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## **Factors Affecting Poverty in Lamongan**

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### **Abstract**

Poverty is a fairly complex problem at the regional and national levels, so the government must have the right and sustainable strategy in handling it. Indonesia is a country in the category of developing countries and has problems in terms of poverty. Education, MSEs, population growth, unemployment, economic growth are factors that trigger problems in poverty alleviation. Lamongan Regency is included in the 10 Regencies / Cities in East Java Province with the largest percentage of poor people with a percentage of 14.42% in 2017. The aim of the study was to examine and analyze the influence of educational factors, MSEs, population growth, unemployment on poverty levels directly or indirectly through economic growth. The analysis technique uses path analysis with data from 2002 to 2017. The results of the study show that the Lamongan Regency government has a commitment to improve education, MSE and economic growth. However, it is not optimal in dealing with population growth, unemployment and poverty levels. There are a number of constraints, including the measurement of poverty that is not uniform among related institutions. In addition, social and cultural factors have not been optimally considered.

### **Keywords**

Education, MSE (City Minimum Wage), Economic Growth, unemployment, Poverty

### **1. Introduction**

The purpose of the development of an area is to increase economic growth which is expected to reduce unemployment and poverty in the area. Maipita (2014) states that the ultimate goal of economic development is to improve people's welfare. The condition of poverty in a country is a reflection of the level of welfare of the population living in the country / region (Christanto 2013). The government has tried to overcome poverty through several government programs such as Repelita II-V during the 1976-1996 period. Even after the 1997 crisis, along with the regional autonomy policy that focused on districts / cities, the government also implemented various kinds of policies and programs in tackling poverty. However, there are still gaps between the plan and the achievement of goals due to the lack of good and integrated integration in solving the problem of poverty.

Understanding of poverty according to Amarta Sen in Bloom and Canning (2001) in Revi (2010) is a person said to be poor if he experiences "capability deprivation" where a person experiences a substantive lack of

freedom. According to Bloom in this substantive freedom canning has two sides, namely opportunity and security. Opportunities for education and security require health.

Education can change a person's mindset, where through education someone gets a lot of knowledge, knowledge and information that continues to grow. Through education, people can socialize well with their environment. Through education, citizens get the opportunity to develop their abilities and manage their lives naturally.

In addition to education, city minimum wages (MSEs) in an area can also affect poverty levels. Mankiw (2003) suggests that wages are one of the factors that influence the level of unemployment and unemployment affecting poverty. In addition, wages are also compensation received by one unit of labor in the form of the amount of money paid to him.

Another problem associated with poverty is the high unemployment rate. The unemployment problem is caused by the growth rate of the workforce that is right but not followed by the growth of employment. The high unemployment rate shows that the lack of success of development in a country / region. According to Sukirno (2008), the bad effect of unemployment will be to reduce people's income which will then reduce the level of prosperity someone has achieved. By decreasing the level of welfare of the people because they are unemployed, it will increase their chances of being trapped in poverty. The consequences of unemployment in a country are very bad, because it can trigger political and social chaos that can have a bad effect on people's welfare and long-term economic development plans.

Economists believe that the best way to improve economic backwardness is by increasing the rate of economic growth. According to Harlik (2013), economic growth is an indicator to see the success of development and is a requirement to reduce poverty. With effective economic growth it can reduce poverty. According to Barika (2013) that high economic growth accompanied by equal distribution of the results of growth from the business sector is needed in an effort to reduce poverty. Negative economic growth will lead to increased poverty (Ishengoma and Robert 2006), because economic growth is a major driver in reducing or increasing poverty (Fosu 2010).

**Table 1**  
**Percentage of Poor Population by Regency / City in East Java Province in 2017**

No.	City / Regency	Poverty Percentage
1	Sampang Regency	23,56
2	Bangkalan Regency	21,32
3	Probolinggo Regency	20,52
4	Sumenep Regency	19,62
5	Tuban Regency	16,87
6	Pamekasan Regency	16,00
7	Pacitan Regency	15,42
8	Ngawi Regency	14,91
9	Bondowoso Regency	14,54
10	Lamongan Regency	14,42

Source : BPS Jawa Timur (2017)

Lamongan Regency is geographically located in East Java Province and is directly adjacent to the Java Sea in the north, Gresik Regency in the East, Mojokerto and Jombang Districts in the south and Tuban and Bojonegoro Districts in the west. Based on the data in Table 1, Lamongan Regency is included in the 10 Regencies / Cities in East Java Province with the largest percentage of poor people with a percentage of 14.42% in 2017. Poverty is one of the inhibiting factors in increasing economic development, it is necessary to examine the factors that affecting poverty in Lamongan Regency. This study will examine the effect of education level, MSE, population growth, unemployment and economic growth on poverty in Lamongan Regency.

Based on the description of the background above, the research questions are: (1) Does the level of education affect economic growth in Lamongan Regency ?; (2) Does the MSE level affect economic growth in Lamongan Regency ?; (3) Does the population growth rate affect economic growth in Lamongan Regency ?; (4) Does the unemployment rate affect the economic growth in Lamongan Regency ?; (5) Does the level of education affect the level of poverty through economic growth in Lamongan Regency ?; (6) Does the minimum wage level affect the level of poverty through economic growth in Lamongan Regency ?; (7) Does the population growth rate affect the level of poverty through economic growth in Lamongan Regency ?; (8) Does the unemployment rate affect the level of poverty through economic growth in Lamongan Regency?

This study aims to: (1) Analyze the influence of education level on economic growth in Lamongan Regency, (2) Analyze the influence of the level of minimum wages on economic growth in Lamongan Regency, (3) Analyze the effect of population growth rates on economic growth in Lamongan Regency, (4) Analyzing the effect of the unemployment rate on economic growth in Lamongan Regency, (5) Analyzing the influence of education level on poverty levels through economic growth in Lamongan Regency, (6) Analyzing the effect of minimum wage

levels on poverty levels through economic growth in Lamongan Regency, ( 7) Analyzing the effect of population growth rates on poverty levels through economic growth in Lamongan Regency, and (8) Analyzing the effect of the unemployment rate on poverty levels through economic growth in Lamongan Regency.

## **2. Literature Review**

**Poverty**, According to BPS, the poor are residents who have an average per capita expenditure per month below the poverty line. In measuring poverty, BPS uses a basic needs approach that can be measured by a number or a count of the Head Count, namely the number and percentage of poor people who are below the poverty line. Poverty is actually a problem that is interrelated with one factor to another. For this reason, reviewing the problem of poverty must be considered as a link between each of the factors that cause poverty and the factors behind this poverty.

**Economic Growth**, Budiono (1999) explains the definition of economic growth by Prof. Simon Kuznets is an increase in the long-term capacity of the country concerned to provide various economic goods to its population. Wongdesmiwati (2009) argues that economic growth is not enough to alleviate poverty but usually economic growth is something that is needed, even though good economic growth it will not be meaningful for the decline of the poor if it is not accompanied by income equity.

**Education**, Simmons in Todaro and Smith (2006) suggests that education in many countries is a way to save themselves from poverty. The higher the level of education of a person, the knowledge and expertise will also increase so that it will encourage an increase in work productivity. In addition, Rasidin K and Bonar M (2004) state that the low productivity of the poor can be caused by their low access to education.

**Minimum City Wage**, The different conditions of each region will have implications for policies and development that are applied differently. The development policy of an area will be adjusted to the conditions of the area concerned. The law causes different wage fixing. Ideally, the formation of wages can be settled by the market mechanism itself. The interaction between the power of demand and supply of labor will determine the equilibrium wage level and conversely an increase in supply will reduce the wage rate. At the wage level the equivalence between the quantity demanded and the one offered, will therefore always occur (Kuncoro, 2014). To create income that fulfills a decent living for humanity the government sets a wage policy that protects workers. Every year the Regional Government (PEMDA) sets provincial minimum wages

**Population Growth**, Sukimo (2008) states that the population is an important element in economic activities and an effort to build an economy because the population provides workers, experts, leaders of business enterprises in creating economic activities. According to Malthus in Todaro and Smith (2006), population growth it is like a series of measures while increasing the amount of food production is to share a count. Uncontrolled population growth will be worrying if food supplies are also running low.

Uncontrolled population growth according to Lincoln will cause various problems and obstacles for the efforts made, because the high population growth will cause a rapid increase in the number of workers, while the ability of the region to create new employment opportunities is very limited (Arsyad 2004).

**Unemployment**, The definition of unemployment according to Sukirno (2008) is someone who has been classified in the workforce who is actively looking for work at a certain wage level, but cannot get the desired job. Furthermore Tambunan (2001) states that the magnitude of the unemployment rate is a reflection of the lack of success of development in a country. Sukirno (2008) explains that unemployment in a country is very bad, political and social chaos always applies and has a bad effect on the welfare of society and the prospect of long-term economic development. If someone becomes unemployed, it will reduce a large portion of the income to be used for fulfill daily needs.

**Effect of Education Levels on Economic Growth in Lamongan Regency**, Todaro and Smith (2006) said that education is one of the basic human capital that must be met in order to achieve sustainable economic development. Research conducted by Lubis (2014), Sunusi (2014), and Margareni, et al. (2016) shows that Education has a positive and significant effect on economic growth. Margareni, et al. (2016) explained that the benefits of development in education are that human life will become more qualified. Based on the results and theories, the first hypothesis in this study is:

H1: There is an influence on the level of education on economic growth

**The Effect of the City Minimum Wage Level on Economic Growth in Lamongan Regency**, Kuncoto (2014) explains that differences in conditions in each region will have implications for policies and development that are applied differently. The development policy of an area will be adjusted to the conditions of the area concerned. The law causes different stipulations of wages. The results of research conducted by Utami (2011) state that the minimum wage is a positive influence on economic growth.

H2: There is an influence of the level of the city minimum wage on economic growth

**Effect of Population Growth Rate on Economic Growth in Lamongan Regency**, A country will be able to produce more goods and services if the population is high, which means that people will be able to consume more goods and services. This will further encourage economic growth. Research conducted by Damhudin (2009), Arianto (2015) and Margareni, et al. (2016) shows that population growth has a positive effect on

economic growth. However, research from Supartoyo et al. (2013) and Rini (2016) states that population growth is not significant for economic growth because of the low quality of the human capital of the workforce who carry out economic activities. In developing regions usually have less capital, technology is still simple, labor is not skilled, therefore population growth is really considered an obstacle to economic development

H3: There is an influence of population growth rates on economic growth

**Effect of Unemployment Rate on Economic Growth in Lamongan Regency,** Unemployment can cause social problems such as crime and economic problems. Such conditions can cause the level of welfare and purchasing power of the people to decline. The lower the unemployment rate, the more prosperous the life of the community will be, and vice versa. The research conducted by Utami (2011), Pramesthi (2013), Paramita (2015) explains that if unemployment increases it can make economic growth decline because people's purchasing power falls, resulting in lethargy for entrepreneurs to invest.

H4: There is an influence of the unemployment rate on economic growth

**Effect of Education Levels on Poverty Levels Through Economic Growth in Lamongan Regency,** Todaro and Smith (2006) argues that education in many countries is a way to save themselves from poverty. The higher the level of education of a person, the knowledge and expertise will also increase so that it will encourage an increase in work productivity. Darussamin (2016) that if education in an area is good, it means that the quality of human resources in the area is also good. The achievement of educational development goals in turn can improve the quality and productivity of the population, where the population productivity growth is the driving force of economic growth and the welfare of the population.

H5: There is an influence on the level of education on poverty through economic growth

**Effect of the City Minimum Wage Level on Poverty Levels Through Economic Growth in Lamongan Regency,** Mankiw (2003) suggests that wages are one of the factors that influence the level of unemployment and unemployment affecting poverty. The main purpose of establishing minimum wages is to meet minimum living standards such as for health, efficiency and welfare of workers. Determining the level of wages made by the government in a country will have an influence on the level of unemployment that exists. The higher the wage set by the government, this will result in a decrease in the number of people working in that country (Kaufman and Hotchkiss 2000). Research conducted by Prastyo (2010) explains that minimum wages have a negative effect on poverty

H6: There is the effect of the city minimum wage level on poverty through economic growth

**Effect of Population Growth Rate on Poverty Levels Through Economic Growth in Lamongan Regency,** Even though the population has increased but there are still several factors that do not cause a decline in poverty, such as educational assistance from the government that makes the quality of human resources increase and improve welfare (Hendrati et al. 2012). Siregar and Wahyuniarti (2007) explain that if the population is increasing, it will increase the number of poor people. Research that shows insignificant influence, Lukitasari (2015) explains that if the population increases and is not provided with adequate human resources and is not balanced by adequate facilities and infrastructure, it will cause an increase in poverty. The seventh hypothesis in this study is:

H7: There is an influence of population growth rates on poverty through economic growth

**Effect of Unemployment Rate on Poverty Level Through Economic Growth in Lamongan Regency,** Someone who is unemployed and does not earn will not fall into poverty if there are those in the household who have high income, so that on average the per capita expenditure of the household remains above the poverty line. The lower welfare of the people due to unemployment will increase their chances of being trapped in poverty, because it has no income. The theory put forward by Sukirno (2008), if unemployment in a country is very bad, political and social chaos always applies and has a negative effect on the welfare of the community and the prospects for long-term economic development. The theory is in line with research conducted by Astrini (2013), Sumaryono (2013), and Parwata et al. (2016) that unemployment has a positive influence on poverty levels. The eighth hypothesis in this study is:

H8: There is an influence of the unemployment rate on poverty through economic growth

### **3. Research Methodology**

This study uses a quantitative approach. According to Sugiyono (2012), that quantitative research methods can be interpreted as research methods that are based on the philosophy of positivism, used to examine certain populations or samples. Sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative or statistical in order to test predetermined hypotheses.

**Research Sites,** The location of the study was conducted in Lamongan Regency. According to data from BPS East Java, Lamongan Regency has many superior sectors that can support its economic growth, but Lamongan Regency is still in the top 10 districts / cities which have the highest percentage of poverty in East Java.

**Object of Research,** The objects in this study are the causes of poverty seen from education, minimum wages, population growth, unemployment, and economic growth.

**Data Source,** Secondary data is data on districts / cities in Lamongan Regency, namely education, inflation, population growth, unemployment, economic growth and poverty. Primary data is specifically collected by researchers by interviewing directly to relevant parties to answer research or research questions.

**Data Collecting Method,** All data collected in this study used the method of observation and in-depth interviews. The observation method is carried out by directly observing the documents issued by the authorized agencies, namely from the Lamongan Regency BPS and the East Java BPS. In-depth interviews are a question and answer process that takes place verbally between two or more people face-to-face. In this study, direct interviews were conducted with the Lamongan Regency Regional Planning and Development Agency, Lamongan Regency Population and Civil Registration Office, Social Service, Lamongan Regency Manpower Office, and Lamongan Regency Central Statistics Agency (BPS).

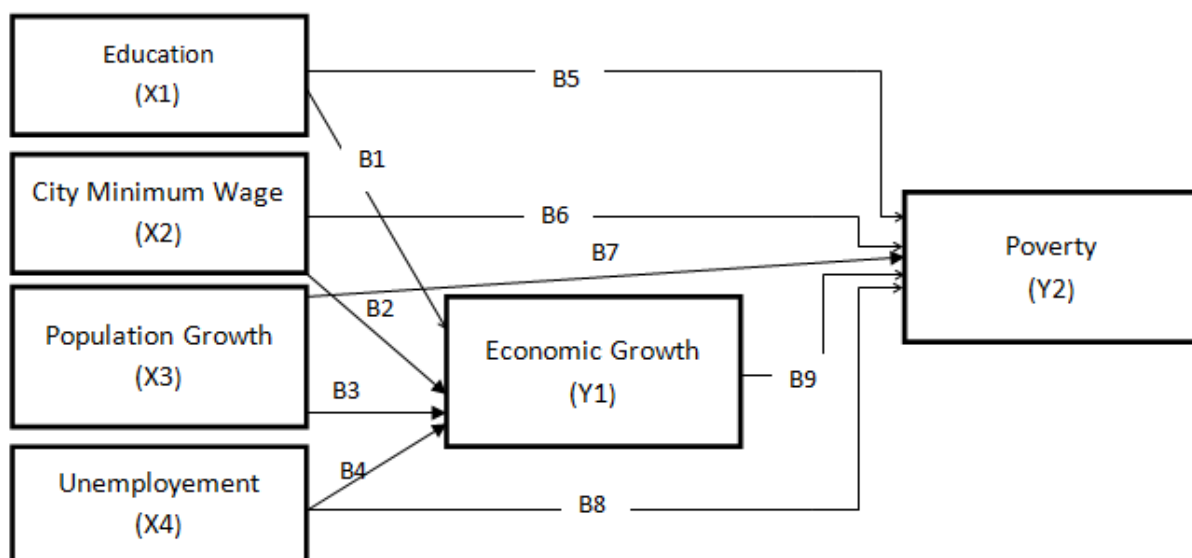
**Population and Sample,** The target population of this study is data on education level, MSE, population growth, unemployment, economic growth and poverty of Lamongan Regency from 2002 to 2017 or for 16 years in a time series.

**Data Analysis Technique,** Descriptive analysis in this study is by applying descriptive statistics to calculate averages, tables, images and so on that are made or calculated by SPSS or Microsoft Excel application programs. Path Analysis, To test hypotheses in this study carried out by using the path analysis model and data processing using the SPSS application program ver. 24.0. Intervening Variable Testing, Testing the mediation hypothesis can be done by the Sobel Test (Sobel Test) by testing the strength of the indirect effect of the independent variable on the dependent variable through mediating variables.

**Measurement and Operational,** Definition of Variables:

- (a). Education (X1), The level of formal education of the Lamongan Regency community is the school enrollment rate aged 16-18 years.
- (b). City Minimum Wage (X2), The city minimum wage is a wage level that meets minimum living standards such as for health, efficiency and welfare of workers.
- (c). Popultaion Growth (X3), Is the change in the population of Lamongan Regency from year to year caused by changes in the birth, death and migration.
- (d). Unemployment (X4), The number of open unemployment that has entered the workforce but does not have a job and is looking for work, or who prepares a business and already has a job but has not started work.
- (e). Economic Growth (Y1), The rate of economic growth based on Gross Regional Domestic Product (GRDP) shows economic growth as the amount of added value generated by all business units and is the value of final goods and services produced by all economic units.
- (f). Poverty (Y2), The number of people identified lives below the poverty line. The poor are residents who have an average monthly per capita expenditure below the poverty line, which consists of the Food Poverty Line (GKM) and the Non-Food Poverty Line (GKNM). The definition of GKM according to BPS is the expenditure value of minimum food requirements which is equal to 2,100 kilocalories per day, while the definition of GKNM according to BPS is the minimum requirement for housing, clothing, education and health.

The research model of these variables is as follows:



**Figure 1  
Research Model**

#### 4. Result and Analysis

**Table 2**  
**Test of Direct Effect Significance**

Variabel	Standardized Coefficients	Sig.
Education	-0,280	-0,033
City Minimum Wage	0,826	0,000
Population Growth	0,208	0,161
Unemployment	0,391	0,008

Table 2 shows that Education (X1) has a negative and significant effect on Economic Growth (Y1). This result is shown from a significance value of 0.003 smaller than the expected significance level of 0.10 and the resulting path coefficient shows a negative effect of -0.280. This shows the opposite relationship between education and economic growth, that is, if the level of higher education is remembered, the economic growth will decline.

City Minimum Wage (X2) has a positive and significant effect on Economic Growth (Y1). This result is shown from a significance value of 0,000 smaller than the expected significance level of 0.10 and the resulting path coefficient shows a positive effect of 0.826. This shows a unidirectional relationship between MSEs and economic growth, namely if MSEs increase, the rate of economic growth will also increase.

Population Growth (X3) has no effect on Economic Growth (Y1). This result is shown from a significance value of 0.161 greater than the expected significance level of 0.10 and the resulting path coefficient shows an effect of -0.208. This indicates that population growth does not have a direct link to economic growth.

Unemployment (X4) has a positive and significant effect on Economic Growth (Y1). This result is shown from a significance value of 0.003 smaller than the expected significance level of 0.10 and the resulting path coefficient shows a positive effect of 0.008. This indicates a relationship that in the direction of unemployment and economic growth, namely if the unemployment rate rises, then economic growth rises.

Based on the results of the analysis of the direct influence between educational variables (X1), MSE (X2), population growth (X3), unemployment (X4) and economic growth (Y1) against poverty (Y2), the following results are obtained:

**Table 3**  
**Variables Test X1, X2, X3, X4 and Y1 Against Y2**

Variabel	Standardized coefficients	Sig.
Education (X1)	-0,279	0,004
City Minimum Wage (X2)	-0,199	0,225
Population Growth (X3)	0,414	0,000
Unemployment (X4)	0,183	0,069
Economic Growth (Y1)	-1,050	0,000

Table 3 shows that Education (X1) has a negative and significant effect on Poverty (Y2). This result is shown from a significance value of 0.004 smaller than the expected significance level of 0.10 and the resulting path coefficient shows a negative effect of -0.297. This shows that there is a reverse relationship between education and poverty, that is, if the level of higher education then the poverty level will decrease.

City Minimum Wage (X2) Does Not Affect Poverty (Y2). This result is indicated by a significance value of 0.255 greater than the expected significance level of 0.10 and the resulting path coefficient shows a negative effect of -0.199.

Population Growth (X3) has a positive and significant effect on Poverty (Y2). This result is shown from a significance value of 0,000 smaller than the expected level of significance of 0,10 and the resulting path coefficient shows a positive effect of 0,414. This indicates that there is a unidirectional relationship between education and poverty that is if the higher education level decreases.

Unemployment (X4) has a positive and significant effect on Poverty (Y2). This result is shown from a significance value of 0.069 smaller than the expected significance level of 0.10 and the resulting path coefficient shows a negative effect of -0.183. This shows that there is a unidirectional relationship between unemployment and poverty, that is if the unemployment rate rises then the poverty rate will also increase.

Economic Growth (Y1) has a negative and significant effect on Poverty (Y2). This result is indicated by a significance value of 0,000 smaller than the expected significance level of 0.10 and the resulting path coefficient shows a negative effect of -1,050. This indicates that if economic growth is high then the poverty rate falls.

*Intervening Variable*

Based on table 4, the path coefficient of the indirect effect of the education variable is -0.294 greater than the path coefficient of its direct influence which is equal to -0.280, as well as the MSE variable, and unemployment is -0.8673 and 0.41055, respectively. that if the path coefficient of influence is not greater than the direct path coefficient of influence, the variable economic growth can be used as an intervening variable.

**Table 4**  
**Path Effect Direct and Indirect Influence Coefficients**

<b>Variable</b>	<b>Direct Influence Coefficient</b>	<b>Indirect Influence Coefficient</b>
Education	-0,280	-0,294
City Minimum Wage	-0,826	-0,8673
Population Growth	0,208	0,2184
Unemployment	0,391	0,41055

*The Effect of Education on Economic Growth in Lamongan Regency*

The results of the study show that the high level of education of the people in Lamongan Regency has not been balanced with economic growth, meaning that the Lamongan Regency government has a commitment to improve education, as evidenced by an increase in the HDI (Human Development Index). However, this condition has not been matched by the availability of adequate employment so that there are still many open workforce unemployed. The unemployment rate makes people unable to carry out consumption activities optimally, thus triggering low economic growth. In addition, it will have an impact on decreasing productivity and decreasing productivity will result in a decrease in economic growth.

The results of this study support Easterly's (2001) study, proving that in developing countries school enrollment rates have risen from 88 percent to 99 percent, but have not been followed by increased economic growth performance, as has happened in the Senegal State education level has grown 8% but has not been economic growth. Indonesia is one of the developing countries. The results of this study are not in line with the theory of human capital proposed by Becker, et al in Nugroho (2016), which explains that education has a positive influence on economic growth, meaning that high levels of education will be followed by economic growth because higher education will increase productivity levels and high productivity will trigger economic growth.

*The Effect of the City Minimum Wage Level on Economic Growth in Lamongan Regency*

Based on the results of the test found the fact that the level of community MSEs in Lamongan Regency experienced an increase and these conditions have an impact on increasing economic growth. This fact is evidenced by the 2002 to 2017 observation year, the level of MSE in Lamongan Regency experienced an increase which was offset by a fairly stable economic growth rate up to 2015, even though until 2017 there was a decline, but not significant.

This phenomenon indicates that the acceptance of MSEs can meet the minimum needs of workers so that there will be consumption in the production and real sectors. In addition, with adequate salaries, workers will have better consumption and buying power. MSEs that rise, workers or employees can live more properly and can fulfill all their family needs.

One calculation of the GDP component (Gross Regional Domestic Product) is the consumption of households which triggers the high demand for goods and services, this condition can be one of the factors of high economic growth. This is because the UMK received will be spent on consumption. This opinion is in line with the opinion of the Head of the Central Bureau of Statistics, Suhariyanto, that the structure of the Indonesian economy in 2017 is dominated by the component of household consumption expenditure, which is 56.13 percent, while for investment is 32.16 percent. The statement explained that economic growth was dominated by household consumption expenditures obtained from the MSEs compared to investments. High MSEs make investors less interested in investing.

This study supports the Utami study (2018) suggesting that the minimum wage rate has a positive effect on economic growth, meaning that increasing minimum wages will provide a positive stimulus for economic growth in a region.

*Effect of Population Growth Rate on Economic Growth in Lamongan Regency*

The population growth rate has not given an effect on the level of economic growth in Lamongan Regency, meaning that economic growth is not only influenced by population growth factors, because it can be influenced by other factors, such as the size of MSEs and the unemployment rate. Based on the observation that the population growth rate of Lamongan Regency tended to increase from 2002 to 2010, it subsequently declined until 2017 even though the decline was not significant. This indicates that the Lamongan Regency family



planning program has not been optimal, this condition is influenced by cultural factors that many children have a lot of luck and such phenomena are not easy to change.

The results of this study do not support the research of Damhudin et al. (2009), Arianto (2015) and Margareni, et al (2016) proving that population growth has a positive effect on economic growth. However, in line with the research of Supartoyo (2013) and Rini (2016) states that population growth is not significant for economic growth, because it can be influenced by other factors, such as the size of MSEs and the unemployment rate.

#### *Effect of Unemployment Rate on Economic Growth in Lamongan Regency*

This study proves that the high unemployment rate in Lamongan Regency will have an impact on the high economic growth, meaning that when unemployment increases, economic growth also increases. This study is not in line with Okun's law which explains that when the unemployment rate is high then economic growth is low, so the application of Okun's law does not apply in developing countries due to differences in economic structure with developed countries. This opinion is supported by the study of Dyan Ari (2013) explaining that Okun's Law proved invalid in the Indonesian economy because it was different from the original coefficient of Okun's Law.

There are two reasons that support the idea of why the unemployment rate in Indonesia is not responsive to changes in real output. First, there is structural unemployment in the Indonesian economy. Second, there are differences in the economic structure between developing and developed countries, as stated by Dyan Ari (2013), that the higher the economic growth, the higher the unemployment rate, this illustrates the high level of economic growth not enjoyed by all levels of society. There are several factors that cause the unemployment rate to rise, including economic growth which is more influenced by capital-intensive industries so that it relies more on engine power and technology than humans. In addition, the data for calculating economic growth rates have not been able to represent all sectors, because the informal sector such as data from micro-small businesses has not been optimally touched. In addition, when an economic census is conducted, it is often found that residents of the house are not in the place and the community is also indicated to provide data that is not true when asked about sources of income and use. These factors that trigger data on economic growth rates have not described the relevant data.

#### *Effect of Education Levels on Poverty Levels Through Economic Growth in Lamongan Regency*

The results of the analysis show that the level of education of the people in Lamongan Regency has increased so that there is a decrease in the level of poverty through improving economic growth. Sadoulet in Kokila (2000) states that education reduces inequality and poverty directly, namely: by increasing productivity for the poor, improving their opportunities to get jobs with better wages, and opening vertical relations for their children.

With education it is expected to produce quality human resources that will produce high productivity and have an impact on economic growth. Someone who has high productivity will get better welfare and avoid poverty. In addition, with higher education, they will get more decent jobs and get better wages, so they can consume.

#### *Effect of the City Minimum Wage Level on Poverty Levels Through Economic Growth in Lamongan Regency*

The results of the analysis show that the high level of MSE in Lamongan Regency has an effect of reducing the level of poverty through improving economic growth. Thus, the Lamongan regency government has made every effort to increase MSEs from 2002 to 2017 and this has an impact on the decline in poverty. Although, the poverty rate of Lamongan Regency still occupies the top 10 in East Java. The government has made as much effort as possible in reducing poverty even though the results have not been optimal.

The main purpose of establishing minimum wages is to meet minimum living standards such as for health, efficiency and welfare of workers. The minimum wage is an effort to raise the degree of low-income population, especially poor workers. Increasing the minimum wage level will increase people's income so that welfare also increases and is free from poverty (Kaufman 2000 in Achmad Khabhibi 2010).

#### *Effect of Population Growth Rate on Poverty Levels Through Economic Growth in Lamongan Regency*

The results of the analysis show that the rate of population growth is increasing offset by the increase in the poverty rate through high economic growth. Based on data on population growth in 2002 to 2010 there was an increase even though until 2017 there was a downward trend but not yet maximal, as well as economic growth and poverty levels which tended to fall but were not optimal. This phenomenon triggered by the culture of the Lamongan Regency community still adheres to the assumption that many children have a lot of sustenance and this condition triggers the level of poverty. The large number of population drives the need for extensive employment, while the availability of jobs is still limited so there are still many open unemployment rates. However, there is an increase in the rate of economic growth which raises the idea that the level of consumption is not derived from income in work, but is fulfilled from the acquisition of inheritance, government grants, income from overseas as migrant workers or migrant workers and it cannot be done in the long run. so the poverty rate is still high.

In addition, there is a tendency to measure the level of poverty among related institutions which is not uniform, resulting in an economic bias and invalid. Inequality in the measurement of poverty in Indonesia is supported by the statement of the Minister of Social Affairs Khofifah Indar Parawansa, that data on poverty in Indonesia is still not uniform. Differences occur because indicators to determine poverty for each institution are different. The institutions that have different indicators are the World Bank, the National Team for the Acceleration of Poverty Reduction (TNP2K), the Ministry of Social Affairs, the Central Statistics Agency (BPS), and the National Development Planning Agency (Bappenas), which have their respective references. This uniformity of poverty indicators makes it easier to measure poverty indicators so that measurements are easier.

#### *Effect of Unemployment Rate on Poverty Level Through Economic Growth in Lamongan Regency*

The study results prove that the unemployment rate in Lamongan Regency encourages high levels of poverty through economic growth. That is, that when unemployment increases, poverty will also increase. Unemployment results in a decrease in people's income, which will reduce the level of prosperity achieved. If the community does not work, the consequence is that they cannot meet their needs well and the impact will be that they will fall into the category of poor people. For this reason, the government must make sustainable empowerment programs, even though empowerment programs already exist, but in practice the results have not been maximized. Monitoring and evaluation of empowerment programs is still weak, not optimal in synergizing grant programs from various related agencies, so that the community not only bears the burden and in the end the community empowerment program is not optimal and the poverty level is not maximized. However, the Lamongan Regency government has succeeded in reducing unemployment, of course this is inseparable from the government's role in alleviating poverty, one of which is to build a Training Center that is able to provide training to workers, and reduce poverty in Lamongan Regency. This proves that the Job Training Center has successfully carried out its duties effectively and efficiently.

## **5. Conclusion**

The results of this study provide some conclusions, such as the high level of education in Lamongan Regency has not been followed by economic growth, because the availability of employment in a broad area is still limited so there are still many open unemployment rates. People who do not work cannot fulfill their consumption, so economic growth is low. At present, Lamongan Regency is ranked as the top 10 in the poorest City District in East Java. However, there has been an increase in the number of MSEs which has triggered a fairly good rate of economic growth.

The population growth in Lamongan Regency has not had a direct effect on the level of economic growth, while the unemployment rate in Lamongan Regency has encouraged high rates of economic growth. This phenomenon gives the idea that economic growth is not triggered by people's consumption needs derived from their income. On the other hand, higher levels of education have an impact on the decline in poverty rates through high economic growth. In addition, there is an increase in MSEs which will reduce poverty through improving economic growth. There is something interesting when the population growth rate increases, the poverty rate also increases through increasing economic growth. This indicates that the consumption needs of the community are not spent on income from work but from income as migrant workers and migrant workers or from government grants. In addition, there is a tendency to measure the level of economic growth that is less valid and the measurement of non-uniform poverty rates between institutions that empower communities.

The Lamongan Regency Government must continue to improve job training programs that are competitive and certified to produce a workforce that is superior in terms of education and expertise so that it has high competitiveness. In addition, it must always improve monitoring and evaluation of all community empowerment programs that are rolled out to the community. This is done to improve the effectiveness and efficiency of community empowerment programs, so that the poverty rate in Lamongan Regency can be reduced optimally and provide effective education to the people of Lamongan District so that the programs rolled out are more useful in alleviating poverty. There must be uniformity in measuring poverty levels between related institutions.

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