Jurnal Ekonomi dan Studi Pembangunan, 14 (2), 2022
ISSN 2086-1575 E-ISSN 2502-7115

The Impact of Macroeconomic Effect and Fiscal Policy on Poverty in Indonesia

Hadi Sumarsono[1], Ermita Yusida[1,2], Suhaili Alma'amun[3]
[1]Economics Development Department, Universitas Negeri Malang, Indonesia
[2]Economics Department, University of Lisbon, Portugal
[3]School of Economics, University Kebangsaan Malaysia, Malaysia

E-mail: hadi.sumarsono.fe@um.ac.id

Received: July 7, 2021; Revised: September 28, 2022; Accepted: September 29, 2022
Permalink/DOI: http://dx.doi.org/10.17977/um002v14i22022p230

Abstract

Poverty is a problem that must be overcome immediately by a developing country. Therefore, various efforts were made to find factors that significantly affect poverty in order to design an alleviation strategy. This study aims to determine the impact of macroeconomic effect and fiscal policy on poverty poverty in all the Indonesian provinces from 2018 to 2020. The macroeconomic effect proxied by unemployment, Human Development Index (HDI), investment, and economic growth. Besides that, the fiscal policy proxied by social assistance. The data analysis used in this study is panel data. The time-series data used are from 2018 to 2020, and the cross-section data used is from 34 provinces in Indonesia. The model selected in this study is the Fixed Effect Model (FEM). This study found that unemployment had a significant positive effect, and HDI had a significant negative impact on poverty in Indonesia. In contrast, social assistance did not have a significant impact. Simultaneously, unemployment, HDI, and social assistance exert a significant influence.

Keywords: *Unemployment; Human Development; Social Assistant; Poverty*
JEL Classification: E24; O15; H52; I32

INTRODUCTION

The seventeen Sustainable Development Goals (SDG)s' main goal is poverty reduction. It means that poverty is a global problem and must be resolved together. This program is a joint agreement between world leaders on protecting the earth and reducing poverty and sixteen other issues expected to be achieved by 2030 (Sustainable Development Goals, 2017). Minimum wages, poverty, climate change, and income inequality are the main topics in internal negotiations on social issues in democratic governance (Drabek, 2021). The number of poverty is one of the causes of the economic deceleration of a country. If truth be told, the economic development aims to improve the people's welfare in the region, so the government must minimise the problem of poverty immediately to achieve development targets (Puspita, 2015).

Purnomo (2019) states that Indonesia is categorized as a developing country with the problem of high levels of poverty that hinder development. The data

released by Statistic Indonesia in 2021 announced that the poor population in Indonesia accelerated markedly from 1,28 million in 2019 to 26.42 million people in 2020 (BPS, 2020b). Low-income levels, lack of employment opportunities, and rapid population growth are the causes of the high growth of the poor population.

The Indonesian poverty rate fluctuated year by year from 2018 to 2020. The number of poor people in Indonesia started in 2018 respectively 9.82%, 9.41%, and 9.78% (BPS, 2021b). The number of poor people sequentially from 2018 was 25.95 million, then decreased in 2019 to 25.14 million people, and finally rose in 2020 to reach 26.42 million people. Likewise, the poverty depth index also fluctuated, dropping in 2019 to 1.55 and increasing by 0.06 points in 2020 (BPS, 2021[b]).

The poverty rate in Indonesia is influenced by vital factors such as social assistance, the human development index (HDI), investment, economic growth, and unemployment. The unemployment rate is closely related to poverty. The unemployed are categorized as poor because they do not have income, leading to low consumption levels (Puspita, 2015). Therefore, the escalation percentage of poor people in 2020 is relevant to the rocketing number of the open unemployment rate, from initially 5.23% in 2019 to 7.07% in the following year (BPS, 2020[c]).

The indicators and basis of HDI measuring are long and healthy life, access to education and a decent standard of living. This entry is a result of the development process that is organized and accessible to the community (Ningrum, 2017). One of the classifications of underdeveloped, developing and developed countries is based on their HDI. The HDI in Indonesia has experienced positive growth from year to year, including from 2018 to 2020. Indonesia's HDI from 2018 to 2020 is 71.39, 71.92, and 71.94, respectively (BPS, 2021a). In brief, the provinces in Indonesia are in the high and medium HDI categories (BPS, 2021[a]).

Economic development in Indonesia cannot be separated from investment. Through investment, production capacity will also increase so that national income will increase, accompanied by the opening new jobs, meaning that people's job opportunities are expanding (Todaro & Smith, 2011). Research by Prasetyawan et al. (2017) give place to investment as an essential aspect of poverty alleviation, job creation, and economic growth because the economy whose primary driver is consumption is very vulnerable. Paramita & Purbadharmaja (2015) found that investment significantly negatively affects Bali Province's poverty. This finding is also supported by Prasetyawan et al. (2017), who got similar results in East Java Province.

National income is an indicator of economic growth in a country without involving the size of the increase in population. Economic growth, which is reflected through the Gross Domestic Product (GDP) growth, is used as a measure of welfare. The higher the growth rate, the higher the productivity of production factors which automatically increases workers' wages (Prasetyawan et al., 2017). National economic growth is measured through GDP, while in each province, it can be seen through Gross Regional Domestic Product (GRDP). GRDP in each region is obtained from the results of natural wealth management and the potential of the resources owned to obtain a large regional income (Kuncoro, 2019). This means that the production factors in it are used optimally, including labour, so that when GRDP is high, workers also get a commensurate wage so that their welfare increases and poverty will also decrease (Prasetyawan et al., 2017).

With a focus on reducing poverty, the government programs social assistance and assists the community to survive. This program namely the Program Keluarga Harapan (PKH). The purpose is to reduce poverty and the problems of fulfilling the necessities of life so that they can live in decent conditions (Faulana, Murniawaty, & Rusdarti., 2020). Therefore, efforts to increase welfare have become one of the solutions for reducing poverty levels. When people's welfare is high, poverty in the area will be lower, and vice versa. It means an inverse relationship between poverty and welfare (Bintang & Woyanti, 2018).

Based on the problem of poverty, this research will see and understand the effect of unemployment and HDI and find the impact of social assistance on poverty in Indonesia, especially from 2018 to 2020. After finding and understanding the impact of these variables, they can be used as a reference in alleviating poverty in Indonesia.

LITERATURE REVIEW

Todaro & Smith (2011) define poverty as a condition in which an individual cannot meet his basic needs to survive. This condition occurs due to several factors, including the absence of income due to not working. If a person does not work, his productivity is zero or in the low category. This circumstance will lead to lower investment, consumption, and savings levels. Purnomo (2019), in his research, found that a low level of investment results in the capital, which in turn disrupts the production process and eventually continues to form a cycle of poverty. The cycle of poverty can theoretically be broken through additional capital or investment so that it can create new job opportunities that can absorb labour and gradually reduce the number of poor people (Abbas & Rahmawati, 2020).

Kharisma, Remi, Wardhana, & Minarso (2020) argued that poverty through a monetary approach occurs when the minimum level of consumption has not met the requirement and is measured based on the poverty line. Similarly, BPS (2020a) measures poverty through the ability of individuals to meet their daily needs. People are categorized as poor when the average monthly expenditure per individual is below the specified poverty line. Based on BPS (2020a), it is determined that the value of the Indonesian poverty line is IDR 454,625.00 per individual each month. Meanwhile, in 2021 the value of the poverty line elevated by 3.94% to Rp.472,525.00 (BPS, 2020a). In fact, in 2018, Statistic Indonesia set the poverty line at IDR 410,670.00 (BPS, 2019). Furthermore, Katadata (2018) explains that the poverty line measures the lowest value of a person's income to live in decent conditions.

The Indonesian government must resolve poverty immediately because poverty is the most significant inhibiting factor in national economic development. Various efforts from the regional to the main level have been implemented and supported by the local government. However, the policies planned by the government have not been well-coordinated. As a result, poverty alleviation as the main goal is not achieved. In addition, the diverse quality of human and natural resources, population, geographical differences, historical factors, and income levels also trigger high poverty in developing countries (Puspita, 2015).

One of the things that trigger the inhibition of the country's economic development is unemployment. The unemployment problem is triggered by high population growth, not as much as by job growth. As a consequence of the issue,

the labour force's productivity decreases (Puspita, 2015). Hatta & Khoirudin (2020) explained that the condition of people's welfare could be described through their income, including unemployment welfare. If people are employed, it means that they have productive activities and earn income to meet all their needs so that their level of welfare also increases.

Conversely, if people are unemployed, their welfare is also low. Purnomo (2019) found that unemployment positively affects poverty, meaning that when the number of unemployed increases, deprivation also increases, and vice versa. If the number of unemployed increases, the country's ability to increase its economic productivity will also decrease because the burden on society is enlarged.

Syofya (2018) describes HDI as a standard used as a benchmark for human resource development achievement. There are three indicators of HDI: health, education and economy. Health is measured by the length of life expectancy of the people of a country. Expected years of schooling of children at school-entry age and mean years of schooling of the adult population to measure access to education. Finally, the adjusted price level of the country by counting people's purchasing power for goods and services is a measurement of a decent standard of living in the economy (Sumarsono & Novarinda, 2016).

BPS (2020d) states that the HDI can be used to emphasize that people and their capabilities should be the ultimate criteria for assessing the country's development, especially in income, health, and education. It is because the purpose of implementing human development is so that the community has a high education, a healthy life, and a decent standard of living (Hatta & Khoirudin, 2020). However, Andykha, Handayani, & Woyanti (2018), in their research, found that HDI has a relationship and has a significant adverse effect on the amount of poverty. It means that when the HDI value is low, people's health, education, and standard of living are also downcast, which leads to the productivity level decreasing and impacts the poverty rate (Purnomo, 2019).

BPS (2020d) defined that HDI can be used as a guide because it contains strategic data that is useful in measuring government performance and the level of development of a region and country. The efforts to increase HDI are needed in a country with low human resources. One of the efforts is providing education and health facilities that are easily accessible to the entire community, including the poor, so that the people can achieve the goal of a decent standard of living. The improvement of these facilities also supports the progress of the quality of human resources. Hence, the community have higher productivity at work (Andykha et al., 2018).

Presidential Regulation No. 63 of 2017 mentioned that social assistance is the assistance program provided to people who are in the poor category, vulnerable to social risks, and underprivileged. The form of assistance can be in the form of services, goods, or cash or non-cash, which is expected to help alleviate poverty (JDIH, 2017). Ridha, Sinring, & Baharuddin (2021) also describe that social assistance is a form of realization of economic resilience programs, especially for vulnerable families or households in meeting food, education and health needs or in conditions of economic crisis.

The government launched various social assistance programs. One of them is called Program Keluarga Harapan (PKH). This program is social assistance because it is the realization of conditional cash transfers (Habibullah et al., 2017).

The requirement for the community to be given PKH is to have children currently pursuing formal education at the junior secondary level and pregnant or lactating mothers who visit the local government central health care regularly. The program specifically aims to increase the level of family welfare through easy access to education, health, and social security to minimize income inequality and poverty. Gultom, Kindangen, & Kawung (2020), in their research, found that the government gave this program in the form of social services, goods, and money.

The Indonesian government also organizes the Non-Cash Food Assistance (BPNT- Bantuan Pangan Non-Tunai), program with the condition that they must hold a subsidy card from the government called Kartu Keluarga Sejahtera (KKS). This program is an improvement of the previous program called Program Subsidi Rastra, which aims to encourage society's financial inclusion. Gultom et al. (2020), in their research, found that assistance channelled through banking boosts community productivity. For that reason, it impacts the increases in economic capacity and welfare of the community because people can gain complete access to financial services, especially banking.

However, the fact is contrary to the purpose. Lindiasari S & Ramadhani (2019) found that social assistance had a significant adverse effect on poverty. These findings are in contrast to the research of Ridha et al. (2021), where social assistance is unrelated and does not have a significant effect on poverty levels. Gultom et al. (2020) support the research of Ridha et al. (2021), under the condition that the beneficiary's family did not use it optimally for their family's welfare and often, the assistance was not well-targeted. Faulana et al., (2020) mentioned that social assistance to alleviate poverty must be accompanied by valid recipient data collection according to reality to be more targeted.

Research by Prasetyawan et al. (2017) give place to investment as an important aspect of poverty alleviation, job creation, and economic growth because the economy whose main driver is consumption is very vulnerable. Paramita & Purbadharmaja (2015) found that investment significantly negatively affects Bali Province's poverty. This finding is also supported by Prasetyawan et al. (2017), who got similar results in East Java Province, and Nizar et al. (2013), who found similar results in a small proportion. However, this result is different from Safitri & Effendi (2019) in their research in South Kalimantan, which found that investment had a positive but not significant effect on poverty in the area. The factors causing these differences are important to be investigated further to find results relevant to the current condition of poverty in Indonesia.

METHOD

This research type is quantitative, which means that this study collects and analyses numerical data. The kind of data is secondary data obtained through official institutions, namely Statistic Indonesia (BPS). The data used are the unemployment rate, HDI, investment, economic growth, social assistance, and the poverty rate in Indonesia from 2018 to 2020.

Furthermore, the accumulated data is processed using panel regression analysis with Stata software, which comes from a combination of time series and cross-section data. Finally, the author analyzed the data processing results descriptively to provide valid interpretation and research.

Data Panel Regression Model

The research location is in all of Indonesia's provinces from 2018-2020. This research's dependent variable (Y) is the poverty level, while the independent variable (X) is unemployment, HDI, and social assistance. Poverty data used is the percentage of poor people. Unemployment data uses data on the Open Unemployment Rate. HDI data uses the human development index value. Investment data is obtained from domestic investment figures. Economic growth data uses the GDP growth rate based on constant prices. Social assistance data uses the number of Beneficiary Families. The data obtained were analyzed using panel data regression. Therefore, the model form of the equation can be shown as follows:

$$Y_{it} = \alpha + \beta_{TPT}\, TPT_{it} + \beta_{IPM}\, IPM_{it} + \beta_{PMDN}\, PMDN_{it} + \beta_{PDRB}\, PDRB_{it} + \beta_{KPM}\, KPM_{it} + \mu_{it} \quad (1)$$

Where:

Y = Poverty Level
α = Constanta
β_{TPT} = Unemployment Regression Coefficient
β_{IPM} = Human Development Index Regression Coefficient
β_{KPM} = Social Assistance Regression Coefficient
β_{PMDN} = Investment Regression Coefficient
β_{PDRB} = Economic growth Regression Coefficient
TPT = Open Unemployment Rate
IPM = Human Development Index
KPM = Beneficiaries Family
PMDN = Investment
PDRB = Economic growth
μ = error term
i = Cross Section (All of the provinces in Indonesia)
t = Time Series (Year 2018-2020)

The Model and Test in Data Panel Regression

In the panel data regression, econometric and statistical tests must be carried out. Fixed Effect Model (FEM), Partial Least Square (PLS), and Random Effect Model (REM) are three models that can be applied to select the best model in panel data regression calculations. After performing calculations to choose the best model, the model selected in this research is REM using two types of statistical tests, specifically testing between PLS and REM, which is called the Chow test and testing between FEM and REM, which is called the Hausman and Lagrange multiple tests. The regional dummy in the research model used has a purpose when you want to see how the variation of characteristics and development in the dependent variable is known as the Least Square Dummy Variable (LSDV). The form of the approaching model that can be used in considering the REM model is the Ordinary Least Square (OLS) approach, where the model seeks to reduce the deviations that exist in the results of the calculation (regression) against the actual situation.

In the classical assumption test OLS approach, two types of tests must be met: the multicollinearity test and the heteroscedasticity test. Multicollinearity

refers to the condition when independent variables in the regression model are highly correlated. When the test results using the correlation, matrix have a calculation result higher than 0.8, we can say that the model has symptoms of multicollinearity. On the other hand, by doing the Geyser test, the results of the heteroscedasticity test can be declared to pass if the results given by the probability can be higher than the value of 0.05.

The statistical tests contained in this study are the coefficient of determination test, the simultaneous significance test, and the partial significance test. The coefficient of determination is the value of the contribution of the independent variable to the dependent variable. The higher the R-squared value or close to 1, the higher the ability of an independent variable (X) to show a variation of change in the dependent variable (Y). Simultaneous Test Procedure can be used as all hypotheses may be tested simultaneously and without reference. At the same time, the significant partial test is used to see how the influence of each variable X on changes in variable Y.

RESULTS AND DISCUSSION

Estimation Model

Based on the results of panel data regression using the Stata for Windows application, it is necessary first to know the results of each model, namely Pooled Least Square (PLS), Fixed Effect Model (FEM), and Random Effect Model (REM). After getting the results, the necessary tests can be carried out to choose the best analysis model. The probability value given in the Chow test shows significant at 1%, then the FEM model is the model chosen. The results given from the Hausman test show that the probability value in the random cross-section (0.1874) > (0.05) then the best model selected is the REM model.

The Lagrange Multiple tests is used to test between the PLS and REM models as the best model is called the Hausman test. If the results show that H0 is rejected and H1 is accepted, then the selected model is REM. On the other hand, if the results show that H0 is accepted and H1 is rejected, the model chosen is PLS. Based on the output results, the magnitude of the probability value has a significance level of 0.05, therefore the random effects model is the best model.

Testing Assumptions and Model Suitability

Based on the results, we can see that the best model is the Random Effect Model (REM). The REM model predicts the existence of a difference that occurs between individuals can be accommodated from the difference in the intercept. The technique used to estimate the REM model is a dummy variable. The following are the results of calculations using the REM model in panel data regression analysis. The REM model is chosen to be the best model, and then we can see that the approaching model used is the OLS model. The multicollinearity and heteroscedasticity tests are two classical assumption types tests that have to be conducted in Ordinary Least Square (OLS). It is used to determine whether there are problems in panel data analysis. Table 1 presented the model estimation that comply the multicollinearity test and heteroscedasticity test assumption.

Table 1. Data Panel Regression Result

Poverty	Coef.	Std. Error	Z	95% conf. interval	
TPT	0,3037***	0,0516629	5,88	0,202439	0,4049537
IPM	-0,6032***	0,0994249	-6,07	-0,7980793	-0,4083407
KPM	-1,08e-08	2,15e-08	-0,50	-5,30e-08	3,13e-08
PMDN	-0,1122**	0,0502882	-2,23	-0,2107324	-0,0136063
PDRB	-0,0188*	0,0108074	-1,74	-0,0400088	0,0023555
-cons	52,7426***	7,044733	7,49	38,93514	66,54999

Source: data processed by *Stata for Windows* (2022)
Note: the model complies the non-multicollinearity and non-heteroscedasticity assumption

The constant value of 52.74257 indicates that when the independent variable is equal to zero, the value of the poverty level is 52.74257. The coefficient value on the unemployment variable is 0.3036963, which means that when unemployment increases by 1, poverty also increases by 0.30%. The coefficient value on the HDI variable is -0.60321, which indicates that when the HDI value rises by 1, it can reduce the poverty rate by 0.60%. The coefficient value on the Investment variable is -0.1121693, which indicates that when the investment value rises by 1, it can reduce the poverty rate by 0.11%. The coefficient value on the Economic growth variable is -0.0188267, which indicates that when the Economic growth value rises by 1, it can reduce the poverty rate by 0.02%. The social assistance variable (KPM) has no significant effect on the poverty variable, as seen from the p-value (0.614), which is more than 0.05, so the influence of each variable intercept is not identified.

The Impact of Unemployment to Poverty Level

The unemployment variable, which the open unemployment rate represents, shows that the results of the regression analysis on the unemployment variable have a significant positive effect on poverty. A similar result was obtained by Bintang & Woyanti (2018), Wahyuningsih, Yunianingsih, Priadana, Darma, & Purwadi (2020), and Feriyanto, Ayiyubbi, & Nurdany (2020). According to them, unemployment has a positive impact on the level of poverty.

The quantity of unemployment that continues to surge has also affected Indonesia's poverty rate. It is due to the imbalance between the number of job seekers with the job vacancies and the quality of human resources who cannot meet the qualifications of the labour market (Puspita, 2015).

The unemployed labour force will reduce productivity, so they do not have the income to meet their basic needs. Hatta & Khoirudin (2020) investigated that poverty is closely related to unemployment because people who do not work will have lower welfare. Likewise, Feriyanto et al. (2020) concluded that unemployment could reduce people's purchasing power. Thus, poverty can be said to be the estuary of the unemployment problem, which is constantly shooting up.

The Relationship of Human Development Index to Poverty Level

The results section in table 9 shows that HDI significantly negatively affects poverty. In other words, HDI has an inverse relationship with poverty. Comparable

outcomes were delivered by Hatta & Khoirudin (2020) , which also stated the negative influence of the HDI on poverty. The greater the HDI value, the better the quality of human resources in the country to reduce the number of poor people in Indonesia. The research results are also supported by Asrol & Ahmad (2018). They concluded that one of the poverty alleviation strategies is improving the HDI, primarily through the average length of study and life expectancy.

Syofya (2018) explained that the HDI is also a sign that human development in a country has been achieved based on three dimensions: health, education, and economy. UNDP designed a poverty alleviation strategy through the HDI as a reference for Firmani & Aif (2021). HDI in Indonesia is identified as an effort to reduce poverty because investment in health and education will have more influence on lowering the poor, especially those who rely on manual labour as their main potential (Purnomo, 2019). Moreover, providing easy access to education and health for the community can increase productivity and affect the expanded income levels.

The Effect of Investment to Poverty Level

Regression in the panel data in the results section shows that investment as measured by domestic investment (PMDN) has a significant negative effect on poverty, or in other words, investment has an inverse relationship with poverty. This means that when the investment is getting bigger, the job opportunities will be more comprehensive so that people can get a decent income. Thus, poverty will decrease.

These results align with the findings of Paramita & Purbadharmaja (2015) and Prasetyawan et al. (2017), where investment has a significant negative relationship to poverty because the investment will expand employment and increase community income. Also supported, Todaro & Smith (2011) stated that with investment, the production capacity will be greater, which impacts the increase in national income followed by the creation of new jobs.

The Effect of Economic Growt to Poverty Level

The regression in the panel data in the results section shows that economic growth, which is represented by the GRDP growth rate, has a significant negative effect on poverty, or in other words, economic growth has an inverse relationship with poverty. The meaning is that when a higher GRDP growth rate represents economic growth, it is assumed that people's incomes are also getting higher so that the level of welfare increases and poverty decreases.

These results are supported by the research of Prasetyawan et al. (2017), who found that the higher the growth rate, the higher the productivity of production factors which automatically increases workers' wages. The economic growth rate calculated through GRDP shows that each province has managed to manage its resource wealth (Kuncoro, 2019) optimally. This means that the production factors in it have been utilized and managed correctly, including labour so that the wages earned by workers are also high. High wages can increase their welfare and reduce poverty (Prasetyawan et al., 2017).

The Effect of Social Assistance to Poverty Level

The results of panel data processing in picture 1 show that social assistance represented by the number of beneficiary families has no significant relationship with poverty. These results are supported by Ridha et al. (2021) and Muhammad & Findi (2021). They argued that the implementation of the social assistance program did not have a significant effect on poverty alleviation. It is similar to Alamanda (2020), who found that spending on social assistance, grants, and government subsidies did not significantly reduce poverty in Indonesia. It is due to the reality that people do not optimally use the assistance they receive to improve family welfare. This circumstance is also supported by Habibullah et al., (2017). The behaviour of families receiving social assistance was contrary to the purpose of the social assistance, as was the case with cigarette consumption. They tend to buy cigarettes which was not a priority. The priority of providing social assistance is for the fields of education, food, and health. Suppose the social assistance provided is actually used to buy cigarettes. In that case, the allocation for the three main priority areas is reduced or even dissatisfied, one of which is the non-fulfilment of daily nutritional intake.

If these contradictory things continue to be done, the beneficiary family will not achieve the purpose of providing social assistance optimally, and the poverty level will remain high. Therefore, it is necessary to increase financial literacy with the intention they can take advantage of the benefits obtained to meet basic needs according to their priority scale. With economic literacy, humans can understand that as human beings, the economy must still be able to meet the needs of life and unlimited desires in the presence of limited resources (Aprillia, Mintarti, & Utomo, 2015). In such a way, people will prioritize primary needs rather than secondary and tertiary needs, and there will be no waste; moreover, welfare will increase.

Another reason for the insignificant effect of social assistance on poverty alleviation is the inaccurate data on beneficiary families. This problem occurs because of inclusion errors which are residents who fall into the criteria of being able to but are registered in the families of beneficiaries of social assistance, and exclusion errors which are residents who fall into the requirements of being unable but not registered in the families of beneficiaries of social assistance (Purnomo, 2019). The problem of eligibility criteria for beneficiary families that are not appropriately handled will affect the amount of the social assistance budget provided by the provincial government to local governments below it will not achieve the goal of alleviating poverty due to mistargeting.

CONCLUSION

Based on the discussion of the results of the research data analysis, we can conclude several results. First of all, the unemployment rate has a significant positive effect on poverty because when the number of unemployed is skyrocketing will impact the number of poor people. Then, HDI has a substantial and inverse relationship with poverty since the higher the HDI value, the lower the poverty rate, and vice versa. Domestic investment has a significant negative relationship with poverty because the higher the investment in Indonesia, the lower the poverty rate. Likewise, economic growth, as measured by the GDP growth rate, is significantly negatively related to poverty because the higher the economic growth, the lower the poverty rate. Finally, social assistance, measured through beneficiary families, does

not significantly affect poverty because there is a moral hazard in the distribution of social assistance. Moreover, the behaviour of families receiving social assistance is more wasteful to tertiary needs than primary ones such as education, economy, and family health.

Therefore, some suggestions are given to improve the government's performance in reducing poverty in Indonesia. To begin, the government needs to upturn job opportunities to reduce unemployment and poverty. Moreover, people must know about free education and health programs that are quickly accessed. Most importantly, it has to be a supervision board to minimize asymmetric information regarding the social assistance program, and it should be given to people in need.

REFERENCES

Abbas, M. H. I., & Rahmawati, F. (2020). Technological Changes, Investments, and Unemployment in Indonesia. *KnE Social Sciences*, 679–691.

Alamanda. (2020). The Effect of Government Expenditure on Income Inequality and Poverty in Indonesia. *Info Artha*, *4*(1).

Andykha, R., Handayani, H. R., & Woyanti, N. (2018). Analisis Pengaruh PDRB, Tingkat Pengangguran, Dan IPM Terhadap Tingkat Kemiskinan Di Provinsi Jawa Tengah. *Media Ekonomi Dan Manajemen*, *33*(2), 113–123.

Aprillia, W., Mintarti, U., & Utomo, S. H. (2015). Pengaruh Latar Belakang Sosial Ekonomi Orang Tua, Pendidikan Ekonomi di Keluarga dan Economic Literacy terhadap Perilaku Konsumsi Mahasiswa. *Jurnal Pendidikan Humaniora*, *3*(1), 78–84.

Asrol, & Ahmad, H. (2018). Analysis of Factors that Affect Poverty in Indonesia. *Espacio*, *39*(45), 14.

Bintang, A. B. M., & Woyanti, N. (2018). Pengaruh PDRB, Pendidikan, Kesehatan, Dan Pengangguran Terhadap Tingkat Kemiskinan Di Jawa Tengah (2011-2015). *Media Ekonomi Dan Manajemen*, *33*(1), 20–28.

BPS. (2019). Persentase Penduduk Miskin pada September 2018 Sebesar 9,66 Persen.

BPS. (2020a). Jumlah Penduduk Miskin Menurut Provinsi di Indonesia (ribu), 2016-2020.

BPS. (2020b). Penduduk Miskin.

BPS. (2020c). *Tingkat Pengangguran Terbuka (TPT) Sebesar 7,07 Persen*. Jakarta.

BPS. (2020d, December). Indeks Pembangunan Manusia (IPM) Indonesia pada tahun 2020.

BPS. (2021a). *Indeks Pembangunan Manusia (IPM) Tahun 2021*. Jakarta.

BPS. (2021b). Persentase Penduduk Miskin Maret 2021 Turun Menjadi 10,14 Persen.

Drabek, Z. (2021). Governance of FDI and the East Asian Economic Community. *Asia and the Global Economy*, *1*(1), 100001.

Faulana, I., Murniawaty, & Rusdarti., I. (2020). Model Pengentasan Kemiskinan Melalui Kebijakan PKH Di Jawa Tengah. *Oikos: Jurnal Kajian Pendidikan Ekonomi Dan Ilmu Ekonomi*, *5*(1), 1–13.

Feriyanto, N., Ayiyubbi, D. El, & Nurdany, A. (2020). The Impact of Unemployment, Minimum Wage, and Real Gross Regional Domestic Product on Poverty Reduction in Provinces of Indonesia. *Asian Economic and*

Financial Review, *10*(10), 1088–1099.

Firmani, I., & Aif, M. T. (2021). Pengaruh Globalisasi Ekonomi, IPM, Dan Populasi Terhadap Tingkat Kemiskinan Di Tujuh Negara Anggota OKI. *Jurnal Ekonomi Dan Bisnis*, *24*(1).

Gultom, H., Kindangen, P., & Kawung, G. M. v. (2020). Analisis Pengaruh Program Bantuan Pangan Non Tunai (BPNT) Dan Program Keluarga Harapan (PKH) Terhadap Kemiskinan Di Kabupaten Minahasa Tenggara. *Jurnal Pembanguan Ekonomi Dan Keuangan Daerah*, *21*(1), 39–53.

Habibullah, Sugiyanto, Sitepu, A., Irmayani, Susantyo, B., Mujiyadi, B., & Nainggolan, T. (2017). Pemanfaatan Bantuan Sosial Program Keluarga Harapan. Jakarta: Pusat Penelitian Dan Pengembangan Kesejahteraan Sosial, Kementerian Sosial RI.

Hatta, R., & Khoirudin, R. (2020). Analisis Tingkat Kemiskinan di Propinsi NTT: Pendekatan Dua Panel. *Jurnal Samudra Ekonomi Dan Bisnis*, *11*(2), 138–150.

JDIH. (2017). Peraturan Presiden Republik Indonesia Nomor 63 Tahun 2017.

Katadata. (2018). Berapa Garis Kemiskinan Penduduk Indonesia?

Kharisma, B., Remi, S. S., Wardhana, A., & Minarso, D. (2020). Modal sosial dan kemiskinan di Jawa Barat. *Jurnal Ekonomi Dan Bisnis*, *23*(2), 317–338.

Kuncoro, M. (2019). *Ekonomika Regional Teori dan Praktik*. Depok: PT Rajagrafindo Persada.

Lindiasari S, P., & Ramadhani, A. W. (2019). Efektivitas Bantuan Sosial Dalam Penanggulangan Kemiskinan di Tengah Perlambatan Ekonomi Indonesia Dengan Pendekatan Non-Parametrik. *Jurnal Perspektif Ekonomi Darussalam*, *5*(1), 10–34.

Muhammad, F. I., & Findi, M. (2021). Pengaruh Bantuan Sosial terhadap Kemiskinan di Indonesia (Periode Tahun 2015 - 2019). In *Scientific Repository*. Bogor.

Ningrum, S. S. (2017). Analisis Pengaruh Tingkat Pengangguran Terbuka, Indeks Pembangunan Manusia, dan Upah Minimum Terhadap Jumlah Penduduk Miskin di Indonesia Tahun 2011-2015. *Jurnal Ekonomi Pembangunan*, *15*(2), 185–192. https://doi.org/https://doi.org/10.22219/jep.v15i2.5364

Nizar, C., Hamzah, A., & Syahnur, S. (2013). Pengaruh Investasi dan Tenaga Kerja terhadap Pertumbuhan Ekonomi serta Hubungannya terhadap Tingkat Kemiskinan di Indonesia. *Jurnal Ilmu Ekonomi*, *1*(2), 1–8.

Paramita, A. A. I. D., & Purbadharmaja, I. B. P. (2015). Pengaruh Investasi dan Pengangguran terhadap Pertumbuhan Ekonomi serta Kemiskinan di Provinsi Bali. *E-Jurnal EP Unud*, *4*(10), 1194–1218.

Prasetyawan, D. T., Hanim, A., & Yuliati, L. (2017). Analisis Pengaruh Investasi dan Tenaga Kerja Terhadap Pertumbuhan Ekonomi Serta Hubungannya Terhadap Kemiskinan di Provinsi Jawa Timur. *Journal Ekuilibrium*, *2*(1), 45–50.

Purnomo, S. D. (2019). Determinan kemiskinan di provinsi daerah istimewa yogyakarta. *FORUM EKONOMI*, *21*(2), 217–225.

Puspita, D. W. (2015). Analisis Determinan Kemiskinan Di Provinsi Jawa Tengah. *JEJAK*, *8*(1).

Ridha, M. R., Sinring, B., & Baharuddin, D. (2021). Pengaruh Bantuan Sosial dan Pemberdayaan Masyarakat Melalui Usaha Mikro Kecil Menengah Terhadap Pengentasan Kemiskinan Di Kota Parepare. *Economos: Jurnal Ekonomi Dan*

Bisnis, *4*(1), 75–81.

Safitri, L., & Effendi, M. (2019). Analisis Pengaruh Pendidikan, Pertumbuhan Penduduk, dan Investasi terhadap Kemiskinan di Kalimantan Selatan. *Jurnal Ilmu Ekonomi Dan Pembangunan*, *2*(4), 842–851.

Sumarsono, & Novarinda, L. (2016). Potrait of Poverty and Related Categories Human Development Index (HDI) District/City in East Java (2005-2014). *IOSR Journal of Economics and Finance*, *7*(5), 1–8. https://doi.org/https://doi.org/10.9790/5933-0705020108

Sustainable Development Goals. (2017). Tujuan Tujuan Perkembangan Berkelanjutan.

Syofya, H. (2018). Pengaruh Tingkat Kemiskinan Dan Pertumbuhan Ekonomi Terhadap Indeks Pembangunan Manusia Indonesia. *Jurnal Ilmiah Ekonomi Dan Bisnis*, *15*(2), 177–185. https://doi.org/https://doi.org/10.31849/jieb.v15i2.1153

Todaro, M., & Smith, S. C. (2011). Economic Development (11th ed.). In *Economic Development*.

Wahyuningsih, D., Yunianingsih, A., Priadana, M. S., Darma, D. C., & Purwadi. (2020). Why are Unemployment and Poverty Still Happening in Borneo Island, Indonesia? *International Journal of Economics and Financial Issues*, *10*(2), 235–241.