

FINANCIAL INCLUSION, POPULATION QUALITY LEVEL, POVERTY, AND UNEMPLOYMENT ON ECONOMIC GROWTH

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received: 9/11/23; revised: 3/1/24; approved: 10/6/24

Abstract

This research aims to analyze the effect of financial inclusion and population quality level on economic growth with poverty and unemployment as intervening variables. The research method used was a quantitative descriptive analysis approach. The total data employed is 1020 taken from the Central Agency of Statistics (BPS) and the Financial Service Authority (OJK) in 2016-2021. The data analysis method used is Partial Least Square with Structural Equation Modelling and bootstrapping. The results showed that financial inclusion does not affect on economic growth, poverty, and unemployment. Poverty and unemployment cannot mediate the correlation between financial inclusion and the level of population quality on economic growth. Unemployment has a positive effect on poverty. Economic growth and poverty in Indonesia are still a crucial problem that must be solved.

Keywords: *financial inclusion; population; poverty; unemployment; economic growth*

INTRODUCTION

Indonesia has achieved impressive economic growth since overcoming the Asian financial crisis in the late 1990s. Economic growth is the economic condition of a country in a certain period which can be measured using GDP (Gross Domestic Product) or GRDP (Gross Regional Domestic Product) for the scope of its territory. GDP is the total value added of final goods and services produced by all economic business units in a particular country. However, social problems that should be considered in Indonesia are poverty and unemployment which are likely could influence on the ups and downs of economic growth in Indonesia. A research conducted by (Utami, 2020) shows that partially the poverty rate has a significant effect on the economic growth rate index in Aceh Province. Unlike the previous research held by Pratama and Darsana (2019) who explained that poverty has a negative and significant effect on economic growth in Bali Province.

Indonesia as the country with the fourth largest population and the tenth largest economy in the world in terms of purchasing power parity has achieved remarkable results in its efforts to reduce poverty (The World Bank, 2022). Poverty is a condition in which a person experiences an inability to meet basic needs in every aspect of life. Second, another indicator that influences the movement of economic growth is the unemployment rate. Third, economic growth is influenced by indicators of per-capita income and an increase in national income. Income per capita is the average income of the population. Every resident who has high income will prefer to

save his money in the bank. However, people with lower middle income who consider bank interest and have difficulty accessing bank services such as ATMs and others may prefer to put their money at home. This can be said that financial inclusion is a determining factor in economic growth. Apart from poverty, unemployment, and financial inclusion.

According to Yolanda, Lubis, Ruslan, Hardianti, and Mukarramah (2020), poverty is significantly induced by unemployment. When people does not have a job or business, they cannot earn money, so this can support poverty. This happened during the Covid-19 pandemic, which almost of business collapsed and generated unemployment, reducing purchasing power and finally a destitution increased. Another indicator that influences the movement of economic growth is unemployment rate (Hjazeen, Seraj, & Ozdeser, 2021), Utami (2020). This can be plausible due to being jobless, people income is decrease and obstruct growth of economic. Furthermore, economic growth is influenced by indicators of per-capita income and national income. Income per capita is the average income of the population. Every resident who has high income will prefer to save his money in the bank. However, people with lower middle income who consider bank interest and have difficulty accessing bank services such as ATMs and e-banking may prefer to put their money at home or using cash in their transaction. This can be said that financial inclusion, poverty, and unemployment might a determining factor of economic growth.

The increasing of financial inclusion will boost the decreasing of unemployment increasing economic growth and minimizing poverty (N. Khan, Zafar, Okunlola, Zoltan, & Robert, 2022). In addition, Farathika Putri (2020); Utami (2020) mentioned that unemployment has a negative significant correlation with economic growth. However, research conducted by (Adam & Atmanti, 2021) asserted that Banking penetration index has a negative insignificant on poverty. In contrast, a study held by Hidayatinnisa, Fauziah, Trivena, and Aini (2021) found that financial inclusion and financial literacy cannot spur growth of economics. A research conducted Clarisa (2020) exhibited that number of branch offices and ATMs did not influence growth of economics Along with that, the novelty of this research are many research have examined the relationship between financial inclusion on economic growth, poverty, unemployment (Hidayat, Rosyadi, & Bariyah, 2020); Zaman, Shah, and Ahmad (2012), Ilahi, Abidin, Ekowati, and Lesmana (2023), however very little research employed population quality level which measured by Human Development Index (HDI) and has not been carried out used as the variable. In addition, there are inconsistency and debatable in the previous results regarding the effect of financial inclusion and economic growth, poverty and unemployment, hence the results of this study will enrich the literature and theories.

Finally, the aims of this research are to analyse the nexus of financial inclusion and population quality level on economic growth with poverty and unemployment as intervening variables in Indonesia.. This findings may give essential impact on providing data for policymakers such as the OJK that has important role on encouraging financial inclusion and economic growth; as well as BPS in reducing poverty and unemployment.

Hypotheses are constructed based on the previous research. Study conducted by Mehry, Ashraf, and Marwa (2021) concluded that the increasing of financial inclusion will lead to a reduction unemployment. In addition, Kusuma and Indrajaya (2020) found that financial inclusion can reduce poverty. Mostafa, Ashraf, and Marwa (2023) asserted that financial inclusion will boost economic growth. Meanwhile unemployment and poverty can affect economic growth (Nugroho, 2015). Financial inclusion can reduce poverty levels by providing access to financial services for those who did not have access. Services such as savings accounts and microcredit can help poor people and households to accumulate assets, and access loans to finance education or small businesses. Increased financial inclusion provides the poor with better access to financial instruments that can help improve their economic conditions, ultimately reducing poverty levels. Improved financial inclusion can help to reduce unemployment rates by fuelling the growth of small and medium enterprises (SMEs). By providing access to loan and other financial services can assist SMEs in starting or expanding their businesses, which in turn creates jobs. With better financial inclusion, more people can participate in formal economic activity, leading to increased productivity and economic growth. Therefore hypotheses suggested: (1) Financial Inclusion Has An Effect On Unemployment, (2) Financial Inclusion Has An Effect On Poverty, (3) Financial Inclusion Has An Effect On Economic Growth, (4) Financial Inclusion Has An Effect On Economic Growth Through Unemployment, (5) Financial Inclusion Has An Effect On Economic Growth Through Poverty.

Quality level of population can be reflected from number of population, education level, healthiness, unemployment, and wages. While, wages have relationship with poverty. Corroborating with research conducted by Pramudjasi, Juliansyah, and Lestari (2019) shows that Population has a positive and significant effect on the unemployment rate. Level of education can affect unemployment rate. Wages have a negative and significant effect on the unemployment rate. In addition, Muqorrobin and Soejoto (2017) also mentioned that Human development index has a negative and significant effect on economic growth in East Java Province. Therefore the proposed hypotheses as follow: (6) Population Quality Level Has An Effect On Unemployment, (7) Population

Quality Level Has An Effect On Poverty, (8) Population Quality Level Has An Effect On Economic Growth, (9) Population Quality Level Has An Effect On Economic Growth Through Unemployment, (10) Population Quality Level Has An Effect On Economic Growth Through Poverty.

Corroborating with previous research conducted by Nugroho (2015); Upre (2015), growth of economic is determined by poverty and unemployment. In addition, Putra and Arka (2018) argued that the higher of unemployment, the higher of poverty: (11) Unemployment Has An Effect On Poverty, (12) Unemployment Has An Effect On Economic Growth, (13) Poverty Has An Effect On Economic Growth.

METHODS

The type of research is descriptive analysis with a quantitative approach and a statistical analysis to measure research variables in testing the hypotheses. This study uses 5 variables namely Financial Inclusion (X_1), Population Quality Level (X_2), Poverty (Z_1), Unemployment (Z_2) and Economic growth (Y). The data sources used are secondary data, namely the percentage of financial inclusion index of 34 provinces in Indonesia during the period year 2016 to 2021, and these are obtained from the Financial Services Authority (OJK) website (www.ojk.go.id).

The main data consist of the Human Development Index which is employed to proxy the quality level of the population; the percentage of poverty; the percentage of unemployment; and economic growth (measured by GDP) which are collected from BPS (www.bps.go.id). The data gathered is 204 for each variable (34 provinces x 6 years x 5 variables) hence the total data is 1020. Data analysis and hypotheses testing in this study used the Partial Least Square (PLS) method with SmartPLS 3.0 software.

RESULTS

The statistical data during 2016 to 2021 in the Table 1 shows that the lowest of Financial Inclusion and Population quality Level in 2016-2021 was in West Papua Province, while the highest was in Jakarta respectively.

Table 1. Descriptive Statistical Test of Variables

	Minimum	Maximum	Average	Standard Deviation
Financial Inclusion (X_1)	58.55	94.76	69.86	6.27
Population Quality Level (X_2)	58.05	81.11	70.46	4.02
Poverty (Z_1)	3.47	28.54	10.91	5.51
Unemployment (Z_2)	2.76	8.5	4.95	1.09
Economic Growth (Y)	-16.36	10.09	1.98	3.31

The highest poverty was in Papua, and the lowest was in Jakarta since 2016-2019, but then in 2020-2021 the lowest of poverty was in Bali. The highest unemployment was in Jakarta in 2021, but the lowest percentage was in Gorontalo in 2016. The Economic growth in 2019 was the worst (-16.36), conversely the highest was achieved by North Kalimantan province.

The value of Cronbach's Alpha all variables are > 0.70 which reflects the reliability of all indicators in the model is fine. Indicators in each variable in this study have a loading factor value greater than 0.70 and thus can be said to be valid. The composite reliability value for all constructs is above the value of 0.70, therefore all constructs have good reliability in accordance with the required minimum value. The cross loading shows that the correlation value of the construct with its indicators is greater than the correlation value with other constructs. Thus, all constructs or latent variables already have good discriminant validity, where the indicators in the construct indicator block are better than indicators in other blocks. All the constructs met the requirements, namely less than 0.9. this means that the discriminant validity between the two constructs are all reflective. The data have AVE 1,000 and met the requirements in accordance with the specified minimum AVE value limit of 0.50. The results of the correlation between constructs and the square root value of AVE are greater than the correlation value, therefore the construct in this research model can be concluded to have good discriminant validity.

Table 2 exhibits that all exogenous constructs (X_1 and X_2) contributed to the Z_1 by 0.621 or 62.1% (higher than 33%), this means that the influence of X_1 and X_2 on Z_1 is strong. Furthermore, the effect of all exogenous constructs X_1 and X_2 on Z_2 is strong. As well as, the effect of all exogenous constructs X_1 , X_2 , Z_1 , and Z_2 on Y are strong.

Table 2. Determination Test Results

	R-Square	Adjusted R-Square
Poverty (Z_1)	0.627	0.621
Unemployment (Z_2)	0.547	0.543
Economic Growth (Y)	0.397	0.384

The picture of hypotheses test result can be seen on Figure 1, and the summarized of the direct and indirect effect among variables is presented on Table 3. Variable X_1 on Y through Z_1 is 0.014 and p value is $0.312 > 0.05$. This means that the indirect effect of X_1 on Y through Z_1 is not significant. The indirect effect of X_2 on Y through Z_1 is 0.137, with p value $0.077 > 0.05$. This can be concluded that the indirect effect of X_2 on Y through Z_1 statistically is insignificant. Due to the indirect effect of X_1 on Y through Z_2 is -0.019, and p value is $0.248 > 0.05$, this indicates that the indirect effect of X_1 on Y through Z_2 is not significant. In addition, The indirect effect of X_2 on Y through Z_2 is -0.099, which means that if X_2 increases by one unit, Y can increase indirectly through Z_2 by -9.9%. Based on calculations using bootstrap, where the test results of the estimated coefficient of X_2 against Y through Z_2 the bootstrap results are -0.096 with a t-count value of 1.703 and a standard deviation of 0.058. Then the p value is $0.089 > 0.05$, which means that the indirect effect of X_2 on Y through Z_2 is neither significant nor statistically significant.

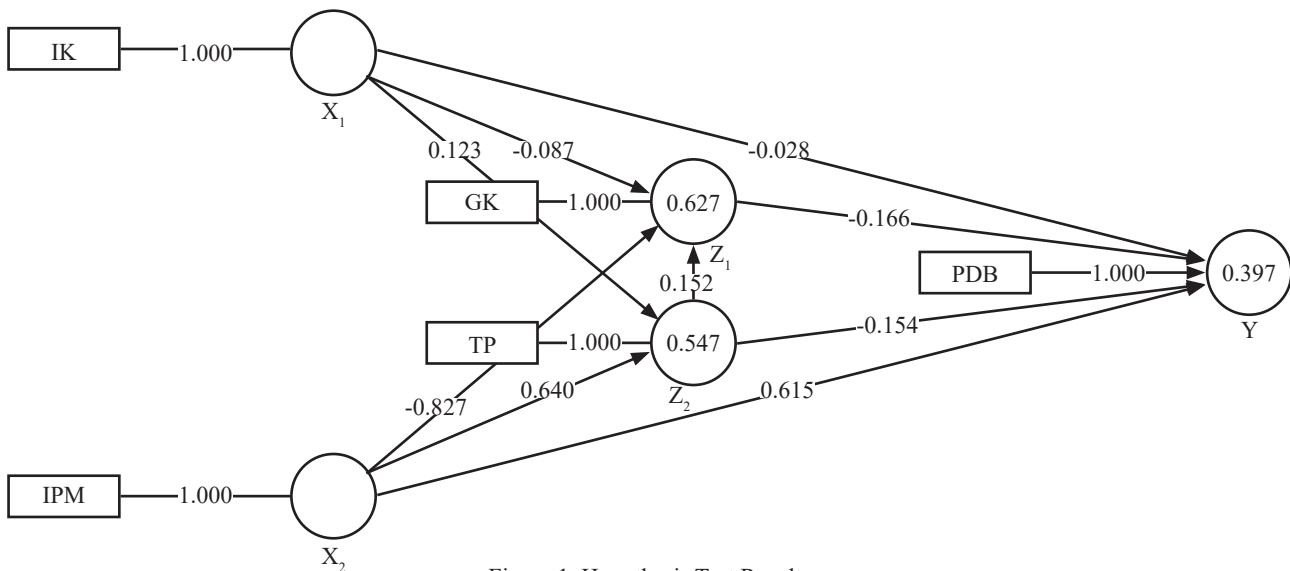


Figure 1. Hypothesis Test Results

Table 3. Table of Hypothesis Testing Values

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Hypothesis
$X_1 \rightarrow Z_2$	0.123	1.525	0.128	H1-rejected
$X_1 \rightarrow Z_1$	-0.087	1.391	0.165	H2-rejected
$X_1 \rightarrow Y$	-0.028	0.331	0.741	H3-rejected
$X_1 \rightarrow Z_2 \rightarrow Y$	-0.019	1,158	0.248	H4-rejected
$X_1 \rightarrow Z_1 \rightarrow Y$	0.014	1.012	0.312	H5-rejected
$X_2 \rightarrow Z_2$	0.640	9,480	0.000	H6-accepted
$X_2 \rightarrow Z_1$	-0.827	9,962	0.000	H7-accepted
$X_2 \rightarrow Y$	0.615	5,374	0.000	H8-accepted
$X_2 \rightarrow Z_2 \rightarrow Y$	-0.099	1,703	0.089	H9-rejected
$X_2 \rightarrow Z_1 \rightarrow Y$	0.137	1,770	0.077	H10-rejected
$Z_2 \rightarrow Z_1$	0.152	2,225	0.027	H11-accepted
$Z_2 \rightarrow Y$	-0.154	1,797	0.073	H12-rejected
$Z_1 \rightarrow Y$	-0.166	1,815	0.070	H13-rejected

The first hypothesis is rejected because the test result shows that the beta coefficient of X_1 to Z_2 is 0.123 and the t-statistic is $1.525 < 1.96$ with p-value > 0.05 . This proves that Financial Inclusion has a positive and insignificant effect on unemployment. The second hypothesis cannot be accepted because the beta coefficient value of X_1 to Z_1 is -0.087 and the t-statistic is $1.391 < 1.96$ with p-value > 0.05 . This can be concluded that financial inclusion has a negative and insignificant effect on poverty. Because the beta coefficient of X_1 to Y is -0.028 and the t-statistic is $0.331 < 1.96$ with p-value > 0.05 therefore the third hypothesis is rejected. This means that Financial Inclusion has a negative and insignificant effect on Economic Growth.

The fourth hypothesis cannot be confirmed since the beta coefficient value of X_1 against Y through Z_2 is -0.019 and the t-statistic is $1.158 < 1.96$, while t-statistic is less than 1.96 with p-value > 0.05 . This means that there is no effect of Financial Inclusion on Economic Growth through Unemployment. The t-statistics of the effect X_1 on Y through Z_1 is $1.012 > 0.05$ therefore the fifth hypothesis is rejected. This can be stated that the effect of Financial Inclusion on Economic Growth through Poverty is insignificant. The sixth hypothesis is accepted because t-statistic is $9.480 > 1.96$ and p-value < 0.05 . It can be concluded that the effect of Population Quality Level on Unemployment is significant.

Hypothesis number seven is accepted because the test results show the beta coefficient of X_2 to Z_1 is -0.827 and the t-statistic is $9.962 > 1.96$ with a p-value < 0.05 . This presents that Population Quality Level has a negative and significant effect on Poverty. By reason of t-statistic is $5.374 > 1.96$ and p-value < 0.05 , it is exhibited that Economic Growth is influenced by Population Quality Level hence hypothesis number eight is confirmed. The ninth hypothesis is rejected owing to t-statistic of 1.703 is less than 1.96 and p-value > 0.05 . This can be concluded that Unemployment cannot intervene the effect of Population Quality Level on Economic Growth.

Hypothesis number ten is rejected in consideration of t-statistics (1.770) is smaller than 1.96 and p-value is higher than 0.05. It can be seen that the effect of Population Quality Level on Economic Growth through Poverty cannot be accepted. The eleventh hypothesis is confirmed since t-statistic is $2.225 > 1.96$ and p-value < 0.05 . This exhibited that poverty is significantly affected by unemployment. Unemployment has a negative insignificant effect on economic growth on the ground of t-statistic is $1.797 < 1.96$ with p-value > 0.05 , therefore the twelfth hypothesis is declined. The thirteenth hypothesis that alleged Poverty affect Economic Growth is rejected, wherefore t-statistic is $1,815 < 1.96$ and p value > 0.05 .

DISCUSSIONS

Financial inclusion did not affect unemployment. This can be explained that the increasing of financial knowledge did not directly able to minimize unemployment. This is plausible since people in the remote area might not easily to access banking products such as internet or mobile banking access; ATM, loans, and unequal of banking financial facilities therefore they cannot get the benefit from this condition. Other factors influence unemployment such as the shifting of human resources by robot, technology, Artificial Intelligence, or side effect of Covid-19 pandemic. This is in line with Pangeran and Subambang (2021) who argued that financial inclusion does not have correlation with unemployment. In addition, Donou-Adonsou and Sylwester (2016) asserted that the impact of the emerging financial inclusion can have an influence on the reduction in poverty and unemployment but in the indirect impact. Because there is a bridge of economic growth that connects financial variables and poverty and unemployment variables.

This is contradict with research conducted by Kim, Chen, and Lin (2019) which shows that unemployment has increased in line with financial inclusion developments in the banking market. Kim et al. (2019) argued that financial improvements strengthen the substitution of capital for labor and encourage more investment in capital-intensive industries which tend to emphasize the use of machines rather than human labor thereby increasing unemployment. This is contrary to the research conducted by (Mehry et al., 2021) which asserted that increasing financial inclusion has a significant effect on reducing unemployment rates in developing countries. According to (Mehry et al., 2021), by increasing access to financial services such as increasing financial capacity to use these services effectively, people can invest in their education to increase their potential to work or create their own jobs. For example by financing their own projects to generate income, thereby lowering income levels and unemployment.

Financial inclusion do not affect Poverty. This indicated that the impact of financial inclusion is not beneficial for low-income communities, because they (poor people) might not easily access to the economic opportunities (bankable) such as banking facilities. Knowledge of financial inclusion and the bank facilities will not directly reduce the poverty. This might inequality of bank facilities and accessibility distribution in each province. There are still many low-income people in rural or urban areas who do not know and cannot be reached by formal financial institutions. Supported by Zia and Prasetyo (2018) who asserted that financial inclusion at almost provinces in Indonesia are in the moderate level. It is contrary to the research conducted by Erlando, Riyanto, and Masakazu (2020) which showed that financial inclusion has a negative and significant relationship to poverty in Indonesia.

Financial inclusion does not have effect on Economic Growth.. This can be as a result of lack of financial education which leads a lack of understanding of the benefits and utilisation of formal financial services, so that individuals are unable to make the most of the opportunities available. Furthermore, according to Pangeran and Subambang (2021) financial inclusion in Indonesia is still low, as evidenced by almost all provinces in Indonesia out of 33 provinces in Indonesia, there are only 13 provinces that have a good level of financial inclusion. In contrast with (Naceur & Ghazouani, 2007) who examined the relationship between financial development and economic growth for 11 countries in the Middle East and North Africa and found that bank development had a negative effect on economic growth. H. R. Khan (2011) also shows that financial inclusion has a negative effect on economic growth. Financial inclusion can lower lending standards as financial institutions seek to reach the bottom line by lowering loan terms, but it can also increase bank reputation risk, as some countries lower the standards for setting up financial institutions for rural areas. Research conducted by (Ghosh (2011) who evaluated the role of access to finance in economic growth and they prove a positive impact of access to financial services and use of financial services on economic growth in India. Martinez (2011) argues that access to finance facilities is an important policy tool used by governments and policymakers to promote economic growth. By making financing available and affordable for all economic actors, it will affect the growth of economic activity.

Unemployment is not proven to intervene effect on the relationship between Financial Inclusion and Economic Growth. This means that factors affect economic growth and unemployment are not merely financial inclusion but this might influenced by other factors such as national income, and impact of Covid-19 pandemic (Purba, 2022). Financial inclusion cannot influence unemployment as mentioned in the hypothesis 1. In addition, in line with hypothesis 12 where economic growth does not merely affected by unemployment. This might there are many factors influence economic growth such as number of export; investment rate (Upre, 2015); domestic investment (Bostan et al., 2023); Foreign direct investment (Rahman & Alam, 2021). Furthermore, Karaalp-Orhan (2020) asserted that inequality of province or region in the speed of development, facilities of transportation, education and industrial can be the factors of economic growth. This might happened in some provinces in Indonesia as explained in the descriptive statistic at Table 1.

Poverty is not proven to be an intervening effect on the relationship between Financial Inclusion and Economic Growth. The test results show that financial inclusion does not affect poverty as well as poverty has no impact on economic growth. The increasing of financial inclusion in terms of public knowledge about loan and financial transaction in formal financial institutions cannot guarantee to decrease or increase number of poverty. This is because loan interest or interest of savings or deposits offered by financial institutions is not necessarily in accordance with the abilities debtors to use banking facilities, or they are not bankable. People in urban area might not able to connect internet, hence they cannot utilize the bank facilities. In addition, lameness of infrastructure in each province can be one of the reasons uneven of financial inclusion and economic growth (Karaalp-Orhan, 2020)

Population quality Level has a significant effect on unemployment. This might is plausible because when the number of low quality level increase, it might affect the percentage of unemployment. This is supported by Hidayat et al. (2020) who argued that most of the unemployment have good education (educated unemployment) that are in the middle to upper economics level group which still can survive even though they do not have jobs. This normally happened in the developing countries where people do not plans for education which in accordance with employment need, hence many graduated cannot be absorbed by labor market. Number of population without supporting with good quality human resources will support the increasing number of unemployment.

In contrast, a research conducted by Mahroji and Nurkhasanah (2019) which states that if the human development index increases, the unemployment rate will decrease. This is in accordance with the theory described by Todaro (2006) that through increasing human capital development and development to increase human productivity. Through education investment is expected to be able to improve the quality of Human Resources which is shown by increasing one's knowledge and skills so that it will encourage an increase in work productivity. Increased productivity can affect employment opportunities, namely with an increase in productivity, there will be a decrease in production costs per unit of goods. A decrease in the cost of production per unit of goods will reduce the price per unit of goods. If the price of goods falls, the demand for goods increases which will encourage entrepreneurs to increase the demand for labor, so that by absorbing more and more workers, it can reduce the high unemployment rate.

Population quality Level test have a negative and significant effect on Poverty. This study is in line with research conducted by Irawan (2022) which shows that the human development index has a negative and significant effect on the level of poverty. These results are in accordance with the new growth theory where the new growth theory emphasizes the importance of the government's role, especially in increasing human resource development. Human development is synonymous with poverty reduction. Investments in education and health will mean more to the poor than the non-poor, because for the poor the main asset is their workforce.

The existence of cheap education and health facilities will greatly help increase productivity and in turn increase income. This is contrary to the research conducted by Ipmawan, Kristanto, Hendrawan, and Kuncoro (2022) which shows that the human development index does not directly affect the poverty rate. They argued that unemployment can indirectly be a determining factor for poverty levels. However, in some cases, unemployment is not always associated with poverty. In the study explained, HDI with a high number indicates a higher level of work productivity. High productivity will affect higher income, while higher income will have an impact on decreasing the number of poor people and vice versa. Human development in Indonesia is synonymous with investment in education and health, which means more for the poor than for the non-poor because for the poor, the main asset is their workforce.

Population Quality Level has a positive and significant effect on Economic Growth. This is accordance with research conducted by (Kusumawati et al., 2021) which shows that HDI as a proxy of the quality level of the population has a positive influence on economic growth. The improvement of education and health quality in East Java, as well as an increasing per capita expenditure, proves that economic development in East Java is getting higher. The value of the Human Development Index (HDI) which moves positively indicates the quality of its human resources is getting better. The quality of the population will affect innovation in the development of existing production factors and boost growth of economics.

Unemployment cannot be confirmed to become an intervening variable on the relationship between Population Quality Levels and Economic Growth. As mentioned before in the Hypothesis 6 that quality level has association with unemployment, however, unemployment does not support economic growth (as mentioned in the hypothesis 12). An increase in human development index (HDI) without comparable economic growth can lead to high unemployment rates, despite improvements in HDI. An imbalance between labour supply and job demand can be a contributing factor. Economic crises or Covid-19 pandemic that happen in 2019-2021 can cause unemployment to rise despite an increase in HDI. Changes in economic sectors or large-scale reductions in the workforce can affect unemployment rates despite improvements in human development factors. In addition, country's economic structure is unbalanced or overly dependent on certain sectors, then an increase in HDI may not be sufficient to address the problem of unemployment, and finally cannot support growth of economics.

Poverty is not proven as an intervening variable on the effect on the relationship between Population Quality Levels and Economic Growth. Because of the differences in wages/income levels in any provinces, the geographical disparities and the diverse social conditions of societies therefore the level of income can be no longer the primary factor in measuring the rate of success of economic development Karaalp-Orhan (2020). In addition, government spend to finance public sectors on critical sectors such as education and health to improvement of the quality of the population, but it might not maximal in each province, especially in rural areas. Therefore, the quality of the population does not have an impact on the declining of poverty as well as economic growth.

Unemployment is able be accepted as a variable that affect poverty significantly. This research in accordance with research conducted by Putra and Arka (2018). They asserted that the open unemployment rate has a positive and significant effect on the poverty level. Moreover, open unemployment rate has a dominant influence on the poverty rate in districts/cities in Bali Province in 2011-2016. These results indicated that the higher the unemployment rate, the more unproductive people will be. They will not be able to fulfil their daily needs, the increasingly unmet needs of life will increase the poverty level. Nugroho (2015) stated that the unemployment variable shows a positive and influential relationship to poverty. According to him the bad effect of unemployment is to reduce people's income which in turn reduces the level of prosperity. The decline in people's welfare due to unemployment will certainly increase their chances of being trapped in poverty because they do not have income. The results of this study are not in accordance with research conducted by Yolanda et al. (2020) which obtained the results that open unemployment was directly and negatively related to poverty. These results indicate that the more job opportunities available to the community, the lower the level of poverty in an area. If job opportunities are wide and able to absorb more workers, the poor will decrease. Economic growth without being accompanied by additional employment opportunities will result in inequality which will create a condition for economic growth with an increase in poverty.

Unemployment does not have linkage on economic growth. This is plausible since government did not provide job market opportunity and government did not use the money for productive project. Corroborating with Hjazeen et al. (2021) due to private companies cannot finish their responsibility to develop productive project, then more unemployment but less economic growth. Moreover, not merely unemployment can affect economic growth, foreign direct investment, equality of infrastructure, and other economic factors are also influence economic growth. This is not in line with research conducted by Kusumawati, Primandhana, and Wahed (2021) which shows that unemployment has a negative effect on economic growth in East Java. This research is supported by the theory by Upre (2015), Darman (2013) where more rising unemployment causes more falling economic growth.

Poverty does not influence Economic Growth. Todaro, (2006) explained that high economic growth is not necessarily able to reduce the factors that cause poverty, which will lead to structural poverty. Where poverty arises due to increased economic growth, it cannot be felt equally in all sections of society, but is only enjoyed by a handful of groups Khaironi (2021). The positive influence of poverty on the economy of East Java is due to the fact that many of the poor people in East Java are rural communities who have not been able to meet their basic needs. Regions with the agricultural sector as the basis of their economy have a high tendency of poverty Santosa (2012). This shows that the poverty disparity between rural and urban areas is still high in the midst of efforts to increase the rate of economic growth in East Java.

Due to all most of the hypotheses regarding to the economic growth variables are rejected, this can be concluded that economic growth is affected by many factors (Boldeanu & Constantinescu, 2015), which are not included in this study. Economic growth can be determined by economic factor such as export and import transaction Abu-Eideh (2014); foreign exchange, trade openness and foreign direct investment (FDI) Malešević Perović, Simic, and Muštra (2014); and non-economic determinants such as governance Cooray (2009); number of corruptions Grabova (2014); political instability Aisen and Veiga (2013); geographical condition Acemoglu, Johnson, and Robinson (2009).

CONCLUSIONS

Based on the results of research and discussion, the following conclusions can be drawn that Financial inclusion does not have an effect on unemployment, poverty, and growth. Therefore Hypothesis 1, 2, and 3 are rejected. Unemployment and poverty are not able to mediate the influence of financial inclusion on economic growth. Hence, Hypothesis 4 and 5 cannot be proven. Level of quality life has a positive influence on unemployment and economic growth, however quality life level has a negative effect on poverty. Therefore, hypothesis 6,7, and 8 are accepted. Hypothesis 9 and 10 cannot be acceptable due to unemployment and poverty are not a good intervening variable on the effect of level of population quality on growth of economic. Hypothesis 12 and 13 that suggested Economic growth are affected by unemployment and poverty unacceptable. Meanwhile, hypothesis 11 conclude that unemployment has a positive effect on poverty.

This can be concluded that population quality level which proxy by Human Development Index significantly influences all variables namely unemployment, poverty, and economic growth. Meanwhile, Financial Inclusion does not have effect on all variables. Poverty and unemployment cannot be proven as intervening variables in the linkage between financial inclusion and population quality level on economic growth. To sum up, financial inclusion is not the sole solution to the problems of poverty, unemployment, and economic growth. Another thing which stands out in this study is that economic growth is not merely influenced by poverty, unemployment, financial inclusion, human development index, but many other factors can affect the growth of economics such as geographical, population, governance of each province that are not included in this research.

The current research has several limitations which can lead to future research. First, we did not test a comparative study to examine Economic growth at each province. Second, in this study economic growth is only affected by Human Development Index, meanwhile many factors determined economics growth that are not employed in this study, such as inflation, export import; demography and geographical condition that might imbalanced in each province in Indonesia. Therefore, those other variables are suggested for the next research. .

Regarding to financial inclusion is still low, some recommendation for government that can be considered. First, Indonesian government should optimise the use of technology to expand the banking services network evenly to all regions as well as between rural and urban areas, in order that Indonesia's geographical barriers can be overcome. Second, Bank of Indonesia should collaborate with the ministry of communication in order to wider the internet network and banking facilities in rural areas. Finally, equitable development and infrastructure in each province in order to minimize gaps in people's social lives including income, health, and prosperity.

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