanwhile, the unemployment rate in Wonosobo Regency fluctuated. Acceptance

of village fund in Sub-district-level in the Regency in 2018 and 2019 get an increase. The sub-district with the largest increase is Kalikajar District. The increase in the allocation of village funds was not followed by a decrease in the unemployment rate in Wonosobo Regency. The largest decrease in the unemployment rate occurred in Kepil District. However, there are several sub-districts in Wonosobo Regency that got an increase in the unemployment rate, namely Kalibawang District, Kaliwiro District, Leksono District, Selomerto District, Wonosobo District, Mojotengah District and Sukoharjo District.

The increase in village funds on the unemployment rate in Wonosobo Regency has not been appropriate with the expected purpose by the government center. The Ministry of Finance (2017) states that the distribution of Village Funds has 5 objectives, namely first, improving public services in the village; second, alleviating poverty; third, advancing the village economy; fourth, overcoming the development gap between villages and fifth, strengthening rural communities as development subjects. Thus, one of the objectives of distributing the Village Fund is to advance the economy by reducing the unemployment rate.

The Effect of Unemployment on Poverty

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	11,750	1,119		10,504	,000
Pengangguran	1,523	,297	,696	5,133	,000

Based on the results of the regression of unemployment effect (Z) on poverty (Y) it can known that the significance value of the variable Z = 0.00 is smaller than 0.05 with the regression coefficient of the unemployment variable (X2) of 1.523. The magnitude of the R Square value of the effect of unemployment on poverty is of 0.485, this indicates that the contribution or contribution of the influence of unemployment to poverty is 48.5 percent. These results conclude that unemployment has a positive and significant effect on poverty levels in Wonosobo Regency. These results indicate that the hypothesis H4 in this study is accepted.

The decline in the unemployment rate is a factor that affects the poverty rate in Wonosobo

Regency. The unemployment rate in Wonosobo Regency in 2019 was decreased by 0.49 percent from the previous year. The poverty rate in Wonosobo Regency getdecreasing amount of 1,31 percent, in 2018 it was 17.57 percent, while in 2019 it decreased to 16.62 percent.

The results of this study prove the opinion that expressed by Sukirno (2004) which states that the bad effect of unemployment is that it will reduce people's income which will reduce the level of prosperity that a person has achieved. With the decline in the level of community welfare due to unemployment, it will increase their opportunity of being trapped in poverty. The results of this study are in line with Fima (2015) which concludes that the Unemployment Rate has a positive and significant influence on the poverty level of 11 regencies/cities in Central Sulawesi Province. Astrini and Purbadharmaja (2013) in their research show that the partially open unemployment rate has a positive and significant effect on the poverty rate in Bali Province. **The Effect of Village Fund on Poverty Levels Through The Level of Unemployment in Wonosobo Regency**

From the results of the Sobel test calculation above, the Z value is 1,736, because the Z value obtained is $1,736 < 2,048$ with a significance level of 5 percent, it proves that the unemployment rate is not able to mediate the relationship between the effect of village funds on poverty..

The increasing allocation of village funds significantly in Wonosobo Regency was not followed by a decrease in the unemployment rate and poverty rate in Wonosobo Regency. The average allocation of village funds for each sub-district in Wonosobo Regency increased by 22.35 percent, while the average of unemployment rate in Wonosobo Regency in each sub-district increased by 0.15 percent. The average poverty rate for each sub-district in Wonosobo Regency has decreased by 1.04 percent.

The results of this study are not in line with the results of Kusdino's research (2018) which concludes that the program of village fund affects employment opportunities, economic growth, poverty prevention and income distribution.

The Village Fund that will be given to the village will be even greater while the capacity and capability of HR (Human Resources) in managing

village finances is still not sufficient. On the other hand, the involvement of community for planning and monitoring the use of village funds is still minimal. Thus, it becomes an important task and note not only for the central government, but also for district/city governments and village governments and communities to build villages collectively. (Azis, 2016).

CONCLUSION

Based on the results of the study, it can be concluded that the level of education has a negative and significant direct effect on poverty in Wonosobo Regency. Village funds are not statistically significant to poverty in Wonosobo Regency. The Village Fund is not statistically significant to unemployment in Wonosobo Regency. Unemployment has a positive and significant direct effect on poverty in Wonosobo Regency. The unemployment rate is not able to mediate the relationship of the effect of village funds on poverty in Wonosobo Regency.

Suggestion that can be given to the government of Wonosobo Regency is that the government should improve the programs of government in the field of education such as providing free educational facilities, scholarships for orphans and the poor, especially in rural areas that have difficulty in accessing education, it should often hold training on management village funds and make strategies that are able to increase employment, especially for women and conduct training in order to improve the quality and skills of their human resources.

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