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Micro-Analysis of Household Poverty and Inequality in Indonesia

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Abstract

The quality of community resources becomes one of the determinants of a region's poverty rate. Gross participation rates for education in rural areas are much lower compared to urban areas, particularly for higher education, resulting in higher poverty rates in rural communities than in urban communities. Different perspectives lead to different thoughts. The ability of people to own assets in urban areas are lower than in those rural areas. Based on this, the poverty rate will be higher in urban areas than in rural areas. This study aimed to analyze the real causes of micro-poverty in North Sumatra Province. The research model utilized in this study was the Cross Section Approach. Data processing revealed that a relatively larger number of household members would lead the household into poverty, urban communities had a greater chance of entering the poverty trap, male household head had the likelihood for household to escape poverty, while for employment status. 'Business owner with permanent/paid labors indicated the greatest likelihood to reduce poverty. The government needs to pay special attention to low-income people, encouraging policies that favor the poor. Providing direct cash assistance, encouraging the investment climate so that it can absorb labor, particularly those who do not possess entrepreneurial skills. The need for gender equality in various sectors to increase women's productivity.

Key words : Poverty, Education, Employment Status

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INTRODUCTION

Poverty is a multi-sectoral issue that encompasses various sectors of life, such as education, health, labor and so forth. According to Central Bureau of Statistics BPS (2023) poverty is viewed as an economic incapacity to meet basic food and non-food needs, measured in terms of expenditure. Individuals are categorized as poor if their average monthly per capita expenditure falls below the poverty line. Meanwhile, the Poverty Line (PL) reflects the rupiah value of the minimum expenditure required for a person to meet their basic needs for a month, both food and non-food needs. The Poverty Line consists of the Food Poverty Line (FPL) and the Non-Food Poverty Line (NFPL).

Food Poverty Line (FPL) represents the minimum expenditure needed for food, equated to 2100 kilocalories per capita per day. The package of basic food commodities includes 52 types of items (grains, tubers, fish, meat, eggs and milk, vegetables, legumes, fruits, oils and fats, etc.). The Non-Food Poverty Line (NFPL) represents the minimum expenditure needed for non-food essentials such as housing, clothing, education, and health. The package of basic non-food commodities includes 51 types of items in urban areas and 47 types of items in rural areas.

According to the World Bank (2000), poverty is defined as a deprivation of well-being. The core issue of poverty lies in the limitations of well-being itself. In economic theory, the more goods consumed, the higher an individual's level of well-being. Well-being can be understood as the ability to access available resources (consumed goods). This ability to access available resources can be measured through income or expenditures. If poverty is linked to levels of well-being, it can be defined as the inability to meet well-being, or in other words, the lack of access to resources to meet one's living needs. Lack of access here refers to insufficient income.

North Sumatera province, like other provinces in Indonesia, is not exempt from poverty issues. According to Central Bureau of Statistics, as depicted in Figure 1, the number of populations living in North Sumatra has fluctuated over recent years. Notably, the last two years have shown a significant decline in the poverty rate compared to 2018. Efforts to reduce poverty involve the entire population of Indonesia, supported by government aid and policies. Nurkse (Kuncoro, 2006) described in the theory of the circle of poverty that underdevelopment, market imperfection, and lack of capital can lead to low human productivity. This low productivity leads to lower income levels.

The low-income results in low savings and low investment. Investment can be in the form of human resource investment, measured through education, or capital investments, measured through consumption. According to circle of poverty theory, there are several factors that cause poverty, including income levels, education levels, and the extent of consumption. Reliable poverty measurements and studies on the causes of poverty are powerful instrument for policy makers to focus their attention on the living conditions of the poor.

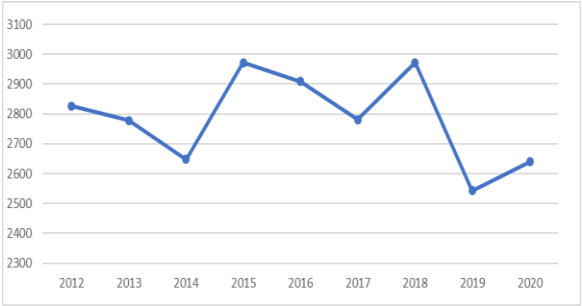

Figure 1. Number of Population living in Poverty (000 people)
Source: BPS, North Sumatra Province, 2021

Education is widely recognized as having a leadership role in economic growth, making education is increasingly developed. This is

because education can improve and reduce poverty (Bloom, 2006).

Education plays a crucial role in reducing poverty in Indonesia or any other country in the long run. It contributes indirectly by enhancing overall productivity and efficiency, and directly by providing the poor with the skills needed to boost their productivity, which in turn increases their income (Arsyad, 2010).

Education is one of the methods to improve the quality of human resources. Through education, an individual's knowledge increases, which is beneficial for acquiring useful skills for the workforce. Thus, education can be considered an investment in development, with its benefits to be reaped in the future. As with development in other fields, education is one of the primary focus besides health and the economy. According to Gillis (2000), there are two reasons why education is important. First, there is a high demand for education as many people believe that higher education will bring them significant benefit. Second, numerous observations indicated that higher levels of education, lead to increase in income and social status.

According to Thomas (2001), the indicators to assess educational inequality including community participation in education and average years of schooling. Community participation in schooling can be evaluated through community participation rate, either the Gross Participation Rate (GPR) or the Pure Participation Rate (PPR) at each level of education. The following is data on data presents the Gross Participation Rate (GPR) at the elementary/equivalent, junior high/equivalent, senior high/equivalent, and regency/city levels in 2018 in North Sumatra Province.

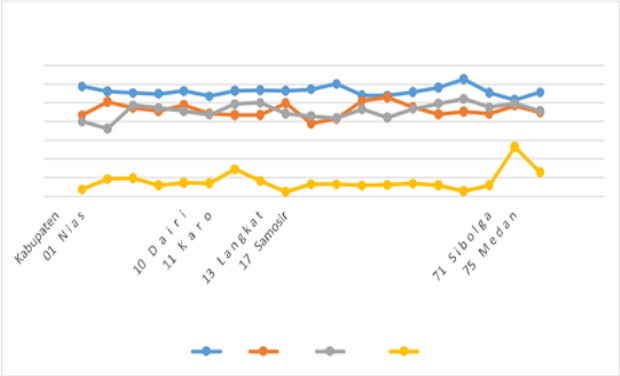

Figure 2. Gross Participation Rate of some Regency in North Sumatra
Source: BPS, North Sumatra Province, 2021

In general, as seen in Figure 2, the Gross Participation Rate (GPR) for elementary, junior high, and high school levels shows a similar average for each regency, with the GPR for elementary school is the highest, followed by junior high and then high school. Meanwhile, the highest GPR for higher education is in Medan city. This is reasonable, given the significantly greater number of campus facilities in the provincial capital compared to regencies. The low GPR for higher education can be problematic, indicating that the general educational attainment of the population is primarily at the elementary to high school levels. This suggests that the opportunity for higher education is still limited, contributing to the high poverty rates in North Sumatra. When viewed from the aspect of the Gross Participation Rate, the community in the rural areas is lower than in the urban areas, thus the quality of human resources in the rural areas are lower and further cause the poverty rate in the village to be higher than in the city.

Poverty is a classic issue that is challenging to resolve as it encompasses all aspects of life, necessitating a multi-faceted approach to address it. The measurement of poverty levels can also be assessed by examining the extent of consumption of basic needs such as clothing, food, and housing. Property ownership, particularly

residential ownership, is a key indicator. The concept of Asset Ownership refers to economic resources controlled and/or owned by the government as a result of past events, from which future economic and/or social benefits are expected to be derived by either the government or the community. These assets can be measured in monetary terms and include non-financial resources needed for public service provision and resources maintained for historical and cultural reasons (Seiler, 2001)

Asset ownership in this study refers to residential house. The ownership of a residential house in North Sumatra is quite good. In 2020, more than 50% of the population of North Sumatera already owned a house, although some still rented or fell into other categories of occupancy, such as living with parents or others. As shown in Table 1.1, in 2020, more than 50% of the population already owned their own house, particularly those who live in regencies. This is in contrast to the population living in cities, the number of people who own their own house is lower, likely due to the higher cost of property in cities compared to those in the regency areas. This indicator suggests that the poverty rate in cities is higher than in regencies due to the inability of the residents to afford basic housing needs. Those who live in urban areas generally have lower asset ownership capabilities compared to rural residents.

Poverty is heavily influenced by economic growth in the region (Putri and Effendi 2021) although social assistance spending and employment opportunities have little effect on poverty. Socioeconomic influences are shown by (Liu et al. 2021; Zafar et al. 2021; Cammeraat 2020) by measuring the variables of GDP, health, employment, education, inflation, income inequality, age of household head and employment opportunities in various business fields. (Zafar et al. 2021) demonstrated positive relationship between inflation, unemployment and government policies related to poverty alleviation programs on the poverty rate in the long run. Poverty has various concepts. The World Bank defines poverty using a purchasing power measure of US $1 or US $2 per capita per day. Meanwhile, BPS defines poverty based on the poverty line. The poverty line used to determine poverty levels is based on the minimum requirements needed by an individual, which includes 2,100 calories per capita per day, in addition to essential non-food needs such as housing, clothing, education, transportation, and other basic household and personal needs. According to BPS, a person is said to be poor if their expenditure is lower than the Poverty Line. In contrast to what was conveyed by the National Development Planning Agency (Bappenas (2004)), poverty is a condition where an individual or group of men and women, who are unable to meet their basic rights, including: food, clothing, health, education, employment, housing, clean water, land, natural resources and the environment, security from violence or threats of violence and the right to participate in social and political life.

Poverty can also be caused by: (a) low quality of the labor force, (b) difficult and limited access to capital ownership, (c) low level of technological mastery, inefficient use of resources, and (e) high population growth (Sharp et al, 2000). Apart from the various opinions above, poverty is generally caused by two factors, namely internal factors and external factors. Internal factors are factors that come from within the poor, including attitudes of complacency, lack of seriousness in efforts, and physical limitations. External factors are those that come from outside the individual, such as isolation due to limited access, lack of job opportunities, absence of opportunities, and limited natural resources. Some other factors that cause poverty are low local and global economic growth, low levels of education and mastery of technology, limited natural resources, high population

growth, and unfavorable political stability (Maipita, 2014).

On the other hand, education and poverty have a huge relationship where education is one of the important factors that affect poverty. (Liu et al. 2021). Education has a great influence and benefit in reducing poverty, so this shows that investment in education is necessary, in addition to improvements in the quality of education and easy access to education. (Afzal et al. 2012). Adequate education levels will increase the opportunity for the poor to escape poverty. (Anderson 2013).

Levels of Education are stages of education that are determined according to students' level of development, the goals to be achieved and the abilities to be developed. There are three education pathways, namely formal, non-formal and informal education. Formal education includes elementary education, secondary education and higher education. Informal education includes education from the family and the environment, while non-formal education is education that is carried out outside formal education (Law of the Republic of Indonesia Number 20 of 2003).

The level of education has an influence on poverty reduction. Educational development is an important aspect that the government needs to do to reduce poverty. Through investment in education, the quality of human resource can be improved. The improvement of skills and knowledge will boost an individual's productivity, leading to higher income and ultimately improving community welfare and reducing poverty. Empirically, there is a strong relationship between the level of education and the level of wages received by employees. People with higher levels of education on average, have higher levels of productivity. Not only do they start working at a higher level, but their progress is much faster, compared to those who have lower level of education. Employers use learning skills as an indicator to estimate the productivity potential of employees. (Mihai, Ţiţan, and Manea 2015).

Better education increases the likelihood of being non-poor because higher education levels provide higher opportunities for better jobs and higher incomes. (Teguh and Nurkholis 2012). The likelihood of people to escape poverty are, of course, determined by many variables. (Osarumwense 2013) explained poverty as determined by household education level, unemployment, marital status, property loans, monthly income, household members and gender of the household head. (Khalid, Shahnaz, and Bibi 2005) also used the logit model to explain the probability of poverty based on social and economic variables in Pakistan. In Indonesia, the logit model was applied by (Nurdiansah and Khikmah 2020) which explains poverty in Central Java.

According to Yagami (2013) educational inequality is a mismatch between what should be or what is expected and what happens. This means that educational development must be equitable without any difference, so that people or communities can enjoy proper and quality education. Educational inequality is essential in determining the effectiveness of the education system and as a measuring tool to evaluate the education process. Some of the reasons why education inequality needs to be studied are because of the correlation between welfare and efficiency. In terms of welfare, quality education can improve the ability of individuals to directly strengthen their welfare. However, there is still an education gap between the rich and the poor. If poverty is considered as "deprivation from meeting the minimum needs of education, namely primary schooling", then welfare inequality must include a measure of educational inequality (Sen, 2000). According to BPS (2019) indicators of educational achievement can be

seen from the average length of schooling and school enrolment rates. However, increased achievement does not necessarily imply equitable education. Thomas et al (2001) state that education indicators are less effective in describing education inequality. Therefore, other measures of educational inequality are needed, such as the education Gini index.

RESEARCH METHOD

The data used is the March 2022 National Socio-Economic Survey (Susenas) data. This data includes many social and economic indicators conducted by the Central Bureau of Statistics. The chances of people escaping poverty are determined by many variables. (Osarumwense, 2013) described poverty as determined by the education level of the household, household members and the gender of the household head. The age of the household head, the number of household members and urban areas are also included in the determinants of poverty (Khalid, Shahnaz, and Bibi 2005; Teguh and Nurkholis 2011). The same researchers also used a logit model to explain the probability of poverty based on social and economic variables in Pakistan. In Indonesia, the logit model was applied by (Nurdiansah and Khikmah 2020) when explained poverty in Central Java.

The Logit model is a regression model with the dependent variable in the form of a dummy variable whose purpose is to predict the occurrence of an event, which in this study is households entering the poverty group. The equation model used was the Cross-Section Model which can be written as follows:

〖Miskin〗 (1)

$$Miskin_i = \alpha_0 + \alpha_1 \sum Pendidikan_i + \alpha_2\ ART_i + \alpha_3\ DESA_i + \alpha_4\ JK_i + \alpha_5\ UMUR_i + \alpha_6\ StatusUsaha_i + e_i \quad (2)$$

Equation 1 has the dependent variable "*Miskin"* (Poor), where 1 indicates that the household is below the poverty line in 2022, and 0 indicates otherwise. The variable "Pendidikan" (Education) consists of levels of education: Elementary School (SD), Junior High School (SMP), Senior High School (SMA), and Higher Education (PT), representing the highest education attainment of the household head. "Number of Household Member" (ART) and the variable "*Desa*" (Rural areas) indicate the location of the household. "Gender" (JK) of the household head is also included in the model. The age (*Umur*) variable of the household head is included in the model. "*Status Usaha*" (Occupation) indicates the employment status of the household head. Occupation shows what the household head do for a living. Household Expenditure Level represents household expenditure on food.

RESULTS AND DISCUSSION

North Sumatra Province is one of the provinces located on the island of Sumatra, bordered by Aceh to the north and West Sumatra and Riau to the south. The majority of the ethnic groups in North Sumatra are the Batak people who live in the mountainous regions and the Malay ethnic group residing in the eastern coastal areas. There are also Nias tribes on the west coast of Sumatra, Mandailing, Javanese and Chinese. North Sumatra is located at 1 - 4° North latitude and 98° - 100° East longitude, the land area of North Sumatra Province is 71,680 km^2. North Sumatra can be divided into: The eastern coast, which is the fastest developing region within the province due to its relatively complete infrastructure requirements compared to other regions. The eastern coastal region is also relatively densely populated compared to other regions. In the central part of the province, the Bukit Barisan Mountain range stretches. In these mountains, there are several highland areas that are pockets

of population concentration. The areas around Lake Toba and Samosir Island are also home to people who depend on the lake for their livelihoods.

The description of household samples in North Sumatra Province can be seen in

Tables 1, 2, and 3, showing the number of poor households from various aspects, including number of household members, residence location, gender, age, educational level, and employment status of the household head.

This research utilized a model aimed at estimating the factors that contribute to families falling into the category of poor households across various social variables, particularly educational variables. The analytical model refers to individual analysis units totaling 20,417 from the Susenas sample data in North Sumatra Province in 2022.

Table 1. Description of Household Samples in North Sumatra Province in 2022

Description of Household	Number of Household	Percentage (%)
Poor Households	753	3.57
Number of Household Members (1 to 4)	13,984	66.30
Number of Household Members (5 to 8)	6,942	32.91
Number of Household Members (>= 9)	166	0.79
Rural households	11,758	55.75
Male household head	17,266	81.86
Age of household head <21 years	63	0.30
Age of household head 21-40 years	6,321	29.98
Age of household head 41-60 years	10,481	49.70
Age of household head >60 years	4,227	20.02

Source: National Social and Economic Survey Data, March 2022

Table 2. Sample of Last Education Attainment of Household Head in North Sumatra Province in 2022

Last Education Attainment of Household Head	Number of Households	Percentage	Cumulative Percent
Not graduated from Elementary School	2,683	13.14	13.14
Elementary School	4,569	22.38	35.52
Junior High School	3,585	17.56	53.08
High School	7,630	37.37	90.45
Vocational Degree	426	2.09	92.54
Bachelor Degree	1,423	6.97	99.51
Profession	5	0.02	99.53
Master Degree	89	0.44	99.97
Doctoral Degree	7	0.03	100
Total	**20,417**	**100**	

Source: National Social and Economic Survey Data, March 2022 (processed)

Table 3. Sample of Occupation of Household Head in North Sumatra Province in 2022

Occupation of Household Head	Number of Families	Percentage	Cumulative Percent
Working for family or Unpaid workers	330	1.74	1.74
Business owner with non-permanent/unpaid workers	4,238	22.33	24.07
Business owner with permanent/paid workers	930	4.9	28.97
Laborer/employee	6,385	33.64	62.61
Freelancers	1,285	6.77	69.38
Self-employed	5,813	30.63	100
Total	**18,981**	**100**	

Source: National Social and Economic Survey Data, March 2022 (processed)

Table 4. Macro Variables of Regency/City in North Sumatra Province

Variable	Obs	Mean	Std. dev.	Min	Max
Percentage of Population living in Poverty (%)	231	11.72	5.16	3.88	32.62
Average Years of Schooling (years)	231	8.84	1.48	4.64	11.48
Gross Regional Domestic Product per capita (Million IDR)	231	28.80	12.30	11.40	68.60
Local Government Spending on Social Functions (Billion IDR)	231	16.70	17.90	1.15	135.00
Gini Index	231	0.29	0.04	0.19	0.40
Open Unemployment Rate (%)	231	5.09	2.94	0.19	12.14
Household Location in City (1,0)	231			0	1

Source: National Social and Economic Survey Data, March 2022 (processed)

The model employed is a Logit model, where each independent variable can determine whether the non-independent variable can be a 1 or 0. A value of 1 indicated that a household falls into the category of poor households. Before the estimation results of the model can be used for interpretation and analysis, several tests were conducted to ensure the model's applicability.

The Logit model used was run using the Robust method, to obtain a standard error that eliminates the problem of regression heteroscedasticity. The data used was only from one period, so there was no problem with autocorrelation. This model was then tested to see the level of prediction starting from the *Goodness of Fit* test.

Goodness-of-fit test after logistic modelling

Variable: poor (1=Poor Household; 0=Not Poor Household)

Number of observations = 18,412
Number of groups = 10
Hosmer-Lemeshow chi2(8) = 11.44
Prob > chi2 = 0.1779

The estimation results for Prob > chi2 indicated a value greater than 0.05, suggesting that the parameter estimates from the model were robust and well-aligned with the data. Subsequently, the testing proceeded with an accuracy test of the predictions. This test aimed to determine the percentage of respondents accurately predicted to be from poor households. Table 5 presents the prediction accuracy, demonstrating a precision rate of

96.6%, indicating that the model performs well and is suitable for further analysis.

Table 5. Predictive Power Tes

Classified	True D	True ~D	Total
+	7	17	24
–	609	17779	18388
Total	616	17796	18412

Classified + if predicted Pr(D) >= .5
True D defined as miskin != 0

Sensitivity	Pr(+| D)	1.14%
Specificity	Pr(–|~D)	99.90%
Positive predictive value	Pr(D| +)	29.17%
Negative predictive value	Pr(~D| –)	96.69%
False + rate for true ~D	Pr(+|~D)	0.10%
False – rate for true D	Pr(–| D)	98.86%
False + rate for classified +	Pr(~D| +)	70.83%
False – rate for classified –	Pr(D| –)	3.31%
Correctly classified		96.60%

Source: Data processed with Stata Ver. 17

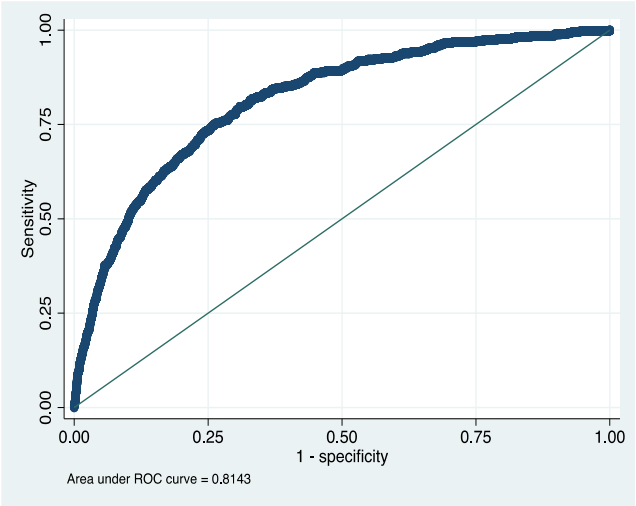

Figure 3. ROC Graph Estimation Results
Source: Data processed with Stata Ver. 17

To be more convincing, testing was conducted using the ROC (Receiver Operating Characteristic) graph to test the predictive ability of binary data. The results of the binary data prediction capability test are illustrated in Figure 3, which supports the results of the previous Goodness of Fit and accuracy tests. The model, developed using Stata Software Version 17, demonstrated good performance with a high accuracy rate of 81.43%. The various tests conducted above concluded that the estimation results can be reliably utilized.

Table 6 presents the estimation results obtained using the logit model, with a total of 18,412 observations. This number was lower than the initial sample size, as many missing data points were removed to ensure robust results. The estimation results are shown in Table 6, with two equations. Equation (1) displays the logit coefficients, and Equation (2) is the logistic equation used for interpretation. The education variable included four categories. The category of bachelor's degree and above did not have any individuals classified as poor, while the category of not graduated from elementary school was included in the constant. The high school education category was significant at the 1% alpha level, whereas the other education categories were not statistically significant. Although the other education categories were not significant, the magnitude and sign of the coefficients suggested some interesting insights. It is indicated that higher levels of education correspond to a lower likelihood of a household being classified as poor. Equation (2) is supported by Table 7. The Percentage of Household Likelihood of Falling into the Poverty Category indicates that at the elementary school level, the likelihood of falling into the poverty category increases by 1.5%. At the junior high school level, the likelihood of becoming a poor household decrease by 5.1%. Similarly, at the diploma level, the likelihood of becoming a poor household decreases the most. Among the significant variables, the high school education level has the greatest impact on reducing the likelihood of a household falling into the poverty category in North Sumatra Province.

Table 6. Estimation of the Logit Model of Poor Families

Variables	(1) Poor	(2) Odd Ratio
Elementary School [1,0]	0.015	1.015
	(0.130)	(0.132)
Junior High School [1,0]	-0.053	0.949
	(0.132)	(0.125)
High School [1,0]	-0.465**	0.628**
	(0.119)	(0.075)
Vocational School [1,0]	-0.549	0.578
	(0.424)	(0.245)
Number of Household Members	0.598**	1.818**
	(0.024)	(0.044)
Household Location (1,0)	-0.284**	0.752**
	(0.086)	(0.065)
Male Household Head (1.0)	-0.414*	0.661*
	(0.163)	(0.108)
Age of Household Head	-0.042**	0.959**
	(0.006)	(0.005)
Self-employed	-0.016	0.985
	(0.332)	(0.327)
Business owner with non-permanent/unpaid workers	0.101	1.106
	(0.332)	(0.367)
Business owner with permanent/paid workers	-1.216*	0.297*
	(0.473)	(0.140)
Laborer/employee	-0.581	0.559
	(0.335)	(0.188)
Freelancers	0.345	1.413
	(0.345)	(0.487)
Constant	-3.513**	0.030**
	(0.460)	(0.014)
Observations	18,412	18,412

Robust standard errors in parentheses ** p<0.01, * p<0.05
Source: Processing of Stata Ver. 17

The demographic social control variables used indicated significant results. The number of household members is the variable that had the greatest likelihood of falling into poverty, at 81.8%. On the demographic side, rural households had a 24.8% lower likelihood of a falling into poverty compared to urban households. This suggests that urban areas pose a greater risk for families to become poor compared to rural areas. Older age typically correlates with a stable income, allowing individuals to escape the poverty trap. The last control variable is the occupation of the household head. Of the five categories, only one category is significant: 'Business owner with permanent/paid workers' category.

This category also demonstrated the highest potential for reducing a household's

likelihood of falling into poverty, with a decrease of 70.3%. Based on the sign of the coefficient of each category Household head occupation variable, three categories can reduce the likelihood of household falling into poor category, namely Self-employed, business owner with permanent/paid workers. The category of Business owner with non-permanent/unpaid workers and the category of freelancers actually provide an opportunity to increase the likelihood of a household falling into poverty.

Table 7. Percentage of likelihood of falling into poor households

Poor Households	b	z	P>z	%	%StdX	SDofX
Elementary School [1,0]	0.01533	0.118	0.906	1.5	0.6	0.4122
Junior High School [1,0]	-0.05267	-0.4	0.689	-5.1	-2	0.3834
High School [1,0]	-0.46518	-3.899	0	-37.2	-20.3	0.4865
Vocational Degree [1,0]	-0.54881	-1.295	0.195	-42.2	-7.3	0.1386
Number of Household Members	0.5978	24.867	0	81.8	172.8	1.6789
Household Location in Village (1,0)	-0.28444	-3.299	0.001	-24.8	-13.2	0.4959
Male Household Head (1.0)	-0.41397	-2.542	0.011	-33.9	-13.5	0.3509
Age Household Head	-0.04191	-7.432	0	-4.1	-39.5	11.9732
Self-employed	-0.01552	-0.047	0.963	-1.5	-0.7	0.4599
Business owner with non-permanent/unpaid workers	0.10083	0.304	0.761	10.6	4.2	0.4128
Business owner with permanent/paid workers	-1.21552	-2.569	0.01	-70.3	-23.3	0.2181
Laborer/employee	-0.58119	-1.732	0.083	-44.1	-24.1	0.475
Freelancers	0.34541	1.001	0.317	41.3	9.1	0.2519

Source: Data processed with Stata Ver. 17

CONCLUSION

A relatively larger number of household members will bring household into poverty due to higher expenditure. The number of poor people in urban areas is higher than in rural areas due to the relatively higher cost of assets in cities, making it difficult for people to purchase assets in urban areas. The variable of the household head's gender shows that male heads had a higher likelihood of escaping poverty compared to female heads. This supports the idea that men are generally more capable of ensuring welfare compared to women.

An interesting observation can be made from the age variable of the household head. The older the age of the household head, the higher the likelihood of preventing the household from falling into the poor category. This is usually because older people have stable incomes, helping them to avoid poverty trap.

The employment status of the household head also had varying impacts. The category of 'business owner with permanent/paid workers' indicated the highest potential for reducing a household's likelihood of falling into poverty. A steady income provides families with a better chance

to escape poverty. Generally, people in the middle and lower economic classes lack the necessary skills to sustain themselves in other occupation categories, such as self-employed/labor/employee categories.

Based on the research findings, the government needs to pay special attention to low-income communities to prevent them from falling deeper into poverty. This can be achieved by implementing policies that favor the poor, providing direct cash assistance, and encouraging an investment climate that can absorb unskilled labor, especially in entrepreneurship. Gender equality is also essential so that women can enhance their productivity.

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