

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

M. Agung Suherman^{1*}, Zamzami², Erni Achmad³

^{1,2,3} Faculty of Economics & Business, Jambi University, 36657 Jambi, Indonesia

Corresponding author: M. Agung Suherman

Email: suhermanagung81@gmail.com

DOI: <https://doi.org/10.61688/ajpbs.v7i1.532>

Article History

Received	Revised	Accepted	Published
20 April 2026	20 May 2026	31 May 2026	30 June 2026

ABSTRACT

This study analyzes the impact of capital expenditure, average years of schooling, and the unemployment rate on poverty levels through economic growth in Tebo Regency from 2006 to 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 significantly affect economic growth in Tebo Regency during 2006–2024. Meanwhile, in Structural Equation II, none of the variables capital expenditure, average years of schooling, unemployment rate, and economic growth has 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*

How to Cite

Suherman, M. A., Zamzami, & Achmad, E. (2026). 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. *The Asian Journal of Professional and Business Studies*, 7(1), 68–81. DOI: <https://doi.org/10.61688/ajpbs.v7i1.532>

Copyright © 2026 The Author(s)

Published by Universiti Poly-Tech Malaysia. This is an open access article under the Creative Commons Attribution (CC BY 4.0) licence: <https://creativecommons.org/licenses/by/4.0/legalcode>

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 increasing 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, fewer 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 solve poverty. This opinion persisted until the end of the 1960s.

Economic growth has become one indicator of the wellbeing of a country's or region's population. Achieving high economic growth and equitable income distribution will directly reduce the number of people classified as poor. Therefore, poverty alleviation efforts must be comprehensive, cover various aspects of life, and be carried out continuously. Planning aims to anticipate imbalances that accumulate over time.

To support accelerated economic growth, poverty reduction, and unemployment reduction, infrastructure development is needed; therefore, government intervention is required alongside creating opportunities for the private sector. Developing public facilities through capital expenditure can maximize Tebo Regency's potential.

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 the infrastructure development budget has increased, its impact on job creation and 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 in Tebo Regency have increased year by year, but the progress remains relatively slow compared with national education development targets.

A growing issue is the quality of human resources, which remains limited and therefore unable to compete in the modern job market. This contributes to high hidden unemployment and 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. Economic growth in Tebo Regency has not been inclusive because leading sectors (plantations, agriculture) dominate. Meanwhile, other sectors such as manufacturing and services have not developed to their full potential. As a result, economic growth has not significantly or evenly reduced 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. Accordingly, this study is expected to find evidence on how capital expenditure, average years of schooling, and unemployment rates affect poverty levels through economic growth in Tebo Regency during 2006-2024.

Research Objectives

The general objective of this study is to examine the effects of capital expenditure, average years of schooling, and unemployment rate on poverty levels, with economic growth as an intervening variable in Tebo Regency during 2006–2024.

Specifically, this study aims to:

1. Examine the effects of capital expenditure, average years of schooling, and unemployment rate on economic growth.
2. Examine the effects of capital expenditure, average years of schooling, unemployment rate, and economic growth on poverty levels.
3. Examine the indirect effects of capital expenditure, average years of schooling, and unemployment rate on poverty levels through economic growth.

2 LITERATURE REVIEW

2.1 Economic Growth

According to Todaro & Smith (2014), 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 significantly affects 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 public services. Normatively, higher economic growth will increase human development.

2.2 Poverty

According to Haughton & Khandker (2012), poverty is always related to inequality and vulnerability, because someone not considered poor can become poor at any time if they face 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 Capital Expenditure

Capital expenditure is government spending that results in fixed assets (Nordiawan, 2012). Capital expenditure is intended to acquire fixed assets of local governments, namely equipment, buildings, infrastructure, and other fixed property. Theoretically, local governments can acquire these fixed assets by constructing them themselves, exchanging them for other fixed assets, or purchasing them. Capital expenditure is local government expenditure whose benefits extend beyond one fiscal year and increase the region's assets or wealth, thereby adding to routine expenditure. Capital expenditure is classified into two groups: public expenditure, which is spending whose benefits the general public can directly enjoy.

2.3.1 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, 2014). 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. Average years of schooling is the average number of years people aged 15 and over spend 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 classified as part of the labor force who actively seeks employment at a certain wage level but cannot obtain the desired job (Sukirno, 2015). One important factor in a community's prosperity is its income level. Community income reaches its maximum when it achieves full employment. Unemployment reduces community income, thereby lowering the level of prosperity they attain. From an individual perspective, unemployment creates various economic and social problems for those who experience it. Income conditions force the unemployed to reduce their consumption expenditures. If unemployment in a country is severe, political and social chaos often occurs, negatively affecting community welfare and long-term economic development prospects (Sukirno, 2015).

3. METHODOLOGY

This study uses secondary quantitative time-series data, including capital expenditure, average years of schooling, unemployment, economic growth, and poverty, covering the period from 2006 to 2024. The data were obtained from the Central Bureau of Statistics website. The path analysis model analyzes 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:

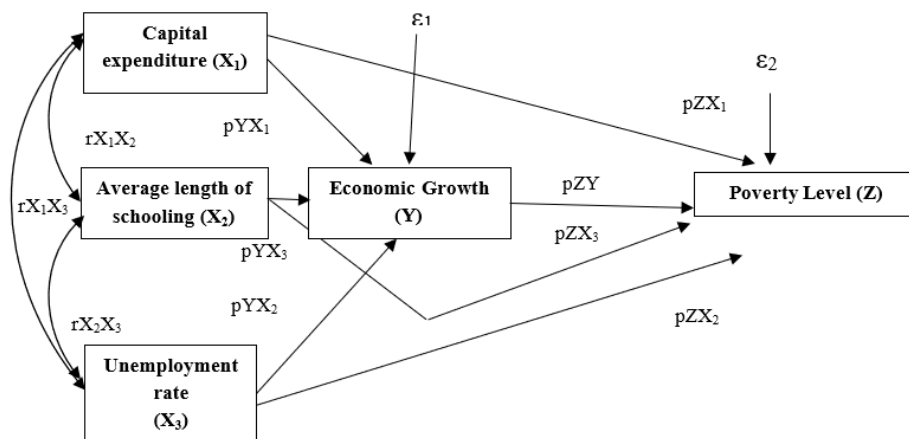


Figure 1 Path Analysis Diagram Model

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 (2016), the determination coefficient (R²) indicates the extent to which independent variables 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 the exogenous variables in the model can explain. The following is the formula for calculating the coefficient of determination.

Simultaneous Test with F Statistics

The F test determines whether all independent variables in a model collectively affect the dependent variable. (Ghozali, 2016). This hypothesis test is often referred to as the overall significance test for the regression line, which examines whether variable Y is linearly related to variable X. The F test determines the extent to which independent variables influence 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 tests whether the variable (X) has a significant effect on (Z) and (Y). The t-test determines the extent of the independent variable's influence on the dependent variable. The decision-making criteria are that if t-count > t-table or -

t-count < -t-table and the probability < 0.05, then H_a is accepted, which means the proposed hypothesis is accepted. Meanwhile, if t-count < t-table or -t-count > t-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

<i>Coefficients^a</i>					
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

$$Y_1 = 0,018X_1 - 4,139X_2 + 0,294X_3 + \rho_{Y_1\epsilon_1}$$

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 Rp 1 billion increase in realized capital expenditure increases 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 average years of schooling decreases 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 a 1 percent increase in the unemployment rate decreases economic growth by 0.294 percent, assuming other variables (capital expenditure and average years of schooling) remain constant.

The partial test results are as follows.

From the test results, the probability value for the capital expenditure variable is 0.026. At the 5% confidence level ($\alpha=0.05$), the probability value is smaller than alpha ($0.026 < 0.05$), so 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. At a 5% confidence level

($\alpha=0.05$), the probability value is smaller than alpha ($0.003 < 0.05$), so 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, the simultaneous test (F-test) shows an F-statistic significance value of 0.022, which is less than 0.05. This means 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) assesses 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 capital expenditure, average years of schooling, and unemployment rate explain 46.3 percent of the variation in economic growth. 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 $\alpha_{1 \times 2}$, 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:

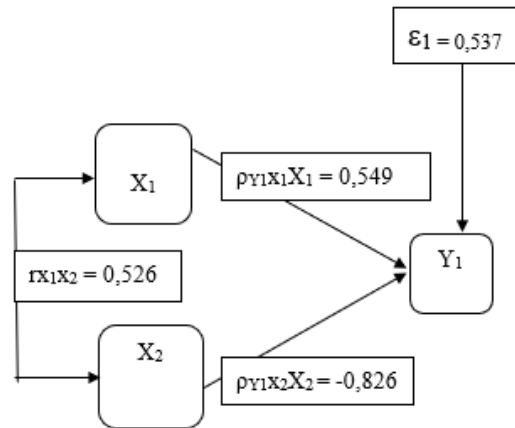


Figure 1 Structural Equation Path Diagram I

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

$$\begin{aligned}
 &= (pY1x1)^2 \times 100\% \\
 &= (0,549)^2 \times 100\% \\
 &= 30,1\%
 \end{aligned}$$

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

$$\begin{aligned}
 &= (pY1x1)(rx1x2)(pY1x2) \times 100\% \\
 &= (0,549)(0,526)(-0,826) \times 100\% \\
 &= -37,5\%
 \end{aligned}$$

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

$$\begin{aligned}
 &= (pY1x2)^2 \times 100\% \\
 &= (-0,826)^2 \times 100\% \\
 &= 68,2\%
 \end{aligned}$$

I

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

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

Total effect of average years of schooling on economic growth

$$\begin{aligned}
 &= 68,2\% + 37,5\% \\
 &= 30,8\%
 \end{aligned}$$

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: 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.

The Effect of Capital Expenditure, Average Years of Schooling, and Unemployment Rate on Poverty Level Through Economic Growth in Tebo Regency

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

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 $\rightarrow$ 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 $\rightarrow$ Poverty rate = 0.355. This means that for every 1-year increase in average years of schooling, the poverty rate increases by 0.355 percent, assuming other variables (capital expenditure, unemployment rate, and economic growth) remain constant.

Unemployment Rate $\rightarrow$ 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 $\rightarrow$ 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, 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 education's direct role in improving 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, 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 Kempirmase et al. (2025), who found a significant influence of unemployment on economic growth. The lack of significance in Tebo Regency may be due to the stronger influence of other variables—particularly capital expenditure and human resource quality. Data show that the sharp economic contraction in 2020 was driven primarily by a decline in capital expenditure and external pressures from 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.

The Effect of Capital Expenditure, Average Years of Schooling, and Unemployment Rate on Poverty Level Through Economic Growth in Tebo Regency

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 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 may be due to 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 did not significantly affect 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 economic growth has not yet 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 driven more by the prolonged income impacts of the COVID-19 pandemic on households than by headline economic growth figures. Furthermore, economic growth has not yet brought 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 significantly affect economic growth, while the unemployment rate does not significantly affect 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 significantly affect 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 aligned with the region's strengths so that reducing unemployment truly improves welfare. In contrast, 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.

5 ACKNOWLEDGEMENT

The authors sincerely thank Jambi University for providing the resources and support needed to complete this study. We also thank all participants who contributed their time and insights to this research. We also extend special appreciation to colleagues and peers who offered valuable feedback during manuscript development.

6 CONFLICT OF INTEREST

The authors declare no known competing financial interests or personal relationships that could have influenced 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**

.

8 ETHICS STATEMENT

This study followed standard ethical principles for social science research. Participation was voluntary, and respondents were informed of the study's purpose before participating. The study obtained informed consent from all participants. The study maintained anonymity and confidentiality, and used the collected data solely for academic purposes.

REFERENCES

- Aluthge, C., Jibir, A., & Abdu, M. (2021). Impact of government expenditure on economic growth in Nigeria, 1970–2019. *Central Bank of Nigeria Journal of Applied Statistics*, 12(1), 139–174. <https://doi.org/10.33429/cjas.12121.6/6>
- Ardian, E. D., Perdana, P., Huda, S., & Rokimah, N. J. (2024). Pengaruh pengangguran, indeks pembangunan manusia, pertumbuhan ekonomi terhadap kemiskinan Provinsi Jawa Timur tahun 2004–2019. *Jurnal Ilmiah Wahana Pendidikan*, 10(18), 417–426.
- Ghozali, I. (2016). *Aplikasi analisis multivariate dengan program IBM SPSS 21 update PLS regresi*. Badan Penerbit Universitas Diponegoro.
- Haughton, J., & Khandker, S. R. (2012). *Handbook on poverty and inequality (Pedoman tentang kemiskinan dan ketimpangan)*. Salemba Empat.

- Kusumaningrum, R., Kulsum, U., Aisyah Hafsa, M. S., & Ananda, D. R. (2023). Perspektif ekonomi dan bisnis Islam mengenai pengaruh indeks pembangunan manusia, pertumbuhan ekonomi, belanja modal, dan tingkat pengangguran terbuka terhadap kemiskinan di Provinsi Jawa Timur tahun 2002–2021. *Sahid Business Journal*, 2(02), 63–76. <https://doi.org/10.56406/sahidbusinessjournal.v2i02.95>
- Meida, E. A., & Susilo. (2024). Pengaruh PAD, belanja modal, dan pertumbuhan ekonomi terhadap kemiskinan di Kabupaten/Kota Provinsi Jawa Tengah tahun 2018–2022. *Journal of Development Economic and Social Studies*, 3(2), 483–501. <http://dx.doi.org/10.21776/jdess.2024.03.2.12>
- Nguyen, H. T. T., Van Nguyen, C., & Van Nguyen, C. (2020). The effect of economic growth and urbanization on poverty reduction in Vietnam. *Journal of Asian Finance, Economics and Business*, 7(7), 229–239. <https://doi.org/10.13106/jafeb.2020.vol7.no7.229>
- Nordiawan, D., & Hertianti, A. (2012). *Akuntansi sektor publik* (2nd ed.). Salemba Empat.
- Nurdianti, L., & Samsuddin, M. A. (2024). Pengaruh pertumbuhan ekonomi, tingkat pengangguran, kesehatan, dan jumlah penduduk terhadap kemiskinan di Provinsi Kalimantan Barat. *Buletin Ekonomika Pembangunan*, 5(1), 70–79.
- Nurfaizah, & Oktarina, A. (2024). Pengaruh pertumbuhan ekonomi, pengangguran, pengeluaran pemerintah, dan dana otonomi khusus terhadap tingkat kemiskinan di Provinsi Papua Barat. *Baabu Al-Ilmi Ekonomi dan Perbankan Syariah*, 9(1), 75–88.
- Sukirno, S. (2015). *Teori mikro ekonomi* (Cetakan ke-14). Rajawali Press.
- Todaro, M. P., & Smith, S. C. (2014). *Economic development* (12th ed.). Pearson Education.
- Padanan ini dapat dilihat daripada Literature Review/Methodology, termasuk Haughton & Khandker, Nordiawan, Sukirno dan Ghozali, serta citation empirikal dalam Discussion.