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An Analysis of Economic Performance on Community Welfare

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Abstract

One of the ways in which the government in Central Kalimantan Province moves the regional economy is to develop an expansionary region which is expected to be able to further improve the economy of the community with the potential to support the pace of economic growth in the region for the welfare of its people.

The aim of this study was to analyze The Economic Performance of Community Welfare in the Development District of Central Kalimantan in 2010-2017. This study uses quantitative method and panel data. Proxy Economic Performance is a variable of Economic Growth, Unemployment Rate and Poverty Level as an independent variable, Community Welfare is proxied to be the Human Development Index as the dependent variable. The results of the study show that partially Economic Growth and Unemployment Rate do not significantly influence Community Welfare while the Poverty Level affects the Welfare of the Community. Simultaneously Economic Growth, Unemployment Rate, and Poverty Level have a significant effect on Community Welfare.

Keywords: Economic Performance; Economic Growth; Unemployment Rate; Poverty Level; Community Welfare

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1. Introduction

1.1. Background

Economic performance is a result that will be obtained in a business that involves a person's behavior / attitude in achieving success and more profit to meet economic needs. Economic performance can basically be indicated by the level of community welfare achieved by society as a whole, which cannot be separated from economic activities in the community related to community welfare is a condition that shows the state of life of the community that can be seen from the standard of life of the community.

In the perspective of economic development, people's welfare cannot be separated, this is because economic development is said to be successful if the level of community welfare is getting better. According to Pigou, welfare is a part of social welfare that can be directly or indirectly related to the measurement of money. Community welfare is a condition of fulfilling basic needs reflected in a decent house, adequate food

and clothing needs, affordable education and health costs, income that can meet the standard daily living needs, this shows that if someone has a job or in other words not currently unemployed, the person can fulfill his living expenses.

In economics there are many indicators that are used to measure performance, describe conditions, explain certain situations, or make forms of an irregularity that occur in a certain dimension, some important indicators that can be used as a measure of economic performance are unemployment rates, poverty levels and economic growth.

In economic theory, the concept of social welfare is known as welfare economics (Welfare Economics) which essentially explains the allocation of factors of production and goods and services in an economy to all citizens.

2. Theoreticals

2.1. Economic Growth Theory

Economic growth is a process of increasing productive capacity in an economy continuously or continuously all the time so as to produce national income and output levels that are increasingly larger.

Sukirno stated that economic growth is the process of increasing per capita output in the long term. The indicator for measuring economic growth in an area is Gross Regional Domestic Product (GRDP), which describes the quantity of goods and services produced by all units of production. (Waryanto, 2017)

Sodik found that regional economic growth was mainly driven by investment which had a significant effect. This means that high investment will increase economic growth, and further increase employment. The unemployment rate can be reduced, people's income increases and people's welfare increases. (Rini, 2012)

Economic growth shows the extent to which economic activity will generate additional community income in a given period. The indicator used to measure economic growth is the growth rate of domestic products

Gross Regional (GRDP) Per Capita based on constant prices, namely the amount of gross added value arising from all economic sectors in a region (Bappeda, 2011).

Theory of Unemployment Rate

Someone is said to be unemployed or looking for work if including residents who are looking for work, are preparing a business, not working, not looking for work because they feel it is impossible to get it to get income to support their lives. (BPS, 2012),

In terms of the economy, unemployment is a product of the inability of the labor market to absorb the available labor force. The availability of jobs is relatively limited, unable to absorb job seekers who always experience an increase every year along with the increase in population (BPS, 2012)

2.2. Poverty Level Theory

Poverty is defined as a situation where a person is unable to maintain himself according to the standard of living of the group and is also unable to utilize his mental and physical energy in the group. (Soerjono, 1982)

According to Ragnar (1952) "Circles of poverty or poverty (Vicious Cycles of Poverty) are things that are often a problem in various developing countries or regions. The result of small capacity in savings has resulted in low real income, where low real income shows low productivity as well. This spins over and results in a lack of capital. This lack of capital is what causes a small level of savings capacity. Real low income according to Nurske, is a reflection of the low productivity of the European Union generally defines the poor as those who have per capita income below 50 percent of the median (average) income. When the median / average income increases, the relative poverty line also increases"

Problems and problems of poverty are actually always related to vulnerability and powerlessness. And talk about vulnerabilities that exist in poor people, usually because poor people are faced with weak conditions, lack sufficient capacity in many fields and various fields, and then economically accompanied by poverty at the level of education, little knowledge / knowledge / insight, has no power, and does not have power. Weak economic defense system which has then affected resilience in many fields (Ase, 2016)

According to Diah, "Poverty is a condition where a person cannot enjoy all kinds of choices and opportunities in fulfilling his basic needs, such as being unable to fulfill health, decent living standards, freedom, self-esteem and a sense of respect like everyone else."

2.3. Theories of Community Welfare

According to Fachrudy (2015) Community welfare is known as welfare economics (Welfare Economics) which basically explains the allocation of factors of production and goods and services in an economy to all citizens

Layard and Walter explained that welfare economics is related to the questions of how production factors are allocated to goods and services products, and how the products of goods and services are distributed to the public (Fachrudy, 2015)

Prabawa stated that welfare is the fulfillment of all the needs of both goods and services in meeting the needs of families. (Rosni, 2012)

According to Todaro and Stephen C Smith, "Community welfare shows a measure of the results of community development in achieving a better life that includes, 1) capacity building and equitable distribution of basic needs such as food, housing, health, and protection, 2) improvement in living levels income, better education, and increased attention to culture and human values; and 3) expanding economies of scale and the availability of social choices from individuals and nations. "(Yuniarto, 2018)

2.4. Relationship of Economic Growth to Community Welfare

According to Diah, "Economic development is one of the main goals for developing countries, including Indonesia. Development is not only related to growth but also in improving welfare, security, and quality of resources including human resources and the environment."

Economic growth marked by an increase in per capita income indicates an increase in purchasing power which in turn will increase effective demand for goods and services, so that there will be an increase in people's welfare (Fachrudy, 2015)

Fadhila stated the relationship between economic growth and the welfare of society. The relationship between economic growth and community welfare is if economic growth is good then the level of income of the community will also increase, besides that from the increase in income that occurs the community will be able to meet their needs better this shows that welfare in the form of community income begins to increase (Fachrudy, 2015)

High unemployment and entanglement in the foreign debt circle. These problems are not enough to be overcome with a high rate of economic growth. Therefore, the high rate of economic growth is not a guarantee that it can improve the welfare of its people. (Dwi, 2015)

Todaro stated that the best way to pursue economic backwardness is to increase the rate of economic growth to the highest extent so that it can exceed the population growth rate. In this way, the number of per capita income will increase so that automatically there will also be an increase in community prosperity.

2.5. Relation of Unemployment Rate to Community Welfare

According to Sukirno, the bad effect of unemployment is to reduce people's income which ultimately reduces the level of prosperity achieved by a person. The decreasing welfare of the people due to unemployment will certainly increase their chances of being trapped in poverty because they do not have income.

Yuniarto stated the higher the economic activity in a region, the higher the level of welfare of the people in the area, and vice versa. To create a prosperous society, where the community has income, has a job, because people who are unemployed or unemployed will cause various problems.

Arthur stated that the higher the unemployment rate, the lower the level of growth and economic development that will have a major impact on people's welfare. (Yuniarto, 2018)

2.6. Relationship between Poverty Levels and Community Welfare

The success of human development is measured in several dimensions where the level of achievement of human development can be observed through the reduction of poverty dimension. According to Kuncoro (1997) the causes of poverty are 1) micro, poverty due to the inequality of patterns of ownership of resources that lead to unequal income distribution. Poor people only have limited amounts of resources and low quality, 2) poverty arises from differences in the quality of low human resources, which means that productivity is low, which in turn low wages (Yuniarto, 2018)

The paper states that poverty is caused by structural factors in individuals such as: (1) conditions of limited productive resource control, (2) limited access to productive resources, (3) low productive capacity, (4) low education and lack of related skills with work, (5) poor health conditions, (6) low enthusiasm and willingness to work (behavior / behavior) (Fitri, 2016)
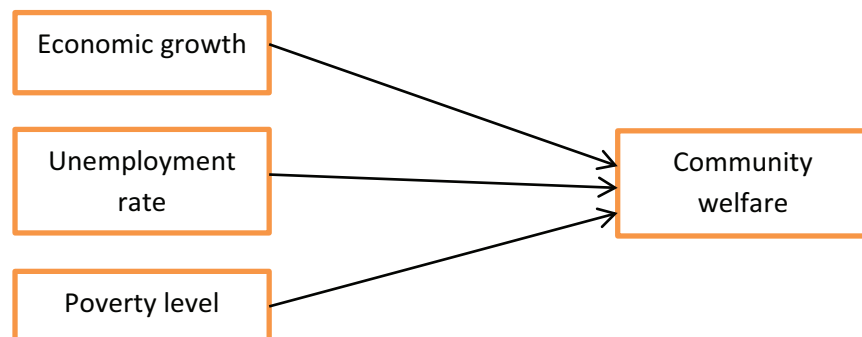
Supriatna states that poverty is a limited situation that occurs not at the will of the person concerned. A population is said to be poor if it is characterized by low levels of education, work productivity, income, health and nutrition and well-being of its life, which shows a cycle of powerlessness. Poverty can be caused by limited human resources available, both through formal and non-formal education channels which ultimately have consequences for the low level of informal education. (Yulianto, http...)

3. Research Methods

The methodology used in this study is:

Quantitative methods that use multiple linear regression using eviews 9 are data collected as secondary data sources that have been verified beforehand. The data taken is a cross-section and time series from 2010-2017 to 5 expansionary districts in Central Kalimantan Province that were obtained from the Central Kalimantan Provincial Statistics Agency publication.

Data analysis is done using technical and formula which starts with descriptive analysis, namely statistics used to analyze data that has been collected which is not with the aim of generalizing. The data analysis technique that will be used is the Panel Data analysis model of time series and cross section, using the model as follows:

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┌─────────────────┐
│ Economic growth │────────────┐
└─────────────────┘             │
                                 ▼
┌─────────────────┐        ┌──────────────┐
│ Unemployment    │───────▶│  Community   │
│ rate            │        │  welfare     │
└─────────────────┘        └──────────────┘
                                 ▲
┌─────────────────┐             │
│ Poverty level   │─────────────┘
└─────────────────┘
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The equation system is as follows:

$$Y = a + b1X1 + b2X2 + b3X3 + e$$

Where:

Y = Community Welfare (dependent variable / Tied)

X1 = Economic Growth (independent / free variable)

X2 = Unemployment Rate (independent / free variable)

X3 = Poverty Level (independent / free variable)

a = constant

b1, b2 & b3 = coefficient

e = standard error

4. Analysis Results

TABLE 1: Human Development Index (HDI) of Central Kalimantan Province According to 5 Expansionary Districts, 2010-2017

Region	Human Development Index (%)							
	2010	2011	2012	2013	2014	2015	2016	2017
Sukamara	62.41	62.86	63.52	63.92	64.44	65.80	66.40	66.98
Seruyan	61.60	62.16	62.39	62.81	63.49	64.77	65.40	66.14
Katingan	63.25	64.54	64.87	65.29	65.79	66.81	67.41	67.56
Pulang Pisau	63.76	64.06	64.28	64.76	65.00	65.76	66.49	67.00
Murung Raya	63.18	64.39	64.85	65.62	66.10	66.46	66.96	67.16

Source: Central Bureau of Statistics of Central Kalimantan Province

4.1. Multiple Linear Regression Test (Hypothesis Test)

Multiple linear regression analysis is a linear relationship between two or more independent variables (X1, X2,... Xn) with the dependent variable (Y). This analysis is to determine the direction of the relationship between the independent variable and the dependent variable whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable increases or decreases. Variable X in this study is Economic Growth, Unemployment Rate and Poverty level. While the variable Y is Community Welfare.

The results of the equation are obtained as follows:

$$Y = 71, 98 + 0.0925 X1 + 0.2488 X2 - 3,2438 X3$$

Based on the hypothesis test obtained:

H1: Economic Growth (X1) does not affect Community Welfare (Y)

H2: Unemployment Rate (X2) does not affect Community Welfare (Y)

H3: Poverty Rate (X3) is influential but negative for Community Welfare (Y)

To see the relationship above, a t test (partial) and F test (simultaneous) are carried out.

4.1.1. T test (partial)

The t test is used to partially test each variable. The results of the t test can be seen in the coefficients table in the sig (significance) column. If the probability value is t or

TABLE 2: Analysis Results

significance <0.05, it can be said that there is an influence between the independent variables on the dependent variable partially.

However, if the probability of the value of t or significance> 0.05, it can be said that there is no significant effect between each independent variable on the dependent variable.

Based on the t test, the results of eviews analysis are obtained using the fixed effect model as follows:

The table 1 above based on the equation according to table t it is known:

- Economic Growth variable (X1) has a calculated t value (t-statistic) is 0.2612. The value of t calculated from the Economic Growth variable (X1) is more than significance (0.2612> 0.05), it can be concluded that Economic Growth has no influence on Community Welfare (Y), then H1 is rejected.

- Unemployment Rate variable (X2) has a calculated t value (t-statistic) is 1.8038. The value of t arithmetic (t-statistic) of the Unemployment Rate variable (X2) is more than significant (1.8038> 0.05), it can be concluded that the Unemployment Rate has no effect on Community Welfare (Y) then H2 is rejected.

- Poverty Level variable (X3) has a value of t count (t-statistic) is -3,243. The value of t count from the Poverty Level variable (X3) is more than significant (-3,24380 <0.05), it can be concluded that the Poverty Level has a negative effect on Community Welfare, then H3 is accepted.

4.1.2. F test (simultaneous)

The F test is used to determine the effect of independent variables together (simultaneous) on the dependent variable. Significant means that the relationship that occurs can apply to the population.

The P value given just below the F-statistic, denoted by the Prob (F-statistic), is the level of marginal significance of the F test if the p value <Prob (F-statistic) or p <0.05, the hypothesis cannot be accepted.

So based on the results of the F test using eviews 9 analysis using a fixed effect model, the p value or F-statistic obtained is 5.1813> 0.05, which means the variable Economic Growth (X1), Unemployment Rate (X2), and Poverty Level (X3) has a significant effect on the variables of Community Welfare (Y).

4.1.3. Determination Coefficient Test (R Squared)

The coefficient of determination is done to see how much the ability of the independent variable to explain the dependent variable. Value the coefficient of determination ranges from 0 to 1. If the small value means the ability of the independent variables to explain the variation of the dependent variable is very limited. This test aims to determine the proportion or percentage of total variation in the dependent variable explained by the independent variable., 05 then the conclusion of the research can be drawn significantly

R-square can be seen in the Model Summary output

So based on eviews analysis using the fixed effect model In the R-square column the results can be seen that is 0.6224, while the rest is influenced or explained by other variables not included in the research model. This means that the ability of R-squared to explain the variable Economic Growth (X1), Unemployment Rate (X2) and Poverty Rate (X3) has an effect on Community Welfare (Y) of 62%

5. Discussion

5.1. Partial Relationship between Economic Growth and Community Welfare

Based on the results of the study, it shows that Economic Growth does not have a direct (significant) effect on Community Welfare, this is obtained from the results of the eviews method test with the Fixed Effect model which shows the Prob / sig value of 0.796

<0.05, essence of expansion in Central Kalimantan expected to bring closer to a more sustainable development chain for the community. With regional expansion it is hoped that new regions will be more independent and able to provide comfort and welfare to the local community. But what happened was that even though the opportunity for economic growth had still been opened, it had not been able to significantly influence the welfare of the community, this was due to the uneven development of infrastructure, education and health facilities, etc. which were easily reached by the local community. The process so that it has not been able to fully support the activities of improving the economy and the welfare of the people in the newly created regions. This is in line with Ricky Wirawan's research entitled "The Impact of the Expansion of the South Barito Regency and East Barito District of Central Kalimantan Province on the Welfare of the Local People of East Barito. Because the opening of a new area certainly requires a process and the time to see its progress towards improving community welfare is due to access to infrastructure, education, income, etc. that cannot be seen in a short time. And Rizaldy Zakaria's research entitled *Pengaruh Tingkat Jumlah Penduduk, Pengangguran, Kemiskinan, Pertumbuhan Ekonomi Dan Belanja Modal Terhadap Indeks Pembangunan Manusia Di Provinsi Jawa Tengah Tahun 2010-2016* (The Effect of Population Levels, Unemployment, Poverty, Economic Growth and Capital Expenditure on the Human Development Index in Central Java Province in 2010-2016) which states that economic growth cannot be used to promote the improvement of other indicators. In addition, the structure and processes that occur in the community cannot provide benefits to the poor. For example, various increases in yields are only beneficial for landowners and not laborers so that their income will be less to fulfill their daily lives.

5.2. Relationship to the Partial Level of Unemployment with Community Welfare

Based on the results of the study, it shows that the Unemployment Rate does not significantly influence Community Welfare, this is obtained from the results of the Fixed Effect Test which shows the Prob / sig value of 0.085 <0.05, in a previous study conducted by Yuniarto (2018) entitled *Factor Analysis Affecting Community Welfare in Central Kalimantan Province* stated "the higher economic activity in an area means that the unemployment rate decreases so that the level of welfare of the people in the area is higher", but this is not in line with the results of this study that are not in line, community welfare not affected by the unemployment rate this happens because the number of

jobs that do not increase even though the emergence of new pemekaran areas, the population has not yet gotten a new type of economic activity in addition to the habits that have been passed down from generation to generation namely men depend on life in nature such as fishing, tapping rubber, farming seasonally, etc. which during the season is like rain, for example, the community does not carry out these activities for a while. Economic activities occur only in certain sectors such as government employees who work and earn wages, for people who work seasonally it has no effect.

5.3. Partial Relationship Poverty Level with Community Welfare

Based on the results of the study, it shows that the Poverty Level has a significantly negative effect on Community Welfare, this is obtained from the results of the Fixed Effect Test which shows the prob / sig value which is 0.003 <0.05 but partially based on the calculated t obtained the regression coefficients of the Poverty Level - 3,2438. In this case we can understand that although the Poverty Level in the expansionary districts in Central Kalimantan Province has significant but negative impact on Community Welfare, there are still other reasons why it states that poverty is a result of lack of education, insufficient knowledge, insufficient community empowerment developing to improve their standard of living, etc. is more due to living conditions that are still adjusting to government programs when creating new territories where the government is still in the process of development in supporting all segments of society's needs. This is in line with Devani Ariesta Sari's research entitled *Analisis Faktor-faktor yang Mempengaruhi Kesejahteraan Masyarakat di Kota Bandar Lampung* (Analysis of Factors Affecting Community Welfare in Bandar Lampung City) which also explains that poverty that occurs due to other things that occur is not due to intentional or lack of quality improvement such as the monetary crisis which causes many termination of employment (Layoffs) so that it ultimately results in a decline in Community Welfare there.

6. Conclusion

Based on the results of the analysis and discussion, some conclusions can be obtained as follows:

1) Partially Economic Growth has no effect (not significantly) on Community Welfare in Expansionary District of Central Kalimantan Province. This happens because the rate of economic growth in Expansionary District in Central Kalimantan Province is still small, even though it can be sourced from the inclusion of employees related to the

government who are part of forming a new government, which is due to conditions of adjustment to new government development programs or in the process so that the investment climate or the creation of new economic activities have not reached a maximum reach, the differences in economic activities before and after regional expansion have not been too different from other words there are no significant outputs and outcomes in increasing local people's income.

2) Partially the Unemployment Rate has no effect (not significantly) on Community Welfare in Expansionary District of Central Kalimantan Province. This could happen because the number of population increases is still not too much especially after the separation or division of the previous regency so that economic activity activities that should be an indicator of increasing people's incomes have not yet occurred, this may occur due to people who only farm seasonally, fishing, forest honey or rubber tapping still do the same thing and some at certain times, there is no form of economic activity such as new investments that can encourage economic activities of the community so as to create new jobs.3) Partially the level of poverty has a significant but negative effect on Community Welfare, this occurs because there is no increase in the type of work, source of employment, significant population growth, or other penetration that can create or encourage an increase in community income sources to improve community welfare in the district division.

3) Partially the level of poverty has a significant but negative effect on Community Welfare, this occurs because there is no increase in the type of work, source of employment, significant population growth, or other penetration that is able to create or encourage an increase in community income sources to improve the welfare of the people in the newly created regency.

7. Suggestion

The Central Kalimantan Provincial Government should not only focus on infrastructure development and the construction of new government in newly created districts, but should be able to improve the quality of people who are included in the expansion area in order to achieve welfare improvement to the community in order to develop their talents through Micro, Small and Medium Enterprises (MSMEs) and Rural Independent Community Empowerment (PNPM).

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