Consumption, Unemployment, and Poverty in Affecting Welfare in East Java Province

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Abstract: East Java Province has not been able to significantly improve the level of community welfare during the 2018-2020 period. Based on data reported by the Central Bureau of Statistics, the average achievement of East Java's HDI was no more than 2% over 5 years. In that time span, significant increases occurred in household consumption, unemployment, and poverty. Starting from this phenomenon, the researcher wants to conduct a study to find out how consumption, unemployment, and poverty can affect the level of community welfare in East Java. This research utilizes secondary data taken through the official website of the East Java Central Bureau of Statistics. The sampling method used is purposive sampling by setting one criterion, namely districts/cities that have published data on the new method Human Development Index, average food and non-food consumption expenditure, average open unemployment rate, and average poor population. Data analysis used panel data regression method with FEM estimation model. The results concluded that household consumption, unemployment, and poverty affect community welfare in East Java Province, both partially and simultaneously.

Keywords: Welfare, Human Development Index, Household Consumption, Unemployment, Poverty.

1. Background

In general, the purpose of a person's life is to obtain welfare. Welfare reflects a condition in which each family has the capability to obtain a decent life, good health and education in order to increase its productivity (Mulia and Saputra, 2020). However, reality has made us realize that in the effort to obtain welfare, there is sometimes unbalanced competition among the actors, which raises issues related to welfare. State administrators should pay more attention to resolving these issues by formulating ideal development programs. However, it is often found that the achievements of programs and policies in the context of realizing fair and equitable welfare do not bring the desired results. This can be caused by the focus of development implementation that does not cover all aspects of the target. Therefore, there is a need for an indicator that can cover all aspects of development.

Amarta Sen has criticized the use of economic growth as a development parameter in the conventional view. Sen revealed the reason for his rejection based on his analysis in interpreting development in his work entitled "Welfare for Freedom". He views development as a process of improving people's lives so that they are able to provide independence/freedom to make decisions in their lives (Indarti, 2017). By using this view as a foundation in giving meaning to development, UNDP adapted this thinking so that development can be interpreted as an opportunity to increase the options that can be chosen by the community. In the end, UNDP created the Human Development Index as a parameter of development success in realizing quality human resources and community welfare.

The development progress in East Java from 2018-2022 is quite encouraging. By looking at the HDI value obtained, East Java can be categorized as an area with a "High" development status with HDI achievements greater than 70, although at the district / city level it does not show the same thing. Equality has not been fully achieved. these conditions can be observed through the following table:

Table 1. East Java Development Status Based on HDI Values

Regency/City	2022	Development Status
Pacitan Regency	69.37	Moderate
Ponorogo Regency	71.87	High
Trenggalek Regency	71.00	High
Tulungagung Regency	74.06	High
Blitar Regency	71.86	High
Kediri Regency	73.46	High
Malang Regency	71.38	High
Lumajang Regency	66.95	Moderate
Jember Regency	67.97	Moderate
Banyuwangi Regency	71.94	High
Bondowoso Regency	67.31	Moderate
Situbondo Regency	68.25	Moderate
Probolinggo Regency	66.96	Moderate
Pasuruan Regency	69.68	Moderate
Sidoarjo Regency	81.02	Extremely High
Mojokerto Regency	74.89	High
Jombang Regency	74.05	High
Nganjuk Regency	72.93	High
Madiun Regency	72.39	High
Magetan Regency	74.85	High
Ngawi Regency	71.75	High
Bojonegoro Regency	70.12	High
Tuban Regency	69.67	Moderate
Lamongan Regency	74.02	High
Gresik Regency	77.16	High
Bangkalan Regency	65.05	Moderate
Sampang Regency	63.39	Moderate
Pamekasan Regency	66.99	Moderate
Sumenep Regency	67.87	Moderate
Kediri City	79.59	High
Blitar City	79.93	High
Malang City	82.71	Extremely High
Probolinggo City	74.56	High
Pasuruan City	76.54	High
Mojokerto City	79.32	High
Madiun City	82.01	Extremely High
Surabaya City	82.74	Extremely High
Batu City	77.22	High
East Java	**72.75**	**High**

Source: BPS data processed, 2024

In 2022, the development gap still exists. It is known that there are 12 districts with "Moderate" development status, while the rest fall into the "High" and "Very High" categories. The difference in HDI values indicates that all districts/municipalities in East Java do not benefit from development at the same level. This imbalance will greatly impact the achievement of equitable development.

An increase in household consumption can trigger improvements in the level of community welfare (Arifin et al., 2020). At a broader scope, household consumption has a very large contribution in determining the GRDP value of an area calculated using the expenditure approach. The level of household consumption shows how strong the demand for goods and services is in the market. Therefore, fluctuations that occur in the expenditure component of household consumption will become a compass in determining the direction of economic movement. Dwirainaningsih in Pratiwi and Indrajaya (2019) revealed that an economy that shows positive changes will create greater opportunities for people to prosper. A growing economy indicates an increase in economic activity which greatly affects employment. With more people working, their financial capabilities will be better so that they can improve their quality of life. This condition is supported because in Keynes' consumption theory, income is an important determinant that will determine the amount of consumption that people can do.

The important role of consumption in improving quality of life needs to be carefully considered. Adequate resources are needed to realize it. People need to work to earn rewards, which can be in the form of wages, salaries, interest, rent or profit depending on the type of production factors offered. The more rewards a person earns, the more motivated they will be to improve their lives. However, competition in the labor market is generally quite tight so that there is a screening process that can create the phenomenon of unemployment for workers who are not absorbed. Unemployment will weaken the household's economic capacity and at a saturated level will cause psychological pressure that can interfere with a person's emotional health (Mulia and Saputra, 2020). The increasing number of unemployment on a larger scale can cause new problems, namely a decrease in purchasing power, which has an impact on economic conditions and the availability of jobs. Therefore, unemployment will prevent a person from living a prosperous life (Primandari, 2019). However, research by 1`Siregar et al. (2023) revealed that in certain cases, unemployment can have a positive impact on welfare. Although an unemployed person does not get additional income, he or she will get a barter that for some people is considered better, for example, free time. Free time is sometimes hard to come by when one has a job. Therefore, being unemployed will give you more free time so that you can enjoy "me time" and develop your skills.

A troubled economy indicates that development has not been successful, which results in a slowdown in the progress of improving people's welfare. Some economic problems that are often highlighted are unemployment and poverty. Unemployment causes a person to lose access to welfare because of the absence of income, which plays a major role in determining the ability to realize an ideal life. In addition, long-term unemployment can trigger prolonged stress and the urge to fall into poverty. Poverty is the condition of a society that is not prosperous. The poor have difficulty meeting the most basic needs to sustain their lives.

One of the objectives set out in the development goals is the alleviation of poverty problems. Poverty indicates a person's inability to fulfill the basic needs to sustain life. Through their research, Mulia and Putri (2022) have found a negative effect of poverty on welfare. Poverty is closely related to the problem of low living standards so that people live in distress, misery, and helplessness. The low standard of living is usually related to limited income, inadequate housing, vulnerability to health problems and lack of access to health services, low education levels that create low quality resources and trigger an increase in the number of unemployed people in the labor market (Suharlina, 2020).

Solving problems about the slow increase in development achievements that have occurred can be done by conducting more in-depth research. The government as a regulator in the administration of a country needs to

take action to handle and prevent problems that are happening. Therefore, researchers want to contribute by conducting research with the title "Consumption, Unemployment, and Poverty in Affecting Welfare in East Java Province".

2. Literature Review

2.1 Welfare

Welfare is the result that can be enjoyed by the community from development programs implemented by the government. Explaining the exact meaning of welfare depends on how to assess the purpose of development itself. In the concept of welfare as a result of development according to Amartya Sen, every human being has the right to gain freedom to improve the quality of his or her life. The improvement of life is not limited to the financial aspect, but also to other aspects of life, such as health and education. In addition, Payne in Setiawan (2017) has revealed three main criteria for identifying community livelihood, namely 1) Economic welfare: the community has sufficient resources to be able to consume, especially in the context of fulfilling basic needs. 2) Health: People are free from the threat of various diseases, including physical and psychological diseases. 3) Security: The community is free from all kinds of disturbances that can threaten safety.

Development should be able to place the community as the actors and targets of development itself. Therefore, the Human Development Index is considered more capable in measuring welfare than economic growth. The index can provide more comprehensive measurement results related to the impact of development on the community because it is a composite index consisting of 3 dimensions of human quality of life, namely health, education, and decent standard of living (BPS, 2023a). With the measurement of these 3 aspects, the Human Development Index will better describe the actual living conditions of the community and also how the conditions of equitable distribution of welfare are happening in the field because it is not uncommon to find that there is a gap in development results when economic growth in an area is categorized as high.

2.2 HouseHold Consumption

Household consumption is the overall amount of expenditure made by households in order to fulfill the needs of life in the form of spending on goods and services. The views of John Maynard Keynes can be examined in his book entitled "The General Theory of Employment, Interest, and Money" (1936). in a macroeconomic perspective consumption is very calculated in creating community welfare. Household consumption is the motor of the economy that is able to control the fluctuation of economic activity in a country. this can be attributed to the role of the household itself as a provider of production factors. When the level of household consumption is high, it can be said that an increase in aggregate demand has occurred. In the next process, this condition can trigger an increase in production and investment so that labor absorption will increase. As a result of maximizing the use of available production factors, the productivity of the economy will move positively so as to create prosperity for the community. Given the significant role of household consumption, the government seeks to control it to prevent collapse (Lubis et al., 2022). This is realized through the implementation of fiscal policies that have been formulated by considering the conditions that occur. It should be noted that one of the most influential factors in determining the capacity of households to carry out consumption activities is limited by their financial capacity (Hanum and Safuridar, 2018). Low-income households usually have a low tendency to consume as well. In addition, Engel's theory also reveals that income affects consumption in determining welfare. Low-income people will consume fewer goods and services in the non-food category (Puspita and Agustina, 2019).

2.3 Unemployment

William Petty in is one of the figures in the mercantilism school who expressed his thoughts regarding the priority of maximum utilization of labor over land resources in creating prosperity (Nissa et al., 2024). Productivity in the economy needs to be pursued in order to be realized. Therefore, unemployment will hamper the government's efforts for the welfare of society. Unemployment is a phenomenon that occurs when a person in the labor force category is aggressively looking for job vacancies because they do not have productive activities or are preparing a business to obtain income. Unemployment can occur for a number of reasons. The classic cause that is often

encountered is due to mismatches and imbalances in the labor market. Unemployment can be categorized based on its characteristics (Sejati, 2020), including 1) Open unemployment, which is unemployment that arises due to imbalances in the labor market. 2) Hidden unemployment, which is unemployment that occurs due to low labor productivity. 3) Seasonal unemployment, which is unemployment caused by seasonal changes that trigger a temporary reduction in productivity. 4) Underemployment, which is unemployment that occurs in workers who have working hours that are less than the predetermined standard, usually 35 hours a week. Unemployment data collection is carried out by the Central Bureau of Statistics through the National Labor Force Survey and is measured using the Open Unemployment Rate, which reflects the number of people who are not working, but are actively looking for work or are preparing to set up a new business and also includes people who are not looking for work because it is difficult to get a job or have not started working even though they have received a job offer (BPS, 2023f).

2.4 Proverty

Poverty is an economic problem that is often found in every country, including developing countries. Poverty generally occurs in groups of people with low economic status. In poverty, people will face a number of obstacles that create inability, helplessness, and backwardness in seeking their independence (Rahman et al., 2019). The poor have limited access to basic services provided by the government, such as health, education, employment, housing, security, and social services. The problem of poverty is a challenge that needs to be faced by the government. In accordance with Keynes Theory, Krugman stated that the government has an obligation to overcome the problem of poverty that is rooted in people's lives (Safitri et al., 2022). Poverty monitoring and control measures can utilize the absolute poverty measurement that has been carried out by the Central Bureau of Statistics, which refers to the community's ability to reach the monthly income threshold needed to obtain a decent life.

3. Research Method

This research uses a quantitative method that utilizes secondary data that has been published by the Central Bureau of Statistics of East Java Province through its official website. The research sample used is districts / cities in East Java Province during 2018-2022. The data used as material for analysis consists of HDI data, household consumption data which is a combination of food consumption data and non-food consumption data, open unemployment rate data, Head Count Index data, each based on districts / cities in East Java. The analysis technique used is panel data regression using Stata version 13.1. The equation model uses several variables that are transformed into natural logarithm form to obtain the same unit, namely percentage. The equation model used is as follows:

$$Y_{it} = \alpha + \beta_1 \ln X_{1it} - \beta_2 X_{2it} - \beta_3 X_{3it} + e_{it}$$

Keterangan:
Y   : Welfare
X_1 : Natural Log Household Consumption
X_2 : Unemployment
X_4 : Poverty
$_i$: Regency/City (*cross section*)
$_t$: Year (*time series*)
α : Constanta
$\beta_1 - \beta_4$: Regression Coefficient
e   : error

The panel data regression approach consists of 3 types, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The selection of the best model to use depends on the results of the chow test, Hausman test and Langrange Multiplier test. Before analyzing the data, it is necessary to test the classical assumptions so that the equation model is not biased. Not all classical assumption tests need to be performed on panel data. In the General least Square (GLS) approach, the classic assumption tests that need to be carried out are multicollinearity and normality tests, while the Ordinary Least Square (OLS) approach only tests multicollinearity and heteroscedasticity.

The hypotheses that can be proposed are 1) It is suspected that household consumption affects community welfare in East Java. 2) It is suspected that unemployment affects community welfare in East Java. 3) It is suspected that poverty affects community welfare in East Java. 4) It is suspected that household consumption, unemployment, and poverty affect the welfare of the people in East Java. Meanwhile, the purpose of this study is to determine how household consumption, unemployment, and poverty affect welfare in East Java partially and simultaneously.

4. Result and Discussion

4.1 Determination of the Estimation Model

In determining the best estimation model, the first data test that needs to be done is the Chow Test. Chow test is used to select the best estimation model between CEM and FEM. Based on the p-value, the FEM model is the selected model. The next step is to conduct the Hausman Test. This test aims to choose the best model between the FEM and REM models. Based on the probability value obtained, which is 0.288, the FEM model is the best estimation model in this study. The Langrange Multiplier test does not need to be done because, in the two tests that have been carried out previously, the FEM model is the best model choice.

4.2 Classical Assumption Test

Multicollinearity test aims to determine the strong relationship between independent variables. Detection -inflating factor (VIF) of 10 (Gujarati, 2003). Based on the tests that have been carried out, it is known that the VIF value of each independent variable is less than ten (<10), so the research model is free from multicollinearity problems.

Heteroscedasticity detection is done using the Breusch Pagan test with the determination of heteroscedasticity problems based on a p-value $<5\%$. Based on the test results obtained, it is known that the p-value is 0.8212 so that there is no heteroscedasticity problem.

4.3 Panel Data Regression Analysis Results

Based on the results of the chow test and hausman test that have been carried out, it is known that the most suitable model specification for analyzing panel data regression results is the Fixed Effect Model (FEM). The following are the estimation results of the effect of household consumption, unemployment, and poverty on welfare:

Table 4.1 Panel Data Regression with FEM estimation model

Y	Coeff.	Std. Err.	t	P>[t]
lnX_1	4.378457	.4735777	9.25	0.000
X_2	.1805979	.035629	5.07	0.000
X_3	-.2730286	.0812635	-3.36	0.001
C	13.42124	6.77756	1.98	0.050

Source: researcher processed data, 2024

Based on the panel data regression results, the research equation is as follows:

$$Y = 13{,}4214 + 4{,}378457lnX_1 + 0{,}1805979X_2 - 0{,}2730286X_3$$

1. The welfare constant of 13.4214 means that the value of welfare will be 13.4214 percent if all the independent variables used, namely household consumption, unemployment, and poverty are considered constant.
2. The household consumption regression coefficient of 4.378457 implies that a 1% increase in consumption with other independent variables held constant will lead to an increase of 4.780223% in welfare.

3. The unemployment regression coefficient of 0.1805979 means that a 1% increase in unemployment and other independent variables held constant will increase welfare by 0.1805979%.
4. The poverty regression coefficient of -0.2730286 means that a 1% increase in poverty and other independent variables held constant will result in a decrease in welfare of 0.2730286%.

4.2.1 Results of the t-test

The t test is conducted to determine the effect of each independent variable on the dependent variable. With t table value of 1.972869946 and a significance level (α) of 5%, it is known:

1. The household consumption variable has a significant positive effect on welfare, which is indicated by a t value greater than the t table (9.25 > 1.98498) and a probability smaller than alpha (0.0000 < 0.05).
2. The unemployment variable has a significant positive effect on welfare, which is indicated by a t value greater than the t table (5.07 > 1.98498) and a probability smaller than alpha (0.000 > 0.05).
3. The poverty variable has a significant negative effect on welfare, which is indicated by a t value greater than the t table value (-3.36 > 1.98498) and a probability smaller than alpha (0.001 < 0.05).

4.2.2 F Test Results

The F test is conducted to determine the effect of all independent variables simultaneously on the dependent variable. Based on the panel data regression test results obtained, it is known that the probability value of the F statistic is 0.000, so it can be concluded that household consumption, unemployment, and poverty simultaneously affect welfare.

4.2.3 Determination Coefficient Test (R^2)

This test is conducted to determine the ability of the independent variables consisting of household consumption, unemployment, and poverty is quite high, namely 0.8488 which can be interpreted as the amount of the ability of the independent variable in explaining the independent variable is 84.88%, while the remaining 15.12% is explained outside the panel data regression estimation model

4.3 Discussion

4.3.1 The Effect of Household Consumption on Welfare

Based on the regression test results, household consumption has a significant positive effect on welfare in East Java Province in 2018-2022. This is evidenced by the calculated t value (9.25) which is greater than the t table value (1.98498) and also the probability value which is smaller than the 5% significance level. An increase in consumption expenditure made by the community causes an increase in the level of welfare. The results of this study are in line with the findings of (Arifin et al., 2020) that positive changes in the level of public consumption can trigger an increase in welfare. The average consumption expenditure of East Java households in the 5 years of observation shows a positive trend. The level of household consumption in 2019 grew by 4.81% in 2019 and has become the main component that has become the largest contributor to the value of Gross Regional Income, reaching 59.43% (BPS, 2020). This contribution to the level of household consumption expenditure is able to encourage East Java's economic growth to continue to grow. Increasing household consumption expenditure indicates demand in the market. In accordance with the prevailing market law, namely an increase in demand will trigger an increase in supply, then as business actors, producers will try to increase their production capacity to obtain more profits. In the process, the demand for labor will increase because producers need to increase their production factor inputs. The increase in the number of people employed is an indication of an increase in productivity that can have a good impact on welfare improvement. A community that has a job means that it has the capacity to carry out consumption activities both to fulfill the needs of life and to develop itself in order to obtain a prosperous life.

Meanwhile, in early 2020 the level of household consumption began to show negative changes. The decline in consumption levels began to occur in several regions in East Java, including Pacitan Regency, Malang Regency, Lumajang Regency, Situbondo Regency, Nganjuk Regency, Magetan Regency, Tuban Regency, Sumenep Regency, Probolinggo City, and Surabaya City (BPS, 2023b). The factor that caused this change was the decline in people's per capita income due to the COVID-19 pandemic. The pandemic has resulted in various problems in people's lives, especially health. The rate of increase in the number of covid cases and the number of victims who died due to exposure to the virus caused the government to take immediate action to mitigate its impact. One of these efforts is the restriction of community mobility which began to be strictly implemented in 2020 to 2021. The policy does have a good impact on slowing down the rate of transmission of covid-19, but the mobility restrictions have resulted in community activities such as work, having to make adjustments and even in certain cases can stop completely. As a result, the financial stability of many households is shaken so that they are unable to carry out consumption activities on the scale as before and welfare is very difficult to realize.

4.3.2 The Effect of Unemployment on Welfare

Based on the panel data regression test results, it is known that the t value (5.07) is greater than the t table (1.98498) and the probability value is smaller than 5% alpha, so it can be concluded that unemployment has a significant positive impact on welfare in East Java Province during 2018-2020. The findings in this study are in line with the results obtained by Siregar et al. (2023) in their research. The results of this study are indeed not in line with the previously disclosed theory. This can happen because in East Java itself, unemployment is highly dominated by the labor force of vocational high school graduates (BPS, 2019). Unemployment in this group occurs due to the mismatch that occurs in the labor market. One of the causes is that the marketability of this workforce does not match what is expected by employers. In addition, this workforce of vocational high school graduates tends to choose to be unemployed first before getting a job that matches their expectations. The amount of salary offered, workload, and work environment are also considerations that are often taken into account by job applicants in this group.

Not only the unemployed group of vocational high school graduates, unemployed people in other education groups also think about these issues. On closer inspection, many jobs require workers to carry a workload that exceeds the job description that has been agreed upon beforehand, with unreasonable wages and inadequate job security. This condition, of course, has a negative impact on the welfare of workers, which can affect their productivity. Therefore, a group of workers who do not have severe financial problems and who work with the orientation of obtaining a prosperous life will choose to be unemployed first. By becoming unemployed, they will have more free time that can be utilized to reduce the burden that was previously borne while working. In addition, they will also have better time to improve their skills and relationships in the hope of getting a better job.

The labor force that is unable to be absorbed by the market or what can be called unemployment, at a certain waiting period, will be forced to accept certain jobs, such as informal or freelance work. These jobs are considered the best choice for them because they are able to have free time, which is very difficult to obtain when they are already working, so free time is considered a luxury. The emergence of free time in these informal jobs is due to working hours that are not as much as formal jobs. In addition, the flexibility offered by this type of work is better than other jobs. Informal jobs and freelancers also support new work habits that have emerged due to the pandemic, namely Work From Home and Work From Anywhere. In general, the working hours of informal work are lower than the working hours that are the measurement limit of the Central Bureau of Statistics in categorizing the workforce as unemployed. This condition eventually led to the phenomenon of underemployed workers who were still categorized as unemployed. As a result, the unemployment data published by the Central Bureau of Statistics does not reflect the actual unemployment rate. This is what causes the positive effect of unemployment on welfare to emerge..

4.3.3 The Effect of Poverty on Welfare

The results of data processing show that poverty has a significant negative effect on welfare. This is evidenced by the calculated t value (-3.36) which is greater than the t table (1.98498) and the probability value is less than 5% alpha. The results of this study are in line with the findings of Al-Nasser and Hallaq (2019). The poverty rate in East Java had decreased in 2019, but when the pandemic occurred in 2020, the average increase in the poverty rate rose by 0.72% to 11.02% and continued to rise in 2021 to 11.32% (BPS, 2023a). This upward trend indicates that the number of less prosperous people is increasing. The low economic capability of the poor causes a series of problems that can affect a number of aspects of community life. In the financial aspect, the poor tend to have low incomes, so their purchasing power is very small. As a result, their ability to access the results of development programs will be very limited. This condition is reflected in the consumption commodities of the community. In the data on consumption commodity groups published by the Central Bureau of Statistics, the percentage of food consumption of the East Java population in 2020 to 2022 began to increase over non-food consumption (BPS, 2023b). This condition is in line with Engel Theory, which states that low-income groups will consume more food. With a high percentage of food consumption, people will have fewer opportunities to access facilities and infrastructure to improve their quality of life, such as health and education, so they will find it difficult to improve their lives.

Not only that, in the social and cultural aspects, the poor are less likely to show their existence and tend to contribute less to social and cultural empowerment programs. Meanwhile, in the political aspect, the poor also have less power in voicing their opinions. This condition can occur because the poor have little time to contribute to development. Most of their time will be used to carry out activities to fulfill the needs of life. The poor rarely take into account profit and loss in maximizing their welfare as workers. They prioritize earning an income that is "enough" to fulfill their needs. This is also supported by their lack of work skills, which means that they have low bargaining power when applying for jobs. Therefore, the productivity of the poor is very low. If this condition continues, the improvement and development of the economy to realize community welfare will be hampered because low productivity can trigger a decline in per capita income and will have an impact on the purchasing power of the community as a whole.

4.3.3 The Effect of Household Consumption, Unemployment, and Poverty on Welfare

Based on the F-Statistic pobablity value in the panel data regression test of 0.000, all the independent variables used simultaneously have a significant effect on the welfare variable. Meanwhile, the ability of the three variables to explain welfare in East Java can be seen from the R^2 value, which is 84.88%. A high level of consumption reflects the high purchasing power of the community, which can expand the community's access to the results of development. One example is proper education. With a high level of education, the mindset of the community will be much more developed so that people will pay more attention to their welfare, including when they are working. They will tend to be unemployed when the welfare of workers cannot be realized. This usually happens to those who are not experiencing complicated financial problems so they are not too worried about their living expenses. When they are unemployed, they can realize a prosperous life by utilizing their free time. People's freedom to make life choices is one of the manifestations of successful development. They have the capability to determine their own welfare standards. This, of course, will not happen to the poor. The poor do not have what a prosperous community has. A common characteristic that is often found in the poor is helplessness. They are unable to change their lives for the better. Therefore, the government needs to analyze more deeply the factors that can affect the welfare of the community in order to bring about a better change in people's lives.

5. Conclusion

Consumption, unemployment and poverty are proven to have a significant effect on community welfare in East Java Province, both partially and simultaneously. However, the direction given by some variables is different. Consumption and unemployment have a positive impact, while poverty has a negative impact on welfare.

The government is able to strive for good consumption habits through improving the financial literacy skills of the community, which can be done by campaigning through social media and direct socialization. The government also needs to conduct market operations to monitor the availability of market materials to control price stability. In addition, the government can also seek to empower informal businesses by providing training and mentoring as well as providing convenience in legalizing businesses. This is useful to train the community's independence in the industrial world so that it can increase its productivity.

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