

The Influence of Inflation, Human Development Index, and Poverty on Economic Growth in 2015-2021 in Central Java in an Islamic Perspective

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ABSTRACT

Economic growth is one of the most important indicators and is often used in determining the success of a regional or country's development. Other supporting factors in the successful development of a region can be seen from stable inflation, evenly distributed HDI, and a low number of poor people so that an area can be categorized as a prosperous area. The development of the rate of economic growth in Central Java during the 2015-2021 period experienced fluctuating changes. Therefore, this study aims to analyze the effect of inflation, HDI, and poverty on economic growth in Central Java in 2015-2021 from the perspective of Islamic Economics. This type of research uses quantitative with a descriptive method approach. The data analysis method used is panel data regression which comes from Central Java Statistics Agency data for 2015-2021. Based on the research results, the inflation variable has a negative and insignificant effect on economic growth, the HDI variable has a negative and significant effect on economic growth, the poverty variable has a negative and insignificant effect on economic growth.

Keywords : Economic Growth; Inflation; Human Development Index; Poverty

INTRODUCTION

Economic growth is one of the methods by which the economic condition of a sustainable region changes in a superior direction within a certain period. Changes in these economic sectors will lead to economic growth accompanied by an increase in national income, per capita, and national production (Daniel, 2018: 131).

The success of the development of a region can be considered through the economic growth of the region. Increased economic growth can provide an overview of social progress. The government can achieve economic growth utilizing the able distribution of development. The economic growth of each region tends to be high and stable every year, indicating that the people's economy is prosperous, while a recession results in a decline in economic progress (Ibrahim, 2013: 21).

Table 1
Economic Growth, Inflation, Human Development Index, Poverty
in Central Java 2015-2021

Year	Economic Growth (%)	Inflation (%)	HDI (%)	Poverty (thousands)
2015	5.25	3.18	69.49	4.577.00
2016	5.47	2.36	69.98	4.506.89
2017	5.26	3.71	70.52	4.450.72
2018	5.30	2.82	71.12	3.897.20
2019	5.36	2.81	71.73	3.743.23
2020	-2.65	1.56	71.87	3.980.90
2021	-1.98	1.70	72.16	4.109.75

Source: Central Java Statistics Center

According to data from the Central Java Statistics Center, it can be observed that the economic growth of the Central Java fluctuated from 2015 to 2021. The highest economic growth occurred in 2016 at 5.47 percent. The lowest economic growth occurred in 2020, reaching minus 2.65 percent. This decline was affected by inflation and decreased production in the manufacturing sector.

One of the macroeconomic indices used to estimate the stability of a region's economy is inflation, and a shift in this index has an impact on the momentum of economic growth. An inflation rate that is not too high can be a driver of economic growth, but a high inflation rate will interfere with the government's efforts to improve the quality of life of the people and negatively affect the socio-economic conditions of the community (Sari& Auliyani, 2021: 41).

Inflation in Central Java has fluctuated from year to year. 2017 was the highest inflation among other years. However, inflation decreased to 2.81 percent in 2019, so in 2020, the inflation rate fell to 1 percent, with a value of 1.56 percent. Experiencing a slight increase to 1.70 percent in 2021, but this figure is still below the inflation target of 3.01 percent. The Covid-19 pandemic has caused a weakening in demand for goods and services.

As the executor of development, the government certainly needs qualified human resources. Quality human resource development requires efforts to improve the quality of human resources which is calculated by the human development index (Prameswari&Muljaningsih, 2021:171). Targeted human development will lead to the production side. The production aspect that is implied here is the condition of an adequate level of education that can create a qualified workforce, as well as provide opportunities to manage ready resources to increase economic growth (Asnidar, 2018: 2).

HDI in Central Java has consistently progressed over the last seven years. Even during the Covid-19 pandemic, HDI continued to grow. Central Java has a high HDI category, but its economic growth remains low.

Poverty is a problem in development. Poverty is no longer seen as economic powerlessness, but as a person's failure to have sufficient basic authority and differential treatment to live with dignity. Increasing poverty results in greater costs of economic development which hinders economic development and creates many social problems. The purchasing power of the poor is low, so the multiplier effect is getting smaller, and economic growth cannot grow rapidly (Utami, 2020:102).

Overall, the poverty rate in Central Java has depreciated in terms of the number of poor people. In 2018 and 2019 it can be seen that poverty in Central Java has gradually decreased. However, in 2020 and 2021 there will be an increase in the number of poor people, namely 3.980.90 thousand people to 4.109.75 in 2021.

As a comparison, the authors dig up information from several previous journals. First, Erika Feronika (2020) concluded that inflation had a negative and significant impact on economic growth. Second, research conducted by Budi Prayitno and Renta Yusnie (2020) concluded that the HDI has a positive and significant influence on economic growth. Third, research by Yovita, Aja Nasrun, and Aning Kesuma (2020), concluded that poverty has a negative and significant impact on economic growth.

Based on the data and description above, there are two main objectives of conducting this research, namely to determine the effect of inflation, the human development index, and poverty partially on economic growth, and to determine the effect of inflation, the human development index, and poverty, simultaneously on economic growth.

LITERATURE REVIEW

Economic Growth Theory

1. Adam Smith's Growth Theory

There are two elements to this theory, namely total output growth and population growth. Three main factors influence output growth, namely natural resources, labor (population), and the amount of capital.

2. Robert Solow's Growth Theory

Economic growth depends on the supply of factors of production, population, labor, increased accumulation of capital, and advanced technology. Population growth can have both positive and negative effects. Therefore, according to Solow, population growth needs to be utilized as a positive resource (Hasyim, 2016:238).

3. David Ricardo's Growth Theory

David Ricardo believes that the population growth factor will be higher until at a certain point it doubles, resulting in an abundant quantity of labor. This surplus labor can lead to lower wages that can fund a minimum standard of living. This makes the economy stagnate (Machmud, 2016:41).

4. Schumpeterian Growth Theory

Schumpeter's theory of growth, in his work "The Theory of Economics. Development" focuses his theory on the role of entrepreneurs in development. Economic growth depends on the existence of entrepreneurs (Murni, 2013: 181).

Economic growth

Economic growth can be explained as a procedure in which a country's economic conditions continue to become superior within a certain time. The rate of economic growth uses GRDP at constant prices. The growth rate is calculated by subtracting the GRDP value for year n from the value for year n-1 (the previous year), dividing by the value for year n-1, and multiplying by 100% (Badan Pusat Statistik, 2021: 2).

Economic growth from an Islamic perspective is not only the development of the number of goods and services, but with the quality of character and morality, and harmony between the goals of the world and the hereafter. The criteria for measuring the progress of economic growth are in terms of material acquisition and renewal in religious, social, and community affairs (Beik&Arsyianti, 2016: 23).

As an example in the hadith of the Rasulullah sallallahu alaihi wasallam narrated by Al-Baihaqi in Syu'abul Iman, Chapter Hifzhu Al-Lisan IV/221, where he said:

إِنَّ أَطْيَبَ الْكَسْبِ كَسْبُ التُّجَّارِ الَّذِينَ إِذَا حَدَّثُوا لَمْ يَكْذِبُوا، وَإِذَا اتُّمِنُوا لَمْ يَخُونُوا، وَإِذَا وَعَدُوا لَمْ يُخْلَفُوا، وَإِذَا اشْتَرَوْا لَمْ يَدْمُوا، وَإِذَا بَاعُوا لَمْ يُطْرُوا، وَإِذَا كَانَ عَلَيْهِمْ لَمْ يَمْطُلُوا، وَإِذَا كَانَ لَهُمْ لَمْ يُعَسِّرُوا

Meaning: *"Indeed, the best income is the income of traders who, if they speak, do not lie, if they are given a trust, they are not betrayed, if they promise not to break it, if they buy, they will not criticize, if they sell, they will not exaggerate (in raising prices), if they owe it, they will not delay -delaying repayment and when collecting debts does not make it more difficult for people who are in trouble."*

This hadith provides guidelines on how entrepreneurs and practitioners need to develop a business culture, both in terms of individual characteristics that must exist (honesty, trustworthiness, and keeping promises), the right way of negotiating business (buying without pouting, selling without exaggerating), and debt matters, namely the principle of how to owe and the principle of debt collection. It's just a matter of incorporating and enhancing these Islamic values into the soul of each entrepreneur (Beik&Arsyianti, 2016:26).

In addition, Islam encourages development and economic growth by requiring an even distribution of wealth and income, as stated in the following verse:

مَا أَفَاءَ اللَّهُ عَلَى رَسُولِهِ مِنْ أَهْلِ الْقُرَى فَلِلَّهِ وَلِلرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ وَالْمَسَاكِينِ
وَأَبْنِ السَّبِيلِ كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ ۗ وَمَا آتَاكُمُ الرَّسُولُ فَخُذُوهُ وَمَا نَهَاكُمْ
عَنْهُ فَانْتَهُوا ۗ وَاتَّقُوا اللَّهَ ۖ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ

Meaning: "The spoils (fai-i) that Allah gave to His Messenger (who came from) from residents of several countries, were for Allah, the Messenger, relatives (Rasul), orphans, the poor, and for people who on the way, so that wealth does not circulate only among the rich among you. What the Prophet gave you, accept it. And what he forbids you, then leave it. And fear Allah. Indeed, Allah is very severe in punishment - His." (Surah Al-Hashr verse 7)

The purpose of the verse above proves that Islam also regulates every aspect of action in terms of asset circulation. God gives wealth to humans, it is forbidden only to be enjoyed by certain people. In Islam, a balanced distribution of wealth is an obligation. If society faces severe inequality, then the government must apply the rules of balance in society, especially in the distribution of assets (Prasetyoningrum&Sukmawati, 2018: 223).

Inflation

Inflation is a trend of increasing prices of goods and services that are usually consumed by households and are generally sustainable. There is an increase or decrease in prices for goods and services. However, there are also goods and services whose prices are still stable.

The inflation formula, namely:

$$\text{Inflation Rate} = \frac{\text{CPI2} - \text{CPI1}}{\text{CPI1}} \times 100$$

Information:

CPI_n: inflation or deflation at the time (month or year) (n)

CPI: consumer price index at the time (month or year) (n)

CPI_{n-1}: consumer price index during the month or year (n-1)

Islam does not recognize the term inflation, because the currency used is dirhams and dinars which have a balanced value and Islam allows this. Before the occupancy war, a deficit situation took place during the time of the Rasulullah sallallahu alaihi wasallam and experienced this condition once. Even so, Al-Maqrizi categorizes inflation into two, namely inflation caused by a lack of supply of goods and inflation caused by human negligence.

The first inflation experienced at the time of the Rasulullah Sallallahu alaihi wasallam and the Khulafaur Rashidun was the result of a long drought and war.

Inflation caused by human error includes embezzlement, corrupt management, extreme taxation, and printing money for excess profits (Yuniarti, 2016: 140).

In theory, inflation cannot be stopped or eliminated. However, inflation can be controlled. Classical Islamic economics has a way of reducing inflation. For example, al-Ghazali (1058-1111) explained that the government is obliged to realize the stability of the value of money. Al-Ghazali allowed the use of currency that did not come from precious metals, such as dinars and dirhams. In printing money, the condition is that the government is obliged to regulate the balance of exchange rates and ensure that there is no speculation in financial transactions.

Ibn Taimiyah (1261-1328) has a way of controlling inflation. The government needs to print money according to fairness and there is no element of exploitation. That is, Ibn Taimiyah emphasized that printing money must be balanced with real sector transactions. It is best to print only the minimum amount of money required for the transaction (Rozalinda, 2014: 312).

Human Development Index

The human development index is a way to assess the quality of human resources in a country. In 1990, this concept was proposed by the UNDP (United Nations Development Programme), which attempted to integrate the life expectancy index, education index, and purchasing power index.

IPM formula, namely:

Development Index = $1/3$ (Life Expectancy Index + Education Index + Income Index)

The HDI score is between 0 and 1, the closer to 1, the higher the HDI value, the better the quality of human resources in a country, and vice versa. HDI is classified into 4 categories, namely:

1. Very high HDI: for HDI values ≥ 0.800
2. High HDI: $0.700 \leq$ HDI value < 0.800
3. Medium HDI: $0.550 \leq$ HDI value < 0.700
4. Low HDI: HDI value < 0.550

Islam views humans as the core of development, both as the main players and objects of development in human life (Ratih&Tamimah, 2021: 57). The benchmark for human quality can be observed from human labor and production itself, so human quality must be considered as the nature and success of a country. As the message in Surah Hud verse 61,

وَالِىٰ تُمُوْدَ اٰخَاهُمْ صٰلِحًا ؕ قَالَ يٰ قَوْمِ اعْبُدُوا اللّٰهَ مَا لَكُمْ مِّنْ اِلٰهٍ غَيْرُهُ ؕ هُوَ اَنْشَأَكُمْ مِّنَ الْاَرْضِ وَاسْتَعْمَرَكُمْ فِيْهَا فَاسْتَغْفِرُوْهُ ثُمَّ تُوْبُوْا اِلَيْهِ ؕ اِنَّ رَّبِّيۡ قَرِيْبٌ مُّجِيْبٌ

Meaning: *"And to Samud (We sent) their brother, Salih. He said, "O my people! Worship Allah, there is no god for you but Him. He has created you from the earth (soil) and made you prosperous, therefore ask His forgiveness, then repent to Him, Verily my Lord is very near (His mercy) and allows (the prayers of His servants)."*

The meaning of the verse above is that Allah has created humans as caliphs on earth whose role is not only as residents and rulers but also for the welfare of the world. This verse can be understood by carrying out development (Prasetyoningrum&Sukmawati, 2018: 222).

Poverty

Madzhab scholars such as Malikiyah, Syafi'iyah, and Hanabilah define poverty as someone who is still able to work and tries to earn wealth lawfully and support his family, but the results achieved are still not sufficient to meet his own needs and that of his family. The Hanafiyah group views the poor as having nothing, such as wealth or power, which in the end is unable to meet their needs and those of their families (Arif, 2010: 232).

Poverty is divided into two types, namely absolute poverty, and relative poverty. If a person's income is below the poverty line, then it is called absolute poverty. Meanwhile, poverty in competition with other groups is called relative poverty (Rosyidi, 2011: 146). The Central Bureau of Statistics applies the concept of the ability to meet basic needs as the basis for calculating poverty. Therefore, based on this approach, the concept of Poverty Line consists of two main foundations, namely the Food Poverty Line and the Non-Food Poverty Line (Badan Pusat Statistik, 2021: 11).

From an Islamic point of view, when discussing poverty, the emphasis is on how those who belong to a group can focus, defend and protect the poor. Those who are considered to be well off are expected to be able to achieve the capacity that they have personally or institutionally, to reduce social poverty. If this rich group doesn't care about the fate of the poor, then the Qur'an labels them as religious liars (Beik&Arsyianti, 2016: 71). As explained in Surah Al Ma'un verses 1-3, namely:

أَرَأَيْتَ الَّذِي يُكَذِّبُ بِالْإِيمَانِ . فَذَلِكَ الَّذِي يَدْعُ الْيَتِيمَ . وَلَا يُحِضُّ عَلَى طَعَامِ الْمِسْكِينِ

Meaning: *"Do you know (a person) who denies religion? That's a person who rebukes orphans, and does not recommend feeding the poor."*

Rasulullah Sallallahu alaihi wasallam said:

عَنْ أَبِيهِ عَنْ الزُّبَيْرِ بْنِ الْعَوَّامِ رَضِيَ اللَّهُ عَنْهُ عَنِ النَّبِيِّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ قَالَ لِأَنْ يَأْخُذَ أَحَدُكُمْ حَبْلَهُ فَيَأْتِيَ بِحُزْمَةِ الْحَطَبِ عَلَى ظَهْرِهِ فَيَبِيعَهَا فَيَكْفَى اللَّهُ بِهَا وَجْهَهُ خَيْرٌ لَهُ مِنْ أَنْ يَسْأَلَ النَّاسَ أَعْطَوْهُ أَوْ مَنَعُوهُ

Meaning: *From Zubair Ibn al-'Awwam Radliyaallaahu 'anhu that the Rasulullah Sallallahu 'alaihi wa Sallam said: "Suppose one of you carries a rope and then goes to the hill looking for wood, then carried it to the market to sell, with which he can cover the water face, then that is better than begging people, whether they give or refuse."* (Narrated by Bukhari).

Islam emphasizes that poverty is not allowed to arise due to laziness. People who are poor and reluctant to try are severely criticized in Islamic teachings. In the hadith of Rasulullah Sallallahu alaihi wasallam, a person who likes to beg because he is lazy to work will lose his face on the Day of Resurrection. Islam teaches that poor people are also willing to spend their money by giving, even if it's a small amount. Don't let people use poverty as an excuse to never share in their life (Beik&Arsyianti, 2016: 73). As in the following letter Al 'Imran verse 134:

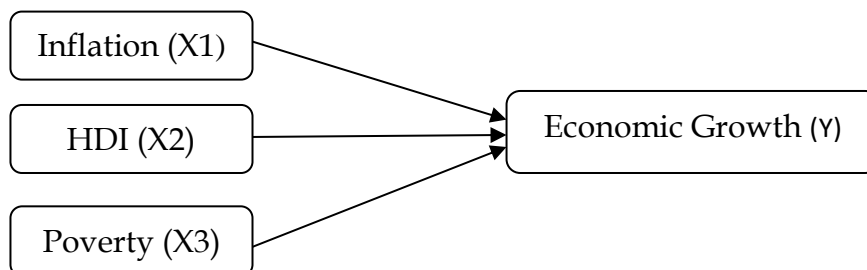
الَّذِينَ يُنْفِقُونَ فِي السَّرَّاءِ وَالضَّرَّاءِ وَالْكَاطِمِينَ الْغَيْظَ وَالْعَافِينَ عَنِ النَّاسِ ۗ وَاللَّهُ يُحِبُّ
الْمُحْسِنِينَ

Meaning: *"(namely) people who spend, both in free and narrow times and those who hold back their anger and forgive (mistakes) of others. Allah loves those who do good."*

Hypothesis

Figure 1

Framework of Thinking



Based on the above model, the hypothesis proposed is as follows:

1. Ho: Inflation has no significant effect on economic growth in Central Java
Ha: Inflation has a significant influence on economic growth in Central Java.
2. Ho: The human development index has no significant effect on economic growth in Central Java.
Ha: The human development index has a significant influence on economic growth in Central Java.
3. Ho: Poverty has no significant effect on economic growth in Central Java.
Ha: Poverty has a significant influence on economic growth in Central Java.

RESEARCH METHOD

This type of research uses quantitative, which is a quantitative approach based on deductive techniques, preceded by abstract concepts, then assessment procedures, and closed using observational data that represent abstract concepts (Wijaya, 2013:34). This study uses a descriptive method, to describe formula teating objects as they are, to explain between variables, prove hypotheses, and maximize theory (Wijaya, 2013: 41).

The data used in this study uses secondary data published by the Central Bureau of Statistics of Central Java. Researchers used panel data types with the period 2015-2021 time series data and 6 regencies/cities which are included in the Pati residency in Central Java. The independent variables in this study are inflation, human development index, poverty, the dependent variable is economic growth.

Based on the variables that have been described by the researcher, the empirical panel data regression model is formulated as follows:

$$EG_{it} = \alpha + \beta_1 INFLAS_{it} + \beta_2 HDI_{it} + \beta_3 Poverty_{it} + \epsilon_{it}$$

Where :

EG: Economic Growth

I : Number of cities/regencies (data cross section)

T: Number of years (time series data)

E : term error

RESULT

- **Descriptive Statistical Analysis**

Table 2
Results of Descriptive Statistics

	GE	INFLATION	HDI	POVERTY
Mean	4.926667	3.270000	70.41595	113.2002
Median	5.080000	3.310000	70.07000	105.3900
Maximum	23.54000	4.990000	75.16000	184.5000
Minimum	1.160000	1.240000	66.22000	58.00000
Std. Dev.	3.292055	0.814206	2.233475	35.95534

Source: data processed 2023

Based on the results of the data processing above, it is known that inflation has a minimum level of 1.240000 with a maximum level of 4.990000. The average or mean is 3.270000 with a standard deviation of 0.814206. HDI has a minimum value of 66.22000 with a maximum value of 75.16000. The average or mean is 70.41595 with a standard deviation of 2.233475. Poverty has a minimum level of

58,0000 with a maximum level of 184,5000. The average or mean is 113.2002 with a standard deviation of 35.95534.

- **Panel Data Regression Model Estimation**

To choose the most appropriate model for managing panel data, whether to use common effects, fixed effects, random effects, several tests can be carried out, namely:

Common Effects Model

Table 3
Common Effects Model Results

Variable	Coeffic	Std. E	t-Stati	Prc
C	11.90	2.838	4.193	0.0
INFLATION	-0.071	0.084	-0.843	0.4
HDI	-0.141	0.038	-3.695	0.0
POVERTY	-0.002	0.002	-0.957	0.3

Source: data processed 2023

Referring to the output above, it shows that the probability value of the HDI variable is $0.0007 < 0.05$. This shows that HDI is significant.

Fixed Effects Model

Table 4
Fixed Effect Model Results

Variable	Coeffic	Std. E	t-Stati	Prc
C	22.03	8.002	2.753	0.0
INFLATION	-0.110	0.108	-1.023	0.3
HDI	-0.269	0.100	2.691	0.0
POVERTY	-0.011	0.012	-0.875	0.3

Source: data processed 2023

Based on the output results, it can be seen if the probability value of the HDI variable is $0.0111 < 0.05$ which indicates that the HDI variable is significant.

Random Effects Model

Table 5
Random Effects Model Results

Variable	Coeffic	Std. E	t-Stati	Prc
C	11.90	2.845	4.183	0.0
INFLATION	-0.071	0.084	-0.841	0.4
HDI	-0.141	0.038	-3.687	0.0
POVERTY	-0.002	0.002	-0.955	0.3

Source: data processed 2023

Based on the results of the output random effect model, it can be seen that the probability value of the HDI variable is $0.0007 < 0.05$, so it can be said to be significant.

- **Regression Model Selection**

Chow test

Table 6

Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	df	Prob
Cross-section F	0.9641	(5,	0.0007
Cross-section Chi-square	5.7281		0.0007

Source: data processed 2023

Referring to the output of the Chow test above, it is known that the chi-square is 5.728908 with a prob value of 0.0000, it can be concluded that it is significant because the value is below 0.05. This means that H1 is accepted while H0 is rejected, so the appropriate model to use is the fixed effect model.

Hausman test

Table 7
Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq.	Prob
Cross-section random	4.3481		0.0263

Source: data processed 2023

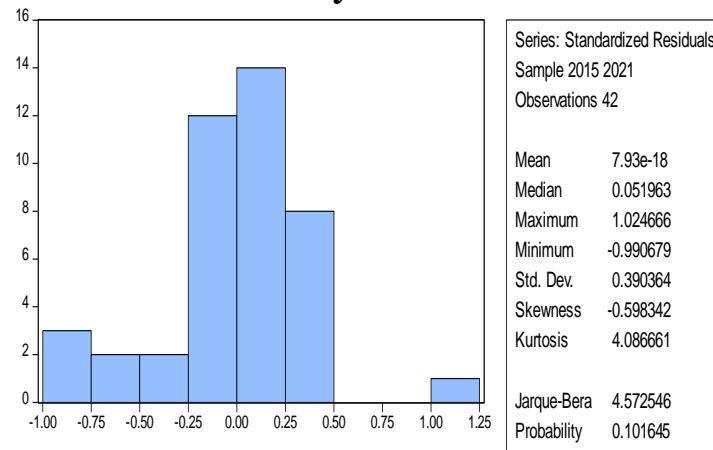
Referring to the output of the Hausman test above, it is known that the chi-square is 4.348009 with a probability value of $0.0263 < 0.05$ so that it can be said that H0 is rejected and Ha is accepted. The model selected and used is the fixed effect model.

- **Classic Assumption Test**

Normality test

The purpose of the normality test is to test the regression model, both the dependent variable and the independent variable are normally distributed or at least close to the normal distribution.

Figure 2
Normality Test Results



Source: data processed 2023

Based on the processing results, the probability value of JarqueBera is 4.572546, so the probability of 0.101645 is greater than the significance level of 0.05. The conclusion is that the residuals of the regression model are normally distributed.

Multicollinearity Test

The purpose of multicollinearity is to determine whether there is a correlation between independent variables. The results of the multicollinearity test are as follows:

Table 8
Multicollinearity Test Results

	INFLATION	HDI	POVERTY
INFLATION	1.000000	0.053177	0.070099
HDI	0.053177	1.000000	-0.598448
POVERTY	0.070099	-0.598448	1.000000

Source: data processed 2023

From the table above it can be seen that each variable has a value of less than 0.8 (<0.8) so it can be concluded that multicollinearity does not occur in the processed data.

Heteroscedasticity Test

It is useful to test whether there are variance differences in the regression model from the residuals of one observation to the next. Following are the results of the heteroscedasticity test.

Table 9
Heteroscedasticity Test Results

Variable	Coeffic	Std. E	t-Stati	Prc
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Conference Paper

C	0.294	5.157	0.057	0.9
INFLATION	0.030	0.069	0.442	0.6
HDI	0.007	0.064	0.112	0.9
POVERTY	-0.005	0.008	-0.669	0.5

Source: data processed 2023

From the results above it can be seen that each variable has a probability value greater than 0.05. So there is no heteroscedasticity, because the regression model has a fixed residual variance (homoscedasticity).

Autocorrelation Test

Table 10

Autocorrelation Test Results

Durbin Watson	DU	DU	4DU
2.918509	1.3573	1.6617	2.3383

Source: data processed 2023

From the table above it can be seen that the resulting Durbin-Watson Stat value is greater than DU for 42 data and 3 variables ($2.918509 > 1.6617$) so that it can be concluded that there is no autocorrelation in the data to be used. Because the DW value is between DU and 4-DU ($1.6617 < 2.918509 < 2.3383$).

- **Significance Test**

T-test

By using a two-tailed test with a significance level of 0.05 and degrees of freedom (df), $df = n - k - 1 = 42 - 3 - 1 = 38$, so that a t-table of 2.02439 is obtained.

Table 11
T-test Results

Variable	Coeffic	Std. E	t-Stat	Prc
C	22.03	8.002	2.753	0.0
INFLATION	-0.110	0.108	-1.023	0.3
HDI	-0.269	0.100	2.691	0.0
POVERTY	-0.011	0.012	-0.875	0.3

Source: data processed 2023

1. The results of testing inflation on economic growth. From Table 5, the coefficient obtained by t-count is -1.023577 and t-table is 2.02439. Because t-count < t-table ($-1.023577 < 2.02439$) and a significance level of $0.3135 > 0.05$. So in conclusion, Ho

is accepted and H_a is rejected. Therefore, partially inflation has no significant effect on the economic growth of Central Java.

2. HDI test results on economic growth. From Table 5, the coefficient obtained by t-count is 2.691811 and t-table is 2.02439. Because t-count > t-table (2.691811 > 2.02439) and a significance level of 0.0111 < 0.05. So in conclusion, H_0 is rejected and H_a is accepted. Therefore, partially HDI has no significant effect on the economic growth of Central Java.
3. The results of poverty testing on economic growth. From Table 5, the coefficient obtained by t-count is -0.875649 and t-table is 2.02439. Because t-count < t-table (-0.875649 < 2.02439) and a significance level of 0.3875 > 0.05. So in conclusion, H_0 is accepted and H_a is rejected. Therefore, partially poverty has no significant effect on the economic growth of Central Java.

F-test

The value of the F-table at a significance level of 0.05 is $df = n-k-1 = 42-3-1 = 38$, so the f-table is 2.85.

Table 12
F-test Results

-statistic	2.809
rob(F-statistic)	0.017

Source: data processed 2023

The calculated F-value of 2.809422 is greater than the F-table of 2.85, and the probability value of the F-statistic is less than 0.05, namely 0.017175 < 0.05. Therefore, H_0 is rejected and H_a is accepted, meaning that the three independent variables inflation, HDI, and poverty have a significant effect on economic growth simultaneously.

Coefficient of Determination

Table 13
Coefficient of Determination Results

-squared	0.405
djusted R-squared	0.260

Source: data processed 2023

From the test results in table 13, it can be seen that the R-squared value is 0.405141 and the coefficient of determination is 40.5%, it can be concluded that there is a strong relationship between variables such as inflation, HDI, and poverty affecting the economic growth of Central Java by 40.5%, and the remaining 59.5% is influenced by other variables not examined in this study.

DISCUSSION

The Effect of Inflation on Economic Growth

Based on the research results, inflation has a negative and insignificant effect on the economic growth, and the significance value of the inflation variable is $0.3135 > 0.05$. This shows that H_0 is accepted and H_a is rejected, so inflation has no significant effect on economic growth. The regression coefficient value for the inflation variable is -0.110951 . A negative coefficient value indicates a negative relationship between inflation and economic growth. If inflation rises, economic growth will decrease. If inflation falls, economic growth will also increase.

This study agrees with the results of Erika Feronika Br Simanungkalit's research (2020), which in her research, inflation has a negative and significant effect on economic growth.

Philips states that high inflation has a positive impact on economic growth by reducing unemployment. This view is also supported by structural and Keynesian views that inflation is not harmful to economic growth, while the monetarist opinion is that inflation is harmful to economic growth. According to Keynesian theory, in the short term, national output and employment are mainly determined by aggregate demand. The Keynesian concept states that government plays an important role in creating economic growth. Keynesian believes that monetary and fiscal policies should be used to reduce inflation (Mayasari&Fahra, 2022: 121).

As long as inflation is within the normal range, it can sometimes encourage economic growth. If commodity prices rise, producers will increase productivity by opening new jobs or increasing the working hours of their employees. Thus, an increase in people's income will increase consumption, business profits will also increase, and ultimately tax revenues will also increase smoothly, thus encouraging economic growth. On the other hand, inflation or price increases will act as a stimulus for companies. The presence of inflation promotes economic growth, but only when inflation is low (Asnidar, 2018:10).

The results of this analysis are not in accordance with those conducted by Dewa Ayu Dwi Gita Pramesti and I Nyoman Mahaendra Yasa (2019), as well as research by Amir Salim, Fadilla, and Anggun Purnamasari (2021) which concluded that the inflation variable has a positive and significant effect on economic growth.

Based on the hadith narrated by Anas bin Malik ra:

غَلَا السَّعْرُ عَلَى عَهْدِ رَسُولِ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ، فَقَالُوا: يَا رَسُولَ اللَّهِ، سَعِرَ لَنَا،
فَقَالَ إِنَّ اللَّهَ هُوَ الْمُسَعِّرُ، الْقَابِضُ، الْبَاسِطُ، الرَّزَّاقُ، وَإِنِّي لَأَرْجُو أَنْ أَلْقَى رَبِّي وَلَيْسَ أَحَدٌ
مِنْكُمْ يَطْلُبُنِي بِمَظْلَمَةٍ فِي دَمٍ وَلَا مَالٍ

Meaning: "From Anas bin Malik ra he said: Prices of goods were once expensive at the time of the Prophet Muhammad. Then people said: O Messenger of Allah the prices are getting expensive, set a standard price for us, then the Messenger of Allah said: indeed it is Allah who sets the price, who holds and distributes the sustenance, and I hope that I can meet Allah SWT in the condition that none of you are suing me for tyranny in shedding blood (murderers) and property." Narrated by five narrators except for an-Nasai.

According to Ibn Taimiyah, the hadith above shows that the Rasulullah sallallahu 'alaihi wasallam did not want to interfere in setting commodity prices. However, this was the result of the price increase caused by the objective state of the market in Medina, not due to fraud by a group of people who only wanted to make a profit. Ibn Taimiyah believed that the price increase at that time was the result of the working of the market system. According to Ibn Taimiyah, there are two kinds of price fixing, namely unfair price fixing including tyranny and fair price fixing. In situations where markets are imperfect or distorted, the government can determine or intervene in prices (Hariyanto, 2019: 89).

The Effect of the Human Development Index on Economic Growth

Based on the research results, HDI has a negative and significant effect on economic growth, with a significance value for the HDI variable of $0.0111 < 0.05$. This shows that H_0 is rejected and H_a is accepted, so HDI has no significant effect on economic growth. The regression coefficient value for the HDI variable is -0.269195 . The negative coefficient value proves the negative relationship between HDI and economic growth. If the HDI rises, economic growth will fall. If the HDI falls, economic growth will increase.

This study disagrees with the results of research by Yuni Maulida, Abdul Hamid, and Faisal Umardani Hasibuan (2022), which explains that HDI has a significant positive effect on economic growth.

The HDI has a negative and significant impact on economic growth, which is not in line with Solow's theory which explains that increased economic growth is triggered by three factors. First, increasing the number of human resources (population growth) or the quality of the workforce (level of education, health, and per capita spending). Second, increasing capital to support the development and regional economic activities. Third, technology is an important substance for expanding economic activity, so that growth continues after reaching its peak (Hasyim, 2016: 238).

This research has only looked at changes over seven years, so that policy changes related to increasing the HDI have been going on for seven years and have not had an impact on the district as a whole. To achieve maximum HDI growth, each district/city needs equal distribution of income. Reduced income causes household spending to decrease overall. The human resource development process is an interaction of various cross-sectoral elements that occurs in stages from the traditional period, the development period to the present. Therefore, an increase in the HDI value in that period does not necessarily have a direct impact on the

economy in that period. The economic conditions in this period are likely still influenced by the achievement of the HDI in the previous period.

This research is in accordance with the research of Mukarramah, Cindy Yolanda, Muhammad Zulkarnain (2019) and Fera Kristina, Friskilla Angeliani (2022) which proves that the HDI variable has a negative, but not significant effect on economic growth.

Islam regulates human development or human welfare in surah Al-Baqarah verse 201:

وَمِنْهُمْ مَنْ يَقُولُ رَبَّنَا آتِنَا فِي الدُّنْيَا حَسَنَةً وَفِي الْآخِرَةِ حَسَنَةً وَقِنَا عَذَابَ النَّارِ

Meaning: "And among them, there are those who pray, "O our Lord, give us good in this world and good in the hereafter, and protect us from the punishment of hell."

From this verse, it can be concluded that goodness can be found through various aspects, including moral, spiritual, material, social and economic aspects, which cannot be separated because all of these aspects have the goal of achieving Islamic socio-economic development (Ratih&Tamimah, 2021: 58).

The Effect of Poverty on Economic Growth

Based on the results of the study, poverty has a negative and insignificant effect on the economic growth, and has a significance value of $0.3875 > 0.05$. This shows that H_0 is accepted and H_a is rejected, so poverty has no significant effect on economic growth. The regression coefficient value of the poverty variable is -0.011090 . A negative coefficient indicates a negative relationship between poverty and economic growth. If poverty increases, economic growth will decrease. If poverty decreases, economic growth will increase.

This research is not in line with the results of research by Risthi Khoirunnisa Wadana, and Whinarko Juli Prijanto (2021), which explains that poverty has a positive and insignificant effect on economic growth.

However, this research is in line with Kuznet's theory, in Lidyawati Padang & Murtala, the theory analyzes that economic growth and poverty have a very close relationship in the early stages of the development process the poverty rate tends to increase, then toward the final stage of development, the number of poor people will gradually decrease. In a sense, if the poverty rate in an area is high, it will slow down economic development (Padang&Murtala, 2019: 10). According to Kuncoro, there is a negative relationship between economic growth and poverty. Increased economic growth will reduce poverty (Prameswari&Muljaningsih, 2021: 177).

Although the relationship that occurs in this category is weak, the impact of poverty on economic growth is also large, because high levels of poverty hinder economic development and the economic activity of the population, so the economy slows down, and consequently economic growth decreases.

The results of this study support research by Nani Ariani and Indri Arrafi (2021), the results show that the poverty variable has a negative and insignificant impact on economic growth.

In the Al-Qur'an letter Al-Mulk verse 15 explains that one's poverty is not caused by a lack of sufficient resources. Regarding natural resources, Allah has provided all proper facilities for human needs by creating this earth that is easy for humans to use. Therefore, if humans are still shackled by poverty, then the main trigger is the humans themselves. As for one of the factors that cause humans to experience poverty, namely greed for wealth to the point of destroying the earth, this is stated in the letter Ar-Rum verse 41:

ظَهَرَ الْفَسَادُ فِي الْبَرِّ وَالْبَحْرِ بِمَا كَسَبَتْ أَيْدِي النَّاسِ لِيُذِيقَهُمْ بَعْضَ الَّذِي عَمِلُوا لَعَلَّهُمْ
يَرْجِعُونَ

Meaning: "It has been seen that damage on land and at sea is caused by the actions of human hands; Allah wants them to feel some of the (results of) their actions so that they return (to the right path)."

Greed makes humans forget the balance of nature that needs to be maintained and exploit land and sea continuously which results in damage to nature. Directly this destruction of nature causes many people to suffer losses, because they depend on nature, and affects their income. The Qur'an forbids the exploitation of nature on a large scale so that the balance of nature is disturbed (Maulana&Fasa, 2022: 222).

CONCLUSION

Based on the research results obtained, several conclusions can be formulated as follows:

1. Inflation has a negative and insignificant effect on economic growth in Central Java
2. The human development index has a negative and significant effect on economic growth in Central Java.
3. Poverty has a negative and insignificant effect on economic growth in Central Java.

LIMITATION

The limitations contained in this study include the following:

1. The limitations of the research variables and the study period of only seven years, of course, are still insufficient to describe and explain more real information on economic conditions.
2. Limited literature on the results of previous studies that researchers still lack. So that this research has many weaknesses, both in terms of research results and analysis.
3. Limited knowledge of the author in making and compiling this paper, so it needs to be re-tested for reliability in the future.

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