Welfare Tendency Probability:
A Study on Poor Households in Indonesia

**Lucky Rachmawati[1], Hendry Cahyono[2], Nur Azirah Zahida Bt Mohamad Azhar[3],
Norashida Othman[4], Nurul Syifaa Mohd Shakil[5], Kukuh Arisetyawan[6*]**

[1,2,6]Faculty of Economics and Business, Universitas Negeri Surabaya, Indonesia
[3,4,5]Faculty of Business & Management, Universiti Teknologi MARA, Malaysia
E-mail: [1]luckyrachmawati@unesa.ac.id, [2]hendrycahyono@unesa.ac.id, [3]azirahazhar@uitm.edu.my,
[4]shidaothman@uitm.edu.my, [5]nurulsyifaa@uitm.edu.my, [6]kukuharisetyawan@unesa.ac.id
*Corresponding author

ABSTRACT

Research Originality: Poverty is an important issue in the discussion of economic development. The problem of household poverty in Indonesia should also be analyzed in microeconomic settings.

Research Objectives: This study uses data from the Indonesian Family Life Survey (IFLS) surveys in 2007 and 2014 to determine the trends in household characteristics (social, economic, and demographic) and their influence on the level of welfare of poor households, the share of household spending inequality, and poverty alleviation strategies through a household-based policy approach in Indonesia.

Research Methods: Meanwhile, the research method used is Multinomial Logistic Regression.

Empirical Results: The results of the study found that the education level of the head of the household, place of residence, and household size contributed to the value of the opportunity of the household welfare position in each category. Meanwhile, Javanese have the highest level of inequality in terms of ethnic expenditure distribution and the lowest in terms of welfare.

Implications: This study implies that the condition of the head of the family dramatically influences welfare at the household level.

Keywords:

multinomial logistic regression; poverty; welfare; ethnic; household economics

---

How to Cite:

Rahmawati, L., Cahyono, H., Azhar, N. A. M., Othman, N., Shakil, N. S. M., & Arisetyawan, K. (2024). Welfare Tendency Probability: A Study on Poor Households in Indonesia. *Signifikan: Jurnal Ilmu Ekonomi, 13*(2), 247-258. https://doi.org/10.15408/sjie.v13i2.40800.

INTRODUCTION

In the context of the household budget, well-being is often tied to the breadwinner's salary and discretionary spending. The basic premise is that welfare is proportional to the breadwinner's income. From a look at what people are spending their money on, it is clear that welfare is on par with poverty levels for families. Welfare is an important part of the economy, both macro and micro. In the context of the family economy, welfare is frequently linked to the amount of income earned by the family's head and the amount of money spent. The simple hypothesis is that the higher the income of the family head, the higher the level of welfare. The level of welfare is identical to family poverty, which can be seen from the consumption side of the household.

Anisa et al. (2020) define income as a series of perceived events or psychic experiences resulting from consuming goods or services. In this sense, a person's income is the total flow of services yielded to her from her property while she acquires goods and services that benefit her using money. Every durable good may be considered capital that yields income flows, and the Fisherian concept of income can serve as a basis for inter-personal comparisons.

Data on poverty in Indonesia show that in September 2021, there were 26.50 million poor people, down from 1.04 million in March 2021 and 1.05 million in September 2020. The percentage of urban poor fell from 7.89 percent in March 2021 to 7.60 percent in September 2021. The data distinguish regional poverty from poverty in urban areas and poverty at the macro level. Many studies examine the determinants of macro variables that cause poverty at the macro level.

This study will differ from other studies on poverty because it will look at the micro level, in this case, households in Indonesia. It aims to see the other side of poverty, which is complex. The welfare of low-income families will later be seen as the determinant contributing to household consumption or expenditure on the micro level. Many micro variables used in this study include economic, regional, demographic, social, ethnic, and technological variables.

When viewed regionally based on data from the Central Statistics Agency, Papua is the first poorest province in Indonesia with a percentage of 27.38 %, followed by West Papua with 21.82%. East Nusa Tenggara (Nusa Tenggara Timur/ NTT) occupies the third position with 20.44 %, followed by Maluku with 16.30 %. If viewed from the data, it only displays data on poverty levels at the provincial level. The data only provides a macro picture of how poverty conditions differ across provinces, with no information on the micro components of these conditions. In these proportions, micro components such as ethnicity are not visible. Accordingly, the behavior of households with different ethnicities will also be fascinating to see, not to mention when viewed from the perspective of households' access to and use of technology.

The role of the head of the family will have an impact not only on the income earned by the family but also on the family's decision to spend on consumption. Families are faced with several alternative consumption choices that they must make. Under certain

conditions, low-income families will be faced with several alternative consumption choices that they must make. Families with children usually prioritize spending on their children's needs. The increase in the expenditures of low-income families is exciting and deserves to be studied in more depth. For example, the expenditure of a low-income family of Javanese ethnicity will differ from that of a low-income family of Minang ethnicity. The complexity of the analysis is different if the study only looks at the province's location.

Furthermore, it was explained that the existing condition of poverty in Indonesia in September 2021 was 9.71 %, which decreased by 0.48 % from September 2020. Meanwhile, the number of poor people in September 2021 was 26.50 million, 1.04 million compared with March 2021 and down 1.05 million from September 2020. When viewed more specifically, the percentage of urban poor people in March 2021 was 7.89 %, down to 7.60 % in September 2021. While the percentage of the rural poor in March 2021 was 13.10 %, it dropped to 12.53 % in September 2021. In terms of numbers, the number of poor people in urban areas in September 2021 decreased by 0.32 million people as compared to March 2021 (from 12.18 million people in March 2021 to 11.86 million people in September 2021). Meanwhile, in the same period, the number of rural poor people fell by 0.73 million (from 15.37 million in March 2021 to 14.64 million in September 2021).

Furthermore, the position of the poverty line in September 2021 was recorded at IDR 486,168/per capita/month with a composition of the Food Poverty Line of IDR 360,000 (74.05 percent) and the Non-Food Poverty Line of IDR 126,161 (25.95 percent). As of September 2021, the average poor household in Indonesia has 4.50 household members. Thus, the average poverty line per poor household is IDR 2,187,756/poor household/month. The results of the poverty line data above are not far from the data used in this study, namely using the Indonesian Family Life Survey (IFLS) - 5 of 2014. This IFLS data is longitudinal household data, collected once every seven years, with the number of sample households surveyed. IFLS numbered 15,900, and the number of individuals was 50,000. The IFLS survey began in 1993 as a baseline, continued in 1997, 2000, 2007, and finally in 2014, which covered 24 provinces in Indonesia except for the eastern part of Indonesia.

This study will also include information on education, age, partner status, and other variable structures. The problem formulation in this study is based on this phenomenon. It includes the following questions. First, how do the trends in household characteristics (social, economic, and demographic) affect the welfare level of poor households in Indonesia? Second, what is the share of inequality in household spending in Indonesia? Third, what is Indonesia's poverty alleviation strategy through a household-based policy approach?

METHODS

This study uses secondary longitudinal data derived from the 2014 Indonesia Family Live Survey (IFLS) data, also known as SAKERTI (Survey of Aspects of Indonesian Household Life), to estimate population and micro-demographic data indicators. IFLS is

a longitudinal survey conducted by various collaborative research institutions every seven years. For IFLS 2014, a survey was conducted by the RAND Corporation to look at the socio-economic conditions of households in Indonesia, with the sample representing about 83% of the country's population and comprising more than 30,000 people living in 13 of Indonesia's 27 provinces. One of the advantages of using IFLS is that the combination of questions from books 1-5 can be used as household variables. The detailed questions regarding household welfare from the perspective of expenditure and income are very detailed.

In each wave of the survey period for IFLS, rand.org retains as many respondents as possible who were interviewed in the previous period, so the recontact rate of the interviewed subjects is very high. The level of data owned by IFLS consists of individuals, households, and communities/groups of people. The reason for still using IFLS 5 2014 data today is that it is still very relevant, and data for the next IFLS 6 period is still unavailable. In addition, IFLS data is a high-value non-RCT data widely used for microdata analysis.

The method used in this study is primarily descriptive statistical analysis that explains the demographic, economic, and spatial characteristics of household welfare. However, regression analysis using multinomial logits is used to test household welfare. Multinomial logarithms are used to test the probability of respondents or individuals achieving prosperity as a dependent variable, where Y = 1 for very low welfare, Y = 2 for moderate welfare, and Y = 3 for high welfare. Vectors of some individual household characteristics are used as independent variables, including whether the individual lives in an urban area, the gender of the head of the household, whether the individual works in the agricultural/industrial/service sector (occupation), whether the education of the head of the household; whether ethnicity affects households; whether individuals have access to technology; and the number of household members (as well as several other characteristic variables). A more complete list can be seen in the list of variables used in this study (see Table 1).

The Multinomial Logistics Regression Analysis model in general is as follows:

$$P(WELFARE) = b_0 + b_1 SEX + b_2 URBAN + b_3 EDU + b_4 JAVA + b_5 SUNDA + b_6 BALI + b_7 BATAK + b_8 MINANG + b_9 BETAWI + b_{10} CHINESE + b_{11} NUMHM + b_{12} WAGES + b_{13} TECH + b_{14} DEBT + b_{15} HEALTH + b_{16} AGRI + b_{17} INDUST + b_{18} SERV + b_{19} MAR + e_i$$

Note:

P(WELFARE) = probability of welfare expenditure
SEX   = Sex of the Head of the Household
URBAN   = place of residence
EDU   = Education
JAVA   = Javanese ethnic
SUNDA   = Sundanese ethnic
BATAK   = Batak ethnic
MINANG   = Minang ethnic

BETAWI   = Betawi ethnic
CHINESE   = Chinese ethnic
NUMHM   = Number of household members
WAGES   = Wages
TECH   = Technological Access
DEBT   = Debt
HEALTH   = Health program
AGRI   = Agriculture Sector
INDUST   = Industrial Sector
SERV   = Service Sector
MAR   = Marital Status

Table 1. Definition of Operational Variables

No	Variable Type	Variable Name	Variable Symbol	Variable Properties	Measurement Scale
1	Dependent Variable	probability of welfare expenditure	P(WELFARE)	Categorical Variables	1 = very low 2 = medium 3 = high
2	Independent Variable	Sex of the Head of the Household	SEX	Categorical Variables	1 = Man 0 = Woman
		Place of residence	URBAN	Categorical Variables	1 = urban 0 = rural
		Education	EDU	Categorical Variables	Head of household's Years of schooling
		Javanese ethnic	JAVA	Categorical Variables	1 = Javanese 0 = non Javanese
		Sundanese ethnic	SUNDA	Categorical Variables	1 = Sundanese 0 = non Sundanese
		Balinese ethnic	BALI	Categorical Variables	1 = Balinese 0 = non Balinese
		Batak ethnic	BATAK	Categorical Variables	1 = Banjarese 0 = non Banjarese
		Minang ethnic	MINANG	Categorical Variables	1 = Sasak 0 = non Sasak
		Betawi ethnic	BETAWI	Categorical Variables	1 = Bugis 0 = non Bugis
		Chinese ethnic	CHINESE	Categorical Variables	1 = Chinese 0 = non-Chinese
		Number of Household Members	NUMHM	Numerical Variables	Based on the number in the household member
		Wages	WAGES	Numerical Variables	Total Wages
		Technological Access	TECH	Categorical Variables	1 = Households have the ability to access technology 0 = Households don't have the ability to access technology

No	Variable Type	Variable Name	Variable Symbol	Variable Properties	Measurement Scale
		Debt	DEBT	Categorical Variables	1 = Households have the Debt 0 = Households don't have the Debt
		Health program	HEALTH	Categorical Variables	1 = Households participating in the Government Health Program 0 = The Households is not a participant in the Government Health Program
		Agriculture Sector	AGRI	Categorical Variables	1 = Agriculture Sector 0 = non Agriculture Sector
		Industrial Sector	INDUST	Categorical Variables	1 = Industrial Sector 0 = non Industrial Sector
		Service Sector	SERV	Categorical Variables	1 = Service Sector 0 = non Service Sector
		Marital Status	MAR	Categorical Variables	1 = married 0 = not married

Source: IFLS 5

RESULTS AND DISCUSSION

Demographic characteristics of household welfare. Table 2 compares the education level of the head of the household. In total, the education level of the female head of household is higher than that of the male head. It is exciting to see the cross-tabulation of the education category with the gender of the head of the household. Interestingly, more women are pursuing education than men at all levels. The cross-tabulation of welfare categories and gender of the household head (Table 3) reveals interesting contrasts between groups in our sample and supports our decision to separate groups based on welfare level with the head of the household (father or mother).

Table 2. Category of Education of the Head of the Household
(Viewed by Sex of the Head of the Household)

Category of Education	Sex of the Head of the Household		
	Female	Male	Total
1. No school (0)	1229	1027	2256
2. Elementary School/Equivalent (1 - 6 years old)	5419	4836	10255
3. Junior High School - Senior High School (7 - 12 years old)	9411	8081	17492
4. Higher Education (> 12)	2244	2033	4277
Total	**18303**	**15977**	**34280**

Source: IFLS 5 (2022)

Table 3. Household Welfare in View of Sex of Head of Household

Category of Education	Sex of the Head of the Household		
	Female	Male	Total
1. very low welfare	17.26	82.74	100
2. medium welfare	18.98	81.02	100
3. high welfare	18.06	81.94	100
Total	**18.12**	**81.88**	**100**

Source: IFLS 5 (2022)

We use a multinomial logit model to examine the distribution of household welfare levels (not well off, moderately well off, and well off). Household welfare status is classified into three categories based on total household expenditure: low 40%, medium 40%, and high 20% (Effendi, 2015; World Bank, 2017). The explanatory variables (covariates) are as follows: First, a set of ethnic statuses for households (Javanese, Sundanese, Balinese, Minang, Betawi, Batak, and Chinese); Second, a set of categories for the individual household's work, namely, the agricultural sector, the industrial sector, the service sector, and earned income); Third, a set of information about the head of the household, such as his or her gender, marital status, and number of years of schooling; Fourth, a set of household residence locations; and; Fifth, one set relating to access to technology, participation in health programs, and participation in savings and loans.

Table 4. Summary Statistic for Main Variables across Welfare

Independent Variable	Welfare					
	Very Low		Medium		High	
	Mean	SD	Mean	SD	Mean	SD
MAR	0.488	0.499	0.480	0.499	0.476	0.499
SEX	0.463	0.498	0.473	0.499	0.466	0.498
URBAN	0,499	0.500	0.636	0.481	0.736	0.440
EDU	8.955	4.212	8.998	4.184	8.690	4.229
JAVA	0.262	0.439	0.271	0.444	0.254	0.435
SUNDA	0.240	0.427	0.218	0.413	0.206	0.404
BALI	0.001	0.028	0.001	0.025	0.001	0.025
MINANG	0.074	0.262	0.111	0.314	0.148	-0.356
BETAWI	0.104	0.306	0.089	0.285	0.071	0.257
BATAK	0.071	0.257	0.078	0.268	0.083	0.276
CHINESE	0.005	0.074	0.005	0.076	0.003	0.063
NUMHM	3.068	1.560	3.902	1.772	4.412	1.884
WAGES	17.250	1.138	17.290	1.152	17.261	1.174
AGRI	0.166	0.372	0.147	0.354	0.142	0.349
SERV	0.288	0.453	0.326	0.468	0.359	0.479
INDUST	0.047	0.212	0.051	0.222	0.054	0.227
TECH	0.360	0.480	0.355	0.478	0.348	0.476
DEBT	0.274	0.446	0.280	0.449	0.278	0.448
HEALTH	0.114	0.318	0.114	0.318	0.115	0.319

Source: Analysis results (2022)

We have reported the marginal effect for each explanatory variable in the multinomial logit model because the raw regressions are not directly informative or comparable in welfare categories. Marginal effects indicate the difference in the probability of each variable being found in one of the categories of household welfare status relative to the following individual references: gender of the head of household, marital status of the head of household, number of household members, level of household income, ethnicity affecting households, the domestic work sector, access to technology, enrollment in loans, and enrollment in health programs.

Table 5. Results of Marginal Effect Calculations on Household Welfare Levels

Independent Variable	Welfare					
	Very Low		Medium		High	
	M.E	p-value	M.E	p-value	M.E	p-value
MAR	-0.000	0.933	0.001	0.933	-0.001	0.892
SEX	-0.004	0.489	0.007	0.489	-0.003	0.926
URBAN	-0.177	0.000***	0.068	0.000***	0.108	0.000***
EDU	0.002	0.235	0.001	0.235	-0.003	0.000***
JAVA	-0.002	0.530	0.012	0.530	-0.010	0.487
SUNDA	0.026	0.094*	-0.010	0.094	-0.015	0.034**
BALI	-2.747	0.980	1.947	0.980	0.799	0.980
MINANG	-0.109	0.000***	0.044	0.000***	0.065	0.000***
BETAWI	0.308	0.258	0.002	0.258	-0.033	0.008***
BATAK	-0.318	0.124	0.016	0.124	0.015	0.095*
CHINESE	0.030	0.816	0.014	0.816	-0.044	0.363
NUMHM	-0.081	0.000***	0.038	0.000***	0.042	0.000***
WAGES	-0.010	0.007***	0.007	0.007***	0.002	0.037**
AGRI	0.029	0.035**	-0.019	0.035**	-0.010	0.071*
SERV	-0.022	0.080*	0.008	0.080*	0.013	0.022**
INDUST	-0.001	0.989	-0.003	0.989	0.005	0.771
TECH	0.010	0.443	-0.001	0.443	-0.008	0.146
DEBT	-0.002	0.682	0.005	0.682	-0.002	0.888
HEALTH	0.021	0.101	-0.017	0.101	-0.003	0.293

Source: STATA 13 analysis results (*** p<.01, ** p<.05, * p<.1)

Table 5 reports the results of the multinomial logit model for the entire sample in the IFLS unit test. This result supports the argument that households living in urban areas are less likely to prosper than those in rural areas. The moderately prosperous category with a p-value below five percent has a positive influence. The marginal effect value is 0.068, meaning households living in urban areas tend to be 6.8% more prosperous than rural areas. Meanwhile, for the prosperous category, the marginal effect value is 0.108, which means that households living in urban areas have a 10.8% chance of being more prosperous than those in rural areas. Seeing the marginal effect value that is so large

for households living in urban areas, urban areas may still be the main attraction for households to achieve their welfare. This picture can be seen from spending in urban areas, which is higher than in rural areas, underlining a rough picture of the level of welfare of urban residents, who are better off than rural residents.

Another result of demographic characteristics is the education level of the head of the household. The value shown by the education variable of the head of the household is not significant in the less prosperous and moderately prosperous categories. However, the coefficient value of the prosperous category is negative, indicating that the higher the education level of the head of the household, the lower the chance of achieving prosperity. This result could be because the employment market is not ready to accept household heads who graduate without competence following the world of work. In addition, this phenomenon occurs because people with low education are ready to accept any job offered with inconsistent salaries, especially when working in the informal sector. Supposedly, the education level of the head of the household can prove that poverty will decrease with an increase in the education level of the head of the household. The results of this study are in line with the research of Akerele and Adewuyi (2010), which states that poverty is higher among household heads with upper-middle education. This opinion also matches Bilenkisi et al. (2015), who found that heads of households who graduate at the high school level tend to have a lower probability of achieving prosperity. Djamaluddin (2017) state that total number of household member and asset ownership is the main factor that lowers the poverty rate.

The following demographic characteristic variable is the number of household members. The analysis results show that the number of household members is significant in all categories. The finding is that households with more family members will have a lower marginal effect of 8.1% on achieving poverty. In contrast, in the prosperous category, households with more members will have a more significant marginal effect of 4.2% on achieving prosperity. The explanation of the research results above is in line with Spalkova and Spalek (2013), namely households that tend to choose a more significant number of household members because they will have a higher total income so total consumption expenditure for households will increase and welfare will increase. These results are consistent with the research by Davis et al. (1983), who concluded that household income and household size had a significant positive impact on household consumption expenditure.

Improvements in the standard of living of households can be seen in the primary employment sector. In this study, only three sectors were mentioned, namely the agricultural sector, the industrial sector, and the service sector. The results of the research carried out in the three categories show that the industrial sector is not significant in all categories, while the other two sectors, namely, agriculture and services, obtain significant results in all categories. The service sector has a 2.2% lower chance of being unprosperous than the agricultural and industrial sectors. The sector with the least prosperous opportunity is the agricultural sector, at 2.9%. This fact is supported because households move from jobs in the agricultural to non-agricultural sectors. Economic factors influence this fact.

The research results from Tocco and Davidova (2012) explained that households switch jobs from the agricultural sector to other sectors due to individual, household, agricultural,

financial, location, and labor market characteristics. However, the agricultural sector offers the most significant opportunity for prosperity, with 7.1% more opportunities than the service sector, which offers only 2.2%. Sinurat et al. (2020) found that the agricultural sector significantly affects welfare status. However, several variables in the agricultural sub-sector are not statistically significant.

Further analysis of the influence of ethnicity on household welfare, Levinson and Christensen (2003) provides input on the nomenclature of 300 ethnic groups in Indonesia. Villages and local communities are the social basis of all these groups, although each group has a different language, culture, and history. The largest ethnic group is the Javanese (33 percent of the total), most of whom live on the island of Java and some outside Java. According to the IFLS, the largest ethnic groups are Sundanese, Batak, Minang, and Betawi. Even though the definition of an ethnic group can be debated, this study is limited by the information already available in the IFLS questionnaire, which is predominant in the household.

Dincer and Hotard (2011) explain that cultural identification (ethnicity) and economic inequality are not related in a linear connection. On the contrary, they prove that there is an inverse U-relationship (quadratic) between Ethnic Fractalization (ERFe) and expenditure inequality in 58 countries in Africa, Asia, and Latin America. That is the more diverse the ethnic groups in an area, the more unequal the welfare of the people.

In the results of the analysis, there are unique findings that explain that the ethnic group that has a lower chance of experiencing poverty is the Sundanese ethnicity. In comparison, the ethnic group with a greater chance of achieving prosperity is the Minang ethnicity. The Sundanese ethnic group has the opportunity to achieve the welfare of 2.6%, and the other ethnic minority group has the opportunity to achieve the welfare of 6.5% are more likely to achieve poverty. This result is because most people recognize the Minangkabau as skilled nomads. This fact can be seen from the number of successful Minang people in their overseas areas. Pioneering from small businesses to survive the brunt of the natives in the place where he lives. For ethnic people and adherents of the Minangkabau matrilineal culture, migrating will affect one's social status in the family, among relatives, and in society. This cultural phenomenon is one of the motivating factors for someone to migrate).

Many Minang people migrate by leaving their homeland and settling in other places that provide a decent life (Akmal & Nurwianti, 2009). Even more unique, the livelihood of wage laborers is not popular with the Minang people because they have low prestige. In addition, Minang people who migrate do not have to have a high school diploma to be able to apply for a job (Rahmah, 2011). With the ability to trade, Padang restaurants are one type of business usually occupied because they already know how to make it.

As previously stated, the greater the ethnic and cultural diversity, the closer it will be to unequal welfare. Therefore, in this case, the inequality in the distribution of expenses issued by ethnic groups is the largest in the Javanese, with a percentage value of 26% of the bottom 40 percent of the group. The second is the Sundanese ethnic group, with a percentage of 24% of the lowest 40%, so the Javanese ethnic group of households has the lowest level of welfare. When examined more closely, the agricultural sector is responsible for 54.12 percent of the poverty or inequality between households in the Javanese ethnic group.

Seeing results like the above means that there must be policy incentives for the work sector that is engaged in by these ethnic groups, especially jobs that contribute to high inequality. Based on these results, the agricultural sector contributes the most to the welfare of the Javanese. Regarding this, the policy incentives to overcome it are in the agricultural sector by cutting the harvest distribution chain, providing smooth distribution access, facilitating the distribution of capital, and providing assistance and added value, namely selling crops already packaged (which is one of them), by utilizing the BUMDES institution for this management. Then, households working in the agricultural sector get good value-added, and agriculture's selling price is improving.

Meanwhile, the Sundanese with jobs in the service sector also fall into the category of the lowest 40 percent group. The implementation that must be carried out to stimulate the sector so that ethnic groups in these jobs can improve their welfare is by providing more incentives to the service sector regarding regulations and subsidies if needed. In addition, households must be able to access information because it is believed that households with access to information will develop. Suppose the service sector is closely related to the financial sub-sector. In that case, this can be done by providing incentives to financial institutions that develop inclusive finance in the hope that the number of people who can access financial institutions will ultimately increase welfare, while the most prosperous Javanese are those who have jobs in the service sector with a percentage of 54.77 percent. For the Sundanese, households included in the lowest 40 percent employment group are in the service sector, with a percentage of 36.7 percent. The service sector accounts for 17.6 percent of the group that enters the 20 percent club.

CONCLUSIONS

The finding from this research indicates that three household characteristics variables, namely, the education level of the head of the household (basic education), place of residence, and household size, contribute to the opportunity value of the position of household welfare in each welfare category. The resulting inequality in the distribution of ethnic spending is most significant among the Javanese, with a rate of 26% against the lowest 40%. The second is ethnic Sundanese, who comprise at least 40% to 24% of the group. Thus, the welfare of the Javanese household group is at its lowest level. If we look closely, the agricultural sector, which accounts for 54.12% of the GDP, contributes to the poverty and welfare of Javanese households.

REFERENCES

Akmal, S. Z., & Nurwianti, F. (2009). Kekuatan Karakter dan Kebahagiaan pada Suku Minang. *Jurnal Psikologi, 3*(1), 51-60.

Anisa, N. A., Arifin, S., Setyowati, L., Hidayah, N., & Megasari, A. D. (2020). Financial Literacy on Impulsive Buying Behavior in Y Generation. *Quantitative Economics and Management Studies, 1*(1), 70-75. https://doi.org/10.35877/454ri.qems1180.

Arisetyawan, K., Sasongko, S., & Sakti, R. K. (2019). Does the Education Level of the Head of the Household Affect the Welfare of the Household? Case Study of

Indonesian Household Data. *Journal of Educational Economics and Entrepreneurship, 7*(2), 99-110.

Badan Ketahanan Pangan (BKP). (2017). *Development of the Population Consumption Situation in Indonesia.* Jakarta: Ministry of Agriculture.

Badan Pusat Statistik. (2016). Indeks Kesejahteraan Rakyat (INKESRA). Jakarta: BPS

Badan Pusat Statistik. (2021). *Socioeconomic Data.* Jakarta: Badan Pusat Statistik.

Bilenkisi, F., Gungor, M. S., & Tapsin, G. (2015). The Impact of Household Heads' Education Levels on the Poverty Risk: The Impact from Turkey. *Educational Sciences: Theory and Practice, 15*(2), 337-348.

Davis, M. H. (1983). Measuring Individual Differences in Empathy: Evidence for a Multidimensional Approach. *Journal of Personality and Social Psychology, 44*(1), 113-126.

Dincer, O. C., & Hotard, M. J. (2011). Ethnic and Religious Diversity and Income Inequality. *Eastern Economic Journal, 37*(3), 417-430.

Djamaluddin, S. (2017). How to Lower the Poverty? Population Control and Increase of Asset Ownership. *Signifikan: Jurnal Ilmu Ekonomi, 6*(2), 267-288.

Effendi, T. N. (2015). Do Remittances "Make It" for Their Members Left Behind? Urban to Rural Remittances by Migratns in Four Indonesian Cities. *Population, 23*(1), 88-106.

Fjelde, H., & Otsby. G. (2014). Socioeconomic Inequality and Comunal Conflict: Disaggregated Analysis of Sub-Saharan Africa, 1990-2008. *International Interactions, 40*, 737–762.

Levinson, D., & Christensen, K. (2003). *Encyclopedia of Community.* New Jersey: Sage.

Milligan, S. (2012). Economic Inequality, Poverty, and Tolerance: Evidence from 22 Countries. *Comparative Sociology, 11*, 594–619.

Ogaraku, E. N., Oyita, G. E., & Anyanwu, S.O. (2016). Analysis of Household Consumption Expenditure on Selected Staple Foods in Ika North East Local Government Area of Delta State, Nigeria. *Direct Research Journals, 4*(10), 300-307.

Phuong, N. V., & Mergenthaler, M. (2015). Effects of Household Characteristics on Expenditure for Dairy Products in Vietnam. *International Journal of Research Studies in Agricultural Sciences (IJRSAS), 1*(5), 1-13.

Rosen, H. S., & Gayer, T. (2014). *Public Finance.* New Jersey: Irwin Professional Publisher.

Sedefoglu, G., & Akay, E. C. (2016). Determinants of Poverty on Household Characteristics in Turkey: A Heteroskedatic Model. *The Empirical Economics Letters, 15*(6), 511-520.

Sinurat, R. R., Masbar, R., & Suriani, S. (2020). Assessing Determinants of Household Welfare in the Indonesian Agricultural Sector. *East Africa Scholars Journal of Economics, Business, and Management, 3*(1), 25-31.

Spalkove, D., & Spalek, J. (2014). Housing Tenure Choice and Housing Expenditure in the Czech Republic. *Review of European Studies, 6*(1), 23-33.

Tocco, B., & Davidova, S. (2012). Key Issues in Agricultural Labour Markets: A Review of Major Studies and Project Reports on Agriculture and Rural Labour Markets. *Working Paper of Center for European Policy Studies.*