



UNIVERSITI TEKNOLOGI MARA

**THE FACTORS THAT INFLUENCES POVERTY
RATE IN INDONESIA**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.


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ABSTRACT

Based on the Web Finance (2018) Poverty is a person that lives below the poverty line and a condition where a person cannot fulfill basic needs for food, shelter, and clothing. It is generally separated by two types which is absolute poverty and relative poverty. However, poverty has a wide range of definition more than just not having enough money. In addition to a lack of money, the poor become powerless and have no authority to help themselves and completely ignored by society and politics. The poor economic condition affect most to the poor people. This research employ an OLS assumptions test regression analysis to identify the significance positive or negative of the study. This study covered from 1998-2017 time period within 20 years. The purpose of this study is to determine the relationship between financial development, foreign direct investment, inflation rate, economic growth, inflation and poverty In Indonesia. From the previous scholar, most of them has agreed the relationship between economic growth and poverty is positive, financial development and poverty is positive, foreign direct investment and poverty is positive and inflation and poverty is positive. However, there are some scholar disagree by stated that there are negative relationship on foreign direct investment, foreign direct investment (FDI) and GDP per capita It shows that those variables may give an impact towards poverty reduction. From this research found that all variables are negative relationship with poverty.

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