LABOR MARKET INCLUSION AND ECONOMIC GROWTH AS DETERMINANTS OF POVERTY REDUCTION

DRĂGAN NICOLETA-ȘTEFANIA
Ph.D. Student BUCHAREST UNIVERSITY OF ECONOMIC STUDIES, BUCHAREST, ROMANIA
e-mail: nicoletastefaniadragan@gmail.com

NICULA ELENA-VIOLETA
Ph.D. Student Bucharest University of Economic Studies, Bucharest, Romania
e-mail: elena.ferechide@umfcd.ro

Abstract

This paper examines the role of labor market inclusion as a determinant of poverty reduction in Romania over the period 2000–2024. The study aims to assess how labor market participation, economic growth, income inequality, and education influence poverty dynamics. The research is based on annual data obtained from Eurostat and The Global Economy database and combines descriptive analysis with an econometric approach. The empirical analysis employs a multiple linear regression model estimated using the Ordinary Least Squares (OLS) method, where the at risk of poverty rate is considered the dependent variable. The independent variables include economic growth, labor force participation rate, the Gini coefficient, and tertiary education attainment. The results indicate that labor market participation and education have a significant negative impact on poverty, highlighting the importance of employment and human capital in improving living standards. Economic growth also contributes to poverty reduction, although its effect is relatively limited. In contrast, income inequality has a strong positive effect on poverty, suggesting that unequal income distribution undermines the benefits of economic growth. The findings emphasize that poverty reduction is a multidimensional process, influenced not only by economic performance but also by labor market inclusion and income distribution. The study highlights the need for policies aimed at increasing labor force participation, reducing inequality, and improving access to education to achieve inclusive and sustainable economic development.

Keywords: *labor market inclusion, poverty reduction, economic growth, income inequality; tertiary education; Romania*

JEL classification: I32; J21; O15; E24

1. Introduction

Labor market inclusion has increasingly been recognized as a key driver of economic development and poverty reduction, particularly in the context of rising income inequality and structural transformations in modern economies. A substantial body of literature emphasizes that inclusive labor markets characterized by equitable access to employment opportunities, fair wages, and equal treatment contribute to higher productivity, improved income distribution, and stronger social cohesion (Ernst et al., 2022; Nasir and Nasir, 2015). Conversely, labor market exclusion, especially among vulnerable groups such as women, youth, and low-skilled workers, is associated with persistent poverty, inefficient allocation of human resources, and limited economic growth (Anyanwu, 2013).

Despite the growing attention given to this topic, the relationship between labor market inclusion, economic growth, and poverty reduction remains complex and context-dependent. Empirical studies suggest that economic growth does not automatically lead to poverty reduction unless accompanied by inclusive labor market policies and equitable income distribution (Erlando et al., 2020; Dilla et al., 2025). In this context, understanding the mechanisms through which labor market inclusion influences poverty dynamics is of particular importance.

The main aim of this paper is to examine the role of labor market inclusion as a determinant of poverty reduction in Romania over the period 2000-2024, while also considering the effects of economic growth, income inequality, and education. To achieve this objective, the study addresses the following research questions: To what extent does labor force participation contribute to reducing poverty? What is the impact of economic growth on poverty levels? How does income inequality influence poverty dynamics? And what role does tertiary education play in reducing poverty?

Based on these research questions, the following hypotheses are formulated:

- ✓ **H1:** Higher labor force participation leads to a reduction in poverty.
- ✓ **H2:** Economic growth has a negative effect on poverty.
- ✓ **H3:** Income inequality increases poverty levels.
- ✓ **H4:** Higher levels of tertiary education are associated with lower poverty rates.

To answer these questions, the paper adopts a quantitative approach, combining descriptive analysis with an econometric model estimated using the Ordinary Least Squares (OLS) method. The empirical analysis is based on annual data obtained from Eurostat and The Global Economy database and focuses on the relationship between poverty, labor market participation, economic growth, income inequality, and tertiary education.

The main argument advanced in this study is that labor market inclusion plays a crucial role in reducing poverty, both directly, by increasing access to income-generating opportunities, and indirectly, by supporting economic growth and improving human capital. The empirical results confirm that higher labor force participation and education levels are associated with lower poverty rates, while income inequality increases poverty. Although economic growth contributes to poverty reduction, its impact is relatively limited in the absence of inclusive policies.

Overall, the findings highlight the importance of promoting inclusive labor markets as part of a broader strategy aimed at achieving sustainable and equitable economic development.

2. Literature review

The relationship between economic growth and poverty reduction has long been a central concern in development economics. While traditional theories assume that economic growth naturally leads to improved living standards, more recent literature emphasizes that this relationship is conditional on the inclusiveness of the growth process. In this regard, labor market inclusion plays a fundamental role, as it represents the primary channel through which individuals access income, participate in economic activities, and benefit from development.

A growing body of literature highlights that economic growth alone is insufficient to ensure poverty reduction unless accompanied by equitable access to employment opportunities. In this context, Anyanwu (2013), analyzing 43 African countries over the period 1980–2011 using panel econometric models (OLS, GMM, IV), demonstrates that income inequality significantly increases poverty levels, even in the presence of economic growth. The study employs indicators such as poverty rates, GDP per capita, the Gini index, education levels, and foreign aid. The findings suggest that while growth contributes to poverty reduction, its effectiveness is strongly diminished in highly unequal societies, underlining the importance of inclusive labor market structures and redistributive policies.

Similarly, the complexity of the growth–poverty nexus is reinforced by Nansadiqa, Masbar, and Majid (2019), who examine Indonesia over the period 1990-2017 using a Vector Error Correction Model (VECM) and Granger causality tests. Their results reveal a bidirectional relationship between economic growth and poverty, indicating that not only does growth reduce poverty, but high levels of poverty can also constrain economic growth by limiting human capital development and aggregate demand. The study uses key indicators such as poverty rates, unemployment rates, and GDP growth, emphasizing the role of labor market participation in sustaining long-term economic performance.

Expanding on this perspective, Dilla, Susetyo, and Asngari (2025) analyze 34 Indonesian provinces during 2015-2023 using a Two-Stage Least Squares (2SLS) model to account for endogeneity. Their findings show that poverty has a significant negative effect on economic growth, while investment contributes to poverty reduction through job creation and income generation. However, the study also highlights that economic growth does not automatically translate into poverty reduction, especially in regions characterized by structural inequalities and weak labor market integration. The analysis incorporates indicators such as regional GDP, investment, government expenditure, human capital, education, life expectancy, and unemployment, providing a comprehensive view of the mechanisms linking growth and poverty.

Another important dimension of inclusion is financial inclusion, which facilitates access to economic resources and enhances participation in productive activities. Erlando, Riyanto, and Masakazu (2020) investigate 12 provinces in Eastern Indonesia over 2010–2016, employing Toda-Yamamoto causality tests and a Panel Vector Autoregression (PVAR) model. Using indicators such as GRDP, poverty rates, the Gini coefficient, unemployment, and measures of financial inclusion (access, availability, and usage), the authors find that financial inclusion promotes economic growth and reduces poverty. However, the effects on inequality remain ambiguous, as access to financial services may be unevenly distributed across income groups. This suggests that financial inclusion must be complemented by inclusive labor market policies to ensure equitable outcomes.

From a broader perspective, the literature increasingly recognizes that economic growth should be evaluated beyond traditional macroeconomic indicators. In this regard, Boarini, Murtin, and Schreyer (2015) analyze 29 OECD countries and China for the period 1995-2012, introducing the Multidimensional Living Standards (MDLS) framework, which integrates income, employment, and health indicators. Their findings demonstrate that GDP growth does not necessarily lead to improvements in overall well-being, particularly when income distribution is uneven or when labor market opportunities are limited. This reinforces the argument that labor market inclusion is a critical determinant of how growth translates into improved living standards.

Recent literature emphasizes that sustainable economic growth and poverty reduction are strongly interconnected, particularly when supported by human capital development and inclusive policies, highlighting that economic growth alone is insufficient without structural inclusion mechanisms (Chirtoc and Medar, 2019; Stegăroiu and Stegăroiu, 2023).

The importance of labor market institutions and policies is further emphasized by Ernst, Merola, and Reljic (2022), who conduct a comprehensive literature review focusing on labor market policies in both advanced and developing economies, with particular attention to the European context during the COVID-19 period. The study examines the effects of fiscal policies and labor market interventions using indicators such as employment rates, unemployment, wages, and labor force participation. The authors highlight that active labor market policies (ALMPs) including training programs, employment subsidies, and public employment services play a crucial role in promoting inclusion, particularly for vulnerable groups such as youth, women, and low-skilled workers. In Europe, policy responses to the pandemic, such as job retention schemes, wage subsidies, and income support programs, proved effective in mitigating labor market disruptions and preventing large-scale unemployment. However, the study also points out that the effectiveness of these policies depends on institutional quality, policy coordination, and the broader macroeconomic environment. Moreover, social protection systems, while essential for income stabilization, may generate work disincentives if not properly designed, highlighting the need for policy complementarities.

The role of labor market inclusion is particularly evident when analyzed through the lens of gender equality. Nasir and Nasir (2015) examine five South Asian countries (Pakistan, India, Bangladesh, Nepal, and Sri Lanka) over the period 1995–2015, using panel data econometric techniques. The study focuses on the ratio of female to male labor force participation as a key indicator of inclusion, alongside variables such as GDP per capita, education, ICT infrastructure, trade openness, democracy, and inflation. The results indicate that higher female participation significantly contributes to economic growth and poverty reduction, while gender exclusion leads to inefficiencies and persistent inequality. These findings underscore the importance of inclusive labor market institutions in maximizing economic potential and improving social outcomes.

At a more aggregated level, the evolution of research on inclusive growth and poverty reduction is examined by Braknia (2025) through a bibliometric analysis of Sub-Saharan Africa covering the period 2015–2025, using network analysis tools such as VOSviewer. The study identifies key research clusters, including financial inclusion, governance, and labor market dynamics, and highlights the increasing importance of inclusive growth in academic and policy debates. However, it also points to significant gaps, particularly in micro-level analyses and interdisciplinary approaches, which are essential for understanding the mechanisms through which labor market inclusion affects poverty reduction.

Furthermore, the literature emphasizes that structural factors such as education, demographic dynamics, and institutional quality play a crucial role in shaping labor market outcomes. Studies consistently show that higher levels of education and human capital development enhance employability and productivity, thereby facilitating inclusion and reducing poverty. At the same time, demographic factors such as population growth and youth unemployment can exert pressure on labor markets, particularly in developing economies, limiting the capacity of growth to generate sufficient employment opportunities.

Another important insight emerging from the literature is that the impact of labor market inclusion varies across regions and depends on the structure of the economy. In developing countries, labor markets are often characterized by high levels of informality, limited social protection, and unequal access to opportunities. In contrast, advanced economies, particularly in Europe, benefit from more developed institutional frameworks and social protection systems, which enhance the effectiveness of inclusion policies. However, even in these contexts, challenges remain, particularly in addressing labor market segmentation and ensuring equal access for marginalized groups.

The literature converges on the conclusion that labor market inclusion is a key determinant of whether economic growth leads to meaningful poverty reduction. While growth provides the necessary resources for development, it is the structure and inclusiveness of labor markets that determine how these resources are distributed across the population. Without inclusive labor market institutions, growth may lead to increased inequality and limited improvements in living standards.

3. Case study

3.1 Methodology

This study adopts a quantitative research approach to examine the relationship between labor market inclusion and poverty reduction in Romania. The analysis is based on secondary data and combines descriptive analysis with econometric modeling, allowing both the identification of trends and the estimation of causal relationships between variables.

The empirical analysis is based on annual data covering the period 2000-2024. The dataset was constructed using information obtained from Eurostat and The Global Economy database, which provide reliable and internationally comparable macroeconomic and social indicators.

The dependent variable used in this study is the at-risk-of-poverty rate, defined as the percentage of the population with income below 60% of the national median equivalised income after social transfers. This indicator is widely used in the literature as a measure of relative poverty.

The independent variables were selected based on their relevance in the existing literature on poverty and inclusive growth. Economic growth is measured by the annual percentage change of real GDP and reflects the overall performance of the economy. Labor market inclusion is captured through the labor force participation rate, which indicates the proportion of the working-age population that is economically active. Income inequality is measured using the Gini coefficient, which reflects the distribution of income within the population. Human capital is proxied by the tertiary education attainment rate (ages 15–64), representing the percentage of the population with higher education.

These variables allow for a comprehensive analysis of the economic, social, and structural factors influencing poverty.

In order to estimate the impact of the selected variables on poverty, the study employs a multiple linear regression model using the Ordinary Least Squares (OLS) method. The econometric model is specified as follows:

$$Poverty_t = \beta_0 + \beta_1 GDP_t + \beta_2 LFPR_t + \beta_3 Gini_t + \beta_4 Education_t + \varepsilon_t$$

where:

- $Poverty_t$= at-risk-of-poverty rate
- GDP_t= economic growth rate
- $LFPR_t$= labor force participation rate
- $Gini_t$= Gini coefficient
- $Education_t$= tertiary education rate
- ε_t= error term

The model allows for the estimation of the individual and combined effects of macroeconomic conditions, labor market participation, inequality, and education on poverty levels. The parameters of the model are estimated using the Ordinary Least Squares (OLS) method, which is widely used in econometric analysis due to its simplicity and efficiency under standard assumptions. The statistical significance of the coefficients is evaluated using t-tests and p-values, while the overall validity of the model is assessed through the F-statistic. The goodness of fit is measured using the R-squared and adjusted R-squared indicators. In addition, the Durbin-Watson statistic is used to assess the presence of autocorrelation in the residuals.

3.2. Results

To better understand the dynamics of labor market inclusion, it is essential to examine gender differences in labor force participation. Figure 1 presents the evolution of the labor force participation rate for females and males in Romania over the period 2000–2024.

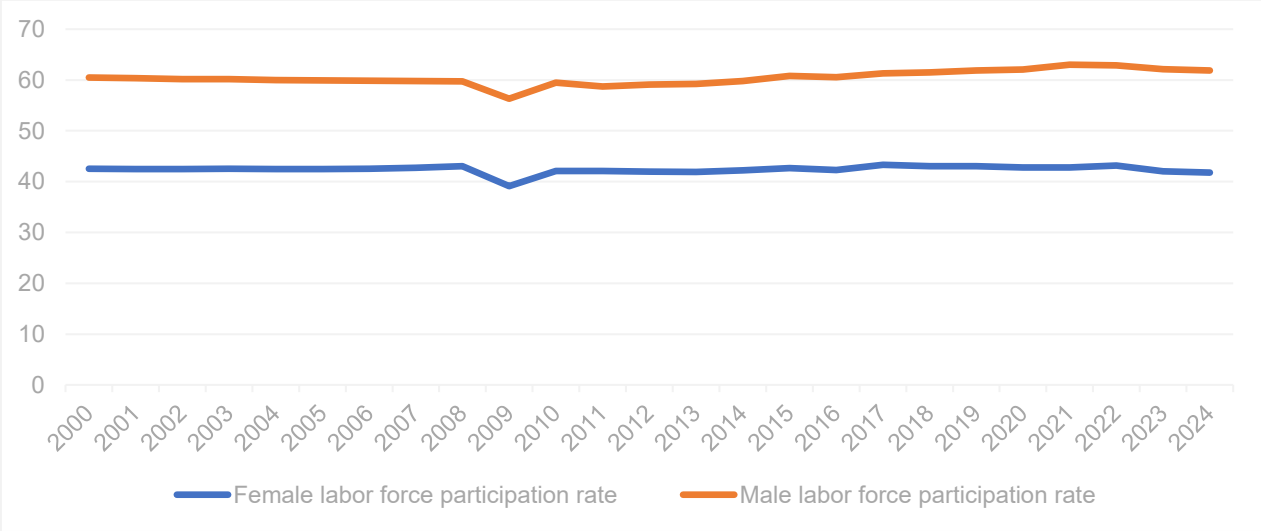

Figure 1. Evolution of the labor force participation rate by gender (female vs. male), 2000–2024
Source: Author's own calculations based on Eurostat data

Figure 1 illustrates the evolution of labor force participation rates by gender in Romania over the period 2000-2024. The data reveal a persistent gap between male and female participation rates throughout the entire period, with male participation consistently exceeding female participation by approximately 15-20 percentage points.

Female labor force participation remains relatively stable, fluctuating around 41-43%, with a noticeable decline during the 2009 economic crisis, followed by a gradual recovery. In contrast, male participation rates are significantly higher, ranging between 56% and 63%, and show a more pronounced upward trend in the post-2014 period.

Although there is a slight increase in female participation over time, the gender gap remains substantial, indicating persistent structural inequalities in access to the labor market. These disparities may be explained by factors such as differences in employment opportunities, social norms, and the unequal distribution of unpaid work.

The results suggest that, despite some progress, labor market inclusion in Romania remains incomplete, particularly from a gender perspective. This finding is consistent with existing literature, which emphasizes the importance of increasing female labor force participation in order to promote inclusive economic growth and reduce poverty (Nasir and Nasir, 2015; Ernst et al., 2022).

While labor force participation reflects access to economic activity, it does not capture income distribution. Therefore, the Gini coefficient is used to analyze income inequality and assess whether increased participation leads to a more equitable distribution of income.

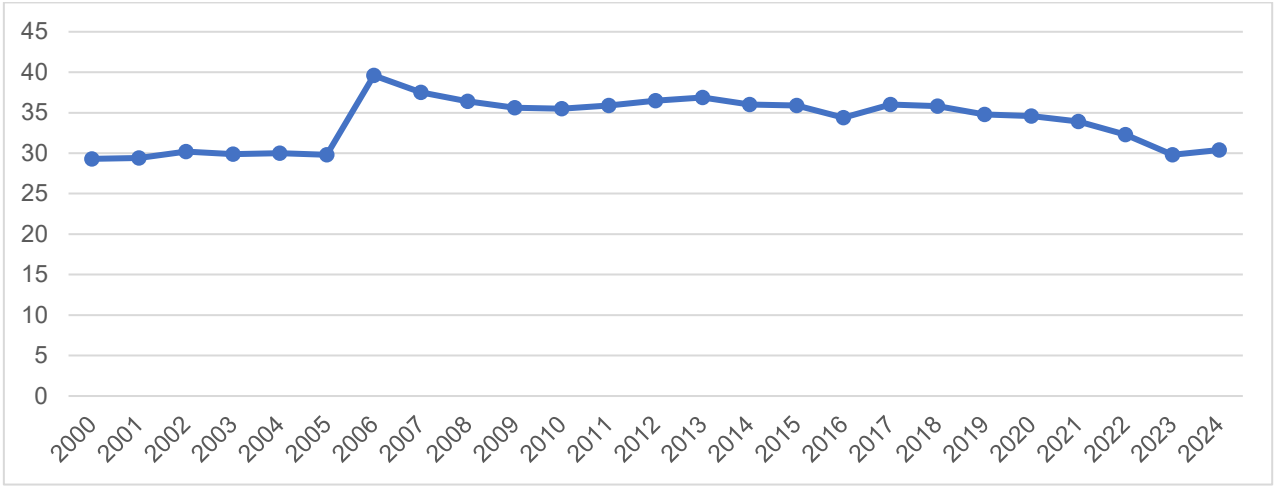

Figure 2. Evolution of the Gini coefficient in Romania, 2000-2024
Source: Author's own calculations based on Eurostat data

Figure 2 illustrates the evolution of the Gini coefficient in Romania over the period 2000–2024. The results indicate a relatively stable level of income inequality in the early 2000s, followed by a sharp increase around 2006, when the Gini coefficient reached its peak value of approximately 40. After this period, income inequality gradually declined, with moderate fluctuations, particularly during the years following the global financial crisis. From 2014 onwards, the Gini coefficient shows a general downward trend, indicating an improvement in income distribution. This trend becomes more pronounced after 2018, with inequality decreasing to around 30-32 by 2023-2024.

Despite this improvement, the overall level of inequality remains relatively high, suggesting that income distribution in Romania continues to be uneven. These findings highlight that, although there has been progress in reducing inequality, structural disparities persist, which may limit the effectiveness of economic growth in reducing poverty.

Although income inequality offers a broader perspective on how resources are distributed, it does not fully reflect the extent of economic vulnerability within the population. To better capture this dimension, the analysis turns to the at-risk-of-poverty rate, which focuses on the proportion of individuals whose income falls below a relative threshold.

By examining this indicator, it becomes possible to assess more directly how economic conditions and labor market outcomes influence the actual risk of poverty.

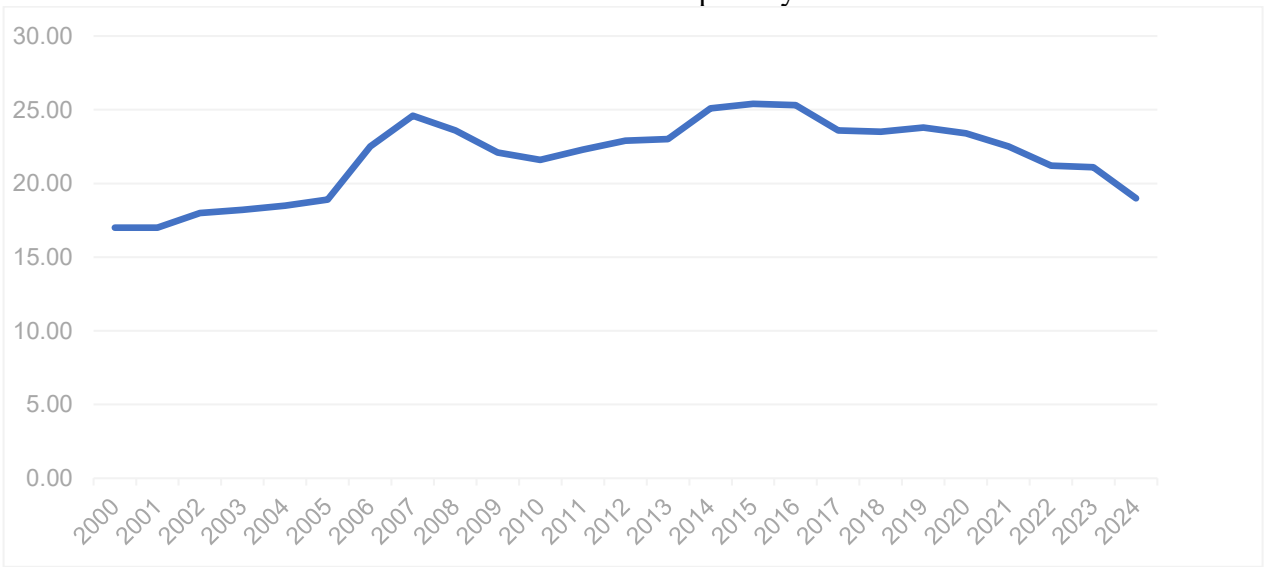

Figure 3. Evolution of the at-risk-of-poverty rate (60% median income threshold) in Romania, 2000-2024
Source: Author's own calculations based on Eurostat data

Figure 3 presents the evolution of the at-risk-of-poverty rate in Romania over the period 2000–2024, highlighting important changes in the level of economic vulnerability. At the beginning

of the period, the poverty rate was relatively moderate, fluctuating around 17-19%, followed by a significant increase between 2006 and 2008, when it reached approximately 24-25%.

In the subsequent years, the indicator shows a pattern of fluctuations, with a second peak observed around 2014-2016. This suggests that, despite periods of economic growth, improvements in living standards were not consistent across the population. After 2016, the at-risk-of-poverty rate gradually declined, indicating an overall improvement in economic conditions and a reduction in vulnerability. By 2024, the rate decreased to below 20%, reflecting progress in poverty reduction.

The analysis of poverty dynamics would not be complete without considering the broader economic context in which these changes occur. In this regard, economic growth plays a fundamental role, as it reflects the overall performance of the economy and its capacity to generate income and employment opportunities. Therefore, the next step focuses on the evolution of economic growth, measured by the annual rate of change of real GDP, to assess how macroeconomic conditions may have influenced poverty levels over time.

Figure 4. Evolution of economic growth (annual real GDP growth rate) in Romania, 2000-2024
Source: Author's own calculations based on Eurostat data

Figure 4 illustrates the evolution of economic growth in Romania over the period 2000-2024, revealing significant fluctuations in the country's macroeconomic performance. The early 2000s were characterized by moderate and relatively stable growth, followed by a period of strong expansion between 2004 and 2008, when GDP growth reached its highest levels, exceeding 10% in 2004. This upward trend was abruptly interrupted by the global financial crisis, as reflected in the sharp contraction of economic activity in 2009 and 2010, when GDP growth turned negative. Subsequently, the economy recovered, showing positive but more moderate growth rates during the following years, with another notable peak around 2017.

A second significant decline is observed in 2020, associated with the COVID-19 pandemic, followed by a recovery phase in 2021-2022. In recent years, economic growth has slowed down, indicating a stabilization of the economy.

To quantify these relationships and identify the key determinants of poverty, the analysis is further extended using a multiple regression model. In this framework, the at-risk-of-poverty rate is considered the dependent variable, as it reflects the level of economic vulnerability within the population. The independent variables included in the model are selected based on both theoretical considerations and empirical evidence from the literature. Specifically, economic growth (GDP growth rate) is used to capture the overall macroeconomic context, while the labor force participation rate reflects the degree of labor market inclusion. In addition, the Gini coefficient is included to account for income inequality, and the tertiary education rate is used as a proxy for human capital.

Since the descriptive analysis does not capture causal relationships, the study proceeds with an econometric approach. A multiple regression model is applied, where the poverty rate is the

dependent variable, and economic growth, labor force participation, the Gini coefficient, and tertiary education are included as explanatory variables.

Table 1. Results of the econometric model

Dependent Variable: AT_RISK_OF_POVERTY_RATE				
Method: Least Squares				
Sample: 2000 2024				
Included observations: 25				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ECONOMIC_GROWTH	-0.020910	0.008975	-2.329701	0.0008
LABOR_FORCE_PARTICIPATION	-0.360253	0.167551	-2.150122	0.0013
GINI_INDEX	0.891501	0.130440	6.834541	0.0000
TERTIARY_EDUCATION	-0.213968	0.051018	-4.193954	0.0004
C	0.344737	1.196372	0.288152	0.7762
R-squared	0.880820	Mean dependent var		1.334543
Adjusted R-squared	0.856985	S.D. dependent var		0.054505
S.E. of regression	0.020612	Akaike info criterion		-4.748995
Sum squared resid	0.008497	Schwarz criterion		-4.505220
Log likelihood	64.36244	Hannan-Quinn criter.		-4.681382
F-statistic	36.95350	Durbin-Watson stat		1.854335
Prob(F-statistic)	0.000000			

Source: Author's own calculations based on Eurostat data

The results obtained in the Table 1 indicate that all explanatory variables are statistically significant, as their p-values are below the conventional significance level (5%). Moreover, the model exhibits a high explanatory power, with an R-squared value of 0.8808, suggesting that approximately 88% of the variation in the poverty rate is explained by the included variables. The F-statistic is also significant, confirming the overall validity of the model.

Economic growth has a negative and statistically significant coefficient (-0.0209), indicating that increases in GDP growth are associated with reductions in poverty. This result is consistent with the theoretical expectation that economic expansion improves income levels and reduces vulnerability.

Labor force participation also has a negative and significant effect (-0.3603), suggesting that higher participation in the labor market contributes substantially to poverty reduction. This finding highlights the importance of labor market inclusion as a key mechanism through which individuals can access income and improve their living conditions.

In contrast, the Gini coefficient has a positive and highly significant coefficient (0.8915), indicating that higher income inequality leads to increased poverty levels. This result confirms that unequal distribution of income limits the ability of economic growth to reduce poverty effectively, as also emphasized in the literature.

Tertiary education has a negative and statistically significant coefficient (-0.2140), suggesting that higher levels of education are associated with lower poverty rates. This reflects the role of human capital in improving employability, productivity, and income opportunities.

The results support the hypothesis that poverty is influenced by a combination of macroeconomic conditions, labor market inclusion, income inequality, and human capital. In particular, the strong effect of labor force participation and inequality highlights the importance of inclusive policies aimed at increasing employment opportunities and reducing income disparities.

The empirical results provide important insights into the determinants of poverty in Romania and largely confirm the theoretical expectations outlined in the literature. In particular, the negative and significant impact of labor force participation highlights the central role of labor market inclusion in reducing poverty. This finding supports previous studies, which emphasize that access to employment is one of the most effective mechanisms through which individuals can improve their economic well-being (Ernst et al., 2022).

The negative relationship between economic growth and poverty also confirms that macroeconomic expansion contributes to improving living standards. However, the relatively small

magnitude of the coefficient suggests that economic growth alone is not sufficient to generate substantial reductions in poverty. This result is consistent with the literature, which argues that the benefits of growth depend on how they are distributed across the population (Nansadiqa et al., 2019; Dilla et al., 2025).

At the same time, the positive and significant effect of the Gini coefficient indicates that income inequality remains a major constraint in the process of poverty reduction. Even in periods of economic growth, unequal income distribution can limit the impact of economic progress on vulnerable groups, as also highlighted by Anyanwu (2013).

Furthermore, the results show that tertiary education plays an important role in reducing poverty, reflecting the importance of human capital in enhancing employment opportunities and income potential. This finding reinforces the argument that investments in education are essential for promoting inclusive economic development (Boarini et al., 2015).

Poverty reduction in Romania depends not only on economic growth, but also on the inclusiveness of labor markets and the distribution of income. Therefore, policies aimed at increasing labor market participation, reducing inequality, and improving access to education are crucial for achieving sustainable and inclusive development.

4. Conclusion

This paper examined the role of labor market inclusion as a determinant of poverty reduction in Romania over the period 2000-2024, incorporating the effects of economic growth, income inequality, and education.

The main findings indicate that labor market participation has a significant and negative impact on poverty, confirming that increased access to employment is a key mechanism for improving living standards. Economic growth was also found to contribute to poverty reduction, although its effect is relatively limited, suggesting that growth alone is not sufficient to generate inclusive outcomes. In contrast, income inequality, measured by the Gini coefficient, has a strong positive effect on poverty, highlighting the importance of equitable income distribution. Additionally, tertiary education plays a significant role in reducing poverty, emphasizing the importance of human capital development.

The study contributes to the existing literature by providing empirical evidence on the combined impact of labor market inclusion, economic performance, inequality, and education on poverty in Romania. It highlights the importance of considering multiple dimensions when analyzing poverty dynamics and reinforces the idea that inclusive labor markets are essential for sustainable development. From a practical perspective, the results suggest that policymakers should prioritize measures aimed at increasing labor force participation, particularly among vulnerable groups, improving access to education, and reducing income inequality. Moreover, economic growth strategies should be complemented by inclusive policies to ensure that their benefits are more evenly distributed across society.

However, the study is subject to several limitations. First, the analysis is based on a limited number of observations and focuses on a single country, which may affect the generalizability of the results. Second, other relevant factors, such as institutional quality or regional disparities, were not included in the model.

Future research could extend this analysis by incorporating a larger sample of countries, using panel data methods, or including additional variables to better capture the complexity of poverty dynamics. Further studies could also explore the role of informal employment and regional inequalities in shaping labor market inclusion and poverty outcomes.

The findings confirm that labor market inclusion is a key determinant of poverty reduction, and that achieving sustainable and inclusive growth requires coordinated policies addressing employment, inequality, and human capital.

5.Bibliography

1. Anyanwu, J. C. (2013), *Determining the correlates of poverty for inclusive growth in Africa*, African Development Review, Vol. 25, No. 4, pp. 460-477.

2. Boarini, R., Murtin, F. and Schreyer, P. (2015), *Inclusive Growth: The OECD Measurement Framework*, OECD Statistics Working Papers, OECD Publishing, Paris.

3. Braknia, T. (2025), *Inclusive economic growth and poverty reduction strategies in Sub-Saharan Africa: A bibliometric study*, Journal of Development Studies, pp. 1–22.

4. Chirtoc, I.-E. and Medar, L.-I. (2019), Reducing poverty for sustainable economic growth, Annals of the „Constantin Brâncuși" University of Târgu Jiu, Economy Series, Vol. 6, No. 6, pp. 189–194

5. Dilla, S., Susetyo, D. and Asngari, I. (2025), *Analysis of economic growth, poverty, and investment in Indonesia: A Two-Stage Least Square approach*, Economic Development Journal, Vol. 7, No. 11, pp. 55–68.

6. Erlando, A., Riyanto, F. D. and Masakazu, S. (2020), *Financial inclusion, economic growth, and poverty alleviation: Evidence from Eastern Indonesia*, Heliyon, Vol. 6, No. 10.

7. Ernst, E., Merola, R. and Reljic, J. (2022), *Labour market policies for inclusiveness: A literature review with a gap analysis*, ILO Working Paper No. 78, International Labour Organization, Geneva.

8. Eurostat, *At-risk-of-poverty rate, Gini coefficient, labor market indicators*, European Commission, available at: https://ec.europa.eu/eurostat (accessed 2026).

9. Global Economy, *Macroeconomic indicators database*, available at: https://www.theglobaleconomy.com (accessed 2026).

10. Nasir, W. and Nasir, M. (2015), *Inclusive labor markets and poverty reduction: An empirical analysis of South Asian economies*, GCU Economic Journal, Vol. 48, No. 1-2, pp. 1-23.

11. Nansadiqa, A., Masbar, R. and Majid, M. S. A. (2019), *Does economic growth matter for poverty reduction in Indonesia?*, International Journal of Economics and Financial Issues, Vol. 9, No. 2, pp. 1-8.

12. Stegăroiu, C.-E. and Stegăroiu, V. (2023), From exclusion to empowerment: digitization, sustainability and inclusion of disabilities in the workforce, Annals of the „Constantin Brâncuși" University of Târgu Jiu, Economy Series, Vol. 6, No. 2, pp. 93–97