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# The Effect Of Sectoral Economic Transformation On Employment Absorption And Poverty Level In The West Nusa Tenggara Province

Dyah Poespita; Dadang Suwanda

**Abstract:** West Nusa Tenggara is a progressive province from an underdeveloped region to develop as one of the national food barns, and is able to reduce poverty rates by an average of 1% per year for 10 years from 23.81% in March 2008 to 14.75% in March 2018, and increase the position of the Human Development Index from rate 32 to 26. The Inferential Statistics Method used in the data analysis of this study is WarpPLS, involving three exogenous variables (primary sector economic transformation, secondary sector economic transformation, tertiary sector economic transformation), one endogenous intervening variable (labor), and one pure endogenous variable (number poverty). The results of this study are that the transformation of the primary sector has a significant effect on employment in NTB Province, changes in the primary sector have an effect on employment, which means that if productivity in the primary sector increases, it causes an increase in the number of workers in the primary sector. The transformation of the secondary sector has a significant effect on employment in the province of West Nusa Tenggara so that the transformation of the secondary sector affects employment. The results of the secondary sector analysis are lower than the primary sector, which means that the workforce that is accommodated in this sector has a lower percentage because the secondary sector has capital-intensive characteristics and workers are required to have special skills. The transformation of the tertiary sector has a significant effect on employment in the province of West Nusa Tenggara, changes in the tertiary sector affect employment, which means that an increase in productivity in the tertiary sector will increase the number of workers. The number of workers absorbed from production activities in the tertiary sector because most of the regions in West Nusa Tenggara Province are tourist attractions and workers who work in this sector are not required to have special skills and tend to be labor intensive. Worker absorption has a significant negative effect on poverty levels, that the increase in the number of workers absorbed in various sectors has an impact on poverty reduction in West Nusa Tenggara Province.

**Keywords:** Economic Sector Transformation, Labor Absorption, Poverty Rate.

## 1. INTRODUCTION

Development is basically a multidimensional process that involves major changes both in the transformation of economic structures, social change, reducing or eliminating poverty, reducing inequality, and unemployment through economic growth (Todaro 2006 in Sirojuzilam, 2008). The implications of economic development are expected to be able to increase employment opportunities, increase incomes and increase people's welfare (Sukirno, 2006). The implications of economic development are expected to be able to increase employment opportunities, increase incomes and increase people's welfare (Sukirno, 2006). Important indicators in analyzing the development of economic development that occurs in a country or region are economic growth and the process of economic structure transformation (Kuncoro, 2003). The development of regional economic activities is expected to be able to stimulate the growth of regional production of goods and services so that it will have an effect on increasing the income per capita of the population and of course it will also have an impact on improving the welfare level of a region (Mankiw, 2003). Viewed from the main components of economic structure transformation is to include a gradual "shift" from agricultural activities to the non-agricultural sector and from the industrial sector to services.

According to Jhingan (2002) the transformation of traditional economic structures (agriculture) towards modern (industrial) will lead to increased employment opportunities and labor productivity, capital stock, use of new resources and technological improvements will be higher, therefore, with the transformation the structure towards industry is expected to be able to absorb as many workers as possible.

**Table 1**  
*Realization of Sectoral Gross Regional Domestic Product (GRDP)*  
*Based on Constant Prices in 2010*  
*In West Nusa Tenggara Province, 2007 to 2015*

Year	Sector			Total GRDP
	Primary	Secondary	Tertiary	
2007	28,623,804.05	6,808,180.29	21,032,949.02	5,464,933.36
2008	28,092,645.59	7,405,675.21	22,561,571.26	5,059,892.06
2009	32,396,061.37	8,398,249.76	24,312,146.89	5,106,458.03
2010	34,652,444.78	8,790,642.82	25,796,638.26	5,239,725.86
2011	30,604,573.93	9,221,732.55	27,552,833.92	7,379,140.40
2012	27,196,184.40	9,881,092.90	29,263,535.10	5,340,812.40
2013	28,201,245.92	10,343,613.70	31,221,854.81	5,766,714.43
2014	28,925,675.21	11,005,630.37	33,366,803.51	5,298,109.09
2015	41,842,838.33	11,644,767.50	35,379,140.73	5,866,746.56

Source: BPS West Nusa Tenggara Province, NTB In Year 2008-2016, data is processed

In table 1, the average growth rate from 2007 to 2015 for the primary sector is 6.07% with conditions that fluctuate from year to year. For the secondary and tertiary sectors, they were 6.97% and 6.72% respectively, with the development of a relatively stable increase. The growth rate the contribution of each sector to Gross Regional Domestic Product (GRDP) / Produk Domestik Regional Bruto (PDRB) between 2007 to 2015, the primary sector has a value that tends to decrease namely -0.57%, the

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secondary and tertiary sectors have a contribution rate that tends to be positive namely 1,26% and 1,06%. It can be said that there has been a transformation or shift in the economic structure in West Nusa Tenggara Province from the primary sector to the non-primary sector. This economic phenomenon is in accordance with the opinion of Arsyad (1999) who said that economic development as a process of structural change is characterized by an increase in the contribution of the industrial, manufacturing and services sectors in the formation of Gross Domestic Product on the one hand and a decrease in the share (share) of the agricultural sector in the formation of Gross Domestic Product on the other hand. In terms of population density, NTB Province is one of the provinces that has a relatively large population that can be utilized optimally and in harmony, as a potential driving force for development. The position of the population in economic development becomes important because economic growth itself is always related to population conditions (Lodde, 1999). The modern development approach is based on people centered development, which emphasizes that humans are the subject of development, so that humans view not only as a factor of production but view humans as individuals who must be enhanced in their capabilities in order to determine their life choices (Indratno, 2006). This is in line with UNDP (2003), human development is considered "a process of enlarging people's choices" even W. Arthur Lewis, said "the greatest fruit that results from economic growth is not adding wealth but increasing human choice as the wealth of an area". The following is an illustration of the situation of the population in terms of population and workforce as well as labor which are potential as well as development challenges in West Nusa Tenggara Province (table 2).

**Table 2****Population Composition**

According to the Population and Labor Force as well  
Manpower in West Nusa Tenggara Province, 2007 to 2015

Year	Male	Female	Total population	Labor	Workforce
2007	2,043,689	2,248,802	4,292,491	2,086,446	1,901,182
2008	2,084,364	2,279,392	4,363,756	2,029,081	1,904,761
2009	2,119,538	2,314,474	4,434,012	2,098,638	1,907,380
2010	2,187,329	2,328,733	4,516,062	2,152,076	1,922,938
2011	2,220,007	2,361,811	4,581,818	2,072,782	1,962,240
2012	2,252,274	2,394,519	4,646,793	2,088,712	1,978,764
2013	2,244,721	2,385,581	4,630,302	2,094,550	1,981,842
2014	2,315,234	2,458,561	4,773,795	2,221,810	2,094,100
2015	2,345,811	2,489,766	4,835,577	2,255,879	2,127,593

Source: BPS West Nusa Tenggara Province, NTB in Figures 2008-2016.

Seen from table 2 the composition of the population above, half of the population is the labor force which is the productive age of that population. From 2007-2015, the average number of workers absorbed by various development sectors was 92%. However, if you look deeper, the actual total composition of the majority of jobs comes from the agriculture and services sectors, namely in government institutions, (BPS NTB, 2003: 34). People who work in both sectors can be called covert unemployment that is protected or can be linked to not working fully

(underutilized), because labor mobilization is not optimal (Todaro, 2006). People who work in these both sectors at first glance seem to work completely every day, but actually to complete the work that is usually handled, it is not necessary all day. This is certainly very influential on the output to be achieved because because these two sectors have a small marginal productivity value. According to (Ranis, 2004), the key to development is growth plus change where the equitable distribution of development outcomes and high economic growth are development goals that must be complementary. High growth rates without equitable development only create a weak economy and human resource exploitatio. Mahbub ul Haq as quoted by Seeta Prabhu (2009) argues that a high GDP per capita does not always indicate a high level of community welfare. Inequality, poverty, and injustice that seem to co-exist with high per capita income, make the pattern of growth and development priorities of the government that has been going on, becomes questionable. Therefore, when talking about the success of development is no longer limited to existing measurement tools such as GRDB, per capita income, economic growth, but also has led to the object of development itself in the form of human development based on four pillars, namely productivity (Productivity), equity (Equity), Sustainability and Empowerment. Related to above, income distribution is important. Uneven distribution of income has a negative impact on economic growth, which in turn will also have a negative impact on human development in an area. The following is an illustration of the situation of the percentage of poor people and their poverty line in West Nusa Tenggara Province.

**Table 3**

Number and Percentage of Poor Population  
2007-2015 in West Nusa Tenggara Province

Year	Total poor population	Percentage
2007	1,118,452	24,99
2008	1,080,613	23,81
2009	1,050,948	22,78
2010	1,009,352	21,55
2011	900,573	19,73
2012	852,640	18,63
2013	843,664	17,97
2014	820,818	17,24
2015	823,818	17,10

Source: BPS West Nusa Tenggara Province, NTB in Figure 2008-2016.

Percentage of poverty level compared to population from 2007 to 2015, NTB Province is a province that has a relatively high poverty rate in Indonesia with an average reduction rate of 4,6% per year. This also has an impact on the level of achievement of human development which is an important indicator of basic human capabilities in the region as a series of efforts to expand choices for humans. Kuncoro (2004), economic development through economic growth is a prerequisite for the achievement of human development because economic development must be able to guarantee increased productivity and increased income through creating employment opportunities. Regional economic growth without coupled with the absorption or addition of labor will cause an imbalance in the distribution

of additional income which will ultimately adversely affect human development in an area so that the poverty alleviation agenda is hampered (Bloom, 1999). The picture of Human Development Index (HDI) achievement in NTB Province which is an indicator of the success of the Regional Government is the West Nusa Tenggara Province HDI Figures in the last year condition namely in 2015 reaching 65,19 increased 1,36 percent from 2014 and is in the category of HDI with medium classification. When viewed from the ranking of achievements, NTB Province is in the position of 30 out of 34 provinces. This shows that the condition of human development in West Nusa Tenggara Province is relatively behind when compared to other Provinces in Indonesia.

## 2. RESEARCH METHODS

This research uses a quantitative approach, where the analysis is carried out using secondary data. The variables in this study are primary sector economic transformation, secondary sector economic transformation, tertiary sector economic transformation, labor force, and poverty rate. This research is a type of explanatory research related to efforts to get an explanation of how to describe of the economic sector transformation in the provision of employment and poverty alleviation in the province of NTB. Explanatory research is concerned with examining the relationships between variables, or often referred to as discussion models. The population of this study is the entire region of West Nusa Tenggara Province for 9 (nine) years from 2007 to 2015. The data used in this study are secondary data, for example documents published from BPS, Bappeda, and the West Nusa Tenggara Province Manpower and Transmigration Office in a time series from 2007 to 2015. The data needed in this study are Gross Regional Domestic Product (GRDP) / Produk Domestik Regional Bruto (PDRB) data both contribution and growth rate of each sector including primary, secondary, and tertiary sectors in NTB Province; labor data in the form of labor force, labor force, and growth rate in each sector, consisting of primary, secondary and tertiary sectors in NTB Province; and poverty figures with data on the number and percentage, and the rate of poor population in NTB Province. In this study using variables that are divided into three groups, namely:

1. Exogenous variables are variables whose diversity is not influenced by other causes in the system and are starter variables that affect other variables, in this case the sectoral economic transformation variable (X1).
2. Endogenous variables are variables whose diversity is explained by exogenous and other endogenous variables, in this case the poverty level variable (Y2).
3. Intervention variable is a variable whose existence is influenced by exogenous variables, and at the same time can affect other endogenous variables, in this case labor absorption variable (Y1).

Data analysis techniques using descriptive statistical analysis methods provide an overview of field data by interpreting the data into mean values and graphs. This descriptive analysis aims: (1) to get a picture of the condition of the variables studied, namely the transformation of the primary sector economy, the

transformation of the secondary sector economy, the transformation of the tertiary sector economy, the number of workers, and the level of poverty, (2) identifying the characteristics of each variable in the form average / average and graph. Inferential statistical analysis (hypothesis testing) focuses on the field of analytic study and interpretation of data to draw conclusions. This analysis is used to test the research hypotheses established using the sample data obtained. The Inferential Statistical Method used in the analysis of this research data is PLS Warp.

## 3. RESULTS AND DISCUSSION

Economic development causes a country's economic change from being originally reliant on agrarian-traditional to industrial-modern. All of these development strategies lead to sectoral economic changes, which means that there is a transformation from one sector to another following the pattern of development that is applied. Sectoral economic transformation occurs through three stages (Rahardjo, 2005: 55): a) First, the contribution of the agricultural sector will be relatively declining, while other sectors will play a greater role in national production; b) Second, the total number of workers who work in the agricultural sector will increase even though the percentage decreases, while the laborers who work in other sectors increase; and c) Third, the nature of production in all fields has also changed to become more industrial.

### 3.1. Effect of Primary Sector Transformation on Labor Absorption

Testing the direct effect between the conditions of the primary sector (X1) on the number of workers (Y1), obtained a structural coefficient of 0.368, with a p-value of 0.003 < 0.05, then there is a significant direct effect between the conditions of the primary sector (X1) to the number of workers (Y1). The structural coefficient is positive, indicating that the relationship between the two is positive. That is, the higher the condition of the primary sector will result in a higher number of workers. The "PIJAR" program in 2008 was able to increase corn production rapidly from 196,263 tons to 641,489 tons in 2012. Based on data from the Ministry of Agriculture (Kementan), the production of yamung in NTB Province increased from 785.9 thousand tons to 909 thousand tons in 2015, then in 2016 it increased 1.2 million tons and reached 2 million tons in 2017. Some things that can increase corn productivity are followed by an increase in farmers' income, namely the sale of corn can provide benefits because the selling price of corn is above the HPP (government purchase price), minimal production costs, and fertilizing is done on time. Corn is chosen as one of the leading commodities of NTB for several reasons the main crop in dry land, the second crop after rice in wetlands, able to grow on all types of land and land conditions, easily cultivated, relatively safe from pests and diseases, and has high exchange rates compared to other plants (Herbawati, 2018). Some strategic steps determined to maintain the productivity and management of maize plants are to increase assistance in applying production technology until post-harvest; forming special task force from program planning to program supervision; building small-scale post-harvest facilities / infrastructure in certain areas, so that farmers have a fair sale value; and help with capital for farmers and traders. Other superior products that

also contribute are livestock, especially cattle. For the community of NTB cattle has become part of the culture passed down from one generation to another, besides that NTB is a center and a major supplier of national meat needs. Indirectly, cattle farming is targeted and directed to meet national meat needs, meet the demand for cows from other regions, and meet the consumption of NTB people. Data from the Directorate General of Animal Husbandry and Animal Health of the Ministry of Agriculture, NTB cattle farms were ranked 8th with a total of 685.8 thousand head in 2009, then increased to reach the 4th national rank with 1.12 million head of cattle or 6.8% of total national population. The cattle population in NTB experiences 8% growth per year, so NTB is the center of cattle farming. This high population growth was followed by an increase in farmer exchange rates (NTP), thus providing added value for farmers. Increasing primary sector production provides employment opportunities for existing workers so as to increase employment. Workers who can work in the primary sector are usually not required to have certain "skills", such as in NTB with an increase in land area for planting corn as well as an increase in cattle population, this will provide employment opportunities for people in NTB. Based on data for nine years from 2007 to 2015, showing that the contribution of the primary sector from year to year illustrates a downward trend which then increased again in 2015 and shifted to other sectors, NTB Province is an agrarian structural region, so the primary sector tends to contribute despite the percentage decreased. The decline in productivity of the primary sector in NTB Province is caused by (1) uneconomical land area, where land owned by farmers decreases because land is allocated for other activities or permanent land for labor increases; (2) land ownership fragmentation is generally farmers not land owners but only cultivators with a production sharing system; and (3) the use of obsolete production methods, namely by using traditional methods and not being touched by technology. This is consistent with the statement of Meier and Baldwin in Ernawati (2008: 122) that with the percentage decrease in the contribution of agriculture to gross domestic product (GDP) caused by several things, namely the imbalance between the number of workers compared with available land (more labor than land area), patterns inefficient land planting, low quality and ability of workers in the primary sector, low use of capital, inefficient production techniques, and regulating less efficient agricultural production. The results of the analysis of this research are in line with the opinion of Fisher and Clark in Ernawati (2008: 123) that, the position of the primary sector in the structure of GDP will decrease along with the economic development of a region. The rate of reduction of the contribution of the primary sector in GDP depends on the rate of growth in the agricultural sector and other sectors, if the agricultural sector grows slower then the position of the primary sector will decline both in terms of GDP structure and employment. Abipraja (2002: 68) that technological changes that occur affect the development of the agricultural and industrial sectors, which in turn can increase productivity so as to produce an increase in income which results in the transformation of resources including labor from primary to non-primary. Furthermore, he said that technological change led to increased productivity and increased income which would cause a

shift in employment and employment from the primary sector to other sectors. This condition is in line with the Kuznets development pattern that the development process of each country experiences a pattern of significant changes in various sectors in contributing to national production, where the role of the primary sector in contributing to national production will decline and move to the secondary and tertiary sectors (Sukirno, 2006 :144). This is supported by Hess and Clark in Ernawati (2008: 125) once of successful development process has been initiated, however, agriculture tends to grow more slowly than the services and manufacturing sectors. Todaro (2006: 53) with the progress of a country there is a very striking industrial progress when compared to the active role of the primary sector, then when productivity and education increase there will be a shift in the improvement of the service sector. The transformation of the sectoral economy from one sector to another is followed by the transformation of the workforce from the related sector, this is made possible by differences in wage levels and job availability. Chenery with its growth theory states that the transformation of the economic structure is marked by the declining role of the primary sector from year to year and shifting to the secondary and tertiary sectors followed by the movement of labor from one sector to another (Sarwedi, 2001: 46).

### 3.2 Effect of Secondary Sector Transformation on Labor Absorption

Testing the direct effect between the conditions of the secondary sector (X2) on the number of workers (Y1), obtained a structural coefficient of 0,24, with a p value of 0,019 <0,05, then there is a significant direct effect between these conditions. from the secondary sector (X2) to the number of workers (Y1). Positive structural coefficients, showing that the relationship between the two is positive. That is, the higher the condition of the secondary sector will produce a higher number of workers. Changes in the structure of the stages of the process of economic change from developing countries undergoing transformation from traditional agriculture to the industrial sector as the main engine of economic growth (Li, 2002). The increasing role of the industrial sector in the economy is in line with the increase in per capita income which is closely related to capital accumulation and increase in resources (Human Capital). On average, the contribution of the secondary sector is greater than the primary sector, where the contribution of the secondary sector is obtained from copper and gold mines located in West Sumbawa Regency. Data for nine years is coherent when compared between primary and secondary sectors, only in 2007 the primary sector had a growth rate of 0,02 while the secondary sector contributed positively while the primary sector declined and even reached negative. The contribution of the secondary sector in Gross Regional Domestic Product (GRDP) tends to increase from year to year and even always makes a positive contribution, compared to the contribution of the primary sector. This condition is in line with the Kuznets development pattern that the development process of each country experiences a pattern of significant changes in various sectors in contributing to national production, where the role of the primary sector in contributing to national production will decline and shift to the secondary and

tertiary sectors (Sukirno, 2006: 144). This is supported by Hess and Clark in Ernawati (2008: 125) once of successful development process has been initiated, however, agriculture tends to growth more slowly than the services and manufacturing sectors. The contribution of the secondary sector to higher GRDP and lack of employment shows that there is a significant negative effect of economic transformation on employment. This shows that the higher the contribution of the secondary sector in the GRDP, the less the number of workers accommodated in this sector. The secondary sector is a sector that is more capital intensive, which places capital for various technologies that support production activities in the secondary sector. The use of machines with technology requires workers who have special skills and certifications through special education or training, so workers who do not have these specifications cannot work in the secondary sector. The secondary sector is more specific in the level of work, which means that the workforce absorbed is workers who have the skills or abilities needed. The secondary sector that contributes significantly to the West Nusa Tenggara Province's GRDP is mining, where workers who can work in this business are workers with this specification. There are many jobs available but the majority of the workforce comes from outside the area or migrants, where the people of NTB are less able to compete because the resources they have are relatively low in terms of education and skills needed to join this job. Specifically, the growth theory presented by Chenery does not apply to this condition, that the transformation of the sectoral economy from the primary sector to the secondary sector and ending in the tertiary sector is followed by the movement of labor from one sector to another in a row. The reason for canceling the theory of growth is that resources, especially human resources, are lacking in support of the level of education and skills possessed by the local community. This can be seen from one of the gold mining industries in NTB that the majority of available labor usually comes from workers who have worked in other mining industries, because these workers have the necessary skills or expertise.

### 3.3. Effect of Tertiary Sector Transformation on Labor Absorption

The process of changing the structure of the economy tends to be marked by a decline in the share of the primary sector. On the other hand, it is marked by the increasing role of the share of the secondary sector (industry) and the share of the tertiary or service sector is more or less constant, but its contribution will increase in line with economic growth. The tertiary sector is to produce services from the final product of the secondary sector or manufacturing output from the output of the primary sector group output which is raw material into finished goods or output that will be felt by consumers (Crossman, 2000). The tertiary sector is a sector that is able to make a positive contribution to increasing the income of the community and Original Local Government Revenue (Pendapatan Asli Daerah/PAD) in West Nusa Tenggara Province, with its nature being so promising that the NTB Province does not give up opportunities to beautify nature and enrich treasury treasures. resources, so that many visitors both domestic and foreign tourists who come to West Nusa Tenggara (Lombok Island). The island of Lombok has the advantage

of the island of Bali, that is if tourists come to the island of Lombok, they will also discover Balinese culture, but if they come to Bali, they will not find the culture of Lombok. The number of tourist visits to the island of Lombok has increased from year to year even with the receipt of the certificate "Halal Tourism" and the provision of easy access to visit tourist attractions with each other reflected in better public services, improved facilities and supporting infrastructure at each tourism location. Beautiful natural panorama with a geographical model of 2.333 km coastline, 280 small islands and eight volcanoes, has become a major factor in the development of tourism in NTB Province, the NTB Regional Government has prepared two tourist investment areas besides Mandalika namely Samota (Saleh Bay, Island Moyo, and Tambora) and Bandar Kayangan Global Hub. The government through the Ministry of Tourism is currently aggressively developing 10 "New Bali" including Mandalika, with the aim of increasing the portion of tourists who mostly visit Bali Indonesia's tourism sector, especially 10 "Bali Baru" is projected to become the largest foreign exchange earner in 2019 worth US \$ 24 billion, surpassing the oil and gas and palm oil CPO (Crude Palm Oil) sectors. World Bank research says tourism is one of Indonesia's core businesses, because it is one of the largest contributors to gross domestic product (GDP), recipient of foreign exchange, and absorbing labor with the availability of the easiest and cheapest jobs. The Mandalika SEZ (SPECIAL ECONOMIC ZONE) is expected to accelerate the development of the NTB tourism sector and capture up to 2 million foreign tourists per year starting in 2019. This condition means that the tertiary sector provides many opportunities to accommodate workers with more comfortable levels of education and skills requirements compared to the secondary sector. The results of the analysis of direct and indirect effects show that the higher contribution of the tertiary sector will have an impact on reducing the level of poverty in the province of West Nusa Tenggara through employment in the tertiary sector for the community, so that people are able to increase their incomes and meet their daily needs by working in the field. new jobs in the tertiary sector. The development of tourism areas by the NTB provincial government that is environmentally friendly (green development) outlines, that development must be environmentally friendly and use local potential. The growth of the tourism sector moves above the national average with growth reaching 22% in 2017, followed by an increase in the number of tourism both from within and outside the country. This provides many job opportunities and opportunities by opening up job opportunities in several tourist attractions which of course must be equipped with the ability to use a foreign language. Therefore, the government created several programs for the community to anticipate tourism services, such as foreign language training (English, Chinese and Arabic). The NTB Provincial Government annually sends 30 to 50 people to practice foreign languages, mainly in English in collaboration with the Australian Government through ELTA (English Language Training Assistance). The data of tourist visits to NTB experienced a significant increase from 544.501 tourists in 2008 surging to reach 3,50 million tourists consisting of 1,43 million foreign countries and 2,07 million domestic visitors in 2017. The increase in tourist visits has

a direct impact on opening employment opportunities by increasing employment, especially in the informal sector, followed by an increase in the number of workers from 2010 to 2015. A number of international achievements were achieved by the NTB Province Government in the tourism sector, namely the World's Best Halal Honeymoon Destination and the World's Best Halal Tourism Destinations at the 2015 World Halal Travel Summit in Abu Dhabi, United Arab Emirates (UAE). The NTB province is currently synonymous with halal tourism and is no longer the second destination after Bali, but the main destination is separated from the saying that NTB tourism depends on Bali.

#### 3.4. Effect of Labor Absorption on Poverty Rate in NTB Province

Development is basically intended to improve the welfare of the community, to detect the success of development required measuring tools that are qualitative and quantitative (Ayunanda, 2013). One measure used to describe the welfare of society is the level of poverty, where the higher the level of poverty, the lower the welfare of the people and conversely the lower the level of poverty, the more prosperous people (Brata, 2005). Poverty chain (poverty circle) arises because of the low quality of resources which causes low productivity. Low labor productivity is one of the causes of poverty because the lower the productivity, the lower the income received, this has an impact on lower savings and investment. Poverty trap will be repeated if productivity does not increase and there are no jobs available so work opportunities are increasingly limited. The rate of growth of poor population and the percentage of total population in the NTB Province has decreased from year to year for 9 years from the achievement of the realization of 2007 to 2015 with an average rate of decline of -0.036. The biggest decrease in the number of poor people occurred in 2011, amounting to 2.18% with a decrease rate of 0,108. This can be seen from the number of poor people in 2010 totaling 1.009.352 decreased to 900.573 in 2011. The poverty reduction trend in NTB Province occurred for eight years in a row starting in 2007 with 1,115.452 residents to 820.818 people in 2014, but this number increased again in 2015 to 823.818 people with a growth rate of 0,004. Various poverty alleviation programs were launched by the government, so the poverty rate dropped dramatically and extraordinary from 23,81% in March 2018 to 14,75 in March 2018, decreased 38% or experienced an average reduction rate of 1% per year while nationally reducing poverty rate of 1% takes five years. The reduction in poverty affects the Gini ratio (an indicator of inequality in spending between residents) in NTB Province which is getting better. March 2018 The NTB Provincial Gini Ratio is 0,372 lower than the national Gini ratio of 0,389. This causes an increase in the HDI (Human Development Index) which increased to 66,58 in 2017, even the average HDI NTB grew 1,22% per year. Testing the direct effect between the number of workers (Y1) on poverty (Y2), obtained a structural coefficient of -0,725, with a value of  $p < 0.001$ , then there is a significant direct effect between the number of workers (Y1) about poverty (Y2). The structural coefficient is negative, indicating that the relationship between the two is negative. That is, the greater the number of workers will result in lower poverty rates. The

success of the government in reducing poverty is accompanied by various economic development programs through several programs namely strengthening Village-owned business entity (Badan Usaha Milik Desa/BUMDES) rural businesses, Sustainable Food Home Regions (Kawasan Rumah Pangan Lestari). These various efforts are efforts to improve the economy in the tertiary sector, thereby opening up new jobs that can accommodate and absorb labor. The success of the NTB Province in reducing poverty is done by cutting poverty from its root, namely the village, by using an integrated village database so that poverty program interventions are on target, while controlling the population through family planning programs such as maturation of marriage age, maturity of marriage objectives in the Province NTB is due to the high number of young marriages which have an impact on social problems such as high infant mortality, maternal mortality, and low child nutrition. Poverty is synonymous with health, indicators to assess this are adequate nutrition, life expectancy, infant mortality, and also maternal mortality. Several programs carried out by the NTB Provincial Government have a positive impact on society, in 2017 the average age of first marriage was 20,27 years, the prevalence of malnutrition was 22,6% life expectancy to 65,55 years, the proportion of stillbirth deaths decreased by 9,0 per 1000 live births, the proportion of maternal deaths 82,83 per 100.000 births. These figures explain that meeting nutritional needs will prolong life, where the fulfillment of nutritional and life needs means that people's purchasing power parity is increasing. Wulandari (2014) argues that purchasing power parity has a contribution to people's income, the availability of jobs in various economic sectors can increase the workforce so that it can provide employment opportunities for the community and generate income from work. Population poverty is measured by poverty depth index and poverty severity index. The poverty depth index is the average distance of expenditure of the poor to the poverty line. The poverty severity index is an inequality of expenditure among the poor, the smaller the index, the better the economic status of the poor population. Data for March 2017 for poverty depth index 3,13 and poverty severity 0,84. Provision of employment cannot be separated from the government's efforts to develop new entrepreneurs through the cooperative sector and small and medium enterprises, for 4 years from 2013 to 2017 formed 260 cooperatives, while 103.621 entrepreneurs covered the industrial and trade sectors, specifically in 2017 new entrepreneurs formed 1.240 person. The more people who work will reduce the unemployment rate, so that more people can meet their needs. As stated by Yanti (2011), the higher the productivity and production produced by the community, the higher the income earned, this has an impact on reducing the number of poor people and reducing poverty.

#### 4. CONCLUSIONS

- 1) Transformation of the primary sector has a significant effect on employment in the province of West Nusa Tenggara. This shows that changes in the primary sector whether increasing or decreasing affect employment, which means that if productivity in the primary sector increases, it will lead to an increase in the number of workers in the

- sector and vice versa. Much of the workforce absorbed from production activities in the primary sector produces most of the territory in NTB Province because agricultural land and workers who work in this sector are not required to require special expertise and the primary sector is labor intensive (labor intensive).
- 2) The transformation of the secondary sector has a significant effect on employment in West Nusa Tenggara Province. This indicates that the transformation of the secondary sector will affect the employment of workers in the related sector. The analysis results get lower value than the primary sector, meaning that the workforce that is accommodated in this sector has a lower percentage because the secondary sector has capital-intensive characteristics and workers who work are required to have special skills and expertise. The growth rate of secondary sector contributions to GRDP tends to be positive and increasing from year to year.
  - 3) The transformation of the tertiary sector has a significant effect on employment in the province of West Nusa Tenggara. This shows that changes in the secondary sector whether an increase or decrease has an impact on employment, which means that if productivity in the tertiary sector increases, it will cause an increase in the number of workers in this sector and vice versa. many of workers absorbed from production activities in the tertiary sector (services) because the area in the province of West Nusa Tenggara is a tourist destination and workers who work in this sector are not required to have special expertise because in the primary sector there is a labor-intensive (labor-intensive) sector. The tertiary sector is an alternative sector that accommodates leaps from the primary sector. Data for nine consecutive years the tertiary sector contributed positively to the West Nusa Tenggara Province's GRDP (Gross Regional Domestic Product).
  - 4) Labor absorption has a significant influence with a negative direction on poverty, that an increase in the number of workers absorbed in various sectors, primary, secondary and tertiary sectors will have an impact on poverty reduction in the province of West Nusa Tenggara, and vice versa if the workforce is working in various sectors has decreased in number, poverty rates will certainly increase both in number and rate of growth. Data on the number of workers in all sectors for nine years from 2007 to 2015 shows an increase, which means that the development carried out will be accompanied by a transformation of labor per sector that is able to open up employment opportunities and increase community income so that poverty levels decline.

5

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