The Influence Of Population, Open Unemployment Rates and IPM On Income Inequality In Lampung Province

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Abstrak

Salah satu masalah yang terdapat dalam proses pertumbuhan dan pembangunan daerah adalah adanya disparitas distribusi pendapatan, yang kemudian dapat mengakibatkan terjadinya kesenjangan pendapatan. Penelitian ini bertujuan menganalisis tentang pengaruh Jumlah Penduduk, Tingkat Pengangguran Terbuka dan IPM terhadap Ketimpangan Pendapatan di Provinsi Lampung Periode 2017-2020. Dengan menggunakan data yang terdiri dari 15 kabupaten/kota di Provinsi Lampung pada periode 2017-2020. Uji hipotesis menggunakan pengujian uji koefisien determinasi, simultan, dan parsial. Hasil penelitian menunjukan variabel jumlah penduduk dan tingkat pengangguran terbuka tidak berpengaruh terhadap ketimpangan pendapatan, sedangkan variabel IPM berpengaruh terhadap ketimpangan pendapatan.

Kata Kunci: Jumlah Penduduk, Tingkat Pengangguran, Pengangguran, IPM

Abstract

One of the problems in the regional growth and development process is the disparity in income distribution, which can then result in income gaps. This research aims to analyze the influence of population, open unemployment rate and IPM on income inequality in Lampung Province for the 2017-2020 period. Using data consisting of 15 districts/cities in Lampung Province in the 2017-2020 period. Hypothesis testing uses coefficient of determination, simultaneous and partial tests. The research results show that the variables of population size and open unemployment rate have no effect on income inequality, while the IPM variable has an effect on income inequality.

Keywords: Population, Unemployment Rate, Unemployment, IPM

Introduction

Economic progress is one of the many parameters that reflects the achievement of development goals in an area. Rapid economic progress can sometimes result in income inequality. Therefore, income inequality is a theme that is no less important to research for the progress of each country. The main problem experienced in income distribution is the gap in income distribution. Income

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inequality is a parameter of the distribution of people's income in a certain period in a region. The increasing number of income gaps in an area means that the distribution of income in that area is experiencing inequality. This situation has an impact on the increasing gap experienced by people with a high economic level (the rich group) and a group of people who have a low economic level (Khoirudin & Musta'in, 2020). One of the many problems that has not been resolved to date in Indonesia is the problem of income disparities and gaps in development between rural and urban areas. Urban areas are experiencing very rapid development, while rural areas are experiencing a different situation where development is progressing quite slowly. One of the regions in Indonesia experiencing this problem is Lampung Province. Various geographical conditions, budget distribution, regional infrastructure, political currents, regional government policies, natural resources and human resources as well as different economic concentrations which ultimately have an impact on one region becoming more advanced than other regions.

An increasing population in an area will certainly not have a negative impact if population productivity also increases. The problem will be when the population increases but is not matched by an increase in productivity, what will happen is high levels of unemployment and poverty as well as high levels of crime caused by income gaps. Population problems can be identified through economic growth. The high or low number of residents in an area cannot be a benchmark for whether the area has an excess population (Matondang, 2018). The results of the population census in Lampung Province in 2020 stated that the population in this area was 9.01 million people, with an annual population increase of 1.68 percent. Lampung Province is in a demographic advantage where the average population of working age (15 to 64 years) is 70.31 percent of the total population. Most of the population in Lampung Province is the golden generation or commonly called the millennial generation who were born between 1981-1996 with a population reaching 26.54 percent and Generation Z who were born between 1997 and 2012 with a population reaching 27.80 percent of the total population. There is. This situation is both an opportunity and a challenge that will be faced by the Lampung Provincial government in utilizing the population of productive age to increase productivity so that it can have a positive impact on regional development itself. Not only that, there are several challenges that must be resolved by the government in the social and population sector. Starting from lower

IPM levels at regional and national levels, inadequate access to health, high urbanization of productive workers from villages to cities outside the province, high levels of crime and security problems, as well as minimal facilities and infrastructure in rural areas (RKPD Lampung Province , 2020).

Lestari's research (2016) states that population has a positive and significant impact on the income gap experienced by the East Java region. All of this happens because the increase in population in an area is not balanced with an increase in the quality of human resources, which results in high competition for jobs that becomes increasingly fierce, resulting in an increase in the unemployment rate and income inequality (Arif & Wicaksani, 2017). Different research results obtained by Devi (2010) stated that indications of population growth had a significant negative influence on income disparities. This means that the high and low population has no effect on the income gap.

A part from population and the unemployment rate, these are factors related to income inequality. Mankiw, Quah, and Wilson (2014) explain that unemployment means that someone is not working temporarily or is still trying to get a job. As the number of unemployed increases, the number of workers who do not earn income also increases. The increasing unemployment rate will result in a decrease in wages for groups with low incomes which will result in an increase in income inequality (Sukirno, 2011). The total workforce in Lampung Province reached 4.49 million in August 2020, this figure has increased by 127.8 thousand people compared to August 2019. In addition, the Labor Force Participation Rate (TPAK) has increased by 1.10 points. or 70.1 percent. At the same time as the ongoing Covid-19 outbreak, many entrepreneurs and companies have cut the number of workers, which has resulted in an increase in the unemployed population in Lampung, which initially amounted to 93.9 thousand people, then increased to 209.6 thousand people or an increase of 4.67 percent. (RKPD Lampung Province, 2020).

Currently, the open unemployment rate has increased by 0.64 percent to 4.67 percent compared to 4.03 percent in August 2019. This figure is the highest figure in the last 3 years. Last year, the unemployment rate increased from 33.9 thousand people to 209.6 thousand people. There are at least 52.6 thousand unemployed (25.06 percent) who are workers who were laid off due to the situation during the Covid-19 PPKM period which occurred from February to August 2020. However, this

increase is still relatively low compared to the national TPT which reached 7.07 percent and is below the regional average for Sumatra, namely 6.37 percent. This position places Lampung Province in second place with the lowest TPT level below the Bengkulu region for the Sumatra region (RKPD Lampung Province, 2020).

According to research conducted by Efriza (2014), it was found that there is a positive influence between the unemployment rate and income inequality. In line with this research, research conducted by Cysne and Turchick (2012) states that there is a positive relationship between unemployment and income inequality. Different results were obtained by research by Dewi (2015) which stated that the unemployment rate had no effect on the income distribution gap in Indonesia in 2009-2013.

A part from the reasons outlined above, there are other reasons that can influence the income gap, namely the Human Development Index (IPM). The IPM level in an area can reflect the general level of community welfare. The IPM level which has increased indicates that education, health and people's income have increased. Which means that increasing IPM has an impact on reducing income inequality. In line with research by Muhammad Arif and Rossy Agustin Wicaksani (2017), IPM has an influence on disparities in income distribution. With this, the IPM becomes a benchmark that shows the population's ability to access their basic needs, so that during the improvement process the gap will be narrowed. However, conflicting results were obtained in research conducted by Holifah (2017) which stated that IPM had no significant effect on income inequality in districts and cities in the West Java region for the 2012-2015 period. This research is in line with the theory put forward by Todaro and Smith (2006), namely that a high increase in income only plays a smaller role in human development. Inequalities that occur in an area will affect the level of welfare of the population itself. The impact of unequal Human Development Index across regions or certain regions will have an impact on other regions that are more modern because they are supported by quality human resources, while regions with less quality human resources have regions whose progress is slow.

Several areas in Lampung Province, such as Bandar Lampung and Metro City, have the highest IPM values compared to other regions, but the problem is that apart from having the highest IPM numbers in Lampung Province, these two cities also

have the highest levels of open unemployment and income inequality. In other regions, this is of course an anomaly where a region with a high IPM should have a low level of open unemployment and income inequality which is caused by the fulfillment of the three components that make up the IPM , namely life expectancy, literacy rate and average long time at school. Based on the description above, this research has the title "The Influence of Population, Open Unemployment Rate and IPM on Income Inequality in Lampung Province".

Literature Review

To facilitate the conceptual description of the research discussion that will be carried out by researchers based on the explanation of the research problem that will be answered, Figure 1 below is the framework of thought used in this research.
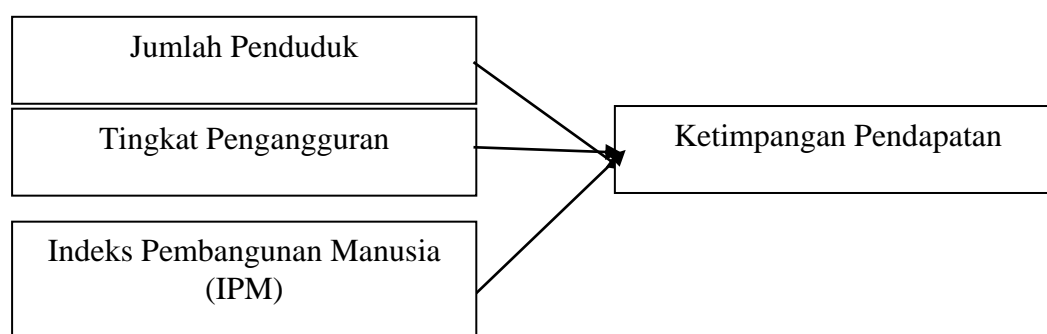

Figure 1 Thinking Framework

A hypothesis is a series of temporary assumptions whose truth will be tested (Sekaran & Bougie, 2016). In line with the problem formulation, research objectives, and previous research studies as described previously, the research hypothesis proposed in this study includes three hypotheses, namely:

a. The Influence of Population on Income Inequality

The population is all the people who live in a certain area. The population size is one of the factors causing disparities in income distribution. According to the view of Akai and Sakata (2015), population size has a positive influence on disparities in income distribution. This means that when the population increases it can affect disparities in income distribution if it is not accompanied by an increase in the productivity of the population.

Favorable demographic conditions increase work productivity, so that residents can get jobs easily which can have an impact on economic growth.

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According to Hermanto Siregar (2009) population conditions, population data and information are very important because all this information can help in calculating the size of the workforce who will get a job in the job search process which requires certain requirements that are in accordance with the needs and various technologies that will be used. to make goods or services. The population in an area can play a dual role as producers and as consumers of the goods produced. Population growth has a positive influence on economic growth and inequality, where the condition of population development is closely related to the development of economic businesses.

In other research, it is stated that the situation where the increase in population becomes a problem is related to competition in the search for jobs, where when the number of jobs is limited while the number of job seekers is very high, workers will resign themselves to being given wages that are less than the predetermined standard in order to maintain employment. On the other hand, if job opportunities cannot cover the increase in job seekers, this will have an impact on increasing unemployment. This situation is one of the factors causing high inequality in income distribution (Fulgsang, 2013). Based on the results of several studies described above, the hypothesis used for this research relating to the influence of population and income inequality is as follows:

H1: Population size has a positive effect on income inequality

b. The Effect of Unemployment Levels on Income Inequality

Mankiw, Quah, and Wilson (2014) define unemployment as a condition where a person does not have a job temporarily or while looking for work. an unemployed person cannot yet generate income. The higher the unemployment rate, what will happen is that there will be more groups of workers who do not have income. Unemployment that is too high can reduce the wage level of low-income groups which has an impact on the level of disparities in income distribution (Sukirno, 2011). A solution like this must be immediately sought, especially in providing job vacancies that match the fluctuations in the overall workforce, so that income distribution can run fairly and evenly.

In order to better understand the explanation above, the following is research related to the impact of unemployment which affects income inequality. Research

conducted by Ukpere and Slabbert (2009) states that unemployment contributes to increasing disparities between residents. Pi and Zhang (2018) found that sectoral unemployment in high-skilled urban areas causes wage differences to become larger, if the ratio of labor to capital in that sector is greater. Efriza (2014) found several positive influences between the unemployment rate and income inequality. In addition, Cysne and Turchick (2012) revealed that there is a positive influence that the unemployment rate has on disparities in income distribution. From the explanation above, if the unemployment rate increases, the disparity in income distribution will also increase. So, it can be formulated that unemployment has an influence on income inequality. The correlation between unemployment and income inequality has a positive influence. Therefore, based on the study of the various studies above, this research hypothesis was obtained which relates to unemployment and income inequality as follows:

H2: The unemployment rate has a positive effect on income inequality.

c. The Influence of IPM on Income Inequality

The Human Development Index is the main parameter for measuring the success of efforts to improve the quality of human life which is expected to provide guidance on how the population can obtain results from development in the form of income, health insurance and education. Income inequality experienced in an area will have an impact on the level of welfare of the people in that area. The level of human development which has an influence on improving a nation's economy is certainly inseparable from the influence of other communities (Gustav, 2004)

The low quality of human resources is the cause of the increase in poor people and inequality among the population. In reality, the human development index has a close correlation with economic disparities. The level of the human development index affects the level of population productivity. The lower the IPM level, the lower the level of population productivity will be and ultimately this will result in lower income. The opposite applies, when the IPM level is high, the level of population productivity increases which results in an increase in population income.

According to Becker (Tirmidhi, 2012) IPM has a negative influence on inequality. Becker focuses on studying the function of formal education as a

support for economic development and reveals that the high level of a person's formal education influences the person's level of productivity at work. In accordance with the theory commonly referred to as*human capital* who think that education has an influence on economic development and can reduce the level of income inequality because education has an important role in increasing labor productivity. This theory assumes that population development is caused by individual productivity. In research, Sara Purnasihar (2012) stated that the Human Development Index is a significant variable that can have an influence on income inequality. Therefore, based on the theory in this research, the hypothesis created in this research relating to the influence between IPM and income inequality is as follows:

H3: IPM has a negative effect on income inequality

Methods

This research is quantitative research where according to Sugiyono (2014) quantitative research is research that aims to analyze data statistically, in order to test existing hypotheses and then interpret the results of the analysis obtained in order to arrive at a conclusion. With this research, it is hoped that we will be able to develop a theory to explain, predict and control an event.

1. Research Population

   Population is a generalized area consisting of subjects or objects that have certain qualities and characteristics chosen by researchers to study and then draw conclusions (Sugiyono, 2014). The population in this research is fifteen districts and cities in Lampung Province in the period 2017 to 2020. The research to be conducted is a census research, so the entire population is used as the research sample.

2. Data and Data Sources

   The data used in this research is secondary data, the data source is taken from publications carried out by government agencies. Data obtained through the Central Statistics Agency, namely https://www.bps.go.id/. Meanwhile, BPS is a government agency that has the authority and legality to publish statistical data in Indonesia. The data or variables used for this research include Population Number, Open Unemployment Rate (TPT), Human Development Index (IPM),

and Income Inequality projected by the Gini Ratio for all districts and cities in Lampung Province for 2017-2020.

This research uses panel data, the panel data itself is a mixture of cross section data, namely data obtained from 15 districts and cities in Lampung Province, while the time series data is from the period 2017 to 2020. The data source is obtained from BPS data from Lampung Province. The data analysis technique in this research is panel data regression. Panel data is a combination*cross section* as well as*time series* (Ghozi & Hermansyah, 2018). Meanwhile, the theory put forward by Baltagi (2005) is a combination*time series* as well as*cross section* Panel data presents data in more detail and clarity and can reduce bias. Apart from that, research media is used as a data analysis tool for this research with the help of software*EViews 9*. This model is used to find the influence between variables.

The regression equation model used in this research is as follows:

$$KP_{it} = a + b_1 JP_{1it} + b_2 TPT_{2it} + b_3 IPM_{3it} + \textit{It is}_{it} \tag{1}$$

Where :

KP : Income Inequality

b : Constant

JP : Total Population

City : Open Unemployment Rate

IPM : Human Development Index

It is : *Error term* or regression error

Discussion

1. Coefficient of Determination Test (Adjusted R^2)

This test is an analysis intended to estimate the size of the influence of the independent variable on the dependent variable. In this test, to eliminate bias by using the R value^2. The greater the value of the coefficient of determination, the more adaptive the regression line is. The opposite also applies, the smaller the value of the coefficient of determination, which means the less accurate the regression line shows the observed results (Ghazali, 2005). In addition, many researchers recommend using values*adjusted R-squared* when testing what

regression model is appropriate. The following is a table of the coefficient of determination.

Table 1 Coefficient of Determination (*Adjusted R²*)

R-squared	0.240567	Mean dependent var	0.307610
Adjusted R-squared	0.199883	S.D. dependent var	0.021623
S.E. of regression	0.019341	Sum squared resid	0.020949
F-statistic	5.913071	Durbin-Watson stat	1.787631
Prob(F-statistic)	0.001406		

Data Source: Processed by eviews 9

From table 1 it is known that the regression results have value*Adjusted* R^2 of 0.199883. This can be interpreted as meaning that there are 19.9% of the variables of population, unemployment rate and IPM that influence income inequality. The remainder, namely 80.1%, is explained by other variables outside this research.

2. Simultaneous Significance Test (F Test)

The Simultaneous Significance Test aims to see whether there is an influence of the independent variables together (simultaneously) on the dependent variable, therefore the F test is used by comparing the F statistic with the F table. With the hypothesis below:

$H_0 : b_1 = b_2 = 0$: There is no significant influence between all independent variables on the dependent variable.

$H_0 : b_1 = b_2 \neq 0$: There is a significant influence between all independent variables on the dependent variable.

With the test conditions, when the probability value (F statistic) < significance value 0.05 then H_0 rejected and H_1 accepted. Conversely, if the probability value (F statistic) > significance value 0.05 then H_0 accepted and H_1 rejected.

Table 2 Simultaneous Significance Test Results (F Test)

R-squared	0.240567	Mean dependent var	0.307610
Adjusted R-squared	0.199883	S.D. dependent var	0.021623
S.E. of regression	0.019341	Sum squared resid	0.020949
F-statistic	5.913071	Durbin-Watson stat	1.787631
Prob(F-statistic)	0.001406		

Source: data processed by eviews 9

It can be seen from table 2 where the probability value (F statistic) is 0.001406, namely <0.05. Therefore, H_0 reject and H_1 accept. Thus, it can be said that all variables of population, open unemployment rate and IPM have an influence on income inequality in Lampung Province.

3. Individual Parameter Significance Test (T Test)

The statistical T test aims to show how much the independent variable influences the dependent variable. When the probability value is lower than α (0.05) then H_1 accepted and if the probability value is higher than α (0.05) then H_1 rejected. The results of the discussion based on the results of the T test at the significant level α (0.05) can be described as in the table below:

Table 3 Individual Parameter Significance Test Results (T Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.150014	0.053027	2.829025	0.0065
X1	-4.35E-10	7.73E-09	-0.056256	0.9553
X2	0.001548	0.002104	0.735634	0.4650
X3	0.002284	0.000862	2.648232	0.0105

Data Source: Processed by eviews 9

a. The Effect of Population on Income Inequality.

From the test results above, it is stated that the population variable (X1) does not affect population income inequality. This is shown by a significance value of > 5% and a probability value of 0.9553 and a coefficient value of -4.35E-10. Thus, H_1 rejected and this explains that population growth does not have a significant negative effect on income inequality in Lampung Province.

This research rejects the results of research conducted by Matondang (2018), Faizah (2018), Damanik, Ulgandi and Rosmeli (2018) by stating that population size influences population income inequality, which means that an increase in population or population can cause an increase in income inequality. in a region. The results of this research contradict the theory proposed by

Arsyad (2010) and Sukirno (2006) which states that population is the cause of increasing levels of income inequality in a region.

However, there is research that supports and is in line with this research, namely research by Nadhifah and Wibowo (2021) who argue that the rate of population growth has no effect on income inequality. This means that whether the population is large or small does not affect the level of income inequality.

These results show that the population of Lampung Province in 2017-2020 has no effect on the condition of income inequality in society. Because the increase in population is accompanied by an increase in their productivity, income inequality in society can be minimized. The results of this research are strengthened by data from BPS which states that the unemployment rate in Lampung Province is decreasing every year (*Lampung Province Central Statistics Agency*, 2020). With this, it can be concluded that the increasing population coupled with the increasing workforce also has an impact on increasing income generation and living standards in society.

Based on the explanation above, it can be concluded that even though the population is increasing, when someone is able to maximize productivity it must be in line with stable economic development. So, in facing population growth, the government must be alert in anticipating economic problems such as inequality or inequality.

b. The Effect of Open Unemployment Rates on Income Inequality.

The results of the hypothesis test show that the open unemployment rate variable (X2) has no significant effect on income inequality in Lampung Province in 2017-2020. It can be strengthened from the results of research and testing with a significance value of > 5% and a probability value of 0.4650. It can be concluded that if the open unemployment rate has increased, this does not affect the increase in income inequality. In other words, this research rejects it

H_2 : Open Unemployment Rate Has a Positive Influence on Income Inequality.

The results of this research are in line with research conducted by Miftahurrahmah (2019) which states that the level of open unemployment has a negative and insignificant effect on income inequality. The results of this

research contradict research conducted by Ani Nurlaili (2016) which states that the level of open unemployment has a positive and significant effect on income inequality. Research that also contradicts this research is research by Efriza (2014) which states that there is a positive influence between the unemployment rate and income inequality.

c. The Influence of the Human Development Index (IPM) on Income Inequality.

From the results of hypothesis testing obtained in this research, it shows that the Human Development Index variable (X3) has a negative and significant effect on income inequality. This can be seen from the significance value < 5% while the probability value is 0.0105. Thus, H_3 accepted, and this can be interpreted that IPM has an influence on reducing income inequality in Lampung Province.

The results of this research are in line with research conducted by Becker (Tirmidzi, 2012), IPM has a negative influence on inequality. Becker tried to study in more detail about the function of formal education to support economic development and revealed that the higher the level of formal education a person has, it is hoped that their level of productivity at work will also increase. In accordance with theory*human capital* which states that the level of education has an influence on economic development and is expected to reduce the level of income inequality because the level of education a person has has an important role in increasing labor productivity.

Conclusion

Based on the results of research on variables that influence income inequality in 15 districts and cities in Lampung Province in 2017-2020, the following conclusions were found:

In testing to find the best model to use, namely the Chow test, the simple estimation model rather than the fixed effects model was chosen, where the cross section chi-square value was 0.2166> 0.05. Then proceed with the Hausman test and Lagrange multiplier test to obtain the appropriate model, namely the random effects model. In the Hausman test, the cross-section chi square value was 0.3603> 0.05; and in the Lagrange multiplier model test, the Breusch-Pagan (both) value was 0.0016 < 0.05.

Thus, the model that is suitable for conducting research is the random effect model (REM). The results of the classical assumption test which includes the normality test, heteroscedasticity test, autocorrelation test and multicollinearity test concluded that the Normality test produces a probability value of $0.113732 > 0.05$, which means the data is normally distributed; The heteroscedasticity test has a probability value of $0.2198 > \alpha = 0.05$, which can be concluded that the data does not indicate heteroscedasticity. For the autocorrelation test, the chi square prob value is 0.2354, which means it is greater than the value of $\alpha = 0.05$, therefore there is no autocorrelation problem. Meanwhile, the multicollinearity test produces a coefficient value for each independent variable below 0.8, which means that the model does not have multicollinearity. In hypothesis testing there are three types of testing stages, the first is the coefficient of determination test, with an adjusted R^2 value of 0.199883, which means that 19.9% of the variables of population, open unemployment rate and IPM have an effect on income inequality. The remaining 80.1% is explained by other variables outside of the variables contained in this study. The second tester, namely the simultaneous significance test (F test), obtained a probability value (F statistic) of $0.001406 < 0.05$, so reject H0 and accept H1. This means that the variables of population, open unemployment rate and IPM simultaneously have an influence on income inequality in Lampung Province. The final test is the individual parameter significance test (T test) which can be concluded that based on the results of the T test, the probability value of the population variable (X1) is $0.9553 > 0.05$, thus rejecting H1, which means that population growth has no significant effect on income inequality in Lampung province. Based on the results of the T test, the probability value for the open unemployment rate variable (X2) is $0.4650 > 0.05$, thus rejecting H2, which means that the unemployment rate has no effect on income inequality in Lampung Province. From the results of the T test, the probability value for the Human Development Index (X3) variable is $0.0105 < 0.05$, so we accept H3, which means that the Human Development Index (IPM) has a negative and significant effect on reducing income inequality in Lampung Province.

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