ABSTRACT

This study analyzes several factors that affect poverty rates in Indonesia in the period 2007 to 2012, and then identify the difference poverty rates between provinces by making one of the province as a base of comparison. The data used in this study is a panel data from 2007 to 2012 with a total study sample of 33 provinces in Indonesia that Province Jakarta become research base. Panel model used in this analysis is the approach of Fixed Effect Model (FEM) using the Least Square Dummy Variable (LSDV).

Panel regression model used in this study has been tested classical assumption, panel regresion model is not affected by multicollinearity, autocorrelation, heteroscedasticity, and the data were normally distributed, with R-squared of 0.098. the results of the research in this paper shows PDRB ADHK significant negatively affect on poverty rate, Average Length of School significant negative effect on poverty rate, the minimum wage significant negatively affect poverty rate, unemployment significant positive affect poverty rate, and inflation has significant positive effect on poverty rate.

Based on this research, all independent variables significantly affect overall and in accordance with the existing theory, so it can be driven through government programs to reduce the level of poverty there.

Keywords : *Poverty, Panel Data Regression, Fixed Effect Least Square Dummy Variable Model.*