



Macroeconomic Fundamentals in Alleviating Poverty in Eastern Indonesia

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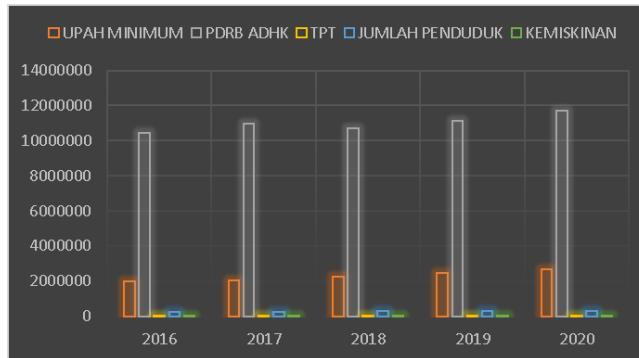
Abstract: Poverty is a very complicated problem and the main cause in developing countries is related to economic development issues. Poverty itself can be viewed from various angles, for example absolute poverty and relative poverty. It is not easy to eradicate the problem of poverty, but this research tries to examine the influence of macroeconomic fundamentals on the level of poverty in Eastern Indonesia. This area is an area that is lagging behind in economic development in Indonesia. This research uses macro variables such as Minimum Wage, PDRB ADHK, Population Growth and Open Unemployment Rate. From the results of the analysis using panel data, the Fixed Effect estimation equation model is obtained. As for the Eastern Region of Indonesia consisting of 5 provinces using data from 2001 to 2021, the results show that (1) the minimum wage variable has a negative and significant effect on the poverty rate. (2) the PDRB ADHK variable has a positive and significant effect on the poverty rate, (3) the open unemployment rate variable has a positive and significant effect on poverty, and (4) the population variable has a negative and insignificant effect on the poverty level. From the results of the study it can be concluded that macroeconomic fundamentals have a simultaneous and significant effect on the level of poverty in Eastern Indonesia.

Keywords: Poverty, Minimum Wage, GRDP ADHK, Unemployment, Total Population

1. INTRODUCTION

The phenomenon of poverty is a phenomenon experienced by almost all countries around the world, especially in developing countries. One of the developing countries that cannot be separated from the problem of poverty is Indonesia. The phenomenon of poverty for each country is different because poverty itself is multidimensional, therefore the concept and definition of poverty is very broad in terms of various aspects.

Graph 1. Minimum Wage, ADHK GRDP, Open Unemployment Rate (TPT), Total Population and Poverty in Indonesia in 2016 - 2020



Source: BPS. 2023

Graph 1 shows that the variable minimum wage in Indonesia is continuously increasing. By increasing the level of the minimum wage can have an impact on poverty. The higher the level of the minimum wage, the higher the work productivity and people's income so that prosperity can be created and later freed from poverty. The PDRB ADHK variable shows fluctuation. The amount of GRDP varies between regions because the amount of GRDP in an area depends on its ability to manage regional resources. The high GRDP of a region can support people's lives so that poverty does not occur. The Open Unemployment Rate (TPT) variable shows fluctuation. There are many factors that cause the open unemployment rate to fluctuate, for example due to unequal distribution of income, limited employment opportunities, differences in wages, etc. The population variable shows that it continues to increase. In order to avoid poverty, the high population of an area must be accompanied by equitable economic growth so that inequality does not occur. Likewise, the Poverty Level also fluctuated. There are many factors that cause the poverty rate to fluctuate, such as not being able to access basic services and facilities such as transportation, drinking water, health, education and low income, etc. the high population of a region must be accompanied by equitable economic growth so that inequality does not occur. Likewise, the Poverty Level also fluctuated. There are many factors that cause the poverty rate to fluctuate, such as not being able to access basic services and facilities such as transportation, drinking water, health, education and low income, etc. the high population of a region must be accompanied by equitable economic growth so that inequality does not occur. Likewise, the Poverty Level also fluctuated. There are many factors that cause the poverty rate to fluctuate, such as not being able to access basic services and facilities such as transportation, drinking water, health, education and low income, etc.

In Indonesia there are 34 provinces according to Permendagri No. 56 of 2015 which regulates the codification and administration of regional government per province. The West Indonesia Region and the Eastern Indonesia Region are two areas resulting from the expansion of these provinces. The two regions show a tendency that provinces in the Western Region of Indonesia tend to have faster economic growth than regions or provinces in Eastern Indonesia. This is because KBI has access to infrastructure, transportation, education, and health facilities that are much more advanced than places in Eastern Indonesia. (Tubaka, 2019).

Poverty can be interpreted as a person's inability or barely able to meet his needs for food, clothing, and shelter. This is the same as the conditions experienced by some communities in Eastern Indonesia, such as experiencing developmental delays, low quality human resources, and less than optimal management of their natural resources. Besides that, the low level of education, low community skills in Eastern Indonesia, causes the jobs created to be very limited and has an impact on the lack of technological development. (Ridwan Maulana, 2022).

Each region has the power to regulate and manage its own territory and the existing districts are the scourge of poverty in Eastern Indonesia. This power is called regional decentralization. Referring to the Poverty Gap Index, it is stated that there are still many provinces in Eastern Indonesia which still have very high poverty rates. According to BPS data for 2016, the provinces in Indonesia with the highest Head Count Index are all in Eastern Indonesia, such as: Papua, West Papua, East Nusa Tenggara, Maluku, Gorontalo, NTB, Central Sulawesi, etc.

One of the issues that need attention is poverty. Because in essence poverty is an obstacle to achieving one of the goals of national development. Other social problems, such as increasing dirty

settlements, prostitutes, neglected children who usually drop out of school, crime rate, minimum wage, GDP, unemployment rate, and population can increase poverty rates. Therefore, to achieve this goal, it is necessary to establish appropriate policies, one example of which is to eliminate inequality of wealth and unemployment, so that later it can realize justice and prosperity for society as a whole.(Leonita & Sari, 2019).

Therefore it is very important to know the factors that cause high poverty in a region. Macroeconomic fundamentals play an important role in overcoming poverty. In the research the economic fundamental factors used are the minimum wage, GRDP, unemployment rate and population to poverty level in Eastern Indonesia which includes the provinces of Papua, Maluku, Gorontalo, NTT and South Sulawesi. The purpose of this study is to measure the influence of these factors on the level of poverty in Eastern Indonesia and it is hoped that the Indonesian government can use it to determine policy steps to reduce poverty, especially in Eastern Indonesia.

2. LITERATURE REVIEW

2.1. Poverty

Poverty is a condition that is felt by many countries, even industrial countries with proper natural resources and human resources as well as developing countries, experiencing poverty. Broadly, poverty is interpreted as a dependency felt by individuals, families, communities, and a country that makes life uncomfortable. , threatens the upholding of rights and justice, and threatens the sustainability of a country(Sustainable, 2021).

Ragnar Nurkse emphasized that there are two cycles of the poverty trap, namely from the supply side, where the low level of income caused by low levels of productivity also results in low ability to save. The low level of capital creation (investment) results from a low level of capital formation (lack of ability to save), which in turn results in low levels of productivity. Based on demand, the motivation to invest in poor countries is relatively small because there are very small markets for many types of goods and the average income low enough people. Because of low productivity, which is the result of the historically low rate of development of capital, the average income of people has been very low. The lack of investment incentives is due to the small contribution to capital formation(Didu & Fauzi, 2016)

Sumitro Djojohadikusumo (1995) emphasized that there are four types of poverty: The first type is chronic or hereditary poverty, which lasts a long time. The second pattern of poverty is cyclical, or poverty which reflects the general pattern of the economy. The third category is seasonal poverty, namely seasonal poverty experienced by farmers and fishermen who grow crops for food. The fourth pattern is accidental poverty, namely poverty caused by natural disasters or the result of certain policies that reduce the level of people's welfare(Saputra, 2011).

In general it can be said that poverty is the result of uneven development, especially in rural areas. The fact that the poor do not have access to basic facilities and services including transport, drinking water, health care and education is another factor. The poor are still at risk of malnutrition. This is mainly the result of social protection for the poor which does not have adequate coverage. Social safety nets for low-income households, services provided to vulnerable populations (including the elderly, disabled, and orphans), and social assistance to the poor are all inadequate(Indra Wiguna, 2013).

2.2. The Effect of Minimum Wage on Poverty

One of the key elements that determines whether a population is prosperous or poor is the minimum wage. According to Sumarsono (2003), the minimum wage policy has an impact on poverty. The idea of a minimum wage seeks to ensure that the amount of minimum income can at least cover the minimum living needs (KHM) in the long term. The more a

person is paid a high minimum wage rate, the more productive they work and the more money they have, which will lead to wealth and ultimately allow them to escape poverty.

According to (Febriana, 2015) that raising the minimum wage can affect the level of poverty. It was explained that, similar to the competitive model approach, an increase in the minimum wage that always occurs every year and an increase in this equilibrium level can have a negative impact on poverty, where an increase in the minimum wage will encourage an increase in labor supply and a decrease in employment opportunities. An increase in labor supply that is not accompanied by an increase in demand will result in an excess supply of labor, which will increase the unemployment rate and exacerbate poverty (Febriana, 2015).

2.3. *The Effect of ADHK GRDP on Poverty*

A high GRDP of an area is a sign that the area has a strong economy. On the other hand, a low GRDP for a region indicates that the economy is in a bad condition. An area with a high GRDP can sustain people's lives and prevent poverty. The GRDP of an area is high if it can utilize adequate facilities and infrastructure to realize its maximum potential. Because development can be optimized with a high GRDP to maximize people's welfare, it will reduce the level of poverty. On the other hand, a low GRDP will result in more and more people living in poverty as a result of substandard social development (Rapika et al., 2020). The ability of a region to manage its regional resources is shown by the amount of GRDP in that area. This corresponds to an assertion (Diamond Gems, 2015) that the potential of production factors in a region greatly influences the amount of GRDP that can be created by that region. Three methods can be used to determine the GRDP of a region: the production approach, the expenditure approach, and the income approach. The strength of a region to manage its natural resources can be seen from the GRDP. As a result, the potential of natural resources and regional factors of production greatly affect the amount of GRDP produced by each region. The amount of GRDP varies across regions as a result of limitations on its availability. Every sector of the economy depends on every other sector, and every sector needs the others for labor, raw materials, and output (Fatkhul Mufid, 2014).

2.4. *Effect of Open Unemployment Rate on Poverty*

According to (Indra Wiguna, 2013) The problem of unemployment in developing countries is caused by the fast growth rate of the labor force and the relatively slow growth of employment. Widespread poverty, high unemployment rates, and unequal distribution of income are all linked. Workers who do not have regular jobs or who only work part time almost always come from the most disadvantaged social groups. The upper middle class often includes those in regular wage employment in the public and private sectors. However, it is incorrect to assume that everyone without a job is poor and a person with a full-time job is rich. The poor usually struggle with issues such as limited job opportunities, limited business development opportunities, weakening protection of business assets, disparity in wages, and weakening of job protection, particularly for child workers and women workers such as domestic workers and female migrant workers. Therefore, paying acceptable wages and providing employment opportunities to the less fortunate groups of people is one of the main ways of fighting poverty and unequal income distribution in developing countries. High unemployment can cause people to earn less, which in turn can reduce the level of prosperity they have achieved. As a result of the decline in people's prosperity caused by high levels of unemployment will certainly increase the possibility of those who do not earn to be trapped in poverty and the weakening of job protection, especially for child workers and women workers such as domestic workers and women migrant workers. Therefore, paying acceptable wages and providing employment opportunities to the less fortunate groups of people is one of the main ways of fighting poverty and unequal income distribution in developing countries. High

economic growth is necessary to eradicate poverty. However, with high economic growth in a region it cannot be said that it is able to prosper its people. However, the existence of economic growth can help someone indirectly to get out of the poverty trap. Therefore, having a large population and experiencing economic growth does not necessarily mean that a society is prosperous and free from poverty (Rapika et al., 2020). According to Robert Malthus' theory of development, population growth can indeed spur economic growth at the initial conditions, but at an ideal point, not only spurs economic growth but can also slow it down. Therefore, a high population must be accompanied by a large number of job vacancies so that the workforce can grow, which in turn can boost economic growth. Meanwhile, the Government can also implement programs such as the Family Planning (KB) program to slow population growth (Rapika et al., 2020).

2.6. hypothesis

- 1) It is suspected that Minimum Wage, GRDP, Open Unemployment Rate, and total population simultaneously influence the Poverty Rate in Eastern Indonesia (Papua, Maluku, Gorontalo, NTT and South Sulawesi) in 2001-2021.
- 2) It is suspected that the Open Unemployment Rate has had the greatest partial effect on the Poverty Rate in Eastern Indonesia (Papua, Maluku, Gorontalo, NTT and South Sulawesi) in 2001-2021

3. RESEARCH METHODS

This study uses research objects in 5 provinces in Eastern Indonesia from 2001 – 2021 because these five provinces have the highest poverty rates in Indonesia. By using the dependent variable and independent variables such as minimum wage, GRDP ADHK, open unemployment rate and population. The Central Bureau of Statistics (BPS) and other organizations (institutions) that are relevant to research are also used in this type of secondary data research, which uses a panel data analysis approach. (Tubaka, 2019).

a) Data collection technique

In this study using secondary data that is quantitative in nature obtained from BPS. With regard to the data collected, it is data in the form of documents that have been processed and presented in general by BPS.

b) Population And Sample

The population in this study is the Indonesian region which is divided into 3 regions, namely the Western Region of Indonesia, the Central Region of Indonesia and the Eastern Region of Indonesia. What will be used as the sample in this study is the Eastern Region of Indonesia which includes five provinces, namely the provinces of Papua, Maluku, Gorontalo, NTT and South Sulawesi.

c) Data analysis technique

To examine the effect of macro fundamentals on the poverty rate, multiple linear regression analysis is required using cross-section and time series data. Regression analysis using E-Views version 12 which is used to handle and analyze statistical data.

If the independent factors are known, the use of the regression line is that it can be used to estimate the value of the dependent variable from the independent variables. Tests which include hypothesis testing are carried out with the assumption that there is a relationship between the variables to be studied and alpha is used at the 5% level.

The research equation for multiple linear regression is:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

β_0 : intercept

- $\beta_1, \beta_2, \beta_3, \beta_4$: Coefficient
- Y : Poverty
- X_1 : Minimum wage
- X_2 : GRDP ADHK
- X_3 : Unemployment
- X_4 : Total population
- e : Interference error (standard error)

4. RESULTS AND DISCUSSION

4.1. Test selection of the best model

Table 1. Best Model Selection Test Results

No.	Test	Prob	information
1.	Chow	0.0000	FEM models
2.	Hausman	0.0000	FEM models

Source: Eviews 12 Data Processed, 2023

Based on the results of the Chow Test and Hausman Test, the results of the probability F are equal to 0.0000, which means the value is less than 0.05, so it can be said to reject H0 and accept H1. So it can be concluded that the Fixed Effect Model is more suitable than the Common Effect Model.

4.2. Classic assumption test

According to the output of the panel data test, it can be said that the FEM test is the best test so that the classical assumption test of Heteroscedasticity, Multicollinearity and Normality is then carried out.

Table 2. Classical assumption test results

No.	Test	Prob	Information
1.	Heteroscedasticity	0.0000	Accept H0
2.	Multicollinearity	< 0.8	Accept H0
3.	Normality	0.223580	Accept H0

Source: Eviews 12 Data Processed, 2023

By paying attention to the probability value <0.05 of 0.0000, the heteroscedasticity test can be said to accept H0 so there is no heteroscedasticity or it can be said (homocedasticity). And for the multicollinearity test, taking into account the corel values of all variables less than 0.80, the conclusion is to accept H0 and reject H1, that is, there is no multicollinearity. However, the statistic for the p-value of the Jarque-Bera test is 0.223580 > 0.05, indicating that the normality test is passed. Error/residual normality is met (data normally distributed), then this conclusion can be drawn.

4.3. Regression test results

The Fixed Effect model was selected as the suitable model from the panel data regression significance test data, and the following multiple linear regression equation models were constructed:

Table 3. Regression test results

Variable	Regression Coefficient	t-stat	Probability
C	25.87735	7.739056	0.0000

MINIMUM WAGE	-3.24E-06	-4.838974	0.0000
GRDP ADHK	1.81E-09	1.870862	0.0644
REWARD LEVEL..	0.674400	4.937072	0.0000
TOTAL POPULATION	-8.08E-07	-0.768833	0.4439
R-Square	0.902694		
Adjusted R_Square	0.894585		
F-Statistics	111.3221		
Prob (F-Statistics)	0.000000		

Source: Eviews 12 Data Processed, 2023

The estimation results of the panel data regression model can be explained as follows:

- Constant (α) of 25.87735 with a significance level of 0.0000. Explains that when GRDP ADHK, Total Population, and Total Unemployment are equal to zero or constant, Poverty will increase by 25.8%.
- β_1 (Minimum Wage) = -3.24E-06, the regression coefficient of the Minimum Wage variable is -3.24E-06. With that stated that there is a positive influence between the Minimum Wage on Poverty -3.24E-06. If the minimum wage increases by 1%, poverty will decrease by 3.24%, while if the minimum wage decreases by 1%, poverty will increase by 3.24% assuming other variables are constant
- β_2 (ADHK GRDP) = 1.81E-09, the regression coefficient of the variable GDP Adhk is equal to 1.81E-09. With that stated that there is a positive influence between PDRB ADHK on Poverty 1.81E-09. If ADHK GRDP increases by 1%, then poverty will decrease by 1.8%, whereas if ADHK GRDP decreases by 1%, poverty will increase by 1.8% assuming other variables are constant.
- β_3 (Open Unemployment Rate) = 0.674400, the regression coefficient of the unemployment variable is 0.674400. This states that there is a negative influence between unemployment and poverty 0.674400. If unemployment increases by 1%, poverty will decrease by 0.67%, while if unemployment decreases by 1%, poverty will increase by 0.67% assuming other variables are constant.
- β_4 (Population) = -8.08E-07, the regression coefficient of the population variable is -8.08E-07. This shows that there is a positive influence between the number of residents on poverty -8.08E-07. If the population increases by 1% then poverty will increase by 8.08% whereas if the population decreases by 1% then poverty will decrease by 8.08% assuming other variables are constant.

4.4. F Test (Simultaneous)

Based on the test results above it can be found that the prob value is obtained. F-statistics of 111.322 or > 0.05 , then H_0 is accepted and H_1 is rejected. It means, variable minimum wage, ADHK GRDP, open unemployment rate, and total population simultaneously do not affect the poverty rate in the Five Provinces of Eastern Indonesia (Papua, Maluku, Gorontalo, NTT, South Sulawesi) in 2001-2021.

4.5. Coefficient of Determination (R²)

According to these data it is known that the R-Squared is 0.902694 or 0.90%. This means that the magnitude of the influence exerted by the Minimum Wage, ADHK GRDP, Unemployment, and Total Population on the Poverty Rate in Eastern Indonesia for 2001 - 2021 is 0.90%. While the remaining 99.1% is influenced by other variables.

5. DISCUSSION

5.1. The Effect of the Minimum Wage on Poverty Levels in Eastern Indonesia

The minimum wage as a whole has a very disastrous effect on poverty. The findings show that the poverty rate will decrease when the minimum wage increases. The findings of this study are strengthened by (Aprilia, 2016) who claim that an increase in the minimum wage of 1 rupiah can reduce poverty by 0.00001 percent. The decrease in the poverty rate can be caused by an increase in the minimum wage. This result is in line with the objective of setting the minimum wage as stated by Kaufman (2000), as well as in the Manpower Law no. 13 of 2003 and Permenaker Number: Per-01/Men/1999. The goal is to improve the welfare of employees and help them escape poverty. Because it has helped reduce the poverty rate in East Java, it is appropriate to set a minimum wage that is higher than the poverty level but still close to the KHM (Household Key Size). The research hypothesis put forward is acceptable because the research findings support his claim that the minimum wage has a negative impact on poverty levels. The determination of the UMP in each region can certainly change at any time. This is based on the policies set by the government by looking at the condition of a region. As happened in Eastern Indonesia (Papua, Maluku, Gorontalo, NTT, and South Sulawesi) the UMP in these regions tends to be lower when compared to the Java Region. This happens because there are differences in the level of economic and infrastructure development in each region. Thus the UMP can be used to protect workers, improve welfare and productivity so that it can encourage economic progress. As happened in Eastern Indonesia (Papua, Maluku, Gorontalo, NTT, and South Sulawesi) the UMP in these regions tends to be lower when compared to the Java Region. This happens because there are differences in the level of economic and infrastructure development in each region. Thus the UMP can be used to protect workers, improve welfare and productivity so that it can encourage economic progress. As happened in Eastern Indonesia (Papua, Maluku, Gorontalo, NTT, and South Sulawesi) the UMP in these regions tends to be lower when compared to the Java Region. This happens because there are differences in the level of economic and infrastructure development in each region. Thus the UMP can be used to protect workers, improve welfare and productivity so that it can encourage economic progress.

5.2. The Effect of ADHK GRDP on Poverty Levels in Eastern Indonesia

The ADHK GRDP variable study did not find a statistically significant negative impact on poverty. The findings show that with an increase in ADHK GRDP, the poverty rate also increases. Previous studies (Ilmi, 2021) confirms this by explaining why increasing the level of output in each sector in the provinces of Papua, West Papua, East Nusa Tenggara, Maluku, and Gorontalo has not reduced the poverty rate much. This is possible because of the unequal distribution of wealth among the population of the five provinces. GRDP solely takes into account the total value contributed in a particular area, regardless of the citizenship status of the person responsible for the value creation. To reduce people's income levels, local governments must distribute the benefits of economic growth to industries that employ poor people. Fair and equitable distribution of GRDP results will have an impact on growth in all employment sectors and be able to reduce the poverty rate in the area. Just like in Gorontalo. In the first quarter of 2023, economic growth in Gorontalo has increased by 4.23% from previous years. Gorontalo's economic growth is also on par with the island of Sulawesi, namely South Sulawesi and the other three Sulawesi regions. Gorontalo's GRDP was driven by growth in several sectors such as agriculture, plantations, forests and fisheries. The level of economic growth in a region can be used by the Government to make plans and formulate policies regarding the economic development of a region. Gorontalo's GRDP was driven by growth in several sectors such as agriculture, plantations, forests and fisheries. The level of economic growth in a region can be used by the Government to make plans and formulate policies regarding the economic development of a region. Gorontalo's GRDP was driven by growth in several sectors such as agriculture, plantations, forests and fisheries. The level of economic

growth in a region can be used by the Government to make plans and formulate policies regarding the economic development of a region.

5.3. The Effect of Open Unemployment Rate on Poverty Rate in Eastern Indonesia

There is a statistically significant positive relationship between the open unemployment rate and poverty, as determined by the test. The findings show that increasing unemployment will lead to more individuals living in poverty. Previous research has shown that unemployment has an influence on poverty, which is supported by the results of the current study (Ainunnisa & Riyanto, 2019). No one can meet the demands of life well if they don't work, even if only part time, which will force them to reduce their consumption costs. They will be included in the category of poor people when these needs are not fulfilled, and as a result the number of poor people will increase. This study agrees with Sukirno, (2004) who asserts that the adverse effects of unemployment cause a decrease in individual welfare as a result of a decrease in their income. If people's benefits are cut as a result of unemployment, they are at greater risk of experiencing financial difficulties and falling into poverty. Countries with very high unemployment rates have a long history of political and social turmoil, which is very bad for the welfare of the population and prospects for continued economic success. The open unemployment rate, as indicated by the loss of social welfare due to unemployment, has a beneficial and significant impact on poverty, as research has shown (Oratmangun et al., 2021). Based on BPS data for 2023, the open unemployment rate is facing a decline compared to the previous year. The open unemployment rate in the five regions with the highest percentage of unemployment is Maluku province at 6.08%, followed by South Sulawesi at 5.26%, Papua at 3.49%, NTT at 3.1 and finally Gorontalo at 3.04 %.

5.4. The Effect of Population on Poverty Levels in Eastern Indonesia

According to the results of the regression test, the Population Variable has a negative but not significant effect. This means that an increase in population will result in a reduction in poverty but this is not significant (not significant). This result was also confirmed by the results of research conducted by Rini (Rini, 2016) who found that population growth and decline in Central Java had no effect on poverty rates, both high and low, because of rapid population growth without an increase in human capital, such as an increase in education level. Thus, the poverty rate of a region or region in Central Java is not affected by the condition of the population. The research results are not aligned with previous research conducted by (Mahsunah, 2013) which explains that the total population in East Java, the factor of productive age is more dominating, as a result there are more jobs to increase the prosperity of the community. As for the population in 2022, of the five provinces that have the highest population, namely South Sulawesi with 9.2 million, followed by NTT with 5.5 million, Papua with 4.4 million, Maluku with 1.9 million, and Gorontalo of 1.2 million. The high population which is not accompanied by economic growth and equitable distribution of income can trigger high levels of unemployment so that the poverty rate also increases.

6. Conclusions and recommendations

6.1. Conclusion

According to research findings and previous explanations regarding the analysis of the effect of the minimum wage, ADHK GRDP, Open Unemployment Rate and Population on poverty in Eastern Indonesia from 2001 to 2021. It was found that (1) Minimum Wage has a significant negative effect on poverty, (2) GRDP ADHK has a positive and significant effect on poverty, (3) Open Unemployment Rate has a negative and significant effect on poverty, and (4) Population has a positive and significant effect on poverty. In the eastern region of Indonesia from 2001 to 2021, the ADHK GRDP minimum wage, the Open Unemployment Rate, and the total population have an impact on the poverty rate simultaneously.

This research has several limitations that must be paid more attention to future researchers, so that later this research can be used as a reference for other researchers in order to improve their research. There are several shortcomings in this study, including the object that is less comprehensive than the area studied, namely Eastern Indonesia and the lack of variation in the variables used in research that affect poverty.

6.2. Suggestion

a) For Government

Macroeconomic fundamentals are very influential on poverty in the Eastern Indonesia Region, therefore the Government in making policies especially in the Eastern Indonesia Region by increasing the minimum wage, increasing quality GRDP, which can reduce unemployment and poverty. The government must continue to focus on this problem by using a regional approach strategy and a policy of equitable development in all regions. The government must improve people's welfare through high minimum wages given to the community so that they can meet their primary needs and avoid poverty and the government must also work with companies to provide decent wages in accordance with the length of service and the level of difficulty of workers.

The government should be able to create jobs that require a lot of manpower, by making development programs especially for residents of the Eastern Indonesia Region to reduce poverty.

b) For further researchers

The results of this study are expected to be a reference for further researchers who conduct the same research. It is recommended to add research variables such as inflation, exchange rates, education and government policies.

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