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## ANALYSIS OF MINING SECTOR GROWTH, UNEMPLOYMENT, AND CAPITAL EXPENDITURE RATIO TO POVERTY LEVEL IN BANUA ENAM, SOUTH KALIMANTAN

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### ABSTRACT

Poverty is not only a crucial economic problem because it tends to increase and result in instability in various sectors of life, so handling it needs to be a shared responsibility. Regions that are rich in mineral resources also still have problems of poverty and unemployment, including in the Banua Enam region, South Kalimantan Province. This research aims to analyze the influence of mining sector growth, unemployment, and the capital expenditure ratio on poverty levels in the Banua Enam region, South Kalimantan Province. This type of research is explanatory and focuses on testing existing theories in the context of other research using panel data regression for 6 districts and a period of 12 years. The results of this research suggest that the growth of the mining sector, unemployment, and the capital expenditure ratio, both partially and simultaneously, have a positive and significant effect on the poverty level. In other words, the higher the unemployment, the higher the poverty level. However, the higher growth of the mining sector and the capital expenditure ratio also increase poverty. Therefore, policies are needed that are pro-poor so that the growth of the mining sector and increased capital expenditure can overcome the problem of poverty

**Keywords: poverty, mining, unemployment, capital expenditure, Banua Enam**

### INTRODUCTION

Poverty in this country is not only a crucial economic problem. Not only because of its increasing trend, but it also has an impact on social turmoil and political turmoil in the country (Pratama, 2014). Thus, as stated in the preamble of the 1945 Constitution, poverty alleviation is required by the constitution in order to achieve national goals, an issue that must be addressed together, especially the government as a policy maker plays a very important role in addressing the problem (Hilmi et al., 2022).

According to data from the Central Statistics Agency in the second semester of 2022, poverty in Indonesia was at a level of 9.57% with a total number of poor people of 26,161.16 thousand. This condition is better than the previous year, which was 9.71% with a total of 27,542.77 thousand poor people or a decrease of 1,381.61 thousand people, which is equivalent to five percent.

In addition to being a global issue contained in the Sustainable Developments Goals (SDGs) 2030 (Presidential Regulation 111/2022), which emphasizes aspects of income escalation, eradicating hunger, gender disparities, environmental damage, obstacles to obtaining basic services such as health, education and clean water and energy facilities, sustainable consumption and production, maintaining peace and justice, and global partnerships (Anita et al., 2023), poverty

reduction is also a reflection of the success of government performance both at the central and regional levels (Amalia & Madris, 2015).

Among the 13 (thirteen) regencies/cities in South Kalimantan Province, some of its regions have natural resources in the form of coal. This region is known as the upstream region or Banua Enam, which includes Balangan, Tapin, Tabalong, Hulu Sungai Utara (HSU), Hulu Sungai Selatan (HSS), and Hulu Sungai Tengah (HST) regencies (Aldi & Yunani, 2020). In its development, Banua Enam was given the acronym HULU SUNGAI BATATA.

South Kalimantan Province contributed 4.49% of the poverty rate or around 195.70 thousand people in 2022. This number decreased from the previous year's condition which was at 4.83% or around 208.11 thousand people (BPS South Kalimantan, 2022). Sourced from BPS data, the poverty rate in regencies/cities throughout South Kalimantan Province is presented in the graph below where it is clear that the majority of the Banua Enam region has the highest poverty rate in South Kalimantan (Kamal, 2023).

The data shows that although the Banua Enam region is a mineral-rich area (coal producer), it still has a high poverty rate, ranging from 3.6-6.49% in 2022. This means that although the region has a wealth of natural resources, it has not been able to overcome the problem of poverty. In fact, the growth trend of the mining sector contained in the Gross Regional Domestic Product (GRDP) data for business fields in Banua Enam continues to increase.

Theoretically, according to (Siregar & Utama, 2008) in (Zakaria, 2020), poverty reduction efforts require quality economic growth. In the long run, high economic growth will have an impact on poverty reduction because it is able to create employment opportunities, in other countries' words, it will improve living standards and reduce poor unemployment (Kotambunan, 2016).

Unabsorbed labor, or unemployment, results from a high growth rate of the labor force that is not matched by an increase in employment. This is a major problem because the ability of a region to develop is inversely correlated with its unemployment rate (Wongkar et al., 2023). The Open Unemployment Rate (TPT) over the last three (3) years in the Banua Enam region has tended to increase, according to data from the Central Bureau of Statistics. This information is shown in the table below.

**Table 1**  
**Open Unemployment Rate in Banua Enam Region, 2020-2022**

<b>Year</b>	<b>Tabalong</b>	<b>Balangan</b>	<b>HST</b>	<b>HSU</b>	<b>HSS</b>	<b>Tapin</b>
2020	3,07	2,46	3,9	4,49	2,24	3,73
2021	3,43	2,44	3,76	4,8	2,44	4,96
2022	4,46	3,98	3,35	4,64	2,29	4,15

Source: Central Bureau of Statistics, 2021-2023 (data processed)

Local governments as regulators in development play an active role in stimulating the regional economy, one of which is by making economic development public policies that help the poor (pro-growth) and pro-job opportunities through allocating government spending that focuses

on poverty alleviation efforts. Through government intrusion, it is expected to mitigate imperfect market mechanisms so that low-income people can share in the benefits of a sustained high economic expansion. Therefore, fiscal strategies related to ease of investment, creation of employment opportunities and economic stability for income equality are absolutely necessary (Amalia & Madris, 2015).

One of the causes of poverty is the high vulnerability of the poor. Given this weakness, one solution is to issue regulations on pro-poor government spending that is implemented into the social protection system so that it is at least able to withstand this vulnerability so that it does not become worse (Wongkar et al., 2023). Through government spending that is directly connected to community welfare, in this case, the allocation of capital expenditure related to infrastructure of forty percent (40%) as mandated by Law Number 1 of 2022 is expected to have an impact on community welfare (Sendouw et al., 2019).

The escalation of capital expenditure will lead to an increase in income, which in turn will increase consumption. Afterward, the welfare of the community will also develop, while overcoming poverty in the region (Mankiw & Swagel, 2006) in (Izzati, 2018). In addition to budgeting alignments, poverty alleviation efforts also require investment as a source of economic development. Thus, low investment will dampen economic growth as well as fail to reduce the number of poor people (Ningsih et al., 2023).

## METHODS

This study is an explanatory analysis that aims to test an existing theory in a different context. The focus of this study is to run a series of hypothesis tests to see how the three variables under study, namely mining sector growth, open unemployment rate, and capital expenditure ratio, affect the poverty rate.

The place or location of this research is six regencies in South Kalimantan Province, namely Tabalong, Balangan, Hulu Sungai Utara, Hulu Sungai Tengah, Hulu Sungai Selatan, and Tapin. These regencies are included in the Banua Enam Region which has natural resource characteristics in the form of coal, which is the focus of this research.

The unit of analysis examined in this study includes data on mining sector growth, open unemployment rate, and capital expenditure ratio in the six districts of the Banua Enam region over a twelve-year period, from 2011 to 2022. By looking at these variables, this study aims to provide a better understanding of the factors that contribute to the poverty rate in the region.

The variables in the study consist of a dependent variable and an independent variable. The dependent variable is the Poverty Level (TK), which is measured as the proportion of the total population in the Banua Enam region that has expenditure below the poverty line on a monthly average basis. The independent variables include Mining Sector Growth (PSP), Open Unemployment Rate (TPT), and Capital Expenditure Ratio (CRE). PSP is measured as the growth statistics of Gross Regional Domestic Product (GRDP) of the mining sector, TPT is measured as the ratio of unemployment to labor force, and RBM is measured as the ratio of capital expenditure realization compared to total APBD realization in the Banua Enam region.

Data analysis was conducted using Eviews 12 software with panel data regression techniques. The three models used in the analysis are the Common Effect Model (CEM/PLS), Fixed Effect Model (FEM), and Random Effect Model (REM). Each model has its assumptions and advantages, and the selection of the best model is done through a series of tests, including the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test.

In addition, classical assumption tests were also conducted, including the Multicollinearity Test, Heteroscedasticity Test, and Autocorrelation Test, to ensure the accuracy of the model and the results obtained from data analysis. The results of the analysis are interpreted through the Coefficient of Determination Test ( $R^2$ ), F Test (simultaneous significance test), and t Test (individual significance test) to determine the effect of the independent variables on the dependent variable jointly or individually.

## RESULTS

This study focuses on the effect of mining sector growth, open unemployment rate, and capital expenditure ratio on poverty rate in Banua Enam, South Kalimantan, using cross-section data from six districts from 2011-2022. Data related to poverty rates are presented below.

### Poverty Level

**Table 2**  
**Poverty Rate Percentage (P0) of Districts/Cities in the Banua Enam region, 2011-2022**

Year	Poverty level					
	Tabalong	Balangan	HST	HSU	HSS	Tapin
2011	6,22	7,31	5,98	7,31	7,25	5,29
2012	5,83	6,85	5,68	6,94	6,90	4,99
2013	6,15	6,17	5,57	6,92	6,67	3,41
2014	6,21	6,29	5,65	7,00	6,77	3,63
2015	6,59	5,87	5,81	7,07	6,45	3,88
2016	6,35	5,67	6,18	6,76	6,29	3,70
2017	6,09	5,68	6,09	6,65	5,80	3,77
2018	5,95	5,59	6,01	6,38	5,21	3,70
2019	6,01	5,55	5,93	6,50	5,33	3,41
2020	5,72	5,32	5,64	6,14	5,17	3,06
2021	6,27	6,07	6,18	6,83	4,84	3,60
2022	5,87	5,83	5,92	6,49	4,54	3,60
Changes	-0,35	-1,48	-0,06	-0,82	-2,71	-1,69
Average	-0,029	-0,123	-0,005	-0,068	-0,225	-0,140

Source: BPS Banua Enam Region, 2012-2023 (processed)

From Table 2 above, it can be concluded that there has been a decrease in the poverty rate in the six districts in the Banua Enam region with different variations. The most significant decrease occurred in Hulu Sungai Selatan Regency with a change of -2.71 and Hulu Sungai Tengah

Regency became the district with the smallest decrease in the poverty rate at only -0.06 over the last twelve years.

Based on BPS data from South Kalimantan Province in 2023, the number of poor people in the Banua Enam region in 2021 reached 67,475 people. This condition improved in the following year, which decreased by 2,805 people to 64,670 people, which is equivalent to a decrease in the number of poor people in absolute terms reaching 4.15%. This condition is still below the national decline in the poor population at 5% and the South Kalimantan Province at 6% in the same period.

### Mining Sector Growth

Banua Enam is blessed with abundant natural resources, namely coal. The main sector in the economic structure of Balangan and Tabalong Regencies is mining and quarrying with a distribution of more than 50 (fifty) percent. The following presents data on the growth of the mining sector and GRDP at constant prices (ADHK) in the Banua Enam region.

**Table 3**  
**Growth Data of Mining Sector and GRDP at Constant Prices in Banua Enam Region, 2011-2022**

Year	Tabalong			Balangan			HST		
	Growth	ADHK (Billion Rp.)	GRDP	Growth	ADHK (Billion Rp.)	GRDP	Growth	ADHK (Billion Rp.)	GRDP
2011	9,6	6632,53		10,3	5287,04		6,37	21,66	
2012	5,37	6988,65		7,63	5507,37		10,04	23,83	
2013	3,7	7247,19		9,34	6053,6		6,12	25,29	
2014	2,65	7439,01		6,13	6432,47		6,43	26,92	
2015	-1,32	7340,72		0,99	5961,82		5,86	28,49	
2016	0,35	7366,25		1,32	5859,62		5,33	30,01	
2017	-0,14	7356,28		2,47	6259,74		8,47	32,55	
2018	0,72	7409,21		2,59	6680,77		6,18	34,56	
2019	1,01	7483,98		2,59	6680,58		6,91	36,95	
2020	-4,13	7174,65		-3,74	6317,73		-2,17	36,15	
2021	1,38	7302,67		3,84	7130,83		1,34	36,63	
2022	5,57	7678,51		6,19	6774,16		4,62	38,32	
Year	HSU			HSS			Tapin		
	Growth	ADHK (Billion Rp.)	GRDP	Growth	ADHK (Billion Rp.)	GRDP	Growth	ADHK (Billion Rp.)	GRDP
2011	9,59	5360,71		0,58	186,24		14,39	1524,03	
2012	8,02	5790,68		27,01	236,54		5,04	1600,79	
2013	4,14	6030,61		35,79	321,2		12,56	1801,86	
2014	7,54	6485,46		9,09	350,39		4,09	1875,61	
2015	2,01	6615,76		10,98	388,85		-0,63	1863,83	
2016	1,86	6738,49		15,67	449,77		2,87	1917,32	
2017	3,97	7,01		19,25	536,34		5,78	2028,12	
2018	3,07	7,22		15,44	619,13		6,82	2166,54	

Year	Tabalong			Balangan			HST		
	Growth	ADHK (Billion Rp.)	GRDP	Growth	ADHK (Billion Rp.)	GRDP	Growth	ADHK (Billion Rp.)	GRDP
2019	2,93	7,43		7,71	666,83		3	2231,49	
2020	-1,35	7,33		-6,14	625,89		-2,04	2185,99	
2021	3	7,55		15,44	722,54		5,82	2313,11	
2022	4,36	7,88		6,52	755,2		7,84	2494,48	

Source: BPS Kab/Kota, 2012-2023 (processed)

The data shows year-on-year fluctuations in the growth of the mining sector in the Banua Enam region of South Kalimantan, especially a decline at the start of the Covid-19 pandemic in 2020. Nonetheless, the outlook for the mining industry improved in subsequent years due to rising commodity prices and exploration activities, although the sector remains volatile and may change substantially in the future. Tabalong, Balangan, Hulu Sungai Utara, Hulu Sungai Tengah, Hulu Sungai Selatan, and Tapin districts each had varying growth rates in the mining sector, with some experiencing significant declines in 2020. Nonetheless, in absolute terms, Gross Regional Domestic Product (GRDP) also increased in 2022 compared to 2011, except for Hulu Sungai Utara District which experienced a decline since 2017. This shows the complex dynamics of the mining sector in the region.

### Open Unemployment Rate

The Unemployment Rate is a situation that reflects changes in economic conditions. When the economy grows at a healthy rate and jobs are relatively abundant, there will be a decrease in the unemployment rate (Efrianti et al., 2018). The following presents data on the Open Unemployment Rate in the Banua Enam region.

**Table 4**  
**Data on Open Unemployment Rate in Banua Enam Region, 2011-2022**

Year	Open Unemployment Rate					
	Tabalong	Balangan	HST	HSU	HSS	Tapin
2011	4,7	1,7	5,59	4,23	5,63	5,54
2012	4,74	3,81	4,8	3,53	5,67	6,69
2013	2,2	2,72	1,67	2,72	4,22	5,24
2014	4,12	1,34	4,05	3,37	2,64	1,79
2015	3,15	4,31	2,97	3,14	2,84	5,14
2016	4,17	3,11	3,55	3,63	2,43	4,77
2017	3,88	1,9	4,13	4,11	2,02	4,39
2018	3,09	2,34	3,62	3,91	2,43	4,22
2019	3,29	2,28	2,8	3,35	2,43	3,65
2020	3,07	2,46	3,9	4,49	2,24	3,73
2021	3,43	2,44	3,76	4,8	2,44	4,96
2022	4,46	3,98	3,35	4,64	2,29	4,15

Year	Open Unemployment Rate					
	Tabalong	Balangan	HST	HSU	HSS	Tapin
Average	3,69	2,69	3,68	3,82	3,10	4,52
Changes	-0,24	2,28	-2,24	0,41	-3,34	-1,39

Source: BPS Banua Enam Region, 2012 and 2023 (processed)

The Open Unemployment Rate (TPT) of the population of Tabalong Regency was lowest in 2013 at 2.2 percent with the highest rate in 2012 at 4.74 percent. In Balangan Regency, the lowest TPT was 1.7 in 2011 while the highest rate was in 2015 at 4.31 percent. Then in Kabupaten HST the lowest unemployment rate was 1.67 in 2013 while the highest rate was in 2011 at 5.59 percent. In Kabupaten HSU, the lowest unemployment rate was 3.14 in 2015 while the highest unemployment rate was in 2022 at 4.64 percent. In HSS Regency, the lowest unemployment rate was 2.02 in 2017 while the highest unemployment rate was in 2012 at 5.67 percent. Furthermore, in Tapin Regency the lowest unemployment rate was 1.79 in 2014 while the highest unemployment rate was in 2012 at 6.69 percent. Graphically, the following presents the percentage development of the unemployment rate in the Banua Enam region at the beginning and end of the study period.

### Capital Expenditure Ratio

The percentage of capital investment to total government expenditure can be used as a reference to the alignment of the budget towards poverty reduction. The following presents the ratio of capital expenditure to total government expenditure in the Banua Enam region.

**Table 5**  
**Data on Capital Expenditure Ratio in Banua Enam Region, 2011-2022**

Year	Tabalong			Balangan		
	Government Spending	Capital Expenditure	Capital Expenditure Ratio	Government Spending	Capital Expenditure	Capital Expenditure Ratio
2011	815.834.328,34	210.640.553,78	25,82	524.808.218,67	186.179.195,78	35,48
2012	901.113.149,44	243.073.190,70	26,97	611.427.997,96	239.569.000,59	39,18
2013	803.102.334,63	162.119.218,29	20,19	693.940.676,34	274.757.975,20	39,59
2014	1.033.799.440,78	311.983.189,49	30,18	773.606.700,29	300.252.288,37	38,81
2015	1.232.684.403,97	360.905.045,93	29,28	834.857.451,82	292.192.763,34	35,00
2016	1.320.898.011,67	471.516.477,84	35,70	1.254.957.122,00	343.751.487,37	27,39
2017	1.240.532.327,80	398.907.293,07	32,16	1.437.494.159,00	327.285.305,39	22,77
2018	1.460.094.149,31	342.675.726,08	23,47	1.362.830.805,00	265.499.579,72	19,48
2019	1.578.969.274,39	372.820.378,10	23,61	1.356.599.928,08	298.392.115,08	22,00
2020	1.380.906.956,73	211.529.503,42	15,32	1.347.204.173,63	273.404.524,92	20,29
2021	1.480.610.083,03	254.822.134,52	17,21	1.094.695.917,40	163.777.645,49	14,96
2022	1.468.412.720,39	310.861.502,82	17,21	1.649.266.950,82	391.696.082,63	23,75
	Average		25,09	Average		28,22
		<b>HST</b>		<b>HSU</b>		

Year	Government Spending	Capital Expenditure	Capital Expenditure Ratio	Government Spending	Capital Expenditure	Capital Expenditure Ratio
2011	595.095.069,00	65.533.569,00	11,01	680.802.378,22	153.191.718,77	22,50
2012	633.913.228,00	253.310.363,00	39,96	652.455.891,79	160.866.237,61	24,66
2013	921.093.454,00	238.023.185,00	25,84	738.268.444,42	186.108.119,18	25,21
2014	999.279.276,00	284.268.570,00	28,45	831.031.945,97	207.075.333,25	24,92
2015	1.164.581.998,00	268.611.953,00	23,07	1.096.956.457,78	322.445.855,51	29,39
2016	1.256.997.809,00	340.222.907,00	27,07	1.308.058.934,07	377.831.879,93	28,88
2017	1.175.975.774,00	342.702.093,29	29,14	1.125.484.282,00	189.778.134,18	16,86
2018	1.042.716.318,12	202.533.263,39	19,42	1.147.074.981,02	208.927.804,24	18,21
2019	1.223.919.331,77	238.208.536,73	9,70	1.238.750.030,20	228.958.248,00	18,48
2020	959.984.873,21	93.163.504,90	9,70	1.220.504.971,06	255.771.403,88	20,96
2021	1.147.099.998,86	93.812.434,47	8,18	1.199.711.745,79	195.155.537,00	16,27
2022	1.198.645.453,67	93.765.950,63	7,82	1.202.428.249,20	239.774.723,18	19,94
	Average		20,76	Average		22,19

  

HSS			Tapin			
Year	Government Spending	Capital Expenditure	Capital Expenditure Ratio	Government Spending	Capital Expenditure	Capital Expenditure Ratio
2011	554.084.594,01	98.711.234,00	17,82	603.180.117,54	175.159.373,20	29,04
2012	722.208.829,00	157.448.055,00	21,80	696.993.740,71	219.455.815,81	31,49
2013	792.561.666,00	171.872.652,00	21,69	841.882.825,50	290.639.621,09	34,52
2014	887.367.010,00	219.151.958,00	24,70	892.848.890,98	253.875.798,12	28,43
2015	1.234.231.773,00	395.294.335,00	32,03	1.244.530.368,78	438.975.168,11	35,27
2016	1.326.611.610,00	374.279.584,00	28,21	1.178.113.475,94	338.370.709,73	28,72
2017	1.205.337.331,34	236.529.107,83	19,62	1.047.991.304,65	192.854.767,14	18,40
2018	1.257.396.521,60	263.732.175,26	20,97	1.100.567.144,67	212.593.396,19	19,32
2019	1.406.278.238,73	340.987.909,46	24,25	1.153.142.984,69	245.314.614,19	21,27
2020	1.326.747.578,19	202.599.536,83	15,27	1.213.123.702,76	301.768.648,02	24,88
2021	1.420.783.809,26	260.921.215,97	18,36	1.796.071.747,05	432.814.704,93	24,10
2022	1.408.914.769,99	201.501.385,15	14,30	2.095.097.580,32	483.402.794,69	23,07
	Average		21,56	Average		26,54

Source: BPS Banua Enam Region, 2012-2023 (processed)

Based on the capital expenditure ratio data above, it can be seen that the six kabupatens' capital expenditure budgets fluctuate widely between 7%-35% of total government expenditure, depending on regional development priorities and regional financial capacity. However, on average, the capital expenditure ratios of the six districts have been around 20-28% of total government expenditure over the last ten years.



**Model Selection Estimation and Classical Assumption Test**

Before further analysis is carried out, it is necessary to estimate the model that will be used in this study, with the results listed below:

**Table 6**  
**Model Selection Estimation Data and Classical Assumption Tests**

Test Type	Decision	Result
Chow Test	Cross Section F = 0,0000 < $\alpha$	Fixed Effect Model (FEM)
Hausmann Test	Cross Section Random = 0,0046 < $\alpha$	Fixed Effect Model (FEM)
Multicollinearity Test	VIF < 10	No multicollinearity
Heteroscedasticity Test	Glejser Probabilitas $\beta > \alpha$	No heteroscedasticity
Autocorrelation Test	Durbin Watson: 1,247972	No autocorrelation

Source: Variable data processed with Eviews 12 software

Thus the model chosen in this study is the Fixed Effect Model (FEM), with the following test results:

**Table 7**  
**Fixed Effect Model Test Results**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.592109	0.284173	16.15955	0.0000
PSP	0.023348	0.010758	2.170276	0.0338
TPT	0.165850	0.059308	2.796415	0.0068
RBM	0.018037	0.008600	2.097386	0.0400

So the panel data regression equation obtained is:

$$Y = 4,59 + 0,023 X1 + 0,165 X2 + 0,018 X3 + \varepsilon$$

The Coefficient of Determination (R<sup>2</sup>) test obtained a value of 0.821070 which means that the poverty rate in the Banua Enam region is influenced by the growth of the mining sector, the open unemployment rate and the capital expenditure ratio by 82.1%. The remaining 17.9% is influenced by other variables outside this study. Furthermore, for the simultaneous test (F-test) obtained Prob (F-statistic) = 0.000000 <  $\alpha$ , so it can be concluded that the three independent variables jointly affect the dependent variable.

**The Effect of Mining Sector Growth on Poverty Levels in the Banua Six Region of South Kalimantan Province.**

The Mining Sector Growth variable (X<sub>1</sub>) has a probability value of 0.0338 less than the significance value of alpha 5 percent and the t<sub>count</sub> value is greater than t<sub>table</sub> with a t<sub>table</sub> value of 1.99394 then H<sub>0</sub> is rejected and H<sub>1</sub> is agreed. This finding indicates that X<sub>1</sub>, the variable representing the growth of the mining sector, has a positive, unidirectional, and statistically significant effect on poverty in the Banua Enam region of South Kalimantan province.

Based on the research results, it was found that the growth of the mining sector has a positive, unidirectional, and statistically significant influence on the poverty rate in the Banua Enam region of South Kalimantan Province. It can be concluded that the thrust of the mining sector actually worsens the overall poverty rate in the region.

The data shows significant fluctuations in the growth of the mining sector, and although the GRDP of the mining and quarrying sector has increased, this does not reflect the actual welfare in the area, mainly because the calculation of the mining sector does not take into account the depletion and degradation of natural resources and the environment from mining exploration or exploitation, resulting in the welfare conditions formed by this brown GRDP including pseudo (Wardah & Nur, 2023). This is also evidenced by the level of contribution of landrent to regional balance funds, regional revenues and regional expenditures of mineral and coal producing regions only ranges from 0.17%-0.49% (very less), so it is not able to reduce poverty levels optimally (Safitri & Sopiana, 2023).

This finding is in line with previous studies in Peru (Loayza & Rigolini, 2016) and East Kalimantan (Jordi & Wiguna, 2022) which show that the growth of the mining sector tends to increase poverty levels and increase inequality in the region. Investors in the mining sector also tend to own processing industries abroad, so their contribution to poverty reduction in local areas is limited (Muzdalifah et al., 2019), possibly even increasing inequality between local communities. Therefore, the mining sector needs to be studied further in the context of its impact on poverty levels and community welfare in the affected areas.

### **The Effect of Open Unemployment Rate on Poverty Level in the Banua Six Region of South Kalimantan Province.**

The unemployment rate variable (X2) has a probability value of 0.0068 less than the significance value of 0.05 and the  $t_{count}$  value is greater than the  $t_{table}$  with a  $t_{table}$  value of 1.99394, so  $H_0$  is rejected and  $H_1$  is accepted. With these results, it can be said that X2, the unemployment variable, has a significant positive influence on poverty in the Banua Enam region of South Kalimantan province.

The results of this study show that the unemployment rate is positively correlated with the poverty rate; that is, when the unemployment rate increases, the poverty rate decreases; and when the unemployment rate decreases, the poverty rate increases again or unemployment leaves people without income. Therefore, the relationship between unemployment and poverty is unidirectional.

The results of this study are in line with previous research conducted in Nigeria by (Muhammad & David, 2019), which explains that income levels play an important role in poverty reduction. This means that if unemployment decreases, it will cause people's income to increase, then the poverty rate can be reduced.

Similar research conducted in East Luwu by (Dahliah & Nur, 2021) explained that unemployment has a positive effect. When people have the expectation that if they work and earn a living, they will be able to fulfill their basic needs. Poverty will be reduced if basic needs are met. Therefore, it is stated that a low unemployment rate can also mean a low poverty rate.

### **The Effect of Capital Expenditure Ratio on Poverty Level in the Banua Six Region of South Kalimantan Province.**

The Capital Expenditure Ratio variable (X3) has a probability value of 0.0400 less than the significance value of alpha 5 percent and the  $t_{count}$  value is greater than  $t_{table}$  with a  $t_{table}$  value of 1.99394 then  $H_0$  is rejected and  $H_1$  is accepted. With these results, it can be concluded that individually or partially the Capital Expenditure Ratio variable (X3) has a major and beneficial impact on poverty alleviation in the Banua Enam region of South Kalimantan Province.

Based on the results of this study which found that the average capital expenditure ratio in the Banua Enam region of South Kalimantan Province only ranged from 21-28%, which means that this ratio is much lower than the target capital expenditure allocation. The capital expenditure allocation for infrastructure should be at least 40% as mandated by Law No. 1 of 2022, so overall it should exceed 40%.

In addition, the programs implemented by the government are considered not efficient enough and do not achieve the goal of poverty alleviation. Government programs do not lead to cross programs such as the establishment of factories or the opening of massive employment opportunities and are in accordance with the characteristics of the abilities of the poor so that they are still unable to raise the living standards of the poor. Programs run by the government related to capital expenditures are still in the form of new construction of houses for disaster victims, rehabilitation of disaster victims, repair of uninhabitable houses, rejuvenation of slums, repair of PSUs, supply of livestock seeds and farm machinery, provision of food self-sufficiency infrastructure, electricity installation subsidies and a very limited number of self-help housing stimulants. This has also resulted in the allocation in the Banua Enam region of South Kalimantan Province, where capital expenditure provided by the government has not succeeded in reducing the poverty rate.

Similar research conducted by (Sumiyarti, 2022) in Indonesia in the research period 2010-2017 states that capital expenditure in the form of fixed assets has not been able to have an impact on improving people's welfare in the short term because this policy takes sufficient time to be able to contribute to improving the poverty rate. Similar research conducted by (Kotambunan, 2016) in North Sulawesi Province also produced similar findings, namely the effect of insufficient income, poverty will be worse in areas with high unemployment rates. More importantly, government spending on capital projects has not succeeded in reducing poverty.

### **The Effect of Mining Sector Growth, Open Unemployment Rate and Capital Expenditure Ratio on Poverty Level in the Banua Six Region of South Kalimantan Province.**

Simultaneously, the growth of the mining sector, TPT and the ratio of capital expenditure to the poverty rate in the Banua Enam region of South Kalimantan Province together have a positive effect. The fluctuating growth of the mining sector is considered not capable enough to contribute maximally to reducing the poverty rate. Then because people's income is insufficient, the high unemployment rate will exacerbate poverty. In addition, the allocation of government capital expenditure is still not effective in reducing poverty in the Banua Enam region of South Kalimantan province.

Based on the results of the regression equation obtained, namely:

$$Y = 4,59 + 0,023 X1 + 0,165 X2 + 0,018 X3 + \varepsilon$$

Therefore, the variable that has the greatest influence on the poverty rate among all variables is the Open Unemployment Rate, which is 0.165%, meaning that if the poverty rate increases by 1%, the TPT will increase by 0.165%. Therefore, serious efforts are needed, starting with mapping the types of unemployment and the level of education of the most unemployed in the Banua Enam region to link and match with the world of work.

### **Poverty Reduction Policies in the Banua Six Region of South Kalimantan Province.**

Based on the analysis of poverty reduction policies in the Banua Enam Region of South Kalimantan Province, the following conclusions can be drawn:

1. Education dimension:
  - a. Policies have been implemented to expand access to education, provide scholarships to poor students and organize non-formal education.
  - b. It is recommended to pay more attention to the need for skills training that is in line with local labor market needs, such as heavy equipment training for coal-producing areas.
2. Dimensions of Health:
  - a. Policies have been put in place to improve access and quality of health services and address specific health issues such as stunting.
  - b. It is recommended to involve various stakeholders in stunting prevention programs and improve access to health services in poverty areas.
3. Basic Infrastructure Dimensions:
  - a. Policies have been implemented to fulfill access to drinking water and proper sanitation.
  - b. It is recommended to increase community participation in clean water management and decent housing development, and develop affordable housing financing schemes for the poor.
4. Dimensions of Employment:
  - a. Policies have led to education and training programs for new entrepreneurs.
  - b. It is recommended to focus more on the formation of a workforce in accordance with the needs of the local labor market, as well as providing proper protection and compensation for workers.
5. Social Dimension:
  - a. The Family Hope Program (PKH) has been implemented to provide assistance to poor families.
  - b. It is recommended to expand the scope of the PKH program and take further measures to prevent new poverty.

In addition, it is also necessary to consider increasing subsidies in education, implementing employment ratios for the sons and daughters of natural resource-producing regions, increasing minimum wages, and optimizing capital expenditure components that

can reduce poverty in a shorter period of time. Thus, poverty reduction policies in the Banua Enam Region can be more effective and sustainable in accordance with the characteristics and needs of the local community.

## CONCLUSION

The conclusion that can be put forward by researchers in this study, according to the test results in the Banua Enam region of South Kalimantan Province, the open unemployment rate, the partial capital expenditure ratio, and the mining industry growth variable are estimated to have a positive and large influence on the poverty rate. This causes the mining industry to develop faster, which in turn increases the poverty rate. The level of open unemployment increases the poverty rate, and the higher the ratio of capital expenditure, the poverty rate also increases and simultaneously the growth of the mining sector, unemployment and the ratio of capital expenditure to the poverty rate in the Banua Six region of South Kalimantan province together have a unidirectional or positive effect, Policies to reduce poverty levels in the Banua Six region of South Kalimantan Province can be done by overcoming problems in the dimensions of education, health, basic infrastructure and employment. In addition, the alignment of budget allocations for the poor through increased access to education and employment opportunities to targeted programs and expenditures from the budget for the purchase of fixed assets and appropriate benefits as well.

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