

UDC 332

THE INFLUENCE OF INVESTMENT, CAPITAL EXPENDITURE, AND HUMAN RESOURCES QUALITY ON ECONOMIC GROWTH AND POVERTY LEVELS IN EAST NUSA TENGGARA PROVINCE / CITY

Assan Theresia Vera S.*, Marhaeni A.A. I. N.

Faculty of Economics and Business, University of Udayana, Bali, Indonesia

*E-mail: theresiaassan@gmail.com

ABSTRACT

The phenomenon of poverty has become a complex and chronic problem both at the national and regional levels. The province of East Nusa Tenggara is one of the provinces with the highest poverty rate in Indonesia. The development of the poverty rate in NTT reflects the heavy burden on the government in alleviating the poverty of its population. Most of the natural conditions in East Nusa Tenggara Province are arid and barren, drought and food insecurity seem to be routine disasters faced by NTT residents almost every year. so that the prevention requires an appropriate and sustainable strategy. The purpose of this study was to analyze the effect of investment, capital expenditure, and the quality of human resources on economic growth and poverty levels in the districts / cities of NTT Province. As well as to analyze trends / trends in poverty levels in the districts / cities of NTT Province. This study uses secondary data for the period 2013-2018 from 21 districts and 1 city with 132 observations. The data analysis technique used path analysis. The results showed that investment, capital expenditure and human resource quality had a positive and significant effect on economic growth and investment, and capital spending, human resource quality and economic growth had a negative and significant effect on the level of poverty as well as investment, capital spending, and human resource quality directly affects the level of poverty through economic growth in the regencies / cities of East Nusa Tenggara Province. The trend / trend in poverty levels in districts / cities of East Nusa Tenggara Province show a trend of high poverty disparities between cities and villages in NTT.

KEY WORDS

Investment, capital expenditure, quality of human resources, economic growth, poverty level.

Poverty is still the biggest problem in the world until the beginning of the millennium, it is reported that about one sixth of the population or about one billion people live in poverty. Poverty is a challenge for the global community, striking poverty is still found in many developing countries. Salim (1984) states that poverty is inherent in the poor, they are poor because they do not have production assets and the ability to increase productivity. They do not have production assets because they are poor, as a result they are caught in a cycle of poverty without ends and roots. Poverty can be seen as a state of society with a weak economic level, and coupled with government policies that are generally directed at solving short-term problems (Subandi, 2011)

Furthermore, according to Ravallion (2000) in Arsyad (2010) poverty is hunger, not having a place to live, if sick do not have funds for treatment, poor people generally cannot read because they are unable to go to school, do not have a job, fear the future, lose child because of illness. Poverty is helplessness, being marginalized, and having no sense of freedom. The Province of East Nusa Tenggara (NTT) is one of the provinces with a very high percentage of poor people in Indonesia. The percentage of poor people reaches 21.35 percent of the total population. This means that about a fifth of the population in NTT are categorized as poor. The development of the poverty rate in NTT reflects the heavy burden on the government in reducing poverty for its population. The problem of poverty in East Nusa Tenggara Province is shown by the high poverty rate in the districts / cities of East Nusa Tenggara Province in Table 1.

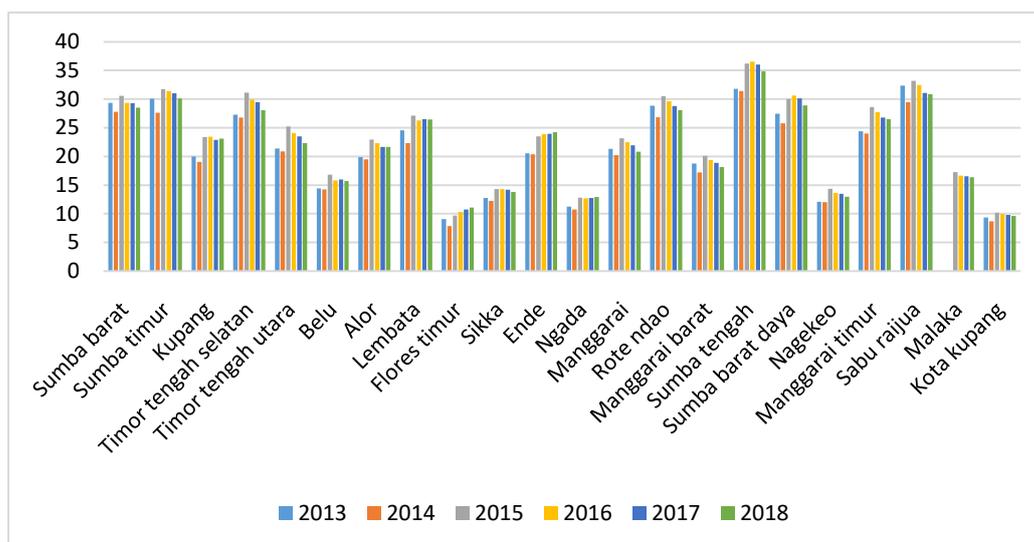


Figure 1 – Percentage of District / City Poverty Levels in East Nusa Tenggara Province 2013-2018 (Source: BPS NTT Province 2019, data processed)

Based on the table above, it can be seen that the percentage of poor people in East Nusa Tenggara during the last 6 years on average has fluctuated in both city and regency areas. The highest percentage of poor people was in the 2013 period, namely in Sabu Raijua Regency, which was 32.37 percent, and the lowest percentage was in Kupang City with a figure of 9.33 percent. In the following year, namely 2014, the highest percentage of poor people was in Central Sumba with 31.40 percent and the lowest percentage of poor people was in Kupang City which decreased from the previous year to 8.70 percent. In 2015 to 2018, the highest percentage of poor people was in Central Sumba Regency with consecutive figures of 36.22 percent 36.55 percent, 36.01 percent and 34.85 percent with the lowest percentage of poor people in Kupang City with consecutive figures of 10.21 percent, 9.97 percent, 9, 81 percent and 9.61 percent.

Investment is a strong link for economic growth and poverty reduction (Ocaya et al, 2012). The availability of infrastructure is a driver for better investment in the regions and quite significantly, the amount of government spending in the national development process is also determined by investment. According to Sukirno (2001), economic theory and investment are an important component in aggregate expenditure. Investment in the economic sector can influence and encourage the ups and downs of a country's economy. This condition occurs because with investment there will be an increase in production and job opportunities.

Government spending is an important instrument for controlling the economy. Theoretically there are three ways to obtain these fixed assets, namely by building yourself, exchanging with other fixed assets and buying (Inawa, 2012) Furthermore, O Stephen et al (2011) said that recurring capital spending on education and health in Nigeria has an effect on economic growth. The results show that there is a positive relationship between repeated government spending on developing human resources and the level of real output. Education plays an important role for the quality of life, education allows a person to master various knowledge, attitudes, and skills related to the field of work of Saroni (2013). Furthermore, education and health are the main basic objectives, apart from other things, these two things are the most important. Health is the core of welfare and education is essential to achieving a satisfying and valuable life (Todaro, 2006). Higher education has the capacity to reduce poverty. (Emmanuel, 2014). The local government plans various efforts to increase growth for the region itself and it is hoped that it will have a positive impact on the welfare of the community.

According to Zakaria (2009) that economic growth shows the extent to which economic activity will generate additional income for the community in a certain period. Furthermore, economic growth can come from growth in aggregate demand (AD) or the aggregate supply

side (US) (Tambunan, 2003). An effective strategy in increasing economic growth is fiscal decentralization. So that it can increase the potential to reduce poverty (Miranti et al 2014).

Gross domestic product (GDP) is often used as a measure of economic performance. defined as the value of goods and services produced in an economic area during a certain period, generally one year (Samuelson and Nordhaus, 1995). Furthermore, Geogory and Stuart (1992: 41) say that one of the dominant variables used to determine economic performance is economic growth over time. The results of research by Gafar T. Ijaya, et al (2011) show a study on economic growth that economic growth is very important for poverty reduction, especially when it leads to increasing opportunities for productive activities among poor people. Efforts to manage the sources of economic development will improve welfare, all of which lead to advanced economic activities. Attention to the problem of poverty in relation to inclusive growth departs from the problem of income distribution. He observed that for decades, many developing countries have had extraordinary economic growth. Meanwhile, income distribution has worsened to a different degree between countries.

Various sizes and elements are stated to influence whether growth can be said to be inclusive. The most important measure is whether growth has an impact on improving the welfare of the poor. The poor, who are the party with the most disadvantageous position in development, have difficulty obtaining benefits from development results. Therefore, improving the quality of life of the poor is a top priority in the economic growth agenda, but it has proved very difficult to achieve (Min Tang, 2008). Inclusive growth is often equated with pro poor inclusiveness, thus growth that is not pro poor is definitely not inclusive. Thus, economic growth is called inclusive if it is able to reduce poverty, reduce inequality in income distribution, and absorb more labor.

Thus, GRDP is an indicator to regulate the extent to which the government has succeeded in utilizing existing resources, and can be used for planning and decision making. PDRB per capita regency / city of East Nusa Tenggara Province 2013-2018 fluctuates every year. The economic growth of districts / cities in East Nusa Tenggara Province in 2013-2018 can be seen in Figure 2.

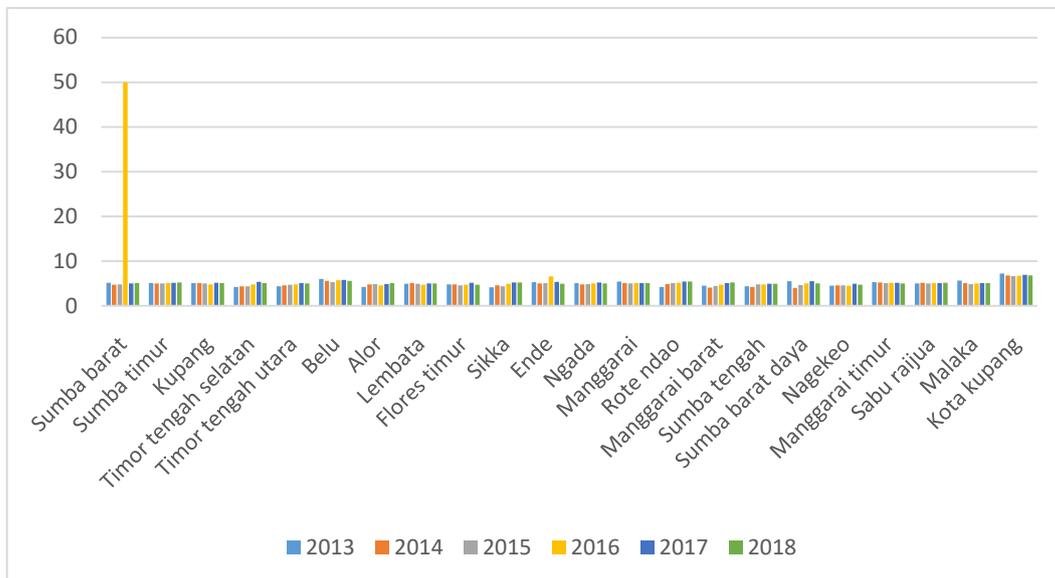


Figure 2 – Growth Rate of Gross Regional Domestic Product Based on 2010 Constant Prices by Regency / City of East Nusa Tenggara Province 2013-2018 in % (Source: BPS NTT Province 2019, data processed)

Figure 2 shows that economic growth can be seen from the increase in the value of GRDP which is calculated based on two prices, namely constant prices and current prices. NTT's economic growth continues to increase from year to year. Based on constant prices in 2010, NTT's GRDP growth continues to increase and occurs in all business fields. In 2013 the GRDP value of NTT reached 5.42 percent compared to 2014 amounting to 5.26 percent

in 2015 economic growth fell to 5.23 percent and in 2016 increased by 5.37 percent in 2017 increased by 5.56 percent then decreased again in 2018 to 5.49 percent.

The purpose of this study was to analyze the relationship between several variables. The research objectives are 1). To analyze the effect of investment, capital expenditure and quality of human resources on economic growth in districts / cities of East Nusa Tenggara Province. 2). To analyze the effect of investment, capital expenditure, and the quality of human resources on economic growth on poverty levels in districts / cities of East Nusa Tenggara Province. 3) To analyze the indirect effect of investment, capital expenditure and quality of human resources on poverty levels through economic growth in districts / cities of East Nusa Tenggara Province and 4). To analyze trends / trends in poverty levels that occur in districts / cities of East Nusa Tenggara Province.

The object of this study focuses on the influence of each variable, investment, capital expenditure and the quality of human resources on economic growth and poverty levels in the districts / cities of East Nusa Tenggara Province. The object of research with a period of time from 2013-2018 is because in those years there was a significant increase or decrease in each variable.

METHODS OF RESEARCH

The location of the research was conducted in East Nusa Tenggara Province, which includes districts / cities in East Nusa Tenggara Province 2013-2018. The province of NTT was chosen as the research location based on the consideration of the economic structure where the rapid development of the economy but what happens is still a problem of poverty. In this study using path analysis. This research is based on a descriptive quantitative approach. Based on the problems studied. This research is classified as descriptive research, which is research that struggles to describe the actual situation (facts) of a study. The objective of this research is to analyze investment, capital expenditure and the quality of human resources on economic growth and poverty levels. Data obtained directly from the Central Statistics Agency of East Nusa Tenggara Province.

The dependent variable in this study is the level of poverty. The poverty level is the percentage of the population who is below the poverty line set by the Central Statistics Agency compared to the total population of each province in Indonesia calculated in percentage units. The independent variables in this study are investment, capital expenditure and the quality of human resources in the districts / cities of the province of NTT.

In this study, the investment used is the realization of regional investment according to districts / cities for the period 2013-2018 in thousands of rupiah. Capital expenditure is government expenditure to build fixed assets calculated in thousands of rupiah. And the quality of human resources is the average expected length of schooling in years expected and felt by children at a certain age in the future, calculated in units of years.

The intervening variable in this study is economic growth. Economic growth is an indicator to see the success of development and is a prerequisite for poverty reduction. GRDP is projected by using the GRDP growth of regencies / cities in NTT Province at constant 2010 prices for the period 2013-2018 in percent. The quantitative data in this study are investment, capital expenditure, quality of human resources, economic growth and poverty levels. The qualitative data in this study are in the form of explanations, information in the form of words, sentences, schemes, and pictures of the variables studied.

Secondary data in this study were obtained through the publication of reports from the Central Statistics Agency. Secondary data in this report is investment, capital expenditure, quality of human resources, economic growth and poverty levels. The analysis technique used in this study is path analysis. This study analyzes pooled data or panel data between cross-section data, namely data from districts / cities in East Nusa Tenggara Province with time series data.) during 2013-2018, consisting of 6 data points in 21 districts and 1 city, so the data used in this study were 132 observations.

The steps in path analysis (Suyana Utama, 2012) are as follow.

The first step in path analysis is to design capital based on concepts and theories, namely:

The effect of investment, capital expenditure and, the quality of human resources on economic growth, which can be expressed in the form of an equation:

$$Y1 = \beta_1 X1 + \beta_2 X2 + \beta_3 X3 + \epsilon_1 \dots\dots\dots(1)$$

The effect of investment, capital expenditure, quality of human resources, and economic growth on poverty levels which can be expressed in the form of an equation:

$$Y2 = \beta_4 X1 + \beta_5 X2 + \beta_6 X3 + \beta_7 Y1 + \epsilon_2 \dots\dots\dots(2)$$

Where: X1 = Investasi, X2 = Belanja Modal, X3 = Kualitas SDM, Y1 = Pertumbuhan Ekonomi, Y2 = Tingkat Kemiskinan, $\beta_1, \beta_2, \dots, \beta_5$ = Koefisien jalur, ϵ_1, ϵ_2 = error.

The total effect is calculated by adding up the direct effect and the indirect effect (Ghozali, 2001). Based on Figure 1. the direct effect can be calculated. The indirect and total effects are as follows:

- a) The effect of investment on economic growth = β_2 ;
- b) The indirect effect of investment on poverty levels through economic growth = $(\beta_2 \times \beta_3)$;
- c) The effect of total investment on poverty levels through economic growth = $(\beta_2) + (\beta_1 + \beta_3)$;
- d) Estimation of β_1, β_2 and β_3 parameters is done by using the ordinary least square (OLS) method for each equation model using SPSS software.

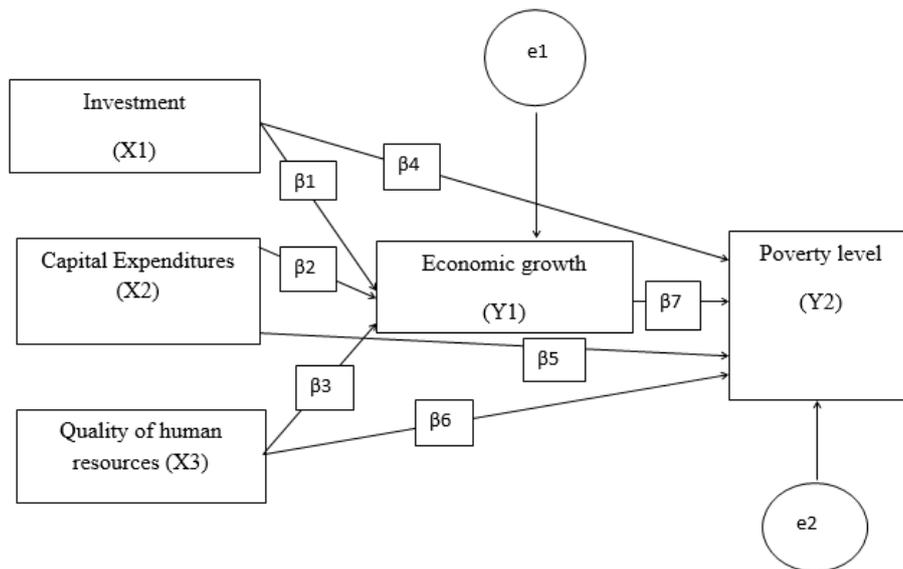


Figure 3 – Research variable path diagram

The fourth step in path analysis is testing for indirect effects. To analyze the indirect effect of an independent variable on the dependent variable through mediating or intervening variables, the Sobel test was performed. The direct effects tested in this study are:

- (a) The effect of investment (X1) on the poverty rate (Y2) through economic growth (Y1) in districts / cities of NTT Province;
- (b) The effect of capital expenditure (X2) on poverty levels (Y2) through economic growth (Y1) in districts / cities of NTT Province;
- (c) The influence of the quality of human resources (X3) on the level of poverty (Y2) through economic growth (Y1) in the districts / cities of the Province of NTT.

To test the significance of the indirect effect, calculate the z value of the coefficient with the following formula:

$$z = \frac{ab}{S_{ab}} \dots \dots \dots (3)$$

The standard error for coefficients a and b is written in Sa and Sb, the amount of standard error for the indirect (indirect effect) is calculated using the following formula:

$$S_{ab} = \sqrt{b^2 S_a^2 + a^2 S_b^2} \dots \dots \dots (4)$$

Where: a = the non-standard coefficient of the effect of independent variables on the mediating variable; b = the non-standard coefficient of the effect of the mediating variable on the dependent variable; Sa = The standard error of the effect of the independent variable on the mediating variable; Sb = Standard error is the effect of the mediating variable on the dependent variable.

To determine the hypothesis testing decision making, it is done by comparing the p-value and alpha (0.05), with the following conditions:

- (a) If *p-value* ≥ *alpha* (0,05) or z count ≤ z table, then H0 accepted which means Y1 is not a mediating variable
- (b) If *p-value* < *alpha* (0,05) atau z count > z table, then H0 is rejected, which means Y1 is the mediating variable

The fifth step in path analysis is checking the validity or validity of the model. Whether an analysis result is valid depends on whether or not the underlying assumptions are fulfilled. There are two indicators of the validity of capital in the path analysis, namely the determinant coefficient of total theory trimming.

(a) Total determinant coefficient:

The total data diversity that the model can explain is measured by:

$$R_m^2 = 1 - P_{e1}^2 P_{e2}^2 \dots P_{ep}^2 \dots \dots \dots (5)$$

In this case, the interpretation of the determinant coefficient (R2) is the same as the interpretation of the regression analysis.

$$P_{ei} = \sqrt{1 - R^2} \dots \dots \dots (6)$$

The final step in path analysis is interpreting or meaningfulness (magnitude) of the processed data, namely identifying significant pathways, having a positive or negative effect, and having a stronger or greater effect by looking at standardized coefficients as well as interpreting the mediating role of a variable mediation (intermediate variables) that are installed in the model.

The operational definition of the variables used in this study can be explained as follows:

- 1) Investment (X1) is the formation of gross fixed capital by the private sector which is used for the procurement, manufacture and purchase of new domestic (domestic) capital goods and new or used capital goods from abroad. Covers twenty one regencies and one city in 2013-2018 which are stated in thousands of rupiah.
- 2) Capital Expenditures (X2) are government expenditures made by local governments to build fixed assets. Expenditures whose benefits are felt in a period of more than one year. Increasing capital expenditure means the desire to increase the quality and quantity of public services in the districts / cities of NTT Province from 2013-2018 expressed in thousands of rupiah.
- 3) Quality of Human Resources (X3) is the average expected length of schooling, the length of school that is expected to be felt by children at a certain age in the future. HLS can be used to determine the conditions of education system development at

various levels. This study uses data on the expected number of years of schooling in districts / cities of NTT province (which includes twenty one districts and one city) in 2013-2018. The units are years.

- 4) Economic Growth (Y1) is the Gross Domestic Product of districts / cities in the NTT province based on constant prices for 2013-2018 in percentage terms.

Poverty rate (Y2) is the percentage of the total population who are below the poverty line who experience an economic inability to meet basic food and non-food needs measured in terms of expenditure. This study uses data on the number of poor people in districts / cities in NTT Province. (Covering twenty one regencies and one city). In 2013-2018 in percent.

RESULTS AND DISCUSSION

This research was conducted to analyze (1) the effect of investment, capital expenditure, and the quality of human resources on economic growth in the districts / municipalities of the province of NTT, (2) the effect of investment, capital spending, and the quality of human resources on economic growth and poverty levels in the district / city. NTT provincial cities, (3) the indirect effect of investment, capital expenditure, and the quality of human resources on poverty levels through economic growth in the districts / municipalities of NTT province, (4) to analyze trends in poverty levels in districts / municipalities of NTT province.

Table 1 – Variable Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
investment	132	159757.09	10703937.98	1114541.8444	1570155.22528
capital expenditure	132	0	452168530	170787950.46	74771672.467
quality of human resources	132	9.89	16.08	12.3393	1.13521
economic growth	132	4.02	7.20	5.0624	.54096
poverty level	132	.00	36.55	21.7261	7.87996
Valid N (listwise)	132				

Source: processed data from SPSS, 2020.

Descriptive statistics in Table 1 above show that the minimum and maximum values of the investment variable (X1) are 159,757.09 and 10,703,937,98. The average (mean) is 1,114,541, 8444 with a standard deviation of 1,570,155,22528, this means that there is a difference in the value of the investment studied against the average value of 1,570,155,22528. The minimum and maximum values of the capital expenditure variable (X2) are 0.00 and 452,168,530. The average (mean) is 170,787,950.46 with a standard deviation of 74,771,672,467, this means that there is a difference in the value of the studied capital expenditure against the average value of 74,771,672,467.

The minimum and maximum values for the quality of human resources (X3) are 9.89 and 16.08. The average (mean) is 12,3393 with a standard deviation of 1.13521, this means that there is a difference in the value of the quality of human resources under study against the average value of 1.13521. The minimum and maximum values of the economic growth variable (Y1) are 4.01 and 7.20. The average (mean) is 5.0624 with a standard deviation of 0.54096, this means that there is a difference in the value of economic growth under study against the average value of 0.54096. The minimum and maximum values for the poverty rate variable (Y2) are 0.00 and 36.55. The average (mean) is 21.7261 with a standard deviation of 7.87996, this means that there is a difference in the value of the poverty rate studied against the average value of 7.87996:

- X₁: investment;
- X₂: capital expenditure;
- X₃: quality of human resources;
- Y₁: economic growth;
- Y₂: poverty level.

Table 2 – Results of the Regression Test for Investment, Capital Expenditure, and Quality of Human Resources on Economic Growth in Regencies / Cities of East Nusa Tenggara Province

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.531	1.385		1.827	.070
	investment	.211	.059	.303	3.571	.001
	capital expenditure	.127	.041	.123	3.098	.007
	quality of human resources	.189	.040	.398	4.760	.000

a. Dependent Variable: economic growth

Source: processed data from SPSS, 2020.

Table 2 shows that the investment variable (X₁) has a sig. 0.001 <0.05 means that investment (X₁) has a positive and significant effect on economic growth (Y₁) in the regency / city of East Nusa Tenggara Province. Capital expenditure variable (X₂) with a sig. 0.007 <0.05, this means that capital expenditure (X₂) has a positive and significant effect on economic growth (Y₁) in the regencies / cities of East Nusa Tenggara Province. Human resource quality variable (X₃) with sig. 0.000 <0.05, this means that the quality of human resources (X₃) has a positive and significant effect on economic growth (Y₁) in the regencies / cities of East Nusa Tenggara Province.

Equation 2 testing is carried out to analyze the effect of investment, capital expenditure, quality of human resources, and economic growth on poverty levels in regencies / municipalities of East Nusa Tenggara Province directly, the results of the regression test are presented in Table 3.

Table 3 – Results of Regression Test for Investment, Capital Expenditures, Quality of Human Resources, and Economic Growth on Poverty Levels in Regencies / Cities of East Nusa Tenggara Province 2013-2018

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.101	22.893		.791	.431
	investment	-5.016	1.011	-.509	-4.962	.000
	capital expenditure	-3.182	1.175	-.218	-2.707	.008
	quality of human resources	-1.914	.705	-.284	-2.715	.008
	economic growth	-2.391	1.001	-.269	-2.389	.012

a. Dependent Variable: poverty level

Source: processed data from SPSS, 2020.

Table 3 shows that the investment variable (X₁) with a significance value of 0.000 > 0.05, this means that investment (X₁) has a negative and significant effect on the poverty level (Y₂). Capital expenditure variable (X₂) with a sig. 0.008 <0.05, this means that capital expenditure (X₂) has a negative and significant effect on the poverty level (Y₂). Variable quality of human resources (X₃) with a sig. 0.008 <0.05, this means that the quality of human resources (X₃) has a positive and significant effect on the poverty level (Y₂). Economic growth variable (Y₁) with a sig. 0.012 <0.05, this means that economic growth (Y₁) has a negative and significant effect on the poverty level (Y₂).

Based on the research results, it can be seen that the relationships between research variables are the path coefficient in this study. Path coefficients can be generated in the form of a path diagram. Suyana (2012). The model will be expressed in structural equations, namely:

Structural Equations 1

$$Y_1 = 0,303 X_1 + 0,123 X_2 + 0,398 X_3$$

Structural Equations 2

$$Y_2 = -0,509 X_1 -0,218 X_2 -0,284 X_3 -0,269 Y_1$$

To find out the value of e_1 which shows the amount of variance in the economic growth variable that is not explained by investment, capital expenditure and the quality of human resources, it is calculated using the formula:

$$e_1 = \sqrt{1 - R_1^2}$$

$$e_1 = \sqrt{1 - 0,425}$$

$$e_1 = 0,758$$

The value of e_2 which shows the amount of variance in the poverty level variable that is not explained by investment, capital expenditure, quality of human resources and economic growth is calculated using the formula:

$$e_2 = \sqrt{1 - R_2^2}$$

$$e_2 = \sqrt{1 - 0,541}$$

$$e_2 = 0,677$$

To check the validity of the model, there are indicators to carry out checks, namely the coefficient of determination of the total results as follows:

$$R^2_m = 1 - e_1^2 \cdot e_2^2 = 0,737$$

Where: R^2_m - Total coefficient of determination; e_1, e_2 - Standard error value estimate.

Based on the calculation of the total coefficient of determination, it is found that the diversity of data that can be explained by the model is 0.737 or in other words the information contained in the data of 73.7 percent can be explained by the model, while the remaining 26.3 percent is explained by other variables. which is not included in the model.

Table 4 – Results of Direct Effect, Indirect Effect and Total Effect

Variable Relationships	effect		Total Effect
	Direct	Indirect Through Y1	
X1 → Y1	0.303	-	0.303
X1 → Y2	-0.509	0.303 x (-0.269) = -0.082	-0.509 + (-0.082) = -0.591
X2 → Y1	0.123	-	0.123
X2 → Y2	-0.218	0.123 x (-0.269) = -0.033	-0.218 + (-0.033) = -0.251
X3 → Y1	0.398	-	0.398
X3 → Y2	-0.284	0.398 x (-0.269) = -0.107	-0.284 + (-0.107) = -0.391
Y1 → Y2	-0.269	-	-0.269

Source: Data processed, 2020.

The path coefficient test results can be seen clearly in the path coefficient results diagram in Figure 4.

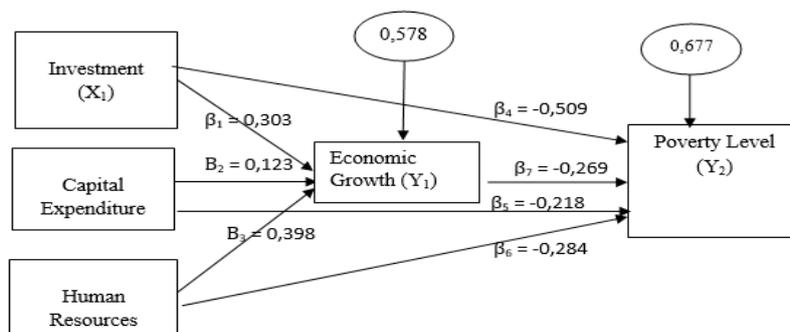


Figure 4 – Path Analysis Result Diagram

Standardized coefficient values are used to obtain coefficients that have the same unit basis, so that they can be compared directly between exogenous variables, in their respective effects on endogenous variables. Based on Figure 4. the standard estimation error value of e_1 is 0.578 and e_2 is 0.677. Which exogenous variables have a greater effect on endogenous variables can be seen from the size of each regressor coefficient (β). The value of the investment coefficient on economic growth is 0.303, meaning that if investment increases, economic growth will increase. The capital expenditure coefficient is 0.123, meaning that if the cost of capital expenditure increases, economic growth will increase. The results show that the quality of human resources has a positive and significant effect on economic growth in the districts / cities of the Province of NTT 2013-2018, which means that the better the average expectation for the length of schooling, the better the quality of human resources and the higher the economic growth.

The value of the investment coefficient on the poverty level is -0.509, meaning that if investment increases, the poverty rate will decrease by -0.509 percent. The capital expenditure coefficient is -0.218, which means that if the capital expenditure for infrastructure increases, the poverty rate will decrease by -0.218 percent. The coefficient value of the quality of human resources on the poverty level is -0.284, meaning that the better the average expectation of school years, the better the welfare felt by the poor. The value of the coefficient of economic growth on the poverty level is -0.269 meaning that if economic growth increases, the poverty rate will decrease by -0.269 percent in the regencies / cities of the East Nusa Tenggara province.

CONCLUSION AND SUGGESTIONS

Based on the results of research and discussion, it can be concluded several things, namely: 1) investment, capital expenditure, and quality of human resources have a positive and significant effect on economic growth in the districts / cities of NTT Province, 2) investment, capital expenditure, quality of human resources and economic growth have a negative effect and significant to the level of poverty in the districts / cities of NTT Province, and 3) Indirectly the variables of investment, capital expenditure and quality of human resources have an effect on the level of poverty through economic growth in the districts / cities of NTT Province. 4) The trend / tendency of poverty levels in the districts / cities of NTT Province, the pattern of the tendency of poverty disparities between cities and villages is still high. Even though it shows a decreasing trend, the number of poor people is increasing / increasing.

As for the results of the analysis and in-depth interviews, the following suggestions can be made: Investment should be allocated to regencies / cities in East Nusa Tenggara Province which have low investment power so that investment is not focused on certain areas and investment allocation is expected to be evenly distributed in all sectors The investment direction is also targeted based on the potential of each region that has not been optimized. So that the alignments of investment in employment opportunities for local workers also develop in an effort to actualize the potential of the area. The NTT Provincial Government should endeavor to attract investors with regional promotions to invest as much as possible but must also pay attention to the quality of the investment itself which includes the types of sectors that are targeted and the investment risks. So that there is no accumulation of investment in certain sectors and in certain areas.

It is recommended that the district / city government of NTT Province be able to maintain the ability to realize budget allocations for government expenditures / expenditures in the following years, especially such as education, health and other infrastructure related to public services so that they can have a positive effect on sustainable human development. The NTT Provincial Government should in the future increase the per capita GRDP be balanced with equitable development that is oriented towards equal distribution of income by moving economic sectors to contribute more to economic growth in the districts / cities of NTT Province.

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