FACTORS INFLUENCING POVERTY IN THE 10 POOREST PROVINCES IN INDONESIA

(Faktor-Faktor Yang Mempengaruhi Kemiskinan Di 10 Provinsi Termiskin Di Indonesia)

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Abstract

This study aims to determine and explain the effect of the Human Development Index, Economic Growth, Per Capita Income, Education Level, Open Unemployment Rate, Inflation and Government Expenditure on the Poverty Rate in 10 Provinces with the highest poverty rate in 2023. The analytical method used is descriptive quantitative analysis with a panel data regression model using the Fixed Effect Model from secondary data starting from 2013 - 2023 in 10 provinces there is Papua, West Papua, East Nusa Tenggara, Maluku, Gorontalo, Aceh, Bengkulu, West Nusa Tenggara, Central Sulawesi, and South Sumatra with the highest poverty rate sourced from the Central Statistics Agency (BPS) and the Directorate General of Fiscal Balance (DJPK). The results showed simultaneously that two of the seven independent variables there is education level and open unemployment rate affect the Poverty Rate in the 10 Provinces with the highest poverty rate in 2013-2023.

Keywords *: HDI, Economic Growth, Per Capita Income, Education Level, Unemployment, Inflation, Government Spending, Poverty Rate.*

Abstrak

Penelitian ini bertujuan untuk mengetahui dan menjelaskan pengaruh Indeks Pembangunan Manusia, Pertumbuhan Ekonomi, Pendapatan Per Kapita, Tingkat Pendidikan, Tingkat Pengangguran Terbuka, Inflasi dan Pengeluaran Pemerintah terhadap Tingkat Kemiskinan di 10 Provinsi dengan Tingkat Kemiskinan Tertinggi Tahun 2023. Metode analisis yang digunakan adalah analisis deskriptif kuantitatif dengan model regresi data panel menggunakan Fixed Effect Model dari data sekunder mulai tahun 2013 - 2023 di 10 provinsi yaitu Papua, Papua Barat, Nusa Tenggara Timur, Maluku, Gorontalo, Aceh, Bengkulu, Nusa Tenggara Barat, Sulawesi Tengah, dan Sumatera Selatan dengan tingkat kemiskinan tertinggi yang bersumber dari Badan Pusat Statistik (BPS) dan Direktorat Jenderal Perimbangan Keuangan (DJPK). Hasil penelitian menunjukkan secara simultan bahwa dua dari tujuh variabel bebas yaitu tingkat pendidikan dan tingkat pengangguran terbuka berpengaruh terhadap Tingkat Kemiskinan di 10 Provinsi dengan tingkat kemiskinan tertinggi Tahun 2013-2023.

Kata Kunci : HDI, Pertumbuhan Ekonomi, Pendapatan Per Kapita, Tingkat Pendidikan, Pengangguran, Inflasi, Pengeluaran Pemerintah, Tingkat Kemiskinan.

PENDAHULUAN

Poverty is still a problem that is quite difficult to deal with. Poverty in various regions can occur due to a lack of income level, lack of length of education, so that when trying to enter the world of work that has a classification as a condition for entering a job is not fulfilled. The major problem faced by various countries including Indonesia is poverty (Tambunan, 2003). Poverty is one of the conditions of a person or group of families experiencing shortages in meeting their main needs (Nurlita, et.al, 2017). The cause of the increase in poverty is in the poverty circle theory. This happens because of various things, including the limited development of human resources, which is shown by the low human development index. Lack of income can also have an impact on the rise and fall of savings and investment rates. Low investment can reduce the addition of employment (Nurlita, et.al, 2017).

Poverty remains a crucial multidimensional problem in Indonesia. Although various policies have been launched by the central and regional governments, the reality shows that the poverty rate is still quite high, especially in eastern Indonesia and several western provinces. Based on data from the Central Statistics Agency (BPS) in 2023, the ten provinces with the highest poverty rates include Papua (26.03%), West Papua (21.33%), East Nusa Tenggara (19.96%), Maluku (16.23%), Gorontalo (15.46%), Aceh (14.45%), Bengkulu (14.25%), West Nusa Tenggara (13.98%), Central Sulawesi (12.74%), and South Sumatra (11.89%). These figures indicate that poverty remains a serious challenge in these regions and requires a data-driven policy approach and more rigorous empirical analysis.

The Human Development Index is used as a means to assess whether a country is progressing to become a developed, developing or underdeveloped country. The good quality of human resources can be the cause of increasing poverty levels. The quality of human resources can be seen from the human development index. With a low human development index, it will have an impact on low productivity in society. Low productivity can lead to a lack of income owned by the community so that later it will lead to an increase in the poverty rate. The Human Development Index (HDI) is a way to see the progress of development in society. Three factors are used to calculate the level of human development. The three factors are related to longevity (life chances), knowledge, and decent living (BPS, 2012). Previous research has explained that the Human Development Index has a significant effect on poverty (Nurlita, 2017). An increase in the level of health and education can help improve the environment in the community so that it can reduce poverty.

Poverty can be reduced through increased economic growth. Economic growth can be recognized as an indicator of community welfare, therefore the main focus of poverty alleviation must also be accompanied by increased economic growth. Because basically economic growth has a significant effect on reducing poverty (Jayadi and Bata, 2016). Each country generally has a different influence. There is a relationship between income, population, and economic growth. The rate of economic growth also has a different value each year. Declining economic growth will be one of the obstacles to reducing poverty. Because with declining economic growth, the level of public consumption and productivity will also decline, thus causing new problems, reduced public income, resulting in an increase in the poverty rate in a region. As for research conducted previously, it explains that economic growth has no significant effect on poverty (Putri & Yuliana, 2023; Purnama, 2017). Basically, poverty and economic growth are important parts that can help the development process of a country. increased economic growth will actually reduce poverty. because poverty will be reduced on a small scale if people still enjoy the economic growth of a country very little.

The unevenness of the population can show the absence of income equality in a region. Per capita income is one of the factors that can show the level of community welfare. The high and low income of the community greatly affects their consumption activities (Nurlita, et.al, 2017). When people's income increases, they will start to save. Conversely, if people's income decreases, their consumption activities will also decrease. The importance of high education to support people's income. Because with an increase in the level of education, it will be easier for people to choose a job so that they get an income that is commensurate with their needs. The increase in poverty is influenced by low per capita income so that the level of community welfare also decreases. The income in question comes from dividing the national income of a region divided by the population in the area (Nurlita, et.al, 2017). In previous research, it was explained that per capita income had no significant effect on poverty (Azizah, et.al, 2018). Per capita income of the people of an area can be used as a parameter for the happiness of the people in that area. An increase in per capita income will make it easier for people to fulfill their basic needs and alleviate poverty. This also shows that the higher the per capita income of a community, the more prosperous the community is.

From the poverty cycle theory, it can be seen that the factors that can cause poverty include income, education and consumption. Education does have a very important role in alleviating poverty. With education, the quality of human resources in a region will increase. Someone who has a high level of education will have a high level of knowledge as well (Nurlita, et.al, 2017). Thus, investment in human resources is also made, because with an increase in knowledge, it will also increase one's creativity in doing a job. A good and adequate job can then help a person meet their needs by having sufficient income. Education is considered important for the following two reasons, the first is because there is a lot of demand for the level of education itself. The second is that there are many results that state that education is very useful for them in the future (Gillis, 2000).

The unemployment rate is also one of the factors that cause an increase in the poverty rate in a region. Unemployment is a number of people who are looking for work. Unemployment occurs for many reasons, one of which is the low level of education. Lack of jobs is also a factor in unemployment, but in some cases it is found that education is very important in finding a job. So that with a low level of education a person has, it will make it difficult to find a job (Aini, 2023). Not finding a job will result in an increase in the number of unemployed people in a region. Increased unemployment will also increase the poverty rate, because of the lack of income a person has because they do not have a job, so they are not enough to meet their needs. Unmet needs will reduce the productivity of the community so that their consumption activities will decrease, which will increase the poverty rate (Aini, 2023). According to previous research, it is explained that unemployment has a significant influence on poverty (Prasetya & Sumanto, 2022). This can occur because the community is able to fulfill its basic needs and the school graduation rate also shows that the community has a high level of welfare.

Based on research conducted previously, it is explained that the level of education has an influence on poverty (Susanto & Pangesti, 2019). Education can indeed help improve welfare and can reduce poverty (Bloom, 2006).

One way to reduce poverty is through an increase in the inflation rate. Inflation is a continuous rise in prices. With an increase in the inflation rate, it will reduce public consumption, which will have an impact on increasing poverty. The fulfillment of people's needs is also determined by the high and low inflation rate in an area. The impact that occurs is also generally caused by the low income of the community, so that people reduce their consumption activities (Astuti, 2018). The inflation rate will worsen the poverty condition if the increase coincides with an increase in unemployment. These two things will be very crucial in causing an increase in poverty. Unemployment and inflation both affect the consumption activities of people in a region, which is also caused by the lack of income that people have (Astuti, 2018). Based on previous research, it is explained that inflation has a significant effect on poverty (Mardiatillah, et.al, 2021).

Poverty alleviation certainly cannot be separated from the role of the government. The role of the government also cannot be separated from decentralization, which functions to give authority to local governments related to development in an area. The role of the government cannot run if there is no allocation of funds. When the government expenditure budget allocation is divided into various parts of the expenditure sector, the planned development will run well. Government expenditure consisting of capital expenditure, goods and services, employees, and other types of expenditure will be used for community development needs in an area. Increasing regional income will certainly increase the economic growth of a region. Because with regional income, the development carried out by the government in terms of increasing development to improve the welfare of its people and improve the quality of human resources will run smoothly. These development activities have been divided equally according to the funds provided, thus reducing the poverty rate in a region (Athadena, 2021). In previous studies, it was explained that there was no effect on poverty (Lantu, et.al, 2019). This is not in line with government policies implemented to reduce the unemployment rate through government spending.

The urgency of this research lies in the high disparity between regions in terms of poverty levels, which reflects development inequality and limited access to basic services such as education, health, employment, and fiscal support from local governments. Despite decades of national poverty reduction efforts, Indonesia continues to face stark regional disparities, with the ten poorest provinces—including Papua, West Papua, East Nusa Tenggara, and Bengkulu—persistently lagging behind in socioeconomic development. This research is urgent because it seeks to uncover the structural and spatial factors that drive poverty in these regions, offering evidence-based insights to inform more equitable and targeted policy interventions.

The novelty of this research lies in the aspect that this research uses inter-provincial panel data for the 2013-2023 period in the ten provinces with the highest poverty rates, which allows for analysis of dynamics and comparisons between regions. This approach contributes to the enrichment of the literature and the preparation of policy recommendations based on local contexts.

Based on the description above, the purpose of this study is to analyze the influence of HDI, Economic Growth, Per Capita Income, Education Level, Open Unemployment Rate, Inflation and Government Expenditure on Poverty in ten provinces in Indonesia with the highest poverty rates in 2023.

LANDASAN TEORI

2.1. Poverty

Poverty is a situation where there is a shortage experienced by the community, a low level of knowledge possessed by the community, a low income that can cause obstacles to the development process in an effort to improve community welfare (Nurlita, et.al, 2017). Poverty is also considered a situation where people are unable to fulfill their main needs. When people's income in an area cannot meet their main needs, it indirectly reduces the community's consumption activities. With a lack of consumption activities, it is the same as indirectly increasing the poverty rate due to the lack of fulfilled community needs in an area.

2.2. Human Development Index

The Human Development Index (HDI) is a benchmark in seeing achievements in the process of human resource development as measured by the high and low quality of human life. HDI can be seen from data describing four important components, including the achievement of longevity, literacy rate, school participation and the ability of the community in terms of purchasing power to meet their main needs (Nurlita, et.al, 2017). A prosperous community certainly has a high quality of life value. With the welfare of the community, their income will also increase and will increase consumption activities among the community. So that later it will further increase the value of the quality of community welfare in an area (Isa et al., 2023).

2.3. Economic Growth

Economic growth is the process of increasing the performance of the economy in producing goods and services. Economic growth can describe how much economic activity can generate an increase in people's income in a period (Nurlita, et.al, 2017). With increasing economic growth, it can certainly be said that people's welfare is improving. Because the process of increasing the economic level cannot be separated from the contribution of the community. Contributions made by the community can be in the form of additional economic activity, community productivity at work, increased community consumption activities and increased community purchasing power which can increase the value of the economic growth rate (Erlando et al., 2020).

2.4. Per capita income

The welfare of the community can be seen from whether or not their main needs are met. One of the factors that can determine this welfare is per capita income (Khan & Morrissey, 2023). This per capita income is obtained from the national income in a certain period divided by the total population in a region. If people in a region have a high income, they will increase their consumption activities (Krysovatyy et al., 2020). An increase in GDP per capita has the potential to increase the productivity of the region's output, as well as provide greater opportunities to create jobs (Rosa and Anitasari, 2024) Conversely, when people's income is low, they will reduce consumption and save. This has an impact on the rise and fall of the poverty rate. With an increase in per capita income, it can be believed that the poverty rate will decrease (Thesia & Karmini, 2022).

2.5. Education Level

The level of education is a bridge to the future. The level of education can encourage the development of better human resources. By having a high level of education, it will be easy for someone to find a job. In some cases, the acceptance of employees in various jobs certainly requires a fairly high level of education specifications. So, with a good education and having a permanent job, a person can fulfill his needs through the income he has. With a high enough income due to high education, it can support more basic needs so that it can reduce the poverty rate (Susanto & Pangesti, 2019).

2.6. Open Unemployment Rate

Unemployment is a condition where a person or group of people is not working or looking for a job (Nurlita, et.al, 2017). Unemployment can occur due to various factors. One of them is the low level of education a person has (Mehmetaj & Xhindi, 2022). This happens because some jobs require workers who have a high level of education. So if someone has an education level that does not meet the requirements for accepting a job, then that person is not yet eligible to become a worker. Thus, the lower the level of education, the higher the unemployment rate. If unemployment increases, then surely people's consumption will decrease due to the absence of income, which will increase poverty (Choirur et al., 2021).

2.7. Inflation

Inflation is a situation where there is an increase in prices prevailing in an economic condition (Sukirno, 2004). The inflation rate is generally different from year to year. Also, the inflation rate is not the same for each country. High inflation rates can have a negative impact on economic growth, while low or moderate inflation tends to have a more positive impact (Subekti, 2023). Inflation rates are divided into three parts, including low inflation rates below 2% or 3%, inflation rates that can reach 4% - 10% and inflation rates that are at a high or serious level. The inflation rate will have an impact on the reduction of public consumption in an area due to price increases in certain commodities. So that the decline in public consumption will have an impact on the rise and fall of the poverty rate in a particular region and in a certain period (Uspri et al., 2023).

2.8. Government Expenditure

Government expenditure is the cost incurred by the government as an effort in the development of an area. Poverty alleviation is also inseparable from the role of the government, especially government spending. The amount of government spending is not a benchmark in development achievements, but whether or not the targets run by the government for the development process (Pratama & Utama, 2019). With the precise target of the government in using its expenditure funds for development among the community, it is certain that poverty alleviation will take place. At least the poverty rate will be reduced if the government really develops its people (Han et al., 2020).

METODE PENELITIAN

Table 1. Variable Description

Variables	Symbol	Unit
Dependent	Poverty (Y)	Percent
Independent	HDI	Index
	Economic Growth	Percent
	Per capita income	Thousand Rupiah
	Education Level	Percent
	Unemployment	Percent
	Inflation	Percent
	Government Exp	Billion Rupiah

Source: processed by the author, 2024

This research uses descriptive quantitative approach with panel data regression analysis method. The data used are data on HDI, Economic Growth, Per capita income, Education Level, Open Unemployment Rate, Inflation, Government Expenditure and Poverty in 10 Provinces with the highest poverty rate in 2023, namely: Papua, West Papua, East Nusa Tenggara, Maluku, Gorontalo, Aceh, Bengkulu, West Nusa Tenggara, Central Sulawesi, and South Sumatra, for the period 2013 to 2023. Data sourced from the Central Statistics Agency (BPS) and the Directorate General of Fiscal Balance (DJPK). The analysis model used is panel data regression with a Fixed Effect Model (FEM) approach. This study analyzes the effect of HDI, Economic Growth, Per Capita Income, Education Level, Open Unemployment Rate, Inflation and Government Expenditure on Poverty using the model:

$$Y_{it} = \beta_0 + \beta_1 HDI_{it} + \beta_2 EG_{it} + \beta_3 IP_{it} + \beta_4 ER_{it} + \beta_5 U_{it} + \beta_6 I_{it} + \beta_7 GS_{it} + \mu_i$$

With a description:

Y: Poverty
HDI: Human Development Index
EG: Economic Growth
IP: Per capita income
ER: Education Rate
U: Open Unemployment Rate
Inf: Inflation
GS: Government Spending

HASIL DAN PEMBAHASAN

Based on the FEM test results, the following regression equation is obtained:

$$Y = 26.97320 - 0.0903\ HDI + 0.0382\ EG - 0.0003\ IP - 0.0622\ ER + 0.2341\ U + 0.0434\ Inf - 0{,}00004\ GS$$

The coefficient of determination test results are shown by the R-squared value of 0.950611. This value explains that the HDI variables, economic growth, per capita income, education level, unemployment, inflation and government spending can explain the poverty variable by 95.06%. Meanwhile, the rest is explained by variables outside the model. The F test results are shown by the Prob (F-Statistics) value of 0.000000 which is smaller than α, namely 0.05. This value explains that the independent variables collectively influence poverty in the 10 poorest provinces in Indonesia.

Table 2. Fixed Effect Model Results

Variabel	**FEM**
HDI	-0.090275 (0.0815)
Economic Growth	0.038232 (0.2057)
Income per Capita	-0.000321 (0.9913)
Education Rate	-0.062174 (0.0093)
Unemployment	0.234073 (0.0439)
Inflation	0.043425 (0.4635)
Government Spending	-4.00E-05 (0.0630)
C	26.97320 (0.0000)
R-Squared	0.950611
Adj R-Squared	0.942115
F-Statistic	111.8768
Prob (F-Statistic)	0.000000

Source : data proceed by author, 2024

The Effect of HDI on Poverty

The results of the regression show that the HDI variable has a coefficient of – 0.090275 with a probability value of 0.0815 which is greater than α, namely 0.05. This means that the HDI variable has an insignificant negative effect on poverty. If the HDI increases by 1% it will reduce poverty by 0.090275%. This research is in line with previous research in Kalimantan which also found similar things that HDI had a negative effect on poverty (Alvin Alvin & Alexandra Hukom, 2023; Madania & Mubarak, 2023)

Human development achievements or what is known as HDI is an index that measures the quality of human life. When the quality of human life increases, the level of poverty can be reduced (Iskandar et al., 2022). However, it turns out that increasing HDI does not have a significant effect on the 10 poorest provinces in Indonesia. These results show that quality of life achievements are still uneven in the poorest areas in terms of facilities and infrastructure so that improvements do not have a significant effect.

The Effect of Economic Growth on Poverty

The results of the regression show that the economic growth variable has a coefficient of 0.038232 with a probability value of 0.2057 which is greater than α, namely 0.05. This means that the economic growth variable has an insignificant positive effect on poverty. If economic growth increases by 1% it will increase poverty by 0.038232%. This research is in line with previous research which shows that economic growth has an insignificant positive effect on poverty in Sulawei (Badu et al., 2020) and East Java(Muslihatinningsih & Abidin, 2022)

Increasing economic growth does

not always have a significant effect on poverty(Aini & Nugroho, 2023; Munandar et al., 2020) This is because the increase in production is not evenly distributed in certain sectors which are directly related to the poor. Thus, economic growth has an insignificant effect on reducing poverty. In fact, economic growth can have a positive effect, meaning that the higher the economic growth, the more poverty will increase in the area.

The Effect of Per Capita Income on Poverty

The results of the regression show that the per capita income variable has a coefficient of -0.000321 with a probability value of 0.9913 which is greater than α, namely 0.05. This means that the per capita income variable has an insignificant negative effect on poverty. If per capita income increases by 1% it will reduce poverty by 0.000321%. This research is in line with previous research which found that per capita income did not have a significant effect on poverty in the provinces of Aceh, Bengkulu, DI Yogyakarta, Central Sulawesi, Southeast Sulawesi, Maluku and Bali. (Maulana et al., 2022; Pramesti & Bendesa, 2018)

Although increasing per capita income can reduce poverty, the effect is not significant. This is motivated by the fact that per capita income is still not very focused on overcoming the problem of poverty. Not only that, per capita income sometimes has disparities between sectors so that it completely does not touch the informal and agricultural sectors. Even though there are many poor people working in this sector(Furqansyah & Zahara, 2024)

The Effect of Education Level on Poverty

The results of the regression show that the education level variable has a coefficient of -0.062174 with a probability value of 0.0093 which is smaller than α, namely 0.05. This means that the education level variable has a significant negative effect on poverty. If the level of education increases by 1% it will reduce poverty by 0.062174%. These results are in line with research conducted in West Java and Aceh (Astuti, 2018; Rahmatul ulia & Asnidar Asnidar, 2022)

Education is one way to success. This is because of the influence between the level of wages received and the level of education. Apart from that, when someone gets a proper education, the more information and knowledge they absorb. This can make one's life free from poverty (Yanthi & Marhaeni, 2015)

Another factor is that education provides various kinds of training and skills so that it can be a forum for self-development as well as increasing competence. The more competent a person is, the better the field of work they will get with higher salary compensation. This is in line with other research which states that education, wages and poverty influence each other(Kuswantoro & Permata Dewi, 2016)

This study aligns with Putra & Hidayat (2023), who found that basic and secondary education significantly reduce poverty risk, especially in rural and informal sectors. Lestari & Purnamasari (2022) emphasized the importance of gender-sensitive education policy to address female poverty, while Sari & Arifin (2021) highlighted the role of vocational education in improving labor access and reducing household poverty. A high level of education has a significant impact on poverty reduction because: education opens access to more stable and better-paying formal employment, improves individuals' entrepreneurial skills and access to information and social services, and contributes to improved financial literacy and better economic decision-making.

It is recommended to increase access to secondary and higher education in areas with high poverty rates, especially for women and vulnerable groups., provide a need-based regional scholarship program for children from poor households, strengtheni vocational education and job skills training based on local potential (e.g., agribusiness, crafts, digital economy), and to create a collaboration between local governments and industry to ensure the alignment of training curricula with labor market needs.

The Effect of Unemployment on Poverty

The results of the regression show that the unemployment variable has a coefficient of 0.234073 with a probability value of 0.0439 which is smaller than α, namely 0.05. This means that the unemployment variable has a significant positive effect on poverty. If unemployment rises by 1% it will increase poverty by 0.234073%. This result is in line with previous research which found that unemployment had a significant positive effect on poverty (Athadena, 2021; Darmawan, 2021; Nabibah & Hanifa, 2022)

Unemployment indicates that a person does not yet have or is looking for work. However, if this situation is prolonged it can make someone lose the opportunity to earn income. This will cause a person to be unable to fulfill their basic life needs because of the financial constraints they have to face. Therefore, when residents in an area do not have jobs or are declared unemployed, it can cause the poverty level in that area to increase. This can worsen the situation in the area because the impact of one problem will cause other problems to arise. So, it is very necessary to make improvements so that labor absorption is met which will reduce the unemployment rate.

Unemployment is also a critical poverty driver. Wulandari & Maulana (2023) noted that post-pandemic unemployment spikes in outer islands worsened poverty, while Hasanah & Rakhman (2022) stressed the role of productive job creation in underdeveloped regions. Rahmadani & Yusuf (2021) highlighted structural unemployment due to skill mismatches in urban labor markets.

High open unemployment rates directly impact poverty rates because: lack of income makes it difficult for individuals and their families to meet basic needs, and also disrupts the local economic cycle, particularly in the informal sector and MSMEs.

The operational recommendations are expansion of productive and inclusive labor-intensive programs, especially for those of working age in impoverished areas, wage subsidies or tax incentives for companies that create jobs in underdeveloped provinces, development of local entrepreneurship and business incubators, including entrepreneurship training and access to capital through microcredit, and integration of digital-based employment services, connecting job seekers with job openings across sectors and regions.

The Effect of Inflation on Poverty

The results of the regression show that the inflation variable has a coefficient of 0.043425 with a probability value of 0.4635 which is greater than α, namely 0.05. This means that the inflation variable has an insignificant positive effect on poverty. If inflation rises by 1% it will increase poverty by 0.043425%. These results are in line with previous research which states that inflation has a positive and insignificant effect on poverty in West Kalimantan, East Kalimantan and Central Sulawesi (Elviani et al., 2018; Manangkalangi et al., 2020; Yuliasih, 2019)

Continuous price increases in one period affect balance in the market. This situation occurs because demand will decrease due to the inability to buy at prices that continue to increase. This problem is closely related to the non-fulfillment of society's basic needs. So that people who have difficulty buying at normal prices will find it increasingly difficult and even no longer able to buy, and there will also be other groups of people who reduce purchases because prices are high. This will have an impact on increasing the number of people who experience difficulty in purchasing and will ultimately enter poverty. .

The Effect of Government Spending on Poverty

The results of the regression show that the government spending variable has a coefficient of -4.00E-05 with a probability value of 0.0630 which is greater than α, namely 0.05. This means that the government spending variable has an insignificant negative effect on poverty. If government spending increases by 1% it will reduce poverty by 4.00E-05%. These results are in line with previous research which stated that government spending had an insignificant positive effect in Ternate City (Fadly et al., 2021).

The government's role through budget allocation should be to reduce poverty levels. However, the distribution is still not optimal so it is not significant in reducing poverty. The government spending should focus on the poor because this can help them get out of poverty.

KESIMPULAN DAN SARAN

This research found that the influence of HDI, economic growth, per capita income, inflation and government spending was not significant in reducing poverty levels in the 10 poorest provinces in Indonesia. Meanwhile, education level has a significant negative effect on poverty and unemployment has a significant positive effect on poverty.

The poorest provinces still face problems that continue to circle so that it is very difficult to get out of their respective poverty problems. Therefore, these 10 provinces need special attention from the central government in developing the education sector which can reduce the problem of poverty. Not only that, efforts must also be made to provide training and skills as well as providing employment opportunities so that unemployment can be absorbed in the poorest provinces.

Based on these findings, policy recommendations focus on two main areas. First, the need to strengthen vocational education systems, as emphasized in studies by Lestari and Purnamasari (2022) and Sari and Arifin (2021). Education not only increases income but also provides competitiveness in the job market.

Second, the creation of productive and sustainable jobs is a top priority. This is crucial to addressing the impact of unemployment on poverty, as evidenced by studies by Wulandari and Maulana (2023) and Hasanah and Rakhman (2022). Local governments need to develop entrepreneurial ecosystems and strengthen local business incubators to address the structural challenge of unemployment.

It is hoped that this research can become a reference and point of reference for further research development as well as material for consideration by regional and central governments in adopting policies oriented towards reducing poverty levels in the province under study.

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