THE ANALISYS OF TERMINATION OF EMPLOYMENT AND UNEMPLOYMENT ON POVERTY IN INDONESIA

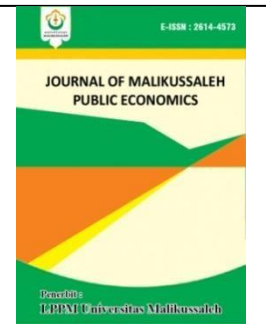Firli Ariski*, Umaruddin Usman*[a], Tarmizi Abbas*[b], Mariyudi*, Safitri*
*Faculty of Economics and Business Malikussaleh Universitya
Corresponding author: [a] umaruddin@unimal.ac.id
[b] tarmiziabbas@unimal.ac.id
[c] mariyudi@unimal.ac.id

A R T I C L E I N F O R M A T I O N A B S T R A C T

This study aims to analyze the effect of Termination of Employment on Poverty in Indonesia. The data were analyzed using the method of Multiple Linear Regression (Ordinary Least Squares) and the analysis tool using the help of Eviews 10 software. Simultaneously, the variables of layoffs and unemployment affect poverty in Indonesia.

1. Introduction

Poverty is a very big problem for all countries in the world, especially Indonesia, which is a developing country. The problem of poverty is very complicated and very complex related to various aspects in this country, including economic, cultural, social aspects and so on. Poverty is a very big and serious problem that requires special attention from the government because poverty makes it difficult for many people to meet their daily needs. Sukirno (2010).

Poverty in Indonesia is ingrained as a major disease in the economy of this country, so there must be a solution or policy to combat this. The problem of poverty is a complex and complex problem. Therefore, the policies made by the government to fight poverty must be carried out effectively and efficiently. Sukirno (2010). The following is data on the number of layoffs, the number of unemployment and poverty in Indonesia in 2016-2020

Table. 1.1 Number of Layoffs, Number of Unemployment and Poverty in Indonesia 2016-2020

Tahun	PHK (Jiwa)	Pengangguran (Jiwa)	Kemiskinan (Jiwa)
2016	12.800	5.416.228	28.509.646
2017	9.800	5.013.148	28.053.003
2018	3.000	5.820.595	26.231.714
2019	45.000	4.888.904	25.438.803
2020	3.600.000	5.761.568	27.549.690

Source: Word Bank, Central Bureau of Statistics and Lokadata (2021).

The factors that influence the occurrence of poverty in Indonesia when viewed from the current conditions are Termination of Employment (PHK) and Unemployment. Termination of Employment Relationship (PHK), is the termination of the employment relationship due to a certain matter which results in the termination of the rights and obligations between the employee and the company/employer. This can happen due to resignation, termination by the company or expiration of the contract. Fahri (2020)

According to Sukirno (2010), one of the important factors that determine the prosperity of a society is the level of income. This illustrates that Termination of Employment (PHK) can affect the income and prosperity of the community itself which leads to poverty. The number of fluctuations in Termination of Employment (PHK) in Indonesia in 2016 was 12,800 people, and decreased in 2017 and 2018 by 9,800 and 3,000 people and increased in 2019 by 45,000 people, then increased again in 2020 by 3,600,000 .

Based on table 1.1, it can be seen the development of the number of layoffs, where in 2018 there were 3,000 people and then in 2019 it increased to 45,000 people, but the increase in the number of people who experienced layoffs was not followed by the growth rate of the poor. The situation where the increasing number of people who are laid off should be able to increase the level of poverty because they have lost their source of income. However, in 2018-2019 the number of poor people decreased from 26,231,714 people to 25,438,803 people.

However, this contradicts the research conducted by Gunawan (2012), which says that Termination of Employment Relationship (PHK), has an effect on poverty. And according to research conducted by Zulhartati (2010), which states that Termination of Employment (PHK), has no effect on Poverty.

Another factor that causes Poverty is Unemployment. Unemployed is someone who has been classified in the labor force and is actively looking for work at a certain wage level, but does not get the job he wants. Fahri (2020)

According to Sukirno (2010), the theory of the relationship between unemployment and poverty, one of

the important factors that determine the prosperity of a society is the level of income. People's income is maximum if the level of unemployment and full employment can be realized. Unemployment reduces people's income, this can reduce the level of prosperity that reaches them, causing poverty.

The number of Unemployment fluctuations in Indonesia in 2016 was 5,416,228 people and in 2017 it was 5,013,148 people, in 2018 Unemployment in Indonesia has increased by 5,820,595 people and in 2019 Unemployment in Indonesia has decreased from the previous year of 4,888,904 soul. In 2020 the number of unemployed in Indonesia increased dramatically, amounting to 5,761,568 people.

Based on table 1.1, it can be seen that the condition of Indonesia's unemployment from 2017 to 2018 the number of unemployed in Indonesia decreased, where in 2017 the number of unemployed in Indonesia was 5,013,148 people and then increased sharply in 2018 to 5,820,595, however, this increase in the number of unemployed was not followed by an increase in the number of poor people in that year, the number of poor people actually decreased, where in 2017 the number of poor people was 28,053,003 people and then decreased in 2018 to 26,231,714.

Supposedly with the increase in the number of unemployed, this will increase the number of poor people, this is in line with the research of Windra (2016), which argues that the increase in unemployment affects the increase in the number of poor people. However, according to research conducted by Novriansyah (2018), who in his research argues that the increase in unemployment has no effect on the number of poor people.

Based on the issues and background that has been described above by the author, the author is interested in further researching the above phenomenon into a study with the title **"The Effect of Termination of Employment and Unemployment on Poverty in Indonesia"**

2. LITERATURE REVIEW
Poverty

According to wordbank in Fatimah (2015), defines poverty as a deficiency in welfare and consists of many dimensions. This includes low incomes and the ability to obtain basic goods and services necessary for survival and dignity. Poverty also includes low levels of health and education, access of the poor to clean water and sanitation. Inadequate physical security as well as a better chance of survival than this.

Poverty, according to the Central Statistics Agency (BPS), uses the concept of the ability to meet basic needs (basic needs approach) in measuring poverty.

Termination of Employment.

Termination of Employment , is the termination of employment due to a certain matter which results in the termination of the rights and obligations of the worker and the company/employer. This can happen due to resignation, termination by the company or expiration of the contract. Fahri (2020).

In Article 151 Paragraph (1) of Law Number 11 of 2020 concerning Job Creation (Employment Clusters) it is stated that employers, workers, trade unions, and the government must strive to prevent termination of employment (PHK). Experts also provide their own views regarding Termination of Employment (PHK). According to Kasna (2019), Termination of Employment (PHK) is the return of employees to the community. According to Fan (2004), dismissal is the termination of an employee's employment relationship with an organization (company).

Unemployment

Unemployed is someone who has been classified in the labor force who is actively looking for work at a certain wage level, but cannot get the job he wants. Fahri (2020), or in other words, unemployment is someone who does not have a job at all, or does not have a permanent job.
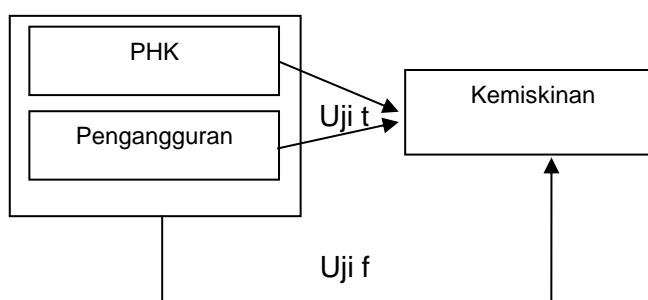
Conceptual framework.

Figure 1.1 Conceptual Framework

The conceptual framework above describes the independent variables on the dependent variable, namely layoffs (X1) and the effect of Unemployment (X2) on Poverty (Y). then the f test is the Effect of Layoffs and Unemployment on Poverty.

Hypothesis

With reference to the reasons and on the basis of the empirical research carried out related to research in this field, the following hypothesis is proposed:

H1: It is suspected that termination of employment (PHK) has a positive effect on poverty in Indonesia.

H2: It is suspected that unemployment has a positive effect on poverty in Indonesia.

H3 : It is suspected that layoffs and unemployment have a positive effect on poverty in Indonesia.

3. RESEARCH METHOD
Research Object and Location.
In this study, the variables studied were limited to only Termination of Employment (PHK) variables, unemployment as the independent variable and poverty as the dependent variable. The research location was carried out in Indonesia.

Data Types and Sources.
This study uses quantitative data, namely the data obtained are measured on a numerical scale or in the form of numbers. This study uses secondary data in the form of time-series data, namely data in annual form with 17 years of observation, from 2004 to 2020.

Data collection technique.
The data in this study is secondary data. Data was collected using the Achival research method (archive research), namely data collection which is generally in the form of evidence, notes, and reports that have been compiled in published archives. Sources of data are obtained from: Statistics Indonesia, Statistical Information Book of the Ministry of Public Works and Public Housing and other sources such as journals, newspapers, other relevant scientific works.

Variable Operational Definition.
In order not to create a double understanding of the main variables in this study, the researchers explained the definition of each variable as follows:

a. Poverty (Y)
Poverty is a condition where a person or individuals are unable to fulfill their basic needs such as adequate food, clothing, shelter, education and health. Poverty can be caused by the scarcity of tools to fulfill basic needs, or the difficulty of access to education and work. Data on the number of poor people expressed in the form of (people) and obtained from the Central Statistics Agency (BPS).

b. Termination of Employment (X1)
Termination of employment relationship between a person or several employees and the company caused by a work agreement which results in the person concerned losing his status as an employee/worker. Data on the number of layoffs expressed in the form of (people) and obtained from the Central Statistics Agency (BPS).

c. Unemployment (X2)

Unemployed is someone who is included in the workforce but does not have a job or people who are looking for work but have not found a job. Unemployment rate data is expressed in units (persons) and obtained from the Central Statistics Agency (BPS).

Analysis Method
In determining the results of the study, this study uses multiple regression analysis methods with annual secondary data in the 2004-2020 time span, including poverty (Y) Termination of employment (X1), Unemployment (X2).

Multiple Regression Analysis
Regression analysis is basically a study of the dependence of the dependent variable (bound) with one or more independent variables (independent) with the aim of estimating or predicting the population mean or variable mean value based on the known value of the independent variable. Ghozali (2011).

Multiple linear analysis is used to test more than one independent variable against one dependent variable. The formula for multiple linear analysis is as follows:

$$LogY = \beta_0 + \beta_1 LogX_1 + \beta_2 LogX_2 + e$$

Where:
LogY : Poverty
B_0 : Constant
$\beta_1\ \beta_2$: Regression coefficient
LogX1 : Termination of employment (PHK)
LogX2 : Unemployed
e : Error term (interference variable) that is the level of estimation error in the study.

Normality test
According to (Ghozali, 2011), the detection of normality used to determine whether in the regression model the two variables (free and dependent) have a normal distribution or at least close to normal. In principle, normality can be detected by looking at the spread of data (points) on the diagonal axis of the graph or by looking at the histogram of the residuals. The condition for being free from data that is not normally distributed is that if the results of the Jarque-Bera Test < chi square at = 5%, then accept H0 which means the error term is normally distributed.

Classic Assumption Test
Autocorrelation Test
The autocorrelation test is used to see whether in the regression model there is a correlation between the nuisance errors found in period t of course with the confounding errors found in the previous period (Ghozali, 2011). Tests for autocorrelation can be tested using the Bruesch-Godfrey method. Another name for this BG test is LMtest or the langrange multiplier. If the

value of Prob. Chi-Square $<\alpha = 5\%$ then there is autocorrelation and if the Prob value. Chi-Square $>= 5\%$ then there is no autocorrelation.

Heteroscedasticity test

Heteroscedasticity is the non-constant value of each confounding value. Heteroscedasticity test can be done using white heteroscedasticity available in the Eviews program. The results to note from this test are F and Obs*R-Squared. If the probability value is greater than alpha (0.05), (Ghozali, 2011).

Hypothesis test
Partial Significance Test (t Test)

The statistical t test was conducted to show how far the influence of one independent variable individually in explaining the variation of the dependent variable. According to Ghozali (2011) the test is intended to test whether individually there is an influence between the independent variables and the dependent variable.

Simultaneous Significance Test (F Test)

The F statistical test was used to test if the independent variables simultaneously had a significant or insignificant effect on the dependent variable. According to Ghozali (2011) the F test aims to show whether all independent or independent variables included in the model have a joint influence on the dependent variable in a study.

Coefficient of Determination (R^2)

The coefficient of determination (R^2) test is used to measure how far the model's ability to describe variations in the dependent variable is. The value of the coefficient of determination is between zero and one. If the value of R^2 is small, then the ability of the independent variables in explaining the variation of the dependent variable is very limited.

Correlation Coefficient (R)

Correlation analysis is a way to find out whether or not the relationship between the independent variable (X) and the dependent variable (Y) is strong if it can be expressed as a linear function (at least close to positive (1) and measured by a value called the correlation coefficient.

4. RESEARCH RESULTS AND DISCUSSION
Multiple Linear Regression Results
Table 4.1
Multiple Linear Regression Test Results

Dependent Variable: LOGY
Method: Least Squares
Date: 10/14/21   Time: 19:14
Sample: 2004 2020
Included observations: 17

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8.782865	1.605663	5.469931	0.0001
LOGX1	0.036567	0.012959	2.821810	0.0136
LOGX2	0.518963	0.100697	5.153697	0.0001

R-squared	0.682370	Mean dependent var	17.28167
Adjusted R-squared	0.636994	S.D. dependent var	0.139160
S.E. of regression	0.083844	Akaike info criterion	-1.960930
Sum squared resid	0.098418	Schwarz criterion	-1.813892
Log likelihood	19.66790	Hannan-Quinn criter.	-1.946314
F-statistic	15.03821	Durbin-Watson stat	1.680355
Prob(F-statistic)	0.000326		

Source : Eviews-10, (2021)

Based on the results of data processing in table 4.3 above, the equation is as follows:
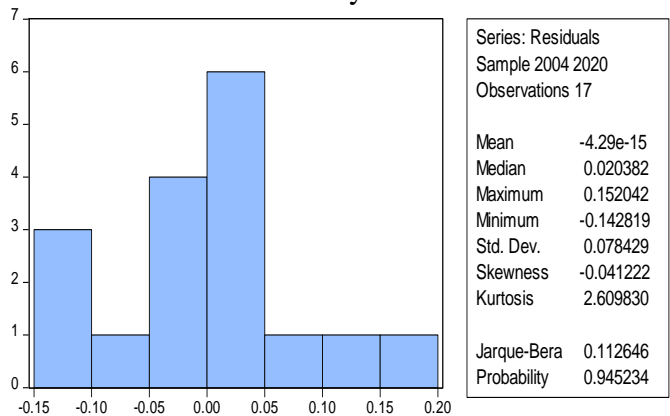$Y = 8.782865 + 0.036567LogX1 + 0.518963LogX2$
From the regression model equation above, the research results can be stated as follows:
1. The constant variable has a value of 8.782865 which means that if the layoffs (X1) and Unemployment (X2) variables in this study are considered constant or fixed, then Indonesia's poverty is increased by 8.782865%
2. The coefficient of layoffs (X1) is 0.036567, which means that if layoffs (X1) increase by 1%, poverty (Y) will increase by 0.036567 %.
3. Unemployment coefficient value (X2) is 0.518963 which means that if Unemployment (X2) increases by 1%, poverty (Y) will increase by 0.518963%.

Normality Test Results
Figure 4.1
Normality Test Results

Series: Residuals	
Sample 2004 2020	
Observations 17	
Mean	-4.29e-15
Median	0.020382
Maximum	0.152042
Minimum	-0.142819
Std. Dev.	0.078429
Skewness	-0.041222
Kurtosis	2.609830
Jarque-Bera	0.112646
Probability	0.945234

Source : Eviews-10, (2021)
Figure 4.1 Histogram – Normality Test
From the normality histogram display above, it can be concluded that the residual data in this study is normally distributed. Because the probability value is $0.945234 > 0.05$.

Hasil Uji Asumsi Klasik
Hasil Uji Autokorelasi
Table 4.2
Breusch-Godfrey Serial Correlation LM Test Results

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	0.262161	Prob. F(2,12)	0.7737
Obs*R-squared	0.711693	Prob. Chi-Square(2)	0.7006

Source : Eviews-10, (2021)

　　　　Based on the LM Test in table 4.2 above, it can be seen that the Chi-Squared Probability is 0.7006 > 0.05. Which means that this study is free from indications of autocorrelation.

Multicollinearity Test Results.
Table 4.3
Multicollinearity Test Results

Variance Inflation Factors
Date: 10/14/21   Time: 19:14
Sample: 2004 2020
Included observations: 17

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	2.578154	6234.656	NA
LOGX1	0.000168	47.02041	1.037598
LOGX2	0.010140	5988.939	1.037598

Source : Eviews-10, (2021)

　　　　Based on table 4.3 above, it can be seen that the VIF value of each dependent variable does not exceed 10.00 which means that there is no multicollinearity in this study.

Heteroscedasticity Test Results
Table 4.4
Heteroscedasticity Test Results

Heteroskedasticity Test: White

F-statistic	1.059276	Prob. F(5,11)	0.4324
Obs*R-squared	5.525061	Prob. Chi-Square(5)	0.3552
Scaled explained SS	3.016098	Prob. Chi-Square(5)	0.6975

Source : Eviews-10, (2021)

　　　　Based on the results of the white-Test test, it can be seen that the probability of Obs*Chi-Squared is 0.3552 > 0.05. then in this study there is no indication of heterosdacticity.

Hypothesis Proving
Partial Test Results (t Test)

1. Based on the test as shown in table 4.1, it can be seen that the layoff variable (X1) has a tcount value of 2.821810, which is greater than ttable, which is 1.75305 with a significance value of 0.0136 <0.05 (At 5% alpha) which means that partial layoffs (X1) have a positive and significant impact on poverty (Y)i.

2. Furthermore, the Unemployment variable (X2) has a tcount value of 5.153697 which is greater than ttable, which is 1.75305 with a significance value of 0.0001 > 0.05, meaning that partially the Unemployment variable (X2) has a positive and significant effect on Poverty (Y).

Simultaneous Test Results (F Test)

　　　　From the test results as contained in table 4.1 the value of Fcount>Ftable, or 15.03>4.54 means that simultaneously the independent variables have a significant effect on the dependent variable.

Coefficient of Determination (R2)

　　　　From the results of data processing obtained Adjusted R. Square of 0.636994, which means that the magnitude of the effect of layoffs and unemployment on the Poverty variable is 0.636994 (63.69%), while that which is influenced by other variables outside this model is 0, 363006 (36.30%).

Correlation Coefficient (R)

　　　　From the results of data processing in table 4.2, the correlation value (R) = √R2 = √0.636994 = 0.798119. So the relationship between the independent variable and the related variable is positively related.

Discussion
The Effect of Termination of Work on Poverty

　　　　The estimation results using the OLS method using E-Views 10 show that layoffs have a significant impact on Indonesian poverty during 2004-2020. That the layoff variable (X1) has a tcount value of 2.821810, which is greater than ttable, which is 1.75305 with a significance value of 0.0136 <0.05 (at 5% alpha) meaning that partially layoffs have a positive and significant impact on poverty in Indonesia. This is in line with the theory which states that layoffs have an effect on poverty levels. According to Sukirno (2010), one of the important factors to determine people's prosperity is the level of income. This illustrates that Termination of Employment (PHK), can affect the income and prosperity of the community itself which leads to poverty. In another sense, when someone is laid off, they can fall into poverty because when someone is laid off, that person will lose their job, by losing their job, in other words, with no more work they will be unemployed, so this is make their source of income also disappear, with no more source of income they will find it difficult to meet their needs, both basic needs and other needs, so that gradually they will reach a point where they have

difficulty meeting their needs and fall into poverty.

This is in line with research conducted by Gunawan, (2012) which states that layoffs that generally occur in employees or industrial workers will have a direct effect on the economy of their families, because when they are laid off, their source of income disappears. This makes it difficult for them to meet their needs. The loss of this search source will make them fall into poverty.

The Effect of Unemployment on Poverty

The estimation results using the OLS method using E-Views 10 show that unemployment has a significant effect on Indonesian poverty during 2004-2020. That the unemployment variable (X2) has a tcount value of 5.153697 which is greater than ttable, which is 1.75305 with a significance value of 0.0001 > 0.05 (at 5% alpha) meaning that partially unemployment has a positive and significant effect on poverty in Indonesia. This means that an increase in the number of unemployed people will increase the number of poverty, this is caused, because unemployed people do not have jobs, both permanent jobs and full jobs, this situation makes it difficult for those who are unemployed to be able to meet their needs and even cannot meet their needs properly. . The situation where a person cannot fulfill his needs is included in the stage of people who are in poverty, therefore increasing unemployment will make the poverty rate also increase. Windra (2016).

The situation in which unemployment affects poverty is also in line with the research conducted by Yacoub (2012) with the research title "The Effect of Unemployment Rates on District/City Poverty Levels in West Kalimantan Province", which states that someone who is unemployed will certainly have low income, with the low level of income owned by them, making it difficult for them to obtain goods and services to meet their needs so that they fall into the category of poor people. Jacob (2012).

5.CLOSING
Conclusion

Based on the results of the research that has been done, it can be concluded that:
a. Partially Termination of employment has a positive and significant effect on poverty in Indonesia.
b. Partially Unemployment has a positive and significant effect on poverty in Indonesia.
c. Based on the results of tests carried out simultaneously or jointly, the variables of termination of employment and unemployment have a significant effect on poverty in Indonesia.

Suggestion

Based on the results of the study and the conclusions above, the researchers provide several suggestions, namely:
a. The Indonesian government should be able to make policies that are considered to be able to reduce the number of poor people so that the level of poverty in Indonesia can be reduced.
b. The Indonesian government needs to improve the quality of human resources through improving public health status and increasing access to education to remote areas. Increasing the school participation rate (APK) for SD, SMP, SMA and Universities, so that the Indonesian people have better human resource capabilities, this will certainly reduce the unemployment rate in Indonesia because these people have increased skills.
c. The Indonesian government is also expected to be able to create good job opportunities in order to accommodate the unemployed workforce and workers who have been laid off, so that they can earn a decent enough income. And also for the Indonesian government, it is hoped that there will be many investors so that with their arrival there will be a lot of job opportunities and job openings.
d. The Indonesian government is also highly expected when making policies such as the Pre-Employment Card, it is hoped that the assistance will be right on target, as is the main function of the card.

BIBLIOGRAPHY

Fahri, Abdul Jalil and Sri Kasnelly (2020) **Meningkatnya Angka Pengangguran Ditengah Pandemi(Covid-19).**Fahri ;Abd,Jalil ;SriKasnelly Email : fahrismith7@gmail.com Program Studi Ekonomi Syariah Sekolah Tinggi Agama Islam An-Nadwah Kuala Tungkal ABSRACT',*Ekonomi Syariah*,2(Desember2019),pp.4560.Availableat:http://ejournal.annadwahkualatungkal.ac.id/index.php/almizan/article/view/142/112.

Fan, S., Zhang, L. and Zhang, X. (2004) '*Reforms, Investment, And Poverty In Rural China*', *Economic Development and Cultural Change*, 52(2), pp. 395–421. doi: 10.1086/380593.

Fatimah (2015) **'Analisis Faktor-Faktor Yang Mempengaruhi Tingkat** Berdasarkan pengangguran kelompok yaitu : dapat penyebabnya dibagi empat', 3(1), pp. 37–46.

Ghozali, I. (2011). **Aplikasi Analisis Multivariate**. In *BP Universitas Diponegoro, Semarang*.

Gunawan (2012) '**Kondisi Sosial Ekonomi Keluarga**', pp. 35–52.

Kasna, I. ketut (2019) '**Dampak Pengangguran Kemiskinan Dan Konsep Teoritisnya Pada Pandemi Covid-19**', *Jurnal Ekonomi*, 8(5), pp. 55–61.

Novriansyah, M. A. (2018) **'Pengaruh Pengangguran dan Kemiskinan Terhadap Pertumbuhan Ekonomi di Provinsi Gorontalo**', *Gorontalo Development Review*, 1(1), pp. 59–73.

Sukirno, S. (2010) '**Makro Ekonomi Teori Pengantar Ke-3**', Raja Grafindo Persada, *Jakarta*.

Windra (2016) '**Analisis Pengaruh Inflasi, Pertumbuhan Ekonomi, dan Tingkat Pengangguran Terhadap Kemiskinan Di Indonesia'**, 14(November), pp. 19–27.

Yacoub, Y. (2012) **'Pengaruh Tingkat Pengangguran terhadap Tingkat Kemiskinan Kabupaten / Kota di Provinsi Kalimantan Barat'**, 8, pp. 176–185.

Zulhartati, S. (2010) **'Pengaruh Pemutusan Hubungan Kerja Terhadap Karyawan Perusahaan'**, *Pendidikan Sosiologi Dan Humaniora*, 1(1), pp. 77–88. Available. At : http: //jurnal. untan. ac. id/index. php/ JPSH/ article/ download/382/385.