


CAPITAL EXPENDITURE, SOCIAL EXPENDITURE AND ECONOMIC GROWTH VERSUS POVERTY LEVEL: A STUDY IN NORTH MALUKU, INDONESIA

Prince Charles Heston Runtunuwu^A, Amran Husen^B, Jay Rajasekera^C



ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 22 May 2023</p> <p>Accepted 16 August 2023</p>	<p>Purpose: The following were the objectives of this study: 1. To determine the effects of capital expenditures on the poverty rate in Ternate City; 2. To determine the effects of social spending on the poverty rate in Ternate City; 3. To determine the effects of economic expansion on the poverty rate in the town of Ternate; and 4. To determine the combined effects of social spending, economic expansion, and capital expenditure on the poverty rate in the town of Ternate.</p>
<p>Keywords:</p> <p>Capital Expenditure; Social Expenditure; Economic Growth; Poverty Level.</p> <div data-bbox="172 952 480 1189" style="text-align: center;">  </div>	<p>Design/methodology/approach: The data used in this study are secondary data relevant to this study, including poverty and economic growth data obtained from the Agency. Central statistics for the city of Ternate and APBD data obtained from the BPKAD Office. And the data used in the PDDBA is public expenditure data under the framework of capital expenditure and social spending officially published by the agency. The relationship between two or more variables is examined in this study using the well-established method of regression analysis. The dependent variable (poverty) and the independent variable (capital expenditure, social expenditure, and economic growth) are the two groups that comprise the studied variables.</p> <p>Findings: According to the findings of this study, negative behavior has a significant and negative impact on poverty. Partially capital expenditure has a positive but insignificant effect; social spending has a negative but insignificant effect; and economic growth has a negative effect. Additionally, social spending, economic expansion, and capital expenditure alone have no effect on the poverty rate in Ternate City.</p> <p>Research, Practical & Social implications: It was found that the capital expenditure factor has an effect on the level of poverty, social spending has an effect on the level of poverty and the poverty rate in the city of Ternate is influenced by economic growth.</p> <p>Originality/value: This article is an academic contribution that enables understanding of the research developed and focuses on capital spending, social spending and poverty rates on economic growth, considering data from several reference research databases.</p> <p>Doi: https://doi.org/10.26668/businessreview/2023.v8i9.962</p>

DESPEZA DE CAPITAL, DESPEZA SOCIAL E CRESCIMENTO ECONÔMICO VERSUS NÍVEL DE POBREZA: UM ESTUDO NO NORTE DE MALUKU, INDONÉSIA

RESUMO

Objetivo: Os objetivos deste estudo foram os seguintes: 1. Determinar os efeitos das despesas de capital na taxa de pobreza em Ternate City; 2. Determinar os efeitos das despesas sociais na taxa de pobreza em Ternate City; 3.

^A Assistant Professor. Department of Economic, Faculty of Economics and Business, University of Khairun Ternate. Indonesia. E-mail: princecharles@unkhair.ac.id Orcid: <https://orcid.org/0000-0002-7059-3046>

^B Assistant Professor. Department of Economic, Faculty of Economics and Business, University of Khairun Ternate. Indonesia. E-mail: amran.husen@unkhair.ac.id Orcid: <https://orcid.org/0000-0003-0436-8403>

^C Professor. Digital Business and Strategy, Tokyo International University. Japan. E-mail: jrr@tiu.ac.jp Orcid: <https://orcid.org/0000-0002-6084-2563>

Determinar os efeitos da expansão econômica sobre a taxa de pobreza na cidade de Ternate; e 4. Determinar os efeitos combinados de gastos sociais, expansão econômica e gastos de capital na taxa de pobreza na cidade de Ternate.

Concepção/metodologia/abordagem: Os dados utilizados no presente estudo são dados secundários relevantes para o mesmo, incluindo dados relativos à pobreza e ao crescimento econômico obtidos junto da Agência. Estatísticas centrais para a cidade de Ternate e dados APBD obtidos a partir do escritório BPKAD. E os dados utilizados no PDDBA são dados de despesas públicas no âmbito de despesas de capital e gastos sociais oficialmente publicados pela agência. A relação entre duas ou mais variáveis é examinada neste estudo utilizando o método bem estabelecido de análise de regressão. A variável dependente (pobreza) e a variável independente (despesa de capital, despesa social e crescimento econômico) são os dois grupos que compõem as variáveis estudadas.

Conclusões: De acordo com as conclusões deste estudo, o comportamento negativo tem um impacto significativo e negativo sobre a pobreza. Parcialmente, as despesas de capital têm um efeito positivo mas insignificante; as despesas sociais têm um efeito negativo mas insignificante; e o crescimento econômico tem um efeito negativo. Além disso, as despesas sociais, a expansão econômica e as despesas de capital, por si só, não têm qualquer efeito sobre a taxa de pobreza em Ternate City.

Investigação, implicações práticas e sociais: Constatou-se que o fator despesas de capital tem um efeito sobre o nível de pobreza, as despesas sociais têm um efeito sobre o nível de pobreza e a taxa de pobreza na cidade de Ternate é influenciada pelo crescimento econômico.

Originalidade/valor: Este artigo é uma contribuição acadêmica que permite a compreensão da pesquisa desenvolvida e se concentra em gastos de capital, gastos sociais e taxas de pobreza no crescimento econômico, considerando dados de várias bases de dados de pesquisa de referência.

Palavras-chave: Despesas de Capital, Despesas Sociais, Crescimento Econômico, Nível de Pobreza.

GASTO DE CAPITAL, GASTO SOCIAL Y CRECIMIENTO ECONÓMICO FRENTE AL NIVEL DE POBREZA: UN ESTUDIO EN NORTH MALUKU (INDONESIA)

RESUMEN

Finalidad: Los objetivos de este estudio fueron los siguientes: 1. Determinar los efectos de los gastos de capital sobre la tasa de pobreza en la ciudad de Ternate; 2. Determinar los efectos del gasto social sobre la tasa de pobreza en la ciudad de Ternate; 3. Determinar los efectos de la expansión económica sobre la tasa de pobreza en la localidad de Ternate; y 4. Determinar los efectos combinados del gasto social, la expansión económica y el gasto de capital sobre la tasa de pobreza en la localidad de Ternate.

Diseño/metodología/enfoque: Los datos utilizados en este estudio son datos secundarios pertinentes para este estudio, incluidos los datos sobre pobreza y crecimiento económico obtenidos de la Agencia. Estadísticas centrales de la ciudad de Ternate y datos APBD obtenidos de la Oficina BPKAD. Y los datos utilizados en el PDDBA son los datos de gasto público en el marco de gasto de capital y gasto social publicados oficialmente por la agencia. En este estudio se examina la relación entre dos o más variables utilizando el método de análisis de regresión bien establecido. La variable dependiente (pobreza) y la variable independiente (gasto de capital, gasto social y crecimiento económico) son los dos grupos que componen las variables estudiadas.

Hallazgos: Según los hallazgos de este estudio, el comportamiento negativo tiene un impacto significativo y negativo en la pobreza. En parte, el gasto de capital tiene un efecto positivo pero insignificante; el gasto social tiene un efecto negativo pero insignificante; y el crecimiento económico tiene un efecto negativo. Además, el gasto social, la expansión económica y el gasto de capital por sí solos no tienen ningún efecto en la tasa de pobreza en la ciudad de Ternate.

Investigación, implicaciones prácticas y sociales: Se encontró que el factor gasto de capital tiene un efecto en el nivel de pobreza, el gasto social tiene un efecto en el nivel de pobreza y la tasa de pobreza en la ciudad de Ternate está influenciada por el crecimiento económico.

Originalidad/valor: Este artículo es un aporte académico que permite comprender la investigación desarrollada y se enfoca en el gasto de capital, gasto social y tasas de pobreza sobre el crecimiento económico, considerando datos de varias bases de datos de investigación de referencia.

Palabras clave: Gastos de Capital, Gasto Social, Crecimiento Económico, Nivel de Pobreza.

INTRODUCTION

Each region's increasing autonomy annually reflects regional economic development since decentralization in 2001. The transfer of the balanced funds provided by the central government to the regions energized and motivated all regional sectors, particularly regional governments as decision-makers, to implement development to improve regional community welfare. The primary prerequisite for economic development is the capacity of the national economy, which must serve as the foundation for the growth process. The citizens must want to change the course of history and actively make material progress (Jhingan, 2007).

Indonesia's implementation of regional autonomy calls for careful regional development planning. The development process will run smoothly if careful budgeting and well-managed local revenue streams are used to support it. In other words, one of the goals of effective development planning is to improve people's living conditions. One of the challenges that development faces is poverty. In any region or nation, including Indonesia, poverty has developed into a complex issue due to its multifaceted nature. The masa of regional autonomy affords resource-rich regions excellent opportunities to advance and develop. power is present in every zone. However, it cannot be denied that regional self-government's long-term viability is still largely dependent on balances of public funds that are still distributed annually to all of Indonesia's regions by regional governments. Finance. Budgets that are transferred from the central government to the regions will be the most significant sources of budget and expenditure on local revenue. As a consequence of this, the incorporation of budget and expenditure management into various plans for the development of the region will, in the end, be able to lead to an increase in happiness and a decrease in poverty in the region. One of the towns in North Maluku Province is Ternate (Sendouw, et al., 2015).

The problem of poverty cannot be separated from this city; As a result, the city of Ternate's local government must play a crucial role in lowering poverty rates; It will be demonstrated how this government helps alleviate poverty .making use of the budget domain in its current form. This will be evident in spending goals, particularly in capital and social spending budgeting. In the meantime, it is anticipated that Ternate city's economic growth rate will continue to rise year after year, potentially lowering the poverty rate there. This can be seen from a different angle.

One of the towns in North Maluku Province is Ternate. Because poverty is a problem that cannot be separated from this city, local government must play a crucial role in reducing poverty in Ternate. This government's role in reducing poverty will be demonstrated.

Utilization of the budget domain as it currently exists. This will be evident in spending objectives, particularly in budgeting for capital expenditures and social spending. In the mean time, according to one more perspective, the financial development pace of Ternary city ought to increment step by step and conceivably diminish the neediness level in Ternary city. The size of the government's budget, both in terms of direct and indirect spending, reflects the government's efforts to reduce poverty. It is anticipated that the budget will have a direct impact on the welfare community by lowering poverty levels.

The results of Sendouw et al.'s research (2015) found that capital expenditure had a partial and significant negative effect on the poverty rate in Manado City, while spending on social and economic growth did not have a partial effect on poverty in Manado City. Referring to Sendouw et al. (2015), the authors were motivated to conduct this research in the city of Ternate. Based on the previous background, there are interesting things in this research, and this becomes a research question, Is the poverty rate in Ternate City influenced by capital spending, social spending and economic growth? And this question is the basis and the research objective that the researcher will conduct to test and analyze whether capital spending, social spending and economic growth affect the poverty rate in Ternate City!

LITERATURE REVIEW

The definition of poverty is generally associated with the economic sector. In fact, poverty can be seen from the socio-cultural perspective of the community. Poverty, in principle, describes a state of lack of assets and low income, or further describes an inability to meet basic human needs, that is, food, meals, and clothing. Several definitions describe this condition of absence. One of them is the definition of poverty used by the BPS, which interprets poverty as an individual's inability to meet the minimum basic needs for a good life (BPS, 2002).

Capital Expenditure is consistent with the definition of capital expenditure under Law No. 71 of 2010 on accounting standards. According to Law No. 71 of 2010, capital investment expenditure is a budget expenditure to purchase fixed assets and other assets that bring benefits for many accounting periods.

Pursuant to the Regulation of the Minister of Finance of the Republic of Indonesia No. 81 of 2012 on social assistance payments in government ministries/agencies, social assistance payments are payments in the form of money transfers, goods or services. goods or services provided by the central/regional government. . Government to the public is intended to protect the public against the possibility of social risks, to improve the economic capacity and/or well-

being of the community. Based on Digital Bulletin 10 Government Accounting Standards on Social Support Cost Accounting.

Financial development is the advancement of exercises in the economy that increment the labor and products created in the public eye to expand the prosperity of individuals. Sukirno (2001) Lincoln (1997) defines economic growth as an increase in GDP/GNP, regardless of whether the increase is greater or less than the rate of population growth and whether the economic structure has changed.

The high rate of economic growth experienced by the city of Ternate drives this, as evidenced by the implementation of capital and social spending. A presentation of data on social spending and capital expenditure can be found below.

Table 1 Capital expenditure and social expenditure of Ternate 2012-2020 (Rp)

Year	Capital Expenditure	Social Expenditure
0	1	2
2012	110.419.957.140,00	9.000.193.450,00
2013	127.082.093.635,00	2.442.860.716,00
2014	149.178.430.887,24	4.799.967.700,00
2015	150, 235, 317,734,00	5400, 500,000,00
2016	175, 138,711,262, 08	5.116, 000,000,00
2017	191,213,741,138, 00	18.505, 154, 000,00
2018	201,651,885, 491, 14	13.299, 676, 000,00
2019	283,422,892,606,00	12,315,084,920,00

Source: Prepared by the authors, 2022

As shown in the preceding table, government spending on social and capital projects continues to rise year after year. It is anticipated that annual budgeted expenditures can enhance a region's existing welfare. It is hoped that the allocated budget will be able to directly affect the welfare of the community by lowering poverty levels, as the government's efforts to reduce poverty are reflected in the size of the budget launched by the government in terms of both direct and indirect expenditures. The high rate of economic growth in the city of Ternate drives this, as evidenced by the realization of capital expenditures and social spending. Additionally, the information on capital expenditures and social spending demonstrates that, year after year, government spending continues to rise in relation to capital expenditures and social spending. In the meantime, the Gross Regional Domestic Product (GDP) of Ternate City will be used to determine annual economic growth, making it easy to see where a region's economy is heading. GRDP can be used as a form of planning and decision-making, one of which is to reduce poverty in a zone. It is also an indicator to regulate or see the extent to which the government has succeeded in utilizing the nature resources of a zone.

Table 2 Poverty line and poor population in Ternate 2012-2020 (Rp)

Year	Poverty line	Poor Resident	Percentage
0	1	2	4
2012	392,362	7.950	4.00
2013	418,472	6.610	3.24
2014	434,061	6.610	3.16
2015	459,551	6.370	2.99
2016	489,810	5.740	2.67
2017	514,396	6.041	2.73
2018	537,524	6.760	3.00
2019	578,185	7.250	3.14
2020	595,553	6.355	3.10

Source: Prepared by the authors, 2022

Look at the data published by BPS on the number of poverty lines in Ternate town from year to year. The highest number of poverty lines was in 2019 with a percentage value of Rp 578.18. While from year to year, the lowest poverty line is in 2012 with a percentage value of Rp 392,362. The number of poverty lines continued to increase over the years from 2012 to 2020. And in terms of poor population, the largest number was in 2012 with a total of 7,950 people, a ratio of .00. The lowest number of poor households was in 2016 with 5,70 people, the rate of 2.67. These are the data published by the Central Bureau of Statistics (BPS) of the town of Ternate.

The data above shows that local government spending on matters such as the allocation of capital expenditure for the Ternate City Government continues to increase every year. Social spending has fallen over the last three years, but this is different. Meanwhile, GRDP data shows an increase from year to year. In addition, if viewed from another perspective that the increase in local government spending has neglected to reduce the poverty rate in the city of Ternate itself, this is confirmed by the information above that the poverty rate has increased in the long term, although government spending also increases every year. Of course, there is the problem of the inability of government spending to alleviate poverty on its own. This is the focus of the author's observation and encourages the author to conduct this research in the city of Ternate.

METHODOLOGY

The data used in this study are secondary data relevant to this study, including poverty and economic growth data obtained from the Agency. Central statistics for the city of Ternate and APBD data obtained from the BPKAD Office. And the data used in the PDDB is public expenditure data under the framework of capital expenditure and social spending officially published by the agency.

Research on poverty and growth in North Maluku Province is very interesting because it can provide deeper insight into the social and economic problems faced by the people in the area. Some of the things that can be the focus of research include: Factors that cause poverty in North Maluku Province, such as education level, availability of jobs, access to natural resources, and socio-economic conditions of the community. The impact of economic growth on poverty in North Maluku Province, both in the short and long term.

Strategies or policies that can be implemented to reduce poverty and increase growth in North Maluku Province, such as investment in potential economic sectors, education and job training programs, as well as support for innovation and entrepreneurship. With the right research, the results can make a significant contribution to assisting the government, society and related institutions in overcoming poverty problems and increasing growth in North Maluku Province.

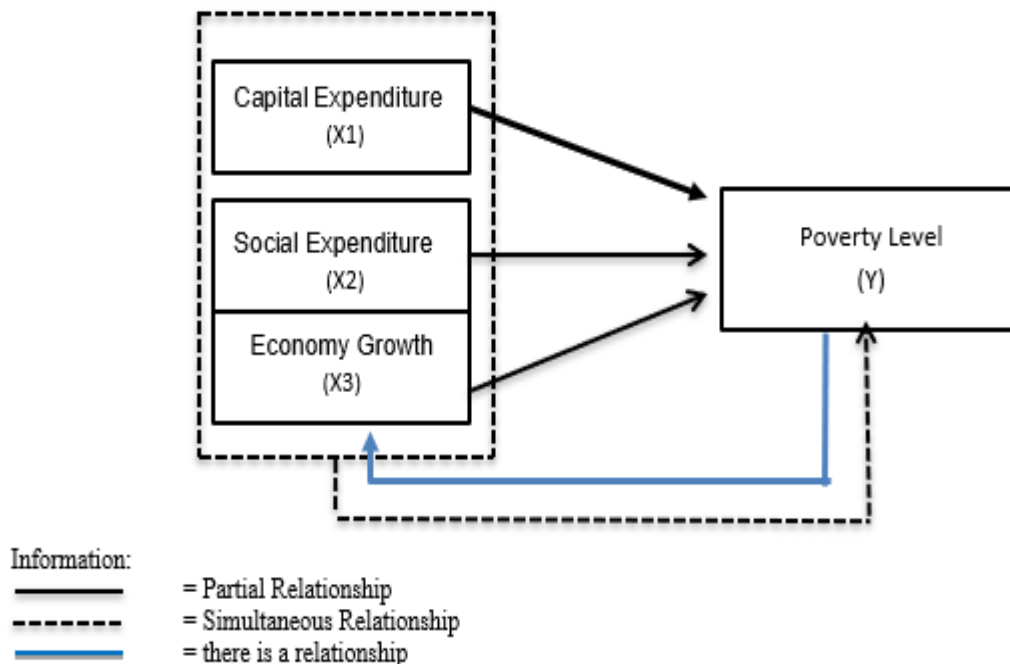
The relationship between two or more variables is examined in this study using the well-established method of regression analysis. The dependent variable (poverty) and the independent variable (capital expenditure, social expenditure, and economic growth) are the two groups that comprise the studied variables.

1. The following classical hypotheses must be tested on the data that will be processed first before the multiple linear regression analysis can be used to test the research hypothesis:

a. Test the norm; b. Test the collinearity; c. Test the heteroscedasticity; d. Test the correlation;

3.3 Hypothesis Test In this study, multiple linear regression analysis is used to test the hypothesis. Using the t test, the F test, and the coefficient of determination test, a multiple linear analysis was conducted to determine how some independent variables (X) affect the dependent variable (Y). The regression model used in this study is as follows:

Figure1 Research Model



Source: Prepared by the authors, 2022

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

Information:

Y = poverty rate
 1 2 3 = Independent variable regression coefficient
 X1 = capital expenditure
 X2 = social expenditure
 X3 = economic growth
 e = error

The hypothesis in this study is as follows :

1. Is thought to have a significant impact on the level of poverty in the city of Ternate because of capital expenditures.
2. It is suspected that social spending has a significant effect on the poverty level in the city of Ternate.
3. It is suspected that economic growth has a significant effect on the poverty level in the city of Ternate.
4. It is suspected that capital expenditure, social spending and economic growth have the same simultaneous effect on the poverty level in the city of Ternate.

a. Simultaneous Test (F Test)

The F test basically demonstrates whether the dependent or dependent variable is jointly influenced by all independent or independent variables in the model. If $p < 0.05$, the hypothesis is accepted or the regression model can be used to predict the relationship between variables; if $p > 0.05$, the hypothesis is rejected.

b. Partial Test (t test)

The partial test aims to determine how much of a partial influence the independent variable (X) has on the dependent variable (Y). The hypothesis will be tested with a confidence level of 0.95 and a significance level of 0.05 (= 5%). The hypothesis is constructed as follows:

ed $H_0: \beta_i =$

$H_A: \beta_i \neq 0$

1) Effect of capital expenditure (X1) on poverty level (Y)

$H_0: \beta_1 = 0$, there is no positive effect of X1 for Y $H_A: \beta_1 > 0$, there is a positive effect of X1 for Y

2) The effect of social spending (X2) on poverty level (X2)

$H_0: \beta_2 = 0$, yes n' there is no positive effect of X2 on Y. $H_A: \beta_2 > 0$, show performance X2 on Y.

3) Economic performance (X3) on month (Y)

$H_0: \beta_3 = 0$, don't like X3. on Y $H_A: \beta_3 > 0$, no X3 affects Y. The rules of this test are as follows:

1) If the significance level is 5% then H_0 is rejected and H_A is accepted

2) If the significance level is 5% then H_0 is accepted and H_A is rejected

c. determination (R^2)

To see to what extent the independent variables can provide an explanation of the dependent variable, the value of the coefficient of determination (R^2) must be found. The value of R^2 ranges from 0 to 1 ($0 \leq R^2 \leq 1$). If the value of R^2 approaches one, this indicates that the independent variable is stronger in explaining the dependent variable. If the value of R^2 is zero, it indicates that the independent variable population cannot explain the dependent variable (Wahid, 2000).

In addition, to see which independent variable can provide the best explanation of the dependent variable, a step-by-step approach will be used. According to Naufal, 2003, the step-by-step method begins with the inclusion of each independent variable from the correlation result, which is included in the model and removed from the model with certain criteria. The first variable entered is the independent variable with the highest and most significant

correlation with the dependent variable. If there is a variable that has no meaning, that variable is excluded. In this case, the change in the value of R² will also be visible when the independent variable is included in the model.

The hypothesis of this study is as follows:

1. Capital expenditure is suspected to have a significant effect on poverty level in Ternate town.
2. It is suspected that social spending has a significant effect on poverty levels in the town of Ternate.
3. It is suspected that economic growth has a significant effect on poverty levels in the town of Ternate.
4. It is suspected that capital expenditure, social expenditure and economic growth have the same simultaneous impact on the poverty level in Ternate town.

a..F-test

The F-test basically shows whether all the independent or independent variables included in the model have a common effect on the dependent or dependent variable. If $p < 0 >$ 0.05, the hypothesis is rejected.

b Partial test (t test)

The purpose of the partial test is to know how much the influence of the independent variable (X) on the dependent variable (Y) is partial. Hypothesis testing will be performed at a significance level of 0.05 ($\alpha = 5\%$) or a confidence level of 0.95. The hypothesis is constructed as follows:

Ho: $b_i = 0$

HA: $b_i \neq 0$

1) Effect of capital expenditure (X₁) on poverty level (Y)

Ho₁: $b_1 = 0$, no positive effect positive effect of X₁ on Y Ha₁: $b_1 > 0$, X₁ has a positive effect on Y

2) Effect of social spending (X₂) on poverty level (X₂)

Ho₂: $b_2 = 0$, no effect positive effect of X₂ on Y. Ha₂: $b_2 > 0$, th \times X₂ completely affects Y.

3) Effect of economic growth (X₃) on poverty level (Y)

Ho₃: $b_3 = 0$, no positive effect of X₃ on Y Ha₃: $b_3 > 0$, no positive effect of X₃ for Y.

The terms of this test are as follows:

- 1) If the significance level is 5%, Ho is rejected and Ha is accepted

2) If the significance level is 5%, H_0 is accepted and H_a is accepted. disqualified

c. Test of coefficient of determination (R^2)

To see to what extent the independent variables can provide an explanation of the dependent variable, it is necessary to find the value of the coefficient of determination (R^2). The value of R^2 ranges from 0 to 1 ($0 \leq R^2 \leq 1$). If the value of R^2 approaches one, this indicates that the independent variable is stronger in explaining the dependent variable. If the value of R^2 is zero, it indicates that the independent variable population cannot explain the dependent variable (Wahid, 2004).

In addition, to see which independent variable can provide the best explanation of the dependent variable, a step-by-step approach will be used. According to Naufal, 2003, the step-by-step method begins with the inclusion of each independent variable from the correlation result, which is included in the model and removed from the model with certain criteria. The first variable entered is the independent variable with the highest and most significant correlation with the dependent variable. If there is a variable that has no meaning, that variable is excluded. In this case, the change in the value of R^2 will also be visible when the independent variable is included in the model.

ANALYSIS AND DISCUSSION OF RESULTS

Hypothesis Testing

Table 3 Partial Test (T Test)

		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std Error	Beta		
Model 1	(Constant)	28.140	21.861		1.287	.267
	Capital Expenditure	.142	1.578	.026	.090	.933
	Social Expenditure	-1.124	.549	-.622	-2.046	.110
	Economy Growth	-1.354	.462	-.942	-2.933	.043

a. Dependent Variable : Poverty level

Source: Test was calculated using a statistical program EVIEWS 10

Regression equation = $28.140 + 0.142.BM + -1.124BS + -1.354PE + e$ mini regression interpretation is as follows:

- a. The constant value of 28.140 means that capital expenditure, social spending, and economic growth do not yet have a value or zero, so the poverty rate is 28.140 %.
- b. If capital expenditure increases by 1%, the poverty rate will decrease by 0.142 people.
- c. If social spending increases by 1%, the poverty rate will decrease - 1,124 souls.
- d. If economic growth increases by 1%, the poverty rate will decrease by 1,354 people.

The effect of the independent variable on the dependent variable partially or individually can be seen in the t-test value and then compare it with the t-table value. The results are as follows.

- a. Tcount for the capital expenditure variable = 0.090 while ttable (0.05/2;8-3 to 0.025;5) has a ttable value of: 2.571 This result shows that tcount (0.090) is smaller than ttable 2.571 with a significant value (0.933) greater than significant level (0.05), thus the capital expenditure variable does not have a partial effect on the poverty level in Ternate City.
- b. Tcount for social spending variable = -2.046 while ttable (0.05/2;8-3 becomes 0.025;5) has a ttable value of: 2.571 This result shows that tcount (-2.046) falls in the area to the left of the normal curve is -2.571 with a value significant (0.110) is greater than the significant level (0.05), thus the social spending variable has a partially negative effect on the poverty level in Ternate City.
- c. Tcount for the variable economic growth = -2,933 while ttable (0.05/2;8-3 becomes 0.025;5) has a ttable value of: 2,571 falls in the area to the left of the normal curve is -2,933 , thus the variable economic growth has a negative influence significantly partial and significant with a significant value of 0.043 <0.05 on the poverty level in Ternate City, thus economic growth has a partial and significant negative effect on the poverty level in Ternate City.

Table 4. Simultan Test (F Test)

ANOVA						
Model		Sum of Squares	Df	Mean Squares	F	Sig
1	Regression	2.382	3	.794	3.315	.139 ^b
	Residual	.958	4	.240		
	Total	3.341	7			

b. Dependent Variable : Poverty level

c. Predictors : (Constant), lgx1, lgx2

Source: Test was calculated using a statistical program EVIEWS 10)

The results of the simultaneous test equation:

- a. The calculated value is 3.315
- b. value of f table for 3 independent variables ($k=3$) with nk (8-3) or 3 independent variables and $n=5$ is 5.41
- c. The value of f count (3.315) $<$ f table value (5.41), thus simultaneously or simultaneously, the variables of capital expenditure, social spending and economic growth do not have a simultaneous effect on the poverty level. This is because the significance value is $0.139 > 0.05$.

Effect of Capital Expenditure on Poverty Level in Ternate City

According to the partial regression results, the first hypothesis test demonstrates that capital expenditure has a positive but insignificant effect on poverty level. This suggests that capital expenditure does not affect the level of poverty in Ternate City, and it is unlikely that the capital expenditure budget has stated otherwise. Regarding the objective, poverty will also rise if capital expenditures rise. An increase in the allocation of capital expenditure has a positive effect on the poor in the town of Ternate because the availability of adequate infrastructure is a positive effect of the increase in government capital expenditure and will facilitate favorable conditions for the implementation of the community's economic and social activities. The following is a list of the capital expenditures made by the Ternate town government: Examples of capital expenditures include those for buildings and equipment as well as those for land, machinery, buildings, roads, irrigation, and other infrastructure. Additionally, the majority of capital expenditures are budgeted for other capital expenditures that the regional government uses for operational purposes, according to the available data. Ternate City's poor are not directly affected. These results, in contrast to the results of the study Arwani, et al (2022) found that productive zakat programs with models that vary according to creativity and innovation to develop the economy and populist society in Pekalongan to avoid poverty. A populist economic development model with the main objective of saving, donating, and developing companies to get out of poverty. This finding, supported by a study conducted by Al-Taie, et al (2023) in his research found that trade policy in Iraq had operated separately from other economic policies, so that the program was limited to the field of foreign trade and did not care about the impact on other parts of the macro economy, such as government spending. role in the country's development.

Social Spending Affects Poverty Level in Ternate City

The second hypothesis test demonstrates, in accordance with the test's findings, that social spending has a negative impact. negative ilia t, which indicates that poverty will fall if social spending rises. The hypothesis that there is a negative (-) relationship between Social Expenditure and Poverty Level is supported by this result.

The Effect of Economic Growth on Poverty Levels in Ternate City

The third hypothesis test reveals, in accordance with the partial regression results, that economic growth has a significant and negative effect on poverty, so the economic growth variable has a negative effect. largely and partially to the level of poverty level. As a result, H1 is accepted and H0 is rejected. This indicates that poverty rates in Ternate City are inversely correlated with economic expansion. This is in line with and supported by research conducted by Suchaina, et al (2023) found that Caring Economics research leads to economic development, economic education, and economics in community, health, and services related to society and the economy. At this level, further attention is needed to implement a Caring Economy to realize real Social Justice. The development of a research on Caring Economics will help facilitate more comprehensive consideration of macroeconomic policies.

According to these findings, poverty rates will decrease as the economy grows. According to Mankiw (2005), economic growth results in an increase in production, which in turn leads to an increase in employment opportunities and, ultimately, a decrease in poverty According to Sukirno (2005), reducing poverty necessitates economic expansion.

Effect of Capital Expenditure, Social Expenditure and Economic Growth on Poverty Level in Ternate City

By testing the fourth hypothesis, it demonstrates that the level of poverty in Termination is not affected simultaneously by capital expenditure, social expenditure, and economic growth. since the value of fcount is 0.05 in the regression results (3.315).

This indicates that none of the aforementioned variables have any effect on the poverty levels in Ternate City: capital expenditure, economic expansion, and social spending. The majority of the allocated capital expenditure is used to purchase other fixed assets, such as office vehicles and similar items. Consequently, the poor activities of the town of Ternate are not directly impacted by the capital expenditure budgeted by the local government. Social spending by local governments must also be properly controlled to ensure that recipients are

truly poor or in need. Additionally, the still artificial economic growth, which only benefits the elite, does not fully benefit the poor. As a result, neither the three variables' effects on the poverty rate in Ternate City as a whole nor on their own are significant.

This finding is in line with previous research by Agustien, Veki, and Debby, which demonstrated that poverty levels in Manado City were unaffected by capital expenditure, social spending, and economic growth at the same time.

CONCLUSIONS

Since investment spending has a positive effect, the poverty rate will rise if investment spending rises. The poverty rate will fall if social spending goes up because social spending has a negative effect. The level of poverty in the town of Ternate is significantly and negatively impacted by economic growth. This indicates that the level of poverty in the town of Ternate is decreasing as a result of increased economic growth. The levels of poverty in Ternate City are unaffected by capital expenditure, social spending and economic growth either individually or collectively. This research was conducted in North Maluku Province, so it is very clear that the data only describes North Maluku and that is a fairly limited scope. In the future, it is highly recommended for studies with a wider coverage area, for example data on a country or the entire territory of Indonesia.

Develop Government's various efforts for economic growth. One of these initiatives is to create employment opportunities by making it simple for investors to start businesses or by providing entrepreneurial development programs, particularly for the informal sector. These efforts will boost the economy and raise per capita income by boosting industries and sectors that require a lot of work. To achieve the best possible results, additional samples from this study and the focus of a larger study, such as North Maluku Province, should be used by other researchers. The way that extra scientists have expanded the example size and incorporated extra factors that might impact neediness levels is connected with the review's title to obtain results that are better and more precise.

REFERENCES

Abdul Halim. (2008). Public Sector Accounting. Jakarta: Salemba Empat.

Agustien, V. d. (2019). Effect of Capital Expenditure, Social Expenditure and Growth

Agustin Sendouw et., al. (2015). the effect of capital expenditure and economic growth on the poverty rate in the city of Manado . Faculty of Economics and Business, University of

Samratulagi .

Al-Taie, A. H. H., Ali, F. K., & Mohammad, A. H. (2023). Analysis of Relationship Between Trade Policy Trends and Unemployment Rates in Iraq. *International Journal of Professional Business Review*, 8(1), e0935-e0935.

Arsyad, Licoling. (1997). *Development Economics* . STIE publishing.

Arwani, A., Salenussa, S., Rahayu, N. W. I., Faiz, M. F., Cakranegara, P. A., Aziz, A., & Andiyan, A. (2022). The development of economic potential of people in pandemic through earning Zakat distribution. *International Journal of Professional Business Review*, 7(2), e0414-e0414.

Central Bureau of Statistics. (2002). *Indonesian Statistics* . Semarang .

Technical Bulletin Number 10 Government Accounting Standards on Accounting for Social Assistance Expenditure

Celeste, G. d. (2018). Analysis of the Effect of Social Assistance Expenditure and Private Investment on Poverty in North Sulawesi Province. *Journal of Scientific Efficiency Scale*, 91-102.

Cristine Martha Sibotang Marsoil, et al. (2015). *The Effect of Private Investment and Capital Expenditure on Poverty in Manado City 2004-2012*. Sam Ratulangi University Manado.

Darise, N. (2008). *Regional Financial Accounting*. Jakarta: PT Index.

Ezra Kaligis, et al. (2017). *The Effect of Capital Expenditure on Poverty in North Minahasa Through Economic Growth as an Intervening Variable*. Sam Ratulangi University Manado.

Ghozali, I. (2006). *Multivariate Analysis Application with Program . Undip. , SPSS*. Semarang

Gujarati Damodar. (1993). *Basic Economics* . Erlangga's third printing .

Hoesada, J. (2016). *Government Accounting*. Jakarta: Salemba Empat.

Imam, NG (2011). *Multivariate Analysis Application with IBM SPSS 19 Program*, Semarang. Publishing Agency DiponegoroTitle .

Jhingan ML (2007). *economics of development and planning* . jakarta : the king of Grafindo Persada .

Kotze, LMS (2004). Gynecologic and obstetric findings related to nutritional status and adherence to a gluten-free diet in Brazilian patients with celiac disease. *Journal of Clinical Gastroenterology*, 38(7), 567-574.

Kuncoro, M. (2004). *Regional Autonomy and Development. Reformation, Strategic Planning and Opportunity*. Jakarta: Erlangga.

Law of the Republic of Indonesia 24 of 2004 concerning loan guarantee institutions .

Law of the Republic of Indonesia No. 71 of 2010 concerning government accounting standards

- Mankiw, NG (2005). *Principios de microeconomia*/N. Gregory Mankiw (No. 338.5 M55Y.).
- Mukarramah, et al. (2019). *Analysis of the Effect of Capital Expenditure and HDI on Economic Growth and Poverty in East Aceh District*. University of North Sumatra.
- Nadia Eka Purnama. (2017). *analysis of the effect of economic growth on poverty levels in north sumatra* . North Sumatran Muhammadiyah University .
- Nandori, ES (2010). *The Effect of Economic Growth*. Instytutu Spraw Publicznych . Uniwersytetu Jagiellońskiego , 1 - 8.
- Nensy Desi Ayu Natalia, VARDKDT (nd). (2019). *Effect of Capital Expenditure, Government Social Expenditure on Economic Growth in North Sulawesi*. 19 No. 03 . Sam Ratulangi University, Manado.
- Nilam, D. d. (2017). *The Effect of Allocation of Village Funds, Village Funds, Capital Expenditures, and Gross Regional Domestic Product on District/City Poverty in East Java*. *Journal of Economics*, 514-526.
- Minister of Home Affairs Regulation No. 59 of 2007 Amendment to 13 of 2006 concerning regional financial management guidelines
- Statement of Government accounting standards No. 2, concerning Capital Expenditures
- Statement of Government accounting standards No. 7, concerning Capital Expenditure
- Government Regulation No. 24 of 2004 concerning Government Accounting Standards
- Renta Yustie Unggul Heriqbaldi. (2014). *The Effect of Capital Expenditure, Economic Growth, Open Unemployment Rate on Poverty Levels in Regencies/Cities in East Java Province in 2007-2011*. Faculty of Economics and Business , Airlangga University, Surabaya.
- Rodriguez, JG (2018). *Poverty and Economic Growth in Mexico*. *Social Sciences*, 1-9.
- Runtuwuwu, PCH, & Tanjung, F. (2020). *the effect of economic growth and total population on poverty level in north sulawesi*. *welfar E* , 1 (1), 72-81.
- Sadono Sukirno. (1994). *Introduction to Microeconomic Theory*; Jakarta: PT. RajaGrafinda Persada. Jakarta.
- Safuridar. (2017). *The Effect of Economic Growth on Poverty in East Aceh District*. Faculty of Economics , University of Samudra.
- Santi Nurmainah. (2013). *Analysis of the Influence of Local Government Capital Expenditures, Absorbed Labor and Human Development Index on Economic Growth and Poverty*. Faculty of Economics, Diponegoro University, Semarang.
- Sukirno, S. (2005). *Microeconomics. Introductory Theory*, . Jakarta: PT Raja Grafindo Persada.
- Sukirno, Sadono. (2006). *Introduction to Macroeconomic Theory*. Jakarta: Raja Grafindo Persada.

Supriatna, T. (1997). *Bureaucracy Empowerment and Poverty Alleviation*, Bandung: Humaniora Utama Press.

Todaro. MP and Smith. SC (2011). "Economic Development", . Eleventh Edition. Jakarta , Erlangga.

Wahid, S. (2004). *Regression Analysis Using SPSS: Case Examples And Solutions* . Yogyakarta: Publisher Andi.

Yeni Suarce Magdalena Lantu, et al. (2017). *The effect of government spending on economic growth and its impact on poverty alleviation in Bitung City*. Sam Ratulangi University, Manado.

Yusuf, MA Naufal. (2003). *Multivariate-Concept Data Analysis and Multiple Linear Regression Applications*. Depok: Airlangga.