

ABSTRACT

This study aims to analyze the influence of economic factors on poverty in the Special Province of Yogyakarta (DIY) by using the poverty circle theory as a theoretical basis. The dependent variable in this study is the poverty rate, while the independent variables include economic growth, minimum wage, domestic investment, and life expectancy. The data used is panel data with a time series period from 2017 to 2022 and a cross section of five districts/cities in Yogyakarta. The analysis was conducted using the panel data regression method to analyze the influence of the relationship between these variables.

The results show that economic growth has a significant negative effect on the poverty rate in DIY, which means that an increase in economic growth can significantly reduce poverty. The minimum wage was also found to have a significant effect on poverty reduction, suggesting that an increase in the minimum wage can improve people's welfare and reduce the poverty rate. In contrast, domestic investment did not show a significant effect on poverty in DIY, indicating that domestic investment does not directly impact poverty reduction in the region.

Life expectancy has a significant positive effect on the poverty rate in DIY, indicating that an increase in life expectancy is associated with an increase in poverty. This study provides important insights into the dynamics of the economy and poverty in DIY, as well as policy implications that can be taken to effectively address poverty issues.

Keywords: poverty rate, economic growth, minimum wage, foreign direct investment, life expectancy