

The Effect of Capital Expenditure, Average Years of Schooling, And Unemployment Rate On Poverty Levels with Economic Growth as an Intervening Variable in Tebo Regency

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ABSTRACT

This study aims to analyze the impact of capital expenditure, average years of schooling, and the unemployment rate on poverty levels through economic growth in Tebo Regency during 2006-2024. The research method uses quantitative descriptive analysis, with path analysis as the analytical tool. The results show that in Structural Equation I, capital expenditure and average years of schooling significantly affect economic growth, while the unemployment rate does not have a significant effect on economic growth in Tebo Regency during the period 2006–2024. Meanwhile, in Structural Equation II, none of the variables capital expenditure, average years of schooling, unemployment rate, and economic growth have a significant effect on economic growth in Tebo Regency during the period 2006–2024.

Keywords: *Capital Expenditure, Average Years of Schooling, Unemployment Rate, Economic Growth, Poverty Rate*

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1 INTRODUCTION

Poverty is one of the macro problems faced by every region. Measuring the level of poverty along with the factors that influence it is necessary in order to address this problem. Some economists believe that an increase in the economic growth rate, which ultimately raises a region's per capita income, will improve the standard of living and the welfare of the local population. Development is considered successful if there is economic growth and growth in per capita income, low unemployment rates, a reduction in the number of poor people, and a more equitable distribution of income. Development indicators are reflected in poverty indicators. Therefore, the main goal of economic development is efforts to achieve high economic growth.

Economists argue that society as a whole will benefit from economic growth through the trickle-down effect. The increase in wealth of investors will be accompanied by the trickling of their wealth down to the lower levels of society, the form of benefits that society gains from this trickle of prosperity from the wealthy, for example, wages they receive as factory workers. This trickle of prosperity is believed to be able to solve the problem of poverty. This opinion persisted until the end of the 1960s.

Economic growth becomes one of the indicators of the wellbeing of the population of a country or region. Achieving high economic growth and income distribution will directly impact the reduction of the population classified as poor. Therefore, poverty alleviation efforts must be carried out comprehensively, covering various aspects of life and conducted continuously. Planning is an effort to anticipate imbalances that occur cumulatively.

To support the acceleration of economic growth, poverty reduction, and unemployment, the development of infrastructure facilities is needed; therefore, government intervention is required in addition to creating opportunities for the private sector. The development of public facilities through capital expenditure can maximize the potential of Tebo Regency.

The phenomenon shows that capital expenditure in Tebo Regency has indeed increased every year, but it has not been fully effective in reducing poverty. Although there has been an increase in the infrastructure development budget, its impact on job creation and improving community welfare has not been significant. This raises the issue of an imbalance between capital expenditure and the tangible results felt by the community, especially the poor. The average years of schooling for the people of Tebo Regency have increased year by year, but the increase is still relatively slow compared to the national education development targets.

The emerging issue is the quality of human resources, which is still limited and therefore not able to compete in the modern job market. This contributes to high hidden unemployment as well as limited opportunities for people to obtain jobs with decent income. The unemployment rate in Tebo Regency remains a serious problem. The issue is the imbalance between labor force growth and the number of available job opportunities. Additionally, many people work in the informal sector with low and irregular incomes, which ultimately increases vulnerability to poverty. The economic growth in Tebo Regency has not been inclusive because the contribution of leading sectors (plantations, agriculture) is more dominant. Meanwhile, other sectors such as manufacturing and services have not developed to their full potential. As a result, the economic growth that occurs has not been able to significantly and evenly reduce poverty across all layers of society.

The problem is that many people still rely on low-income jobs, especially in the traditional agricultural sector, which is vulnerable to seasonal changes and commodity price fluctuations. In addition, access to education, health care, and economic infrastructure is not yet fully equitable, making it difficult for poor communities to break out of the cycle of poverty. Based on this, this study is expected to find information on how capital expenditure, average years of schooling, and unemployment rates affect poverty levels through economic growth in Tebo Regency during the period 2006-2024..

2 LITERATURE REVIEW

2.1 Variable Intervening

2.1.1 Economic Growth

According to Todaro, Michael & Smith (2013), economic growth is 'essentially an increase in real production activities (not including price increases), whether in the form of goods or services, over a certain period.' Therefore, regional economic growth can be measured by calculating the increase in GRDP from one year to the next. Decentralization has a significant impact on a region's economic growth. This supports the synthesis that granting greater autonomy will have a greater impact on economic growth, encouraging regions to allocate local potential more efficiently for the sake of public services. Normatively, if economic growth is high, human development will increase.

2.2 Dependent Variable

2.2.1 Poverty

According to Haughton & Khandor (2012), poverty is always related to inequality and vulnerability, because someone who is not considered poor can become poor at any time if they encounter problems such as a financial crisis or a decrease in agricultural business prices. Vulnerability is a key dimension of welfare because it influences every individual's behavior in terms of investment, production patterns, appropriate strategies, and perceptions of their own situation.

2.3 Independent Variable

2.3.1 Capital Expenditure

Capital expenditure is the spending carried out by the government that results in certain fixed assets (Nordawian, 2012). Capital expenditure is intended to acquire fixed assets of local governments, namely equipment, buildings, infrastructure, and other fixed property. Theoretically, there are three ways to acquire these fixed assets: by constructing them yourself, exchanging them for other fixed assets, or purchasing them. Capital expenditure is a local government expenditure whose benefits extend beyond one fiscal year and will increase the region's assets or wealth, consequently adding to routine expenditure. Capital expenditure is classified into two groups: public expenditure, which is spending whose benefits can be directly enjoyed by the general public.

2.3.2 Average Years of Schooling

Education is a conscious and planned effort to create a learning environment and learning process so that students actively develop their potential to possess spiritual religious strength, self-control, personality, intelligence, noble character, as well as the skills needed for themselves, society, the nation, and the country (Todaro & Smith, 2013). Education as human capital is a vital component of economic growth and development. Education can increase a country's productivity because it helps society become more capable and skilled. Thus, with these skills, the community can produce more output and improve the economy. The average years of schooling is the average number of years spent by people aged 15 and over in all types of formal education they have received. According to UNDP standards, the maximum limit for average years of schooling is 15 years, and the minimum limit is 0 years. The maximum limit of 15 years indicates that the targeted maximum level of education is equivalent to Senior High School (SMA) (Jannah & Sari, 2023).

2.3.3 Unemployment

Unemployment refers to a person who is already classified as part of the labor force, actively seeking employment at a certain wage level, but cannot obtain the desired job (Sukirno, 2015). One important factor that determines a community's prosperity is income level. Community income reaches its maximum when full employment is achieved. Unemployment reduces community income, thereby lowering the level of prosperity they attain. From an individual perspective, unemployment causes various economic and social problems for those experiencing it. Income conditions force the unemployed to reduce their consumption expenditures. If unemployment in a country is very severe, political and social chaos often occurs, causing negative effects on community welfare and long-term economic development prospects (Sukirno, 2015).

3. METHODOLOGY

The type of data used in this study is secondary time series data in the form of quantitative data, including capital expenditure, average years of schooling, unemployment, economic growth, and poverty, covering the period from 2006 to 2024. The data were obtained through the website of the Central Bureau of Statistics. The path analysis model is used to analyze the causal relationships between variables. Thus, the model establishes the relationship between exogenous variables and dependent variables, referred to as endogenous variables. The path analysis model also uses multiple linear regression equations, with the basic equation written as follows (Noor, 2014).

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

The analysis model can be applied based on the following diagram:

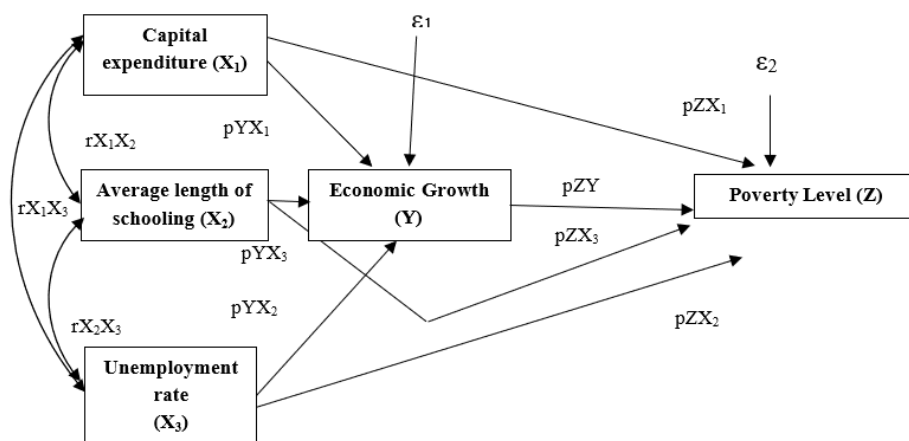


Figure 1 Path Analysis Diagram Model

The model diagram in Figure 1 shows that X1, X2, and X3 have direct and indirect effects on Y, and X1, X2, and X3 collectively have direct and indirect effects on Z through Y, while Y has a direct effect on Z. This model illustrates two structures that indicate there are two causal events that ultimately result in a single event, which is Z.

Test of Coefficient of Determination

According to Ghazali (2018), the determination coefficient (R²) aims to determine the extent to which independent variables can explain the dependent variable. The R² determination coefficient shows how far the exogenous variables can influence the endogenous variables explained by the path equation model. The closer the R² value in the path equation is to 100%, the greater the proportion of variation in the endogenous variables that can be explained by the exogenous variables in the model. The following is the formula for calculating the determination coefficient.

Simultaneous Test with F Statistics

The F test is used to determine whether all the independent variables in a model collectively affect the dependent variable. (Ghozali, 2014). This hypothesis test is often referred to as the overall significance test for the regression line, which aims to examine whether variable Y is linearly related to variable X. The F test is used to determine the extent of the influence of independent variables on the dependent variable simultaneously. The decision criterion is that if the calculated F is greater than the table F and the probability is less than the significance level of 0.05, then H_a is accepted. Meanwhile, if the calculated F is less than the table F and the probability is greater than the significance level of 0.05, H_a is rejected.

Partial Test with t Statistics

This analysis aims to test whether there is a significant effect of the variable (X) on (Z) and (Y). The t-test is used to determine the extent of the independent variable's influence on the dependent variable partially. The decision-making

criteria are that if $t\text{-count} > t\text{-table}$ or $t\text{-count} < -t\text{-table}$ and the probability < 0.05 , then H_a is accepted, which means the proposed hypothesis is accepted. Meanwhile, if $t\text{-count} < t\text{-table}$ or $t\text{-count} > t\text{-table}$ and the probability > 0.05 , then H_a is rejected, which means the proposed hypothesis is rejected.

4 FINDINGS AND DISCUSSION

Structural Equation Statistical Test I

Based on the processing of multiple linear regression data for structural equation I using SPSS 27, the results of the multiple linear regression can be seen in the following unemployment table:

Table 1 Structural Equation Regression Results I

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	32.904	8.595		3.828	.002
X1	.018	.007	.549	2.464	.026
X2	-4.139	1.196	-.826	-3.461	.003
X3	-.294	.366	-.171	-.805	.433

Source: Processed data, 2025

$$Y_1 = 0,018X_1 - 4,139X_2 + 0,294X_3 + \rho_{y_1e_1}$$

Description :

- Y_1 = Economic growth
- X_1 = Capital expenditure
- X_2 = Average length of schooling
- X_3 = Tingkat pengangguran

The interpretation of the results is as follows:

Capital expenditure → Economic growth = 0.018. This means that every increase in realized capital expenditure of Rp 1 billion will increase economic growth by 0.018 percent, assuming other variables (average years of schooling and unemployment rate) remain constant.

Average years of schooling → Economic growth = -4.139. This means that every 1-year increase in the average years of schooling will decrease economic growth by 4.139 percent, assuming other variables (capital expenditure and the unemployment rate) remain constant.

Unemployment rate → Economic growth = -0.294. This means that every 1 percent increase in the unemployment rate will decrease economic growth by 0.294 percent, assuming other variables (capital expenditure and average years of schooling) remain constant.

The results of the partial test are as follows.

From the test results, the probability value for the capital expenditure variable is 0.026. With a confidence level ($\alpha=5\%$), from this calculation it can be seen that the probability value is smaller than alpha ($0.026 < 0.05$), meaning H_0 is rejected and H_1 is accepted, indicating that capital expenditure has a positive and significant effect on economic growth in Tebo Regency.

From the test results, the probability value for the average length of schooling variable is 0.003. With a confidence level ($\alpha=5\%$), from this calculation it can be seen that the probability value is smaller than alpha ($0.003 < 0.05$), meaning H_0 is rejected and H_a is accepted, indicating that the average length of schooling has a positive and significant effect on

economic growth in Tebo Regency.

From the test results, the probability value for the unemployment rate variable was obtained at 0.433. At a confidence level ($\alpha=5\%$), the probability value is greater than alpha ($0.433 > 0.05$), meaning H_0 is accepted and H_1 is rejected, indicating that the unemployment rate does not have a significant effect on economic growth in Tebo Regency.

F Test Statistics

To test the influence of the independent variable on the dependent variable simultaneously, the F-statistical test tool is used, which can be seen from the unemployment rate output from the SPSS 27 program in the ANNOVA table as follows:

Table 2 Results of F-Test Statistics for Structural Equation I Source: Processed data, 2025

Based on Table 2, simultaneous testing (F Test) shows an F statistic significance value of 0.022, which is less than 0.05. This means that the variables of capital expenditure, average years of schooling, and unemployment rate simultaneously have a significant effect on economic growth in Tebo Regency.

Determinant Test

The coefficient of determination (R-squared) is used to assess the extent to which independent variables affect the dependent variable, expressed as a percentage. As shown in the table below on unemployment rates:

Table 3 R2 Square Test Results of Structural Equation I

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.681 ^a	.463	.356	1.73398	.463	4.319	3	15	.022	1.480

Source: Processed data, 2025

Based on Table 3, the R2 value is 0.463. This value indicates that the variables of capital expenditure, average years of schooling, and unemployment rate can explain their influence on the economic growth variable by 46.3 percent. The remaining 53.7 percent is influenced by other variables outside the model.

Path Analysis of Structural Equations I

Based on research results, the independent variables that affect economic growth are capital expenditure and the average length of schooling. The next step is to see the coefficient values of the relationship between these two independent variables using a correlation test. To determine the path coefficient value $rx1x2$, the unemployment rate can be seen in the following correlation table:

Table 4 Results of Structural Equation Correlation I

		X ₂
X ₁	Pearson Correlation	,526**
	Sig. (2-tailed)	,000
N		20

Source: Processed data, 2025

based on the correlation results, the Pearson correlation between capital expenditure and the average years of schooling is 0.526, thus a path diagram can be depicted showing the unemployment rate as shown in Figure 1 below:

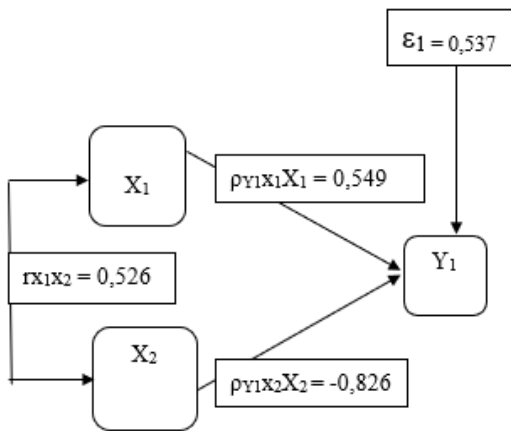


Figure 1 Structural Equation Path Diagram I

From figure 1, the direct effect of exogenous variables on endogenous variables, as well as the indirect effect, can be calculated.

The effect of capital expenditure on economic growth:

The direct impact of capital expenditure on economic growth

$$\begin{aligned}
 &= (\rho_{Y1X1})^2 \times 100\% \\
 &= (0,549)^2 \times 100\% \\
 &= 30,1\%
 \end{aligned}$$

The direct impact of capital expenditure on economic growth through the average years of schooling

$$\begin{aligned}
 &= (\rho_{Y1X1})(r_{X1X2})(\rho_{Y1X2}) \times 100\% \\
 &= (0,549)(0,526)(-0,826) \times 100\% \\
 &= -37,5\%
 \end{aligned}$$

The total impact of capital expenditure on economic growth

$$\begin{aligned}
 &= 30,1\% - 37,5\% \\
 &= -7,4\%
 \end{aligned}$$

The influence of average years of schooling on economic growth:

Direct effect of average years of schooling on economic growth

$$\begin{aligned}
 &= (\rho_{Y1X2})^2 \times 100\% \\
 &= (-0,826)^2 \times 100\%
 \end{aligned}$$

$$=68,2\%$$

I

ndirect effect of average years of schooling on economic growth through capital expenditure

$$=(\rho Y1x2)(rx1x2)(\rho Y1x1) \times 100\%$$

$$=(-0,826)(0,526)(0,549) \times 100\%$$

$$=-37,5\%$$

Total effect of average years of schooling on economic growth

$$=68,2\% + 37,5\%$$

$$=30,8\%$$

The direct and indirect effects of exogenous variables, namely capital expenditure and average years of schooling, on economic growth can be seen in the average years of schooling in the following Table 5:

Table 5 Direct Effects, Indirect Effects, and Total Effects of Structural Equation I of Variables X_2 and X_3 on Y_1

Variable Influence	Causal Influence			Total Effect (%)
	Direct (%)	Indirect (%)		
		X ₁ (%)	X ₂ (%)	
X ₁ → Y ₁	30,1	-	-37,5	-7,4
X ₂ → Y ₁	68,2	-37,5	-	30,8
The Effect of Variables X ₁ and X ₂ on Y = R ²				23,4
The Influence of External Variables				76,6
Total				100,0

Source: Processed data, 2025

Based on the calculations above, the following points can be made: The strength of capital expenditure directly determines changes in economic growth by 30.1 percent, and through its relationship with average years of schooling by -37.5 percent. Overall, capital expenditure determines changes in economic growth by -7.4 percent. The strength of average years of schooling directly determines changes in economic growth by 68.2 percent, and through its relationship with capital expenditure by -37.5 percent. Overall, average years of schooling determine changes in economic growth by 30.8 percent.

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Structural Equation Modeling II

Based on the multiple linear regression analysis for Structural Equation II using SPSS 27, the results of the multiple linear regression can be seen in the following unemployment table:

Table 6 Structural Equation Regression Results II

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.031	6.616		.609	.552
X1	-.006	.005	-.399	-1.247	.233
X2	.355	.878	.157	.404	.692
X3	.044	.204	.056	.214	.834

Y1	.239	.141	.529	1.690	.113
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Source: Processed data, 2025

$$Y_2 = -0,006X_1 + 0,355X_2 + 0,044X_3 + 0,239Y_1 + \rho y_2 \varepsilon_{i2}$$

Description :

Y ₂	= Poverty rate
X ₁	= Capital expenditure
X ₂	= Average years of schooling
X ₃	= Unemployment rate
Y ₁	= Economic Growth

The interpretation of the results is as follows: Capital expenditure → Poverty rate = -0.006 This means that for every increase of Rp 1 billion in capital expenditure realization, the poverty rate will decrease by 0.006 percent, assuming other variables (average years of schooling, unemployment rate, and economic growth) remain constant.

Average Years of Schooling → Poverty rate = 0.355. This means that for every increase of 1 year in the average years of schooling, the poverty rate will increase by 0.355 percent, assuming other variables (capital expenditure, unemployment rate, and economic growth) remain constant.

Unemployment Rate → Poverty rate = 0.834. This means that for every 1 percent increase in the unemployment rate, the poverty rate will increase by 0.044 percent, assuming other variables (capital expenditure, average years of schooling, and economic growth) remain constant.

Economic Growth → Poverty Rate = 0.239. This means that every 1 percent increase in Economic Growth will increase the Poverty Rate by 0.239 percent, assuming other variables (capital expenditure, average years of schooling, and unemployment rate) remain constant.

To determine the results of the partial test, it can be seen as follows: From the test results, the probability value for the capital expenditure variable is 0.233. With a confidence level ($\alpha=5\%$), from these calculations, it can be seen that the probability value is greater than alpha ($0.233 > 0.05$), meaning that H_0 is rejected and H_a is accepted, indicating that capital expenditure does not have a significant effect on the poverty rate in Tebo Regency.

The significant impact of average years of schooling on economic growth in Tebo Regency stems from the direct role of education in enhancing the quality and productivity of human resources, thereby driving regional economic performance. In the long term, increased average years of schooling also contribute to more sustainable economic growth. Education not only improves employability but also fosters innovation, entrepreneurship, and more efficient resource management. Therefore, based on the available data, it can be concluded that average years of schooling positively affect economic growth in Tebo Regency, as improvements in the population's educational attainment strengthen productivity, expand employment opportunities, and promote sustained economic activity.

Furthermore, the research findings indicate that the unemployment rate does not have a statistically significant effect on economic growth in Tebo Regency. This result contrasts with the study by Kempirmase et al. (2025), which found a significant influence of unemployment on economic growth. The lack of significance in Tebo Regency can be attributed to the dominant role of other variables—particularly capital expenditure and human resource quality. Data show that the sharp economic contraction in 2020 was primarily driven by a decline in capital expenditure and external pressures caused by the pandemic, rather than a surge in unemployment. Conversely, the economic recovery during 2021–2022 closely aligned with increased capital expenditure, despite only minor changes in the unemployment rate.

Labor market conditions in Tebo Regency suggest that economic growth is more strongly influenced by labor productivity than by the unemployment rate. Although unemployment decreased during certain periods, economic growth still experienced slowdowns in specific years. This indicates that economic output expansion is determined more by production efficiency, investment, and workforce quality than by changes in unemployment alone. Thus, based on the data presented in the table, it can be concluded that the unemployment rate does not significantly affect economic growth in Tebo Regency,

due to its relatively low and stable level, the dominance of the informal sector, and the stronger influence of other factors—such as capital expenditure and human resource quality—in driving regional economic growth.

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Based on the research findings, capital expenditure does not have a statistically significant effect on the poverty rate in Tebo Regency. This result contradicts the studies conducted by Nurfaizah & Oktarina (2024), which found that capital expenditure significantly affects economic growth, and Kusumaningrum et al. (2023). However, it aligns with the findings of Meida & Susilo (2024), who concluded that capital expenditure does not significantly influence economic growth.

The lack of a significant impact of capital expenditure on poverty in Tebo Regency can be attributed to the high volatility in capital expenditure, which has not been consistently accompanied by corresponding or significant changes in the poverty rate. Based on the data presented, it can be concluded that capital expenditure does not significantly affect poverty in Tebo Regency due to the mismatch between fluctuations in capital spending and poverty trends, the long-term nature of its impact, and the stronger influence of other factors—such as overall economic conditions and household income—on poverty levels.

The research also finds that average years of schooling do not significantly affect the poverty rate in Tebo Regency. This result contradicts studies by Islami & Anis (2019), Syabrina et al. (2021), and Annisa & Anwar (2021), which reported a significant effect of average years of schooling on economic growth. However, it is consistent with Putra et al. (2021), who found that education—or average years of schooling—does not have a significant partial effect on poverty.

Additionally, the unemployment rate was found not to have a significant effect on the poverty rate in Tebo Regency. This finding disagrees with Aluthge et al. (2021), who concluded that unemployment significantly influences economic growth. However, it aligns with the studies by Nurdianti & Samsuddin (2024) and Ardian et al. (2024), which reported no significant effect of unemployment on economic growth.

Furthermore, the research indicates that economic growth does not significantly affect the poverty rate in Tebo Regency. This contradicts findings by Putri et al. (2021), Agrawal (2018), Nguyen et al. (2020), and Meida & Susilo (2024), all of whom reported a significant impact of economic growth on poverty reduction. However, the current findings are consistent with Salsabilla (2022), Ayu et al. (2021), and Nurdianti & Samsuddin (2024), who concluded that economic growth does not significantly influence poverty levels.

The insignificance of economic growth's impact on poverty in Tebo Regency stems from the highly fluctuating nature of economic growth, which has not been consistently followed by a significant decline in poverty. As shown in Table 5.4, economic growth reached relatively high levels in certain years—such as 9.07% in 2011 and 8.82% in 2014. However, during the same periods, the poverty rate either increased or remained relatively stable, standing at 6.05% in 2011 and 6.89% in 2014 (Table 5.5). This indicates that the economic growth experienced has not yet effectively translated into meaningful poverty reduction. The lack of a significant relationship suggests that growth in Tebo Regency remains non-inclusive: economic gains have been concentrated among specific groups and have not broadly reached low-income households. Moreover, Tebo's economic structure—dominated by traditional agriculture and the informal sector—limits the immediate transmission of growth benefits to the poor, resulting in relatively stagnant poverty levels despite overall economic expansion.

The poverty rate in Tebo Regency appears more sensitive to economic shocks and household purchasing power than to annual economic growth rates. This is evident during 2020–2021, when the economy contracted and subsequently recovered, yet poverty levels did not change proportionally. The rise in poverty observed in 2021 was more strongly driven by the prolonged income impacts of the COVID-19 pandemic on households than by headline economic growth figures. Furthermore, economic growth has not yet been accompanied by substantial improvements in job quality or productivity among the poor. Despite overall growth, many impoverished residents remain employed in low-productivity, low-income sectors. Consequently, economic expansion has not significantly enhanced the welfare of the poor.

Thus, based on the data presented in the tables, it can be concluded that economic growth does not significantly affect the poverty rate in Tebo Regency due to its non-inclusive nature, the dominance of low-productivity sectors, and the stronger influence of household income dynamics and economic shocks on poverty conditions.

4 CONCLUSION

Based on the results of Structural Equation I, capital expenditure variables and the average length of schooling have a significant effect on economic growth, while the unemployment rate does not have a significant effect on economic growth in Tebo Regency during the period 2006–2024. Based on the results of Structural Equation II, none of the variables, including capital expenditure, average length of schooling, unemployment rate, and economic growth, have a significant effect on economic growth in Tebo Regency during the period 2006–2024. In addition, the findings indicate that the unemployment rate does not have a significant effect on economic growth and poverty, suggesting a mismatch between job availability and workforce quality. Therefore, local governments are advised to strengthen job training based on market needs, develop MSMEs, and create employment opportunities that align with the region's superior potentials so that the reduction in unemployment truly improves welfare. On the other hand, the insignificant effect of capital expenditures, realized spending (RLS), unemployment rates, and economic growth on poverty in Tebo Regency indicates that other factors beyond these variables also influence poverty reduction. Hence, local governments need to integrate economic policies with social policies such as social protection, economic empowerment of the poor, and improved access to basic services to achieve more effective and sustainable poverty reduction.

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6 CONFLICT OF INTEREST

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in the paper.

7 AUTHOR CONTRIBUTION STATEMENT

Author M. Agung Suherman 1 contributed to the conceptualization, research design, and writing of the original draft.

Author Zamzami 2- was responsible for data collection, analysis, and validation of the results.

Author Erni Achmad 3- provided supervision, critical review, and editing of the final manuscript.

All authors have read and **approved the final version of the manuscript**

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8 ETHICS STATEMENT

This research was conducted in accordance with the ethical standards of [Jambi University] and adhered to the principles outlined in the Declaration of Helsinki. Ethical approval was obtained from the [Institutional Ethics Committee/Review Board] under reference number [Approval Number, if applicable]. All participants were informed about the purpose of the study and provided written informed consent prior to participation. Participants' privacy and confidentiality were strictly maintained, and data collected were used solely for academic purposes.

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