

Determination of Structural Poverty in Rural Areas: Indonesian Case

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Abstract:

This study aims to identify factors causing structural poverty in the research area. Villagers left behind in Sukoharjo District are set up as research populations. While selected as a sample is the villagers left behind in the District Weru, namely the village Weru, Tegalsari, Alasombo, Karangmojo and Karakan. Each village is represented by five heads of households, bringing the total sample to 100 households. Data needed to achieve the purpose of this study is the primary data obtained by the method of observation and interview in depth. Analysis of this research data using logistic regression, because considering dependent variable using category scale, that is not poor given code 1, and poor is coded 0. The result of this result show that education of head of household, access to capital, entrepreneur skill, profit sharing system, ownership of land area a positive and significant impact on poverty. While the presence of agricultural technology has no significant effect on poverty

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1. INTRODUCTION

Poverty is one of the crucial problems faced by Indonesian people, and it is not easy to get out of these problems. Various efforts have been made by the government, including through poverty alleviation programs such as the Family Hope Program (PKH), the National Community Empowerment Program (PNPM) and so on, which spent the state budget reaching Rp. 17 trillion (Ministry of Finance,

2014). However, efforts by the government have not been successful in significantly reducing poverty.

According to BPS (2015), the number of poor people in 2014 reached 10.96 percent or 27.73 million population, while in 2015 the number of poor people increased by 0.86 million people, bringing the total number of poor people to 28.59 million people. If the 28.59 million people cannot be called 'just

poor', they are 'very poor' because they live below the poverty line, which only has an income of around Rp. 230 thousand per month (Oxfam and Infid, 2017).

According to BPS (2018) poverty in Java more in the village. The problem is, in Banten (5.27 percent city, 7.22 percent village), West Java (8.69 percent city, 11.42 percent village), Central Java (12.53 percent city, 16.05 village percent), Yogyakarta (cities 13.73 percent, villages 17.62 percent), and in East Java (cities 8.90 percent, villages 16.23 percent). The data shows the spread of poverty is more in the village. If explored further, the urban poor are urban communities that are not absorbed by competition in the city.

These statistics not only prove the existence of urban-rural development inequality, but also indicate the lack of availability of jobs in the village, thus encouraging high migration of rural communities to the city. Indeed, the high rate of migration from rural to urban areas is not only a typical problem of Indonesia, almost countries around the world experience the same problem. But the difference is in developed countries able to reduce the rural-urban development gap (Ritonga, 2008; Irianto, 2008).

Migration is also happening because the benefits of agriculture on the farm have not been promising, the productivity of miscellaneous food is sloping, food diversification is failing, the population continues to soar, while because of the growing poverty of agricultural land conversion takes place increasingly massive. Not only land, generations of farmers are threatened with extinction. According to the Agricultural Census (2013), in the past decade, the number of farmer households decreased by 5 million, from 31.17 million farmer households to 26.13 million farmer households.

Agriculture is shunned because it does not promise prosperity and the future. According to BPS (2015) farm, household income from businesses in the agricultural sector averages Rp 12.4 million / year or Rp 1 million / month. This income only supports

one-third of the needs. The rest is contributed from activities outside agriculture such as motorcycle taxi, trading, and being manual laborers. This fact shows that there is no longer a "farming community" those who work in the agricultural sector and most of their living needs are provided for from this activity. Agriculture is also shunned by young educated workers.

According to the 2013 Agriculture Census, over one-third of agricultural sector workers are over 54 years old. Agriculture under threat of gerontocracy. This happens because of agriculture experiences systemic destruction on all fronts, both *on-farm* and *off-farm*, as well as industry and supporting services. Regional autonomy and decentralization make the Ministry of Agriculture not have "hands and feet" in the area. Added by the attitude of the local government that does not consider the importance of agriculture makes the agricultural sector vulnerable in all lines. Since 2007 Indonesia has experienced a deficit in food trade. Food imports accelerate faster than exports so the deficit tends to widen. The rate of food demand in Indonesia of 4.87% per year cannot be pursued by the ability of domestic production (Khudori, 2015)

In Indonesia, there are around 74 thousand villages. Of this totals it is estimated that around 18 percent or 18,126 villages are still in the category of underdeveloped villages, most in eastern Indonesia (KemendesPDTT, 2015). Called lagging because the village is less developed in economic aspects, human resources, infrastructure, accessibility, and regional characteristics factors. The birth of Law No. 6/2014 on Villages is like an oasis in the desert, giving great hope for villages to be able to develop to match the city. In 2015 the DPR's plenary session approved the Special Allocation Fund (DAK) budget for regional transfer expenditure and village funds of Rp 664.6 trillion. A large enough budget for village development is expected to change the profile of a village that is comfortable and prosperous for its population.

While in the study area, from 152 villages in Sukoharjo regency there are 26 disadvantaged villages spread across 6 subdistricts: 5 villages in Weru sub-district; 3 Villages in Bulu District; 2 Villages in Tawang Sari District; 5 Villages in Nguter District; 6 Villages in Bendosari District and 5 Villages in Polokarto District (PNPM, 2008). These data indicate a paradox that the title of Sukoharjo Regency is one of the national food storage areas and is one of the regencies in Indonesia that has succeeded in self-sufficiency in rice, the reality on the ground shows that there are still many villages classified as disadvantaged, and the number of poor people reaches 84,050 people or around 9.67 percent.

That is because the manufacturing sector which is expected to absorb many workers is not in line with reality. As a result of the labor surplus, poverty has accumulated in the agricultural sector. Of the poor population of 28.59 million people, 62.75% live in villages that are mostly farmers. Ironically, as a food producer, farmers are the most threatened group for food insecurity. Agricultural land is increasingly narrow and exhausted (Khudori, 2015).

So that the problem can be formulated whether the factors causing poverty in rural communities in the study area. Based on the formulation of the problem, the goal to be achieved in this study is to identify and analyze the factors that cause structural poverty in the study area.

Similar research models have been used by Bogale and Shimelis (2009), Demake Demeke and Zeller (2010) using "the level of household food security" as a dummy variable (0 = resistant and 1 = vulnerable). While Nurlatifah et al., (2013) uses "the level of household food security" as a dummy variable (0 = resistant, 1 = vulnerable, 2 = less, 3 = vulnerable). While this study uses the "household poverty level" as a dummy variable (0 = not poor, 1 = vulnerable poor, 2 = poor, 3 = poor para). That, with consideration, these two variables have the same characteristics (Ozughalu, 2016), and adjust the poverty category used by BPS (2018).

2. LITERATURE REVIEW

BPS (2017) measures poverty using the concept of ability to meet basic needs (basic needs approach). With this approach, poverty is seen as an inability on the economic side to meet basic food and non-food needs as measured by expenditure. So the poor population is the population that has an average monthly per capita expenditure under the poverty line. It was based on three main concepts. *First*, the Poverty Line (GK) is the sum of the Food Poverty Line (GKM) and Non-Food Poverty Line (GKNM). Residents who have an average per capita expenditure per month below the Poverty Line are categorized as poor people. *Second*, the Food Poverty Line (GKM) is the expenditure value of minimum food needs which is equal to 2100 kilocalories per capita per day. Commodity packages as basic food needs are represented by 52 types of commodities (rices, tubers, fish, meat, eggs and milk, vegetables, nuts, fruits, oils, and fats, etc.). *Third*, the Non-Food Poverty Line (GKNM) is the minimum need for housing, clothing, education, and health. Commodity packages as basic non-food necessities are represented by 51 types of commodity as in urban areas and 47 types of commodity as in rural areas.

Structural poverty is poverty caused by structural conditions, or unfavorable living arrangements (Banerjee and Duflo, 1972). Called unprofitable because the order not only triggers, but also preserves poverty in people's lives. On the other hand, cultural poverty is the impact of customs and culture in a particular area that shackles a person who remains attached to the indicators of poverty (Suyanto, 2001). Whereas the poverty indicator should be reduced or even gradually be eliminated by ignoring certain customary and cultural factors that prevent someone from making a change of life towards a better standard of life.

Findings Maipita et al., (2010) concluded that the transfer of income from the government to the rural households positive effect on the utility, income and household expenditure. But, it has been found that the

level of utilities, real income, and urban household expenditure has decreased. Income transfer policies reduce poverty directly, especially in rural areas (Obaidullah, 2015). This can be seen by looking at all poverty indicators such as headcount index, poverty depth and poverty severity which have increased, except for urban households.

The results of the calculation of sectoral-regional poverty levels indicate that in almost all regions the agriculture, plantation and fisheries sectors are the biggest contributors to the high level of poverty in Indonesia. The result of the weighted HCR regression model shows that the elasticity of poverty on the economic growth of the agriculture, plantation and fisheries sectors at the national level is very high, reaching -2.97. This means that each growth of 1% in the agriculture, plantation and fisheries sectors will be able to reduce national poverty by 2.97%. Meanwhile the results of the sectoral HCR regression model show that the elasticity of the sector in reducing poverty in the sector concerned is -7.34. Both of these elasticities are far above the elasticities of other business sectors, including the elasticity of the manufacturing industry sector, each of which is -0.11 and -1.51 (Suselo and Tarsidin, 2008).

Rejekiningsih (2011) findings aimed at describing and identifying poverty in the city of Semarang with a cultural approach, concluded that: *first*, the characteristics of the marginal (poor) community in the city of Semarang, among others, the head of the household mostly only had elementary school education and or only graduated from elementary school, work as laborers and have three dependents per family. *Second*, the distribution of aid to poor people is not evenly distributed, the findings on the ground show that approximately 36 percent of the poor have not received assistance in the last two years. *Third*, despite the limited resources available, the poor have a cultural orientation and a positive mental attitude in looking at the nature of life, the nature of work, the nature of time, the nature of relations with nature and fellow human beings.

Research conducted by Widjajanti (2011) to answer the research problem: how to increase the empowerment of economically marginalized communities (poor people) through the process of human capital and physical capital. The statistical analysis method of the study uses Structural Equation Modeling (SEM) -*Smart Partial Least Square* with research findings that there are two patterns of ways that have an impact on increasing community empowerment, namely: *first*, there are two constructs as antecedents, namely the ability of empowerment actors and the empowerment process. These findings indicate that increasing community empowerment is highly dependent on the ability (skills) of empowerment actors, although empirically it is found that the level of community empowerment is not directly affected by the ability of the empowerment actors, but is mediated by a process that accompanies the cultivation.

The process of community empowerment can be identified by the ability of the community to make a problem analysis, planning, implementation and evaluation of an empowerment program, so it is hoped that the community as the subject of empowerment can increase its independence on an ongoing basis. *Second*, a pattern that shows that to increase empowerment three stages of the activation process is needed: physical capital, human capital and the empowerment process. This finding shows that the empowerment process must be supported by physical capital (facilities and infrastructures) to leverage the development of human capital such as education, health, socialization abilities and so on so that the empowerment process can increase community empowerment.

The research conducted by Ridwan (2012) which aims at synthesizing is related to efforts to design an alternative model of the economic empowerment process of coastal poor communities through optimizing the role of groups as the basis for economic strengthening that leads to an increase in community welfare. The research began by examining two community empowerment

programs that have been carried out by the government, namely the Coastal Community Economic Empowerment Program (PEMP) and the Small Farmers-Fishermen Income Improvement Program. The research analysis method uses multiple regression, path analysis, structural equation modeling, and descriptive methods (*what-if analysis*). The findings of this study conclude that: *first*, the success of the community empowerment program depends not only on the effectiveness of the program manager's role and the effectiveness of the function of the program recipient group but also determines other aspects of the validity and accuracy of the methods used in the selection process of prospective loan recipients and planning in the process of disbursing funds that are not ripe.

Second, the recipient of the program is not able to utilize funds productively so that public welfare has not increased significantly. *Third*, based on multiple linear regression analysis found that the factors that significantly influence the smooth installment payments are the commitment of program managers, the level of appropriateness of funding, the effectiveness of recipient group functions, moral support, income fluctuations, and daily work results. *Fourth*, based on the analysis of Structural Equation Modeling (SEM) it was

found that constructs that have a significant influence on the effectiveness of community empowerment programs are internal factors which include: workability, work experience, individual characteristics, work motivation, and performance. And external factors, namely the work environment.

The results of Pujiyono's research (2009) on optimizing ZIS in alleviating poverty, stated that the distribution of ZIS still contained a target error of 91.9 percent if using the BPS poverty criteria and target error as 54.1 percent if the World Bank criteria. Pujiyono (2010) further explained that the results of the analysis of empowerment programs through productive capital turned out to be a significant capital variable in influencing the income of program recipients.

3. RESEARCH METHODS

Poverty measurement refers to the concept applied by BPS, which uses the Poverty Line (GK) model. So residents who have an average per capita expenditure per month under the poverty line are categorized as poor. The data used in this study are Susenas GK data for March 2013, 2014, 2015, 2016 and 2017. Table 1 shows the measurement of the degree of household poverty.

Table1. Measurement of Population Poverty Degrees in Central Java

Year	Poverty Line(rupiah)	Number of Poor People	
		Total (Thousand Inhabitants)	Percentage
March 2013	244,161	4,834.95	14.56
March 2014	273,056	4,836.45	14.46
March 2015	297,851	4,577.04	13.58
March 2016	317,348	4,506.89	13.27
March 2017	333,224	4,450.72	13.01

Source: BPS (2017)

Referring to this data means that households that are in the poor category are households that have an average per capita expenditure of less than Rp 333,224. In 2016, in Central Java Province the population of poor people reached 4,506,890 people, equivalent to

13.27 percent of the total population of Central Java. While in 2017, along with the increase in the poverty line from Rp. 317,348 to Rp. 333,224, the number of poor people in Central Java decreased, but not significantly, namely to

be 13.01 percent of the total population of Central Java.

The population in this study were farmers' communities or households in five (5) underdeveloped villages in WeruSukoharjoSubdistrict. Sampling uses a probability sampling technique with a type of simple random sampling that is sampling where each member of the population category of poor and non-poor people in the study area has the same opportunity to be sampled. The sample of this study was taken randomly in 50 poor households and 50 non-poor households. Each village was taken as a sample of 20 households.

Data analysis in this study used a multinomial logistic regression model to determine the determination (causal factor) of rural household poverty. This model was adopted from a model that has been used by Bogale and Shimelis (2009), and Demeke and

Zeller (2010) in a study of the determination of household food security levels. Considering that food insecurity has a very close relationship with poverty, the model is considered feasible to be adopted in this study.

The dependent variable in the logistic regression model of this study is the level of household poverty with an ordinal scale (0 - 3), ie non-poor households are coded 0, vulnerable poor are coded 1, poor is coded 2, severe poor is coded 3. While variables independent (explanatory) is the gender of the head of the household (GKRT), education of the head of the household (PKRT), the number of household members (JART), domicile area (DD), access to capital (ATP), entrepreneur skills (SE), system profit sharing (SBH), land ownership (KLL), presence of agricultural technology (KTP) and main occupation (PU). Table. 2 details the variables used in this study.

Table.2 Variables Used in Ordinal Logistic Regression

Variable	Label	Scale	Category	
Dependent	Household Poverty Rate (BPS, 2017)	Ordinal	0 = not poor 1 = vulnerable poor	2 = poor 3 = poor worse
Independent (explanation)	Gender head of Household (Aktaria and Sri Handoko, 2010)	Nominal	1 = male	0 = woman
	Head of Household education (Banerjee and Duflo, 1972; Bogale and Shimelis, 2009)	Ordinal	1 = basic 2 = medium	3 = height
	Number of Household members (Adepoju and Akinluyi, 2016)	Continuous		
	Area of domicile (Zaman et al., 2016)	Nominal	1 = urban	0 = rural
	Access to capital (Tariq Khan, 2018; Sanrego and Antonio, 2013)	Nominal	1 = capital access	0 = no capital access
	Skill entrepreneur (Ratten, 2018)	Nominal	1 = skilled business	0 = unskilled business
	Production sharing system (Rosyadi, 2015; Rosyadi and	Nominal	1 = profitable	0 = not profitable

Variable	Label	Scale	Category	
	Achyani, 2018)			
	Land area ownership (Nurlatifah et, al., 2013)	Continuous		
	The presence of agricultural technology (Mignouna, 2008)	Nominal	1 = efficient	0 = inefficient
	Main occupation (Akerele, 2012)	Nominal	1 = agriculture	0 = other

4. RESULTS AND DISCUSSION

Determinants of Household Poverty

The results of the ordinal logistic regression processing show that of the 10 (ten) independent variables, there are 2 (two) independent variables that have no significant effect on the degree of poverty, namely GKRT and JART (Table. 4). To test the accuracy of the model probe (goodness of fit) is done by looking at the value of -2 likelihood (rated G statistic) and the probability. The statistical G value is known as 6.5648 with a probability value of 0,000. The interpretation is that there is at least one variable that is the cause of the level of household poverty.

The goodness of fit test results is also corroborated by the Nagelkerke (R-square) value. Nagelkerke's value implies how accurately the ordinal logistic regression model estimates the degree of household poverty in the study area. Nagelkerke value is found at 0.7536, the interpretation is the variability of the dependent variable can be explained by the variability of the independent variable 75.36 percent, while the remaining 24.64 percent is explained by other variables outside this regression model. Or the ability of the model to predict household poverty rates of 75.36 percent.

Table.3 Logistic Regression Test Results of variable GKRT, PKRT, JART, DD, ATP, SE, SBH, KLL, KTP and PU with Poverty variable

Parameter	Coefficient	P-value	Odds Ratio	Model Fit Test	Nagelkerke
Constants (1)	-2,669	0,000 *		G = 6.5648	0.75 3 6
Constants (2)	0.504	0,000 *		P-Value =	
Constants (3)	1,517	0,000 *		0,000	
GKRT					
Male	0,0001	.897 #	1,002		
PKRT					
Intermediate	0.0943	0,000 *	1,0876		
High	0.1342	0.076 ***	1,1606		
JART	-0,1476	0.767 #	0.8752		
DD					
Urban	0.3342	0,000 *	2, 5		
ATP	.243	0,000 *	961		
SE	.176	0.025 **	1.5423		
SBH	.221	0,000 *	1,6751		
KLL	0.142	0,000 *	1,876		
ID card	0.254	0.064 ***	2		

Parameter	Coefficient	P-value	Odds Ratio	Model Fit Test	Negelkerke
PU Farmers	.1657	0,000 *	2,345 1 1.5673		
			0.9576		

Information:

* significance at $\alpha = 1\%$

** significance at $\alpha = 5\%$

*** significance at $\alpha = 10\%$

is insignificant

The next stage is to do a partial significance test on each independent variable. The test is carried out with the aim of identifying the influence of (significant or not) explanatory variables on the dependent variable. The first explanatory variable tested was GKRT. The results of testing the gender of household heads show that the GKRT has no significant impact on household poverty levels. This result is in line with Mallick and Rafi (2010) findings on food insecurity in Bangladesh that there is no significant difference between the gender of men and women in dealing with food insecurity. In contrast to previous findings, Demeske and Zeller (2010) actually produced the opposite findings that female household heads tend to be more food insecure. However, the results of the BPS survey (2017) on gender characteristics confirm that the percentage of female household heads is poor, not much different from the percentage of household heads who are not poor (Table. 3).

Next is the partial significance test on PKRT. Head of household education has a positive and significant effect on poverty levels. This is indicated by the PKRT p-value of 0.000 and below the 5 percent significance level. The interpretation is that the higher the education of the head of the household, the higher the chances of the household avoiding poverty. PKRT (middle school) odd ratio value of 1.0876, meaning that the head of the household who attends secondary education (SLTP and SLTA) will have a great chance to reach the degree of not poor, which is 1.0876 times compared to household heads who can only finish elementary school. While the heads of households with higher education have a greater chance of achieving non-poor status, which is 1,1606 times compared to the heads of households with primary education. This result is also supported by BPS data (2017) which shows that the average length of education for household heads in the poor category is shorter than for heads of households in the non-poor category (Table. 4).

Table. 4 Characteristics of Poor and Non-Poor Households

HouseholdsCharacteristics	Poor Household			Poor Households		
	March 2015	March 2016	March 2017	March 2015	March 2016	March 2017
Average ART (soul)	4.43	4.49	4.57	3.72	3.71	3.69
Female head of household (%)	16.94	16.02	16,12	14.38	14.91	15.07
Average length of KRT school (years)	5.23	5.27	5.52	7.82	7.82	8.21

KRT education level (%)

- Not finished elementary school	40.39	37.85	37.44	21.68	20.43	20.05
- elementary school	35.96	42.95	37.46	28.78	36.81	28.27
- Middle school	13.53	7.35	13.52	15.98	9.28	15.86
- high school	9.54	11.05	10.86	24.57	24.55	26.61
- University	0.59	0.80	.73	8.99	8.93	9.21

Main source of household income (%)

- no work	13.24	14.59	14.38	11.75	12.77	12,80
- Agriculture	51.18	50.84	49.89	30.77	29.77	29.16
- industry	5,47	5,31	7.12	8.65	8.42	10,43
- Others	30.11	29.26	28.61	48.80	49.01	47.61

Source: BPS (2017)

Wald test results of the significance of the JART indicate that the number of household members does not significantly influence the level of household poverty. It was marked by the acceptance of the null hypothesis (H_0), which is on the show with a *p-value* of 0.767 is greater than the level of significance was set (5 percent). The test results were not in line with the findings of Demeke and Zeller (2010) which concluded the number of family members would reduce the level of household food security. Likewise, it is not in line with the research results of Nurlatifah et al., (2013) which explains that increasing one family member will reduce the chances of households achieving food security. However, the results of the study were supported by the results of BPS data recording (2017) which confirmed the number of household members in the poor and

non-poor categories did not differ significantly (Table. 4)

Furthermore, the partial significance test for DD. The area where a household lives affect the level of poverty (*p-value* = 0,000). Households who live in rural areas are more difficult to rid themselves of poor status compared to households that live in urban areas. It was shown from the results of statistical tests, where the value of *odds ratio* 2.591, meaning opportunities of urban households from poverty to release 2.591 times greater than the households living in rural areas. The findings are logical as BPS (2017) data confirm the imbalance of rural and urban poverty rates in Indonesia. The rural poverty rate is far greater than the urban poverty rate (Table. 4).

Table. 5 Urban and Rural Poverty

Period	Poverty (%)	
	City	Village
September 2012	8.62	14.67
September 2013	8.55	14.37
September 2014	8.16	13.76
September 2015	8.22	14.09
September 2016	7.73	13.96

The results of *Wald's* significance of ATP support the hypothesis that accesses to capital for households influences poverty levels. As indicated by the ATP *p-value* (0.000) is smaller

than the significance level (0.01) or significant at α of 1 percent. Also found an *odd s ratio value* of 1.5423, the interpretation is that the opportunity for households that have access to

financial institutions (banking or microfinance institutions) is 1.5423 times greater to achieve non-poor status than households that are not touched by financial institutions. This test result is supported by OJK (2017) which states the need to promote financial inclusion, because there are still quite a large number of Indonesians who have not been served by financial institutions, especially in rural areas.

Table 4.3 also suggests the effect of SE on the level of household poverty. This is shown from the *p-value* (0.025) is smaller than the level of significance (5 percent), or entrepreneurial skills significantly influence poverty levels at α by 5 percent. The *odds ratio value* of SE is 1.6571, the interpretation is the opportunity of the head of the household who has entrepreneurial skills (Agriprenneur farmers) to reach the degree of not poor is 1.657 times more than the head of the household who does not have entrepreneurial skills. So that the ability to develop the results of farming (not just selling 'raw products' to middlemen) for rural households is a key activity to release themselves from the shackles of poverty.

The results of empirical testing in this study also prove that the sharing system (SBH) significantly influences the level of household poverty. This can be seen from the SBH *p-value* (0,000) which is smaller than the 5 percent significance level. Or rather the production sharing system significantly influences the poverty rate at α of 0.01 (1 percent). The odds ratio value of 1.88762 shows that a fairer, and mutually beneficial sharing system for both parties (smallholder farmers and landowners) has a greater chance of 1.88762 times in poverty alleviation than a profit-sharing system that harms certain parties, especially sharecroppers. The results of this test also confirm that there is a need to institutionalize the profit sharing system (*maro*) that has been practiced by rural farmers for years, in the form of Islamic microfinance institutions based on local wisdom (*maro* tradition). So that the institution is expected to be able to guarantee

the implementation of a profit sharing system in a fair, and mutually beneficial manner.

The next empirical test is carried out on the variable ownership of agricultural land (KLL). The test results show that the wide choice of agricultural land affects the level of household poverty. Table 4.3 shows the *p-value* KLL (0,000) is smaller than the significance level of 5 percent, meaning KLL significant effect with household poverty level at α of 0.01 (1 percent). Value *odds ratio* KLL at 2.3451, households with larger farms (over 2 hectares) has have a greater opportunity, which is 2.3451 times to achieve the status of the non-poor, compared to households that only have arable land for less than 2 ha. The results of this study are supported by the results of the BPS agricultural census (2013) which states that most Indonesian farmers are classified as small farmers who only have less than 0.5 ha of planted land.

5. CONCLUSIONS AND SUGGESTIONS

Based on the discussion of a number of supporting tables and the results of the analysis of the output presented above, it can be concluded that several important things. First, the ordinal logistic regression model used in this study was considered to meet the requirements as a fit predictor model. This was implied by the results of the goodness of fit test which showed that the independent variables (GKRT, PKRT, JART, DD, ATP, SE, SBH, KLL, KTP and PU) could be relied upon as an estimator model for the dependent variable (Poverty Rate). Second, the results of the ordinal logistic regression processing show that of the 10 (ten) independent variables, there are 2 (two) independent variables that have no significant effect on the degree of poverty, namely the gender of household heads and the number of household members.

There are a number of suggestions for perfecting the method and results of this study. First, it may be necessary to consider the inclusion of the effectiveness of the poverty alleviation program as an explanatory variable,

or whether or not a poverty alleviation program is implemented in a village. Second, the use of Structural Equation Modeling (SEM) analysis models, may be needed to reveal a number of variables that are unobserved. Third, other variables outside this research model, such as the age of the head of the household, *raskim* recipients, income per capita, alignments of government policies towards poor households and so on need to be included in the model to produce better research output. Fourth, modification of the research model by accommodating the inclusion of cultural dimensions in this research model is expected to produce a more predictable research model.

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