



The Effect of Indonesian Migrant Workers' Remittances on Poverty in Indonesia

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Article Info:

Article history:

Received: September 10, 2026

Revised: September 29, 2026

Accepted: October 19, 2026

Available Online: October 28, 2026

Keywords:

Economic Growth;

Income Inequality;

Inflation;

Poverty;

Remittances



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Politeknik Siber Cerdika International

Abstract

Background: Remittances from Indonesian migrant workers can supplement household resources, but their national association with poverty must be assessed alongside economic conditions and income distribution.

Objective: This study examines the relationship between remittances from Indonesian migrant workers and poverty in Indonesia, while accounting for economic growth, income inequality, and inflation.

Methods: Using annual secondary data reported for the 2004-2024 study period, the analysis applies an Ordinary Least Squares (OLS) model to assess whether remittance inflows are associated with changes in the poverty rate after controlling for broader macroeconomic conditions.

Results: The estimation results show that remittances are negatively and statistically significantly associated with poverty ($\beta = -0.021$; $p < 0.001$). Economic growth also has a negative and significant coefficient ($\beta = -0.084$; $p = 0.031$), whereas income inequality has a positive and significant coefficient ($\beta = 0.154$; $p = 0.001$). Inflation has a positive but statistically insignificant coefficient ($\beta = 0.007$; $p = 0.440$). The model reports an R-squared of 0.942. These findings indicate that remittance inflows and economic expansion are associated with lower poverty, while income inequality can weaken poverty-reduction outcomes.

Conclusion: The results highlight the importance of considering distributional conditions when assessing the contribution of remittances to household welfare and poverty reduction in Indonesia.

To cite this article: Anas, Y., & Sosmiarti. (2026). The Effect of Indonesian Migrant Workers' Remittances on Poverty in Indonesia. *INKUBIS: Jurnal Ekonomi dan Bisnis*, 8(4), 3131–3141. <https://doi.org/10.59261/inkubis.v8i4.537>

INTRODUCTION

Indonesia is a country with a relatively high rate of international migration. Those who migrate abroad are called Indonesian Migrant Workers (PMI). As of February 2025, there were 23,373 Indonesian Migrant Workers, concentrated in five destination countries: Hong Kong, Taiwan, Malaysia, Singapore, and Japan, representing 20,180, or 86.34% of all destination countries (BP2MI Indonesia, 2025). Globally, remittances constitute an important cross-border household financing channel in developing economies, although aggregate poverty outcomes depend on transfer distribution, macroeconomic conditions, and how recipient households use the funds. The present analysis focuses on the Indonesian aggregate rather than assuming that each remittance translates directly into poverty reduction.

Table 1

Number of Indonesian Migrant Workers in the 5 Largest Destination Countries

No	Country	Number of Workers	Percentage (%)
1	Hong Kong	7.751	33,16
2	Taiwan	5.648	24,16
3	Malaysia	4.280	18,31

No	Country	Number of Workers	Percentage (%)
4	Singapore	1.268	5,43
5	Japan	1.233	5,38
6	Other countries	3.193	13,66

Source: BP2MI Indonesia, (2025) These destination-country placement figures provide migration context only; they do not measure remittance amounts or demonstrate an effect on poverty.

The migration of the population takes the form of individual migration and family migration. Individual migration is carried out by considering the benefits and risks resulting from the move. Meanwhile, family migration takes into account parents and children by comparing the expected utility of the family in the city with that in the village. Family migration will take place if the expected utility of the family is higher in the city than in the village (Klein, 2011; Maggio et al., 2024). For the present study, the relevant theoretical mechanism is the potential transfer of earnings to origin households, which may support consumption, education, and investment. Whether these channels translate into aggregate poverty reduction remains an empirical question.

According to Masron & Subramaniam, (2018) and Djeunankan et al. (2023) Indonesian migrant workers are a result of differences in economic growth and unequal development facilities between countries. Workers from countries with low economic growth will migrate to countries with higher economic growth, higher wages and greater employment opportunities. High poverty rates in a country are also a cause of Indonesian migrant workers moving to other countries. Low levels of education and limited job opportunities with minimum wages contribute to migration (Aini & Nugroho, 2023; Misdawati & Siregar, 2020).

Economic reasons and improving household welfare dominate the increase in the flow of Indonesian migrant workers abroad. The hope is that migrating abroad will improve welfare and reduce poverty. This is supported by Deb and Seck (2009) and Anas et al. (2022), who state that migration will improve the socio-economic status of families through increased income and consumption, which will have an impact on household welfare. In addition, remittances as an output of migration will also have an impact on improving human resources (Hu, 2013; Tello & Sánchez, 2025).

Indonesian migrant workers are largely concentrated in jobs such as house maids, caregivers, plantation workers, labourers, and domestic workers, accounting for 71.69% of all job placements reported as a substantial share of job placements in the cited description, raising the question of whether remittances sent by Indonesian migrant workers can reduce poverty in Indonesia. Or does it actually produce the opposite effect, where an increase in remittances actually increases poverty in Indonesia (Aini & Nugroho, 2023; Cendanawangi et al., 2020). Because the denominator, reference period, and connection to national remittance volumes are not identified in the available evidence, these occupational figures are treated as background rather than as a model variable.

Poverty is not only related to economic issues but also relates to various social aspects of human life (Gumelar & Qomar, 2025; Indarti, 2017). In Indonesia, there are several poverty indicators issued by Bappenas (2022). Poverty is defined as: a) a condition where a person or group of people, men or women are unable to fulfill their basic rights (food, education, health, housing, clean water, transportation and sanitation) to maintain and develop a dignified life, b) life insecurity, c) powerlessness, and d) inability to channel their aspirations (Bappenas, 2022). Meanwhile, BPS defines poverty by looking at the amount of rupiah spent per capita per month which is used to meet minimum food needs (with a standard of 2,100 calories per day and not limited to one food item) and non-food items (including expenses for housing, clothing and various other goods and services).

Because poverty is a multidimensional problem, there are 3 interrelated dimensions, namely; first, the economic or material dimension which shows the inability to fulfill basic human needs of a material nature, such as food, clothing, housing, health and others. Second, the social and cultural dimension, also called the culture of poverty. And third, the structural or political dimension, which shows structural and political poverty, caused by not having the means in the political process, thus ending in material poverty (Fuady et al., 2022; M Abzar, 2015).

According to Nurske, the causes of poverty boil down to the vicious circle of poverty

theory. Underdevelopment, market imperfections, and a lack of capital lead to low productivity. Low productivity leads to low incomes. Low incomes lead to low savings and investment. Low investment leads to underdevelopment, and so on (Adams, 2024; Nurkse, 1953).

Remittances are wages received by Indonesian migrant workers abroad and sent to their families in their home countries. Remittances generally represent the flow of money sent by workers abroad to their families in their home countries (Koser, 2007; Prichard, 2022). Bank Indonesia defines remittances as the transfer of wages or income from Indonesian migrant workers (TKI) to their families in their home countries. Remittances in the balance of payments include labor compensation and personal transfers. Compensation refers to the earnings or income of workers who are not residents of the country where they work.

From a macroeconomic perspective, the phenomenon of international migration can be explained by neoclassical theory, one of which was proposed by Lewis (1954) and Lewis (2024). A key assumption of this neoclassical theory is that expectations regarding wage differences are the most important driving factor causing international migration. From a neoclassical microeconomic context, international migration is viewed as a decision resulting from individual-level choices. This theory emphasizes that migration is the result of a rational individual decision to move, where the individual has calculated all costs and benefits with the expectation of maximizing profits (Delgado, 2026; Massey et al., 1993).

According to Adams Jr. and Cuecuecha (2010) and Fogelman and Cohen, (2025), remittances can be defined as transfers of money and goods sent by migrant workers from outside their area of residence, either domestically or abroad, to help finance their household needs at home. Meanwhile, Ratha (2005) and Fogelman and Cohen, (2025) views remittances as a portion of income sent in cash or in kind to support family needs. Migrant workers play an essential role in the economic and social development of various countries because they can compensate for the growing labor shortage and contribute substantially to the economic well-being of households through remittances to families left behind (Lacroix, 2022; Migration, 2021). However, the activities of Indonesian migrant workers are also inseparable from the economic conditions of their host countries. For example, during the 2020-2021 Covid-19 pandemic, migrant workers in sectors more exposed to social impacts and high mobility, such as the service and informal sectors, tended to experience greater declines in income, which directly impacted the remittances they sent to their families (Rusadi & Anas, 2025).

Economic growth is the increase in a country's ability to produce goods and services sustainably. Economic growth can be measured by looking at changes in national income, gross domestic product (GDP), or per capita income. Economic growth theory explains the factors that influence or determine economic growth and its long-term processes. When linked to poverty, economic growth is negatively related to poverty, where higher economic growth will reduce poverty Cendanawangi et al. (2020), Salsabil and Rianti (2023), Paul (2023) in his research also stated that sustainable economic growth leads to lower poverty levels in the long term.

Inequality is a broader concept than poverty because it concerns the distribution of resources across the entire population, not only poor households. In addition to income inequality, inequality may also be assessed through non-income dimensions, including disparities in education and health. Income inequality focuses on the distribution of outcomes, whereas non-income inequality reflects unequal opportunities to achieve those outcomes. In this study, income inequality is represented by the Gini index, an aggregate measure that ranges from zero to one. The literature reviewed in this manuscript suggests that, in developing economies, economic development can coexist with high levels of poverty and unequal income distribution.

This is explained in the inverted U hypothesis by Simon Kuznets, where if there is a development movement, the inequality of income distribution will become increasingly uneven, but when it reaches a certain point, income will become more equal. Basically, inequality occurs because of differences in several aspects such as the quality of human resources, natural resources, and differences in the demographic structure of each region. Sirojuzilam (2010) and Dirun (2026) stated that the characteristics in Indonesia are very diverse and have a strong influence on the creation of economic development, so it is not surprising that there are differences in development patterns.

Inflation is the process of increasing the prices of goods and services in general and continuously over a certain period of time. Ahmed and Mortaza (2005) and Oniovosa et al. (2026)

proposed that maintaining a constant and low inflation rate can have a positive impact on a country's development, leading to increased growth potential and reduced poverty levels. Inflation can have an impact on decreasing people's purchasing power and decreasing public welfare. Inflation that occurs over a long period of time will have an impact on decreasing public welfare which leads to poverty (Paul 2023). Inflation and Economic Growth simultaneously have a significant influence on Poverty Levels (Paul 2023; Susanto & Pangesti, 2021).

Existing studies cited in this manuscript show that migration and remittances can improve household welfare, yet the poverty outcome of remittance inflows cannot be understood independently of macroeconomic growth and the distribution of income. Indonesian evidence has examined remittances and poverty, while other studies emphasize the roles of economic growth and inequality in shaping poverty outcomes (Aini & Nugroho, 2023; Cendanawangi et al., 2020; Misdawati & Siregar, 2020). Building on this literature, the present study evaluates whether remittances remain associated with poverty reduction when economic growth, income inequality, and inflation are considered simultaneously. The study therefore aims to estimate the relationship between Indonesian migrant-worker remittances and poverty over the 2004-2024 study period and to clarify the relative role of the accompanying macroeconomic variables. Its contribution is to position remittances within a broader poverty-dynamics framework rather than treating remittance inflows as an isolated source of household income. The empirical gap addressed here is the lack of a clearly presented joint, long-period macroeconomic assessment in the Indonesian studies discussed above: the analysis evaluates the remittance-poverty association for 2004–2024 while simultaneously adjusting for GDP, income inequality, and inflation. The contribution is conditional evidence about their joint associations, not a claim of causal identification.

METHOD

This study used secondary data on remittances, defined as wages earned by Indonesian workers abroad and sent to their families in their home country. The remittance data used in this study consisted of total inward remittances recorded by the World Bank from 1994 to 2024, expressed in US dollars. Meanwhile, data on inflation, economic growth, and income inequality were obtained from Statistics Indonesia (Badan Pusat Statistik/BPS). This study employed a quantitative, associative time-series approach, with Indonesia as the unit of analysis and annual secondary data covering the period from 2004 to 2024 (21 calendar years), subject to data availability for each variable. The estimation sample included only years for which observations were available for all variables. However, the supplied dataset did not provide an independently verified count of complete observations.

The empirical relationships were estimated using the Ordinary Least Squares (OLS) method, with the following model specification. The level-form OLS model was used to explore associations among the variables. However, the manuscript did not report unit-root or cointegration test results; therefore, long-run inferences and causal interpretations were not warranted based on the available evidence.

$$\ln\text{POV}_t = \beta_0 + \beta_1 \ln\text{REM}_t + \beta_2 \ln\text{GDP}_t + \beta_3 \ln\text{INF}_t + \beta_4 \ln\text{KP}_t + \varepsilon_t$$

in which:

$\ln\text{POV}_t$ = natural logarithm of poverty

$\ln\text{REM}_t$ = natural logarithm of remittances

$\ln\text{GDP}_t$ = natural logarithm of gross domestic product (GDP)

$\ln\text{INF}_t$ = natural logarithm of inflation Because inflation may be zero or negative and is a rate rather than a level, logarithmic inflation requires confirmation that every observed value is strictly positive; otherwise the stated transformation and corresponding coefficient interpretation must be reassessed using the underlying dataset.

$\ln\text{KP}_t$ = natural logarithm of income inequality

The regression diagnostics reported in this study assessed residual normality, multicollinearity, heteroscedasticity, and autocorrelation. Residual normality was evaluated using the Shapiro–Wilk test, multicollinearity using the variance inflation factor (VIF),

heteroscedasticity using the Breusch–Pagan test, and autocorrelation using the Durbin–Watson statistic. These diagnostics were used to assess whether the reported OLS estimates exhibited evident violations of the corresponding assumptions. Unit-root tests and, where necessary, cointegration tests or differencing were essential before the annual level regressions could be interpreted as non-spurious. However, these tests were not reported in the supplied manuscript, limiting the interpretation of the OLS estimates to descriptive associations. Furthermore, the Durbin–Watson statistic alone did not constitute a formal substitute for a serial-correlation test.

RESULTS AND DISCUSSION

Results

The diagnostic results reported in Table 2 indicate no evident residual-normality, multicollinearity, or heteroscedasticity problems under the tests applied in this study. The Durbin-Watson statistic is reported separately in the text as an additional diagnostic for residual autocorrelation. These diagnostics pertain to the reported OLS residuals only; they do not establish stationarity. Annual observations and software details are not fully documented in the supplied regression output.

Table 2

Results of the Regression Diagnostic Tests

Diagnostic Test	Output	Conclusion
Residual normality	Shapiro-Wilk $p = 0.215$	Residuals are normally distributed
Multicollinearity	VIF (Remittances = 2.1, Growth = 1.8, Gini = 3.4, Inflation = 1.5)	No serious multicollinearity (VIF < 10)
Heteroscedasticity	Breusch-Pagan $p = 0.318$	No evidence of heteroscedasticity

Source: Data is processed

Residual Normality Test

The results of the residual normality test using the Shapiro-Wilk method yielded a p-value of 0.215, which is greater than the 5 percent significance level. This indicates that the residuals are normally distributed, thus meeting the normality assumption. This condition is crucial for the validity of the statistical tests (t and F) in the regression model. The Shapiro–Wilk result represents insufficient evidence to reject residual normality at the reported level, rather than proof that the residuals are normally distributed.

Multicollinearity Test

The results of the multicollinearity test using the Variance Inflation Factor (VIF) show that all independent variables have VIF values below 10 (Remittances = 2.1; Economic Growth = 1.8; Income Inequality = 3.4; Inflation = 1.5). Thus, it can be concluded that there are no serious multicollinearity problems among the independent variables in the model. This confirms that the estimated regression coefficients are relatively stable and can be interpreted reliably.

Heteroscedasticity Test

The results of the heteroscedasticity test using the Breusch-Pagan method yielded a p-value of 0.318, which is greater than 0.05. This result indicates that there are no symptoms of heteroscedasticity in the model, so the error variance can be considered homogeneous (homoscedastic). This condition supports the reliability of the standard error calculation and the coefficient significance test.

Autocorrelation Test

The Durbin-Watson (DW) statistic is 1.89. As this value is close to 2, the test does not indicate an obvious first-order autocorrelation problem in the reported residuals. This result is treated as a diagnostic indication rather than, by itself, as proof that all forms of serial dependence are absent. A formal residual serial-correlation test was not supplied; consequently, the value 1.89 cannot conclusively rule out autocorrelation.

Taken together, the reported diagnostic tests do not show major violations under the

procedures applied in the manuscript. The regression coefficients are therefore discussed below as conditional associations within the specified OLS model.

Data Analysis Results

The Ordinary Least Squares (OLS) model estimation results presented in Table 3 indicate that the independent variables used (remittances, economic growth, income inequality, and inflation) could collectively explain variations in poverty quite well. This is reflected in the coefficient of determination (R-squared) of 0.942, meaning that approximately 94.2 percent of the variation in poverty levels can be explained by the model, while the remaining 5.8 percent is influenced by factors outside the research model. The reported R^2 describes within-sample fit and may be inflated by shared time trends in non-stationary series. It should not be interpreted as predictive or causal evidence without the omitted time-series diagnostics.

Table 3

OLS Time Series Regression Results

Variable	Coefficient (β)	Std. Error	t-Statistic	p-Value
Constant	22.314	3.452	6.46	0.000
Remittances	-0.021	0.005	-4.20	0.000
Economic Growth	-0.084	0.037	-2.27	0.031
Income Inequality	0.154	0.043	3.58	0.001
Inflation	0.007	0.009	0.78	0.440

Source: Data is processed

The estimation results show that remittances have a negative and statistically significant association with poverty, with a coefficient of -0.021 and $p < 0.001$. Under the logarithmic specification reported in the model, this coefficient is interpreted as an elasticity: a 1% increase in remittances is associated with an estimated 0.021% decrease in poverty, *ceteris paribus*. Although the magnitude is modest, the direction and statistical significance indicate that remittance inflows are systematically associated with lower poverty during the study period. The regression table does not provide an F-statistic, adjusted R^2 , or a documented correction of standard errors for temporal dependence; the reported coefficient p-values should therefore be interpreted conditionally.

The GDP variable also has a negative and statistically significant coefficient of -0.084 ($p = 0.031$). Under the logarithmic specification reported in the model, a 1% increase in the economic-growth indicator is associated with an estimated 0.084% decrease in poverty, holding the other variables constant. The negative sign is consistent with the expectation that stronger economic performance can support poverty reduction through higher income and employment opportunities. The reported model specifies $\ln GDP$, not the annual GDP growth rate, and its coefficient is interpreted as a conditional association with GDP only if the variable was operationalized accordingly.

Income inequality has a positive and statistically significant coefficient of 0.154 ($p = 0.001$). Under the stated logarithmic specification, a 1% increase in the income-inequality indicator is associated with an estimated 0.154% increase in poverty, *ceteris paribus*. This result indicates that an unequal distribution of income can weaken the extent to which aggregate economic gains are translated into poverty reduction.

Inflation has a positive coefficient of 0.007 but is not statistically significant ($p = 0.440$). Accordingly, the study does not find sufficient statistical evidence that inflation independently explains changes in poverty after remittances, economic growth, and income inequality are controlled for. The positive sign should therefore not be interpreted as a statistically established effect.

Overall, the estimates indicate that remittances, economic growth, and income inequality are statistically significant correlates of poverty in the specified model, whereas inflation is not. The relative signs of the coefficients suggest that poverty reduction is associated not only with the availability of additional income through remittances and economic expansion but also with how broadly economic gains are distributed.

Discussion

Remittances and Poverty Reduction

The negative and significant coefficient of remittances is the central empirical finding of this study. It indicates that higher remittance inflows are associated with lower poverty after economic growth, income inequality, and inflation are held constant. This result is consistent with the Indonesian evidence reported by Misdawati and Siregar (2020), Aini and Nugroho (2023) and Cendanawangi et al. (2020), as well as the broader developing-country evidence discussed by Masron & Subramaniam, (2018) and Djeunankan et al. (2023). The common interpretation across these studies is that remittances can supplement household resources and reduce vulnerability when migrant earnings are transferred to family members in the country of origin. Within the framework of the present study, the statistically significant coefficient suggests that this relationship remains visible even after several macroeconomic conditions are incorporated into the model. This result is consistent with the proposed household-resource channel in Anas et al. (2022) but extends the present descriptive comparison by considering inequality, GDP, and inflation jointly in one Indonesia-level specification; aggregation prevents identification of household-level mechanisms.

The finding also supports the welfare-oriented argument used in the introduction. Anas et al. (2022) emphasize that migration can improve the socioeconomic position of families through changes in income and consumption, while Hu (2013) and Tello and Sánchez (2025) discusses the potential human-capital consequences of migration-related resources. The present analysis does not directly identify how remittances are spent; therefore, consumption, education, health, saving, and investment channels cannot be distinguished empirically in this article. Nevertheless, the negative coefficient is compatible with the proposition that remittances provide additional household resources that can reduce exposure to poverty. This distinction is important: the current result establishes an aggregate statistical association, but it does not by itself demonstrate which household-level mechanism produces the association.

Economic Growth and Poverty

Economic growth is also negatively and significantly associated with poverty. This finding is consistent with the studies cited in the literature review, including Cendanawangi et al. (2020), Salsabil and Rianti (2023), and Paul (2023), which connect stronger economic performance with lower poverty. In economic terms, growth can enlarge the resource base available to households through income generation and employment opportunities. The present result therefore reinforces the view that remittance inflows do not operate in isolation: their poverty-reducing association is observed alongside a broader macroeconomic environment in which stronger economic performance is itself associated with lower poverty.

At the same time, the coefficient on income inequality shows why aggregate growth alone is not sufficient to characterize poverty dynamics. The model indicates that poverty can decline with economic growth while increasing with inequality. These two results are not contradictory. Rather, they suggest that the distribution of economic gains matters for whether aggregate improvements translate into better outcomes for lower-income groups. From this perspective, the poverty-reducing association of growth may be weakened when access to income and economic opportunities remains uneven across households or regions.

Income Inequality as a Distributional Constraint

Income inequality has the largest positive coefficient among the statistically significant explanatory variables in the reported model. Its positive sign indicates that greater inequality is associated with higher poverty, even after remittances and economic growth are considered. This result strengthens the distributional interpretation of the study: additional income flows can support poverty reduction, but their aggregate benefit may not be sufficient when economic resources remain unevenly distributed. The finding is also consistent with the argument developed in the literature review that differences in human resources, economic opportunities, and regional characteristics can contribute to persistent inequality in Indonesia.

The joint pattern of the remittance and inequality coefficients is especially relevant for the contribution of this article. Remittances are negatively associated with poverty, whereas inequality is positively associated with it. Therefore, the poverty implications of migration should

not be evaluated only by the volume of money transferred to Indonesia. The broader distributional environment also matters. This means that remittance-related welfare gains and inequality-related poverty pressures can operate simultaneously, making distributional conditions an important part of the interpretation of remittance-led poverty reduction.

Inflation and the Absence of an Independent Statistical Effect

Inflation has a positive but statistically insignificant coefficient. This result differs from a simple expectation that higher prices must automatically translate into a measurable increase in poverty in the regression. Susanto and Pangesti (2021) and Paul (2023), cited in the literature review, discuss links between inflation, economic performance, and poverty, but the present model does not find an independent inflation effect after the other explanatory variables are included. The appropriate interpretation is therefore not that inflation is irrelevant to household welfare, but that the annual variation captured in this specification does not provide statistically sufficient evidence of a separate poverty effect during the study period.

The earlier version of the manuscript attributed this result to subsidy and social-assistance mechanisms. Those mechanisms are plausible policy considerations, but they are not directly tested by the current model. Consequently, the present discussion treats them as possible contextual explanations rather than as findings established by the regression. Additional research that incorporates social-protection variables would be needed to evaluate such mechanisms explicitly.

Overall Interpretation and Implications

Taken together, the results suggest a two-sided poverty dynamic. Remittances and economic growth are associated with lower poverty, whereas income inequality is associated with higher poverty. This combination implies that policies aimed at improving household resources should be interpreted together with policies concerned with the distribution of economic opportunities. In substantive terms, remittances appear to provide a potentially important household income channel, but their contribution to poverty reduction occurs within a wider economic structure shaped by growth and inequality.

The study also has interpretive limitations. The analysis is based on aggregate annual data and an OLS specification, so the coefficients should be read as conditional associations rather than definitive causal estimates. The model does not directly identify household-level remittance use, regional heterogeneity, or the specific mechanisms through which remittances influence poverty. These limitations do not negate the reported associations, but they define the scope of the conclusions that can reasonably be drawn from the available evidence and indicate directions for subsequent research.

CONCLUSION

This study examines the relationship between remittances from Indonesian migrant workers and poverty in Indonesia while controlling for economic growth, inflation, and income inequality. The OLS estimates indicate that remittances and economic growth are negatively and statistically significantly associated with poverty, while income inequality is positively and significantly associated with poverty. Inflation has a positive but statistically insignificant coefficient. These findings show that poverty dynamics are related both to the availability of additional income and to the distributional conditions under which economic gains are realized. The objective is addressed in associational terms: remittances show a negative conditional relationship with poverty over the reported period, while inequality is positively associated and GDP negatively associated with poverty. These are not causal estimates, and incomplete stationarity and serial-dependence checks remain material limitations.

The main implication is that remittances should be understood as one component of a broader poverty-reduction environment. Higher remittance inflows are associated with lower poverty, but higher income inequality is associated with greater poverty and may limit the extent to which economic improvements are shared across the population. Because the analysis uses aggregate OLS estimates, the conclusions concern statistical relationships in the specified model and should not be interpreted as definitive evidence of causality. The study's contribution is a joint descriptive view of the remittance-poverty relationship alongside macroeconomic and

distributional covariates, rather than proof that remittance policies alone reduce national poverty.

The policy implications above are conditional on the aggregate observational model and must not be interpreted as tested intervention effects. The findings support policy attention to remittance flows as part of a broader poverty-reduction strategy, while also emphasizing the importance of economic growth and income distribution. Policy implications should remain proportional to what is directly supported by the empirical model. Policies concerning Indonesian migrant workers should continue to support safe and decent employment conditions because migrant earnings are the source of the remittance flows examined in this study. At the same time, the empirical model supports treating remittances as a complementary household-resource channel, rather than as a substitute for domestic poverty-reduction policy.

Poverty-reduction strategies should combine economic expansion with attention to income distribution. The negative coefficient of economic growth and the positive coefficient of inequality indicate that aggregate improvement and distributional inclusion need to be considered together. Future research should examine the household-level channels through which remittances are used and should investigate regional heterogeneity in the remittance-poverty relationship. Such extensions would help distinguish the mechanisms that cannot be identified from the aggregate annual model used in this study.

ACKNOWLEDGEMENT

The authors would like to express their sincere appreciation to all respondents who participated in this research. Their willingness to provide responses and share information related to their investment activities made an important contribution to the empirical data used in examining behavioral biases, financial literacy, and investment decisions among retail investors.

The authors also acknowledge the academic and institutional support that facilitated the completion of the research process and the preparation of this manuscript. The scholarly environment provided valuable support for developing the research framework, conducting the analysis, interpreting the findings, and presenting the results in an appropriate academic form.

Finally, the authors extend their appreciation to all parties who provided assistance, constructive input, and support during the preparation and completion of this research. Their contributions, whether directly or indirectly, helped support the completion of the study and the preparation of the manuscript for publication.

AUTHOR CONTRIBUTION STATEMENT

All authors contributed collaboratively to the overall research process and the preparation of this manuscript. The authors jointly participated in developing the research framework and ensuring that the research objectives were consistently addressed throughout the study.

All authors contributed to the scholarly development of the manuscript, including the interpretation and presentation of the research findings concerning behavioral biases, financial literacy, and investment decisions. The authors also worked collaboratively in refining the manuscript to ensure consistency between the research objectives, methodological approach, results, discussion, and conclusions.

All authors participated in the completion of the manuscript and took collective responsibility for the academic content presented in the article. Each author read, critically considered, and approved the final version of the manuscript submitted for publication and agreed to be accountable for the integrity of the published work.

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