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Determining Factors of Economic Growth and Poverty in West Kalimantan

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ABSTRAK

The abundant wealth of natural resources in the West Kalimantan Province, such as bauxite, palm oil, rubber, and coconut, underlies the region's great potential for economic growth. Therefore, being able to identify the factors that influence the province's economic growth and poverty is of vital importance. This study aims to contribute to understanding the primary factors influencing the economic growth and poverty of the region. The objective of this research is to investigate and assess how the economic growth and poverty of West Kalimantan Province, spanning from 2015 to 2021, is impacted by variables such as per capita spending, investment, and government expenditure. This is particularly significant due to the province's diverse regions, each possessing distinct attributes and confronting varying obstacles in pursuing enduring economic development. The analysis employs both the multiple linear approach and the path analysis technique. The findings revealed that the per capita expenditure factor exhibited a partial yet meaningful and favorable impact on economic growth. Meanwhile, the investment factor positively influenced economic growth, although it lacked statistical significance. On the other hand, the government expenditure factor yielded a neutral yet substantial effect on economic growth. In terms of poverty, the per capita expenditure variable demonstrated a non-significant negative impact, while the investment variable exhibited a positive influence on poverty without achieving statistical significance. Similarly, the government expenditure variable positively affected poverty, but this effect was not statistically significant. Notably, the economic growth variable significantly and adversely affected poverty. The outcomes derived from the path analysis indicated that per capita expenditure, investment, and government expenditure significantly influenced poverty while displaying no significant effects on economic growth.

1. INTRODUCTION

The government has implemented a range of measures with the aim of enhancing the well-being of the population. This effort includes implementing policies, making decisions, and setting priorities aimed at improving development conditions in various sectors and providing welfare to all Indonesian people, even though the results are not yet optimal. One of the obstacles hindering the achievement of prosperity is the high level of poverty that still exists. Economic growth typically leads to an increase in overall income and can lift many people out of poverty. When an economy grows, it often creates more job opportunities and higher wages, reducing poverty for those who can participate in the workforce. Economic growth can provide governments with additional resources for poverty-alleviation programs, including investments in education, healthcare, and social safety nets. However economic growth doesn't automatically ensure that the benefits reach all segments of the population. In many cases, growth can lead to increased income inequality, with the wealthy benefiting more than the poor. This can limit the poverty-reducing impact of growth. Additionally, economic growth may not be evenly distributed geographically, leading to disparities between urban and rural areas or different regions within a country. This can leave some areas in persistent poverty. Empirical evident on the relationship between growth and poverty provide mixed result. The research outcomes of Jonadi (2012), Paramita & Purbadharmaja (2015), and Suryandari (2018) reveal that economic growth and poverty goes to the opposite direction, increasing economic growth leads to lower poverty rate. The Kuznets theory, as discussed in Todaro & Smith (2014), asserts a U-share relation between economic growth and poverty, with poverty initially

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increasing in the early phases of economic development and gradually become lower in the final stages. To the complextity of relation between determining factors of economic growth and poverty, in this research we argue that alleviation of poverty may caused directly by determining factors such as percapita expenditure, government expenditure and investment or indirectly through economic growth.

Poverty denotes a circumstance where an individual faces challenges in fulfilling their essential minimum requirements. Based on information provided by the Central Statistics Agency (BPS) in 2021, West Kalimantan Province holds the 23rd position among Indonesia's 34 provinces concerning poverty levels. Additionally, it stands as the province with the highest poverty rate on the island of Borneo. The poverty level in West Kalimantan is relatively high when compared with other provinces in Indonesia, even though West Kalimantan has a wealth of natural resources which should be able to reduce the poverty of its population. The fact that West Kalimantan has a land border with Malaysia, which has a higher per capita income, should be an opportunity for West Kalimantan to gain dynamic benefits from national trade which in turn will bring prosperity and eliminate poverty.

West Kalimantan Province center of government lies in the city of Pontianak and in 2020 has a population of 5,414,390 people. The province has an area of 147,307.00 km^2 and is divided into 14 regencies/cities, 174 districts, 99 sub-districts and 2,031 villages. This vast area provides the province with abundant natural resource potential, especially in the agricultural, fishery and plantation sectors. This potential should then be able to contribute in improving economic conditions in West Kalimantan Province.The highest poverty in West Kalimantan Province was recorded in 2009, namely 9.05% (425,390 people) of the population who were in the poor category (Table 1). This figure continued to decline until 2012 to 8.17% (371,220 people), but then increased gradually until in 2014 it reached 8.54% (381,900 people). Next, until 2019 this figure continued to decrease to 7.49% (378,410 people). Even though West Kalimantan Province has been affected by the Covid-19 outbreak, in 2020 the poverty rate still fell to 7.17% (366,770 people). This is made possible by the policies taken by the government providing social assistance to the poor and those affected by Covid-19. In 2021 the poverty rate fell down to 7.15%, but in terms of pure numbers, the actual amount of people in poverty slightly increased to 367,890 people. In March 2022 BPS noted that the percentage of poor people continued to decline to 6.37% or as many as 350,251 people.

Table 1. Poverty Headcount and Poverty Rate of West Kalimantan 2009 - 2021

Year	Poverty Headcount (Lives)	Poverty Rate (%)
2009	425.390	9,05
2010	400.400	9,10
2011	376.120	8,48
2012	371.220	8,17
2013	380.710	8,24
2014	381.900	8,54
2015	383.700	8,03
2016	381.350	7,87
2017	387.430	7,88
2018	387.080	7,77
2019	378.410	7,49
2020	366.770	7,17
2021	367.890	7,15

Source: West Kalimantan Province BPS, processed (2022).

While the poverty rate generally exhibits a downward trend, there remains a potential for it to rise once more. Examination of data spanning multiple years reveals a minimal distinction between individuals in poverty and those on the brink of poverty. This suggests a significant susceptibility to potentially becoming part of the impoverished demographic. As a result, efforts to reduce poverty should concentrate on individuals within the lower income bracket.

Several factors affect the level of poverty, including economic development through indicators of economic growth, inflation rate, investment, level of public education, level of public health, availability of employment, and unemployment rate (Gunamantha, 2015; Ruja, 2022).

Economic growth in West Kalimantan Province has fluctuated from year to year. When viewed from the side of the Regency/City in West Kalimantan Province, within the past 7 years, the highest growth, on average, was achieved by Ketapang Regency (5.69%), followed by Mempawah Regency (4.75%) and Kubu Raya Regency (KKR) 4.69%; while the lowest growth was recorded by Pontianak City (3.39%).

Even though on average Ketapang Regency recorded the highest growth, its economic growth tended to fluctuate from year to year, with the same thing happening to other districts/cities. Due to the

Covid-19 outbreak, in 2020, almost all regencies/cities experienced negative economic growth except for Sanggau Regency (0.71%) and Mempawah Regency (0.18%). In the following year, all regencies/cities experienced positive growth the following year.

Table 2. District/City Economic Growth in West Kalimantan 2015 – 2021

Regency/City	Economic Growth (%)							Average
	2015	2016	2017	2018	2019	2020	2021	
Sambas	4,78	5,24	5,06	4,93	4,75	-2,04	4,37	3,87
Bengkayang	3,96	5,15	5,62	5,25	5,14	-1,99	4,33	3,92
Landak	5,11	5,28	5,17	4,92	4,88	-0,71	4,89	4,22
2Mempawah	5,6	5,99	5,87	5,76	5,78	0,18	4,10	4,75
Sanggau	3,15	5,34	4,48	4,21	3,73	0,71	4,19	3,69
Ketapang	5,53	7,97	7,21	7,83	6,58	-0,49	5,23	5,69
Sintang	4,65	5,28	5,33	5,15	4,99	-2,19	3,80	3,86
Kapuas Hulu	4,67	5,28	5,39	4,66	3,8	-2,43	4,43	3,69
Sekadau	5,75	5,93	5,82	5,83	5,44	-0,98	4,31	4,59
Melawi	4,61	4,75	4,70	5,25	4,41	-1,11	4,54	3,88
Kayong Utara	5,03	5,98	5,37	4,94	4,97	-0,76	4,59	4,30
Kubu Raya	6,21	6,37	6,54	5,25	5,68	-2,39	5,18	4,69
Kota Pontianak	4,84	5,08	4,96	4,22	4,02	-3,96	4,60	3,39
Kota Singkawang	6,18	5,17	5,38	4,64	4,41	-2,51	4,82	4,01

Source: West Kalimantan Province BPS, processed (2022).

On average, economic conditions developed quite well in several districts/cities of West Kalimantan Province. When viewed through the Neoliberal theory in Abidin (2019), which stated that poverty can be suppressed by increasing economic growth, it turns out that economic growth in these districts/cities is not necessarily followed by a decrease in poverty. The following shows poverty data for 14 districts/cities in West Kalimantan Province, including: from 2015 to 2017 (Table 3).

Table 3. Poverty Rate of District/City in West Kalimantan 2015 - 2021

Regency/City	Poverty Rate by District/City (%)							Average
	2015	2016	2017	2018	2019	2020	2021	
Sambas	9,42	8,54	8,59	8,55	8,19	7,70	7,66	9,59
Bengkayang	6,94	7,46	7,51	7,17	6,96	6,62	6,48	8,03
Landak	13,51	12,32	12,23	11,77	11,47	11,12	10,99	13,64
Mempawah	5,52	5,75	5,94	5,61	5,32	4,95	5,18	6,26
Sanggau	4,57	4,51	4,52	4,67	4,57	4,46	4,55	5,20
Ketapang	11,72	10,99	11,02	10,93	10,54	10,29	10,13	12,36
Sintang	9,33	10,07	10,20	10,35	9,65	9,27	9,28	11,14
Kapuas Hulu	9,66	9,82	9,45	9,60	9,62	8,99	8,93	10,80
Sekadau	6,50	6,14	6,46	6,17	6,11	5,87	6,26	7,11
Melawi	12,57	12,63	12,54	12,83	12,38	12,04	12,01	14,21
Kayong Utara	9,84	10,19	9,89	10,08	9,98	9,56	9,33	11,25
Kubu Raya	5,22	5,04	5,26	5,07	4,74	4,42	4,34	5,58
Kota Pontianak	5,22	5,55	5,31	5,00	4,88	4,70	4,58	5,76
Kota Singkawang	5,76	5,33	5,42	5,12	4,91	4,53	4,83	5,88

Source: West Kalimantan Province BPS, processed (2022).

It can be seen from the data in Table 3 that the highest average percentage of poor people in the 2015-2021 period was Melawi Regency (14.21%), followed by Landak Regency (13.64%) and Ketapang Regency (12.36%). Meanwhile, the lowest percentage of poor people is Sanggau Regency (5.20%).

When examining the information regarding economic expansion and the proportion of impoverished individuals across multiple districts/cities within West Kalimantan Province, a conflicting correlation between these two factors becomes apparent. Ketapang Regency with economic growth ranks first out of 14 districts/cities, but has the third highest percentage of poor people. Furthermore, Landak Regency, with economic growth in sixth place, has a relatively high poverty rate, which is the second highest. The district with the third lowest economic growth, namely Sanggau District, has the lowest poverty rate among the 14 districts/cities.

Tabel 3. Average per Capita Expenditure, Investment and Expenditure of District/City Governments in West Kalimantan 2015-2021

Regency/City	Average		
	Expenditures Per Capita Per Year (Thousands of Rupiah)	Investment (Thousands of Rupiah)	Government Expenditure (Thousands of Rupiah)
Sambas	9,613	600,465	1,854,895,555
Bengkayang	8,895	1,897,584	868,470,201
Landak	7,102	1,422,477	1,285,005,884
Mempawah	7,588	3,383,234	983,572,225
Sanggau	8,041	2,633,677	1,440,389,088
Ketapang	8,839	3,183,933	1,887,473,042
Sintang	8,536	2,850,732	1,860,048,047
Kapuas Hulu	6,975	3,316,775	1,744,082,545
Sekadau	7,211	865,040	774,031,021
Melawi	8,148	107,265	927,782,063
Kayong Utara	7,519	161,210	724,469,695
Kubu Raya	8,459	1,821,740	1,646,949,276
Kota Pontianak	14,199	294,201	1,600,901,162
Kota Singkawang	11,404	55,963	989,709,505

Source: West Kalimantan Province BPS, processed (2022).

From the data in Table 4, the district/city that has the highest average per capita expenditure is Pontianak City of Rp. 14,199,000, - and the lowest is Kapuas Hulu Regency Rp. 6,975,000, -. Pontianak City has the largest per capita expenditure, but the average economic growth is the lowest or in 14th place, with a percentage of poor people of 5.76% or ranks 12th. Meanwhile, Kapuas Hulu District has the lowest per capita expenditure, its economic growth is also low and is in 13th place but above Pontianak City, and the percentage of poor people is at 10.80% or 6th.

The information presented in Table 4 reveals that Pontianak City exhibits the greatest mean per capita expenditure, amounting to Rp. 14,199,000. Meanwhile, Kapuas Hulu District has the lowest average expenditure per capita, which is Rp. 6,975,000, -. Although Pontianak City has the highest per capita expenditure, its average economic growth ranks 14th, which is the lowest economic growth rate. In addition, the poverty rate of Pontianak City is 5.76%, which ranks 12th. On the other hand, Kapuas Hulu District has the lowest per capita expenditure and also low economic growth, ranking 13th. However, the poverty rate in this district is 10.80%, which ranks 6th.

From the data contained in the information provided, Mempawah Regency achieved the highest investment value, which was Rp. 3,383,234,000,000, -. Meanwhile Singkawang City has the lowest investment value, which is Rp. 55,963,000,000, -. Mempawah Regency holds the top position for average investment value and either experiences substantial economic growth or secures the second position in terms of economic expansion. However, the poverty rate in this district is also quite high, namely 6.26% or is in 10th place.

Ketapang District has the largest average government expenditure, which is Rp. 1,887,473,227,042, -. Meanwhile, Kayong Utara District has the lowest average government expenditure, which is Rp. 724,469,695,000, -. Ketapang Regency leads with the most significant government expenditure and the highest economic growth among the 14 districts/cities. Nevertheless, the poverty rate in Ketapang Regency is also notably elevated, standing at 12.36%, which places it in the third position. Conversely, North Kayong Regency records the lowest government expenditure; however, its economic growth is commendable, ranking fifth among the districts/cities. Nonetheless, the poverty rate in North Kayong Regency is relatively high, at 11.25%, positioning it fourth out of the 14 districts/cities.

The examination of data encompassing per capita expenditure, investment, government expenditure, economic growth, and poverty within West Kalimantan Province underscores the presence of diverse patterns of connections among these variables across the 14 districts/cities. Ketapang Regency has the fifth highest expenditure per capita, the second highest investment, the highest government expenditure, and high economic growth. However, this district also has a fairly high percentage of poor people, ranking the third highest. Conversely, Singkawang City presents the second-highest per capita expenditure figure; however, its investment and government expenditure remain low, and its economic growth holds the ninth position. Nonetheless, the city achieves the lowest percentage of impoverished individuals, ranking as the fourth lowest. Similar circumstances arise in Kapuas Hulu District, wherein per capita expenditure is the lowest, yet it attains the highest investment rate and the fourth highest government expenditure. Nonetheless, its economic growth stands as the third lowest. In terms of poverty rates, this district is ranked sixth.

To achieve a more comprehensive understanding of the interplay among these variables, further extensive research is warranted. Through a detailed analysis, it is possible to uncover the underlying factors that contribute to the intricate relationships between per capita expenditure, investment, government expenditure, economic growth, and poverty within West Kalimantan Province.

Thus, there are variations and complexities in the relationship between these variables in each district/city within the Province of West Kalimantan. To obtain a more precise comprehension of the intricate relationships between these variables, the following research questions are pertinent:

1) How does per capita expenditure affect economic growth in West Kalimantan Province?
2) What role does investment play in shaping the economic growth within West Kalimantan Province?
3) How does the contribution of government spending influence the economic growth within West Kalimantan Province?
4) How does per capita expenditure affect poverty in West Kalimantan Province?
5) What are the consequences of investment on poverty within West Kalimantan Province?
6) How does government expenditure affect poverty conditions in West Kalimantan Province?
7) What is the relationship between economic growth and poverty in West Kalimantan Province?

Through conducting thorough research and detailed analysis to address these inquiries, it becomes feasible to unearth more distinct patterns and correlations among these variables within the specific context of West Kalimantan Province. This research can enrich empirical analysis regarding factors that influence poverty both directly and indirectly through economic growth in West Kalimantan. These findings can be used as a basis for policy making that supports achieving the first goal of the Sustainable Development Goals, namely eliminating poverty.

2. METHODS

The chosen research methodology takes the form of quantitative research by using the Path analysis. Path analysis aims to establish causal relationships or associations between variables. By examining the relationships and correlations among variables in the DAG, researchers can assess which variables have direct effects on others and which variables have indirect effects via one or more intermediary variables. The research employs secondary data as its primary source. Secondary data is typically compiled by data collection agencies, published, and disseminated to users. The Indonesian Central Agency of Statistics (BPS) serves as the information source for this study. The data utilizes a panel structure, comprising a time series spanning from 2015 to 2021 and cross-sectional data from 14 regencies/cities within West Kalimantan Province. The West Kalimantan BPS provides the data for the past 7 years, encompassing the period from 2015 to 2021. The acquired data takes the form of processed secondary data facilitated by BPS.

The research employs path analysis as the chosen method for data analysis. According to Rutherford in Hakam et al. (2015), path analysis is a methodology used to examine causal relationships, particularly in situations where independent variables influence the dependent variable both directly and indirectly within multiple regression. Moreover, the analysis encompasses partial and simultaneous significance testing, followed by model interpretation. Model interpretation involves translating the equation model, and the significance test outcomes from the model interpretation contribute to explaining or validating the formulated hypothesis.

Within this study, a hypothesis was formulated to ascertain the mathematical linkage between the independent variables and the dependent variable. To assess and validate the hypothesis-driven model, various statistical tests and classical assumptions can be conducted, encompassing:

1) Multicollinearity Test: Used to check whether there is a multicollinearity problem between the independent variables. This can be done by calculating the correlation matrix between the independent variables and examining the inflation variance factor (VIF).
2) Heteroscedasticity Test: Employed to assess if there is uneven variance within the model's error. This assessment can be conducted through methods like the Glejser test, Park test, or White test to identify potential variations in variance.
3) Normality Test: Employed to verify if the errors in the model adhere to a normal distribution. Tests for normality, such as the Jarque-Bera test or the Kolmogorov-Smirnov test, can be utilized to examine the assumption of normal distribution.
4) F-Statistic Significance Test: Utilized to assess the collective significance of the model. This test furnishes insights into whether the model comprehensively explains variances in the dependent variable.
5) R2 test: Employed to quantify the degree to which the independent variable accounts for variability in the dependent variable. The R-squared (R2) value signifies the fraction of variance in the dependent variable that can be attributed to changes in the independent variable.

6) t-Statistic Significance Test: Utilized to evaluate the individual importance of the regression coefficient corresponding to each independent variable. This assessment offers insights into whether a notable relationship exists between the independent variables and the dependent variable.

By carrying out these tests, researchers can validate the model and evaluate whether the proposed hypothesis is statistically proven. The basic model used is the simultaneous model or structural mode, which consists of two equations.

1) Influence of XP, INV, GX, towards EG

$$EG_{it} = \alpha_1 XP + \alpha_2 INV + \alpha_3 GX + \epsilon_1 \quad (1)$$

2) Influence XP, INV, GX, and EG towards PV

$$PV_{it} = \beta_1 XP + \beta_2 INV + \beta_3 GX + \beta_4 EG + \epsilon_2 \quad (2)$$

Where:

EG	=	economic growth
PV	=	poverty
XP	=	expenditure per capita
INV	=	investment
GX	=	government expenditure
α dan β	=	Path Coefficient
ϵ	=	*Error term*

3. RESULTS AND DISCUSSIONS

Classic Assumption Test:

Normality Test

The purpose of the normality test is to establish whether the data adheres to a normal distribution. In this investigation, the normality assessment employed was the Jarque-Bera test (JB Test), where the probability at the significance level of 0.05 (5%) was examined. If the probability resulting from the Jarque-Bera test surpasses 0.05, it indicates that the residuals conform to a normal distribution. Conversely, if the probability falls below 0.05, the distribution is deemed non-normal.

Table 5. Normality Test Results

Normality Test	Jarque-Bera	Probability
Equation I Result	0,225959	0,893169
Equation II Result	1,063537	0,587565

Source: Eviews 12 Processing Result

From Table 5, it is evident that the Jarque-Bera probability for equation I is 0.893169, while for equation II, it is 0.587565. Both of these values exceed the predefined significance level of 0.05. Hence, the inference can be drawn that the data in this research exhibit a normal distribution.

Multicollinearity Test

The purpose of the multicollinearity test is to assess whether there exists a substantial or complete correlation among the independent variables within the regression model. The objective is to ascertain if the regression model is affected by multicollinearity issues. A desirable regression model should exhibit minimal correlation between the independent variables.

Table 6. Multicolliniearity Test Results

	Economic Growth	Poverty	Per Capita Expenditure	Investment	Government Expenditure
Economic Growth	1,000000	-0,376025	0,576738	0,237498	0,480500
Poverty	-0,376025	1,000000	-0,416996	-0,007971	-0,028025
Per Capita Expenditure	0,576738	-0,416996	1,000000	-0,371772	0,143610
Investment	0,237498	-0,007971	-0,371772	1,000000	0,204494
Government Expenditure	0,480500	-0,028025	0,143610	0,204494	1,000000

Source: Eviews 12 Processing Result

Based on the Eviews analysis outcomes provided earlier, it is deducible that the correlation among the independent variables, namely XP, INV, and GX, remains below the threshold of 0.8. This indicates that the correlation between these independent variables is not notably intense. Consequently, it can be inferred that within the findings of this study, there exists no significant issue of multicollinearity among the independent variables XP, INV, and GX.

Model Selection Test:

This examination encompasses two testing approaches: the fixed effect model and the common effect model. In this assessment, the Cross Section Chi Square value serves to determine the selection between these methods. Should the Cross Section Chi Square probability surpass 0.05, it indicates the acceptance of the null hypothesis (H0), leading to the application of the common effect model. This implies that the observed effect is considered uniform across all units of analysis within the sample. Conversely, if the probability falls below 0.05, it signifies the rejection of the null hypothesis (H0), resulting in the utilization of the fixed effect model. This points to notable diversity or disparity among the units of analysis in the sample.

Table 7. Chow Test Results

Effect Test	Statistic	Df	Prob
Equation I Cross Section F	481,983748	13	0,0000
Equation II Cross Section F	405,921575	13	0,0000

Source: Eviews 12 Processing Result

Referring to Table 7, the Chi Square Cross Section probability for equations I and II stands at 0.0000, a value below 0.05. This outcome leads to the rejection of the null hypothesis (H0) and the acceptance of the alternative hypothesis (Ha). Consequently, the conclusion can be drawn that the fixed effect model test is a more suitable choice compared to the common effect model test.

Additionally, the Hausman test is applied to contrast the fixed effect model test and the random effect model. This involves examining the probability value on the Cross Section chi square.

Tabel 8. Hausman Test Result

Test Summary	Chi-Sq Statistic	Chi-Sq Df	Prob
Equation I Cross Section Random	33,487735	3	0,0000
Equation II Cross Section Random	2,406963	4	0,6614

Source: Eviews 12 Processing Result

Based on the outcomes of the Hausman test for equation I, with a value of 0.000, it can be inferred that the null hypothesis (Ho) is refuted, and the alternative hypothesis (Ha) is accepted. As a result, the fixed effect regression methodology is applied to equation I. In the case of equation II, the Hausman test yields a result of 0.6614, signifying the acceptance of the null hypothesis (Ho) and the rejection of the alternative hypothesis (Ha). This implies that equation II employs the random effect regression technique.

Consequently, the selected regression technique is the random effect approach, guided by the Hausman test findings. The subsequent step involves conducting the LM test to ascertain the optimal choice between the random effect and common effect methodologies..

Tabel 9. LM Test

Test Summary	Breusch-Pagan Prob.
Equation I	0,000
Equation II	0,000

Source: Eviews 12 Processing Result

Analyzing the LM test outcomes provided earlier, it becomes evident that the probability values derived from the Breusch-Pagan LM test for both research models are lower than the significance level alpha (0.000 < 0.05). This leads to the rejection of the null hypothesis (H0) in favor of the alternative hypothesis (H1). Consequently, the deduction can be made that the optimal regression methodology selected is the random effects approach, serving as the most suitable technique for the equations employed in this study.

Panel Test

The panel regression test is employed to explore the influence of independent variables on the dependent variable using the panel methodology. This analysis enables the identification of variables with noteworthy or negligible impacts, shedding light on which variables exert influence or lack influence on the dependent variable. This is achieved by evaluating the significance level (usually set at 5% or 0.05) of the probability value associated with each independent variable.

Building upon the conclusions drawn from the Chow Test and Hausman Test, it has been established that the Regression outcomes are based on the Fixed Effect Model. The ensuing content showcases the estimation results obtained from applying the Fixed Effect Model to equation I:

Table 10. Equation I Regression Test Results

Variable	Coefficient	t-Statistic	Probability
C	-2,278473	-4,550046	0,0000
Per Capita Expenditure	2,320051	18,55339	0,0000
Investment	0,004082	1,074079	0,2860
Government Expenditure	0,000382	0,064831	0,9485

Source: Eviews 12 Processing Result

Derived from the outcomes of the panel data regression estimation utilizing the Fixed Effects model approach, the formulated regression equation is as follows:

$$\boldsymbol{EG_{1t} = -2,278473 + 2,320051XP_{it} + 0,004082INV_{it} + 0,000382GX_{it}}$$

The following is an explanation of this equation:

(1) Drawing upon the findings of the Regression Test, the intercept value is determined as 2.727452. This implies that when the independent variable (X) holds a value of 0, the dependent variable (EG) will maintain a constant value of 2.72%.

(2) The regression coefficient of 2.320051 signifies that for every 1% rise in per capita expenditure, there will be a corresponding increase of 2.32% in the dependent variable (EG).

(3) The regression coefficient of 0.004082 implies that a 1% augmentation in investment will lead to a marginal 0.004% increase in the dependent variable (EG).

(4) With a regression coefficient of 0.000382, it can be inferred that a 1% upswing in government expenditure will correspond to a 0.004% increase in the dependent variable (EG).

The subsequent procedure involves computing the panel data regression utilizing the Random Effect approach for equation II, where poverty serves as the dependent variable. The obtained estimation outcomes of the Random Effect model for equation II are presented below:

Table 11. Equation II Regression Test Results

Variabel	Coefficient	t-Statistic	Probability
C	3,506201	5,733970	0,0000
Per Capita Expenditure	-0,289640	-1,037372	0,3023
Investment	0,006877	1,556994	0,1229
Government Expenditure	0,000446	0,065027	0,9483
Economic Growth	-0,223754	-2,144169	0,0346

Source: Eviews 12 Processing Result

The subsequent phase involves conducting the panel data regression using the Random Effect methodology for equation II, with poverty as the variable under study. The outcomes of the estimation for the Random Effect model in equation II are as follows:

$$\boldsymbol{KM_{2t} = 3,506201 - 0,289640PK_{it} + 0,006877INV_{it} + 0,000446PM_{it} - 0,223754PE_{it}}$$

The following is an explanation of this equation:

(1) Derived from the outcomes of the Regression Test, the intercept value is determined as 3.506201. This signifies that when the independent variable (X) holds a value of 0, the poverty rate will persist at a constant value of 3.51%.

(2) The regression coefficient of -0.289640 suggests that a 1% increase in per capita expenditure corresponds to a reduction of 0.29% in the poverty rate.
(3) With a regression coefficient of 0.006877, it can be interpreted that a 1% increase in investment is associated with a marginal rise of 0.007% in the poverty rate.
(4) The regression coefficient of 0.000446 suggests that a 1% rise in government expenditure leads to a slight increase of 0.0004% in the poverty rate.
(5) The regression coefficient of -0.223754 indicates that a 1% increase in economic growth is associated with a decrease of 0.223% in the poverty rate.

Statistic Test:

F-Statistic Significance Test

The F-test is employed to assess whether the collective impact of the independent variables on the dependent variable is significant within this study. This examination involves scrutinizing the probability value (F-Test Probability) resulting from the F-test, employing a specific level of significance (commonly set at 0.05 or 5%). If the F-Test Probability value falls below 0.05, it can be deduced that a substantial influence exists between the independent variable and the dependent variable. Conversely, if the F-Test Probability value exceeds 0.05, it indicates a lack of statistically noteworthy impact between the independent variable and the dependent variable. Presented below is a tabulation showcasing the results of the F-test:

Table 12. F Statistic Significance Test Results

Determination Coefficient	F-statistic	Prob (F-statistic)
Equation I Result	1950,378	0,000000
Equation II Result	16,08039	0,000000

Source: Eviews 12 Processing

Considering the table provided, the outcomes of the F-test for both equations exhibit identical values, specifically 0.00000, which is below the significance level of $\alpha = 0.05$. This leads to the inference that the independent variables—per capita expenditure, investment, and government expenditure—jointly and substantially impact the dependent variables, namely economic growth and poverty.

R^2 Test Results

The coefficient of determination (R^2) is employed to gauge the degree to which fluctuations in the dependent variable can be elucidated or anticipated by fluctuations in the independent variables within a regression model. R^2 quantifies the proportion of variance in the dependent variable that can be clarified by the independent variables in the regression model. Ranging from 0 to 1, the coefficient of determination sees higher values indicating a heightened contribution of the independent variables in elucidating the variation observed in the dependent variable.

Table 13. Coefficient of Determination Test Results (R^2)

Determination Coefficient	R-Squared	Adjusted R-squared
Equation I Coefficient Results	0,997411	0,996900
Equation II Coefficient Results	0,408854	0,383428

Source: Eviews 12 Processing

In equation I, the R-square value of 0.996900 signifies that approximately 99.69% of the fluctuations in economic growth can be accounted for by the independent variables employed in this investigation. The residual portion, amounting to 0.31%, represents variability that remains unexplained by these variables, potentially attributed to other factors not encompassed in the study.

In equation II, the R-square value of 0.383428 indicates that around 38.34% of the variance in poverty is explicable through the independent variables employed in this research. The remaining portion, equivalent to 61.66%, constitutes variability not clarified by these variables, potentially influenced by other factors unconsidered in the study.

t-static Significance Test Results

The t-test was employed to assess the individual significance level of each independent variable's impact on the dependent variable within the regression analysis. This was accomplished by examining the associated t-statistic's probability value (p-value). When the p-value falls below 0.05, the independent variable is deemed to wield a noteworthy influence on the dependent variable. Referred to as a partial test, the t-test is designed to isolate the examination of each independent variable's effect on the dependent variable. Throughout this process, other factors affecting the dependent variable are regarded as constant or fixed. The t-test furnishes insight into the relative contribution of each independent variable to the dependent variable within the regression model.

Tabel 14. Equation I Statistic Test Result

Variable	t-statistic	Probability
Per Capita Expenditure	18,55339	0,0000
Investment	1,074079	0,2860
Government Expenditure	0,064831	0,9485

Source: Eviews 12 Processing

(1) The effect of expenditure per capita (XP) on economic growth (EG)
Derived from the research findings, the variable for per capita expenditure (XP) exhibits a t-statistic of 18.55339 and a corresponding probability of 0.0000. When considering a significance level of 5% or 0.05, the outcomes reveal that the probability value falls below 0.05. This indicates a significant impact of the per capita expenditure variable (XP) on economic growth (EG).

(2) The effect of investment (INV) on economic growth (EG)
From the research outcomes, it is evident that the investment variable (INV) possesses a t-statistic value of -1.074079 alongside a probability of 0.2860. Given a significance level of 5% or 0.05, the analysis indicates that the probability value surpasses 0.05. This signifies that the investment variable (INV) does not hold a statistically significant impact on economic growth (EG).

(3) Effect of government expenditure (GX) on economic growth (EG)
Drawing from the research findings, it becomes apparent that the government expenditure variable (GX) displays a t-statistic value of 0.064831, accompanied by a probability of 0.9485. In the context of a significance level set at 5% or 0.05, the analysis demonstrates that the probability value exceeds 0.05. As a result, it can be inferred that the variable government expenditure (GX) lacks a statistically significant impact on economic growth (EG).

Table 15. Equation II Statistic Test Result

Variable	t-statistic	Probability
Per Capita Expenditure	-1,037372	0,3023
Investment	1,556994	0,1229
Government Expenditure	0,065027	0,9483
Economic Growth (EG)	-2,144169	0,0346

Source: Eviews 12 Processing

(1) The effect of expenditure per capita (XP) on poverty (PV)
The findings from the study reveal that the t-statistic value for the per capita expenditure variable (XP) is -1.037372, and its associated probability is 0.3023. Considering a significance level of 5% (0.05), it is evident that the probability exceeds this threshold. Consequently, it can be concluded that the per capita expenditure variable (XP) does not exert a statistically significant impact on poverty (PV).

(2) Effect of investment (INV) on poverty (PV)
According to the research findings, the investment variable (INV) exhibits a t-statistic value of 1.556994 and a corresponding probability of 0.1229. When considering a significance level of 5% (0.05), it becomes evident that the probability value surpasses 0.05. As a result, it can be concluded that the investment variable (INV) lacks a significant impact on poverty (PV).

(3) Effect of government expenditure (GX) on poverty (PV)
The research findings indicate that the t-statistic value for the government expenditure variable (GX) is 0.065027, accompanied by a probability of 0.9483. Considering a significance level of 5% (0.05), the analysis reveals that the probability value exceeds 0.05. This leads to the conclusion that the variable government expenditure (GX) does not possess a noteworthy impact on poverty (PV).

(4) Effect of economic growth (EG) on poverty (PV)

The research outcomes indicate that the t-statistic value for the economic growth variable (EG) is -2.144169, accompanied by a probability of 0.0346. When considering a significance level of 5% (0.05), the analysis demonstrates that the probability value falls below 0.05. This implies that the variable economic growth (EG) exerts a substantial impact on poverty (PV).

Direct and Indirect Effects of Path Analysis

The computed indirect effect is derived from the direct influence coefficient on PV and the impact of EG on PV. The figure below illustrates the outcomes of the direct effect, indirect effect, and total effect computations conducted in this study:

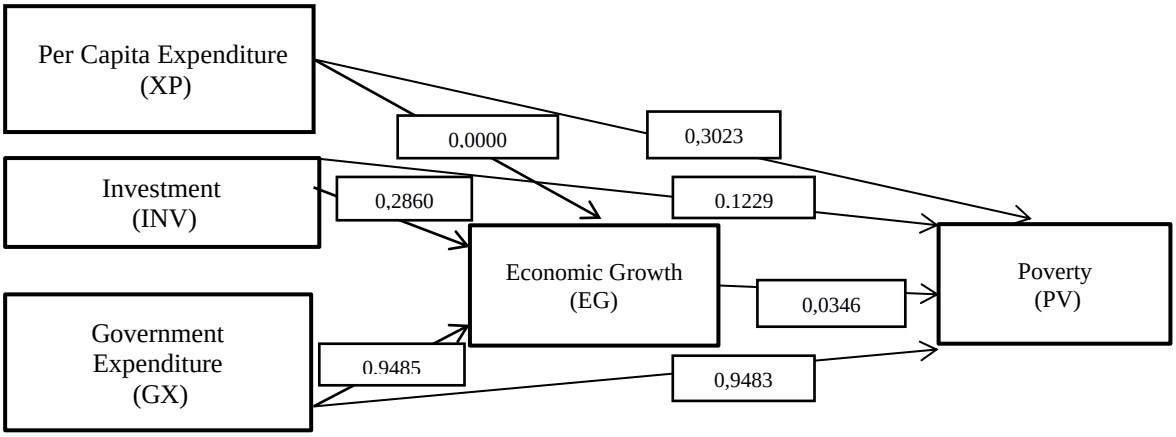

Figure 1. Result of Path Analysis Coefficient Calculation

Drawing from the presented Figure 1, the outcomes of the path coefficient analysis reveal the indirect impact of the three independent variables on poverty through the conduit of economic growth as outlined below:

(1) **Analysis of the effect of expenditure per capita (XP) on poverty (PV) through economic growth (EG)**

From the calculation results above, it is known that the direct effect exerted by per capita expenditure (XP) on poverty (PV) is 0.3023. However, the indirect effect of per capita expenditure (XP) through economic growth (EG) on poverty (PV) is not proven to be significant, with a multiplication of the value of 0.0000 with 0.0346 which produces a value of 0. Therefore, the total effect exerted by per capita expenditure (XP) on poverty (PV) is only a direct effect, namely 0.3023.

Based on these findings, a conclusive inference can be drawn that the direct impact of per capita expenditure (XP) on poverty (PV) is quantified at 0.3023. This indicates a noteworthy influence of per capita expenditure (XP) on poverty (PV). However, it's important to note that the indirect effect through economic growth (EG) does not exhibit statistical significance within the scope of this study.

(2) Analysis of the effect of investment (INV) on poverty (PV) through economic growth (EG)

Based on the computations provided earlier, it is evident that the direct influence attributed to investment (INV) on poverty (PV) is 0.1229. Furthermore, the influence of investment (INV) via economic growth (EG) on poverty (PV) is determined by multiplying the value of economic growth's (EG) effect on poverty (PV), which is 0.2860, with 0.0346, yielding a result of 0.0010. Consequently, the aggregate impact conferred by investment (INV) on poverty (PV) encompasses the summation of both the direct and indirect consequences, specifically 0.1229 + 0.0010 = 0.1239.

Conclusively, based on these outcomes, it can be inferred that the direct impact of investment (INV) on poverty (PV) is quantified at 0.1229. Additionally, there exists an accompanying indirect effect through economic growth (EG) with a value of 0.0010. It is important to note, however, that the magnitude of the indirect effect is lesser than that of the direct effect. This signifies that the influence of investment (INV) via economic growth (EG) on poverty (PV) does not exhibit a pronounced impact on the relationship between economic growth (EG) and other variables within this study.

(3) **Analysis of the effect of government expenditure (GX) on poverty (PV) through economic growth (EG)**

Based on the provided calculations, it is evident that the direct impact originating from government expenditure (GX) on poverty (PV) amounts to 0.9483. Moreover, the influence of government

expenditure (GX) via economic growth (EG) on poverty (PV) is attained by multiplying the effect value of economic growth (EG) on poverty (PV), which is 0.9485, with 0.0346, yielding an outcome of 0.0328. Consequently, the cumulative effect stemming from government expenditure (GX) on poverty (PV) encompasses both the direct and indirect repercussions, namely 0.9483 + 0.0328 = 0.9811.

Consequently, these outcomes lead to the conclusion that the direct impact of government expenditure (GX) on poverty (PV) measures 0.9483. Additionally, there exists an accompanying indirect effect through economic growth (EG) amounting to 0.0328. However, it's noteworthy that the magnitude of the indirect effect surpasses that of the direct effect. This implies that the indirect impact of government expenditure (GX) via economic growth (EG) does not demonstrate a substantial influence on the relationship between economic growth (EG) and other variables within the scope of this study.

The Effect of Per Capita Expenditure on Economic Growth

According to the research conducted by Denada Putri & Christono (2022), Haniko et al. (2022), Panglipurningrum & Nurdyastuti (2020), and Silvia et al. (2013), it has been established that per capita expenditure has a significant and positive influence on economic growth. This underscores the pivotal role of consumption within the context of economic growth. An augmentation in consumption triggers a corresponding increase in economic growth. This correlation stems from the fact that heightened consumption signifies a surge in demand for goods and services. In turn, this heightened demand acts as a catalyst, prompting the economy to escalate the production of goods and services, thereby contributing to an overall boost in economic growth.

Conversely, a reduction in consumption tends to correspond with a decrease in economic growth. This decline in consumption is accompanied by a dwindling demand for goods and services. Consequently, the economy's production of goods and services experiences a contraction, leading to a negative repercussion on the overall trajectory of economic growth.

Income occupies a significant role in shaping household consumption expenditure within the economy. According to research conducted by (Denada Putri & Christono, 2022), when household income increases, their consumption expenditure also tends to increase. However, it is important to note that not all income received will be used for consumption. Part of the income may be kept or used for other purposes.

Keynesian view states that the level of household consumption is determined by the income received by the community. There exists a positive connection between consumption and economic growth. When income increases, household consumption also tends to increase. However, the increase in consumption may not be proportional to the increase in income proportionally, as explained by (Sadono Sukirno, 2016).

Changes in income will have an impact on purchasing power. When income increases, consumers have the ability to buy more goods. However, the impact may be disproportionate to the increase in revenue.

The Effect of Investment on Economic Growth

The research findings from Jonadi (2012), Pratama & Utama (2019), and Ruslam & Anwar (2020) collectively indicate a positive correlation between investment and future development. Investment is recognized as a key indicator of development's effectiveness and longevity. It serves as a catalyst for generating new job opportunities and employment, thereby contributing to increased income for individuals. The augmentation in investment is expected to drive economic growth.

The Harrod-Domar theory accentuates the significance of investment in economic development. Investment is construed as expenditure that enhances the economy's capacity to produce goods and services while boosting public spending. It encompasses various investments, expenditures, and business ventures aimed at acquiring production means and capital goods, ultimately amplifying the economy's capability to manufacture goods and services. Investment constitutes a pivotal component of national income and regional economic growth, including within West Kalimantan Province. It not only bolsters the economy's ability to produce goods and services but also exerts a substantial influence on sustainable and overall economic development.

Formulating an effective capital strategy in investment is essential for fostering the economic advancement of a region. Nonetheless, certain districts in West Kalimantan Province encounter challenges stemming from capital shortages, which could potentially impede economic growth progress. This cyclical pattern, wherein insufficient capital leads to sluggish economic growth, could consequently contribute to

a rise in the poverty rate within the region, particularly in the absence of external intervention or concerted efforts.

Research conducted by Eliza, (2015); Paramita & Purbadharmaja (2015); Supratiyoningsih & Yuliarmi (2022) added an understanding that is in line with this research. They also state that economic development can be achieved through policies in expanding employment opportunities to reduce the unemployment rate, as well as optimizing the productive use of capital in all economic sectors.

Economic growth is related to increasing the availability of factors of production such as labor, resources, and capital accumulation, as well as increasing technological developments. This is in line with Keynes' view which states that investment is influenced by the return factor and the cost of capital or interest rate. Factors that affect the demand for goods also have an impact on capital and interact with the economy as a whole.

The Effect of Government Expenditure on Economic Growth

The research outcomes from Eliza (2015), Harahap & Amanda (2022), and Ichvani & Sasana (2019) collectively offer backing for the favorable impact of government expenditure on economic growth. These studies highlight that an escalation in government spending can effectively lead to a corresponding elevation in the Gross Regional Domestic Product (GDP) of a given region.

Increased government expenditure can provide an economic boost because the government uses regional budgets to support productive sectors and invests in infrastructure that supports economic activity, such as repairs and construction of infrastructure.

This is in accordance with the theory used by Adolf Wagner's Theory in Mankiw (2017) which explains that government expenditure tends to increase over time. This theory refers to the government's increasing role in the economic activities and life of society as a whole. This theory asserts that the government's role is expanding within the economy and the lives of individuals.

In connection with Wagner's law, it can be seen that there are several reasons for the increasing government expenditure, namely the soaring of the defense and security functions and discipline, the soaring of the welfare function, the increasing of the banking function and the soaring of the development function. Wagner's theory bases his thoughts on the organic theory of state, namely group theory which thinks of the government as an individual who is free to play a role independently of other citizens.

The Effect of Per Capita Expenditure on Poverty

Rory's research in 2018 uncovered that per capita expenditure displays a positive trend, but it lacks a significant impact. The absence of significance in the consumption variable is attributed to shifts in consumption patterns within urban communities. The extent of consumption serves as an indicator of people's purchasing capability within a specific region. Consequently, an augmentation in purchasing power indirectly mirrors the welfare level of the population within that region. Differences in people's consumption patterns are caused by factors such as income levels, consumer preferences, prices of goods, level of education, number of family members, and the surrounding environment. Although urban areas tend to have lower consumption levels within the food group, this does not directly reflect lower income levels in urban areas. Changes in consumption patterns in which urban communities tend to consume goods and services outside the food group are influential factors. Therefore, a high or low level of purchasing power does not automatically overcome the level of poverty. This is due to the fact that regions with low average per capita income tend to receive government assistance in the short and medium term, which in turn can produce regions with high levels of consumption but also high levels of poverty.

As per the Keynesian theory, when an individual receives extra income, their consumption will indeed increase, although not in direct proportion to the added income. This phenomenon creates a situation where poverty becomes intractable, leading to a cycle of poverty. Ragnar Nurkse's insights, as discussed in the research by Nurjihadi & Dharmawan (2016), elaborate on this concept by illustrating the vicious circle of poverty. This cycle depicts poverty stemming from factors such as diminished savings, limited investment, insufficient capital, reduced productivity, and lower income, which subsequently perpetuates low savings and vice versa, establishing a self-reinforcing loop.

In West Kalimantan Province, poverty occurs because the majority of people work in the agricultural sector with a low level of economic production. Regions with an agricultural sector that has minimal capital have a high potential for unemployment. Individuals employed in the agricultural sector commonly exhibit lower income levels and possess limited educational attainment.

The Effect of Investment on Poverty

The collective findings from research conducted by Momongan (2013), Safitri & Effendi (2019), and Suharlina (2020) reveal a positive trajectory for investment, yet this effect lacks statistical significance. Despite the increase in investment, there hasn't been a noticeable positive impact on the poverty rate within West Kalimantan Province.

This observation aligns with Suharlina's research in 2020, which asserts that while investment shows a positive orientation, its impact on the poverty rate remains insignificant. This study concludes that this phenomenon stems from the concentration of investment value primarily in the plantation sector within West Kalimantan Province. This sector is labor-intensive and tends to generate employment opportunities, but the labor force it absorbs generally has limited education, leading to their classification as unskilled workers who receive meager wages. The poverty rate increased because part of the population switched from commodity farming that they did before to commodities that were considered more profitable. However, in reality many residents are disappointed because the land that previously provided a livelihood has now been replaced with immature plants and requires high maintenance costs. As a result, many residents are forced to work as unskilled laborers in the industry with low incomes to meet the needs of their families. Thus, the increase in capital in West Kalimantan Province in the plantation sector only benefits a few people, while workers on the plantations themselves do not receive these benefits, so that the poverty rate continues to increase. In addition, often the investment made in the area does not provide benefits for the area itself. The investments made do not create jobs for local workers and often use workers from outside the region. Consequently, due to the circumstances mentioned, local workers are deprived of opportunities to enhance their income. This results in the continued investment failing to diminish the count of impoverished individuals within the region.

The Effect of Government Expenditure on Poverty

Research carried out by Anggraini et al. (2022) and Kaharudin (2019) indicates that investment has the potential to elevate poverty rates, a finding that diverges from established theories. There are two theoretical approaches related to government expenditure, namely the macro and micro approaches. According to macro theory, with increasing government activity, government expenditure will continue to increase. Adolf Wagner's theory explained by Mankiw (2017) states that government expenditure will continue to increase over time, because government interference is increasing. This theory posits that the government's role is progressively expanding within both the economy and individuals' lives. Peacock and Wiseman's theory in Nahumuri (2019) describes government expenditure that continues to increase in stages like a ladder (step like). Based on Wagner's law explained by Mankiw (2017), there are several factors that cause government expenditure and activities to increase, including increasing the functions of defense, welfare, banking, and development. Government expenditure can directly affect the consumption power of people who are able to obtain goods and services. With an increase in government expenditure, not only the less well-to-do citizens can enjoy goods and services, but also those who are economically well-off can increase their level of consumption.

The outcomes of this study are consistent with Sharp's perspective as referenced by Kuncoro (2018), which highlights that one of the origins of poverty is rooted in unequal access to capital. Government spending is designed to enhance production capacity through projects that foster economic development, address income disparity, enhance healthcare facilities, and implement initiatives that directly benefit disadvantaged regions. The dynamic involvement of local government is anticipated to facilitate regulation and bolster profitable economic growth for densely populated communities. However, even though government expenditure tends to increase, this increase may not necessarily have a positive impact on economic activity. If government programs or activities do not involve people's economic activities, then there will be no positive multiplier effect in the economy. In addition, government expenditure is prone to waste and inefficiency. Expenditures that are not planned and are not properly controlled can lead to inefficiency and waste of state funds that are detrimental to society, which in turn has an impact on poverty alleviation efforts carried out by government programs (Anggraini et al., 2022).

The Effect of Economic Growth on Poverty

The research outcomes of Jonadi (2012), Paramita & Purbadharmaja (2015), and Suryandari (2018) reveal a noteworthy and negative correlation between economic growth and poverty. The Kuznets theory, as discussed in Todaro & Smith (2014), asserts a robust connection between economic growth and poverty, with poverty initially increasing in the early phases of economic development and gradually diminishing in the final stages. Consequently, effective poverty alleviation hinges on fostering high-quality economic development. This can be accomplished through strategies aimed at broadening job opportunities to curtail unemployment rates and optimizing productive investments across diverse

economic sectors. Ginting & Dewi (2013) similarly conducted research demonstrating a negative association between economic growth and poverty. However, their findings also uncovered an unexpected outcome: economic growth alone does not ensure a lasting reduction in poverty. Thus, additional measures within the sphere of economic growth are imperative to counteract inequality disparities across different regions.

4. CONCLUSIONS AND RECOMMENDATIONS

Drawing from the findings and discussions of the conducted research, it can be deduced that per capita expenditure exerts a noteworthy and positive impact on economic growth within West Kalimantan Province. The augmentation of consumption tends to propel economic growth by stimulating higher demand for goods and services, subsequently spurring increased production and bolstering the economy. Contrarily, while investment displays a positive influence on economic growth in West Kalimantan Province, its significance is not pronounced. Investment assumes a pivotal role in driving economic development, necessitating a well-devised capital strategy to foster both growth and sustainability. However, the deficiency of capital in specific districts poses a potential obstacle to economic progress. This pattern could potentially result in an elevation of the poverty rate if unaddressed by external interventions. Government expenditure in West Kalimantan Province exhibits a positive influence on economic growth, yet this effect lacks a substantial degree of significance. The reason behind this lies in the targeted allocation of government expenditures toward the productive sector and the enhancement of physical capital, encompassing initiatives like infrastructure repair and construction that bolster economic endeavors. Despite the affirmative impact of government spending, its contribution to economic growth remains moderately pronounced rather than highly significant. Expenditure per capita yields a negative impact on poverty within West Kalimantan Province, albeit lacking statistical significance. The sway of urban consumption patterns, molded by factors encompassing income levels, consumer preferences, product costs, educational attainment, family count, and local surroundings, contributes to the non-significant nature of the link between per capita expenditure and poverty. Nevertheless, the higher per capita expenditure indirectly reflects the welfare status of the populace within the region. Investment showcases a positive impact on poverty in the province, yet this effect does not carry substantial weight. A notable portion of investment is channeled into the plantation sector, known for labor-intensive operations that engage individuals with limited educational attainment. This dynamic can generate job opportunities for the community and potentially alleviate poverty. However, the available positions often involve unskilled labor roles with modest wages, leading to an insufficient impact on poverty reduction. Government expenditure also exerts a positive influence on poverty, albeit without significant implications. The objectives of government spending encompass augmenting production capacity, fostering economic advancement, equalizing income, enhancing healthcare facilities, and backing programs tailored for less prosperous segments. Despite the positive nature of government expenditure's impact, its effect on poverty remains unsubstantial. Economic growth is observed to have a noteworthy and adverse impact on poverty. Its role in alleviating poverty holds significance, supported by theories that underscore the essential nature of economic growth in poverty reduction. Within the realm of West Kalimantan Province, the influence of economic growth on diminishing poverty emerges as a significant factor. Per capita expenditure, investment, and government expenditure wield an indirect influence through their contribution to economic growth. Although the direct impact of these variables on poverty lacks significance, their effects are magnified and rendered more substantial through the resultant economic growth.

The finding confirms the role of economic growth toward poverty alleviation in West Kalimantan. As a recommendation West Kalimantan may focus to invest in agriculture. In West Kaliamntan, the agriculture sector remains a significant source of income and employment. Investing in modernizing and improving this sector can stimulate economic growth. It is also important to promote inclusive growth: ensure that the benefits of economic growth are distributed equitably. Reducing income inequality can promote social stability and support sustainable growth. Limitation of research deals with (1) Generalizability: Findings from one region may not be directly applicable to others due to differences in economic structures, institutions, and policy environments and (2) Regional Disparities: Research that focuses on provincial level growth and poverty statistics may overlook significant regional disparities within regions. Urban and rural areas may experience growth and poverty trends differently. Future research agenda should focus on regional aspect such as urban rural disparity and Human Capital Development: A well-educated and skilled workforce is essential for economic growth. Investments in education, vocational training, and healthcare contribute to human capital development, which, in turn, increases labor productivity and alleviate poverty.

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