The Effect of Economic Growth, Unemployment, and Human Development Index on Poverty in Banda Aceh City Viewed from an Islamic Perspective

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ABSTRACT

Until now, poverty is still a problem experienced all over the world. In Islam itself, there has been a balanced socio-economic environment that gives special attention to poverty alleviation, in addition to focusing on the distribution of income and wealth or reducing inequality. This research aims to determine the influence of the variables economic growth, poverty and the Islamic human development index on poverty. This type of research is quantitative using secondary data sources. This research uses documentary data collection techniques, namely the research takes data that has been printed in the form of books or magazines taken from the Aceh Central Statistics Agency for the population of the city of Banda Aceh. The results of the research show that economic growth, unemployment, economic growth, and human development index jointly influence poverty. Economic growth has an impact on poverty, unemployment has an influence on poverty and Islamic human development index also has an influence on poverty.

1. INTRODUCTION

Aceh, which is known as the city of Islamic law, is a city that has its own qanun on Islamic law, as evidenced by qanun no.8 of 2014 on the principles of Islamic law. Islam is the religion practiced by the majority of people in the province. The population of Banda Aceh city is 265,111 people with a density of 43 people/ha. The number of male and female residents is quite balanced. The population of Banda Aceh City is dominated by young people. This is one of the impacts of Banda Aceh’s function as a center of education in Aceh and even on the island of Sumatra. Many young people immigrate to Banda Aceh to find work.

Banda Aceh should have achieved the goal of development itself, namely improving the livelihood of the people society in a country/region. However, although the Human Growth Index has increased in every city/county in Aceh, poverty is still a problem in Aceh society. This can be seen from table 1.2 below.

Human Development Index (HDI) for the districts/cities of Aceh Province in 2021 in Table 1.2 which shows the number of improvements in the Human Development Index in Aceh Province which consists of several cities/cities. Based on data from the Central Statistics Agency (BPS), the Human Development Index (HDI) of Banda Aceh City in 2021 was recorded at 85.71. This...
figure is up 0.3 points from 85.41 recorded in 2020. The HDI is a comparative measure of life expectancy, literacy, education, and living standards for all countries around the world. Moreover, Banda Aceh, which was devastated by the 2004 tsunami, can enter the top three cities with the highest Human Development Index in Indonesia. Referring to BPS data released on 15 November 2021, Banda Aceh’s HDI was recorded at 85.71. Yogyakarta is still ranked first with an HDI of 87.18, and Jakarta is still ranked third with a Human Development Index of 84.90. However, this is not in line with the Aceh poverty line which can be seen in Table 1.2 below the number of poor people in the Aceh region in three years experienced an increase from 2013 to 2015 and experienced a decrease in the number of poor people in 2016 then again there was an increase in 2017 to 2019, while in 2020 the number of poor people in Aceh experienced a decrease. Poverty arises because of the inability of some people to raise their lives to an achievable level. This condition causes a decline in the quality of human resources so that productivity and income are reduced. This means that the number of poor people in the aceh region is still not stable because there is an increase and decrease every year. Aceh’s poverty rate has not been stable because it has experienced increases and decreases in the last few years. It can be seen that in the last four years the poverty rate in Aceh experienced a decrease in 2013 of 8.03%, in 2014 it was 7.78%, in 2015 it was 7.72%, and in 2016 it was 7.41%. And there has been a decline as seen in 2020 which amounted to 6.90%. This proves that poverty in Aceh is still not resolved and is still a problem. Even though in 2021 the Human Development Index in Aceh increased as shown in Table 1.1 and based on the Human Development Index in Banda Aceh, it is still far above the Aceh Provincial Human Development Index, namely 72.18 and the Indonesian Human Development Index 72.29. The increase in the Human Development Index in the city of Banda Aceh was not affected by the decline in poverty and unemployment, as well as the rate of economic growth.

Human economic growth is the status of necessity that must be met by a person to fulfill the necessities of daily life. If, the necessities of a decent life can be fulfilled then life is safe and free from the problem of poverty. In accordance with the data and phenomena above there are several poverty problems in the city of Banda Aceh which are influenced by economic growth, unemployment, and the Islamic Human Development Index in the city of Banda Aceh. So from the things that have been described above, the author is interested in conducting research with the title: The Effect of Economic Growth, Unemployment, and Human Development Index on Poverty in Banda City reviewed in the perspective of Islamic Economics.

The purpose of this study was to find out the economic growth, unemployment, and Islamic Human Development Index simultaneously affect the poverty of residents in Banda Aceh City, To find out that economic growth partially affects the poverty level of the people in Banda Aceh City and to find out that unemployment partially affects the poverty level of the people in Banda Aceh City and to find out that the growth of the Islamic Human Development Index partially affects the poverty level in Banda Aceh City.

2. THEORETICAL REVIEW

Poverty

Poverty is a problem faced by all countries, especially in developing countries like Indonesia. Poverty is a limitation faced by a person, family, community or even country which causes discomfort in life, threatens the enforcement of law and justice as well as the loss of generations and the bleak future of the nation and state. This understanding is a broad understanding, it has been said that poverty is related to discomfort in life. In all fields, people are always marginalized because they cannot equalize their conditions with those of the surrounding community. Haughton and Shahidur (2012) poverty is associated with the ability to carry out a function in society. Thus, poverty arises when people have no income, do not receive adequate education, and have poor health conditions. Poverty is considered as a multidimensional phenomenon. According to BPS (2016) poverty is an economic, material and physical inability to meet basic food and non-food needs as measured by expenditure. The measure of poverty is using the poverty line. Which consists of the food poverty line (GKM) and the non-food poverty line (GKNM). The food poverty line is the expenditure value resulting from the minimum need for food which is calculated at 2,100 calories per capita per day, while the non-food poverty line is calculated from the minimum need for clothing, education and health and other basic needs.

Poverty In Islam

Islamic economics views natural wealth and human resource wealth as having to be invested or invested for the benefit of humanity in the future, not to be bought and sold. Islam encourages people to invest, trade and do business, not to become laborers and manual laborers. Islam also facilitates all sources of good fortune, both from natural resources and from human resources, because in essence, good fortune and wealth come from God, not from humans. Economics actually encourages people to be humble, humble, work hard, not be wasteful and avoid bad actions that cause poverty. A person who wants to be rich must avoid evil deeds and helplessness, reduce bad deeds and improve good deeds.
Economic Growth

Economic growth is a long-term increase in the ability of a country (region) to provide more and more economic goods to its population, this ability grows in accordance with technological progress, and the necessary institutional and ideological adjustments (Jhingan, 2007: 57). Economic growth is defined as an increase in GDP/GNP regardless of whether the increase is greater or smaller than the population growth rate or whether changes in the economic structure occur or not. A new economy can be declared to be in a developing state if per capita income shows a long-term upward trend.

Unemployment

Unemployment is a situation where someone who is in the labor force wants to get a job but they have not been able to get that job. Meanwhile, according to Kaufman and Hotchkiss, unemployment is a measure taken if someone does not have a job but they have been actively trying to find work in the last four weeks (Pujoalwanto, 2014: 110). Unemployment is a reality faced not only by developing countries, but also developed countries. In general, unemployment is defined as a situation where a person belonging to the labor force category does not have a job and is actively looking for work.

Human Development Index

The Human Development Index, which means the Human Development Index (HDI), is an index of the achievement of basic human development capabilities which is built through a basic three-dimensional approach, namely long and healthy life, knowledge and a decent life. Each of these HDI dimensions is represented by indicators. The dimension of long and healthy life is represented by the life expectancy indicator, the knowledge dimension is represented by the literacy rate and average years of schooling, and the dimension of a decent life is represented by the purchasing power indicator.

The Human Development Index (HDI) is a comparative measurement of life expectancy, education, and living standards for all countries. HDI is used as an indicator to assess the quality aspects of development and to classify whether a country is a developed country, developing country, or underdeveloped country and also to measure the influence of economic policy on the quality of life (BPS Directorate of Statistical Analysis and Development, 2015).

3. RESEARCH METHOD

This research uses a quantitative research method that is intended to find out the effect of the human development index and economic unemployment on poverty in Aceh province. In this study, researchers will use a type of research that is in the form of secondary data that is not collected independently by researchers but is taken from the Aceh Central Statistics Agency data.

The data used in this study are time series data of numerical data and data that is not in the form of numbers that cannot be counted but in the form of reviews of concepts collected by other related parties. The type of data in this study is annual data for 10 years, namely the 2010-2021 period. The data sources in this study were obtained from reports published by the Central Bureau of Statistics (BPS) on the population of Banda City and the sub-districts of Meiuraxa, Jaya Baru, Banda Raya, Baiturrahman, Lueingbata, Kuta Alama, Kuta Raja, Syiah Kuala, and the sub-district of Uleiei Kareing.

This research uses documentary data collection techniques, namely researchers take data that has been written in the form of books or magazines taken at the Central Statistics Agency of the population of Banda Aceh city Keicamatan Meiuraxa, Jaya Baru, Banda Raya, Baiturrahman, Lueingbata, Kuta Alama, Kuta Raja, Syiah Kuala, and keicamatan Uleiei Kareing.

This research uses pooled data, which is a combination of time series and cross-sectional data. Then hypothesis testing is carried out using the panel data regression model. To determine the variable accuracy of the model, it is necessary to test several classical assumptions, namely the autocorrelation test, the multicollinearity test, and heteroskedasticity test. The next step is to conduct statistical tests on each mode in each study using the t-test and F-test methods.

4. FINDINGS AND DISCUSSION

Price maximization in Islam

Based on data from the Central Statistics Agency (BPS), in 2021 Banda Aceh City recorded a positive economic growth rate. In line with the minus in the previous year affected by the Covid-19 pandemic, the economy of Aceh Province was able to grow by 5.53 percent. The economic growth rate of Banda Aceh city was above that of Aceh Province, which was around two percentage points and even the national level at 3.69 percentage points. Seiteitah seimpat meinyaith figure of minus 3.29 in 2020 due to pandemi, last year the Banda Aceh city economy was able to rise and grow 5.53 percent.

The Central Statistics Agency (BPS) recorded that the open unemployment rate in Aceh was 6.30% in August 2021. This value decreased by 0.29 points from August 2020, which was 6.59%. In detail, Aceh's unemployment rate in urban areas was
8.13%, a value higher than in rural areas which reached 5.36%. There are 11 districts/cities that have an above-average Aceh unemployment rate.

**Hypothesis Testing**

Thus, the results of statistical calculations can be written as a simultaneous multiple linear regression equation as follows:

\[ Y = 11.854 + 0.587X1 + 0.189X2 + 0.323X3 \]

From the results of the regression equation above, the results of the research are as follows:

- The coefficient of economic growth effect of -0.587 indicates that every one unit increase in economic growth will reduce poverty by -0.587, meaning that there is a negative effect of economic growth variables on poverty.
- The coefficient of reiteration of the effect of unemployment of 0.189 means that every one unit increase in unemployment felt by customers will increase poverty by 0.189, meaning that there is a positive effect of the unemployment variable on poverty.
- The coefficient of reiteration of the effect of Human Development Index in the range of -0.323 indicates that every one unit increase in Islamic Human Development Index perceived by customers will reduce Poverty in the range of -0.323, meaning that there is a negative effect of Human Development Index variables on Poverty.

The linear influence between the independent variables has a relationship that can be proven by the coefficient of multiple correlation and the coefficient of determination. These coefficients emphasize the directness of the relationship between the overall variable of interest as well as the relationship between the variable of interest. The value of the coefficient of correlation ranges from -1 to +1 and the closer the value is to 1 or equal to 1, the stronger the correlation between the variables or vice versa. While the coefficient of multiple determination is a coefficient that indicates the degree of influence of one independent variable on the dependent variable. The coefficient of correlation R of 0.980 indicates that the degree of correlation between the variables of economic growth (X1), unemployment (X2), and Islamic Human Development Index (X3), and poverty (Y) is positive with a relationship of 98.0%. This means that the three variables have a very strong relationship with Poverty (Y) with a correlation value of 100%-100%.

While the coefficient of determination is a coefficient of determination that determines the degree of influence of one of the basic variables on the independent variable assuming other variables are not known. From the results of the SPSS output, the Adjusted R Square is around 0.961. The Adjusted R Square value as shown above indicates that the variables of Economic Growth (X1), Unemployment (X2), and Islamic Human Development Index (X3) in affecting Poverty (Y) are 0.961 or 96.1%. While the rest (reidual value) of the variables is about 0.039 or 3.9% influenced by other variables that are not involved in this study.

**Hypothesis Prooving**

**Simultaneous Proof**

The F test was conducted to see the effect of the variable indiepeindein on the variable deipeindein simultaneously. If Fcount > Ftable with a significant level of 5%, it can be concluded that simultaneously the variable indiepeindein has a significant effect on the variable deipeindein. Conversely, if Fcount < Ftable at a significant level of 5%, it can be concluded that the variable indiepeindein has a significant effect on the variable deipeindein.

The results of the division of Meian Squarei reigreisi deingan Meian Squarei reisidual dipeiroleih calculated F value seibeisar 338.423 deingan limit of significance probability value is 0.000. While the value of the F table at a significant level of 5% and df 41 is around 2.83. Thus, the value of F count (338.423) is more than the F table (2.83) so that a decision can be made, namely accepting the alternative hypothesis (Ha) and rejecting the Ho hypothesis, meaning that Economic Growth (X1), Unemployment (X2), and Islamic Human Development Index (X3) together have an effect on Poverty (Y).

**Partial Proof ( T-Test)**

This test is conducted to see the significance of the effect of the individual variable on the variable deipeindein (partially). Assuming other variables are constant. If t count ≥ t table with a significance of 5%, it can be concluded that in partial terms the individual variables have a significant effect on the variable deipeindein. If t count < t table with a significance level of 5%, it can be concluded that the variable indiepeindein has a significant effect on deipeindein.

a. Partial effect of the Economic Growth variable on Poverty

From the results of comparing the coefficient value of the reigreition with the standard error, it is found that the t- value for the effect of the Economic Growth variable is around -9.519 at a significance probability value limit of 0.000. While the t-test value at df 43 and 5% significant level is around 2.016. The results of this calculation show that the calculated t-value is more than the t-tabile value so that a decision can be made that the alternative hypothesis (Ha) can be accepted and reject the null hypothesis (Ho), meaning that Economic Growth (X1) partially has a significant effect on Poverty (Y).

b. Partial effect of unemployment variable on impoverishment

From the results of comparing the coefficient of reiteration with the standard error, it was found that the t-value for the effect of the unemployment variable is around 5.297 at a significance probability value limit of 0.000. While the t-test value at df 43 and a significant level of 5% is around 2.016. The results of this calculation show that the calculated t-value is more than the t-value so that a decision can be made that the alternative hypothesis (Ha) can be accepted and reject the null hypothesis (Ho), meaning that unemployment (X2) partially has a significant effect on poverty (Y).
c. Partial effect of the Human Development Index on Poverty

From the results of comparing the coefficient of regression with the standard error, the calculated t-value for the effect of the Human Development Index variable is around -5.601 at the limit of the significance probability value of 0.023. While the t-test value at df 43 and a significant level of 5% is around 2.016. The results of this calculation show that the calculated t value is more than the t-tail value so that a decision can be made that the alternative hypothesis (Ha) can be accepted and reject the null hypothesis (Ho), meaning that the Islamic Human Development Index (X3) has a significant effect on Poverty (Y).

The Effect of Economic Growth, Unemployment, and Islamic Human Development Index on Poverty

The results of the division of Meian Squarei regresi deingan Meian Squarei residui calculated F value seibersar 338.423 deingan limit of significance probability value is 0.000. While the value of the F table at a significant level of 5% and df 41 is around 2.83. Thus, the value of F count (338.423) is more than the F table (2.83) so that a decision can be made, namely accepting the alternative hypothesis (Ha) and rejecting the Ho hypothesis, meaning that Economic Growth (X1), Unemployment (X2), and Islamic Human Development Index (X3) together have an effect on Poverty (Y).

From the results of the SPSS output, the Adjusted R Square is around 0.961. The Adjusted R Square value indicates that the variance of Economic Growth (X1), Unemployment (X2), and Islamic Human Development Indexe (X3) together have an effect on Poverty (Y) is 0.961 or 93.1%. While the rest (residu value) of these variables is about 0.039 or 3.9% influenced by other variables that are not involved in this study.

The Effect of Economic Growth on Poverty

The test results show that economic growth (X1) partially has a significant effect on poverty (Y). Economic growth and poverty are key indicators to see the success of a country’s development. Every country will strive to achieve optimal economic growth and reduce poverty. In many countries in Indonesia, the main condition for the creation of poverty reduction is economic growth. However, conditions in balanced countries including Indonesia, the economic growth achieved was also accompanied by the emergence of the problem of increasing the number of people living below the poverty line (Fadilah, 2019). In accordance with research conducted by Yektiningsih Research, (2018) that Poverty has a positive effect on human development that continues to grow.

The Effect of Unemployment on Poverty

The results show that unemployment (X2) partially has a significant effect on poverty (Y). There is an implicit relationship between the high level of unemployment and poverty. A part of the community that does not have a permanent job or is only part-time is always among the very poor (Nafilah, 2016). Keiseimpatan keirja is the number of people who can teirtampung beikeirja in a company or an agency, keiseimpatan keirja melanmpung seimua teinaga keirjeida if the field of pelkeirja that teirseidia menui or balanced with the number of teinaga keirjeida (Tambunan in Yacoub, 2012). There is a significant positive effect between unemployment and the level of poverty because if the unemployment rate is high, it will cause the level of poverty to increase, the results of this study are in accordance with research conducted by Nafilah (2016).

The Effect of Human Development Index on Poverty

The results of the study show that the Human Development Index (X3) partially has a significant effect on Poverty (Y). Research conducted by (Sukmaraga, 2011) found that there is a significant negative relationship which means that any increase in the Human Development Index (HDI) will result in an increase in the productivity of workers, so that it will increase income and reduce the number of poor people.

As explained above, almost all of the indicator components used to compile the IHDI are the same as the indicator components that compile the HDI, except that they are supplemented by several indicators that represent religious values where the theory and concept are based on Islamic perspective. To measure the achievement of human development, the theory and concept are based on masagshid sharia. Imam al-Syabib described masagshid sharia from five dimensions of maintaining basic needs, namely by protecting religion, soul, mind, offspring, and property. IHDI is built based on indicators that reflect the five dimensions of masaqhd sharia. However, in this study the variable (X3) IHDI has a negative and insignificant result. The insignificant results are caused by the poverty standard used purely from the income standard alone, the poverty component is studied by IHDI from a multidimensional perspective. Based on the poverty rate of Banda Aceh city from 2012-2021 which continues to decline. The data used to reflect one of the dimensions of masaqhd sharia, namely wealth. While the poverty rate experiences every year, this indicates that wealth or human resource development in the city of Banda Aceh has increased.

5. CONCLUSIONS AND RECOMMENDATIONS

Economic growth, Human Development Index and unemployment simultaneously (together) proved to have a significant effect on poverty in the city of Banda Aceh in 2010-2021. Unemployment partially has a significant positive effect, while economic growth...
and the Human Development Index partially have an insignificant effect on poverty in the city of Banda Aceh. Meanwhile, it is hoped that the results of this research will provide academic benefits, benefits for the government and for future researchers. For Academics The benefit of this research for academics is that it is an academic contribution to the development of science in general. For the government in Banda Aceh City It is hoped that the results of this research can be used as material for consideration in making decisions in the financial sector, especially in the context of reducing poverty. For Further Research It is hoped that the results of this research can support further research in conducting research related to poverty, especially in the city of Banda Aceh.

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