Islamic Economic Perspective on Poverty Level: Determination of Economic Growth, Unemployment Levels, and Minimum Wages in Lampung Province

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Abstract

The problem of poverty is one of the problems in the economic development of each region, be it a regency or province. The success of Lampung Province in overcoming poverty has not been fully successful, because basically poverty will continue to increase from last year to the following year. As economic growth increases, it is undeniable that poverty will decrease. The unemployment rate in Lampung Province has fluctuated so this has an impact on poverty because it is difficult for workers to get jobs which causes increased unemployment. And the minimum wage has increased, but this has not been able to reduce the poverty rate. The method used in this research is a quantitative method. The data analysis used was multiple linear regression which was processed using *EViews 10.* The data obtained is secondary data from the Central Bureau of Statistics of Lampung Province. This study aims to determine the effect of economic growth, the open unemployment rate, and the minimum wage on the poverty rate in the District/City of Lampung Province. The results of this study indicate that simultaneously economic growth, the open unemployment rate, and the minimum wage have a significant effect on the poverty rate. Partially, economic growth does not affect the poverty rate, the open unemployment rate has a significant effect on the poverty level and the minimum wage has a significant effect on the poverty level. From the perspective of Islamic economics, the poverty that occurs in Lampung Province in economic activities, the government must apply the principles of Islamic economics. The existence of Islamic economic principles is one of the solutions to the problem of poverty in Lampung Province.

Keywords : Poverty, Economic Growth, Open Unemployment, Minimum Wage

1.0 Introduction

Economic growth is one indicator of the success of development in an economy of a region. The progress of an economy is determined by the amount of growth indicated by changes in national output. Efforts to develop an economy are multidimensional efforts that include changes in various aspects of life that aim to improve people's welfare. A country is said to experience a level of economic growth if there is an increase in real GNP in that country, the existence of economic growth is an indication of the success of economic development.
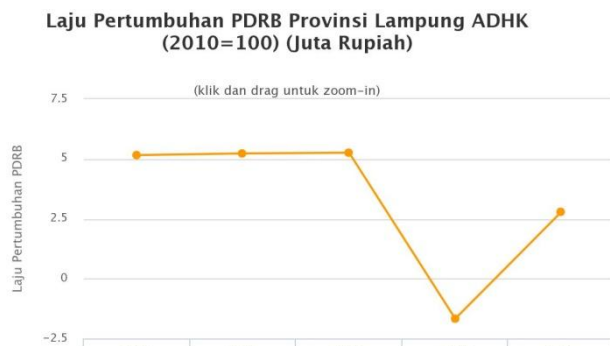
Picture 1.1

Graph of the Economic Growth Rate of Lampung Province

Based on *Figure 1* for the last 5 (five) years, the economy of Lampung Province has shown an increasing trend, namely: 5.16% in 2017, grew 5.25% in 2018 and in 2019 solidly increased to 5.27%. Amid the sluggish global and national economy, the economic growth rate of Lampung Province in 2019 was still above the average economic growth on the island of Sumatra, which was 4.57% and the national economy was 5.02%. But in 2020 the rate of economic growth contracted by -1.67%, this was due to the impact of the Covid-19 pandemic. And in 2021 economic growth will grow by 2.79 % .

The problem of poverty is one of the main problems in economic development. The success of Lampung Province in overcoming poverty has not been fully successful. Judging from the relatively high poverty rate, Lampung Province is ranked 14th in the province with the highest poverty rate in Indonesia, namely 11.67% and Lampung Province is ranked 3rd in the poorest province in Sumatra.

Table 1

Poverty Levels Based on Regencies/Cities in Lampung Province

Regency/City	Poverty Rate		
	2019	2020	2021
Lampung Barat	12.92	12.52	12.82
Tanggamus	12.05	11.68	11.81
Lampung Selatan	14.31	14.08	14.19
Lampung Timur	15.24	14.62	15.08
Lampung Tengah	12.03	11.82	11.99
Lampung Utara	19.90	19.30	19.63
Way Kanan	13.07	12.90	13.09
Tulang Bawang	9.35	9.33	9.67
Pesawaran	15.19	14.76	15.11
Pringsewu	10.15	9.97	10.11
Mesuji	7.47	7.33	7.54
Tulang Bawang Barat	7.75	7.39	8.32
Pesisir Barat	14.48	14.29	14.81
Bandar Lampung	8.71	8.81	9.11
Metro	8.68	8.47	8.93

Source: BPS Lampung Province

Based on table I above, it shows that the condition of the poverty rate in the Regency/City of Lampung Province is still uneven and most of the poverty rates are still high. North Lampung Regency is the Regency with the highest poverty rate in Lampung Province at 19.30 % . Mesuji District is one of the districts with the lowest poverty rate of 7.54%.

Inequality in the problem of poverty is a labor problem, one of which is unemployment. The problem of unemployment every year always increases. The main problem with unemployment is that the number of labor force or job seekers is not proportional to the number of jobs that can absorb them.

Table 2

Open Unemployment Rate by Regency/City in Lampung Province

No	Regency City	Unemployment Rate Provincial open Lampung		
		2019	2020	2021
1	Lampung Barat	1.66	2.13	2.83
2	Tanggamus	2.96	2.96	2.93
3	Lampung Selatan	4.68	5.19	5.27
4	Lampung Timur	2.87	2.64	3.05
5	Lampung Tengah	2.61	4.22	4.31
6	Lampung Utara	5.11	5.34	6.14
7	Way Kanan	3.59	4.10	3.36
8	Tulang Bawang	4.01	4.84	4.10
9	Pesawaran	4.41	4.64	4.19
10	Pringsewu	4.92	5.77	4.85
11	Mesuji	3.61	3.71	3.42
12	Tulang Bawang Barat	3.57	3.46	3.35
13	Pesisir Barat	3.25	3.41	3.08
14	Bandar Lampung	7.15	8.79	8.85
15	Metro	5.12	5.40	5.00

Source: BPS Lampung Province

Efforts to reduce unemployment and poverty rates are equally important. If people are not unemployed, it means they have jobs and income, and with the income they have from work, they are expected to be able to make ends meet. If the necessities of life are met, then not poor. The fact that occurs in table II above, where the condition of the unemployment rate in the districts/cities of Lampung Province is that there are several regencies whose unemployment rates are quite high above the average of 5%, namely South Lampung District (5.27%), North Lampung (6.14%)), Bandar Lampung (8.85%), and Metro (5.00%). In addition to the influence of economic growth and the Open Unemployment Rate (TPT).

The minimum wage also has an effect on the level of poverty. If the minimum wage increases, the poverty rate will decrease. According to Sumarsono in Prasetyo, said that the minimum wage policy also affects poverty, the idea of a minimum wage which was started and developed since the early 1970s aims to make sure that in the long run the minimum wage amount can at least meet the minimum living needs (KHM), so that it is expected to be able to guarantee the workforce to meet the needs of life and their families and at the same time can encourage increased work productivity and welfare of workers. (Prastyo, 2010)

Table 3

UMP/UMK Data for Regencies/Cities in Lampung Province for 2017-2021

No	Regrency/City	UMP/UMK Regency/City In Lampung Province				
		2017	2018	2019	2020	2021
1	Lampung Barat	1,908,447	2,155,326	2,329,339	2,526,545	2,526,545
2	Tanggamus	1,908,447	2,074,673	2,241,269	2,432,001	2,432,001
3	Lampung Selatan	1,973,798	2,168,702	2,365,835	2,576,168	2,651,885
4	Lampung Timur	1,908,555	2,074,800	2,241,406	2,432,150	2,432,150
5	Lampung Tengah	1,916,696	2,083,640	2,250,956	2,442,513	2,442,513
6	Lampung Utara	1,921,670	2,100,000	2,268,750	2,461,850	2,461,850
7	Way Kanan	1,950,000	2,160,000	2,380,000	2,617,538	2,645,837
8	Tulang Bawang	1,917,324	2,084,322	2,251,694	2,443,313	2,443,313
9	Pesawaran	1,908,447	2,074,673	2,241,269	2,432,001	2,432,001
10	Pringsewu	1,908,447	2,074,673	2,241,269	2,432,001	2,432,001
11	Mesuji	1,908,447	2,074,673	2,385,874	2,588,911	2,673,569
12	Tulang Bawang Barat	1,939,948	2,108,917	2,278,263	2,472,144	2,472,144
13	Pesisir Barat	1,908,447	2,074,673	2,241,673	2,241,269	2,432,001

Source: BPS Lampung Province

The development of the minimum wage in Lampung Province has seen an increase every year, the table above shows that the highest minimum wage is in Bandar Lampung City, which is IDR 2,739,983 and the lowest minimum wage is IDR 2,432,001 in several districts such as Pesisir Barat, Pringsewu, offer.

Based on the description that has been presented, the researcher is interested in researching in the form of a thesis entitled "Analysis of the Effects of Economic Growth, Open Unemployment Rates, and Minimum Wage on Poverty Levels in Regencies/Cities throughout Lampung Province in 2017-2021 in the Perspective of Islamic Economics"

2.0 Theories and Hypotheses

1. Poverty

a. Definition of Poverty

According to Mudrajat Kuncoro, poverty is defined as the inability to meet a minimum standard of living, where the measurement of poverty is based on consumption (Rachman, 2018). Poverty can be characterized by a situation where there is a shortage of things that are usually owned, such as food, clothing, shelter and drinking water, these things are closely related to quality of life. Poverty sometimes also means there is no access to education and jobs that are able to overcome the problem of poverty and get proper respect as citizens (Amelia, 2012).

b. The Poverty Vicious Circle Theory

The vicious circle of poverty is a unit that influences each other which causes conditions in a country to continue to be poor and will make it difficult to increase economic development to a higher level. Nurske expressed her thoughts in the theory of the vicious cycle of poverty, where poverty is caused by human backwardness and natural resources. Management of natural resources is highly dependent on human productivity. If many people are poor and have low education, it will result in a scarcity of technical skills and knowledge which automatically causes natural resources to be neglected, not developed, and even misused. On the other hand, the lack of natural resources will lead to poverty, because natural resources are the main source of needs in human life (Arsyad Lincolin, 2016).

c. Poverty Indicator

Poverty indicators according to Bappenas are limited adequacy and quality of food, limited access to and low quality of health services, limited access to and low quality of education services, limited employment and business opportunities, limited access to housing and sanitation services, limited access to clean water, weak certainty of ownership and land tenure, deteriorating conditions of the environment and natural resources, weak security guarantees, weak participation, and a large population burden caused by large family dependents. (Febriana, 2010)

Factors Causing Poverty:

1) On a macro level, poverty arises due to unequal patterns of resource ownership which results in unequal distribution of income, the poor only have resources in limited quantities and of low quality.
2) Poverty arises due to differences in the quality of human resources because the low quality of human resources means low productivity and low wages.
3) Poverty arises because of differences in access and capital. As a result of limited and no access, humans have limited (even non-existent) choices to develop their lives, except to do what they are forced to do at this time (not what they should be doing). Thus humans have limitations in making choices, as a result the human potential to develop their lives becomes hampered. Poverty also arises because of differences in the quality of human resources, because if the quality of humans is low it will definitely affect others, such as income (Mardianto, 2012).

Types of Poverty:

Based on the condition of poverty which is seen as a form of multidimensional problems, poverty has 4 forms. The four forms of poverty are (Suryawati, 2004).

1) Absolute poverty is a condition where the income of a person or group of people is below the poverty line so that it is insufficient to meet the standard needs for food, clothing, health, housing and education needed to improve the quality of life. The poverty line is defined as the average expenditure or average consumption for basic needs related to meeting welfare standards. This form of absolute poverty is most widely used as a concept to determine or define the criteria for a person or group of people to be called poor.
2) Relative Poverty is defined as a form of poverty that occurs due to the influence of development policies that have not reached all levels of society, causing income inequality or inequality in welfare standards. Areas that have not been reached by development programs like this are generally known as underdeveloped areas.
3) Cultural Poverty is a form of poverty that occurs as a result of the attitudes and habits of a person or a society that generally come from a culture or custom that is relatively unwilling to improve the standard of living with modern procedures . Habits like this can be in the form of being lazy, wasteful or never thrifty, less creative, and also relatively dependent on other parties.
4) Structural Poverty is a form of poverty caused by low access to resources which generally occurs in a socio-cultural or socio-political order that does not support poverty liberation. This form of poverty also sometimes has a discriminatory element.

2. Economic growth

a. Definition of Economic Growth

Economic growth is the development of activities in the economy that cause goods and services produced in society to increase and people's prosperity to increase in the long run (Untoro Joko, 2010). Meanwhile, according to Kuznets in Sukirno, economic growth is an increase in the long-term capacity of the country concerned to provide various economic goods to its population (Sukirno, 2006).

b. Economic Growth Theory

The theory of the trickle-down effect initiated by Arthur Lewis in A. Pangiuk explains that progress made by a group of people will automatically trickle down to create jobs and various economic opportunities which in turn will foster various conditions for the creation of distribution of the results of economic growth. evenly distributed. The theory implies that economic growth will be followed by a vertical flow from the rich to the poor that occurs automatically. The benefits of economic growth will be felt by the rich first, and then in the next stage the poor will begin to benefit when the rich begin to spend the results of the economic growth they have received. Thus, the effect of economic growth on poverty reduction is an indirect effect due to the vertical flow from the rich to the poor. This also means that poverty will be reduced on a very small scale if the poor receive only a small amount of the total benefits arising from economic growth. This condition can open opportunities for increased poverty as a result of increased income inequality caused by economic growth that favors the rich over the poor (Pangiuk, 2018).

3. Open Unemployment Rate
a.   Definition of Open Unemployment Rate

Unemployment is defined as someone who belongs to the labor force and is actively looking for work at a certain wage level, but does not get the job he wants (Muslim, 2014). Open unemployment is a population of working age but not working and not looking *for* work. (Sukirno, 2002). Open unemployment is still a problem in the country. A large population has implications for a large workforce. This means that there are people who are looking for work or are unemployed. The number of unemployed becomes large, if the State is unable to provide jobs for them

b.   Unemployment Theory

The theory put forward by Sukirno states that unemployment is a situation in which a person belonging to the labor force wants to get a job but has not been able to get one. This theory also states that there is a very close relationship between high levels of unemployment, the extent of poverty, and unequal income distribution (Sukirno, 2002).

c.   Causes and Impact of Unemployment

Factors causing unemployment:

1)   At least jobs that accommodate job seekers. The number of job seekers is not comparable with the jobs that are owned by the State of Indonesia
2)   Lack of expertise possessed by job seekers. The large number of unskilled human resources is one of the causes of the increasing unemployment rate in Indonesia.
3)   Lack of information, where job seekers do not have access to find out information about companies that have a shortage of workers.
4)   Uneven employment opportunities, there are many jobs in the city, and there is little equalization of employment opportunities.
5)   are still not maximized in providing training to improve soft skills. The lazy culture that still infects job seekers makes job seekers easily give up in looking for job opportunities. (Franita, 2016)

Impact of Unemployment :

1)   The Impact of Unemployment on the Economy
     The existence of unemployment has a significant impact on people's purchasing power, so that the demand for produced goods and services will decrease. Such conditions do not stimulate investors to expand or establish new industries. Thus, the level of investment will decrease so that economic growth will not be accelerated.
2)   The Impact of Unemployment on Individuals
     Unemployment causes loss of livelihood and income and reduced skills in doing a job (Rianda, 2020).

    d. Types of Unemployment

There are several types of unemployment, namely:
1) Frictional unemployment is unemployment that exists when the economy has achieved full employment.
2) Cyclical unemployment is unemployment caused by very slow economic development or a decline in economic activity.
3) Structural unemployment occurs due to changes in the structure or composition of the economy.
4) Technological unemployment, caused by the replacement of human labor by machines and chemicals caused by technological developments (Amir, 2007).

4. Minimum wage

  a. Definition of Minimum Wage

Based on Law number 13 of 2003 Article 1 Number 30, wages are rights of workers/laborers who are received and expressed in the form of money as compensation from employers or employers to workers/laborers who are determined and paid according to a work agreement, agreement, or statutory regulations. -invitation, including allowances for workers or laborers and their families for a job and/or service that has been or will be performed. Based on the regulation of the minister of manpower and transmigration number 07 of 2013 concerning the minimum wage, article 1 paragraph 1 explains that the minimum wage is the lowest monthly wage consisting of the basic wage including fixed allowances set by the governor as a safety net (Budiono, 2009).

  b. Types of Wages

    1) Nominal Wages

Nominal wages are an amount of money paid to employees who are entitled in cash as compensation for the delivery of services or services in accordance with the provisions contained in the work agreement in the field of industry or company or in a work organization, where there is no additional wage or other advantages given to him.

    2) Real Wages

Real wages are real money wages that really have to be received by someone who is entitled. This real wage is determined by the purchasing power of the wage which will depend a lot on the size of the amount of money received and the size of the required living expenses.

    3) Living Wages

In this case, the wages received by an employee are relatively sufficient to finance broader life needs , not only his basic needs can be met, but also part of the social needs of his family, such as life insurance contributions, education and several others.

    4) Minimum wage

The minimum wage is the lowest wage that will be used as a standard by employers to determine the actual wages of workers/laborers who work in their company (Asyhadie, 2007).

5. Poverty in Islamic Economic Perspective

In the view of Islam, poverty is not a pleasure, it is a form of life test. With the existing capabilities and potential, efforts must be made to avoid it, and if poverty persists, it must be faced with patience, resignation and accompanied by efforts (ikhtiyâr) to escape from it. According to Islam, the poor are people/families who have absolutely no source of livelihood and do not have the ability to meet decent human needs for life or people/families who have a source of livelihood but cannot meet decent human needs (Aflah, 2017).

Poverty is a source of decline, Islam has even made poverty a threat from satan. Allah SWT says in Surah Al-Baqarah verse 268:

<div dir="rtl">اَلشَّيْطٰنُ يَعِدُكُمُ الْفَقْرَ وَيَأْمُرُكُمْ بِالْفَحْشَآ$</div>

Meaning: *" Satan promised (scare) poverty to you and told you to do abominable (miserable), while Allah promised His forgiveness and grace to you. And Allah is All-Wise, All-Knowing."*

Islam as a religion of rahmatan lil 'alamin encourages every Muslim to work with his own hands, so that he can meet the needs they want. These needs consist of primary, secondary and tertiary needs. When a Muslim is able to work, he has carried out a worship which will also be his provision for true life, namely the hereafter.

6. Hypothesis

H1: economic growth has a significant effect on the level of poverty
H2: the open unemployment rate has a significant effect on the poverty rate
H3: the minimum wage has a significant effect on the level of poverty
H4 : economic growth, the open unemployment rate, and the minimum wage simultaneously affect the poverty rate

3.0 Research Methods

The type of research used in writing this article is quantitative research. The data used is secondary data originating from the official website of the Central Statistics Agency (BPS) of Lampung Province. Data collection techniques in this study used documentation and literature study. For a population and sample of 75 obtained from a total of 15 districts/cities in Lampung Province and data for a period of 5 years. The data analysis technique used is multiple linear regression analysis with the help of the *Eviews Version 2 10 data processing application.*

4.0 Results and Discussion

1. Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the direction and how much influence economic growth, open unemployment rate, and minimum wage have on the poverty rate in districts/cities throughout Lampung province.

Table 4
Summary of Multiple Linear Regression Analysis Results

Based on calculations using the application *Eviews 10* , the formulation of the multiple linear regression equation is obtained:

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	52088.94	48106.43	1.082785	0.2826
X1	0.000860	0.000536	1.604292	0.1131
X2	0.183855	3401.392	5.405291	0.0000
X3	0.110483	0.021501	5.138555	0.0000

R-squared	0.564810	Mean dependent var	410798.9
Adjusted R-squared	0.546422	S.D. dependent var	62042.60
S.E. of regression	41784.58	Akaike info criterion	24.17030
Sum squared resid	1.24E+11	Schwarz criterion	24.29390
Log likelihood	-902.3863	Hannan-Quinn criter.	24.21965
F-statistic	30.71574	Durbin-Watson stat	2.81799
Prob(F-statistic)	0.000000		

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Y = 52.08894 + 0.000860X $_1$ + 0.183855X $_2$ + 0.110483 X $_3$ +e

From these equations it can be shown that:

Value α = 2.205

α = Constant

Y = Poverty Rate

X $_1$ = Economic Growth

X $_2$ = Open Unemployment Rate

X $_3$ = Minimum Wage

E = Error Term

From the regression equation it can be explained regarding the relationship between the dependent variable and the independent variable as follows :
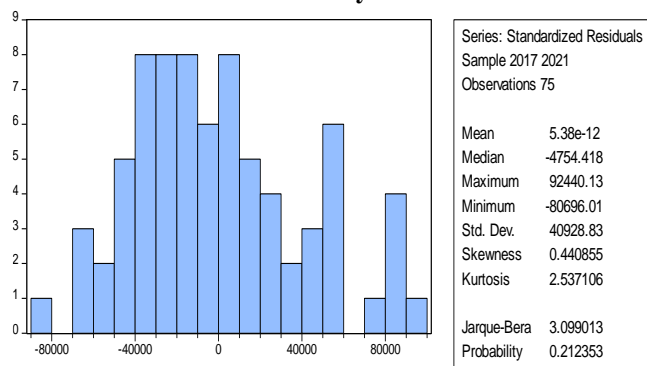
1. The constant value or α = 52.08894 indicates the magnitude of the poverty rate given is 52.08894 if the variables Economic Growth (X1), Open Unemployment Rate (X2), and Minimum Wage (X3) are 0 (zero).
2. Based on the results of multiple linear regression calculations, the regression coefficient on the economic growth variable is 0.000860, indicating that if the economic growth variable increases by 1%, then the poverty rate variable increases by 0.000860%.
3. Based on the results of multiple linear regression calculations, the regression coefficient on the open unemployment rate variable is 0.183855 shows that if the open unemployment rate variable increases by 1%, the poverty rate increases by 0.183855%.
4. Based on the results of multiple linear regression calculations, the regression coefficient on the minimum wage variable is 0.110483 indicating that if the minimum wage variable increases by 1%, the poverty rate will increase by 0.110483%.

2. Classical Assumption Test Results

a. Normality test

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. The data is declared normally distributed if the significance is more than 0.05.

Table 5
Normality test

Series: Standardized Residuals	
Sample 2017 2021	
Observations 75	
Mean	5.38e-12
Median	-4754.418
Maximum	92440.13
Minimum	-80696.01
Std. Dev.	40928.83
Skewness	0.440855
Kurtosis	2.537106
Jarque-Bera	3.099013
Probability	0.212353

Source : *EViews 10* update 2022

Based on the data that has been processed in table 5 above, it shows the results of the Jarque Bera probability value of 0.212353 which indicates that the probability value is > 0.05, it can be concluded that the data studied is normally distributed.

b. Multicollinearity Test

The multicollinearity test aims to find out or see that there is multicollinearity from the correlation coefficient of each independent variable. If the correlation coefficient between each independent variable is > 0.8, it can be said that there is multicollinearity and vice versa if the correlation coefficient is <0.8, then multicollinearity does not occur.

Table 6
Multicollinearity Test

	X1	X2	X3
X1	1.000000	0.352016	0.203708
X2	0.352016	1.000000	0.241712
X3	0.203708	0.241712	1.000000

Source : *EViews 10* update 2022

Based on the results of the multicollinearity test in table 4.9 above, it can be seen that there is no correlation between the independent variables which does not exceed 0.8 . So it can be concluded that the independent variables in the regression model of this study are free from multicollinearity problems.

c. Heteroscedasticity Test

The heteroscedasticity test was carried out to test whether in the regression model there is an unequal variance of the residuals. The heteroscedasticity test was carried out using the Glejser test. If the probability value of the independent variable is <0.05, there is an indication of heteroscedasticity, conversely, if the probability value of the independent variable is > 0.05, there is no indication of heteroscedasticity .

Table 7
Heteroscedasticity Test

Variable	Coefficiet	Std. Error	t-Statistic	Prob.
C	19268.30	31538.62	0.610943	0.5437
X1	0.000980	0.001001	0.978880	0.3318
X2	2916.002	2660.753	1.095931	0.2777
X3	-0.015387	0.009347	-1.646229	0.1052

Source : *EViews 10 update 2022*

Based on the results of the Glejser test in table 4.10 above, it shows that the probability value of the independent variable is > 0.05 so it can be concluded that the regression model in this study does not have a heteroscedasticity problem.

3. **Hypothesis Test Results**

   a. **t test (Partial Test)**

   The T test was conducted to determine how much influence economic growth, open unemployment rate, and minimum wage partially have on the poverty rate.

Table 8
T test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	52088.94	48106.43	1.082785	0.2826
X1	0.000860	0.000536	1.604292	0.1131
X2	0.183855	3401.392	5.405291	0.0000
X3	0.110483	0.021501	5.138555	0.0000

Source : *EViews 10,* processed 2022

Based on the results of the partial t test in the table above, it can be concluded that the results are as follows:

1. The economic growth variable obtains a coefficient value of 0.000860 and a probability of 0.1131 (> 0.05). It can be stated that economic growth has no effect on the poverty rate.
2. The open unemployment rate variable has a coefficient value of 0.183855 and a probability of 0.0000 (<0.05). It can be stated that the open unemployment rate has an effect on the poverty rate.
3. The minimum wage variable has a coefficient value of 0.110483 and a probability of 0.0000 (<0.05). It can be stated that the minimum wage has an effect on the poverty level.

   b. **F Test (Simultaneous)**

   The F test aims to determine whether there is influence between the variables of economic growth, the open unemployment rate, and the minimum wage simultaneously on the poverty rate variable.

Table 9
F test

F-statistic	30.71574
Prob(F-statistic)	0.000000

Source : *EViews 10* , processed 2022

Based on the F test in the table above, the F-statistics value is 30.71574 and the F-table is 2.7333 (F-count > F-table) and the F-statistics probability value is 0.000000 (<0.05). This shows that economic growth, the open unemployment rate, and the minimum wage simultaneously affect the poverty rate

   c. **Coefficient of Determination (R^2)**

   The coefficient of determination is used to determine how far the ability of the independent variable to explain or explain the dependent variable.

Table 10
Determination Coefficient Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	52088.94	48106.43	1.082785	0.2826
X1	0.000860	0.000536	1.604292	0.1131
X2	0.183855	3401.392	5.405291	0.0000
X3	0.110483	0.021501	5.138555	0.0000
R-squared	0.564810	Mean dependent var		410798.9
Adjusted R-squared	0.546422	S.D. dependent var		62042.60
S.E. of regression	41784.58	Akaike info criterion		24.17030
Sum squared resid	1.24E+11	Schwarz criterion		24.29390
Log likelihood	-902.3863	Hannan-Quinn criter.		24.21965
F-statistic	30.71574	Durbin-Watson stat		2.81799
Prob(F-statistic)	0.000000			

Source : *EViews 10,* processed 2022

Based on the test of the coefficient of determination in the table above, the coefficient of determination (R Squared) is 0.564810 or 56.48%, this shows that the magnitude of the influence of economic growth, open unemployment rate and minimum wage on the poverty rate is 56. 84% while the remaining 43.52% is the amount of influence that is influenced by other variables or other factors.

5.0 Discussion

1) The Effect of Economic Growth on Poverty Rates in Regencies/Cities throughout Lampung Province in 2017-2021

The results of this study are related to the effect of economic growth on the poverty rate in the Regency/City of Lampung Province. The economic growth variable obtains a coefficient value of 0.000860 and a probability of 0.1131 (> 0.05) and a t-statistic value of 1.604292 > 1 .66660 t-table, it can be stated that economic growth has no effect on the level of poverty.

The value of the regression coefficient on the economic growth variable is 0.000860 indicating that if the economic growth variable increases by 1%, then the poverty rate variable increases by 0.000860%. This indicates that, in fact, based on data from BPS Lampung Province during the 2017-2021 period, economic growth when viewed from the GRDP per capita at current prices shows an increasing trend, but in 2020 ADHB GRDP has actually decreased quite significantly from the previous year. This is due to the impact of the Covid-19 pandemic outbreak. The poverty rate during the 2017-2021 period has increased quite significantly, in 2020 to 2021 the increase is clearly visible due to government policies regarding the dangers of Covid-19 where many community activities are carried out at home due to the implementation of the PSBB, community economic activities are hampered, and people's purchasing power fell, causing consumption to weaken. However, increasing economic growth does not reduce poverty, instead it has increased due to the uneven distribution of income in Lampung Province, so that the impact of increased economic growth has not been felt by the wider community.

The results of the economic growth variable have no effect on the poverty rate, illustrating that there is no balance in increasing the GRDP of the Regency/City of Lampung Province. The presentation of economic growth based on GRDP ADHB 2017-2021 has increased but is not accompanied by a reduction in poverty due to unequal income, so it is a job for the government to carry out development that is oriented towards equal distribution of economic results to all groups of people.

The results of this study are supported by the results of previous research conducted by Ambok Pangiuk, entitled "The Influence of Economic Growth on Poverty Reduction in Jambi Province in 2009-2013" which stated that growth had no effect on poverty levels.

2) **The Influence of the Open Unemployment Rate on the Poverty Rate in Regencies/Cities throughout Lampung Province in 2017-2021**

The results of the study are related to the effect of the open unemployment rate on the poverty rate in the Regency/City of Lampung Province, the open unemployment rate variable obtains a t count of 5.405291 > t table of 1.66660 and a probability of 0.0000 <0.05 so it is interpreted that the level variable Open unemployment affects the level of poverty. The regression coefficient on the open unemployment rate variable is positive at 0.183855 indicating that if the open unemployment rate variable increases by 1%, the poverty rate increases by 0.183855%.

In accordance with the theory according to Sukirno which states that the negative consequence of unemployment is to reduce the income of the population, which in turn reduces the level of welfare that a person achieves. There is a very close relationship between high levels of unemployment, widespread poverty, and unequal distribution of income. Prosperity of the population due to unemployment will increase the possibility of falling into poverty because they do not get benefits.

The results of this research are supported by previous research conducted by Sanggita Syvanda Mohini entitled "Analysis of the Influence of the Open Unemployment Rate, Health Level, Human Development Index, and Regional Minimum Wage on the Poverty Rate in Central Java in 2019-2021", which states that the unemployment rate has an effect on positive and significant to the level of poverty (Mohini & Syavanda, 2022).

3) **The Effect of the Minimum Wage on Poverty Rates in Districts/Cities throughout Lampung Province in 2017-2021**

The results of the study are related to the effect of the minimum wage on the poverty rate in the Regency/City of Lampung Province, the minimum wage variable obtains a t count of 5.138555 > t table of 1.6660 and a probability value of 0.0000 <0.05 is obtained so that it can be said that the variable minimum wage has a significant effect on the level of poverty. The regression coefficient is negative by 0.110483 which indicates that if the minimum wage increases by 1 rupiah, the poverty rate will increase by 0.110483%.

With an increase in the value of the Minimum Wage, the opportunity for workers to make ends meet will also increase or at least be able to meet their own minimum standard of living, which of course will also impact on the welfare of workers who will ultimately free workers from the poverty trap. The negative relationship between the minimum wage and the poverty rate in Lampung Province is because the minimum wage set in each Regency/City in Lampung Province from 2017-2021 has increased but the nominal is not too high.

The results of this study are in line with previous research conducted by Deby Oktaviana, Wiwin Priana P, Mohammad Wahed. With the title "Analysis of the Influence of Economic Growth, Regency Minimum Wage, and Unemployment, on Poverty in Madiun Regency", which states that the minimum wage has a negative and significant effect on poverty levels (Oktaviana, Primandhana, & Wahed, 2021).

4) **Simultaneous Effects of Economic Growth, Open Unemployment Rate, and Minimum Wage on Poverty Rates in Regencies/Cities throughout Lampung Province in 2017-2021.**

Based on the F test in the table above, the F-statistics value is 30.71574 and the F-table is 2.7333 (F-count > F-table) and the F-statistics probability value is 0.000000 (<0.05). This shows that economic growth, the open unemployment rate, and the minimum wage simultaneously affect the poverty rate. Based on the test of the coefficient of determination in the table above, the coefficient of determination

(R Squared) is 0.564810 or 56.48%, this shows that the magnitude of the influence of economic growth, open unemployment rate and minimum wage on the poverty rate is 56. 84% while the remaining 43.52% is the amount of influence that is influenced by other variables or other factors.

In this study it is clear that the factors that influence the level of poverty are economic growth, the unemployment rate, and the minimum wage. The other factors that influence the poverty rate are factors such as the level of education and the Human Development Index (IPM).

The results of this study can be said to be in line with previous research conducted by Lailatul Istifaiyah, entitled "Analysis of the Effects of Economic Growth, Minimum Wage and Open Unemployment on Poverty Levels (Case Study of Gerbangkertasusila 2009-2013)", which states that economic growth, unemployment rate open, and the minimum wage simultaneously affects poverty (Istifaiyah Lailatul, 2015).

5) **District/City Poverty in Lampung Province in the Perspective of Islamic Economics**

Poverty is a person's inability to meet their needs. In Islam, excess or extravagance is not justified, therefore Islam prioritizes very basic needs and forbids humans to live in luxury and excess. Poverty can affect human resources because in Islam, poverty can threaten the stability of thought and endanger the family. Poor people generally always work only to meet food needs without thinking about education and other social life.

The poverty rate in Regencies/Cities throughout Lampung Province continues to increase, this is due to the Covid-19 outbreak that has occurred in Indonesia. This is what causes the unemployment rate to increase, employment is relatively low while the workforce continues to increase every year. Likewise, the minimum wage has increased but the nominal value is not too high compared to the previous year. The minimum wage can affect the level of poverty if the minimum wage set is high enough so that workers can make ends meet.

In the Islamic economic foundation, the government has an important role in creating social welfare. In scope, the government's role covers broad aspects, namely efforts to realize the goals of Islamic economics as a whole. The goal of Islamic economics is to achieve *falah* which is realized through optimizing benefits for the whole community. The government's duties in the economy include overseeing the main factors driving the economy, for example supervising production and buying and selling practices, prohibiting practices that are incorrect or forbidden, and fixing prices when necessary.[i]

The principles of Islamic economics which are the building blocks of Islamic economics are based on five universal values, namely monotheism (faith), 'adl (justice), nubuwwah (prophecy), khilafah (government) and maslahat (results). These five values are used as guidelines for compiling Islamic economic theories. This theory must be applied to become a good and strong system, so that Islamic economics can have an impact on the rotation of the economic wheel. In Lampung Province, even distribution of wealth still needs to be made in poverty alleviation policies.

Islamic economic principles , the principle of justice is very necessary because the principle of justice is the most important principle used for equal distribution of income. In Lampung Province, even the distribution of income distribution has not fully spread to the wider community, so that by paying attention to the principle of justice, the problem of poverty can be overcome.

With the existence of the principles of Islamic economics to solve the problem of poverty in Lampung Province. The need for a Khalifah (leader) in this case the government of Lampung Province, a just Khalifah should emulate the characteristics of the Prophet Muhammad SAW namely sidiq (true, honest), amanah (responsibility and trustworthiness), fathonah (smartness, wisdom), and tabligh (communication, openness, and marketing). By applying these exemplary qualities, a caliph is expected to prosper his people.

6.0 CONCLUSIONS AND RECOMMENDATIONS

a. **Conclusion**

1. The results of the study show that economic growth has no effect on poverty rates in districts/cities throughout Lampung province in 2017-2021.

2. The results of this study indicate that the open unemployment rate has a significant effect on the poverty rate in Regencies /Cities throughout Lampung Province in 2017-2021.

3. The results of the study show that the minimum wage has a significant effect on the poverty rate in districts/cities throughout Lampung Province in 2017-2021.

4. Simultaneously the variables of economic growth, the open unemployment rate and the minimum wage have a significant effect on the poverty rate in Regencies/Cities throughout Lampung Province in 2017-2021. Based on the test results of the coefficient of determination or R square, a value of 0.402 or 40.2 % is obtained . So it can be concluded that the level of poverty can be influenced by economic growth, the level of open unemployment, and a minimum wage of 40.2 %. There are 59.8 % of other variables that affect the poverty rate in Lampung Province.

5. Poverty is a person's inability to meet their needs. The poverty rate in Lampung Province continues to increase. The consequences of Islam as a religion that prioritizes economic principles include the principle of monotheism (faith), the principle of justice (adl), the principle of nubuwwah (prophecy) and the principle of khilafah (leader). In alleviating poverty in Lampung Province there is a need for a foundation of Islamic economic principles. The principle of justice is very necessary because the principle of justice is the most important principle used for equal distribution of income. In Lampung Province, even the distribution of income distribution has not fully spread to the wider community, so that by paying attention to the principle of justice, the problem of poverty can be overcome. The existence of Islamic economic principles is one of the solvers of the problem of poverty in Lampung Province, the need for the application of the principle of justice in equal distribution of income and the need for the application of the principle of khilafah (leadership) which applies the exemplary nature of the prophet Muhammad SAW, namely the nature of sidiq, amanah, tabligh and fathonah. By applying these principles will be able to prosper the people of Lampung Province.

b. **Suggestion**

1. It is hoped that the government can pay more attention to the welfare of the poor, with increasing economic growth it is better to increase the economic growth of each region evenly so that the poor can lead to a better standard of living and of course reduce the poverty rate in the Regency/City of Lampung Province.

2. To overcome the problem of open unemployment, the Lampung provincial government should be able to provide more jobs and also provide training and capital assistance to people who want to do business.

3. The government and employers in Lampung province should be able to consider the amount of wages received by employees or workers. In addition, the government is expected to be able to supervise and tighten its implementation, especially for private companies which sometimes still do not follow the regulations of the minimum wage policy.

4. For future researchers , it is suggested to carry out further studies to improve the results of this study by including other independent variables which of course are still related to the poverty rate in Lampung Province, so as to be able to provide better research results.

5. For academics, it is hoped that the results of this research can be used as reference material for further research.

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