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Analysis of Trade, Unemployment, Government Contribution to Poverty in Three Poorest Countries in the World

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Abstract--- *The aim of this study is to determine the factors that affect poverty in the world such as trade, unemployment rate, government in three countries with highest poverty rate in the world (Central Africa, Congo, and Malawi). This study use secondary data, which is accessed through https://id.tradingeconomics.com in the period 2012-2016. The analytical tool used in this study using multiple linear regression (using SPSS) and to analyze the simultaneous influence of the variables used (F Test) and partially for research variable (t test). The results of this study there is a significant influence of the unemployment variable on poverty of 0.000 under 5%, while the results are different there is no significant influence of government variables and trade against poverty respectively by 30% and 6.7% well above the profitability of 5%. The test results simultaneously from three independent variables are F-Stat equal to 8.691 with probability 0.003, because the probability is much smaller than 0.05 then the regression model can be used to predict trade, unemployment rate, and governance collectively affect poverty.*

Keywords--- *Poverty, Trade, Unemployment, Government.*

I. INTRODUCTION

1.1 Background of Study

Economic growth can be used as a successful indicator of a country in fulfilling the citizens' needs for goods and services. The economic performance of a country can be seen through its economic growth. Various problems make a country cannot achieve economic growth. The problems are poverty rate, higher demographic, unavailability of employment, bad quality of government, income gap, and trade globalization. Population growth is not matched by increased resources then the quality of human life has decreased. UN estimated the population reached 7.9 billion, if the amount is not offset by the availability of jobs will emerge poverty. World Bank categorizes poverty if someone's income per capita is US$ 1.25 per capita per day. ILO (International Labour Organization) stated that poverty in the world by 2017 reach 201 million or increase 3.4 million from the previous year. Private sector especially small and medium enterprise has an important role in this regard. According to ILO, in 2017 private sector accounted for almost 3 billion or 87% worker. By conducting training for workers in an effort to improve their skill in order to increase their wages, high productivity

In 2000 the population was already 6.1 billion. The UN predicts that the world population in 2050 will reach between 7.9 billion to 10.9 billion, depending on what we are doing now. With the high rate of population growth, then the required amount of food has increased while land available is limited. To fulfill the food needs, the forests

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began to be spent to increase the amount of agricultural land which ultimately aims to be a source of food for humans. Conversion of forests into agricultural land can cause erosion. Besides chemicals used as fertilizers also reduce the level of soil fertility. With the deforestation and erosion, the ability of the soil to absorb water was reduced thereby increasing the risk and degree of the danger of flooding. The increase growth of population in the world if it is not offset by the availability of jobs will arise poverty.

Determination of the poverty line of 1.25 US dollars per capita based on the poverty line of 75 countries (less-developed countries and developing countries) - include Indonesia - collected by the World Bank during 1990-2005. Most of these poverty lines are determined using the same calculation method, which is basic need approach. To calculate the international poverty line, The World Bank converts the poverty line of the 75 countries - which is expressed in the currency of each country – to the US dollar. Furthermore, using certain statistical techniques (regression analysis), World Bank researchers found that the average poverty line for the 15 poorest countries (less-developed countries) is at $38 per capita per month or approximately 1.25 US dollars per capita per day. Based on these findings, The World Bank then determined that the international poverty line of 1.25 US dollars per capita per day.

The number of unemployed in the world in 2017 reaches more than 201 million, or an increase of 3.4 million compared to 2016 (International Labor Organization). According to ILO, private sector especially small and medium enterprises plays an important role in creating decent jobs worldwide. ILO study (Employment and Social Prospects 2017: Business and Sustainable Work) inform that private business accounts for nearly 3 billion workers, or 87 percent of total global employment, a strong public sector is the foundation of growth, employment creation and poverty reduction. Investing in workers is the key to business sustainability. By providing formal training for permanent workers to generate higher wages, higher productivity, and lower labor costs.

Basically, international trade is one of the way to drive the economy of a country. Traded products and services affect the efficiency of money flows and the rotating capital in the country's economic system. It is undeniable that international trade brings benefits for both sides, which is exporter and importer. When the global economic crisis happened, the poor and developing countries are most affected. The exchange rate of the domestic currency increasingly unequal and its value diminished sharply against the US Dollar. International trade solutions for poor countries can only be done through the reform of the world economic system. Reform of the world monetary system is expected to be a fair monetary system and stable for all countries, both developed countries, developing and poor.

Officially the Republic of Malawi is a landlocked country in southeast Africa. Malawi used as slaves by Europeans sale or it can be said to be the slave trade. Currently almost 83% of Malawi's population work in the Agriculture sector, this condition changed due to urbanization. The livelihoods of Malawi people are agriculture and fisheries. Malawi per capita income is the lowest in the world. So, it called the world's poorest countries by 2015 World Bank version. More than half the population is living below the poverty line with an income of less than US$ 1 per day. The world's poorest countries is getting worse due to flash floods that caused 170 casualties died and 200 thousand citizens are now homeless. Democratic Republic of the Congo (DRC), vast country with a quarter of the United States, is bordered by many countries, including Central African Republic, South Sudan, Uganda, Rwanda,

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Burundi, Tanzania, Zambia, Angola, and Republic of the Congo. Population growth of 2.98% per year, average birth rate 44.38 per-1000 and the mortality rate of 14.43 per-1000. DRC culture still lags behind than countries in northern Africa, The government's motion seeking compulsory for citizens. A very broad potential wealth, especially natural resources. But the potential of this wealth has changed drastically since the 1980s, because of corruption and so on. This condition worsened when the civil war began in 1998 and killed up to 3.5 million people (war, famine and disease). The war also resulted in legal uncertainty in business, consequently many investors to pull out from DRC. Many of his highly educated residents left the country, and the fatal consequences for the country. Finally in 2002, The IMF and World Bank intervened to provide assistance, and DRC government should be implemented in the form of economic reforms. The labor force is quite a lot, largely absorbed by the agricultural sector (55%), industry (11%), and service (34%). Economic growth equal by 7.5%, however, inflation reached 14%, and per capita income only reached US$ 700.

Central African Republic (CAR) is a landlocked country in Central Africa. It is bordered by Chad, South Sudan, the Democratic Republic of the Congo, the Republic of the Congo, and Cameroon. Economic activity in most parts of Africa dominated by agriculture. Agriculture in Africa is generally intensified around watersheds such as the Nile. The African continent has abundant minerals with its main products including diamond, which supplies 98% of the world's output, gold (35%), manganese (25%), copper (20%), and petroleum are numerous in North Africa and West Africa. Moreover, economic activity also relies on forest products such as timber and animal skins. Central African Economic and Monetary Community which consists of six countries in the Central African region, cut its forecast for economic growth to 2.8% due to the global economic recession. Falling commodity prices such as oil and copper, also the lack of foreign investment has been pressing the government budget and foreign exchange reserves.

The main industries in the region affected by the global crisis, including forestry, agriculture, mining and trade. Inflation in the region is predicted to slow from 3.7% to 3% in response to the slow pace of global inflation. Central Africa has the potential of high-value resources, such as uranium, gold, diamonds and timber. These renewable and non-renewable natural resources have not been managed wisely to prosper the people, therefore the central African government will manage the natural resources properly. Central Africa ahead of its dark era, preceded by the collapse of the economy. With a poverty rate of over 70%, can be called a country with the category of extreme poverty. Central Africa also entered as a failed state when its government no longer able to control or dominate the entire region. Conflict and violence continue to occur in the Central African Republic. By December 2013 more than 23,000 people were homeless, the level of human development is very low which is ranked 185th based on the Human Development Index in 2013.

Based on this background, researchers interested in determining the research title analysis of trade, unemployment, governance contribution to poverty in three poorest countries in the world.

1.2 Objective of Study

Analyze the effect of trade, unemployment, governance contribution to poverty levels in the three poorest countries in the world.

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II. Literature Review

2.1 Theoretical Basis

The Copenhagen Declaration describes absolute poverty as "absolute poverty is a condition characterized by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to social services." The World Bank categorizes "very poor" with an income less than US$ 1 a day, and "poor" with an income of less than US$ 2 per day. Based on those standards in 2001, 21% of the world's population are in a very poor state, and more than half the world's population still called poor.

Badan Perencanaan Pembangunan Nasional or BAPPENAS (1993) defines poverty as a deficiency situation that occurs not because the will of the poor, but due to circumstances that cannot be avoided by the powers that be to him. Levitan (1980) defines poverty is the shortage of goods and services needed to achieve an adequate living standard. Faturchman and Marcelinus Molo (1994) defines that poverty is the inability of individuals and/or households to meet their basic needs. According to Ellis (1994) poverty is a multidimensional phenomenon that can be studied from the economic dimension, social politics. According to Suparlan (1993) poverty is defined as a low standard of living, namely the existence of a level of material deficiencies in the number or group of people compared to the prevailing standard of living in the society concerned. World Bank (1990) and Chambers (1987) (in Mikkelsen, 2003:193) which sees poverty as misery and the inability of society measured in a certain standard of living which refers to the concept of relative poverty which performs comparative analysis in rich and poor countries. While the concept of absolute poverty is the famine, inability to raise or educate children and others.

Economic growth is an increase in output per capita. Growth is measured using real output per person. The economic growth of a country is an important factor that may determine the country in the category of developed or developing countries (Tambunan, 2009). According Surbakti (2010), economic growth variables include GDP; confidence in the performance of government and political system; poverty rates and population growth. According Subandi (2009), GDP is the entirety of the goods or services produced in a country both from within and outside the country in a given period. Using GDP can also be used for the size of the national economy. According MCEachern, GDP is used to measure the market value of goods and services within a country over a period of one year.

Linkage of Governance Quality to Economic Growth

According to Kaufmann et.al in Huynh and Jacho-Chavez (2009), Good governance uses six indicators i.e.: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, and control of corruption. According Healey and Robinson in Azeez (2009), good governance is a high level of organizational effectiveness in relation to policy formulation and implementation of the policy, especially with regard to economic policy and its impact on growth, stability, and public welfare. Whereas according to Basu in Pradhan and Snanyal (2011), good governance is government that is able to provide physical infrastructure, good economic management so it can achieve public welfare.

Resnick and Birner (2006) stated that political stability and rule and law have a positive relationship with economic growth, but the results vary in efforts to alleviate poverty. Fifthly, Badun (2006) stated that government quality has a positive effect with economic growth. Variable used as economic growth, rule of law, corruption perception index. Sixthly, Huynh and Chavez (2009) stated that voice and accountability, political stability, rule of law have significant effect on economic growth.

Linkage of Unemployment Rate and Economic Growth

According to Smith in Shilington, lasota & IShantz (2009), poverty is a person's condition is incapable of having things that support his life. According to Chambers (2010: 18), poverty is integrated concept which has five dimension i.e. poverty, incapability, dependency, geographic and sociological alienation, and vulnerability to emergency situations. Clark (2002), large numbers of population make economic difficulties for people who live with traditional methods. Siregar and Wahyuniarti (2006), stated that the impact of growth on poverty alleviation with PDRB, agriculture share, industry, population, education. Stated that increasing in 1 trillion PDRB reduce 9000 poor people.

Linkage of Trade and Economic Growth

According to Chenery (1997), in Pattern of Development Theory or Structural Change Theory is a theory that focuses on a country's economic transformation which grow from the agricultural sector toward a modern economic structure dominated by industry and services. According to Dian Candra Sakti and Bustami Berachim (2016), the trade sector has an effect on poverty reduction, ceteris paribus.

Linkage of Unemployment to Economic Growth

Indicator of the level of employment can be used as a tool in analyzing a country's economic growth. High population growth rate which is not matched by employment will obstruct the economic growth, and this will result in increased unemployment. The number of unemployment becomes a burden for the government thus issuing a subsidy policy. According to Raisa Ardianti (2014), poverty is not solely due to population and food supply, but also the inequality of rights and capabilities of society, India adopting the Bottom Up approach which is implemented directly to the problem in society. According to Megahnanda (2013: 31 – 38), compare between GDP, government performance and politic, poverty, population growth used method of difference which combined with most difference system design, stated that India, Singapore, USA, Japan, France, with the high GDP, high poverty and unemployment for India and USA, high population growth for India, Singapore, USA. High government performance and politic for USA, Japan, France.

Here are few studies that had been conducted related to the title. Firstly, study by Dian Candra Sakti, (2016) entitled "Influence of Agriculture Sector Output, Processing Industry and Trade to Number of Poor People in East Java Province (2005-2013)." This study helps researchers to know the factors that affect poverty such as agriculture, industry, and trade have a negative impact on the poor in East Java. The difference with this study is the indicators used in influencing poverty are the sectors of government and unemployment, whereas the similarity are both use the trade indicator and using the same analytical tools, which is regression to see the influence of each variable.

Secondly, study by Yarlita Yacoub, (2012) entitled "influence of unemployment rate to poverty level of Regency/Municipality of West Kalimantan." That unemployment has a significant effect on poverty in West

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Kalimantan. The difference with this study is scope of research object that is global level and Regency level. The similarity are both use the unemployment variable in influencing poverty and poverty indicators use the World Bank's poverty line which is Purchasing Power Parity (PPP) USD 1 per capita/day. And supported by Soon and Kakwania's study (2006) unemployment with poverty has a significant influence in Brazil.

Thirdly, study by Edy Wibowo dan Ferry Prasetya (2011) entitled "Analysis of the effect of governance quality on economic growth in ASEAN." It stated that variable of governance quality in the form of voice and accountability, political stability, government effectiveness, regulatory quality control corruption have an influence on economic growth and the rule of law has no influence.

2.2 Framework

Based on the literature review framework generated in this study are

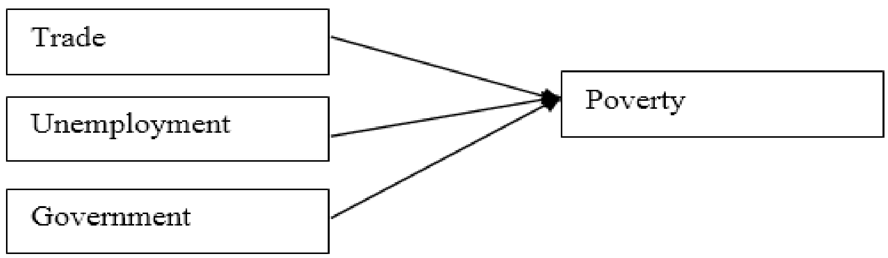

Figure 1: Framework

From the above framework is expected to provide strategic proposals to the country's government in overcoming extreme poverty:

a. Food security, the world food summit to define it as food security when everyone, every time, have physical and economic access to safe and nutritious food to meet their needs and food preferences for an active and healthy life (Anderson, 2009).

Food Agricultural Organization (2003) provides four main dimensions of food security which the government should satisfy for alleviating hunger:

- Physical availability of food, which is the availability of food physical measured using the availability of food production, inventory and net trade.
- Economic and physical access to food, which is namely the creation of physical and economic access to food.
- Food utilization, their food utilization, understood as the way the body makes a variety of nutrients in food that nutritional needs are met, including feeding, food preparation, diversity of food and intra-household food distribution.
- Stability of the other three dimensions over time, food intake should be sustainable and stable. By improving economic and political stability (unemployment and rising food prices).

b. Poverty Reduction, an economic steps and humanity for the purpose of issuing the population out of poverty. According to the World Bank (1990) rapid advances in politics can alleviate poverty. The strategies that can be done is include two important things, which is firstly, to promote the use of productive assets by workers, it is due to intensive market, social and political institutions, infrastructure and technology. Secondly, provide basic social services for the poor for example with family planning, and especially nutrition and education.

III. METHODOLOGY/MATERIALS

The population of this study are all countries in the world, using purposive sampling, i.e. countries that are listed as the poorest countries in the world, they are Malawi, Congo, and the Central African. The data is secondary data. The variables are trade, government, and unemployment during the period of 2012 to 2016 were recorded in trade-economic. Methodology obtained through an empirical approach that focuses on a hypothesis that is based framework and supporting literature. Analysis of the data used in this study using multiple regression analysis SPSS to determine the effect of independent variables (trade, unemployment, government) on the dependent variable that is poverty so the regression model as follows:

$$\boxed{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e_{it}}$$

Y = poverty

X_1, X_2, X_3 = trade, unemployment, government

α = constants

$\beta_1\ \beta_2, \beta_3$ = regression coefficient

Statistical testing of each study variable using the following method:

a. R^2 value

The use of R^2 is to show the independent variable (trade, unemployment, and government) can explain the influence of the dependent variable.

b. t-test

The function of the t test to determine the significance of an independent variable individually in influencing the dependent variable, in this case applied the hypothesis as follows

$H_o = \beta_1 = 0$

$H_1 = \beta_2 \neq 0$

If t-stat < t-table then the null hypothesis is accepted and the alternative hypothesis is rejected meaning that the model used is not good in other words the independent variable cannot explain the effect on the dependent variable or insignificant. Otherwise if t-stat > t-table then it can be said that the independent variable can explain the influence of the dependent variable or significant.

c. f-test

The function of the F test to determine the independent variables simultaneously in influencing the dependent variable. If F-stat < F-table then the null hypothesis is accepted and the alternative hypothesis is rejected so that together the independent variables cannot explain the dependent variable. If F-stat > f-table then the null hypothesis

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is rejected and the alternative hypothesis accepted, then together the independent variables are able to explain the dependent variable.

IV. RESULTS AND FINDINGS

In this chapter will describe the things pertaining to the data collected, the data processing, and discussion of the results of the processing. The sequence of a systematic discussion, namely research, classic assumption test, analysis of the data is the result of regression analysis processing, testing independent variable partially and simultaneously with the regression model, the discussion about the influence of the independent variable on the dependent variable. Sample for this study are the countries that counted as highest poverty rate in the world according to https://id.tradingeconomics.com during the period 2012 to 2016, they are Malawi, Congo, and Central African.

4.1 Descriptive Data

The aim of descriptive analysis is to provide general information from all of the variables. This analysis can be seen from the measurement of descriptive statistics table displays results, they are mean value, maximum value, minimum value, standard deviation and variables of poverty, unemployment, trade, and governance. The following descriptive statistical results are processed:

Table 1: Descriptive Statistics

variables	*N*	*mean*	*maximum*	*Minimum*	*Std. deviation*
Poverty	15	6.4320	14.18	1.52	4.54930
Unemployment	15	7.8440	11,19	6.21	1.87783
Trading	15	-10.2400	0.30	-24.20	6.84020
Government	15	-3.3800	3.20	-7.00	2.93116

Source: SPSS, 2017

Based on observational data for 2012-2016 show that the amount of data used in this study as many as 15 samples of data. Based on the results of calculations during the observation period is recorded that trade has an extreme minimum value is -24.20 and maximum value is 0.30, while for the mean and standard deviation are owned by trade variables respectively -10.2400 and 6.84020. Furthermore, the results of the poverty variable has a minimum value of 1.52 or 152% and poverty maximum value is 14.18 average poverty is positive for 6.4320, for the standard deviation in poverty has a magnitude of 4.54930. By contrast, the value of unemployment has a mean value, maximum, minimum, and standard deviation of each has a magnitude of 8.8440; 11,19; 6.21; and 1, 87783. And Government has a mean value, maximum, minimum, and standard deviation of each has a magnitude -3.3800; 3.20; -7.00; and 2.93116.

4.2 Classical Assumption Test Results

Before test the hypothesis, it require another test such as classical assumption of normality, multicolinearity, heteroscedasticity, and autocorrelation performed as follows:

4.3.1. Data Normality

Normality Test is used to test the independent variable regression model, the dependent variable or two variables has the value of the distribution is normal or abnormal. In this study, the data normality test with a one-sample

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Kolmogorov-Smirnov test with a significance level of 0.05. Normality test results obtained from the SPSS data on output test of normality as follows:

Table 2: Results of Normality Test Data

One-Sample Kolmogorov-Smirnov Test		
		Residual ed Unstandardiz
N		15
Normal Parameters ab	**mean**	0,00E + 00
	Std. deviation	2.47802208
Most Extreme Differences	**Absolute**	0.177
	positive	0,138
	negative	-0.177
Kolmogorov-Smirnov Z		0.685
Asymp. Sig. (2-tailed)		.736
a. Test Distribution is Normal		
b. Calculated from the data		

Source: SPSS, 2017

One-sample Kolmogorov-Smirnov test probability figures obtained from all variables that have been tested. This value will be compared with 0.05 for a decision normality of data. Based on the results table above can be seen on the Asymp.Sig. (2-tailed) note that significant value is 0.736 greater than 0.05. It can be concluded that the data were normally distributed.

4.3.2. Multicolinearity

To detect whether or not it exists the symptoms between the independent variables used variance inflation factor (VIF). The results showed the samples in the SPSS output VIF magnitude of each independent variable can be seen in Table 3 as follows:

Table 3: Test Results Multicolinearity

model		***collinearity Statistics***	
		tolerance	***VIF***
1	(Constant)		
	Unemployment	0.975	1,025
	Trading	0.867	1,153
	Government	0.872	1,146

Source: SPSS, 2017

A regression model was declared free of multikolinearitas is if it has a tolerance value > 0.1 and VIF < 10. From the table it shows the value of the three variables: the unemployment rate = 0.975, the trade = 0.867, and the administration = 0.872 which means that the tolerance of the whole variable > 0.1 while the VIF of the three variables: the unemployment rate = 1.025, the trade = 1,153 and 1,146 which means the government of the VIF value of the overall variable < 10.

From these results we concluded that these three variables, namely unemployment, trade, and the free reign of multicolinearity test the underlying absence of correlation between independent variables studied

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4.3.3. Heteroscedasticity

The aim of heteroscedasticity is to test the regression model variants occur inequality of residual of one observation to another. Following the results of the testing Heteroskidastity are:

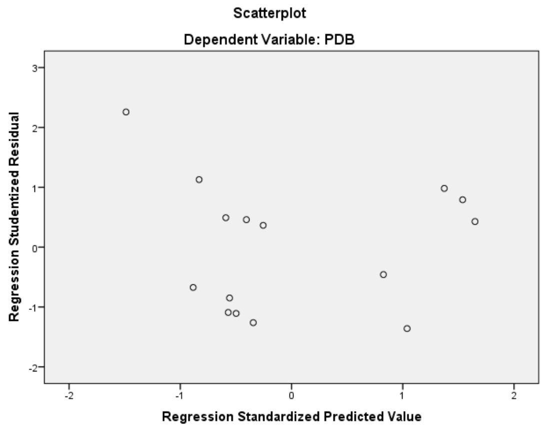

Figure 2: Test Results Heteroscedasticity

Source: SPSS, 2017

Based on the figure it can be seen that dots spread randomly and does not form a specific pattern that is obvious and spread both above and below the number 0 and the Y axis. It can be concluded that there is free from heteroscedasticity.

4.3.4. Autocorrelation

Irregularities autocorrelation can be test with test-watson durbin. It is used to express the linear model free from correlation between the disturbance errors in period t with errors on period t-1. Regression result using a level of significance of 0.05 or α value is 0.05 with a number of independent variables and the number of data. To determine the presence or absence of autocorrelation can be tested with durbin-watson with the following criteria:

Table 4: Criteria Decision Making Test Autocorrelation

Durbin-Watson	**Conclusion**
0 <d <1.414	There autocorrelation
≤ d ≤ 1.414 1.724	without autocorrelation
1.724 <d <2.276	No autocorrelation
2,276 ≤ d ≤ 2.586	without conclusion
2.586 <d <4	There autocorrelation

The results of the autocorrelation:

Table 5: autocorrelation Test Results

model	***durbin-watson***
1	1,911

Source: SPSS, 2017

Based on that analysis, durbin-Watson (DW) of 1.911. Based on the criteria, value-watson durbin arithmetic lies at 1,724 1.911 <d <2.276. Then it can be concluded that free from autocorrelation.

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4.3 Analysis Results

Based on data collected from https://id.tradingeconomics.com, the analysis performed on trade, unemployment, governance, and poverty in Malawi, Congo, and Central African. The results may affect the findings of the study in terms of the efficiency of the country's economic growth and its relation to poverty

4.3.1. Simultaneous Regression

Based on the results, it can be seen that all independent variables influence the dependent variables as shown below

Table 6: Results of Simultaneous Regression Testing

Model		*Sum of Squares*	*df*	*mean Square*	*F*	*Sig*
1	**Regression**	203.778	3	67.926	8.691	0,003b
	residual	85.968	11	7.815		
	Total	289.746	14			

Source: SPSS, 2017

From the results F-value of 8.691 and the significant value of 0.003 for significantly less than 5%, this shows the impact of unemployment, trade, and government together against poverty in Malawi, Congo, and Central African Republic.

Table 7: Adjusted R2 Test Results

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	0,839a	0,703	0,622	2.79559

Source: SPSS, 2017

The coefficient of determination (R2) was used to determine the ability of independent variables in explaining the dependent variable. The coefficient of determination indicates the degree of fit between fashion and empirical data. The coefficient of determination is 0 to 1. If the R2 value is close to 1 then the independent variable in explaining the stronger in providing overall information needed to predict the dependent variable. Based on the test results it shows the adjusted R Square (R2) of 0.622 or 62.2%, this means that 62.2% of the poverty variable contributing to unemployment, trade, and government, while the remaining 37.8% is explained by other causes (e.g., birth rate factors, the crime rate, the internet network, income level)

4.3.2. Partial Regression

Based on the results, partial test done by looking at the significance level of t each variable studied at the output of the regression results with a significant level of 0.005 level (α = 5%).

Table 8: Results of Partial Regression Testing

model		*Coefficients Unstandardized*		*Standardized Coefficients*		
		B	*Std. Error*	*beta*	*t*	*Sig*
1	**(Constant)**	-7.684	3.411		-2.252	0,046
	Unemployment	1,983	0.403	0.819	4.922	0,000
	Trading	0.239	.117	0.359	2,035	0,067
	Government	-0.297	0.273	-0.191	-1.089	.300
Dependent variable: Poverty						

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From Table 8 it can be composed of multiple linear regression equation as follows:

Poverty = 0.819 Unemployment + 0.359 Trade + (-0.191) Government + eit

Based on the calculations show, the results found that in terms of poverty which is owned by the poorest countries in the world, unemployment has ranked the highest (0.819), followed by trade with 0.359 rankings. Results against unemployment and poverty means that for every 1 invested value, then amounting to 0.819 (unemployment) and 0.359 (trade), which contributed to the poverty level. Different things with governance factors has the lowest rating of -0.191 means that the rule for any one value to be invested, the lower the value of the poverty impact of -0.191.

In measuring the relationship between unemployment, trade, government, and poverty. Calculation of multiple regression analysis found that there is a relationship between unemployment and poverty. The relationship between unemployment has shown a positive and significant correlation with poverty. From the results showed that when the increase in unemployment by one percent, the poverty increased by 4.9%. Different things with the trade showed a positive but not significant relationship to poverty, the results indicate that when there is an increase in trading of one per cent poverty levels increased by 2% but does not affect the trading of the poverty problem in the countries studied. On the government is not significant and showed a negative association with poverty.

V. CONCLUSION

5.1. Conclusion

Poverty is one of the biggest and crucial problem in economic that government and every single person must find the proper solution. Most of the poorest country in the world is come from African and Asian continental. Most of the expert said that poverty able to create the “domino effect” in one's life. Malawi, Congo, and Central African are the three poorest country in the world based on World Bank standard.

The result showed that the average analysis during the observation period (2012-2016) longer showed better results than the analysis of shorter annual basis. From the overall hypothesis examined then below are the results of testing for observation analysis. From the simultaneous regression, it can said that the hypothesis is accepted and to influence significant independent variables are unemployment, trade, and government together against poverty variables. Based on R^2 test, it can said that poverty variable can be explained by unemployment, trade, and government but it also can be explained by the other factors. Based on partial regression, it shows that the independent variable can explain the influence of the dependent variable or significant.

The results of this study are in line with Yarlita Yacoub (2012) study which stated that unemployment has a significant effect on poverty in West Kalimantan. The differences from the previous study is trade and government insignificant with poverty. This result is difference from Dian Candra Sakti, (2016) study which stated agriculture, industry, and trade have a negative impact on the poor in East Java.

5.2. Suggestions

For the next study, can use other variables, such as availability of resources, amount of debt, lifestyle or other variables that relate to the poverty. It also can use other analytic tools which can predict accurately about what is the

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most dominant factor of poverty and determine the solution. This study would be more useful if there is a kind of researches that support the issue of poverty, the researchers suggest further research using other variables outside variables studied e.g. income level, debt level, the level of communication, interest rates that affect poverty. Then the researchers gave suggestions for further research revealed the development of a country towards poverty eradication measures gradually in research countries, or give an assessment of the performance of the government of these countries to tackle the problem of poverty. Indicators of economic growth has helped to pave the calculation of poverty.

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