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Analysis of the influence of the human development index (HDI), unemployment and minimum wages on poverty during 2004-2022

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ABSTRACT

Poverty remains a major, multidimensional and complex issue that impedes the government s efforts to boost regional economic growth. This condition is further complicated by the islands geographical conditions, which are severely limited in terms of access to education, and transportation. This study examines the impact of Human Development Index (HDI), unemployment rate, and minimum wage on the poverty rate in 11 districts / cities in Maluku Province. This study was conducted using a quantitative-descriptive method, utilizing secondary (time series) data obtained from the BPS Maluku Province during the period of 2004-2022. The data was examined using multiple linear regression analysis. The findings indicate that the Human Development Index (HDI) exerts a partial, positive, and statistically significant influence on the poverty rate, as evidenced by a regression coefficient of 1.886081 and a significance value of 0.0008. Meanwhile, unemployment exhibits no statistically significant impact on the poverty rate, as indicated by a coefficient of 0.011252 and a probability value of 0.9139 (> 0.05). Conversely, the regional minimum wage has been observed to exert a negative and significant influence on the poverty rate, as evidenced by a negative coefficient of -0.395722 and a probability value of 0.0000 (< 0.05). However, the simultaneous estimation of all independent variables indicates a substantial impact on the dependent variable. The implications of this research suggest the necessity for government policies that prioritize island development through the equitable distribution of infrastructure, including education, training, healthcare, and transportation. It is anticipated that this approach will contribute to the reduction of poverty and the enhancement of welfare across the Maluku Province as islands.

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Introduction

Poverty is a multifaceted problem with intricate roots in various sectors, including the economic, socio-cultural, political, and community participation domains. Consequently, it persists as a significant impediment to economic growth. The issue of poverty has been a subject of discourse for centuries; however, the condition remains persistent, influenced by various factors (Muhammad & Hendri, 2022; Nurul, 2023; Power, 2020). These include, but are not limited to, sluggish economic growth (Baloch, 2020; Baloch et al., 2020), gender disparity (Gweshengwe & Hassan, 2020; Smith & Mazure, 2021), and limited income (de Bruijn & Antonides, 2022; Mansi, 2020). To elaborate, the term poverty can be defined as a state of economic vulnerability that hinders an individual s capacity to meet fundamental daily needs, encompassing both food and non-food items, as determined by household expenditure.

The geographical reality of the islands further exacerbates the situation. Archipelagic regions are characterized by a constellation of socioeconomic challenges, including geographical isolation from economic and government centers, leading to constrained access to fundamental services such as education, healthcare, and infrastructure. The limited access to markets, the dependence on natural resources, social inequality, and the reliance on government assistance in the form of subsidies and social assistance further compound the challenges faced by these communities. This combination of factors, if unaddressed, poses a significant challenge to the well-being of the community and the advancement of regional development.

Maluku Province, as an island province, has unique ways of coping with the poverty problems. Although the data demonstrate that Maluku Province has potential and abundant natural resources, this does not guarantee regional prosperity. The Badan Pusat Statistik Provinsi Maluku (2023) reported that Maluku Province has the fourth highest poverty rate in Indonesia, at 15.97%, as seen in Graph 1 below:

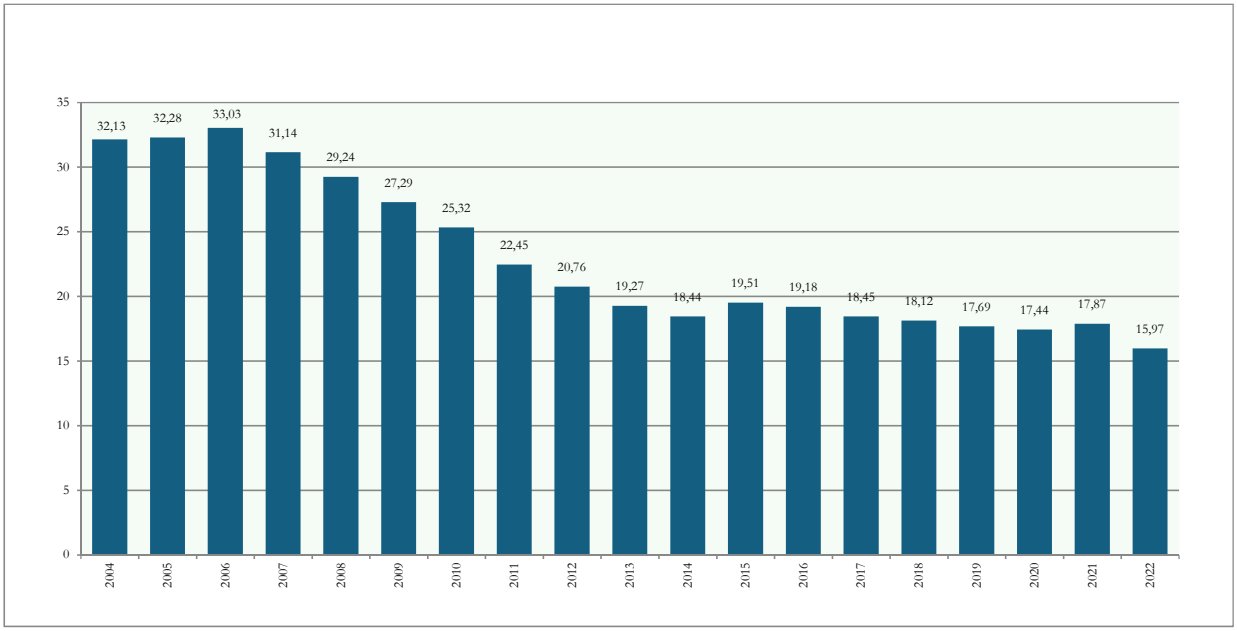

Figure 1 Poverty Rate Percentage in 2004-2022 Poverty percentage (%)
Source: Statistics Indonesia of Maluku Province

The data presented above indicates that the poverty in Maluku Province, increased significantly in 2015, as a result of an increase in the price of basic commodities, namely fuel oil. It also continuously increased in 2020 to 2021, mainly caused by the COVID-19 pandemic which affected the entire world, including Maluku Province. Therefore, in order to understand the dynamics of the poverty problem in Maluku Province, especially as islands, it can be analyzed through three main factors, namely the Human Development Index (HDI), unemployment, and the Regional Minimum Wage (Upah Minimum Regional, UMR).The data presented above indicates that the poverty in Maluku Province, during the

period of 2004-2022 could be monitored through the HDI, unemployment rate, and minimum wage, as shown in Table 1 below:

Table 1. HDI, Unemployment Rate, and Minimum Wage in Maluku Province in 2004-2022

Tahun	HDI (%)	Unemployment Rate (Jiwa)	Minimum Wage (Rupiah)
2004	69.00	91.583	450.000
2005	69.20	72.262	500.000
2006	69.70	74.482	575.000
2007	69.96	67.421	635.000
2008	70.38	59.684	700.000
2009	70.96	63.015	775.000
2010	64.27	64.909	840.000
2011	64.75	51.781	900.000
2012	65.43	49.591	975.000
2013	66.09	64.689	1.275.000
2014	66.74	70.653	1.415.000
2015	67.05	72.196	1.650.000
2016	67.60	52.363	1.775.000
2017	68.19	65.735	1.925.000
2018	68.87	54.891	2.222.220
2019	69.45	54.575	2.400.664
2020	69.49	63.489	2.604.961
2021	69.71	59.589	2.604.961
2022	70.22	59.737	2.618.312

Source: Statistics Indonesia of Maluku Province

The HDI can be viewed as a tool for analyzing human development, with components such as life expectancy (health), literacy rate (length of schooling), and purchasing power. The HDI of Maluku Province in 2010 was significantly higher than the previous year, at 64.27%. It was because the human development in Maluku Province has been unevenly distributed. As the COVID-19 pandemic hit its second and third years, there has been an improvement in both the human development achievements and economic performance, with 69.71% recorded in 2021 and 70.22% in 2022, respectively. Wati & Sadjiarto (2019) stated that the HDI had an impact on the community s work productivity. As the HDI increases, so does the community s work productivity, and high community productivity decreases the number of poor individuals, and vice versa. Therefore, it can be posited that HDI is a salient indicator of community quality of life, exerting a favorable influence on poverty reduction. Researches by Alma ruf (2023) and Evita & Primandhana (2022) concluded that economic growth and HDI have a significant positive impact on poverty. A similar conclusion was reached in the research by Yosa (2022) which found that higher economic growth has the potential to reduce poverty. Consequently, island regions are advised to prioritize human development through education and healthcare to alleviate poverty.

On the other hand, the unemployment can prevent people from experiencing the ideal prosperity in life. Efforts to reduce the unemployment and poverty rates are equally significant if more people are employed and have an income. From 2007 to 2019, the number of unemployed fluctuated. However, in 2020, the number of unemployed climbed by 63,489 individuals. The COVID-19 pandemic had caused a rise in the unemployment rate, resulting in the layoff of numerous people. This perspective underscores the notion that elevated levels of unemployment serve as a contributing factor to the escalation in poverty levels observed within the islands. That unemployment engenders economic insecurity within households, thereby impeding their capacity to meet fundamental needs. Furthermore, the unemployment is also linked to the income, where workers income is usually determined by the regional government s minimum wage. The minimum wage refers to a monthly income as a type of remuneration from employers to employees for the work done that is evaluated in monetary terms. It is decided through work agreements between the employers and employees, which

include allowances for both the employees and their families. It has been widely found to have a favorable impact on the poverty rate in Indonesia (Nurul, 2023).

An increase in the regional minimum wage has been demonstrated to reduce poverty by increasing the income received by workers (Harsono, et al., 2023). It is acknowledged that while the impact of the regional minimum wage varies across different regions, a general correlation exists between higher regional minimum wages and a decline in the number of impoverished individuals within a specific region (Prayoga, et al., 2021). However, it is crucial to emphasize that the implementation of regional minimum wage must be equitable, encompassing both formal and informal sectors, to ensure that all workers, particularly those in vulnerable positions, are benefitted.

Furthermore, a study on the cause of poverty conducted by Suherman, et al (2022) found that the HDI had a favorable and significant effect on the poverty rate in Jambi Province. Meanwhile, Bambang (2019) presented a separate study, which discovered that the HDI had a detrimental impact on the poverty rate in Indonesia. Further, Prayoga, et al (2021) observed that TPT had little effect on the poverty rate in Sidoarjo Regency. Prasetya & Sumanto (2022), discovered that the unemployment rate had a negative and significant effect on the poverty rate in East Java Province. According to Nurul (2023) on their study of the influence of the minimum wage on the poverty, the minimum wage had a positive and significant effect on the poverty rate in Indonesia, whereas Chairunnisa & Qintharah (2022) found no effect on the poverty in West Java Province.

In light of the aforementioned findings concerning poverty, a range of results has emerged, thereby maintaining the ongoing discourse surrounding the nexus of poverty with HDI, unemployment, and regional minimum wage. Furthermore, an analysis of poverty in the islands within the context of Maluku Province reveals distinct challenges and dynamics. Consequently, the research question of this study is How do the HDI, unemployment, and regional minimum wage influence poverty in Maluku Province as islands, both partially and simultaneously? The findings of this study are expected to contribute to the resolution of poverty-related issues, particularly in the islands such as Maluku Province, by providing the local government with more comprehensive and data-based policy recommendations.

Nevertheless, the authors also recognize that although the secondary data is more accessible and can be obtained more expeditiously than primary data, the utilization of secondary data in the discussion of poverty, particularly within the context of islands, is not without its inherent limitations. For example, the potential limitations may include the generalization of phenomena that may vary significantly across different regions

Method

This study combined quantitative and descriptive methods to better understand the impact of HDI, unemployment rate, and minimum wage on the poverty rate on the islands. According to (Creswell, 2012), the quantitative-descriptive research evaluated quantitative or statistical data to examine hypotheses before drawing conclusions based on the analytical findings. The employment of descriptive-quantitative research methodologies in the study of poverty is of paramount importance, as it provides a systematic, objective, and data-driven approach. This approach can facilitate the identification and analysis of the HDI, unemployment, and regional minimum wage variables that influence poverty.

The utilization of descriptive statistics empowers researchers to calculate various measures, thereby ensuring the clear presentation of data. Consequently, the employment of descriptive statistics enables researchers to discern pertinent trends associated with poverty in Maluku Province over a specified period. Furthermore, the utilization of these statistics enables researchers to discern and conclude the strength and direction of the relationship between each variable in a methodical and data-driven manner. The data utilized in this study were secondary data, comprising information on poverty, unemployment, regional minimum wage, and HDI. The poverty variable was measured using the poverty line, which defines the minimum income required to fulfill basic needs such as food, clothing, and shelter. The HDI variable is a composite measure that encompasses three primary dimensions:

health, education, and income. The HDI was calculated based on life expectancy at birth (as a health indicator), average years of schooling, and per capita income adjusted for purchasing power parity.

Moreover, the unemployment variable was measured as the percentage of the total labor force unemployed. The labor force is defined as the pool of individuals aged 15 and above who are available and willing to engage in gainful employment. The regional minimum wage, referring to Provincial Minimum Wage, is defined as the minimum remuneration required for labor, as stipulated by the government and is intended to reflect the cost of living as well as the productivity of the labor sector. The data were collected through literature studies and data sourced from Statistics Indonesia of Maluku Province in the form of time series data for a period of 19 years (2004-2022). To further substantiate the study s findings, additional data were obtained from scientific publications. The sampling technique employed was purposive sampling, encompassing 11 districts/cities within the province.

The data analysis technique employed was multiple linear regression. However, prior to conducting regression modeling, it was imperative to undertake a series of classical assumption tests. These included normality test, multicollinearity test, heteroscedacity test, and autocorrelation test. The purpose of these tests was to ensure the accuracy and reliability of the regression coefficient estimation and its subsequent utilization. The following steps are involved:

Classical Assumption Tests

The classical assumption tests were conducted to determine whether the data passed the normality, multicollinearity, autocorrelation, and heteroscedasticity tests (Ghazali, 2013).

Normality Test

This test was conducted to determine whether disruptive or residual variables in the regression model followed a normal distribution or not. If the probability value is higher than 0.05, the variable is considered normally distributed; and vice versa (Ghozali & Ratmono, 2017).

Multicollinearity Test

Ghozali & Ratmono (2017), explained that the goal of multicollinearity testing was to understand whether there was a regression model that detected the connection between independent variables. The multicollinearity might have a significant impact on the sample variability. This indicated that the t-count of the t-table would be low when the coefficients were evaluated. This demonstrated that the dependent variable and the affected independent variable did not have a linear relationship.

Heteroscedasticity Test

(Creswell, 2012), claimed that the deviation from heteroscedasticity indicated that the variance of the model variables was not continuous (heteroscedastic). The heteroscedasticity testing technique used the Spearman correlation to assess whether or not the results of regression would indicate a heteroscedasticity issue.

Autocorrelation Test

This test was performed to understand wheter the data was different. The Breusch-Godfrey approach was utilized in this technique. In this test, the model exhibited autocorrelation symptoms if the Prob. Chi-Square value is less than (= 5%), and vice versa.

Multiple Linear Regression

This test was done by calculating estimated parameters to determine or explain the influence of the independent variables (HDI, unemployment rate, and minimum wage) on the dependent variable (poverty rate) in Maluku Province. Since the units of analysis for variables were not the same, data transformation was required.

Statistical Tests

Coefficient of Determination (Adjusted R2) Test

The coefficient of determination (adjusted R^2) test measured how much of the dependent variable could be explained by the independent variable alone. The independent variable would have a higher influence on the dependent variable when the coefficient of determination was close to one, indicating that the independent variable almost completely explained the information required to estimate the dependent variable (Ghozali, 2013).

t-Test (Partial)

The next step was to calculate each regression coefficient independently through the t test. The t test was conducted to make decisions based on the following criteria: (1) If the probability value exceeds 0.05, the hypothesis cannot be supported empirically. A rejected hypothesis explains that the independent variable has no significant effect on the dependent variable; (2) If the probability value is less than 0.05, the hypothesis can be supported empirically. The accepted hypothesis assumes that the independent variable has a significant effect on the dependent variable.

f-Test (Simultaneous)

The simultaneous test determined how much the independent variables in the model influenced the dependent variable (Ghazali, 2013). To determine whether the independent variables had a simultaneous influence on the dependent variable, the hypotheses proposed are as follow: (1) H0: There is no significant influence of the independent variables on the dependent variable; (2) Ha: There is a significant simultaneous influence of the independent variables on the dependent variable. The criteria for testing the research hypotheses are as follow: if the f-count value < f-table value (= 0.05), then Ho could be supported empirically and Ha cannot; and vice versa

Results and Discussions

The poverty remained an issue that could not be fully addressed, particularly in developing countries such as Indonesia, including Maluku Province which was ranked fourth as a poor province. The classical assumption tests were conducted to examine the impact of HDI, unemployment rate, and minimum wage on the poverty rate on the islands.

Classical Assumption Tests

Normality test, the results show a probability value of 0.818541, which is greater than the significance level of 0.05. Therefore, it could be concluded that the data was normally distributed. Multicollinearity test, the results show a Centered VIF value of X1=1.082307; X2 = 1.400351; and X3 = 1.333662 where they are less than 10. Therefore, it could be concluded that there was no multicollinearity issue. Autocorrelation test, the Breusch Godfrey approach was utilized to evaluate whether there was an autocorrelation problem. The results show an Obs*R-squared value of 0.5237, which is greater than 0.05. Therefore, it could be concluded that the data did not exhibit autocorrelation. Heteroscedasticity test, the results show a Prob. Chi-Square value of 0.2092, indicating that there was no heteroscedasticity in the model because the probability significance value is greater than 0.05.

Multiple Linear Regression

Table 2. Results of Multiple Linear Regression Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.551544	2.014464	0.273792	0.7880
LOG(X1)	1.886081	0.454038	4.154015	0.0008
LOG(X2)	0.011252	0.102336	0.109956	0.9139
LOG(X3)	-0.395722	0.024755	15.98522	0.0000
R-squared	0.959555	Mean dependent va		3.101772
Adjusted R-squared	0.951466	S.D. dependent var		0.249770
S.E. of regression	0.055026	Akaike info criterion		-2.777368
Sum squared resid	0.045417	Schwarz criterion		-2.578539
Log likelihood	30.38500	Hannan-Quinn criter.		-2.743719
F-statistic	118.6235	Durbin-Watson stat		1.656496
Prob(F-statistic)	0.000000			

Source: Results of Analysis using EViews, 2024

Based on the test results, the following is the regression equation model: (1) Constanta value, of 0.551544 indicates that if the HDI (X1), unemployment rate (X2), and minimum wage (X3) are all zero, the average poverty rate is 0.55%; (2) Regression coefficient of HDI (X1), of 1.886081 implies that for every 1% increase in the HDI, the poverty rate increases by 1.88%; (3) Regression coefficient of

Unemployment Rate (X2), of 0.011252 shows that for every 1% increase in the unemployment, the poverty rate increases by 0.01%; (4) Regression coefficient of Minimum Wage (X3), of -0.395722 suggests that for every 1% increase in the minimum wage, the poverty rate decreases by 0.39%.

Coefficient of Determination (Adjusted R^2) Test

The coefficient of determination assessed the model s ability to describe changes in the dependent variable. The coefficient value ranged from zero to one (0 < R2 1). A low R^2 value indicated that the independent variable could not fully explain the changes in the dependent variable. A score close to 1 indicated that the independent variable had nearly all of the information required to anticipate the changes in the dependent variable (Ghazali, 2013).

Table 3. Results of Coefficient of Determination (Adjusted R^2) Test

R-squared	**0.959555**
Adjusted R-squared	0.951466

Source: Results of Analysis using EViews, 2024

The adjusted R-squared value is 0.951466. This demonstrates that 95.14% of the dependent variable could be explained by the independent variable, with the remaining 4.86% determined by other variables not included in the study. Thus, the relationship between the independent variables (HDI, unemployment rate, and minimum wage) could be used to forecast the poverty rate in Maluku Province.

Statistical Tests

t-Test

If the probability value exceeds 0.05%, there would be no significant relationship between the independent and dependent variables; and vice versa.

Table 4. Results of Partial Test (t Test)

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.551544	2.014464	0.273792	0.7880
LOG(X1)	1.886081	0.454038	4.154015	0.0008
LOG(X2)	0.011252	0.102336	0.109956	0.9139
LOG(X3)	-0.395722	0.024755	-15.98522	0.0000

Source: Results of Analysis using EViews, 2024

Table 4 concludes that The HDI has a positive coefficient value of 1.886081 and a probability value of 0.0008, which is less than the significance level of 0.05. This suggests that the HDI has a positive and significant impact on the poverty rate in Maluku Province. This result is in contrast to the findings of previous studies, which indicated that HDI is associated with poverty reduction (Nurul & Firsty, 2023; Sholikah, et al., 2021). This finding is particularly salient in the context of Maluku, where the limited infrastructure capable of facilitating an enhancement in HDI, such as health and education facilities, exhibited a disparate distribution across the islands within Maluku Province. Additionally, although the region boasted a presence of both public and private universities that consistently generated a significant number of graduates annually, it remained uncertain whether these graduates were seamlessly integrated into the labor market

The unemployment rate has a positive coefficient of 0.011252 and a probability value of 0.9139, which is higher than the significance level of 0.05. This indicates that the unemployment rate has no impact on the poverty rate in Maluku Province. This result indicates that the pursuit of optimal welfare could be hindered by the presence of unemployment. In the context of Maluku Province, unemployment exhibited fluctuations, as evidenced by data from 2007 to 2019, with a notable increase observed in 2020. Moreover, a close correlation exists between unemployment and poverty, particularly in the islands. The unemployment led to a loss of opportunities for individuals to generate income and contribute to the economy, thereby impeding the regional growth and perpetuating a cycle of poverty (Darmawanto, 2023; Surya, et al., 2022). In this context, the Maluku region, which consisted of islands, was likely to encounter constrained employment prospects in numerous sectors, compounded by the escalating number of job seekers, engendering heightened competition and an escalating unemployment rate among the population.

The minimum wage has a negative coefficient of -0.395722 and a probability value of 0.0000, which is less than the significance level of 0.05. This implies that the minimum wage has a negative indicating a substantial negative and significant impact on the poverty rate in Maluku Province. The islands frequently encountered labor issues and limited financial resources. The regression coefficients of this study demonstrate that workers with adequate income possessed greater purchasing power. This, in turn, enabled them to meet fundamental needs, such as food, health, and education. The findings of this study indicate that enhanced access to education and healthcare could foster the development of a more educated and skilled population, thereby creating opportunities for future generations (Iqbal, et., 2022).

f-Test

The f test determined whether each independent variable affected the dependent variable simultaneously by comparing the f-count and f-table values.

Table 5. Results of Simultaneous Test (f Test)

F-statistic	118.6235
Prob(F-statistic)	0.000000

Source: Results of Analysis using EViews, 2024

The simultaneous test results show that the F-statistic value is 118.6235, with a probability (f-statistic) value of 0.000000. The probability value (F-statistic) is clearly lower than the significance level (0.05). Therefore, it could be concluded that the HDI, unemployment rate, and minimum wage have a significant simultaneous impact on the poverty rate in Maluku Province.

The Effect of HDI, Unemployment, and Regional Minimum Wage on Poverty in the Islands

The islands had been facing unique challenges due to their limited infrastructure, which hindered the efforts to alleviate poverty. Furthermore, the prevailing development strategy had been oriented towards the mainland , while the vast majority of the territory in Indonesia, including Maluku Province, is comprised of water bodies, such as the sea. Confronted with this reality, the unique dynamics of poverty in Maluku Province, as islands, demanded consideration. In macroeconomic terms, the phenomenon of poverty could be illustrated through the interaction of the HDI, unemployment, and regional minimum wage factors. The HDI measured the quality of a region s population in terms of life expectancy, IQ, and adequate living conditions. The findings of this study demonstrate that the regression coefficient of 1.886081 with a significance value of 0.0008 indicate that the HDI exerts a significant influence on the poverty rate in Maluku Province from 2004 to 2022, exhibiting a positive relationship direction. Conversely, when viewed through the lens of the Human Capital Theory, with the HDI serving as an indicator, these findings reveal an inverse relationship. The human development theory posits that enhancing human productivity through educational and health-related investments plays a pivotal role in stimulating economic activity, augmenting income, and positively impacting welfare, thereby reducing poverty. However, the findings of this study demonstrate that the rise in HDI has a negative effect on poverty levels in Maluku.

In the province of Maluku, there were 33 universities, including both public and private institutions, dispersed across nine districts and cities. However, the South Buru and Southwest Maluku districts were not equipped with universities, indicating a notable absence of educational institutions in these regions. These institutions consistently produced a significant number of graduates annually, contributing to the expansion of the workforce and the potential for poverty reduction. However, given the challenges posed by the islands limited accessibility and infrastructure, it was observed that these graduates encountered difficulties in finding employment within the labor market. Consequently, despite the high HDI in Maluku Province, poverty persisted.

This finding is further substantiated by a prior study by Chairunnisa & Qintharah (2022) and Pardita, et al (2024), which underscored that one of the primary reasons why an enhancement in HDI did not inherently lead to a reduction in poverty was the disparity in the distribution of development benefits, particularly in the domain of education. The concentration of development benefits in the hands of a limited segment of the population could lead to elevated income inequality, thereby perpetuating poverty conditions among marginalized groups. Concurrently, researches by Ristika, et al (2021), Suherman, et al (2022) and Suryani et al (2023), on the relationship between HDI and poverty

demonstrated that the HDI variable exerts a substantial influence on the degree of poverty, given its positive numerical value and considerable impact on the poverty rate.

The average HDI in the province of Maluku is 71.92, which is categorized as high . However, when the data is disaggregated further by district or city, Ambon City emerges as the highest performer with an HDI of 82.84, thus placing it in the very high HDI category. The moderate HDI category encompasses the districts of Southwest Maluku, South Buru, Tanimbar Islands, Aru Islands, Southeast Maluku, and East Seram. Conversely, Tual City, West Seram district, Buru district, and Central Maluku district exhibit a high HDI category. In the studies of Wibowo & Setyowati (2023) and Nurjannah, et al (2022), there existed external factors that contributed to poverty and were not directly influenced by HDI, such as government policies. These policies had the potential to influence the poverty rate within a region, irrespective of the HDI score. At this level, the researchers posited that government policies that had not favored Maluku as islands, particularly budget allocations from the central government to local governments that failed to account for the size of the water area, had resulted in insufficient budgetary support for equitable development in remote regions. This perspective suggests that an enhancement in the HDI of Maluku Province would concomitantly lead to an escalation in poverty levels.

However, it was posited that the integration of knowledge and skilled labor could potentially mitigate the impact of poverty, as evidenced by the findings of previous studies. Theories suggest that the HDI should, in principle, lead to a reduction in poverty, as evidenced by previous studies. However, the relationship between HDI and poverty was more nuanced in practice, influenced by a variety of factors. Conversely, the HDI also reflected the interaction with unemployment. Unemployment was defined as the state of being without work, or actively seeking employment, with the objective of generating income to meet basic needs. It was at this level that unemployment played a crucial role in poverty, as most people associated the poor with individuals without full-time jobs or those who worked only part-time. However, a more nuanced perspective revealed that unemployment encompassed individuals who were actively seeking employment at a specific wage level, yet encountered difficulties in securing suitable positions, consequently leading to financial constraints (Chairunnisa & Qintharah, 2022). A study by Ningrum (2017) found a significant and positive relationship between unemployment and poverty in Indonesia.

Concurrently, within the context of unemployment in Maluku, it is evident that unemployment exerts minimal influence on poverty levels in the province. This observation signified that the unemployment in this region manifested distinctive characteristics. The daily lives of individuals in rural areas, particularly those who were unemployed, did not necessarily indicate poverty, as they were often able to adequately meet their basic needs. In such cases, the fulfillment of basic needs was often shouldered by family members, with the household income being insufficient to meet more than the bare necessities.

This phenomenon suggested that high unemployment rates did not always directly impact poverty rates, particularly in island communities. Similarly, Hastin & Siswadhi (2021) and Prayoga, et al (2022) found that partial unemployment did not have a major impact on the poverty. This phenomenon might be attributable to various factors, including the preeminence of the informal sector, resource ownership, social and community factors, and survival strategies. In the islands, the informal sector frequently served as the predominant source of employment. Sulista (2019) explained that while many individuals were registered as unemployed, a significant proportion of them were engaged in informal or subsistence work. These informal employment opportunities, though potentially unstable in terms of income, could adequately meet the basic daily needs of their participants. In fact, the local communities had the access to natural resources and were frequently engaged in activities related to local resources, such as agriculture, fishing, or mining. Consequently, despite elevated levels of unemployment, they could perceive a sense of fulfillment derived from the natural products indigenous to their environment. This phenomenon, while not always documented within the formal economic framework, significantly contributed to the community s survival (Sinaga, et al., 2023).

At the level of island communities, the strength of community and social networks in everyday life could help individuals to survive even in the absence of formal employment. A study by Dhiyaa ulhaq, et al (2023) demonstrated that community support, manifested through collaborative efforts, could

mitigate the repercussions of economic turbulence, encompassing unemployment. This solidarity could act as a buffer against poverty that was not officially recorded. This observation aligned with the findings of this study, which indicates that the unemployment is not significantly associated with poverty. Consistent with these observations, researches conducted by Prayoga (2021) and Hastin & Siswadhi (2021) arrived at a similar conclusion, indicating that poverty is not substantially influenced by the unemployment partially. As previously explained, the unemployment is associated with wages. An individual s decision to engage in or abstain from employment was contingent on the compensation offered. The regional minimum wage, defined as the lowest compensation a worker might receive for their labor, was a government-mandated compensation set at a level intended to ensure workers received a sufficient income to meet their basic needs. In the context of Maluku, it was observed that the average regional minimum wage had exhibited an annual increase at various rates, thereby affording workers the opportunity to meet their fundamental needs, including but not limited to food, shelter, and health.

The findings of this study demonstrate a negative correlation between the regional minimum wage and poverty levels. The hypothesis suggests that an increase in the regional minimum wage will result in a decline in poverty levels in Maluku Province. This assertion is further substantiated by Boediono (2014) that an escalation in the minimum wage could function as a conduit for augmenting the income of the population, thereby enhancing the well-being of laborers and, in turn, curtailing the poverty. Conversely, Alfariza et al (2023) explained that the economic development of a region was deemed successful if the economic growth was accompanied by a decline in income inequality. This assertion underscores the notion that the regional minimum wage can exert a substantial and deleterious influence on poverty levels, as evidenced by the works of (Priseptian & Primandhana, 2022; Sabyan & Widyanti, 2022).

Moreover, an increase in the regional minimum wage had the potential to directly augment the income of workers in the formal sector. This, in turn, could have a positive impact on purchasing power and result in a reduction in the number of individuals living below the poverty line. In addition, Syahputri & Fisabilillah (2023) had indicated a correlation between the regional minimum wage and poverty reduction in East Java Province. Meanwhile, within the context of Maluku Province as islands, an escalation in the workers wages concomitantly resulted in an augmentation of the community s purchasing power. This, in turn, could serve as a catalyst for local investment and spending. This dynamic had the potential to generate additional employment opportunities and fortify the regional economy. Conversely, an insufficient regional minimum wage could impede the economic growth due to the constrained purchasing power of the workforce.

However, the prevailing paradigm of thinking among the communities residing on small islands tended to be characterized by a search for employment opportunities beyond the immediate locale, driven by the anticipation of a substantial shift in economic conditions. However, this aspiration was often tempered by the community s capacity to compete for employment opportunities. The limited access to resources, particularly education and healthcare, contributed to the underqualification of islanders in comparison to those residing on the mainland. Furthermore, the aspiration to alter their circumstances through employment was contingent on the prevailing wage levels. This dynamic was poised to impede the efficacy of local government initiatives aimed at addressing or surmounting the pervasive issue of poverty. Consequently, this study proposes several solutions to alleviate the poverty in the islands with constrained infrastructure and transportation access. These solutions include the development of job skills training programs that are aligned with market demands, thereby enhancing the bargaining position of workers in sectors such as fisheries, tourism, and agriculture techniques. Additionally, the provision of incentives and support for Micro, Small and Medium Enterprises (MSMEs) is recommended. Facilitating easy access to financing and management training for MSMEs can enhance their capacity to absorb labor and remunerate their workers adequately.

Conclusions

In the context of 11 districts / cities in Maluku Province during the period of 2004-2022, the HDI is found to have a partially positive and significant impact on the poverty rate. Meanwhile, the

unemployment rate has no partially significant impact on the poverty rate, and the minimum wage has a partially negative and significant impact on the poverty rate. However, all of them have a simultaneously significant impact on the poverty rate. For these reasons, the government policy is extremely required and must support the island development, focusing on improving the quality of human resources and maximizing the potential of natural resources accessible for the island development. For these reasons, it is imperative for government policy to prioritize the development of the islands by concentrating on enhancing the quality of human resources through the equitable distribution of island infrastructure, including transportation, education, training, and healthcare. The enhancement of infrastructure can foster the growth of local businesses and attract substantial investment. It is acknowledged, however, that the intricacies and evolving nature of poverty preclude a comprehensive and definitive study. Consequently, future research is anticipated to employ a combination of secondary and primary data, utilizing a range of research methodologies

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