Reducing Regional Poverty in Central Java

By Jaka Sriyana

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Abstract

This paper demonstrates some policies regarding regional poverty reduction in Central Java province. This research estimates a poverty model based on a set of panel data comprising 29 regencies and six cities from 2011 to 2016. A fixed-effect empirical model presents that poverty rate has a positive association with regional economic growth, minimum wage level, number of unemployment, and the quality of human resources. The number of population decreases poverty rate in each region significantly. Also, this study indicates that there are some poor people in the eastern region than that in the west region. Moreover, the percentage of poverty in regencies are also higher than the level in the cities. Overall, these results indicate that the local governments have successfully managed the poverty issues in among regencies and cities. This research finds that local governments are on the right way in their public policies in the development process. For more effective in poverty reduction, the local governments in the eastern region have to improve their human resources quality.

Keywords: poverty rate, minimum wage, unemployment, education
JEL: A13, C10, E31

INTRODUCTION

Poverty reduction is one of the major challenges in among regencies and cities in Indonesia (Miranti, Vidyattama, Hansnata, Cassells, & Duncan, 2013). The process of poverty alleviation in the local economy needs the government involvement through some appropriate public policies. In recent years, local government programmes have to apply more proper and suitable programmes in their development process Regarding poverty alleviation; it is important for the government to create a local economy that allows a low-income family to empower their self. Local government bureaucrats should encourage the community to involve in some poverty alleviation activities.

Some papers highlight that poverty has several dimensions aspects and causes (Chaudhry et al., 2009; Hanandita & Tampubolon, 2016; Kis-Katos & Sparrow, 2013; Miranti et al., 2013). Based on these research, the poverty may arise as consequences of economic and noneconomic turbulence. In fact, non-income and income factors caused

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