

## **ABSTRACT**

*Poverty is a complex social and economic issue, particularly in Central Java Province. This study aims to analyze the impact of the Gross Regional Domestic Product (GRDP) of the agricultural sector, unemployment rate, number of laborers, and median wages on poverty levels in the province from 2019 to 2022. The agricultural sector's GRDP is selected as the main variable due to its significant contribution to the regional economy, while other factors such as unemployment and wages also play a crucial role in determining societal welfare.*

*This research employs a quantitative approach using secondary data obtained from the Central Bureau of Statistics (BPS) of Central Java Province. The analysis method utilized is panel data regression with the Fixed Effect Model (FEM), determined through the Chow and Hausman tests. Classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests, were conducted to ensure model validity.*

*The findings indicate that the agricultural sector's GRDP has a negative but significant impact on poverty, with a significance value of 0.0152, suggesting that the sector's growth has not been sufficiently effective in reducing poverty levels. Conversely, the unemployment rate has a positive and significant impact on poverty, with a significance value of 0.0059. The number of laborers does not significantly affect poverty, with a significance value of 0.7865. Meanwhile, median wages have a negative and significant impact on poverty, with a significance value of 0.000. Simultaneously, the variables of agricultural sector GRDP, unemployment rate, number of laborers, and median wages significantly influence poverty, as indicated by an F-statistic value of 14.34718 and a probability F-statistic value of 0.000001. These findings highlight the necessity for more effective policies to enhance job quality and income distribution to optimize poverty reduction.*

*Keywords: Agricultural sector GDP, unemployment, labor workers, median wages, poverty.*