

The Influence Of Poverty And The Human Development Index (HDI) On Economic Growth In South Sulawesi Province

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Abstrak

This research aims to determine the effect of poverty and the Human Development Index (HDI) on economic growth in South Sulawesi Province. This research uses quantitative methods and secondary data types. This research also uses Time Series data issued by the Central Statistics Agency (BPS) of South Sulawesi Province on the basis of 2010 constant prices, data collected for the last 10 years. The results of this research show that, poverty has a positive and significant effect on economic growth in South Sulawesi province, the human development index has a negative and significant effect on economic growth in South Sulawesi. The suggestion made based on the results of this research is for the government to strengthen existing poverty alleviation policies and programs in the province of South Sulawesi. This suggestion not only reduces poverty, but also difficulties in accessing education, health and other basic needs.

Keywords: Poverty; Human Development Index (HDI); Economic Growth.

1. Introduction

The Central Statistics Agency (2016) defines poverty as an economic inability to meet basic food and non-food needs as measured from the expenditure side. According to Kuncoro (2004), poverty is an estimate of the level of income, basic needs and minimum basic needs that enable a person to live a decent life. If income cannot meet basic needs or minimum basic needs, then the person can be said to be poor. Poverty is a significant challenge faced by people in various countries, including South Sulawesi Province [1]. The existence of a relatively large number of poor people in several districts/cities in South Sulawesi can emphasize that the poverty alleviation policies and programs that have been implemented by the government in recent years have not been effective enough to improve the standard of living of the poor in South Sulawesi Province. This challenge goes beyond just a lack of income, but also involves difficulties in accessing education, health, and other basic needs (Suryawati, 2005). In South Sulawesi Province for the period September 2016 – September 2022, the poverty rate in South Sulawesi Province has decreased, both in terms of number and percentage, with the exception of September 2017 and September 2020. The increase in the number and percentage of poor people in the September 2017 period was triggered by an increase in the price of goods and basic needs. Meanwhile, the increase in the number and percentage of poor people in the September 2020 period was caused by the Covid-19 pandemic that hit Indonesia [2].

Poverty is a major problem faced by developing countries in the world including Indonesia, which can hamper the process of economic development. Economic development is a process of fulfilling the material, spiritual and social needs of a country's population so that they can live a decent life and be able to develop themselves, so that they can carry out

their social and economic functions. The poverty level in Indonesia is one measure of community welfare[3]. The problem of poverty can be influenced by several factors, including delayed economic growth, low human development index (HDI) and increasing unemployment [4]. The Human Development Index (HDI) is used as the basic standard for a country or region's development model in the context of regional economic development[2].

The Human Development Index (HDI) is a measure of human achievement based on a number of basic components of quality of life. Using a three basic dimensions approach which includes a long and healthy life, knowledge and a decent life, to measure the dimensions of health, life expectancy at birth is used. HDI is an important component in the implementation of certain development plans and policies. Ideally, residents who live in areas with high HDI would have a high quality of life and the poverty rate in the area would be low (Ramdhani et al., 2022).

HDI is a process that can be used as a benchmark in achieving human development based on basic components of quality of life which includes the health sector, education sector, and/or people's purchasing power for a number of basic needs based on average per capita expenditure. Apart from that, the aim of economic development, apart from creating the highest possible growth, must also be to eliminate or reduce the level of income inequality, poverty and unemployment.[5]. Analysis of issues of economic growth, income inequality and poverty has long been the main focus of economic development at both the global and national levels. (Wijayanto, 2016).

Tadaro (2003) shows that there is a very close connection between unemployment and poverty, and the impact can be seen both qualitatively and quantitatively in various aspects. Qualitatively, the impact of unemployment is reflected in low income, inadequate housing conditions, poor health problems, minimal or inadequate access to education, high child mortality rates, apparently short life expectancy, and limited opportunities to obtain employment.[6]

Economic growth is economic development that every country wants to achieve, to increase local production of goods and services. The central government and regional governments are making various efforts to increase economic activity, this is done because increasing local production capacity greatly influences increasing national output, in the long term, local economic growth also encourages national economic growth in the country[7]

2. Methodology

The method used in this research is quantitative research, where quantitative research is research where the data is in the form of numbers and analyzed using statistical data. The sample in this research is data collected based on an annual period of time that has been published by the Central Statistics Agency (BPS) for the last ten years, namely from 2013-2022. The type of data used in this research is secondary data and time series obtained through the publication of data issued by the Central Statistics Agency (BPS) of South Sulawesi Province on the basis of 2010 constant prices. The data collected is the last 10 years published by the Central Statistics Agency.

The data analysis method used in this research is multiple linear regression. This analysis is to determine the direction of the relationship between the independent and

dependent variables, whether each independent variable is positively or negatively related and to predict whether the value of the dependent variable will increase or decrease. The variable relationship model will be analyzed according to the regression equation, namely with the following formula:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Where :

Y = Economic Growth

A = Constant

b_1b_2 = Coefficient of Determination

X_1 = Poverty

X_2 = Human Development Index

e = Error

3. Result and Discussion

3.1. Result

Regression Test Results

How to analyze the influence of poverty and the human development index on economic growth in South Sulawesi Province in 2013-2022 with the independent variables being poverty and the human development index. This model selection is carried out by multiple linear regression analysis because there are two independent variables.

Table 1. Statistical Analysis Results

Coefficientsa						
Model		Unstandardized Coefficients		Standar dized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-21,969	7,764		-2,830	,025
	poverty	-,039	,011	-,9376	-3,652	,008
	HDI	,042	,011	10,138	3,949	,006

Source: SPSS 2024 data processing results

Based on the SPSS Statistics 22 calculation results in table 1, the following multiple linear regression equation is obtained:

$$Y = -21.969 - 0.039 + 0.042 + e$$

The interpretation of the regression equation above is as follows:

- 1) The multiple linear regression equation above obtained a constant value of -21,969, meaning that if the Poverty and Human Development Index variables were equal to zero, then economic growth would be 21,969 percent.

- 2) The regression coefficient for the poverty variable is -0.039, indicating that economic growth is 0.039 percent for every one percent increase.
- 3) The regression coefficient for the Human Development Index (HDI) variable is 0.042, indicating that for every one cent increase, economic growth of 0.042 will occur.

Partial Regression Coefficient Significant Test (t-Test)

Table 2. Pa testrcial

Variable	T count	T table
Poverty	-3,562	2,364
Human development index (HDI)	3,949	2,364

Source: 2024 SPSS data processing results

Based on the calculation results in table 2, the significant partial regression coefficient test (t-test) above is:

1. The poverty variable has a value of $t_{count} < t_{table}$ ($-3.562 < 2.364$) with a significance level of $0.008 < 0.05$, so it can be concluded that the poverty variable has a negative and significant effect on economic growth in South Sulawesi Province.
2. The Human Development Index (HDI) variable has a value of $t_{count} > t_{table}$ ($3.949 > 2.364$) with a significance level value of $0.006 < 0.05$, so it can be concluded that the Human Development Index (HDI) variable has a positive and significant effect on economic growth in South Sulawesi Province.

Simultaneous Regression Significant Test (F-Test)

Table 3. F-test

ANOVAa					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	36,481	2	18,241	22,034	,001b
Residual	5,795	7	,828		
Total	42,276	9			

Source: SPSS 2024 data processing results

Based on table 3, it is known that the significant value is $0.001 < 0.05$ and the Fcount value is $22.034 > 4.737$ Ftable, so it can be stated that the poverty variable and the Human Development Index simultaneously have an influence on economic growth in South Sulawesi Province.

Coefficient of Determination (R²)

Table 4. Coefficient of Determination (R²)

Model Summary				
N	R	Adjusted R	Std. Error of the	
odel	R	Square	Square	Estimate
1	.929a	.863	.824	.90986

Source: 2024 SPSS data processing results

If you look at the table above, the R Square value is 0.863, meaning that 86.3 percent of the economic growth variable can be explained by poverty and the Human Growth Index (HDI), while the remaining 13.7 is explained by other variables outside this research.

3.2. Discussion

1. The influence of poverty on economic growth in South Sulawesi province

Based on the results of the partial first hypothesis test (H1) which has been carried out between the poverty variable and economic growth, it shows that the tcount value is $-3.562 < t_{table}$ value 2.364 with a regression coefficient value of -0.039 and a significant value of $0.008 > 0.05$ so it can be concluded that the variable Poverty has a negative and significant effect on economic growth in South Sulawesi Province.

This is in accordance with research that has been conducted[8]states that poverty is an obstacle to economic growth. An increasing level of economic growth will provide companies with the opportunity to increase labor absorption thereby providing job opportunities for the community. If the number of poor people increases, participation in supporting economic growth in the region will decrease and hamper economic growth in the region. According to Kuncoro (2005), there is a negative relationship between economic growth and poverty, if economic growth increases, poverty will decrease, therefore this context shows the importance of the government's role in accelerating economic growth for poverty alleviation.

2. The influence of the Human Development Index (HDI) on economic growth in South Sulawesi Province

The results of the second hypothesis test (H2) which has been partially carried out between the Human Development Index (HDI) variable and Economic Growth show that the tcount value is $3.949 < t_{table}$ 2.364 with a regression coefficient value of 0.042 and a significant value of $0.006 < 0.05$ so it can be concluded that the variable The Human Development Index (HDI) has a positive and significant effect on Economic Growth in South Sulawesi Province.

This is in accordance with previous research that has been carried out[9]that the Human Development Index variable has a positive effect on economic growth. According to Constantini V. and S. Salcatore (2006) who explain that if human resource development increases, it will also have an effect on economic improvement because the presence of quality human resources can make a real contribution to the growth of an economy, despite the fact that growth The economy has a dual causal relationship with the Human

Development Index, where each region has its own results as a result of differences in the composition of the three HDI components in influencing economic growth in a region.

4. Conclusion

Results of this research There is an influence of poverty and the Human Development Index (HDI) on economic growth in South Sulawesi Province, so the following conclusions are obtained:

- 4.1. The poverty variable has a negative and significant effect on the economic growth variable in South Sulawesi Province.
- 4.2. The Human Development Index (HDI) variable has a positive and significant effect on the economic growth variable in South Sulawesi Province.

5. Suggestion

Based on the research above, the author provides suggestions to the government to reinforce existing poverty alleviation policies and programs in the province of South Sulawesi. This suggestion not only reduces poverty, but also difficulties in accessing education, health and other basic needs. The results of this research see the positive influence of increasing HDI on economic growth and increase, so it is hoped that the central or regional government can provide or issue policies that can further increase HDI in South Sulawesi Province. So policies must be more closely monitored and tightened so that in the end they will be right on target.

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