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Analysis of the Islamic Human Development Index (I-HDI), Economic Growth and Unemployment Rate on Poverty in Indonesia for the 2013-2022 period

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ABSTRACT

This research aims to analyze the effect of the Islamic Human Development Index (I-HDI), economic growth, and the unemployment rate on poverty in Indonesia from 2013-2022. This study uses partial and simultaneous tests. The independent variables in this study are I-HDI, economic growth, and the unemployment rate, while the poverty rate is the dependent variable. The research method used is quantitative, with secondary data sourced from BPS and data in the form of time series from 2013-2022. Data processing uses SPSS version 23. Partially the results of this study indicate that the I-HDI variable has a negative effect on the poverty rate in Indonesia, and the unemployment rate variable has a positive effect. In contrast, the economic growth variable does not affect poverty. The study's results simultaneously show that all the x variables affect the Y variable. This study does not explain the r square of 9.79% and 2.1%, Which means that this research is interesting because these numbers show that this research model is good.

Keywords: Islamic human development index, Poornes, Economic growth, unemployment rate, Indonesia, Economic

INTRODUCTION

The Human Development Index (IPM) was published in 1990 by UNDP (United Nations Development Program) in the Human development report. In its publication, UNDP explained that HDI is a step to improve and enlarge human choices. Choices for humans include education, longevity, and a decent life.

The existence of HDI is also beneficial for the sustainability of the country because HDI is also used to measure broad performance impacts in the form of population quality, education, and living standards in the country so that the country immediately seeks solutions to problems that occur (Melliana & Zain, 2013). The following is a graph of HDI developments in Indonesia:

The graph above explains that the HDI growth from year to year is relatively increasing. It means that the quality of human beings in Indonesia has been reasonably good in the last ten years. It is also not spared from the government's efforts in running education, health, and employment programs for the community and people who are starting to understand improving self-quality to be even better.

The human development index is also discussed in Islam, where Islam always emphasizes Maqashid sharia to achieve falah. Maqashid Syariah has 3 points as a condition for achieving Falah, including life welfare, proper education, and social justice for all people. Maqasid Sharia is an Islamic rule that must be the basis for Muslims to achieve maslahah or the common good. The human development index in Islam is known as the Islamic human development index, which means measuring human development based on Islam. In Islam, I-HDI measurement uses the concept of Maqashid Syariah, which consists of several points: religion, soul, intellectual, lineage, and property. The existence of these 5 points is part of Maqashid Syariah, and one point with the other points cannot be omitted because they are interrelated.

Countries where most of their people are Muslim greatly benefit from measuring human development based on Maqashid Sharia because the Islamic Human Development Index can measure human development with Islamic-based quality. IHDI can also measure the adequacy of material and non-material needs.

Economic growth is a significant indicator in analyzing the economic development that occurs in a country. This economic growth shows how much economic activity will generate additional income for the community in a certain period. Because economic activity is a process of using factors of production to produce output, this process will, in turn, produce a flow of remuneration for the factors of production owned by the community. With economic growth, it is hoped that people's income will also increase (Triastuti & Pratomo, 2016). There are three main factors in economic development, one of which is investment in land, goods, and human resources to support the future. The second factor is expanding employment; the third is a technology that has begun to be updated to speed up work.

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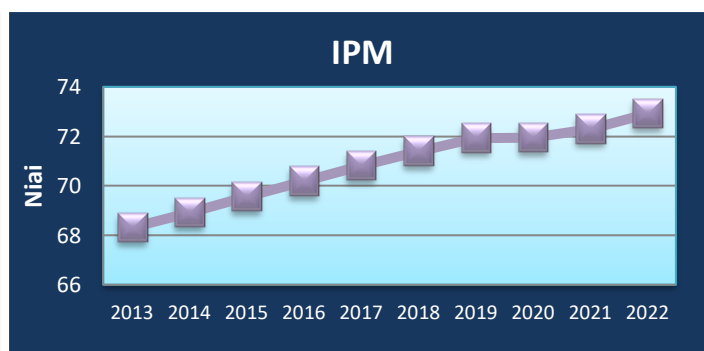

Figure 1. HDI growth in Indonesia

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The following is the formula for economic growth:

$$\text{Pertumbuhan} = \frac{PDRBt - PDRBt-}{PDRBt-1} \times 100\% \ldots (2)$$

Unemployment can also be called people who have not worked or work but not every day and are looking for work (Marini & Putri, 2020). Unemployment can also be interpreted as a group of people looking for work but not getting it (Meydiasari, 2019). Unemployment is classified according to its characteristics: 1. Open unemployment, 2. Forced unemployment, 3. Voluntary unemployment and less than actual unemployment (BPS, 2017). Open unemployment can be calculated using the formula:

$$\text{TPT} = \frac{Jumlah\ Pengangguran}{Jum\ \quad angkatan\ kerja} \times 100\% \ldots (1)$$

Poverty, which is a problem in all countries in the world, especially in developing countries, occurs due to various economic, social, political and demographic factors (Murdiyana & Mulyana, 2017). Poverty in a broad sense has 5 characteristics, namely: 1. dependence, 2. Powerlessness, 3 sociological and geographical isolation, 4. Vulnerability when facing an emergency, 5. Poverty. There is an absolute core in poverty, such as hunger, social humiliation, inability to educate and care for children. Low social values and parents who are unable to support their children are at the core of poverty. Steps to reduce poverty from the core must be estimated from the start by providing credit to people who are not yet able to so that

the poverty rate does not continue to rise. The following is a picture of poverty that occurs in Indonesia.
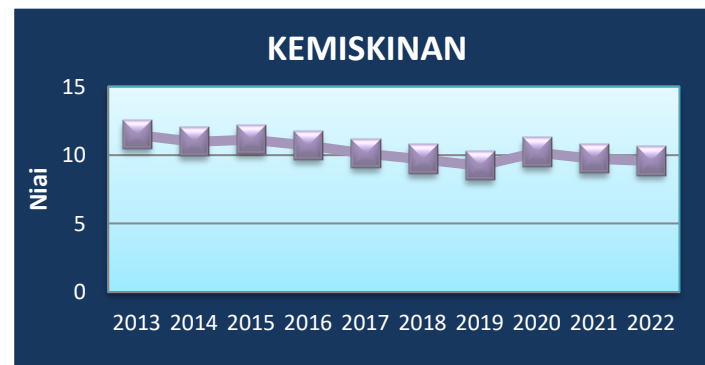

Figure 2. Poverty figures in Indonesia

The figure above explains that the unemployment rate in Indonesia is standard because it does not rise or fall significantly. In 2021 poverty decreased from 11.8% to 9.25%, which means that poverty in Indonesia decreased in that year, even though in 2020, there was a pretty significant increase of 11.8% from 2019 which was only 9.5%.

The formulation of the problem in this study is How is the influence of I-HDI, economic growth, and the unemployment rate on poverty in Indonesia? The research objective is to analyze the effect of I-HDI, economic growth, and the unemployment rate on poverty in Indonesia.

LITERATURE REVIEW

Poverty is a problem that is often heard because there are so many underprivileged or poor people in Indonesia. The significant poverty rates in a country prove that the economy in that country is terrible (Vildzah Nurul, 2016). Poverty comes from the word poor, which means having no wealth and living in poverty. In general, poverty is someone who cannot meet their needs to maintain a dignified life.

Islamic Human Development Index or HDI is a composite index calculated as a simple average of the three primary indices: the life expectancy index, the education index, and the decent standard of living index. The Islamic Human Development Index measures human development based on Maqashid Syariah based on 5 points: religion, soul, intellect, lineage, and wealth (Nasyitha, 2020).

A country's economic growth is measured by GRDP or gross regional domestic product (Maimunah, 2013). Economic growth measures whether a country is said to be advanced or not in its economy. One example of economic growth is increased production of goods and services and infrastructure development.

Unemployment is a group of people looking for work but has yet to get the job they expected. One of the economic diseases that is difficult to solve is unemployment (Yacoub, 2012). Unemployment is a frightening scourge for everyone because poverty comes from an unemployed person who has no income and cannot guarantee their next life, so anxiety arises in that person. The government has expanded employment opportunities by opening jobs in the private sector and the government to reduce the increase in unemployment.

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RESEARCH METHOD

A quantitative method based on a descriptive approach is used in this study. Also, it uses secondary data in the form of time series data obtained from the Indonesian Central Bureau of Statistics from 2013-2022. The data needed in this study are poverty data, unemployment rate data, gross domestic product data to get economic growth values , and human development index data to get human development index values. This study uses the analysis technique of classical assumption test, partial test, and test of the coefficient of determination.

RESULTS

Classic Assumption Test
Multicollinearity Test

Variabel	Tolerance	VIF
I-HDI	0.685	1.461
Growth	0.866	1.155
Unemployment	0.618	1.619

Table 1. Multicollinearity Test Results

The table above shows that no independent variable has a tolerance value of less than 0.001, which means there is no relationship between the independent variables. One of the requirements for a good regression research model is the absence of multicollinearity. The absence of multicollinearity is evidenced by the VIF number, which is less than 10, while in this study, the VIF value indicates that nothing is worth 10. Furthermore, it can be interpreted if there is no multicollinearity (Variance inflating Factor) in this study.

Autocorrelation Test

D	DL	DU
2,659	1.162	1.651

Table 2. Autocorrelation Test Results

Durbin Watson's score is 2,659. This value is between du and 4-du, and we can conclude that there is no positive or negative autocorrelation. Ho accepted.
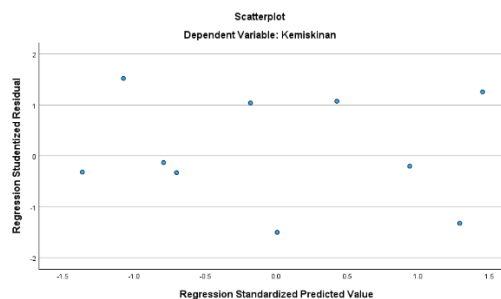
Heteroscedasticity Test

Figure 3. Heteroscedasticity Test Results

The research model that is declared perfect is one that does not have heteroscedasticity, while this research can be said to have no heteroscedasticity because the picture above shows the dots that do not converge and do not form a particular picture.
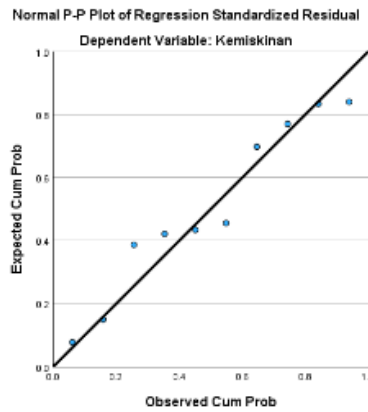
Normality test

Figure 4. Normality Test Results

The regression model has expected the points to be around the diagonal line, proving that the research does not violate the rules of normality. The picture above explains that this research is included in the standard regression model category.
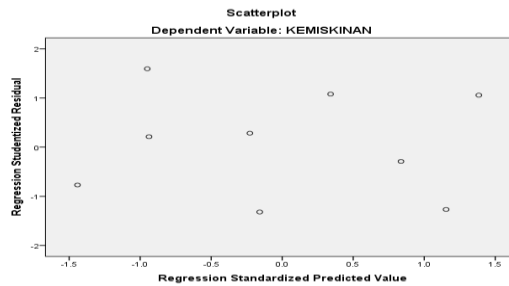
Linearity Test

Figure 5. Linearity Test Result

In the Scatterplot above, it can be seen that several points are far away on the horizontal line. It shows that in this study, there is no assumption of linearity in the variables tested.

Reporting Research Results

Hypothesis testing

Multiple Linear Regression Test

Variable	Beta Value
Constanta	49.016
I-HDI	-0.580
Economic Growth	0.029
Unemployment Rate	0.272

Equality:

Y= 49.016 - 0.580 X1+ 0.029 X2 + 0.272 X3+ e

Information:

Y : Poverty

X1 : Islamic Human Development Index

X2 : Economic Growth

X3 : Unemployment Rate

E : Error

The constant value of the regression model is 49,016, which means it is positive. Positive here indicates that the dependent and independent variables have a unidirectional effect. Furthermore, it can be concluded that if the independent variables, which include I-HDI (X1), economic growth (X2), and the unemployment rate variable (X3), are 0, then the poverty rate is 49,016. The I-HDI variable has a coefficient value of – 0.580. This negative coefficient means that every 1% increase in the I-HDI value will reduce the number of poor people in Indonesia by 0.580. Economic Growth has a coefficient value of 0.029, which means that every increase in Economic Growth by 1% will increase the poverty rate in Indonesia. The unemployment rate has a coefficient value of 0.272, which means that every increase in the value of the unemployment rate by 1% will increase the poverty rate in Indonesia by 0.272.

T-Test

Variable	Significance Value	T Value Count	T Table Value
I-HDI	0.001	-20.322	2.570
Economic Growth	0.054	4. 390	2.570
Unemployment Rate	0.01	7.950	2.570

Variable X1 on poverty shows a negative number, meaning that the I-HDI variable is in the opposite direction to poverty but has an effect. It is evidenced by a significance value of 0.000 <0.005 and the calculated T value - 20,322 > T table 2,570. Variable X2 or economic growth has a significant number of 0.054 > 0.005, and T count 4.390 <T table 2.570, which means that the variable economic growth does not affect Variable Y. Variable X3 is stated to affect variable Y with a significance value of 0.001 <0.05, and T count 7,950 > T table 2,570.

F-Test

Significance	Significance Value	F Value Count	F Table Value
0.05	0.001	3.52	4.05

In this study, the results were obtained as a statement if the IHDI Variables, Economic Growth, and the Unemployment Rate overall affected the poverty level variable. This statement is taken based on the value of the table above, which shows that the probability value of 0.001 is less than the required significance value of 0.005.

Determination Test

Information	Coefficient Value
R Squared	0.986
Adjusted R Squared	0.979

In the table above, the R squared value is 0.97.9. This figure explains if I-HDI, Economic Growth, and Unemployment Rate as independent variables can explain the variable poverty rate in Indonesia as the dependent variable (Y) of 97.9% and 2.5% is not explained in this study.

DISCUSSION

The Effect of I-HDI on Poverty in Indonesia

B   ased on the results of the T-test, the I-HDI variable has a negative effect on poverty in Indonesia for the 2013-2021 period. This statement is justified with a significance value of 0.000, less than the probability value of 0.005; then the T-test value is -20.322 < 2.570.

The statement above regarding the research results, which states that I-HDI has a negative effect on poverty, follows Gunnar Adler Karlsson's theory which reveals that the right way to eradicate poverty is 1. Giving wealth to the less fortunate with sufficient assets, increasing income, and providing employment, 2. Training for them in many places fosters community creativity so that they can compete and improve human development through health and education. The existence of this theory can be connected with the concept of Maqashid sharia which has five dimensions for human development, namely, Religion, soul, integrity, wealth, and heredity, which can affect poverty reduction.

Amara Fardany Nasyita (2020), in her research, stated that the IHDI variable negatively affects poverty in the East Java region. Amara's research results were declared hostile because the probability value generated in the research model was 0.03, and the significant requirement for a variable was 0.05. (Rochmah, Siti, and Raditya Sukmana, 2019) also revealed in their research that IHDI has a negative effect on poverty in Indonesia.

Other research that strengthens this is research (Ningsih & Andiny, 2018) with results that state that economic growth does not affect poverty in Indonesia. In addition to previous researchers, the factor that strengthens this research is the phenomenon that occurred in 2019, where I-HDI increased by 72.91%. In contrast, the poverty rate has decreased by 9.54% because the better quality of human life coupled with hard work, the better life will be, based on the paragraph below.

عِنْدَ بَنْتَغُوْا فَا رِزْقًا لَـكُمْ يَمْلِكُوْنَ لَا اللهِ دُوْنِ مِنْ تَعْبُدُوْنَ الَّذِيْنَ اِنَّ ۙ اِفْكًا وَّتَخْلُقُوْنَ نَا اَوْثًا اللهِ دُوْنِ مِنْ تَعْبُدُوْنَ اِنَّمَا
تُرْجَعُوْنَ اَلَيْهِ ۗ لَهُ شْكُرُوْا وَا عْبُدُوْهُ وَا الرِّزْقَ اللهِ

Meaning: Allah is the one and only God, and we must worship only Allah; worshiping other than Allah is tantamount to duplicating and doing wrong to the word of Allah because Allah is the natural giver and never breaks his promises (QS. Al-'Ankabut [29]: 17).

The Effect of Economic Growth on Poverty in Indonesia

This study shows that the variable economic growth does not affect poverty in Indonesia. It is evidenced by the probability value of 0.780, more significant than 0.005, and the calculated T value of 4.390, more significant than 2.570. The results of this study are the same as those of research conducted by (Panarangi, 2012). The results of this study are also reinforced by research results from research (Prasetyoningrum, 2018), which state that economic growth variables do not affect poverty in Indonesia.

The results of this study were also reinforced by a speech by the Director of Bank Indonesia, who said that the increased economic growth in the last five years had not reduced the poverty rate in Indonesia. He further stated that if there is income inequality between high and low-income groups or the occurrence of financial flows that impact the economy in Indonesia.

The global economy is currently experiencing ups and downs. The International Monetary Fund (IMF) projects that the global economy will slow down by 2.9% in 2023, weakening the Indonesian economy. The poverty rate in Indonesia currently tends to decrease. However, the poverty rate is still dangerous, so the government

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needs to socialize the community concerning entrepreneurship by establishing MSMEs to reduce the poverty rate.

The Effect of Unemployment Rate on Poverty in Indonesia

Based on the T table test results with a coefficient value of 0.001 less than the probability value of 0.005 and the calculated T value of 7.967 is more significant than T table 2.570, it can be interpreted that the unemployment rate variable influences poverty in Indonesia. So, the more the unemployment rate increases, the greater the poverty rate in Indonesia.

This research is reinforced by research conducted by Arin Kristin Prasetyoningrum and U Sulia Sukmawati (2018), whose research states that the unemployment rate positively affects poverty. Furthermore, this research is supported by research (Diah Retnowati, 2015) results which say that the unemployment rate affects poverty. The last one is Siti Rochmah's research which says that the unemployment rate positively affects poverty in Indonesia.

This research explains the unemployment rate's significant effect on the amount of poverty in Indonesia, indicating that the variable unemployment indicator is income. The poor category occurs when a person's basic needs are met due to needing a job, reducing the level of prosperity in meeting needs.

The results of this study are also reinforced by the current situation, where the unemployment rate has decreased by 410 thousand people from 2022. It is due to the Indonesian economy being quite resilient when facing a weakening global purchasing manager's index. The stable economy in Indonesia is due to increased domestic demand for household consumption and investment. It is proven that reducing unemployment in Indonesia also reduces the poverty rate, making the Indonesian economy relatively stable.

CONCLUSION

This study concludes that the I-HDI variable has a significant negative effect on poverty, and a decrease in the poverty rate can accompany an increase in I-HDI. The economic growth variable has absolutely no effect on the poverty rate, which shows that at certain times economic growth does not affect the reduction or increase in the number of poor people. The unemployment rate variable has a positive influence, and this can be explained if the higher the number of unemployed people, the more poor there are in Indonesia.

The existence of conclusions above can be information for the government to reduce poverty by increasing employment opportunities and conducting training for the community to create jobs for themselves and others. Training on religious self-development can also improve self-quality so that I-HDI numbers increase and poverty in Indonesia decreases.

LIMITATION

Secondary data in the form of time series is a limitation in this study. Weaknesses Secondary time series data requires many data; in the future, the researcher can only predict the effect of other variables if the data is available. The data

processed in this study is only up to 2022, so the research still needs to lead to the current year, namely 2023, because there is yet to be data. It is hoped that future researchers can add other variables and years in this study to reveal other facts so that poverty in Indonesia can be resolved soon.

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