Poverty, and its Determinants in The Banten Province

A Thesis



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MOTTO

❝ Whoever takes a path upon which to obtain knowledge, Allah makes the path to Paradise easy for him. ❞

— Prophet Muhammad ﷺ (Hadith, Sahih Muslim 2699)

❝ Knowledge raises the low, but ignorance lowers the high. ❞

− Imam Al-Ghazali

❝ Patience is the key to relief. ❞

− Imam Ali ibn Abi Talib

❝ Knowledge without action is useless, and action without knowledge is futile. ❞

− Imam Al-Shafi'i

❝ Knowledge without character is worthless. ❞

− Ki Hajar Dewantara

❝ Your past is your lesson. The present is your gift. The future is your motivation. ❞

− Bung Hatta

❝ Great success is built on small, consistent efforts done every day. ❞

− B.J. Habibie

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ABSTRACT

This research aims to examine the influence of unemployment rates, minimum regional wage (UMR), human development index (HDI), gross domestic product growth (GRDP), and regional government spending on the poverty rates across all regencies and municipalities in the Province of Banten from 2014-2023. The data utilized in this research are secondary data collected from the websites of The Central Bureau of Statistics, and The Directorate General of Fiscal Balance - Ministry of Finance of Republik Indonesia. The panel data covers all the 8 regencies and municipalities in Banten Province throughout the periods of 2014-2023. The statistical tool employed in this research was the Eviews Software. The results show that unemployment rates, and minimum regional wage (UMR) had a positive and significant impact towards poverty rate. Furthermore, human development index (HDI) had a negative and significant impact on poverty rates. Finally, gross regional domestic product growth (GRDP), and regional government spending had insignificant and negative impact on the poverty rates. These findings may serve as a crucial insight for regional governments and policymakers in the process of poverty reduction.

Keywords: Poverty, Unemployment rates, minimum regional wage (UMR), human development index (HDI), gross domestic product growth (GRDP), regional government spending, Banten Province.

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh tingkat pengangguran, upah minimum regional (UMR), indeks pembangunan manusia (IPM), pertumbuhan produk domestik regional bruto (PDRB), dan belanja pemerintah daerah terhadap tingkat kemiskinan di seluruh kabupaten dan kota di Provinsi Banten pada periode 2014-2023. Data yang digunakan dalam penelitian ini merupakan data sekunder yang dikumpulkan dari situs resmi Badan Pusat Statistik (BPS) dan Direktorat Jenderal Perimbangan Keuangan - Kementerian Keuangan Republik Indonesia. Data panel yang digunakan mencakup seluruh 8 kabupaten dan kota di Provinsi Banten selama periode 2014-2023. Alat analisis statistik yang digunakan dalam penelitian ini adalah Eviews. Hasil penelitian menunjukkan bahwa tingkat pengangguran dan upah minimum regional (UMR) memiliki pengaruh positif dan signifikan terhadap tingkat kemiskinan. Sementara itu, indeks pembangunan manusia (IPM) memiliki pengaruh negatif dan signifikan terhadap tingkat kemiskinan. Terakhir, pertumbuhan produk domestik regional bruto (PDRB) dan belanja pemerintah daerah memiliki pengaruh negatif namun tidak signifikan terhadap tingkat kemiskinan. Temuan ini dapat menjadi wawasan penting bagi pemerintah daerah dan pembuat kebijakan dalam upaya pengentasan kemiskinan.

Kata kunci: Kemiskinan, Tingkat Pengangguran, Upah Minimum Regional (UMR), Indeks Pembangunan Manusia (IPM), Pertumbuhan Produk Domestik Regional Bruto (PDRB), Belanja Pemerintah Daerah, Provinsi Banten.

CHAPTER I

INTRODUCTION

1.1 Background

Despite the recent economic growth, poverty remains as a persistent challenge in Indonesia, like in many other growing nations. The latest data reported by The Central Bureau of Statistics in Indonesia (BPS) states that the poverty rate in Indonesia is 9.03%, per March 2024. Poverty is considered as a condition where individuals or households are barely able to meet the basic human needs such as proper housing, food, water, and healthcare access (Chen, 2024). The challenges of poverty are proven hard to tackle, as it involves various complex factors deemed responsible for it.

The World Bank, through the Millennium Development Goals (MDGs) in 2000, prioritized reducing poverty as the first of its eight global goals. This initiative was further extended with the declaration of the Sustainable Development Goals (SDGs) in 2015, which outlined 17 objectives, again placing poverty eradication as the first goal: "End poverty in all its forms everywhere." Poverty reduction continues to be a key global and national agenda, including in Indonesia, where poverty alleviation is emphasized in the country's constitutional objectives. Article 34 of Indonesia's 1945 Constitution explicitly states the nation's goal to promote public welfare ("memajukan kesejahteraan umum").

Poverty reduction in Indonesia is often used as a benchmark for societal welfare, as a low poverty rate signifies improvements in living standards and access to resources. To achieve this, Indonesia has implemented various measures, such as targeted social assistance programs, economic empowerment schemes, and wage policies, to uplift underprivileged communities. The

inclusion of poverty eradication in both the SDGs and national development goals reflects the universal understanding that addressing poverty is foundational to achieving broader socio-economic stability and well-being. Moreover, by aligning its national goals with international frameworks, Indonesia showcases its commitment to ensuring a better quality of life for its citizens (World Bank, 2015; UNDP, 2016).

Indonesia's population reaches around 270 million people, stretched across 38 provinces and thousands of islands. The island of Java is the most populated island in Indonesia, consisting of 6 provinces, home to more than 150 million people, which is staggeringly more than half of the population in Indonesia. Within the island of Java, stands the province of Banten, the newest province in Java formed in October 2000. Despite being the newest province formed in Java, data per 2023 from The Central Bureau of Statistics shows that Banten managed to obtain the second lowest poverty rate in Java, falling slightly behind Indonesia's capital, DKI Jakarta. This indicates the success of Banten Province in achieving a low level of poverty, hence making it an interesting subject of research.

Table 1.1 Poverty in Java

Province	**Percentage of poverty per March, 2023**
DKI Jakarta	4.44
Jawa Barat	7.62
Jawa Tengah	10.77
DI. Yogyakarta	11.04
Jawa Timur	10.35
Banten	6.17

Source: Badan Pusat Statistika

The province of Banten consists of 8 regencies and municipalities, namely Kabupaten Pandeglang, Kabupaten Lebak, Kabupaten Serang, Kabupaten Tangerang, Kota Cilegon, Kota Serang, Kota Tangerang, and Tangerang Selatan.

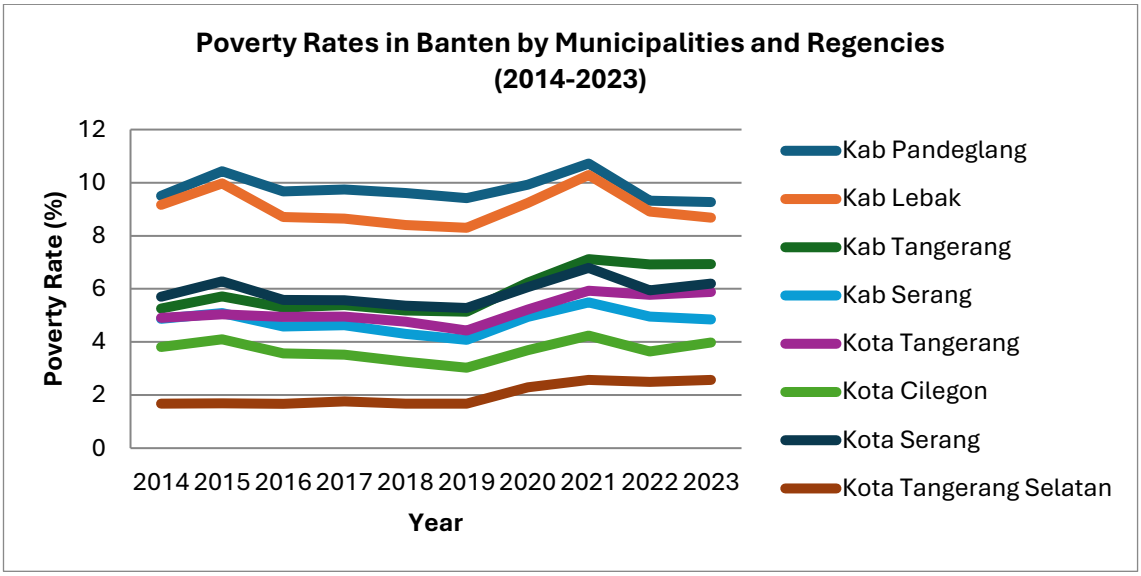


Figure 1.1 Poverty rates
Source: Badan Pusat Statistika Banten

Figure 1 reveals the poverty rate of the 8 different municipalities and regions across Banten from the period of 2014-2023. The indications show that there is an uneven distribution of poverty among all the regencies and municipalities, with Kabupaten Pandeglang averaging the highest poverty rate of around 10 percent, and Kota Tangerang Selatan averaging the lowest with around 2 percent. The chart above also shows that there had been a spontaneous surge of poverty rate through all regencies and municipalities in Banten from 2019-2021. These patterns indicate several critical areas requiring further investigation regarding the factors that contribute to the persistent disparities in poverty rates across different regencies in Banten. One interesting thing is understanding the underlying causes behind why certain regions, such as Kabupaten Pandeglang, consistently experience higher

poverty rates while others, like Kota Tangerang Selatan, maintain lower rates. Additionally, it is crucial to examine the various factors that explain the significant surge in poverty rates observed across all regions during the 2019-2021 period.

Previous studies have identified several key determinants of regional poverty in Indonesia. Suryahadi et al. (2020) found that sectoral economic growth, particularly in services and manufacturing, significantly impacts poverty reduction in Indonesian regions. Their research emphasizes how regions with diverse economic structures tend to have lower poverty rates. Dartanto & Nurkholis (2013) revealed that education levels, employment status, and access to health facilities are crucial factors affecting household poverty dynamics in Indonesia. Similarly, Miranti et al. (2014) demonstrated that infrastructure development, particularly in rural areas, plays a vital role in reducing regional poverty disparities.

Specifically for Banten, Umiyati et al. (2017) examined the relationship between unemployment, economic growth, and poverty rates across the province's regions, finding significant correlations between these variables. However, these studies have not fully explored the role of fiscal decentralization and local government capacity in poverty reduction efforts, particularly how variations in regional government transfers utilization affect poverty outcomes across different regions. Understanding these factors is essential for provincial and regional governments to formulate effective, targeted poverty reduction policies.

Unemployment is one of the possible factors influencing the poverty rate in the region which can arise from economic crises, changes in the labor market, the lack of job opportunities, even the lack of qualified productive aged individuals in a region. Unemployment has been an existing challenge for Indonesia where the human population continues to increase every year, so as the individuals seeking for jobs, leading to an expanding workforce consisting of more and more unemployed individuals (Septiatin et al., 2016). Unemployment rate was high in the Regency/City of Banten province. Based on data obtained from BPS Banten

province, in 2018 and 2019 it had the highest unemployment rate in Indonesia. This is caused by low human resources, which resulted in many workers originating from outside the province looking for work in Banten Province, as well as many brokering practices that guarantee jobs in companies, so that local workers become less competitive (Diandra et al, 2022).

Talking about other factors that influences poverty rates, the Minimum Regional Wage (UMR) appears to be influential. The minimum regional wage (UMR) is a government-mandated minimum income that employers must pay their workers, intended to ensure a basic standard of living and protect low-income earners from exploitation. In Banten Province, the UMR varies across municipalities, reflecting the cost of living and economic conditions in each area. This wage policy significantly influences poverty rates, as it directly affects the purchasing power of low-wage earners, who form a substantial portion of the population in the region. In Banten, where industrial and urban economic activities dominate, an increase in UMR can reduce poverty by improving household income and enabling access to necessities such as

food, healthcare, and education. Studies show that higher wages have a multiplier effect on local economies, boosting consumer spending and fostering economic growth, which indirectly reduces poverty levels (International Labour Organization, 2018).

The Human Development Index (HDI) plays a crucial role in influencing poverty rates by evaluating human development achievements across various aspects of quality of life (Maulana, 2024). The HDI consists of three dimensions: knowledge, longevity, and dignity. These dimensions are assessed through indicators such as life expectancy at birth for health, average years of schooling and literacy rates for education, and income measures like average spending per resident to reflect development successes necessary for a decent standard of living (BPS). Additionally, purchasing power parity is used to evaluate different aspects of a decent life by considering essential needs (United Nations Development Programme, 1990). In the Indonesian context, certain HDI indicators have been

revised; for example, the literacy rate has been replaced with the expected years of schooling, and gross domestic product (GDP) per capita has been substituted with gross national product (GNP) per capita (Badan Pusat Statistik, 2022).

Another key influencing factors that can affect poverty rates is the Gross Regional Domestic Product Growth (GRDPG). The GRDPG measures a region's economic development and performance growth. Studies suggest that there is a significant relationship between economic and poverty, where poverty rates tend to increase in the first stages of development, and will then decrease in the latter stages (Saefullah, 2023.)

The year 2020 was marked by an overall decline in GRDP growth across Banten, with all regencies and municipalities reporting negative growth rates. This decline can largely be explained by the economic fallout from the COVID-19 pandemic, which resulted in a significant contraction of economic activities due to lockdown measures and health-related restrictions. The adverse effects were compounded by disruptions in supply chains and decreased demand for goods and services (World Bank, 2021). Specifically, Kota Tangerang's steep decline can be linked to its reliance on manufacturing and trade sectors that were heavily impacted during the pandemic. As businesses struggled to adapt to new operational challenges, unemployment surged, further exacerbating the economic downturn in this region (Pardosi et al., 2023).

Post-2020, most regions exhibited a strong recovery, with GRDP growth rebounding steadily through 2022 and into 2023. Kab Tangerang showed one of the fastest recoveries, reflecting robust economic recovery measures or sectoral resilience. Similarly, Kota Tangerang Selatan and Kota Serang managed to surpass pre-pandemic growth levels by 2023. The overall trend highlights the resilience of regional economies in Banten, with signs of stabilization and growth across the board following the disruptive impacts of the pandemic.

One other policymaking-related variable that potentially has an influence on poverty rates, and is not often studied is the regional government spending (Belanja

Daerah). This represents regional government expenditures in Indonesia's fiscal decentralization system, comprising two main categories: Belanja Langsung (Direct Expenditure) and Belanja Tidak Langsung (Indirect Expenditure). Direct expenditures include operational costs like employee wages, goods and services, and capital investments, while indirect expenditures cover civil servant salaries, subsidies, grants, and social assistance programs.

Regional government spending plays a crucial role in promoting economic development and reducing poverty through targeted interventions in public services, infrastructure, and social programs. Empirical evidence from Carter et al. (2020) demonstrated that efficient allocation of regional budgets significantly impacts poverty reduction through improved education, healthcare, and local economic opportunities. Martinez-Vazquez and Vulovic (2017) further emphasized that decentralized spending allows local governments to better address region-specific challenges and implement customized poverty alleviation strategies. This localized approach enables more effective resource allocation based on community needs, ultimately contributing to reduced inequality and enhanced social welfare across different regions.

1.2 Problem Formulation

Based on the research background, the problem formulation of this research may be identified as follows:

1. How do the unemployment rates affect the poverty rates across each regencies/municipality in Banten.
2. How does the Minimum Regional Wage (UMR) affect the poverty rates across each regencies/municipality in Banten.

3. How do the Human Development Index (HDI) scores affect the poverty rates across each regencies/municipality in Banten.
4. How does the Gross Regional Domestic Product Growth (GRDPG) affect the poverty rates across each regencies/municipality in Banten.
5. How the Regional Government Spending (RGS) affect the poverty rates across each regencies/municipality in Banten.

1.3 Reaseach Objectives

The goal of this study is to examine the level of significance that the unemployment rates, Minimum Regional Wage (UMR), Human Development Index (HDI), Gross Regional Domestic Product Growth (GRDPG), and government spending have in influencing the poverty rates within all the regencies/municipalities in The Province of Banten. Based on the problem formulation, the objectives of the research are as follows:

1. Analyze how influential the rates of Unemployment are towards the rates of poverty in all of the regencies/municipalities within The Province of Banten from 2014-2023.
2. Analyze how influential the Minimum Regional Wage (UMR) are towards the rates of poverty in all of the regencies/municipalities within The Province of Banten from 2014-2023.
3. Analyze how influential the Human Development Index (HDI) scores are towards the rates of poverty in all of the regencies/municipalities within The Province of Banten from 2014-2023.
4. Analyze how influential the rates of Gross Regional Domestic Product Growth (GRDPG) are towards the rates of poverty in all of the regencies/municipalities within The Province of Banten from 2014-2023.

5. Analyze how influential regional government spending are towards the rates of poverty in all of the regencies/municipalities within The Province of Banten from 2014-2023.

1.4 Reasearch Contributions

This research provides beneficial insights into the dynamics of poverty in Banten Province, Indonesia, through identifying and examining key influential factors of poverty rates such as unemployment rates, minimum regional wage, human development index, gross regional domestic product growth, and regional government spending. The variables used in this research are economic, social, and policymaking-related, with the most updated data provided by The Central Bureau of Statistics (BPS), which creates a potential of this research to offer a plausible and updated examination of how the dependent variables interact and impact the poverty rates across The Province of Banten.

1.5 Research Benefits

The outcomes of this research has the potential to provide benefits in the scope of academic and policymaking. The benefits of this research are as follows:

1. This research provides an academic understanding of poverty dynamics and its influencing factors in Banten Province from 2014-2023
2. This research serves as a model for analyzing poverty in other regions, especially regions in developing nations with a similar socio-economic structure to The Province of Banten.

3. This research offers valuable insights for policymakers to design targeted interventions in attempts to reduce poverty, particularly in addressing regional disparities.
4. This research identifies practical solutions to reduce poverty by addressing root cause like unemployment, low wages, and economic disparities.

1.6 Research Limitations

Despite the potential benefits of this research, it is to be noted that this research may also have limitations. These limitations refer to the range and extent of the issues being discussed within the research. The limitations of this research are as follows:

1. Although including each municipality/regency, the geographic range of this research is only limited to The Banten Province out of the total of 38 provinces in Indonesia.
2. This research is limited to only five influential factors to poverty, namely unemployment rate, minimum regional wage, human development index, gross regional domestic product growth, and regional government spending.
3. This research is only limited to influential factors to poverty that are quantitative, which exclude qualitative factors such as quality of healthcare and education, psychological factors, cultural norms and practice, etc.
4. This research is limited to a fixed time frame of 10 years (2013-2024), limiting long-term trend analysis.

CHAPTER II

LITERTURE REVIEW

2.1 Literature Review

A literature review serves as one of the crucial aspects of research which involves the review of previous studies regarding similar topics that have been conducted in the past. The purpose of a literature review in the context of poverty is to discover the potential factors that may affect it, while at the same time identifying the research gaps.

A study conducted by Sianturi, et al (2021) researched about the determinants of poverty in Indonesia. The objective of this study was to analyze various factors of poverty, including unemployment rates. Secondary quantitative data was utilized in this study with the time frame of 2016-2019, with the object being the 34 provinces in Indonesia. The researchers used a model of panel regression, integrating time series data and cross-section from 2016-2019. The method of analysis utilized was regression analysis of panel data using Eviews10 Software. The findings of this study, specifically for the unemployment variable shows that the unemployment rate has a positive relationship with the rate of poverty. The obtained coefficient value was unemployment rate of 0.0000288 with the probability of 0.9935, meaning that a 1% increase in the unemployment rate would lead to an increase in poverty by 0.0000288 thousand people. Although, the relationship is positive, the impact remains insignificant. According to the researchers, one of the reasons for the insignificant value is because urban residents have the tendency to be voluntarily unemployed in hopes to get a job that is in line with their education or salary demands.

Another study conducted by Syarif and Wibowo (2017) delved into the relation between minimum wages and poverty in Indonesia. The subject of this research was the 5 provinces in the Island of Java in the period of 2007-2013, including the Banten Province. Arellano Bond Dynamic GMM (Generalized

Method of Moment) was utilized as the analysis technique of this research. The findings of this research showed that the relationship between minimum wage and poverty rates is positive, meaning that an increase in minimum wage rate would increase the poverty rate. However, it is to be noted that the relationship between these two variables are not significant.

In another study conducted by Saputra, et al (2024), which researched about the impact of minimum regional wage towards poverty rate in The Province of Kalimantan Tengah, showed findings where minimum regional wage and poverty rates had a negative and significant relationship. The findings showed the t-value of -2.742, and a t-significance of 0.034, meaning, with the coefficient value of -0.630, indicating that a 1% increase in minimum regional wage (ceteris paribus) would decrease poverty by 0.630%. the data used in this research were secondary data with time series from 2014-2023.

On the other hand, another findings of a study about the impact of the minimum wage policy towards the rates of poverty showed that there were no clear relationships between the two variables. This research was conducted by Sabia and Burkhauser (2010) where the researchers aim was to analyze the impact of a federal minimum wage increase between 2003 and 2007 towards poverty in the United States of America, utilizing data drawn from March Current Population Survey.

Furthermore, there was a study conducted by Subanidja and Suharto (2014) about the dominant factors in the causes of poverty level in Indonesia with the objective of examining the relationship between the Human Development Index (HDI) and poverty levels in Indonesia from 2009-2012. The researchers relied on secondary data and used paneled data of 33 provinces in Indonesia and used fixed, common, and a random effect regression method with Eviews software as the tool and characterized the research as quantitative-causality research. The result of this study showed that Human Development Index (HDI) had a significant impact on the poverty levels with the coefficient of -104264.5, meaning that the relationship was negative, and that an increase in HDI would lead to a decrease in the poverty

levels. The researchers recommended that improving HDI and education levels should be prioritized in order to tackle the poverty problems in Indonesia.

Research conducted by Safitri, et al (2022) regarding the analysis of factors affecting poverty level in Banten should also be highlighted. The data used by the researchers were secondary data from all the 8 regencies/municipalities in Banten Province from 2014-2020 obtained from the Central Bureau of Statistics Agency. This research utilized panel data regression analysis techniques with Eviews10 as the software. One of the independent variables being examined was the Gross Regional Domestic Product (GRDP) in which the findings of this research highlighted that it had a significant effect on poverty levels in Banten. The variable of GRDP had a regression coefficient of -2.200609, which suggests that a growth rate of 1% in GRDP would lead to a decrease of 2.200609% in the poverty level.

A study conducted by Huda and Karsudjono (2021) about regional government spending as an effort to overcome poverty and unemployment in Banjarmasin City showed findings that regional government spending, especially spending on product and services had successfully reduced the rates of poverty and unemployment in Banjarmasin City from 2012-2019.

Another study on the subject of the government spending's influence towards poverty showed similar finding to the one prior. This particular research examined the impact on government spending on poverty reduction in Pakistan from 1972-2008, where Asghar, et al (2011) found that an increase in the government spending, specifically on education, and law and order significantly contributed to reducing poverty rates.

Judging from the previous studies conducted by researchers regarding the influence of unemployment rate, minimum regional wage (UMR), Human Development Index (HDI), Gross Regional Domestic Product (GRDP), and regional government spending towards Poverty, indications show that although the level of significance may differ, each one of these variables have an influence on the poverty rate, respectively.

Table 2.1 literature review summary

Author(s)	Title	Data	Method	Results
Sianturi, et al (2021)	Determinants of Poverty in Indonesia	Secondary quantitative data (2016-2019) from 34 provinces in Indonesia	Panel regression analysis using Eviews10 software	Unemployment rate positively related to poverty (coefficient: 0.0000288, p: 0.9935); insignificant impact.
Syarif and Wibowo (2017)	Relation Between Minimum Wages and Poverty in Indonesia	Data from 5 provinces in Java (2007-2013)	Arellano Bond Dynamic GMM technique	Positive but insignificant relationship between minimum wage and poverty rates.
Saputra, et al (2024)	Impact of Minimum Regional Wage Towards Poverty Rate in Kalimantan Tengah	Secondary data (2014-2023)	Time series analysis	Negative and significant relationship; 1% increase in wage decreases poverty by 0.630%.
Sabia and Burkhauser (2010)	Impact of Federal Minimum Wage on Poverty in the USA	Data from March Current Population Survey (2003-2007)	Quantitative analysis	No clear relationship between minimum wage policy and poverty rates.
Subanidja and Suharto (2014)	Dominant Factors in Causes of Poverty Levels in Indonesia	Paneled data (2009-2012) from 33 provinces	Fixed, common, random effect regression with Eviews	HDI significantly negatively impacts poverty (coefficient: -104264.5).
Safitri, et al (2022)	Analysis of Factors Affecting	Secondary data (2014-2020) from	Panel regression analysis with Eviews10	GRDP significantly decreases poverty

	Poverty Level in Banten	8 regencies in Banten		(coefficient: -2.200609).
Huda and Karsudjono (2021)	Regional Government Spending to Overcome Poverty in Banjarmasin City	Regional data (2012-2019)	Quantitative analysis	Government spending on products/services reduced poverty and unemployment.
Asghar, et al (2011)	Impact of Government Spending on Poverty Reduction in Pakistan	Data from Pakistan (1972-2008)	Quantitative analysis	Government spending on education and law/order significantly reduced poverty.

2.2 Theoretical Framework

2.2.1 Poverty

Davis and Martinez (2014) explained that according to the European Comission, the state of poverty is when a person's income and resources are too scarce in order for them to have a standard of living that are considered acceptable in the local society. Furthermore, due to their poverty, they may experience many struggles through unemployment, low income, improper housing, bad access to healthcare, and barriers to lifelong earning (European Comission, 2004). Another perspective is that poverty, especially in Indonesia, is not solely an economic problem, rather it involves many complex factors such as education, infrastructure, and social services (Sianturi, et al, 2021)

2.2.1.2 Causes of Poverty

The division between rural and urban areas serves as an important perspective for examining poverty, since the dynamics and reasons for poverty vary in these regions. In rural regions, poverty is frequently linked to structural and geographical elements like restricted access to markets, poor infrastructure, and dependence on subsistence farming. Rural poverty is exacerbated by limited access to quality education and healthcare, hindering human capital growth and sustaining intergenerational poverty. Moreover, geographic isolation and inadequate links to urban areas restrict economic prospects, resulting in stagnant local economies and little diversification apart from agriculture (IFAD, 2020). For example, Lipton (1977) highlighted the preference for urban areas in policy decisions, as governments focus their investments in infrastructure and public services on cities, neglecting rural regions. This oversight results in systemic disparities that exacerbate rural poverty and obstruct growth in these areas.

Conversely, urban poverty is frequently associated with swift urban growth, joblessness, and the expansion of informal housing areas. Numerous cities encounter difficulties in managing increasing populations, resulting in congested slums with insufficient housing, sanitation, and access to essential services. Urban

poverty is intensified by the informal labor market, where numerous low-income individuals are employed without job security, legal safeguards, or consistent earnings (UN-Habitat, 2020). Moreover, increasing living expenses in metropolitan regions, coupled with uneven access to opportunities, lead to economic inequalities within urban centers. Urban poverty is influenced by social exclusion and structural obstacles that limit marginalized communities from obtaining education, healthcare, and job opportunities (Satterthwaite, 2001). These differences emphasize that urban poverty is unique but also related to rural poverty, as the movement from rural to urban areas frequently shifts poverty from rural regions to cities because of inadequate absorption capacity and poor urban planning.

Becker (1995) argues that rising income inequality in the United States since the 1970s has been largely driven by higher returns to education and training. This means that individuals with more education and specialized skills tend to earn significantly more, while those with limited educational opportunities remain economically disadvantaged. Similar patterns exist in countries like Mexico and Brazil, where regional disparities in access to education contribute to persistent poverty. The difference in income produced by more educated, and less educated, in this instance refers to richer and poorer individuals respectively, thus richer individuals are more productive than poorer individuals.

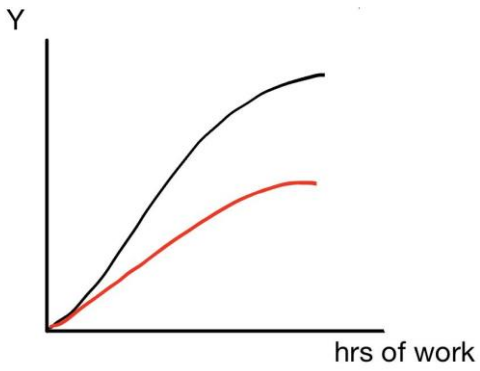


Figure 2.1 Productivity function of poor vs rich

Another theory of the cause of poverty is the vicious cycle theory. Nurkse (1971) stated that that this theory offers a plausible argument on the causes of poverty. The vicious cycle theory of poverty posits that poverty is a self-perpetuating trap where its effects reinforce its causes, creating an ongoing cycle that is difficult to escape. Within this framework, underdevelopment and poverty are interconnected in a mutually reinforcing cycle. For instance, low income in an area result in inadequate savings, hindering investment in productive assets such as education, infrastructure, and enterprises. In the absence of investment, productivity stays low, and income remains stagnant, continuing the cycle of poverty. At a personal level, inadequate health and malnutrition stemming from poverty diminish labor productivity, which in turn obstructs income generation (Meier & Rauch, 2005).

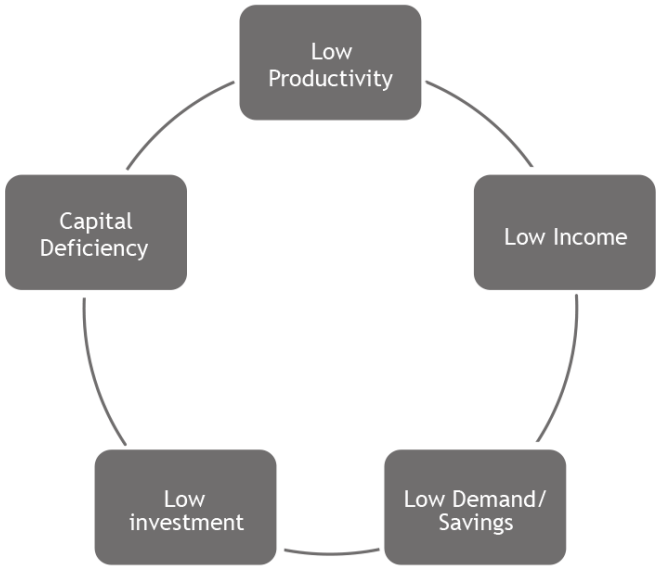


Figure 2.2 Vicious cycle theory of poverty

2.2.1.3 The types of poverty

According to Lok-Dessallien (1999), poverty can be viewed into absolute or relative poverty. Absolute poverty is referred to as the degree of poverty in which an individual lives below the minimum living standards, such as improper housing, inability to fulfill nutritional requirements, and other necessities. On the other hand, relative poverty refers to the degree of poverty in which an individual is still considered poor despite being above the poverty line, due to the comparison between the lower and upper segments of the society where income inequalities appear. One way to view relative poverty would be when the prices of goods and services increase faster than income, some households that are in the category of relatively poor might downgrade to absolutely poor.

One type of poverty is structural poverty. Structural poverty is a type of poverty caused by human-made factors such as unjust economic policies, uneven distribution of productive assets, and practices of corruption and collusion. Additionally, the global economic order tends to favor certain groups within society. Essentially, structural poverty arises from various programs and policies that are poorly implemented. This lack of directed implementation leads to unequal ownership of resources and opportunities, resulting in uneven community participation and creating an imbalanced social structure. This phenomenon is referred to as "accidental poverty," which is poverty that arises as a consequence of certain policies that diminish the welfare levels of the community (Ardian, 2021). Daas (2019) argues that poverty is caused by structural factors within society rather than individual circumstances. Both absolute and relative poverty come from these systemic conditions, but absolute poverty, where people lack basic necessities, needs urgent attention because it threatens survival. Relative poverty, on the other hand, is based on economic inequality and cannot be eliminated immediately. For example, a middle-class worker may seem poor compared to an industrialist but is still better off than a daily wage laborer. Since poverty is rooted in economic

structures, addressing it requires strong policies and international efforts rather than focusing only on individuals

Another type of poverty is cultural poverty. Cultural poverty refers to poverty caused by the attitudes and lifestyles of individuals or groups within society. Their way of life, habits, and culture lead them to feel sufficient and not experience a sense of lack. This group often finds it difficult to engage in development and is unwilling to make efforts to improve their living standards. Consequently, their income levels are low according to common measures. This aligns with the notion that their poverty stems from cultural factors such as laziness, lack of discipline, and extravagance. (Ardian, 2021).

2.2.2. Unemployment Rate

According to Stein (1967), definition unemployment should be focused on an individual's recent job-seeking activity in which active efforts are engaged in a specific timeframe and currently open to employment. They proposed that unemployment definition should be based on current labor market activity instead of criteria such as financial hardships. Thus, the inclusion of unemployment does not involve a person who is not employed and not seeking a job.

2.2.2.1. Types of unemployment

There are various types of unemployment, namely frictional, structural, and cyclical unemployment to mention a few.

1. Frictional unemployment occurs when individuals are temporarily out of work while transitioning between jobs or searching for new employment opportunities. This type of unemployment is a natural part of a well-functioning economy, as it reflects the time needed for workers and employers to find suitable matches. Even in a competitive job market, frictional unemployment is inevitable, as some workers will always be "between" jobs, seeking better opportunities or entering the workforce for the first time. This form of unemployment is generally short-lived and does not indicate any underlying economic issues; rather, it signifies a dynamic

labor market where individuals are actively engaging in job searches (Borjas, 2016)

2. On the other hand, structural unemployment arises from fundamental changes in the economy that create a mismatch between the skills of the workforce and the requirements of available jobs. This type of unemployment is more concerning because it often results from long-term shifts, such as technological advancements or industrial decline, which can render certain skills obsolete. For instance, as industries evolve and new technologies emerge, workers may find themselves lacking the necessary skills to compete in the job market. Structural unemployment can persist for years, making it challenging for affected individuals to find suitable employment without retraining or acquiring new skills (Corporate Finance Institute, 2023). The implications of structural unemployment are significant, as it not only affects individual livelihoods but also hinders overall economic growth by preventing efficient use of labor resources.

3. The third type of unemployment would the cyclical unemployment. Cyclical unemployment refers to a situation in which economic activity slows down, resulting in restrictions on production within companies, reductions in employee working hours, or even the threat of layoffs. This condition leads to an increase in unemployment rates.

   Cyclical unemployment is closely linked to the fluctuations of the economic cycle, particularly during periods of recession or economic downturns. When the economy contracts, consumer demand for goods and services typically decreases. As a result, businesses may find themselves with excess inventory and insufficient sales to justify their current levels of production. To mitigate losses, companies often respond by reducing production output, which can involve scaling back working hours or implementing layoffs.

2.2.2.2 The relationship between unemployment and poverty

According to Rizki, et al (2022), unemployment is a great macroeconomic problem which has created negative effects on poverty. It decreases household's income which eventually leads to a decrease in the prosperity of the household. The decreasing welfare initially caused by unemployment will undoubtedly increase the chance of falling into poverty. Another study conducted by Dwiningwarni, et al (2018), had findings that support the negative effects of unemployment towards poverty that was mentioned by Rizki, et al (2022). The findings showed that an increase in unemployment rates had a significant positive relationship, particularly in East Java. Based on the studies conducted by the mentioned researchers, it can be interpreted that an increase in unemployment, will certainly have a bad impact towards the society and economy of a region by increasing the probability of households and individuals to fall into poverty.

2.2.3 Minimum Regional Wage (UMR)

The minimum wage in Indonesia is defined as the lowest monthly wage that employers are legally required to pay their employees. This wage is determined by provincial and regency/city governments, reflecting local economic conditions, cost of living, and inflation rates. According to the Minister of Manpower Regulation No. 18 of 2022, which took effect on January 1, 2023, the minimum wage can increase by a maximum of 10% annually, depending on various economic indicators (SSEK Law Firm, 2023). The regulation aims to provide a safety net for workers, particularly those who have been employed for less than one year, ensuring that they receive at least the minimum wage.

The Indonesian government bases its minimum wage calculations on several factors, including economic growth rates, inflation, and the purchasing power of workers. This approach is intended to ensure that the minimum wage remains relevant and provides a decent standard of living for workers. The government also considers regional disparities in economic conditions when setting

minimum wages, resulting in different rates across provinces and cities. For instance, urban areas with higher living costs typically have higher minimum wages compared to rural regions (ASEAN Briefing, 2023).

2.2.3.1 The relationship between Minimum Regional Wage (UMR) and Poverty

In a developing nation such as Indonesia, a minimum wage increase may tend to have a positive impact in reducing poverty. However, it is to be noted that the influence of increasing minimum regional wage may not be statistically significant on the poverty rate, thus it can be said that it would not be an effective tool in solving the poverty problems in Indonesia. Moreover, there are significant regional disparities in how minimum wage policies influence poverty rates, where in some areas, higher minimum regional wage might not decrease the poverty levels, rather it would increase poverty levels. Therefore, the importance of integrating local economic conditions and labor market dynamics should be heavily considered in changing minimum wage policies (Husni, et al. 2023).

2.2.4 Human Development Index (HDI)

The Human Development Index (HDI), developed by a Pakistani, and Indian economist by the name Mahbub ul-Haq, and Amartya Sen, respectively, measures and analyzes a nation's social and economic development by integrating factors such as health, education, and standards of living. This metric was then recognized, and published by the United Nations Development Program (UNDP). The Human Development Index (HDI) has three dimensions, namely long and healthy life, knowledge, and a decent standard of living, measured by indicators such as life expectancy at birth, expected years of schooling and Mean years of schooling, and Gross National Income (GNI) per capita, respectively (UNDP, 2015). The Human Development Index (HDI) is mainly utilized for identifying and

evaluating developmental qualities in a national level, categorizing whether a nation is undeveloped, developing, or developed.

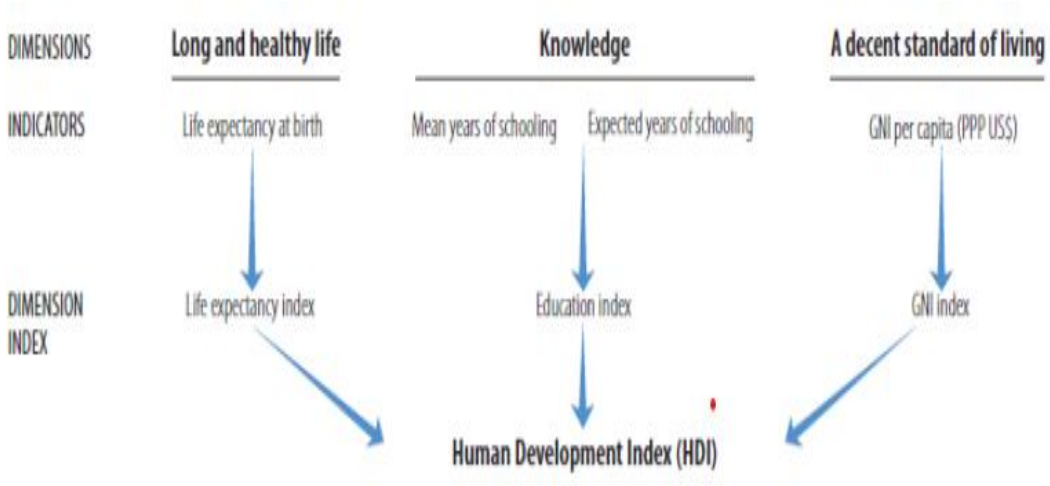


Figure 2.2 HDI Description
Source: UNDP (2010). P.215

2.2.4.1 The indicators of Human Development Index (HDI)

The following describes the indicators used for each dimension of the Human Development Index (HDI):

- Long and Healthy Life: This dimension is measured by life expectancy at birth.
- Knowledge: This dimension includes two indicators: mean years of schooling and expected years of schooling.
- Decent Standard of Living: This dimension is assessed using Gross National Income (GNI) per capita.

The United Nations Development Program has set a standard for calculating the Human Development Index (HDI), which are as follows (UNDP, 2015):

The calculation of the Human Development Index (HDI) involves two main steps.

- The first step is to create three distinct indices corresponding to the three dimensions of HDI: a long and healthy life, knowledge, and a decent standard of living. Each of these dimension indices is normalized to a score between 0 and 1. This normalization process uses predetermined minimum and maximum values (referred to as goalposts) to standardize the indicators, allowing for comparison across different units.
- The second step involves aggregating these three-dimension indices to compute the overall HDI. This is achieved by multiplying the three indices together and then taking the cube root of the product, which results in the geometric mean of the dimension indices.

2.2.4.2 The relationship between Human Development Index (HDI) and poverty

It can be said that the Human Development Index (HDI) represents the level of prosperity and well-being of the people in an area, integrating factors such as health, education, and income. If the index of an area is high, it can be interpreted that the people within that area have access to a good quality education, long life expectancy and a low mortality rate, as well as a decent income. Conversely, when the index of a region is low, it can be interpreted that the condition of the people within that area is the opposite, lacking good access to education, lower life expectancy and higher mortality rate, as well as lower income, all indicating that poverty levels in that region is higher.

2.2.5 Gross Regional Domestic Product (GRDP) growth

The Keynesian economic growth theory asserts that aggregate demand (AD) is a crucial factor in determining economic growth, which includes the demand for goods and services along with the ability to pay for them. This demand is shaped by consumption, investment, government expenditure, and the balance of exports

and imports in an open economy. This relationship is represented by the equation: $Y = C + I + G + X - M$.

In a regional level, an indicator used to assess economic growth would be Gross Regional Domestic Product (GRDP). The growth of GRDP is measured by comparing the current rate of GRDP to the t-1 rate of GRDP either based on current or constant market prices. Gross Regional Domestic Product (GRDP) quantifies the total value added by all business entities within a specific region, reflecting the overall worth of final goods and services produced by various economic units. When calculated at current prices, GRDP captures the value added using the prevailing prices for each year. Conversely, when assessed at constant prices, it represents the value added based on a fixed set of prices from a designated base year. The GRDP measured at current prices is useful for examining shifts in economic structure and dynamics, while the constant price measure provides insights into economic growth trends over successive years.

2.2.5.1 The relationship between Gross Regional Domestic Product and poverty

There is an evident connection between these two variables. Generally, if a region's GRDP increases, it indicates that the economy of the region is growing, leading to increased job opportunities due to local businesses that may expand, and higher income levels which may help some individuals or households in escaping poverty. Conversely, a decrease in GRDP may indicate lower job opportunities, and lower income levels which may cause layoffs due to local businesses or companies not being able to reach good profits. Therefore, decline in GRDP rates may create a bigger risk of individuals or households to fall into poverty, or escape it.

2.2.6 Regional government spending

The Keynesian school of economics considers government spending as an exogenous policy tool and suggests that government spending is crucial for stimulating aggregate demand in the short run. Furthermore, Keynes posits that the

government has great power to influence aggregate demand during extreme conditions such as crises, and recessions through the government spending. Keynes believes that fiscal policy through government spending is the main force of economic growth (Fazzari, 1994)

Other relevant theories regarding government spending are Pigou's welfare theory, and the pro-poor budget theory. These theories suggest that the government spending in the economic sector would lead to a rise in economic growth, and beneficial for poverty reduction (Damai and Aprianti., 2024).

2.2.6.1 The relationship between regional government spending and poverty

Increased government expenditure, if done in a correct manner would lead to a higher employment rate and income level in the region, which correspondingly leads to poverty reduction. Through a proper allocation of government budget towards education, infrastructure, social programs, and public services, job creations, and economic growth would improve, benefiting low-income households.

2.3 Research Framework

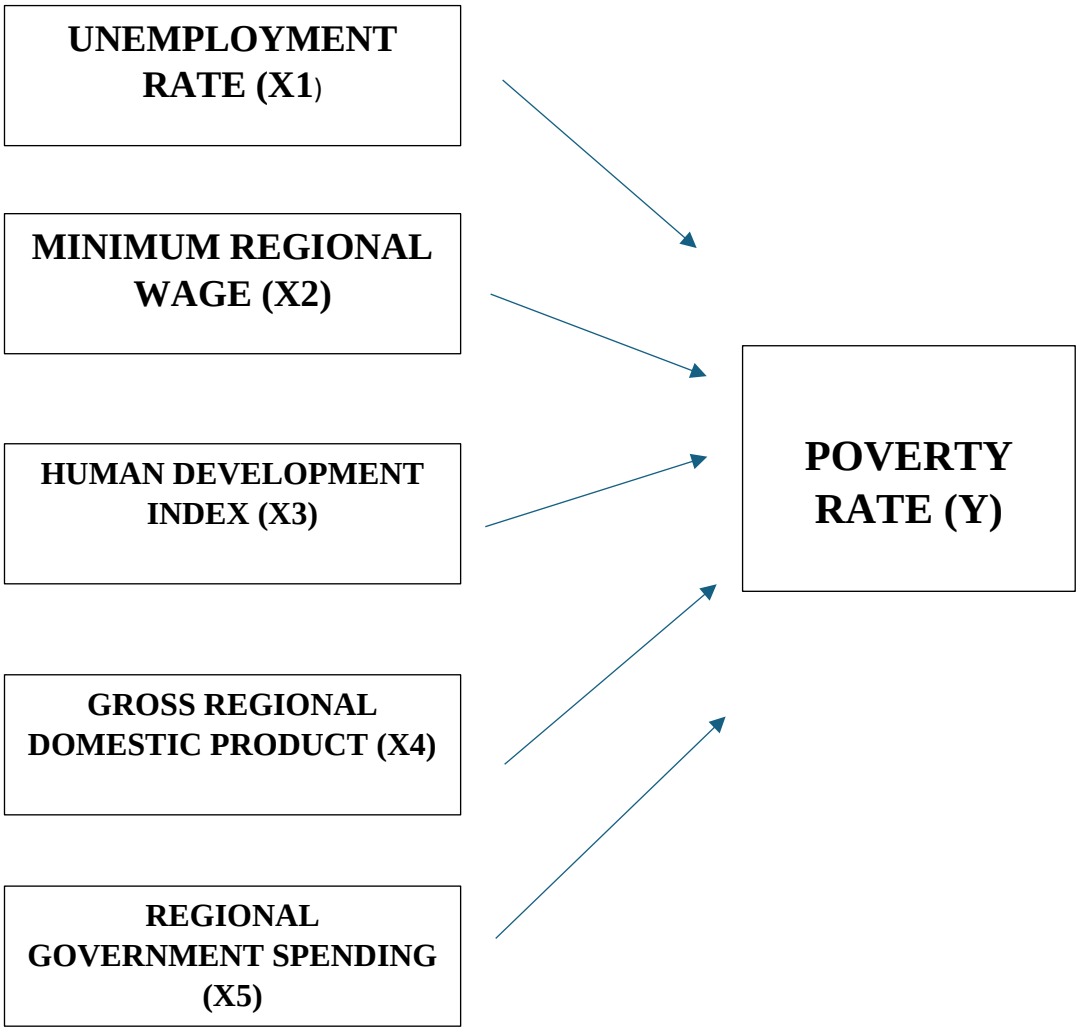


Figure 2.3 Research Framework

This study uses the research framework shown in figure 2.3. The dependent variable (Y) is the poverty rate, and the independent variables (X) are unemployment rate, minimum regional wage, human development index, gross regional domestic product, and regional government spending. This research

studies the influence of the independent variables towards the dependent variable. The subject of this research is Banten Province from the period of 2014-2023, using secondary data obtained from The Central Bureau of Statistics Banten.

2.4 Hypothesis formulation

Based on the analysis of previous research, and supporting theories gathered, the research hypothesis would be the following:

1. The influence of unemployment rate on poverty rate in Banten Province is positive.
2. The influence of Minimum Regional Wage (UMR) on poverty rate in Banten Province is positive.
3. The influence of Human Development Index (HDI) on poverty rate in Banten Province is negative.
4. The influence of Gross Regional Domestic Product (GRDP) growth on poverty rate in Banten Province is negative.
5. The influence of regional government spending on poverty rate in Banten Province is negative.
6. The influence all the dependent variables collectively on poverty rate in Banten Province is negative.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Data type and collection

This research utilizes a panel data type, a combination of cross-sectional and time-series data. The cross-sectional data in this research employs 8 different subjects which are the regencies and municipalities located in Banten, whereas the time-series data employs the data periods from 2014-2023. Panel data has several benefits, such as allowing us to account for differences that we can't directly observe, providing more accurate estimates, and making it possible to examine changes and trends over time (Gujarati & Porter, 2009).

This research is titled by ‘Analysis of the influencing factors of poverty in The Banten Province, Indonesia’. This study employs secondary data to analyze the factors influencing poverty in all the total of 8 regencies/municipalities in Banten Province. The data span the period from 2014 to 2023 and were collected from the official website of Badan Pusat Statistik (BPS) Banten. The data include annual statistics on poverty rates (dependent variable), unemployment rates, minimum regional wage, Human Development Index (HDI), Gross Regional Domestic Product (GRDP) growth (independent variables), and regional government spending. These datasets are publicly available, ensuring reliability and accessibility for conducting the analysis.

3.2 Operational variables definition

The variables that are used in this research are divided into dependent and independent variables. The dependent variable (Y) used is the poverty rate, whereas the independent variables (X) are unemployment rate, minimum regional wage (UMR), Human Development Index (HDI), Gross Regional Domestic Product (GRDP) growth, and regional government spending.

3.2.1 Dependent variable

In this particular study, the rates of poverty is set as the dependent variable, which is a type of variable that is determined and influenced by independent variables.

3.2.1.1 Poverty rate (Y)

The poverty rate is measured as the percentage of the population that lives below the poverty line in each regencies/municipality in Banten from 2014-2023, using percentage (%) as the unit of measurement. The data was collected from The Central Bureau of Statistics Banten (BPS Banten).

3.2.2. Independent variables

Independent variables have a characteristic which is to influence and determine the dependent variable. In this research which uses regression analysis, independent variables are used to explain the variations and the relationships to the dependent variable. The independent variables for this study are as follows:

3.2.2.1 Unemployment rate (X1)

According to The Central Bureau of Statistics (BPS, 2021), unemployment covers the amount of population which are unemployed, looking for employment, preparing a new business, individuals who lost hope of employment, or accepted in a job that is yet to commence. The data of unemployment rate across the 8 regency/municipality in Banten through 2014-2023 were collected from The Central Bureau of Statistics Banten (BPS Banten), using percentage (%) as the measurement.

3.2.2.2 Minimum Regional Wage (X2)

The minimum regional wage is aimed at achieving a decent standard of living according to the socioeconomic conditions in each region. Each determination of the minimum wage must align with the stages of achieving the ratio between the minimum wage and the decent living needs as stipulated by the

Minister of Manpower (Kemnaker). The data of minimum regional wage across the 8 regency/municipality in Banten through 2014-2023 were collected from The Central Bureau of Statistics Banten (BPS Banten), using Rupiah (Rp) as the measurement.

3.2.2.2.1 The calculation of Minimum Regional Wage (UMR)

The standards of calculating Minimum Regional Wage (UMR) has been set by The Ministry of Manpower through regulation no. 18 of 2022. The calculations are as follows:

Minimum Wage Value = Inflation + (Economic Growth x α)

Details:

- Adjustment of Minimum Wage Value: This represents how much the minimum wage will be adjusted, calculated by adding inflation to the product of economic growth and α.
- Inflation: This refers to the provincial inflation rate measured from September of the previous year to September of the current year (expressed as a percentage).
- PE (Economic Growth): This is determined differently for provinces and regencies/cities:
- For provinces, it involves comparing economic growth rates from the first four quarters of the current year with those from two years earlier.
- For regencies/cities, it similarly compares local economic growth rates over those same time frames.
- α: This is an index that quantifies labor's contribution to economic growth, with values ranging from 0.10 to 0.30.
- The selection of α must take into account factors such as productivity and opportunities for job expansion. The data utilized for calculating minimum wages are sourced from recognized statistical institutions.

Elaboration:

The adjustment formula for Indonesia's minimum wage reflects a comprehensive approach to ensuring that wage levels keep pace with inflation and economic conditions. By incorporating both inflation and economic growth into its calculation, this formula aims to maintain workers' purchasing power while also considering how much labor contributes to overall economic performance.

The use of inflation as a component ensures that wages are responsive to changes in living costs. As prices rise due to inflation, workers need higher wages to maintain their standard of living. Meanwhile, including economic growth allows for a dynamic adjustment based on how well the economy is performing. If an economy is growing robustly, it may justify higher wages; conversely, if growth is stagnant or declining, wage increases may be more conservative.

The parameter α plays a crucial role in this formula by reflecting labor's contribution to economic growth. This index can vary based on factors such as productivity improvements and changes in employment opportunities. A higher α value indicates a greater contribution from labor, which could lead to more substantial wage adjustments.

Moreover, this approach recognizes regional disparities by allowing different calculations for provinces versus regencies/cities. By tailoring adjustments based on local economic conditions, policymakers can better address unique challenges faced by different areas within Indonesia.

In conclusion, this structured method for calculating minimum wage adjustments aims not only to protect workers' livelihoods but also to align wage policies with broader economic realities. It highlights an effort by Indonesian authorities to create a fairer labor market while promoting sustainable economic development.

3.2.2.3 Human development index (X3)

According to The Central Bureau of Statistics (BPS, 2015), the Human Development Index (HDI) is a comparative measurement of life expectancy, education, and standard of living across countries. It serves as an indicator to evaluate the quality aspects of development and classify nations as developed, developing, or underdeveloped. Additionally, HDI is used to assess the impact of economic policies on the quality of life. The data of the Human Development Index (HDI) across the 8 regency/municipality in Banten through 2014-2023 were collected from The Central Bureau of Statistics Banten (BPS Banten), using percentage (%) as the measurement.

3.2.2.4 Gross Regional Domestic Product (X4)

Gross Regional Domestic Product (GRDP) is an important indicator used to understand the economic condition of a specific region in a given period, both at constant and current prices. PDRB essentially represents the total value added generated by all business units within a particular region or area, or it is the total value of final goods and services produced by all economic units. The data of the Gross Regional Domestic Product (GRDP) across the 8 regency/municipalities in Banten through 2014-2023 were collected from The Central Bureau of Statistics Banten (BPS Banten), using percentage (%) as the measurement.

3.2.2.4.1 Calculations of Gross Regional Domestic Product (GRDP)

There are three methods or approaches where the Gross Regional Domestic Product (GRDP) can be calculated by. These approaches are the expenditure, production, and income approach (Tambunan, 2009). The elaboration of the different methods in calculating GRDP are as follows:

1. Expenditure approach: The expenditure approach calculates GRDP by summing all expenditures made in an economy on final goods and services over a specific period. This method incorporates several components:

- Consumption (C): Total spending by households on goods and services.
- Investment (I): Expenditures on capital goods that will be used for future production.
- Government Spending (G): Public sector expenditures on goods and services.
- Net Exports (X - M): The value of exports minus imports.
  The formula for calculating GRDP using the expenditure approach is:
  $GRDP=C+I+G+(X-M)$
  This method is widely used due to its straightforward nature, as it directly reflects the total demand within the economy

2. Production approach: The production approach, also known as the output or value-added approach, measures GRDP by calculating the total value of goods and services produced in a region, subtracting the value of intermediate goods used in production. This method focuses on the contribution of each industry to

3. Income approach: The income approach calculates Gross Regional Domestic Product (GRDP) by totaling up all the incomes earned by the factors of production within a region including wages, profits, rents, etc.

3.2.2.5 Regional Government Spending

Regional government spending is an important variable which keeps a track record of the government spending in a region, more specifically keeping track of the amount and percentage of the spending compared to the given yearly budget. The variable of regional government spending in this study uses the realization of the yearly regional government budget data in a regional/municipal level. It is used to assess the effectiveness and influence of the spending in reducing poverty.

3.2.2.5.1 Calculations of the regional government spending

The regional government spending annual report derived from DJPK Ministry of Finance Indonesia (DJPK Kemenkeu), consist of several components summed up, which are as follows:

- Workforce/employee Spending (Belanja Pegawai)
- Goods and services spending (Belanja barang dan jasa)
- Capital spending (Belanja modal)
- Financial assistance spending (Belanja bantuan keuangan)
- Grant spending (Belanja hibah)
- Social assistance spending (Belanja bantuan sosial)
- Unexpected spending (Belanja tidak terduga)

Table 3.1 List of Data

Data	Unit	Period	Symbol	Source
Poverty rate	Percentage	Annually	POV	BPS Banten
Unemployment rate	Percentage	Annually	UNP	BPS Banten
Minimum regional wage	Million (Rp)	Annually	UMR	BPS Banten
Human development index	Percentage	Annually	HDI	BPS Banten

Gross regional domestic product growth	Percentage	Annually	GDP	BPS Banten
Regional government spending	Trillion (Rp)	Annually	RGS	DJPK Kemenkeu

3.3 Research Methods

This study utilizes secondary data with a quantitative method to determine the relationship and influence between each variable. The type of method used is a panel-data regression which is calculated using the Eviews Software. Panel-data is a combination of time-series and cross-section data, with the time series of 2014-2023, and a cross-section of all the 8 regencies/municipality in Banten; Kabupaten Lebak, Kabupaten Pandeglang, Kabupaten Tangerang, Kabupaten Serang, Kota Tangerang, Kota Serang, Kota Cilegon, and Kota Tangerang Selatan.

The formulated economic model used to express the determinants of the poverty rate in Banten is as follows:

$$\mathbf{POVERTY = f(UNP, UMR, HDI, GRDP)} \quad \textbf{(equation 1)}$$

Thus, the regression model for it are formulated as follows:

$$\mathbf{POV_{it} = \beta_0 + \beta_1 UNP_{it} + \beta_2 UMRit + \beta_3 HDI_{it} + \beta_4 GRDP_{it} + \varepsilon_{it}} \quad \textbf{(equation 2)}$$

Legend:

POV = Poverty rate in Banten (%)

UNP = Unemployment rate in Banten (%)

UMR = Minimum Regional Wage in Banten (Rp)

HDI = Human Development Index in Banten (%)

GRDP = Gross Regional Domestic Product in Banten (%)

$\beta 0$ = Intercept

ε = Residues

i = Regency/Municipality

t = Period (2014-2023)

$\beta_{1...}$ β_4 = Coefficient of independent variables

3.3.1 Panel-data regression methods

In order to carry out a panel-data regression analysis, a method has to be chosen. There are 3 types of methods that are used in this study, namely common effect model (CEM), fixed effect model (FEM), and random effect model (REM). Through conducting the three methods mentioned prior, the researcher is able to make an evaluation of which models is the best suited. The explanation of each method are as follows:

3.3.1.1 Common Effect Model (CEM)

The common effect model (CEM) also known as pooled least square method, is the simplest method as it does not recognize any individual or time specific effects. This model assumes that the coefficients of intercept and slope are constant across all individuals and time periods. Moreover, this model is considered simple as it can be estimated using Ordinary Least Square (OLS). In this approach,

time-series, and cross-section data are combined, then estimated with pooled least square.

3.3.1.2 Fixed Effect Model (FEM)

In the approach of Fixed Effect Model (FEM), dummy variables are utilized in the estimation. By using dummy variable, the differences in the intercept can be captured. This model assumes that each individual has its unique characteristic that may influence the dependent variable. The cross-section units in this model are integrated by allowing the variations of intercepts between each units while assuming that the slope coefficients are constant. This approach is also referred to as the Least Square Dummy Variable (LSDV) model, and making up for the limitations of the previously mentioned Common Effect Model (CEM). One of the limitation of this model is the limited degree of freedom.

3.3.1.3 Random Effect Model

The Random Effect Model (REM) is an approach which uses error terms (disturbance variables) which can appear in time-specific or cross-section units, as an addition in the estimation method. This approach assumes that the error terms can be interconnected across time and individuals. This model allows for both individual-specific variations, and time-varying effects without tossing too many degrees of freedom, unlike the fixed effect model. The appropriate estimation method applied in this model is the Generalized Least Squares (GLS) which help increase the accuracy of the regression model estimates.

3.4 Estimation Model Selection

With the three methods of panel data regression explained prior, the most appropriate model will be selected. To evaluate which model is the best and most appropriate, several statistical tests are carried out. The tests that are carried out are as follows:

3.4.1 Chow test

The Chow test aims to examine, compare, and determine which model between fixed effect or common effect model is best. The steps of conducting a Chow Test are as follows:

1. Conduct an estimation using Fixed Effect Model (FEM).
2. Conduct a Chow Test.
3. Evaluate the probability F-value and Chi-square with these considerations:
    - H0 = Common Effect Model (CEM)
    - H1 = Fixed Effect Model (FEM)
    - if F-value and Chi-square > a = 5%, don't reject null hypothesis (H0), thus the chosen model is Common Effect.
    - if F-value and Chi-square < a = 5%, reject null hypothesis (H0), thus the chosen model is Fixed Effect.

3.4.2 Hausman Test

Should the Fixed Effect Model (FEM) be chosen over the Common Effect Model (CEM), the Hausman test is then conducted to compare and determine which model is best and most appropriate between the Fixed Effect Model (FEM) and Random Effect Model (REM). The steps of conducting a Hausman Test are as follows:

1. Conduct an estimation using Random Effect Model (REM).
2. Conduct a Hausman Test.
3. Evaluate the probability F-value and Chi-square with these considerations:
    - H0 = Random Effect Model (REM)
    - H1 = Fixed Effect Model (FEM)
    - if F-value and Chi-square > a = 5%, don't reject null hypothesis (H0), thus the chosen model is Random Effect.
    - if F-value and Chi-square < a = 5%, reject null hypothesis (H0), thus the chosen model is Fixed Effect.

3.4.3 Lagrange Multiplier

Should the Common Effect Model (CEM) be chosen over the Fixed Effect Model (FEM), the Lagrange Multiplier is then conducted to compare and determine which model is best and most appropriate between the Common Effect Model (CEM) and Random Effect Model (REM). The steps of conducting a Hausman Test are as follows:

1. Conduct an estimation using Common Effect Model (CEM).
2. Conduct Lagrange Multiplier.
3. Evaluate the probability F-value and Chi-square with these considerations:
    - H0 = Common Effect Model (CEM)
    - H1 = Random Effect Model (REM)
    - if F-value and Chi-square > a = 5%, don't reject null hypothesis (H0), thus the chosen model is Common Effect.
    - if F-value and Chi-square < a = 5%, reject null hypothesis (H0), thus the chosen model is Fixed Effect.

3.5 Statistical Test

In this study, statistical tests are carried out with the aim of determining the regression output obtained. The statistical tests that are utilized are the coefficient of determination (R-squared), partial regression coefficient test (T-test), and simultaneous regression coefficient test (F-test).

3.5.1 Coefficient of determination (R-squared)

The coefficient of determination aims to find out the percentage of the composition between the independent variable and residues in explaining the dependent variable in the model. Furthermore, it measures the goodness of fit of the model. The formula of the R-squared are as follows

$$\mathbf{R^2 = 1 - \frac{RSS}{TSS}}$$

Where:

R^2 = Coefficient of determination

RSS = Residual Sum of Squares

TSS = Total Sum of Squares

The value of R^2 will be between 0 and 1, where the closer it is to 1, the more the independent variables explain the dependent variable in the composition of the model, thus indicating that the model has a good fit.

3.5.2 Partial regression coefficient test (T-test)

T-test is utilized with the aim of testing each independent variable's influence towards the dependent variable in a partial manner. This test is normally used as a hypothesis test in order to measure each independent variable's effect towards the dependent variable in the regression model. This test is conducted using the following considerations:

- H0: $\beta = 0$, the particular independent variable has **no** effect on the dependent variable.
- H1 : $\beta < 0$, the particular independent variable has a **positive** effect on the dependent variable.
- H1: $\beta > 0$, the particular independent variable has a **negative** effect on the dependent variable.
- Accept null hypothesis (H0) if calculated t-value < t-critical.
- Reject null hypothesis (H0) if calculated t-value > t-critical.

The t-critical value can be obtained by looking into the t distribution table navigated by using the degree of confidence (a: 1%, 5%, or 10%), and the degree of freedom (df) with following formula:

$$\mathbf{df = n - k}$$

where:

n: the observation/sample size

k: the number of variables.

Another way to obtain a result is by looking at the probability value. Should the probability value be less than one of the degrees of confidence (a: 1%, 5%, 10%), null hypothesis (H0) is rejected, hence showing that the independent variable has an influence on the dependent variable.

3.2.5 Simultaneous regression coefficient (F-test)

F-test is utilized in order to analyze the effects and influence of the independent variables towards the dependent variables in a collective and simultaneous manner. This test is normally used as a hypothesis test to measure collectively the independent variables' effect towards the dependent variable in the regression model. This test is conducted using the following considerations:

- H0: The independent variables have no influence on the dependent variable.
- H1: The independent variables have influence on the dependent variables.
- Accept null hypothesis (H0) if calculated f-value < critical f-value.
- Reject null hypothesis (H0) if calculated f-value > critical f-value.

The critical f-value can be obtained from the f distribution table. Another way to obtain a result is by looking at the probability value. Should the probability value be less than one of the degrees of confidence (a: 1%, 5%, 10%), null hypothesis (H0) is rejected, hence showing that the independent variables simultaneously have an influence on the dependent variable.

CHAPTER IV

RESULTS & DISCUSSIONS

This chapter provides an analysis of the descriptive statistics, offering insights into key variables such as trends, averages, medians, maximum and minimum values, and the variability (standard deviation) of the data. The descriptive analysis highlights the characteristics of poverty levels across the 8 regencies/municipalities in Banten, Indonesia, alongside the independent variables, which include unemployment, minimum regional wage, human development index, gross regional domestic product growth, and regional government spending. These statistics help establish a comprehensive understanding of the dataset and its patterns.

In addition to descriptive statistics, the results of the processed data are analyzed to examine the relationships between the independent variables and poverty. The findings are interpreted to assess the significance and impact of each variable on poverty levels in Banten. To provide further context, the results are compared with previous research, allowing for a deeper discussion of their implications and any similarities or differences with existing studies. This chapter aims to offer a thorough understanding of the data and its findings, contributing valuable insights into the factors influencing poverty in the region.

4.1 Descriptive statistics

This study aims to examine each independent variable's influence towards the dependent variable which is the rates of poverty, focusing on the total of 8 regencies and municipalities in Banten Province throughout the 2014-2023 period. By integrating data across many years and regions, a panel data type is employed to help capture the relationship between poverty and its potentially influencing factors, namely unemployment (UNP), minimum regional wage (UMR), Human Development Index (HDI), Gross Regional Domestic Product Growth (GRDP), and

Regional Government Spending (RGS). The software that was used as a statistical tool to perform econometric tests in this study was Eviews.

Descriptive statistics is also included in this study in order to provide an insight into the key characteristics of the data. The statistics includes measures such as central tendency represented by mean, median, maximum, and minimum, as well as the measure of variability represented by standard deviation. The inclusion of descriptive statistics is crucial for the researcher to identify the trends and data spread of each variables, which gives a clearer picture of poverty along with the determinants, allowing for a clearer interpretation of the results.

Table 4.1 Descriptive statistics

	POV (%)	**UNP (%)**	**UMR (Rp)**	**HDI**	**GRDP (%)**	**RGS (Rp)**
Mean	**5.77**	**9.09**	**3.25**	**71.2**	**4.44**	**2.913**
Median	**5.29**	**9.03**	**3.19**	**71.6**	**5.20**	**2.628**
Maximum	**10.72**	**14.8**	**4.66**	**82.3**	**7.49**	**7.89**
Minimum	**1.67**	**4.67**	**1.42**	**61.6**	**-7.36**	**0.949**
Std. Dev.	**2.48**	**2.02**	**0.84**	**6.04**	**2.58**	**1.397**

Source: processed using Eviews

Table 4.1 displays the results of the descriptive statistics regarding the dataset. The data includes a total of 80 observations from 8 different regions in Banten Province multiplied by the 10-year period from 2014-2023. The table specifically displays the values of mean, median, maximum, minimum, and standard deviation values for all the variables respectively.

The poverty rate in Banten Province ranges from 1.67 to 10.72 percent from period 2014 to 2023, with the highest reaching 10.72 percent in 2021. It appears that the region with the highest poverty rate within the ten-year period was

Kabupaten Pandeglang in 2021. On the other hand, the region with the lowest poverty rate is Kota Tangerang Selatan in 2016, with the rate of poverty only at 1.67 percent. The median rate of poverty is at 5.28 percent which is the data for Kabupaten Serang in 2019. The standard deviation for the poverty rates is 2.48.

The unemployment rate in Banten Province ranges from 4.67 to 14.8 percent from period 2014 to 2023. It appears that the region with the highest unemployment rate within the ten-year period was Kabupaten Serang in 2015. On the other hand, the region with the lowest unemployment rate is Kota Tangerang Selatan in 2018. The median rate of unemployment is at 4.03 percent, and mean rate of 9.09 percent. the standard deviation for the unemployment rates is 2.02.

The minimum regional wage in Banten Province ranges from Rp 1.41 million to Rp 4.66 million from period 2014 to 2023. It appears that the region with the highest minimum regional wage within the ten-year period was Kota Cilegon in 2023. On the other hand, the region with the lowest minimum regional wage is Kabupaten Pandeglang in 2014. The median rate of minimum regional wage is at Rp 3.188 million, and mean rate of Rp 3.248 million. The standard deviation for the minimum regional wage is at 0.841.

The human development index in Banten Province ranges from 61.64 to 82.3 percent from period 2014 to 2023. It appears that the region with the highest human development index within the ten-year period was Kota Tangerang Selatan in 2023. On the other hand, the region with the lowest human development index is Kabupaten Lebak in 2014. The median rate of unemployment is 71.64 percent, and mean rate of 71.17 percent. The standard deviation for the unemployment rates is 6.04.

The gross regional domestic product growth in Banten Province ranges from -7.36 to 7.49 percent from period 2014 to 2023. It appears that the region with the highest regional domestic product growth within the ten-year period was Kota Tangerang Selatan in 2018. On the other hand, the region with the lowest regional domestic product growth is Kota Tangerang in 2020. The median rate of regional

domestic product growth is 5.2 percent, and mean rate of 4.44 percent. The standard deviation for the regional domestic product growth is 2.58.

The regional government spending in Banten Province ranges from Rp 0.95 trillion to Rp 7.89 trillion from period 2014 to 2023. It appears that the region with the highest regional government spending within the ten-year period was Kabupaten Tangerang in 2023. On the other hand, the region with the lowest regional government spending is Kota Serang in 2014. The median rate of regional government spending is at Rp 2.63 trillion, and mean rate of Rp 2.91 trillion. The standard deviation for the regional government spending is at 1.397.

The standard deviation for all the variables has a value that is below its mean value, concluding that there is just a low variability and dispersion on all the data in the dataset.

4.1.1 Trend analysis

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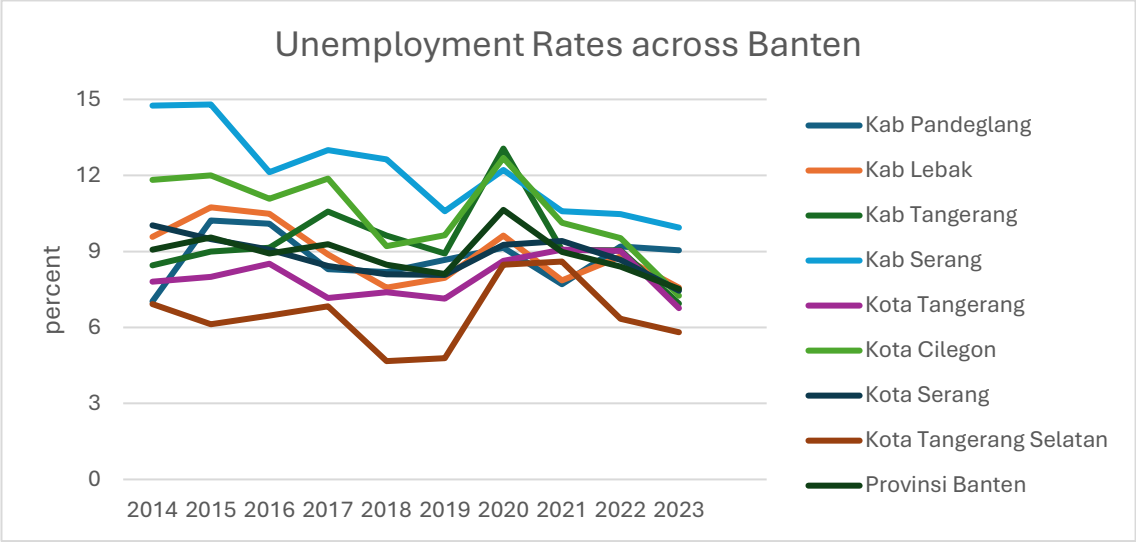


Figure 4.1
Source: Badan Pusat Statistika Banten

Within the 10-year period of 2014-2023, the trend of unemployment rate is seen very fluctuating in the province, as shown in figure 1.2. The chart highlights notable trends in unemployment rates across Banten, with a significant spike in 2020 due to the economic impacts of the COVID-19 pandemic. Post-2020, many regions, particularly Kota Tangerang Selatan and Kabupaten Tangerang, show marked improvements, reflecting a recovery trend. However, regional disparities persist, with Kota Tangerang Selatan consistently recording the lowest unemployment rates, while Kabupaten Serang and Kota Cilegon frequently experience higher rates. Despite these fluctuations, the overall trend indicates a general decline in unemployment rates across most regions by 2023, suggesting positive progress toward recovery.

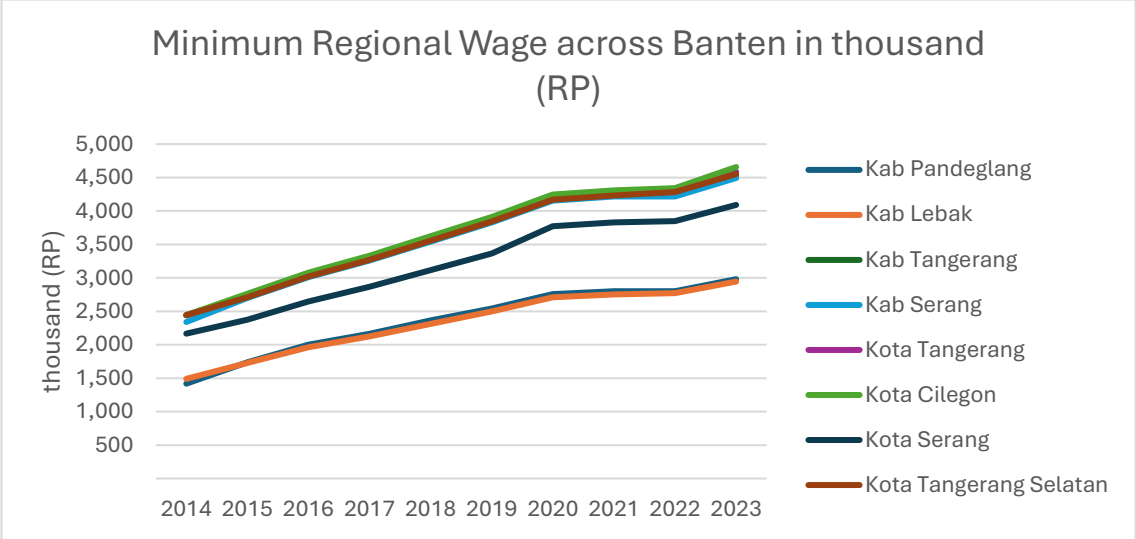


Figure 4.2
Source: Badan Pusat Statistika Banten

The chart on figure 4.2 displays that within the 2014-2023 period, the trend of the Minimum Regional Wage (UMR) was positive throughout all the regencies and municipalities. Regardless of the Covid-19 outbreak, the UMR did not experience a decline in all the regions, rather it remained stable between the 2020-2022 period, with some regions such as Kota Tangerang Selatan experiencing a tiny increase of the UMR. Notably, it was after the year 2022, which marked the recovery stage of the Covid-19 pandemic, did the Minimum Regional Wages (UMR) appear to grow more significantly. On the negative side, it can be noticed that the gap between the lowest and the highest UMR regions became

wider with each passing year. This indicates that the concerns of disparity problems remain within the Province of Banten.

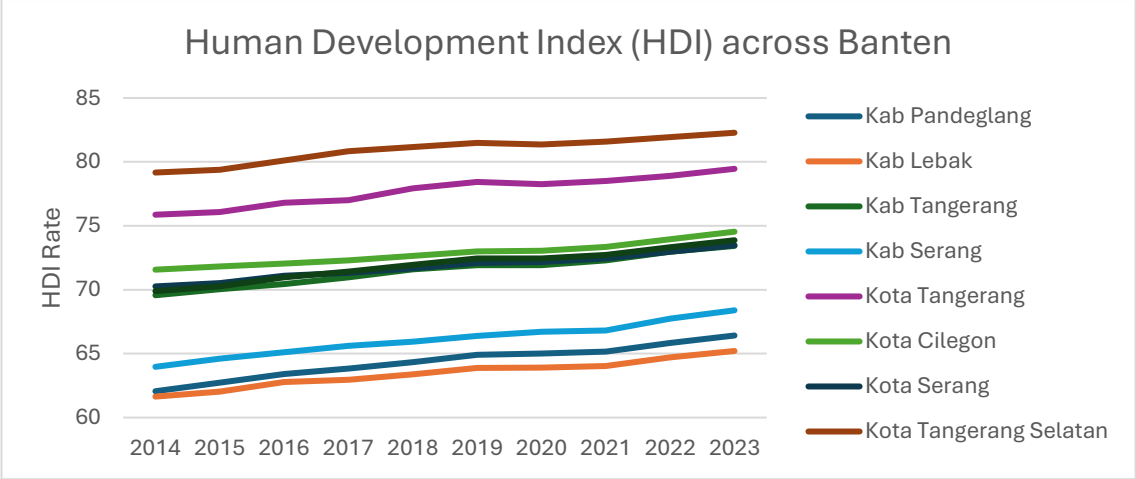


Figure 4.3
Source: Badan Pusat Statistika Banten

Despite the overall upward trend in HDI across Banten, the gap between urban and rural regions remains wide, with Kota Tangerang Selatan being the standout performer, and Kabupaten Pandeglang and Kabupaten Lebak still lagging significantly. However, other regions like Kabupaten Tangerang and Kota Serang show steady improvement, suggesting that urbanization and industrialization in suburban areas may be boosting their HDI scores. These regions may benefit from increasing investments in infrastructure, better connectivity, and access to resources. Provinsi Banten's overall HDI improvement also highlights the province's development, but it is clear that further efforts are needed to ensure more equitable growth across both urban and rural regions, addressing the gaps in areas such as healthcare, education, and economic opportunity for underdeveloped areas.

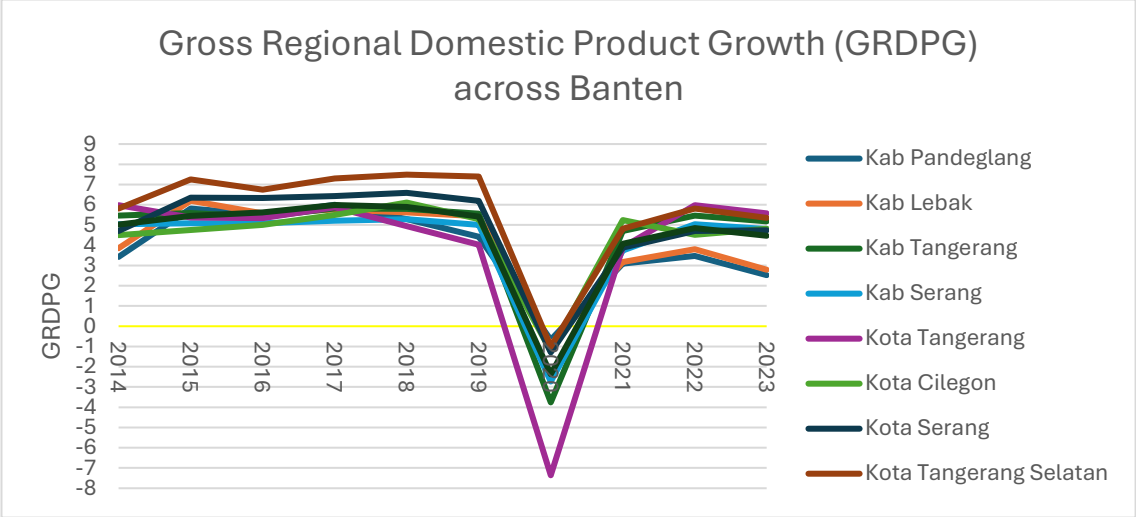


Figure 4.4
Source: Badan Pusat Statistika Banten

This chart depicts the Gross Regional Domestic Product Growth (GRDPG) across various regions in Banten from 2015 to 2023. Most regions show steady growth from 2015 to 2019, indicating economic stability during this period. However, all regions experienced a sharp decline in GRDP growth in 2020, coinciding with the global economic impacts of the COVID-19 pandemic. Kab Tangerang saw the steepest decline, with growth plunging to the lowest levels compared to other regions. Kota Tangerang Selatan and Kota Cilegon also experienced significant contractions. Despite this dip, recovery trends are evident beginning in 2021, with GRDP growth gradually improving across all regions.

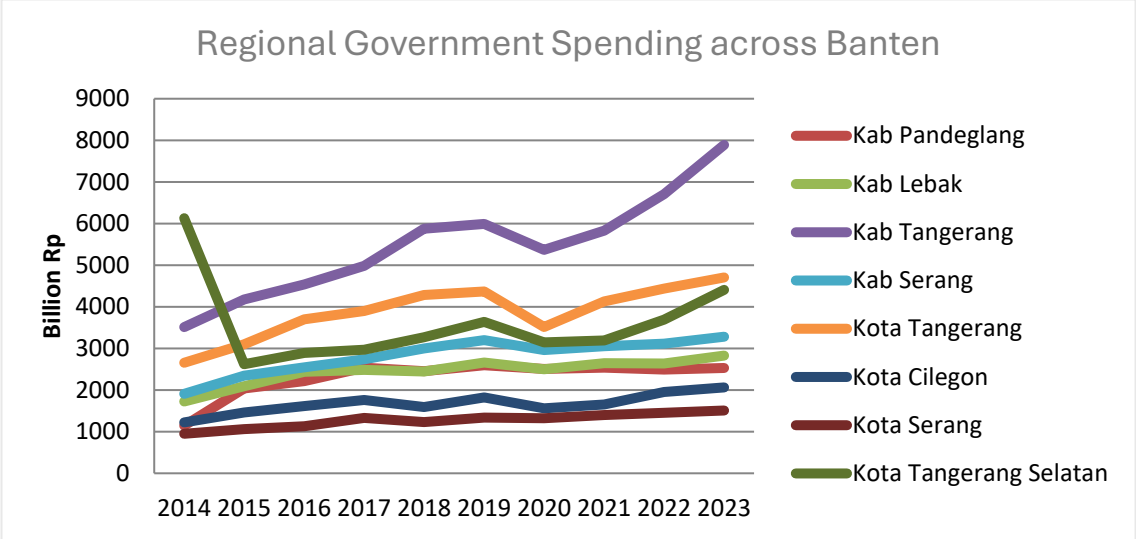


Figure 4.5
Source: Badan Pusat Statistika Banten

Figure 4.5 depicts the trend of the regional government spending through all the 8 regions in Banten province. The line chart shows varied trends but he overall trend of the regional government spending tends to be increasing. Most regions display a consistent increase in spending, with Kab Tangerang and Kota Tangerang Selatan experiencing the sharpest growth, particularly after 2019. This could be attributed to increased regional budgets, infrastructure projects, and economic development programs. The noticeable dip or stagnation in 2020 spending in some regions aligns with the onset of the COVID-19 pandemic, which likely redirected funds toward emergency health responses and slowed down development activities. Post-2021, the resurgence in spending reflects recovery efforts, economic stimulus programs, and the prioritization of developmental projects to offset pandemic impacts. Differences in growth rates between regions may be linked to disparities in revenue generation, population demands, and strategic development priorities.

4.2 Regression results

4.2.1 Regression Models

The initial step in carrying out a regression analysis involves estimating the three possible models of regression, namely Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The results of each estimation are obtained as follows.

4.2.1.1 Common Effect Model

Table 4.2 CEM regression results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	39.55201	2.602917	15.19526	0.0000
UNP	-0.521828	0.085565	-6.098619	0.0000
UMR1	-0.237708	0.237239	-1.001979	0.3196
HDI	-0.393335	0.035157	-11.18792	0.0000
GDP	-0.216210	0.058975	-3.666110	0.0005
RGS1	0.237662	0.111902	2.123834	0.0370

R-squared	0.764301	Mean dependent var	5.771125
Adjusted R-squared	0.748375	S.D. dependent var	2.480142
S.E. of regression	1.244094	Akaike info criterion	3.346730
Sum squared resid	114.5349	Schwarz criterion	3.525382
Log likelihood	-127.8692	Hannan-Quinn criter.	3.418357
F-statistic	47.99194	Durbin-Watson stat	0.619048
Prob(F-statistic)	0.000000		

Source: processed using Eviews

4.2.1.2 Fixed Effect Model

Table 4.3 FEM regression results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	18.26351	4.883769	3.739634	0.0004
UNP	0.109499	0.051013	2.146486	0.0355
UMR1	0.705951	0.169949	4.153903	0.0001
HDI	-0.227780	0.071394	-3.190483	0.0022
GDP	0.020843	0.026132	0.797633	0.4279
RGS1	0.116253	0.097414	1.193392	0.2369

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.970145	Mean dependent var	5.771125
Adjusted R-squared	0.964797	S.D. dependent var	2.480142
S.E. of regression	0.465333	Akaike info criterion	1.455539
Sum squared resid	14.50783	Schwarz criterion	1.842618
Log likelihood	-45.22156	Hannan-Quinn criter.	1.610730
F-statistic	181.4294	Durbin-Watson stat	1.430445
Prob(F-statistic)	0.000000		

Source: processed using Eviews

4.2.1.3 Random Effect Model

Table 4.4 REM regression results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	29.33711	2.267174	12.93995	0.0000
UNP	-0.072759	0.046142	-1.576845	0.1191
UMR1	0.557591	0.121799	4.577975	0.0000
HDI	-0.352681	0.031713	-11.12111	0.0000
GDP	-0.038365	0.024970	-1.536457	0.1287
RGS1	0.191241	0.081397	2.349502	0.0215
Effects Specification				
			S.D.	Rho
Cross-section random			0.468368	0.5033
Idiosyncratic random			0.465333	0.4967
Weighted Statistics				
R-squared	0.461450	Mean dependent var		1.729801
Adjusted R-squared	0.425061	S.D. dependent var		0.897165
S.E. of regression	0.680273	Sum squared resid		34.24505
F-statistic	12.68119	Durbin-Watson stat		0.718518
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.594441	Mean dependent var		5.771125
Sum squared resid	197.0761	Durbin-Watson stat		0.124854

Source: processed using Eviews

4.2.2 Model Selection

In this regression analysis, the researcher had to choose the best model out of the three models mentioned prior. To evaluate and determine the best model, several tests were carried out. The first test that was carried out was Chow Test, in order to evaluate which is a better model between common and fixed effect model. The next step would be to conduct the Hausman Test, should the better model be the fixed effect model, or Langrange Multiplier Test, should the better model be the random effect model. Both Hausman and Lagrange Multiplier Test are tools to evaluate and determine the better model between the fixed, or common effect

model, respectively, towards the random effect model. The results obtained for each tests are as follows.

4.2.2.1 Chow Test

Table 4.5 Chow Test results

Redundant Fixed Effects Tests

Equation: FIXED

Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	65.992111	(7,67)	0.0000
Cross-section Chi-square	165.295313	7	0.0000

Source: processed using Eviews

The results of the Chow Test are displayed on table 4.5, in which the cross-section F probability value obtained was 0.0000, and the cross-section chi-square probability value obtained was also 0.0000. The hypothesis for the chow tests suggests that the null hypothesis is for common effect model, and alternative hypothesis is for fixed effect model. Based on the Chow Test results, both the F value and the Chi-square probability values are below alpha 1%, therefore null hypothesis is rejected, concluding that the better model is the fixed effect model.

4.2.2.2 Hausman Test

Table 4.6 Hausman Test results

Correlated Random Effects - Hausman Test

Equation: RANDOM

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	89.150341	5	0.0000

Source: processed using Eviews

The results of the Hausman Test are displayed on table 4.6, in which the cross-section random probability value obtained was 0.0000. The hypothesis for the Hausman test suggests that the null hypothesis is for random effect model, and alternative hypothesis is for fixed effect model. Based on the Hausman Test results, the cross-section random probability values are below alpha 1%, therefore null hypothesis is rejected, concluding that the better model is the fixed effect model.

4.2.3 Coefficient of Determination (R^2) Results

After carrying out several tests to examine the three regression models, namely common, fixed, and random effect models, the results determined that the fixed effect model was the best regression model to be utilized in this study. The next step was to analyze the coefficient of determination of the fixed effect model.

Table 4.7 R^2 value

Cross-section fixed (dummy variables)	
R-squared	0.970145
Adjusted R-squared	0.964797

Source: processed using Eviews

The coefficient of determination (R^2) value in a regression model shows the goodness of fit, and the composition of what determines the dependent variable, which is the poverty rate. The R^2 obtained was 0.970145, which showed that this fixed effect model has a good fit. Furthermore, it suggests that the 97% of the dependent variable (poverty rate) is explained by the independent variables (unemployment rate, minimum regional wage, human development index, gross regional domestic growth, and regional government spending), while the remaining portion is determined by factors other than the deployed independent variables, and residues.

4.2.4 Partial Regression Coefficient Test (T-test) Results

The T-test aims to identify and examine any effects of each particular independent variable towards the dependent variable, which in this case is the poverty rate. The results are to be judged in two ways, namely by assessing the probability value, and comparing the t-statistic value to the t-table distribution. The t-table distribution value is located by the degree of freedom, and significance level. The degree of freedom is the sample size subtracted by the number of variables, which in this case would equal to 74, whereas the significance level used is a = 0.01 or 1%, hence the t-table distribution value obtained was 1.2391. The results of the T-test result are displayed as follows.

Table 4.8 T-test result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	18.26351	4.883769	3.739634	0.0004
UNP	0.109499	0.051013	2.146486	0.0355
UMR1	0.705951	0.169949	4.153903	0.0001
HDI	-0.227780	0.071394	-3.190483	0.0022
GDP	0.020843	0.026132	0.797633	0.4279
RGS1	0.116253	0.097414	1.193392	0.2369
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.970145	Mean dependent var		5.771125
Adjusted R-squared	0.964797	S.D. dependent var		2.480142
S.E. of regression	0.465333	Akaike info criterion		1.455539
Sum squared resid	14.50783	Schwarz criterion		1.842618
Log likelihood	-45.22156	Hannan-Quinn criter.		1.610730
F-statistic	181.4294	Durbin-Watson stat		1.430445
Prob(F-statistic)	0.000000			

Source: processed using Eviews

Evaluation of the results:

1. For the value of unemployment rate (UNP), the probability value obtained was 0.0355, which is less than a = 0.05 or 5%. As for the t-statistic, the obtained value was 2.146486, which is greater than the t-table value of 1.2391. Based on the test results, it is concluded that null hypothesis is rejected, meaning that unemployment rate is statistically significant, indicating a strong positive effect of unemployment rates on poverty.

2. For the value of minimum regional wage (UMR), the probability value obtained was 0.0001, which is less than a = 0.01 or 1%. As for the t-statistic, the obtained value was 4.153903, which is greater than the t-table value of 1.2391. Based on the test results, it is concluded that null hypothesis is

rejected, meaning that minimum regional wage is statistically significant, indicating a strong positive effect of minimum regional wage on poverty.

3. For the value of human development index (HDI), the probability value obtained was 0.0022, which is less than a = 0.01 or 1%. As for the t-statistic, the obtained value was -3.190483. Although the t-statistic value is negative, it is considered as an absolute value (positive number), which is therefore greater than the t-table value of 1.2391. Based on the test results, it is concluded that null hypothesis is rejected, meaning that human development index is statistically significant, indicating a strong negative effect of human development index on poverty.

4. For the value of gross regional domestic product growth (GDP), the probability value obtained was 0.4279, which is greater than a = 0.1 or 10%. As for the t-statistic, the obtained value was 0.797633, which is less than the t-table value of 1.2391. Based on the test results, it is concluded that null hypothesis was failed to be rejected, meaning that gross regional domestic product growth is not statistically significant, indicating a very weak negative effect of gross regional domestic product growth on poverty.

5. For the value of regional government spending (RGS), the probability value obtained was 0.2369, which is greater than a = 0.1 or 10%. As for the t-statistic, the obtained value was 1.193392, which is less than the t-table value of 1.2391. Based on the test results, it is concluded that the null hypothesis failed to be rejected, meaning that regional government spending is not statistically significant, indicating a very weak effect of regional government spending on poverty.

4.2.5 Simultaneous regression coefficient test (F-test) Results

The F-test aims to identify and examine any effects of the collective independent variables towards the dependent variable, which in this case is the poverty rate. The results are to be judged in two ways, namely by assessing the probability value, and comparing the f-statistic value to the f-table distribution. The f-table distribution value is located by the degree of freedom numerator and denominator, and significance level. The degree of freedom numerator is the number of independent variables, whereas the degree of freedom denominator is the sample size subtracted by the number of variables, which in this case would equal to 74, whereas the significance level used is a = 0.01 or 1%, hence the t-table distribution value obtained was 3.27522434. The results of the F-test result are displayed as follows.

Table 4.8 F-test result

F-statistic	181.4294
F-table	3.27522434
Prob(F-statistic)	0.000000

Source: processed using Eviews

Based on table 4.8, the obtained value of the F-statistic was 181.4294, which is greater than the F-table value of 3.27522434. Whereas for the probability of F-statistic, the value obtained was 0.000000, which is less than a = 0.1 or 1%. Judging from the F-statistic and Probability of F-statistic values, the null hypothesis (H0) is rejected, meaning that the independent variables are simultaneously statistically significant, indicating that they collectively have a strong influence on the dependent variable, namely the poverty rate.

4.5 Discussion of The Results

4.5.1 The Influence of Unemployment Rate Towards Poverty

Following the comprehensive evaluations and examinations conducted within this research, the findings show that variable of unemployment rate had a significant influence towards poverty across the regencies/municipality in the Province of Banten. The coefficient of unemployment rate was shown to be 0.109499, indicating a positive relationship between the two variables. The interpretation of the coefficient would be that if there were to be an increase in unemployment rate of 1%, it would lead to an increase in poverty by 0.109%. This result is in accordance with the research hypothesis where it was predicted that the relationship between unemployment rate and poverty rate in Banten Province would be positive and significant.

The positive relationship between unemployment and poverty that happened in Banten provides real-world empirical evidence of the Keynesian view of poverty in where they suggest that macroeconomic factors, such as unemployment are a major cause to poverty, in which government intervention is pivotal for this problem (Davis and Martinez, 2015). Similar studies conducted previously also showed similar findings in which the unemployment rates have a positive relationship with poverty. For example, research conducted by Badu, et. al (2015) regarding the impact of unemployment rate on poverty in Sulawesi from 2010-2017, had showed results where unemployment rate had a significant and positive impact on poverty. The researchers interpreted that based on the empirical evidence, a 1% increase in unemployment rate will lead to an increase of poverty rate by 0.47%.

4.5.2 The Influence of Minimum Regional Wage Towards Poverty

Following the comprehensive evaluations and examinations conducted within this research, the findings show that variable of minimum regional wage had a significant influence towards poverty across the regencies/municipality in the Province of Banten. The coefficient of minimum regional wage was shown to be 0.705951, indicating a positive relationship between the two variables. The interpretation of the coefficient would be that if there were to be an increase minimum regional wage by Rp 1,000,000, it would lead to an increase in poverty by 0.706%. This result is not in accordance with the research hypothesis where it was predicted that the relationship between minimum regional wage and poverty rate in Banten Province would be negative and insignificant.

Empirical evidence in this study showed a positive and significant relationship between minimum regional wage and poverty. This particular result goes in line with the classical economic view, where it is suggested that an increase in minimum wage above the market clearing price would lead to a surplus of labor, meaning an increase in unemployment, which ultimately leads to more poverty. Several studies also showed similar results in which minimum regional wage has a positive and significant effect towards poverty, including the study conducted by Simbolo, et. Al (2023) on the impact of an increase in minimum wage towards poverty in Indonesia from 2018-2022.

4.5.3 The Influence of Human Development Index Towards Poverty

Following the comprehensive evaluations and examinations conducted within this research, the findings show that variable of human development index had a significant influence towards poverty across the regencies/municipalities in the Province of Banten. The coefficient of human development index was shown to be -0.227780, indicating a negative relationship between the two variables. The interpretation of the coefficient would be that if there were to be an increase in human development index by 1%, it would lead to a decrease in poverty by 0.228%.

This result is in accordance with the research hypothesis where it was predicted that the relationship between human development index and poverty rate in Banten Province would be negative and significant.

Based on the results of this study, the increase in human development index successfully reduced poverty rates. This occurrence can be backed by Amartya Sen's idea of the 'Capability Approach'. Sen emphasized that expanding people's capability and freedom is important in improving human wellbeing (Sen, 1999). He classified freedom as access to basic needs such as proper education, healthcare, etc. Therefore, better access to basic needs such as proper education and healthcare, the quality and well-being of a person will increase, suggesting that a higher human development index would lead to a lower poverty rate. The empirical result of this particular study is in line with the study conducted by Fahrika, et. Al (2020), where it was also found that increasing human development index reduced the poverty rate in South Sulawesi from 2005-2007.

4.5.4 The Influence of Gross Regional Domestic Product Growth Towards Poverty

Following the comprehensive evaluations and examinations conducted within this research, the findings show that variable of gross regional domestic product growth had **no** significant influence towards poverty across the regencies/municipality in the Province of Banten. The coefficient of gross regional domestic product growth was shown to be 0.020843, indicating a positive insignificant relationship between the two variables. The interpretation of the coefficient would be that if there were to be an increase in gross regional domestic product growth of 1%, it would lead to an increase in poverty by 0.021% if the variable was statistically significant. This result is not in accordance with the research hypothesis where it was predicted that the relationship between gross regional domestic product growth and poverty rate in Banten Province would be negative and insignificant.

According to the empirical results in this study, gross regional domestic product growth showed a positive relationship with poverty rate although it did not directly impact the rates of poverty in Banten. A possible reason for this may be due to inflation that is caused by economic growth, especially if it is driven by rising demand for goods and services. In that case, even if the economy is growing, the purchasing power, especially for low-income people may be decreased due to the income rates not being able to compensate for the inflation rate. One previous research regarding the impact of gross regional domestic product rate towards poverty in Lampung from 2017-2021 showed empirical results where gross regional domestic product was directly proportional towards the poverty rates. This study was conducted by Pertiwi and Purnomo (2022).

Another possible reason for the ineffectiveness of GRDP growth may be due to the existence of structural poverty in Banten. Economic growth, as measured by Gross Regional Domestic Product (GRDP) growth, may not automatically lead to a reduction in structural poverty, particularly in regions like Banten. Structural poverty is influenced by persistent unemployment, income inequality, limited access to quality education, and uneven regional development, therefore even when the economy expands, the benefits often do not reach the most vulnerable populations, as growth tends to be concentrated in certain industries or urban areas.

4.5.5 The Influence Regional Government Spending Towards Poverty

Following the comprehensive evaluations and examinations conducted within this research, the findings show that variable of regional government spending had an insignificant influence towards poverty across the regencies/municipality in the Province of Banten. The coefficient of regional government spending was shown to be 0.116253, indicating a positive insignificant relationship between the two variables. The interpretation of the coefficient would be that if there were to be an increase in regional government spending by Rp 1,000,000,000,000, it would lead to an increase in poverty by 0.116% if the variable was statistically significant. This result is not in accordance with the research hypothesis where it was predicted that the relationship between regional

government spending and poverty rate in Banten Province is negative and significant.

The empirical results of this study showed a positive and insignificant relationship between regional government spending and poverty rates in Banten. This is in line with previous studies such as the one conducted by Putri, et. Al (2021) regarding the influence of regional government spending towards Jambi Province from 2015-2018. The results also showed that regional government spending had a positive yet insignificant impact towards poverty rates. This possibly suggests that there may have been inefficiency and mismanagement in allocating the expenditure.

Another research, authored by Sofyan, S. (2022), shows that the financial performance of Banten Province remains unstable based on the Compatibility Ratio, as operational expenditure consistently exceeds capital expenditure. Operational spending accounts for 50.3% to 64.1%, while capital expenditure remains significantly lower, ranging from 6.4% to 14.5%. This indicates that the provincial government prioritizes routine expenses over long-term investments. Operational costs are primarily driven by employee salaries, goods and services procurement, grants, and social assistance, whereas capital expenditure is influenced by land acquisition, infrastructure projects, and fixed asset investments such as roads, buildings, and irrigation systems

CHAPTER V

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusions

Following a thorough examination and analysis regarding the influence of unemployment rate, minimum regional wage, human development index, gross regional domestic product, and regional government spending toward the poverty rate across 8 regencies/municipality in Banten Province through 2014-2023, the following conclusions can be drawn from empirical evidence found in this study:

1. Unemployment had a positive and significant relationship with poverty, meaning that an increase in unemployment rate would lead to an increase in poverty. Empirical evidence produced in this research suggests that the magnitude of the influence was a 10.9499% increase in poverty if there were to be a 1% increase in unemployment, and vice versa.

2. Minimum regional wage had a positive and significant relationship with poverty, meaning that an increase in minimum regional wage would lead to an increase in poverty. Empirical evidence produced in this research suggests that the magnitude of the influence was a 70.5951 % increase in poverty if there were to be a Rp 1,000,000 increase in minimum regional wage, and vice versa.

3. The human development index had a negative and significant relationship with poverty, meaning that an increase in human development index would lead to an increase in poverty. Empirical evidence produced in this research suggests that the magnitude of the influence was a 22.778% decrease in poverty if there were to be a 1% increase in human development index, and vice versa.

4. Gross regional domestic product growth had a positive but insignificant relationship with poverty, concluding no direct impact caused by gross regional domestic product growth towards the poverty rate.

5. Regional government spending had a positive but insignificant relationship with poverty, concluding no direct impact caused by regional government spending towards the poverty rate.

6. The findings of this study indicate that structural poverty remains a significant challenge in Banten Province, despite economic growth and government interventions. The persistence of poverty is largely influenced by systemic and institutional factors, including high routine expenditure, unequal access to education, and other regional disparities.

5.2 Recommendations

Following a thoroughly conducted study in which empirical data of poverty rates and its potentially influencing factors were processed and examined, the author was able to draw conclusions and provide recommendations based on the empirical results of this study. The recommendations are as follows:

1. Observing the influence of unemployment towards poverty in Banten, the policymakers should strengthen their efforts to reduce unemployment in the province, as it is one of the major contributing factors of poverty. The government should attract and encourage investments, especially in the tourism sector for the rural areas in Banten such as Kabupanten Pandeglang and Lebak. The preserved nature in these regions provides a great potential for the tourism industry in Banten, where if it were to be developed would create many job opportunities. Another approach is to foster the local businesses, mainly Micro, Small, Medium Enterprises (MSME), by providing access to finances, mentoring programs, and incentives, to support the creation of local MSMEs. Other approaches in creating

employment opportunities are also highly recommended to make a significant impact on poverty reduction.

2. Observing the influence of Minimum Regional Wage (UMR) towards poverty in Banten, the government should not focus on increasing minimum regional wage as an instrument to reduce poverty, for it is proven that the effects are the opposite. This has been empirically proven in this study where a Rp 1 million increase in minimum wage would increase poverty rate by 0.706%. Should the government plan on increasing the minimum wage, then it should be done by a small amount at a time.

3. Observing the influence of Human Development Index (HDI) towards poverty in Banten, the government should strive to allocate more spending to improve the human development index. It is recommended that the government should invest more on long-term measures in reducing poverty such as improving access to health and education especially in the rural areas of Banten Province. This could be done by investing in health and educational infrastructures in underdeveloped areas, providing scholarships for higher education, etc.

4. Observing the influence of regional government spending towards poverty in Banten, there is an indication that the government spending lacks efficiency in poverty reduction. Perhaps the local government should reduce spending on operational expenditure and allocate it to capital expendiues, for it will certainly increase the efficiency of the regional government spending in poverty reduction. Furthermore, the government cannot rely on classical poverty reduction methods if the ratio of routine expenditure (belanja operasional) is too large. Classical approaches, such as economic growth stimulation, market liberalization, and job creation through private sector investment, assume that resources are available for development programs. However, when routine expenditure dominates the budget, the

government has limited fiscal space to fund social programs, infrastructure projects, and human capital development, which are essential for long-term poverty reduction.

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APPENDICES

1. DATA OF ALL THE VARIABLES

region	year	POV	UNP	UMR	HDI	GDP	RGS
Kab Pandeglang	2014	9.5	7.03	Rp 1,418,000.00	62.06	3.42	Rp 1,145,550,000,000.00
Kab Pandeglang	2015	10.43	10.22	Rp 1,737,000.00	62.72	5.81	Rp 2,037,030,000,000.00
Kab Pandeglang	2016	9.67	10.09	Rp 1,999,981.00	63.4	5.52	Rp 2,215,360,000,000.00
Kab Pandeglang	2017	9.74	8.3	Rp 2,164,979.00	63.82	6	Rp 2,537,860,000,000.00
Kab Pandeglang	2018	9.61	8.19	Rp 2,363,549.00	64.34	5.3	Rp 2,456,840,000,000.00
Kab Pandeglang	2019	9.42	8.67	Rp 2,542,539.00	64.91	4.42	Rp 2,595,970,000,000.00
Kab Pandeglang	2020	9.92	9.15	Rp 2,758,909.00	65	-0.67	Rp 2,508,610,000,000.00
Kab Pandeglang	2021	10.72	7.7	Rp 2,800,293.00	65.17	3.1	Rp 2,541,240,000,000.00
Kab Pandeglang	2022	9.32	9.2	Rp 2,800,293.00	65.84	3.47	Rp 2,489,160,000,000.00
Kab Pandeglang	2023	9.27	9.05	Rp 2,980,351.00	66.42	2.53	Rp 2,528,310,000,000.00
Kab Lebak	2014	9.17	9.57	Rp 1,490,000.00	61.64	3.86	Rp 1,725,540,000,000.00

Kab Lebak	**2015**	**9.97**	**10.74**	**Rp 1,728,000.00**	**62.03**	**6.2**	**Rp 2,092,700,000,000.00**
Kab Lebak	**2016**	**8.71**	**10.48**	**Rp 1,965,000.00**	**62.78**	**5.57**	**Rp 2,434,580,000,000.00**
Kab Lebak	**2017**	**8.64**	**8.88**	**Rp 2,127,112.00**	**62.95**	**5.76**	**Rp 2,481,360,000,000.00**
Kab Lebak	**2018**	**8.41**	**7.57**	**Rp 2,312,384.00**	**63.37**	**5.63**	**Rp 2,446,810,000,000.00**
Kab Lebak	**2019**	**8.3**	**7.96**	**Rp 2,498,068.00**	**63.88**	**5.44**	**Rp 2,658,290,000,000.00**
Kab Lebak	**2020**	**9.24**	**9.63**	**Rp 2,710,654.00**	**63.91**	**-0.91**	**Rp 2,497,000,000,000.00**
Kab Lebak	**2021**	**10.29**	**7.86**	**Rp 2,751,314.00**	**64.03**	**3.18**	**Rp 2,643,470,000,000.00**
Kab Lebak	**2022**	**8.91**	**8.8**	**Rp 2,773,590.00**	**64.71**	**3.8**	**Rp 2,635,140,000,000.00**
Kab Lebak	**2023**	**8.68**	**7.57**	**Rp 2,944,665.00**	**65.21**	**2.8**	**Rp 2,827,850,000,000.00**
Kab Tangerang	**2014**	**5.26**	**8.45**	**Rp 2,442,000.00**	**69.57**	**5.47**	**Rp 3,512,790,000,000.00**
Kab Tangerang	**2015**	**5.71**	**9**	**Rp 2,710,000.00**	**70.05**	**5.6**	**Rp 4,179,070,000,000.00**
Kab Tangerang	**2016**	**5.29**	**9.15**	**Rp 3,021,650.00**	**70.44**	**5.41**	**Rp 4,535,330,000,000.00**
Kab Tangerang	**2017**	**5.39**	**10.57**	**Rp 3,270,936.00**	**70.97**	**5.82**	**Rp 4,981,820,000,000.00**
Kab Tangerang	**2018**	**5.18**	**9.63**	**Rp 3,555,835.00**	**71.59**	**5.8**	**Rp 5,878,840,000,000.00**
Kab Tangerang	**2019**	**5.14**	**8.92**	**Rp 3,841,368.00**	**71.93**	**5.56**	**Rp 5,988,160,000,000.00**

Kab Tangerang	**2020**	**6.23**	**13.06**	**Rp 4,168,268.00**	**71.92**	**-3.76**	**Rp 5,365,520,000,000.00**
Kab Tangerang	**2021**	**7.12**	**9.06**	**Rp 4,230,793.00**	**72.29**	**4.7**	**Rp 5,833,700,000,000.00**
Kab Tangerang	**2022**	**6.92**	**9.04**	**Rp 4,230,793.00**	**72.97**	**5.47**	**Rp 6,708,710,000,000.00**
Kab Tangerang	**2023**	**6.93**	**6.94**	**Rp 4,527,689.00**	**73.43**	**5.18**	**Rp 7,890,520,000,000.00**
Kab Serang	**2014**	**4.87**	**14.76**	**Rp 2,340,000.00**	**63.97**	**5.04**	**Rp 1,909,370,000,000.00**
Kab Serang	**2015**	**5.09**	**14.8**	**Rp 2,700,000.00**	**64.61**	**5.09**	**Rp 2,342,220,000,000.00**
Kab Serang	**2016**	**4.58**	**12.13**	**Rp 3,010,500.00**	**65.12**	**5.09**	**Rp 2,543,620,000,000.00**
Kab Serang	**2017**	**4.63**	**13**	**Rp 3,258,866.00**	**65.6**	**5.22**	**Rp 2,742,000,000,000.00**
Kab Serang	**2018**	**4.3**	**12.63**	**Rp 3,542,714.00**	**65.93**	**5.29**	**Rp 2,998,100,000,000.00**
Kab Serang	**2019**	**4.08**	**10.58**	**Rp 3,827,193.00**	**66.38**	**5.01**	**Rp 3,202,620,000,000.00**
Kab Serang	**2020**	**4.94**	**12.22**	**Rp 4,152,887.00**	**66.7**	**-2.73**	**Rp 2,964,980,000,000.00**
Kab Serang	**2021**	**5.49**	**10.58**	**Rp 4,215,181.00**	**66.82**	**3.74**	**Rp 3,050,890,000,000.00**
Kab Serang	**2022**	**4.96**	**10.47**	**Rp 4,215,181.00**	**67.75**	**5.04**	**Rp 3,116,200,000,000.00**
Kab Serang	**2023**	**4.85**	**9.94**	**Rp 4,492,961.00**	**68.39**	**4.8**	**Rp 3,282,080,000,000.00**
Kot Tangerang	**2014**	**4.91**	**7.81**	**Rp 2,444,301.00**	**75.87**	**5.98**	**Rp 2,656,090,000,000.00**

Kot Tangerang	**2015**	**5.04**	**8**	**Rp 2,730,000.00**	**76.08**	**5.37**	**Rp 3,101,030,000,000.00**
Kot Tangerang	**2016**	**4.94**	**8.51**	**Rp 3,043,950.00**	**76.81**	**5.34**	**Rp 3,697,410,000,000.00**
Kot Tangerang	**2017**	**4.95**	**7.16**	**Rp 3,295,075.00**	**77.01**	**5.88**	**Rp 3,896,050,000,000.00**
Kot Tangerang	**2018**	**4.76**	**7.39**	**Rp 3,582,077.00**	**77.92**	**4.95**	**Rp 4,288,010,000,000.00**
Kot Tangerang	**2019**	**4.43**	**7.14**	**Rp 3,869,717.00**	**78.43**	**4.02**	**Rp 4,371,080,000,000.00**
Kot Tangerang	**2020**	**5.22**	**8.63**	**Rp 4,199,029.00**	**78.25**	**-7.36**	**Rp 3,511,430,000,000.00**
Kot Tangerang	**2021**	**5.93**	**9.07**	**Rp 4,262,015.00**	**78.5**	**3.9**	**Rp 4,127,780,000,000.00**
Kot Tangerang	**2022**	**5.77**	**9.02**	**Rp 4,285,799.00**	**78.9**	**5.98**	**Rp 4,434,780,000,000.00**
Kot Tangerang	**2023**	**5.89**	**6.76**	**Rp 4,584,519.00**	**79.46**	**5.57**	**Rp 4,705,480,000,000.00**
Kot Cilegon	**2014**	**3.81**	**11.83**	**Rp 2,443,000.00**	**71.57**	**4.5**	**Rp 1,222,800,000,000.00**
Kot Cilegon	**2015**	**4.1**	**12**	**Rp 2,760,590.00**	**71.81**	**4.75**	**Rp 1,613,350,000,000.00**
Kot Cilegon	**2016**	**3.57**	**11.08**	**Rp 3,078,058.00**	**72.04**	**5**	**Rp 1,464,010,000,000.00**
Kot Cilegon	**2017**	**3.52**	**11.88**	**Rp 3,331,997.00**	**72.29**	**5.5**	**Rp 1,758,160,000,000.00**
Kot Cilegon	**2018**	**3.25**	**9.21**	**Rp 3,622,215.00**	**72.65**	**6.11**	**Rp 1,590,090,000,000.00**
Kot Cilegon	**2019**	**3.03**	**9.64**	**Rp 3,913,078.00**	**73.01**	**5.29**	**Rp 1,823,310,000,000.00**

Kot Cilegon	**2020**	**3.69**	**12.69**	**Rp 4,246,081.00**	**73.05**	**-1.23**	**Rp 1,557,540,000,000.00**
Kot Cilegon	**2021**	**4.24**	**10.13**	**Rp 4,309,773.00**	**73.35**	**5.24**	**Rp 1,653,560,000,000.00**
Kot Cilegon	**2022**	**3.64**	**9.53**	**Rp 4,340,254.00**	**73.95**	**4.51**	**Rp 1,951,630,000,000.00**
Kot Cilegon	**2023**	**3.98**	**7.25**	**Rp 4,657,223.00**	**74.54**	**4.82**	**Rp 2,063,100,000,000.00**
Kot Serang	**2014**	**5.7**	**10.03**	**Rp 2,166,000.00**	**70.26**	**4.71**	**Rp 949,970,000,000.00**
Kot Serang	**2015**	**6.28**	**9.49**	**Rp 2,375,000.00**	**70.51**	**6.35**	**Rp 1,061,920,000,000.00**
Kot Serang	**2016**	**5.58**	**9.07**	**Rp 2,648,125.00**	**71.09**	**6.33**	**Rp 1,129,840,000,000.00**
Kot Serang	**2017**	**5.57**	**8.43**	**Rp 2,866,595.00**	**71.31**	**6.43**	**Rp 1,330,490,000,000.00**
Kot Serang	**2018**	**5.36**	**8.1**	**Rp 3,116,276.00**	**71.68**	**6.59**	**Rp 1,227,870,000,000.00**
Kot Serang	**2019**	**5.28**	**8.07**	**Rp 3,366,512.00**	**72.1**	**6.2**	**Rp 1,335,420,000,000.00**
Kot Serang	**2020**	**6.06**	**9.26**	**Rp 3,773,940.00**	**72.16**	**-1.29**	**Rp 1,321,860,000,000.00**
Kot Serang	**2021**	**6.79**	**9.41**	**Rp 3,830,549.00**	**72.44**	**3.88**	**Rp 1,397,890,000,000.00**
Kot Serang	**2022**	**5.94**	**8.67**	**Rp 3,850,526.00**	**72.98**	**4.71**	**Rp 1,453,650,000,000.00**
Kot Serang	**2023**	**6.2**	**7.45**	**Rp 4,090,799.00**	**73.48**	**4.74**	**Rp 1,508,590,000,000.00**
Kot Tangerang Selatan	**2014**	**1.68**	**6.92**	**Rp 2,442,000.00**	**79.17**	**5.82**	**Rp 6,128,940,000,000.00**

Kot Tangerang Selatan	**2015**	**1.69**	**6.13**	**Rp 2,710,000.00**	**79.38**	**7.25**	**Rp 2,621,240,000,000.00**
Kot Tangerang Selatan	**2016**	**1.67**	**6.47**	**Rp 3,021,650.00**	**80.11**	**6.74**	**Rp 2,888,890,000,000.00**
Kot Tangerang Selatan	**2017**	**1.76**	**6.83**	**Rp 3,270,936.00**	**80.84**	**7.3**	**Rp 2,967,630,000,000.00**
Kot Tangerang Selatan	**2018**	**1.68**	**4.67**	**Rp 3,555,835.00**	**81.17**	**7.49**	**Rp 3,271,440,000,000.00**
Kot Tangerang Selatan	**2019**	**1.68**	**4.78**	**Rp 3,841,368.00**	**81.48**	**7.39**	**Rp 3,634,760,000,000.00**
Kot Tangerang Selatan	**2020**	**2.29**	**8.48**	**Rp 4,168,268.00**	**81.36**	**-1.01**	**Rp 3,143,400,000,000.00**
Kot Tangerang Selatan	**2021**	**2.57**	**8.6**	**Rp 4,230,793.00**	**81.6**	**4.81**	**Rp 3,193,510,000,000.00**
Kot Tangerang Selatan	**2022**	**2.5**	**6.34**	**Rp 4,285,799.00**	**81.95**	**5.82**	**Rp 3,690,620,000,000.00**
Kot Tangerang Selatan	**2023**	**2.57**	**5.81**	**Rp 4,551,452.00**	**82.28**	**5.36**	**Rp 4,410,250,000,000.00**