




The Effect of Inflation and the Open Unemployment Rate on the Number of Poor People In North Sumatra

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ARTICLE INFORMATION

Keywords: *Economic Growth, Inflation, Poverty Rate, North Sumatra, Multiple Linear Regression.*

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ABSTRACT

This study aims to analyze the effect of inflation and the open unemployment rate on the number of poor people in North Sumatra Province during the period 2007–2020. The focus of this study is to determine the extent to which macroeconomic factors such as inflation and unemployment affect poverty levels in areas with diverse economic structures between urban and rural areas. This study uses a quantitative approach with secondary data obtained from the Central Statistics Agency (BPS). The analytical method used is multiple linear regression with the Ordinary Least Square (OLS) approach, and is complemented by classical assumption tests such as normality, autocorrelation, multicollinearity, and heteroscedasticity tests to ensure the model used meets the BLUE (Best Linear Unbiased Estimator) criteria. The results of the study indicate that partially, the unemployment variable has a positive and significant effect on poverty with a probability value of 0.0006 < 0.05, which means that every 1 percent increase in unemployment increases the number of poor people by 0.0419 percent. Meanwhile, inflation also has a positive and significant effect on poverty with a probability value of 0.0305 < 0.05, where every 1 percent increase in inflation increases the number of poor people by 0.0722 percent. Simultaneously, inflation and unemployment have a significant effect on poverty with an R-Squared value of 0.6684. This finding emphasizes the importance of inflation control policies and job creation as strategic efforts to reduce poverty levels in North Sumatra Province.

Submitted: 18-10-2025. Revision: 28-02-2026. Approved: 06-06-2026. Published: 25-06-2026

1. INTRODUCTION

Poverty is a classic problem still faced by almost every country in the world, including Indonesia. This phenomenon not only reflects economic disparity but also reflects the low quality of life of the community due to limited income and access to basic needs. According to Todaro and Smith (2012), poverty is not only measured by a lack of income but also by limited opportunities for education, health services, and economic participation. ([Ningrum et al., 2020](#))

In Indonesia, poverty is a central issue in economic development because it is closely linked to the level of community welfare. One province that still faces challenges in poverty alleviation is North Sumatra, which has heterogeneous characteristics between urban and rural areas. Macroeconomic factors such as inflation and open unemployment are often the main

causes of fluctuations in the number of poor people in this region. High inflation can reduce people's purchasing power, while unemployment leads to the loss of household income sources. Both of these factors have the potential to exacerbate poverty if not balanced with appropriate economic policies. (Sembiring et al., 2021)

According to the Central Statistics Agency (BPS, 2024), poor people are those whose average monthly per capita expenditure falls below the poverty line. The poverty line itself is determined based on the minimum food and non-food needs for a decent standard of living.

Research by Sukirno (2016) states that the number of poor people can increase if there is significant inflationary pressure and an increase in the unemployment rate that is not matched by the creation of new jobs. Thus, the number of poor people reflects a community's ability to meet the needs of a decent life, which is greatly influenced by a region's macroeconomic conditions.



Figure 1. Development of the number of poor people in North Sumatra in 2013 – 2024

According to the Official Statistics News of the Statistics Indonesia (BPS) of North Sumatra Province (No. 41/07/12/Th. XXVII, July 1, 2024), the number of poor people in North Sumatra Province in March 2024 was recorded at 1.228 million, a decrease compared to March 2023, which reached 1.240 million. Compared to March 2022, which reached 1.268 million, this decrease indicates a trend of improving public welfare, although it remains relatively fluctuating.

In general, since the COVID-19 pandemic in 2020, the poverty rate in North Sumatra has increased due to slowing economic activity and rising unemployment. However, along with the national economic recovery, the poverty rate began to decline again from 2022 to 2024.

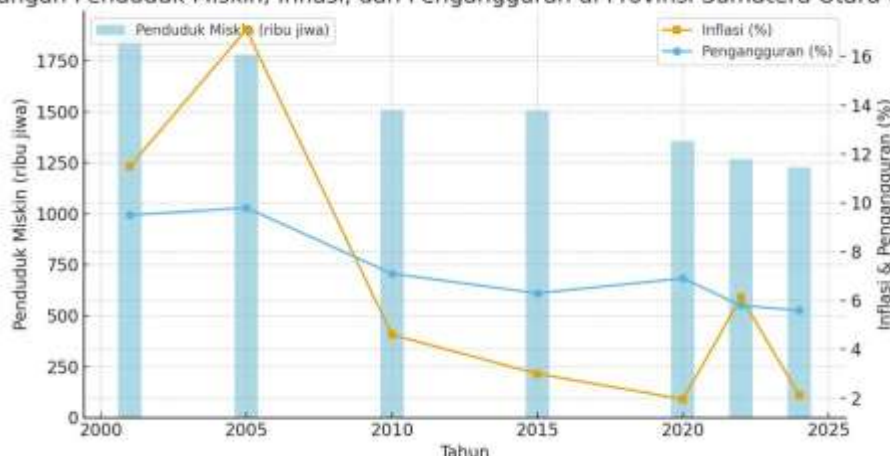
Inflation data in North Sumatra Province shows figures of 1.96% (2020), 1.71% (2021), 6.12% (2022), 2.25% (2023), and 2.12% (2024) (BPS, 2025). Meanwhile, the Open Unemployment Rate (TPT) in North Sumatra in August 2024 was recorded at 5.60%, a decrease compared to previous years (BPS, 2024). This condition indicates that the dynamics of poverty in North Sumatra are inseparable from the influence of inflation and unemployment. When inflation increases, people's purchasing power decreases; while increasing unemployment depresses household income. Therefore, analyzing the effects of inflation and unemployment on the number of poor people is important to understand the effectiveness of regional economic policies in alleviating poverty. (Ise et al., 2022)

During the 2001–2024 period, the poverty rate in North Sumatra Province showed a downward trend, from approximately 1.9 million to 1.23 million people. However, the decline was not always stable due to fluctuations in inflation and the open unemployment rate (TPT). In 2005, inflation reached 17.1% due to rising energy prices, causing purchasing power to decline and the number of poor people to increase. Conversely, in 2010–2015, when inflation was controlled at around 3–4%, the poverty rate decreased as regional economic stability increased. The COVID-19 pandemic in 2020 increased the TPT to 6.91%, but in 2024, it fell to 5.6%, along with inflation, which declined to 2.12%.

According to Todaro (2000), unemployment is a major contributing factor to poverty because it reduces household income and purchasing power. Meanwhile, Mankiw (2003) explains that high inflation increases the poverty line due to rising prices of basic necessities. This pattern is evident in North Sumatra, where rising inflation and unemployment are often accompanied by rising poverty. Based on data from the Central Statistics Agency (BPS) (2024), the relationship between these three variables indicates that controlling inflation and creating jobs remains key to reducing poverty in this region. (Rumate & Engka, 2019)

Macroeconomically, the relationship between inflation and unemployment is explained by the Phillips Curve, which shows an inverse relationship between the two. In the context of North Sumatra, the period 2001–2024 shows a pattern whereby as unemployment falls and inflation stabilizes, poverty rates also decline.

Perkembangan Penduduk Miskin, Inflasi, dan Pengangguran di Provinsi Sumatera Utara (2001–2024)



During the period 2001–2024, poverty in North Sumatra Province showed a gradual downward trend, from approximately 1.9 million people to 1.23 million. This decline indicates improved welfare and the effectiveness of various poverty alleviation programs, such as social assistance, energy subsidies, and increased regional investment. However, this trend is not entirely stable, with some fluctuations in line with changes in inflation and open unemployment rates (TPT):

In 2005, inflation spiked to 17.1% due to rising national fuel and food prices. As a result, poverty rates increased as people's purchasing power declined drastically.

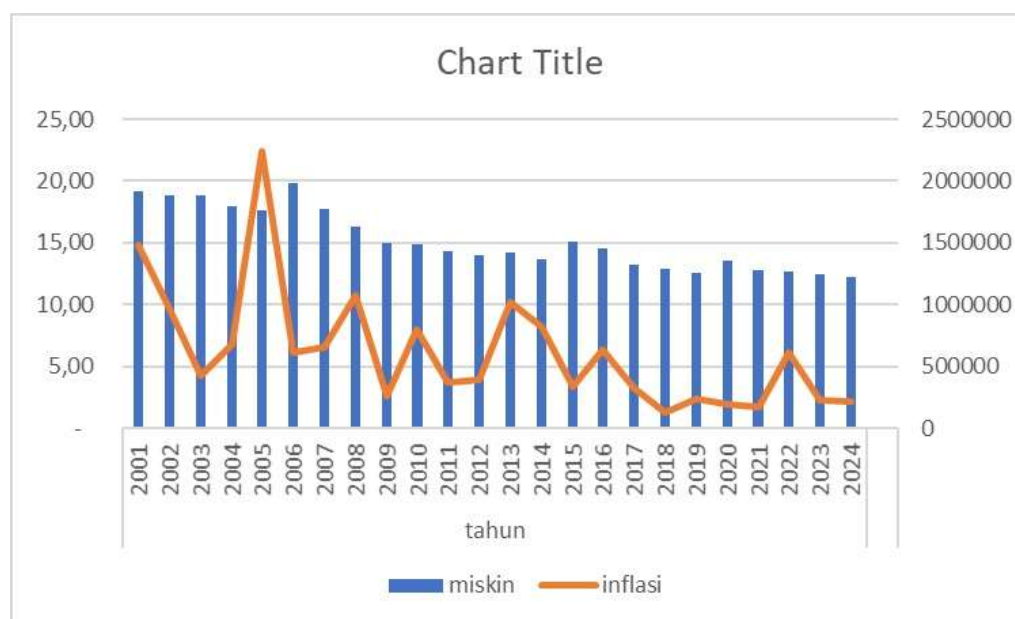
In 2010–2015, inflation was controlled at around 3–4%, and poverty rates began to decline as regional economic stability increased.

In 2020, the COVID-19 pandemic caused a resurgence in unemployment (TPT 6.91%) and slightly slowed the rate of poverty reduction.

In 2022, inflation surged to 6.12% due to the global energy crisis and food supply chain disruptions. However, it was brought back to 2.12% in 2024, along with a decline in the TPT to 5.6%.

The Open Unemployment Rate (TPT) is the percentage of the working-age population who are unemployed but seeking work compared to the total workforce (BPS, 2024). Unemployment indicates an imbalance between labor supply and demand in the labor market. According to Todaro (2000), unemployment is not only an economic problem but also a social one because it reduces productivity and widens income inequality. (Lestari & Nilasari, 2025)

Logically, rising unemployment will reduce household income and the ability to meet basic needs, thereby increasing poverty levels. Sukirno (2016) explains that if employment opportunities decrease, national income will also decrease, increasing the number of poor people. Research by Nasution & Lubis (2023) in the Scientific Journal of Development Economics shows that the unemployment rate (TPT) has a positive and significant effect on poverty levels in North Sumatra Province. (Firmansyah & Arizal, 2025)



The graph shows the development of poverty rates and inflation in North Sumatra Province during the period 2001–2024. Overall, the poverty rate has shown a downward trend, from around 18–20 percent in the early 2000s to around 9–10 percent in 2024. This decline reflects improvements in public welfare, albeit gradual. Meanwhile, the inflation rate tends to fluctuate from year to year, with the highest spike occurring in 2005, thought to be due to rising fuel prices and pressure on the prices of basic necessities. After that period, inflation has been relatively more controlled, particularly in the last five years, where it has tended to remain stable at below five percent.

In general, the relationship between the two variables indicates that when inflation rises sharply, the rate of poverty reduction slows. This occurs because rising prices of goods and services reduce people's purchasing power, particularly among low-income groups. Conversely, when inflation declines, poverty reduction is more stable. Therefore, it can be concluded that

inflation has a positive effect on poverty, with rising inflation potentially worsening poverty if not offset by increases in people's incomes. (Ningsih, 2019)

Various previous studies have shown a strong correlation between unemployment and poverty levels. Theoretically, according to Todaro (2000), rising unemployment will reduce household income and the community's ability to meet basic needs, thereby driving up the number of poor people. Mankiw (2003) also explains that high unemployment will hamper economic growth and reduce people's opportunities to participate in productive activities. (Novianto, 2018)

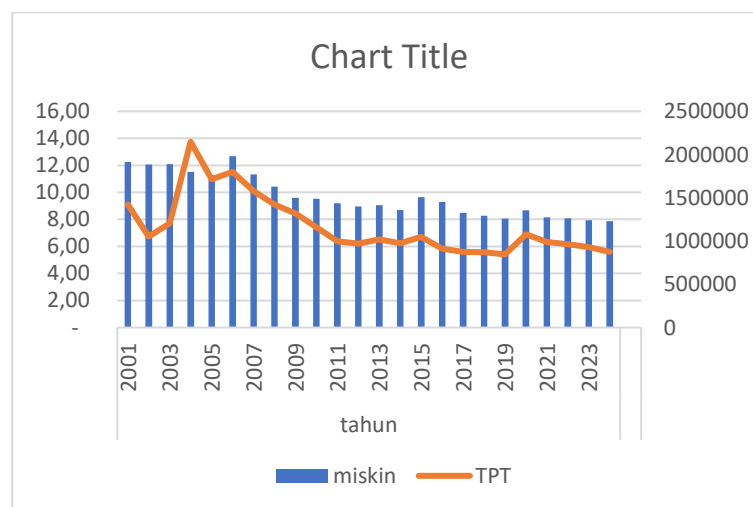
However, empirical research in various regions shows a research gap regarding the direction and strength of unemployment's influence on poverty. For example, research by Nasution & Lubis (2023) in North Sumatra Province found that the Open Unemployment Rate (TPT) had a positive and significant effect on poverty, with every 1% increase in unemployment increasing the number of poor people by 0.35%. This finding confirms that rising unemployment directly worsens the economic conditions of poor households. (Sangkaen et al., 2018)

In contrast to these findings, Siregar (2020), who studied West Java Province, found that unemployment had no significant effect on poverty, as most people were able to adapt to economic conditions through the informal sector or part-time work. This difference indicates that the economic structure and role of the informal sector in each region are determining factors that moderate the relationship between unemployment and poverty. (Rizani et al., 2023)

Thus, there remains a research gap regarding how the characteristics of unemployment in regions with diverse economic structures such as North Sumatra affect poverty. Further studies are needed to understand whether the dominant type of unemployment (structural, frictional, or disguised) also determines the extent of its impact on poverty increases in the region. (Utomo, 2012)

Inflation is the process of a general and continuous increase in prices over a period of time (Mankiw, 2003). In Indonesia, inflation is often caused by increases in the prices of food, energy, and transportation (BPS, 2023). High inflation reduces people's purchasing power, especially among low-income groups.

Logically, when inflation increases, prices of goods and services rise while people's real incomes remain constant, thus reducing purchasing power and pushing more people into poverty. According to Mankiw (2003), inflation that is not offset by wage increases will worsen the well-being of the poor. Research by Sari & Ginting (2022) in the Journal of Economic Paradigm shows that inflation has a positive impact on poverty levels in North Sumatra, particularly in household food consumption.



The graph shows the development of the number of poor people and the open unemployment rate (TPT) in North Sumatra Province during the period 2001–2024. Based on the graph, the number of poor people (indicated by the blue bars) experienced a gradual downward trend from the beginning of the period until 2024. In the early 2000s, the number of poor people was still quite high, but continued to decline along with increasing regional economic growth and the effectiveness of various poverty alleviation programs implemented by the government.

Meanwhile, the open unemployment rate (TPT), depicted by the orange line, exhibits a fluctuating pattern, with its highest peak occurring in 2005. This increase is likely related to changes in the national economic structure and employment conditions. Since then, the unemployment rate has gradually declined and has tended to stabilize in the 5–7 percent range in recent years.

Overall, this graph shows that when the unemployment rate rises, the number of poor people tends to increase, while when unemployment decreases, the number of poor people decreases. This indicates a positive relationship between unemployment and poverty, where increasing unemployment increases the risk of poverty due to declining income and purchasing power. Therefore, efforts to reduce the unemployment rate are a crucial factor in reducing poverty in North Sumatra Province.

Theoretically, inflation is closely linked to poverty because it affects people's purchasing power. Mankiw (2003) explains that rising prices of goods and services without a corresponding increase in real income will reduce people's welfare, especially low-income groups. Similarly, Boediono (2014) asserts that high inflation will widen social inequality because price pressures are felt more severely by the poor, whose income is largely spent on food consumption. ([Priyanto, 2005](#))

However, empirical research in various regions of Indonesia shows that the effect of inflation on poverty is not always consistent, creating a research gap that requires further investigation. Research by Sari & Ginting (2022) in North Sumatra Province found that inflation has a positive and significant impact on poverty—every 1% increase in inflation can increase the number of poor people by around 0.27%. Rising food and energy prices are the main factors suppressing the purchasing power of poor households.

Conversely, Hutabarat (2020) found a different finding: moderate inflation can actually reduce poverty by encouraging increased production and employment. These results indicate that the impact of inflation on poverty is not linear, but depends on the characteristics of inflation (food vs. non-food), the adaptability of people's incomes, and government policies to maintain price stability.

Therefore, there remains a gap in empirical research on how specific levels of inflation, particularly food inflation in regions like North Sumatra, significantly impact the well-being of the poor. Further research is needed to clarify whether moderate inflation can actually be productive or whether it continues to exacerbate poverty when not accompanied by price control policies and increases in real incomes.

This research is interesting to study because it addresses the classic macroeconomic issues of inflation and unemployment, but places them in a contemporary and local context, namely North Sumatra Province, which has diverse economic characteristics between urban and rural areas. Although the effects of inflation and unemployment on poverty have been widely discussed in the economic literature, the results remain inconsistent, especially at the regional level. Some studies find that unemployment significantly increases poverty, while others suggest the effect is not always significant due to the strong role of the informal sector. Similarly, inflation, while on the one hand, can worsen the welfare of the poor, under certain conditions actually encourages economic activity and employment.

The research's uniqueness lies in its long-term analysis period (2001–2024), enabling it to capture the structural dynamics of the North Sumatran economy, including the impact of the

COVID-19 pandemic, the global food price crisis, and post-pandemic economic recovery. By combining BPS macroeconomic data with development theories such as Todaro (2000) and Mankiw (2003), this research not only examines statistical relationships but also examines how changes in inflation and unemployment collectively shape long-term poverty patterns. Therefore, this research is expected to provide new contributions to regional policymaking, particularly in formulating effective inflation control and job creation strategies to reduce poverty in North Sumatra.

2. RESEARCH METHODS

This research focuses on poverty in North Sumatra Province, covering several variables, including poverty, unemployment, and inflation. This research was conducted using secondary data sourced from the Central Statistics Agency (BPS) of North Sumatra Province. The data used was time series data spanning 14 years, from 2007 to 2020.

For this reason, the functions used in this study are: $PMIS = (PGG, INF)$ (1) From equation 1, specified in the model and transformed into logarithmic form in the following equation:

$$L (PMIS) = \beta_0 - \beta_1 L (PGG) + \beta_2 L (INF) + e$$

Information:

PMIS = Poor Population (People)

TPT = Unemployment (People)

INF = Inflation (Percent)

L = Logarithm

β_0 = Constant

β_1 - β_2 = Regression coefficient

e = Interference variable (error term)

The data analysis technique in this study used multiple regression analysis with the Ordinary Least Squares (OLS) method. The assumption tests used included normality, autocorrelation, multicollinearity, and heteroscedasticity tests (Ghozali, 2011). The results of this study examined partial effects, simultaneous effects, and the coefficient of determination. All data processing in this study used the Eviews 12 analysis tool.

3. RESULTS AND DISCUSSION

A. Results

1. Classical Assumption Test

- a. Normality Test. The criteria for the Jarque Bera Prob. (JB) value > 0.05 means that H_0 is rejected, meaning there is no deviation from the normality assumption or the disturbance/residual is normally distributed. Based on Table 2, it is known that the Jarque Bera Prob. is $0.796 > 0.05$, so it can be concluded that there is no violation of the normality test in this research model.
- b. Autocorrelation Test. Breusch-Godfrey Serial Correlation LM Test results with the criteria that if the Obs*R-squared prob. value is > 0.05 , then there is no autocorrelation symptom in this study. Based on Table 2, it is known that Prob. is $0.4552 > 0.05$, so it can be concluded that there is no violation of the autocorrelation test in this research model.
- c. Heteroscedasticity Test. Breusch-Pagan-Godfrey Results: Heteroscedasticity Test with the criteria if the Prob. Obs R-squared value > 0.05 , then there is no heteroscedasticity symptom in this research model. Based on Table 2, it is known that Prob. is $0.0680 < 0.05$, so it can be concluded that there is no violation of the heteroscedasticity test in this research model.
- d. Multicollinearity Test. The results of the Variance Inflation Factors test with the criteria if the Centered VIF value is < 10 , then there is no violation of the multicollinearity test in

this research model. Based on Table 1, it is known that the Centered VIF value is $(1.36; 1.36) < 10$, so it can be concluded that there is no violation of the multicollinearity test in this research model.

The results of the assumption tests and hypothesis tests of the OLS regression model in this study are summarized in Table 1 below:

Dependent Variable: LOG(MISKIN)

Method: Least Squares

Date: 10/06/25 Time: 13:58

Sample: 2001 2024

Included observations: 24

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.79276	0.070568	195.4532	0.0000
LOG(INFLASI)	0.072256	0.031141	2.320285	0.0305
TPT	0.041980	0.010491	4.001456	0.0006
R-squared	0.668446	Mean dependent var	14.22082	
Adjusted R-squared	0.636869	S.D. dependent var	0.156840	
S.E. of regression	0.094512	Akaike info criterion	-1.763705	
Sum squared resid	0.187584	Schwarz criterion	-1.616449	
Log likelihood	24.16447	Hannan-Quinn criter.	-1.724638	
F-statistic	21.16905	Durbin-Watson stat	1.232391	
Prob(F-statistic)	0.000009			

2. Hypothesis Testing

- Simultaneous test, in general the unemployment and inflation variables have a significant effect on poverty in North Sumatra Province with a Prob of $0.000 < 0.05$, so H_0 is accepted.
- Partial test, there is a positive and significant influence of unemployment variable on poverty variable in North Sumatra with a probability of $0.0006 < 0.05$ then H_0 is accepted. There is a positive and significant influence of inflation variable on poverty variable in North Sumatra with a probability of $0.0305 < 0.05$ then H_0 is accepted.

3. Coefficient of Determination

Based on Table 1 above, the R-Squared value is 0.6684, which means that 66.84 percent of the contribution of the number of poor people can be explained by unemployment and inflation. While the remaining 31.16 percent is influenced by variables not examined.

4. Discussion of analysis models

The regression equation produced from this research model is as follows:

$$L (\text{PMIS}) = 13.7927 + 0.0722 L (\text{INFLATION}) + 0.0419 (\text{UNEMPLOYMENT}) + e$$

Based on the coefficient above, it can be explained that:

- The constant 13.7927 shows that if independent variables such as inflation and unemployment are constant, then the number of poor people in North Sumatra is 13.792 percent.
- Every 1 percent increase in inflation will increase the number of poor people in North Sumatra Province by 0.0722 percent assuming *ceteris paribus*.
- Every 1 percent increase in unemployment will increase the number of poor people in North Sumatra Province by 0.0419 percent, assuming *ceteris paribus*.

B. Discussion

Unemployment Variable on Poverty in North Sumatra Province, The results of the partial hypothesis test in this study explain that the unemployment variable has a positive and significant effect on the poverty rate in North Sumatra Province, with a probability value of

0.0006 < 0.05. This means that every 1 percent increase in the unemployment rate will increase the number of poor people by 0.0419 percent, assuming other factors remain constant (*ceteris paribus*). Thus, the hypothesis that unemployment has a positive effect on poverty in North Sumatra Province is proven true.

The results of this study support the theory put forward by Todaro (2000), who stated that unemployment is one of the main causes of poverty due to reduced household income and declining purchasing power. When someone loses a job, they lose a source of income to meet basic needs such as food, clothing, shelter, and health, thus decreasing household welfare. Mankiw (2003) also emphasized that the higher the unemployment rate, the lower the national productivity and aggregate income of the community.

Empirically, the results of this study align with the findings of Nasution and Lubis (2023) in the *Scientific Journal of Development Economics*, which showed that the Open Unemployment Rate (TPT) in North Sumatra Province has a positive and significant impact on poverty. Every 1% increase in the TPT leads to a 0.35% increase in the number of poor people. These findings demonstrate that creating quality jobs is key to poverty alleviation in this province.

Similar findings were obtained by Primandari (2018) and Mufidah et al. (2022), who stated that rising unemployment will increase the extent of poverty because declining incomes result in an inability to meet minimum living needs. Arsyad (2010) explained that there is a close relationship between the unemployment rate, the extent of poverty, and unequal income distribution. The higher the unemployment rate, the greater the risk of increasing social inequality. (Primandari, 2018)

This situation is clearly evident in North Sumatra Province, where, although the unemployment rate decreased post-COVID-19 pandemic from 6.91% (2020) to 5.60% (2024), the reduction in poverty is not always significant. This indicates that a decrease in the unemployment rate does not always translate into increased welfare, as most of the new jobs created are informal and low-wage. This phenomenon reinforces Simanjuntak's (2001) argument that unemployment in developing countries is often structural, occurring due to a mismatch between workforce skills and job market needs.

However, a research gap emerged when comparing the results of this study with those of studies in other regions. Siregar (2020), in his research in West Java Province, found that unemployment had no significant effect on poverty because some people were able to adapt through the informal sector. This suggests that the relationship between unemployment and poverty is highly dependent on the regional economic structure, the strength of the informal sector, and the quality of available jobs.

Thus, this study strengthens empirical evidence that unemployment remains a significant factor influencing poverty in North Sumatra Province. However, to reduce poverty sustainably, policies are needed that not only create new jobs but also improve the quality of jobs and skills of the workforce to meet industry needs.

Inflation Variable on Poverty in North Sumatra Province, The results of the partial hypothesis test show that inflation has a positive and significant effect on poverty in North Sumatra Province, with a probability value of $0.0305 < 0.05$. This means that every 1 percent increase in inflation will increase the number of poor people by 0.0722 percent. Thus, the hypothesis that inflation has a positive effect on poverty is empirically proven correct.

The results of this study support Mankiw's (2003) theory, which states that high inflation will increase the poverty line because prices of goods and services rise while people's real incomes remain constant. As a result, people's purchasing power decreases, and more households fall below the poverty line. Boediono (2014) also emphasized that uncontrolled inflation can widen economic inequality because the burden of price increases falls heaviest on low-income groups.

The results of this study are consistent with the findings of Sari and Ginting (2022) in the Journal of Economic Paradigm, which showed that inflation has a positive and significant impact on poverty levels in North Sumatra Province, particularly in the household food consumption sector. Every 1% increase in inflation increases the number of poor people by 0.27%. This is because the poor allocate a larger portion of their income to basic needs such as food and energy, making them more vulnerable to price fluctuations. ([Sari & Wulansari, 2022](#))

Furthermore, this research aligns with the findings of studies by Primandari (2018), Ningsih and Andiny (2018), and Mardiatillah et al. (2019), which show that inflation plays a significant role in increasing poverty because rising prices lead to decreased consumption and reduced levels of public welfare. When inflation increases, the real value of income decreases, making it increasingly difficult for poor households to meet basic needs. ([Primandari, 2019](#))

Conditions in North Sumatra reinforce this evidence. According to Statistics Indonesia (BPS) data (2025), inflation in this province fluctuated from 1.96% in 2020, 1.71% in 2021, then sharply increased to 6.12% in 2022, and then fell again to 2.12% in 2024. The sharp increase in 2022 due to the global energy crisis led to a spike in food and energy prices, directly impacting the poor. The decline in inflation in 2023–2024 will not necessarily improve welfare because the prices of basic necessities are already high and people's purchasing power has not fully recovered. ([Mardiatillah et al., 2021](#))

However, a research gap emerges when these results are compared with Hutabarat's (2020) study, which found that moderate inflation can actually reduce poverty by encouraging increased production and employment. These differences in results indicate that the effect of inflation on poverty is not always linear, but rather depends on the type of inflation (food vs. non-food), the adaptability of people's incomes, and government policies to maintain price stability. ([Hutabarat et al., 2025](#))

Thus, this study reinforces the view that inflation in North Sumatra Province significantly exacerbates poverty, particularly during periods when the price of basic necessities rises rapidly without a corresponding increase in income. This study closes the empirical research gap by confirming that the impact of inflation on poverty at the regional level is strongly influenced by local economic structure and the resilience of poor household consumption to price fluctuations.

4. CONCLUSION

Based on the results of data analysis, hypothesis testing, and discussion regarding the effects of inflation and unemployment on poverty levels in North Sumatra Province during the study period, it can be concluded that unemployment has a positive and significant effect on poverty. The results show that every 1 percent increase in the unemployment rate will increase the number of poor people by 0.0419 percent. Increasing unemployment has a direct impact on decreasing household income and purchasing power, thereby increasing the number of poor people. This finding is in line with the theory of Todaro (2000) and research by Nasution and Lubis (2023), which states that unemployment is one of the main causes of increasing poverty in a region.

Furthermore, inflation has been shown to have a positive and significant impact on poverty in North Sumatra Province. Every 1 percent increase in inflation can increase the number of poor people by 0.0722 percent. Rising prices of basic necessities without a corresponding increase in real incomes leads to a decline in purchasing power, especially among low-income groups. This worsens the welfare of the poor. The results of this study are consistent with the views of Mankiw (2003) and Sari and Ginting (2022), which explain that inflation negatively impacts public welfare, particularly for those with fixed or low incomes.

Simultaneously, inflation and unemployment significantly influence poverty in North Sumatra Province, with an F-test probability value of $0.000 < 0.05$. These two macroeconomic variables together explain 66.84% of the variation in poverty levels, while the remaining

33.16% is influenced by other factors such as economic growth, investment, education, and labor productivity. However, there is a research gap with several previous studies, such as Siregar (2020) and Hutabarat (2020), which showed different results in other regions. This confirms that the influence of inflation and unemployment on poverty is contextual, depending on the regional economic structure, the strength of the informal sector, and the community's ability to adapt to economic pressures.

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