

Poverty Alleviation and Socio-Economic Improvement in Indonesia's Economic Development Plan

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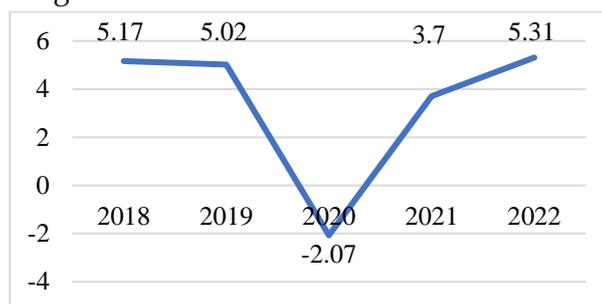
Abstract: This study aims to examine the long- and short-term effects of five key socio-economic indicators—school enrolment rates, infant mortality rates, unemployment rates, the human development index (HDI), and the Gini ratio—on Indonesia's per capita income from 1993 to 2022. Using the Error Correction Model (ECM) and data from Indonesia's Central Statistics Agency (BPS), the research reveals that school enrolment, infant mortality, and unemployment rates significantly affect per capita income in the long term, while unemployment and HDI demonstrate significance in the short term. In contrast, the Gini ratio shows no statistically significant effect in either timeframe. These findings underscore the multidimensional nature of poverty alleviation and socio-economic progress, emphasizing the importance of targeted educational, health, and labor policies. The specific contribution of this study to the international research field lies in its comprehensive, multi-decade evaluation of economic development dynamics in a major developing economy. By integrating diverse social indicators into a longitudinal ECM framework, the study contributes novel empirical evidence on the complex causal pathways between inequality, human development, and income generation. It offers comparative insights for policymakers and researchers globally, particularly those working in contexts with similar demographic, institutional, and development challenges.

Keywords: Poverty Alleviation, Per Capita Income, Socio-Economic Development, Gini Ratio, Human Development

Introduction

Indonesia is one of the developing countries. As a developing country, economic development plans need to be carried out by the Government in order to reach the level of developed countries.¹ Economic development must be implemented with various changes in socio-economic structures, such as economic growth, sustainable poverty alleviation, and handling income inequality. With this plan, it can achieve Indonesia's economic development goals; if the economic development goals are not achieved, it can result in increased unemployment, the emergence of social inequality, and uncontrollable poverty.

Figure 1. Indonesia's Economic Growth



Source: Central Statistics Agency (*Badan Pusat Statistik/BPS*) (2023)

Figure 1 above shows that Indonesia's economic growth before the COVID-19 pandemic, to be precise in 2019, tended to be above 5 percent. Meanwhile, during the pandemic, to be precise, from 2020 to 2021, economic growth fell and contracted even minus 2.07 percent in 2020. Then, economic growth crept up in 2021, namely 3.7 percent. In 2022, Indonesia again touched the growth rate as before the pandemic period, which was above 5 percent. Based on the conditions of the Indonesian economy, the government plans sustainable economic development or the National Medium-Term Development Plan (RPJMN).

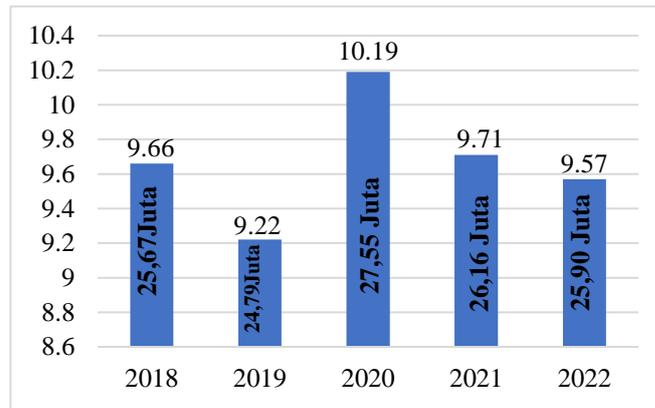
The National Medium-Term Development Plan serves as a reference for the Government in implementing national development, which includes several aspects of development, such as human resource development (HRD), infrastructure development, and economic transformation. HRD development through the Indonesia Smart Card program (KIP) for colleges or the outstanding student assistance program and the Healthy Indonesia Card (KIS) or health insurance for people experiencing poverty. Infrastructure development through the Cash Work Intensive (KUR) program or programs that include maintaining roads, bridges, and infrastructure spending programs focused on National Strategic Projects. Economic transformation through the People's Business Credit program or improving access to finance and competitiveness of Micro, Small, and Medium Enterprises. These programs are the Government's implementation to alleviate poverty.

Ranis argues that poverty reduces with economic growth, meaning that as poverty decreases, economic growth increases and the rate of reduction also varies with income distribution and changes over time. Poverty reduction depends on the

¹ Planning things for good purposes is good in the view of Islamic teachings. Many sources in the Koran and Prophetic Hadiths indicate this. For example, QS. al-Hashr: 18, QS. Fāṭir: 11, and QS. al-Ḥadīd: 22. the Prophet also said that we should pay attention to five things before the arrival of five things: the young period before the old period, the healthy period before sickness, the rich period before poverty, the leisure period before the busy period comes, and lifetime before death. It means that we always have a plan for all good things.

nature of the growth process, which is based on job creation and income increase.² This theory is in accordance with the results of Maulana's research in 2022, namely that the poverty rate is negatively correlated with Indonesia's economic growth because poverty affects the rate of economic growth. It is overcoming the problem of poverty by reducing unemployment, increasing income, education and health.³

Figure 2: Indonesia's Poverty Rate



Source: *Badan Pusat Statistik* (2023)

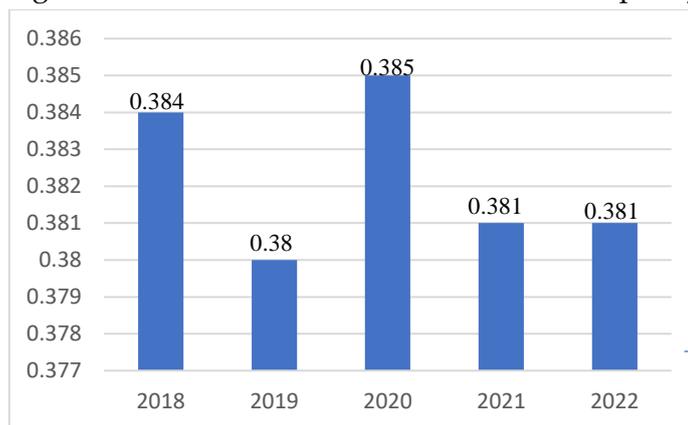
It can be seen from figure 2 that in 2022 the poverty rate was recorded at 0.14 percent and has decreased from the previous year of 0.48 percent due to the RPJMN programme. The RPJMN program caused poverty to decrease slightly, thus increasing Indonesia's economic growth. The decline in poverty can occur due to several factors such as reduced open unemployment, stable economic growth and higher public consumption. However, in reality, the decline in poverty is still below the 2022 RPJMN target of 6.5% to 7.5%.

Thus, the problem that occurs is that the RPJMN programme should have been able to alleviate poverty in Indonesia, but the realisation in 2022, the poverty rate is still high and still needs to reach the target set by the Government in that year. So, it is necessary for the government to take the necessary corrective measures to increase the effectiveness of the RPJMN program and achieve the planned poverty alleviation targets. Because one of the main burdens in Indonesia is poverty, Indonesia's economic conditions experience a gap that is increasingly widening.

² Yuli Wantri Simarmata dan Deden Dinar Iskandar, "Pengaruh Pengeluaran Pemerintah, Investasi, Jumlah Penduduk, Kemiskinan Terhadap Pertumbuhan Ekonomi Dan Indeks Pembangunan Manusia: Analisa Two Stage Least Square Untuk Kasus Indonesia," *Jurnal Dinamika Ekonomi Pembangunan* 5, no. 1 (2022): 78–94, <https://doi.org/10.14710/jdep.5.1.78-94>.

³Angga Maulana, Muhammad Iqbal Fasa, dan Suharto, "Pengaruh Tingkat Kemiskinan Terhadap Pertumbuhan Ekonomi Dalam Perspektif Islam," *Jurnal Bina Bangsa Ekonomika* 15, no. 1 (February 22, 2022): 220–29, <https://doi.org/10.46306/jbbe.v15i1.142>.

Figure 3. Gini Ratio of Indonesia's Level of Inequality



Source: *Badan Pusat Statistik* (2023)

Figure 3 above shows that in the last 5 years, the level of inequality in Indonesia at the beginning of COVID-19 in 2020 increased from 0.380 percent to 0.385 percent. Meanwhile, in 2022, there is no increase or decrease from the previous year, which is still at 0.381 percent. Due to the increase in unequal income distribution between the rich and poor groups, these conditions affect the two groups' expenditure rate. One of the driving factors is the increase in consumption of the rich group after the pandemic, which is supported by the increase in community mobility and office activities that encourage an increase in the transportation sector. The increase in inequality was also caused by many children dropping out of school, malnutrition among children under the age of five, and rising unemployment. However, in reality, the increasing inequality indicates that the distribution of economic development is still uneven. Interestingly, although the poverty rate has decreased, the level of inequality has stagnated.

Poverty alleviation and socio-economic improvement through education, health, unemployment, human development index, and Gini ratio. The indicator that affects per capita income is the education dimension. In this study, the school enrolment rate variable represents the education indicator. Previous research that discusses the effect of school enrolment rates on per capita income in Papua by Sari and Warsitasari, published in 2023, states that school enrolment rates have a positive and significant effect on increasing per capita income in Papua.⁴ The second aspect is health, which is why Warsita and Marhaeni used the variable infant mortality rate in this research model. Their results show that infant mortality negatively and significantly affects per capita income.⁵ The third aspect is using the unemployment indicator, represented by the unemployment rate variable. Wandita and Fithriani's research implements this aspect. The result shows that the unemployment rate has an indirect effect on per capita income.⁶ The fourth aspect, namely the human development index, is in accordance with the basic research of Rindiyan and Mubarok in 2023, which shows that the human development index has a positive effect on per

⁴ Layli Nur Indah Sari dan Wahyu Dwi Warsitasari, "Pengaruh Tingkat Partisipasi Sekolah, Tingkat Partisipasi Angkatan Kerja Dan Angka Harapan Hidup Terhadap Indeks Pembangunan Manusia (Ipm) Di Provinsi Papua Tahun 2018-2021," *Jurnal Ekonomika* 12, No. 1 (2023): 390–405, <https://ejournal.penerbitjurnal.com/index.php/ekonomika/article/view/654>.

⁵ Wika Mandala Warsita dan A.A.I.N Marhaeni, "Pengaruh Pdrb Per Kapita , Pendidikan Ibu , Dan Pelayanan Kesehatan Terhadap Angka Kematian Bayi Di Provinsi Bali" XI, no. 1 (2015): 35–40.

⁶ Desliyani Tri Wandita dan Rizqa Fithriani, "Pengaruh Pendidikan Dan Pengangguran Terhadap Kesejahteraan Penduduk Di Pulau Sumatera" 33, No. 1 (1875): 90–97, <https://doi.org/10.24002/modus.v33i1.4167>.

capita income.⁷ Then the last aspect is the gini ratio. Research conducted by Anggraini and Waritasari in 2022 shows that the gini ratio has a negative and insignificant effect on per capita income.⁸

This study is dissimilar from previous research because it chooses the object of research, namely Indonesia's economic development, which is represented by indicators of per capita income in the 1993-2022 time span. This study aims to determine the long-term and short-term relationship between the school enrolment rate, infant mortality rate, unemployment rate, human development index, and gini ratio on per capita income. The variable effect of school enrolment rate, infant mortality rate, and Gini ratio on per capita income has never been studied by other researchers, so it has not been able to explain the long-term and short-term relationship between per capita income and the five dimensions of education, health, unemployment, human development index, and Gini ratio.

Research Method

Assel⁹ and Irvane's¹⁰ Research in 2023 stated that there is a long-term and short-term effect of school enrolment rate, infant mortality rate, unemployment rate, human development index, and Gini ratio on per capita income. Departing from above, this study has a hypothesis; namely, there is a long-term and short-term effect of school enrolment rates, infant mortality rates, unemployment rates, human development indices, and gini ratios on per capita income. This study uses an associative type quantitative approach. An associative study is a study that focuses on the relationship between one or more variables and other variables.¹¹ The author carried out data collection by taking from the Central Statistics Agency (BPS) data related to school enrolment rates, infant mortality rates, unemployment rates, human development index, gini ratio, and per capita income in Indonesia in the last thirty years, starting from 1993-2022.

This study uses secondary data sources with a ratio scale. The author carried out data collection by searching on the internet regarding data on school enrolment rates, infant mortality rates, unemployment rates, human development indices, gini ratios, and Indonesia's annual per capita income published by the Central Statistics Agency (BPS) of Indonesia. The data analysis technique uses the Error Correction Model (ECM) regression model, which aims to determine the relationship between long-term and short-term estimates due to cointegration between the study variables studied by the author. ECM testing involves classical assumption tests (normality, linearity, multicollinearity, heteroscedasticity, and autocorrelation), stationary tests, cointegration tests, long-term estimates, short-term estimates, and the Error Correction Model (ECM). The Error Correction Model (ECM) test was conducted with the help of the Eviews 13 application. The following ECM model equation is as follows:

⁷ Rindiyanı Dan Abd Mubaraq, "Analisis Pengaruh Indeks Pembangunan Manusia Terhadap Pertumbuhan Ekonomi Di Provinsi Kalimantan Barat" 1 (2023).

⁸ Wiwik Pramudya Anggraini Dan Wahyu Dwi Warsitasari, "Pengaruh Tingkat Pengangguran Terbuka, Rasio Gini, Kemiskinan Dan Upah Minimum Terhadap Pertumbuhan Ekonomi Di Provinsi Jawa Timur," *Amal: Journal Of Islamic Economic And Business (JIEB)* 05, No. 02 (2022), <https://doi.org/10.33477/eksy.v5i02.6922>.

⁹ Rukmuin Wilda Payapo, Erly Leiwakabessy, dan Muhammad Ridhwan Assel, "Kemiskinan Dan Faktor-Faktor Yang Mempengaruhinya Di Indonesia" 7 (2023): 79-88, <https://doi.org/10.33087/ekonomis.v7i1.1032>.

¹⁰ Dimas Bayu Nur Irvanie dan Jihad Lukis Panjawa, "Pengaruh Investasi Dan Pembangunan Manusia Dalam Pengentasan Kemiskinan Di Indonesia" (2023): 30-43, <https://doi.org/10.26593/be.v27i1.6001.30-43>.

¹¹ Puguh Suharso, *Metode Penelitian Kuantitatif Untuk Bisnis: Pendekatan Filosofi Dan Praktis*, (Jakarta: PT Indeks, 2009), hal. 3

$$\Delta Y_t = \beta_0 + \beta_1 DX_{1t} + \beta_2 DX_{2t} + \beta_3 DX_{3t} + \beta_4 DX_{4t} + \beta_5 DX_{5t} + ECT (-1)$$

Description:

- Y : Per Capita Income
- β_0 : Constant
- $\beta_1 \beta_2 \beta_3 \beta_4 \beta_5$: Coefficient of Each Variable
- X₁ : School Participation Rate
- X₂ : Infant Mortality Rate
- X₃ : Unemployment Rate
- X₄ : Human Development Index
- X₅ : Gini Ratio
- ECT : Error Correction Term
- t : The research time period (1993-2022)

Results

Based on the classical assumption test, this study passes the normality, linearity, multicollinearity, heteroscedasticity, and autocorrelation tests. Furthermore, the author conducted an Error Correction Model (ECM) test consisting of the stationary test, cointegration, long-term estimation, short-term estimation, and Error Correction Model (ECM).

Table 1. Stationary Test Results

Variables	Unit Root Test					
	Level		First Difference		Second Difference	
	ADF	Prob	ADF	Prob	ADF	Prob
School Participation Rate (X ₁)	0.567825	0.9862	-4.031062	0.0044	-6.704708	0.0000
Infant Mortality Rate (X ₂)	-1.748323	0.3971	-7.271259	0.0000	-9.848254	0.0000
Unemployment Rate (X ₃)	-2.216002	0.2052	-5.807606	0.0000	-9.884673	0.0000
Human Development Index (X ₄)	-3.548980	0.0136	-4.671141	0.0009	-3.833170	0.0078
Gini Ratio (X ₅)	-1.660184	0.4401	-8.591883	0.0000	-5.697838	0.0001
Per Capita Income (Y)	3.519459	1.0000	-1.427785	0.5525	-5.607109	0.0001

Source: results of secondary data processing through Eviews 13 (2023)

Table 1 shows that at the level test and first difference level, there are variables with Augmented Dickey-Fulle Test probability values > McKinnon critical value at the 5% level, which means that the data is still not stationary. It shows that the data does not pass, so it is necessary to test ADF again at the second difference level. At the

second difference level test, the independent and dependent variables have an Augmented Dickey-Fuller Test probability value < McKinnon's critical value at the 5% level or 0.05, meaning that there is no unit root in the data of all these variables. Thus, the author concludes that the research variables are stationary in the second difference level unit root test.

Table 2. Cointegration Test Results

Variables	Trace Statistic	Probability
School Participation Rate (X_1)	81.99594	0.0039
Infant Mortality Rate (X_2)	55.40620	0.0083
Unemployment Rate (X_3)	34.69701	0.0126
Human Development Index (X_4)	18.23575	0.0188
Gini Ratio (X_5)	7.103734	0.0077

Source: results of secondary data processing through Eviews 13 (2023)

Based on Table 2 above, all variables are cointegrated between the independent variables (school enrolment rate, infant mortality rate, unemployment rate, HDI, and gini ratio) and the dependent variable per capita income when seen from the Trace Statistic and Probability. This can happen if the trace statistic > its critical value (at $\alpha = 5\%$), then there is a long-run relationship between the independent variable and the dependent variable. It can also be seen from the probability value of all variables < 0.05, which means that all variables are co-integrated so that there is a long-term relationship.

Table 3. Long-term Estimation

Variables	Coefficient	Probability
Constant (C)	25.55115	0.5545
School Participation Rate (X_1)	2.080146	0.0000
Infant Mortality Rate (X_2)	-0.813486	0.0039
Unemployment Rate (X_3)	-1.751690	0.0464
Human Development Index (X_4)	0.249529	0.4932
Gini Ratio (X_5)	-33.79568	0.4666
R-Squared	0.970642	

Source: Results of secondary data processing through Eviews 13 (2023)

Table 3 shows that the results of the long-term estimation test are: 1) The constant value is 25.55115, which indicates that there is a value of per capita income that is influenced by the independent variables in the long run; 2) School enrolment rate variable (X_1) 2.080146, probability 0.0000, meaning that it has a significant positive effect on income per capita in the long run; 3) Infant mortality rate (X_2) - 0.813486, probability 0.0039, which means a significant negative effect on income per capita in the long run; 4) Unemployment rate variable (X_3) -1.751690, probability 0.0464 means a significant negative effect on income per capita in the long run; 5) Human development index variable (X_4) 0.249529, probability 0.4932 means a positive and insignificant effect on income per capita in the long run; 6) Gini ratio variable (X_5) -33.79568, probability 0.4666 means a negative and insignificant effect

on per capita income in the long run; and 7) The R_2 value of R-square is 0.970642 or 97.0642%, which indicates that the value of per capita income is influenced by 97.0642% by the independent variables and as much as 2.9358% is influenced by other variables outside this study.

Table 4. Short-term Estimates

Variables	Coefficient	Probability
Constant (C)	1.907620	0.0035
School Participation Rate (X_1)	0.413112	0.1868
Infant Mortality Rate (X_2)	-0.310910	0.1296
Unemployment Rate (X_3)	-3.105577	0.0001
Human Development Index (X_4)	1.221894	0.0114
Gini Ratio (X_5)	-27.89166	0.3751
R-Squared	0.746882	

Source: Results of secondary data processing through Eviews 13 (2023)

Table 4 shows that the short-term estimation test results are as follows: 1) The constant value is 1.907620 which indicates that there is a value of per capita income that is influenced by the independent variables in the short term; 2) School enrolment rate variable (X_1) 0.413112, probability 0.1868, meaning that it has a positive and insignificant effect on per capita income in the short term; 3) Infant mortality rate (X_2) -0.310910, probability 0.1296, which means it has a negative and insignificant effect on income per capita in the short term; 4) The variable unemployment rate (X_3) -3.105577, probability 0.0001 means a significant negative effect on income per capita in the short term; 5) The variable human development index (X_4) 1.221894, probability 0.0114 means a significant positive effect on income per capita in the short term; 6) The variable gini ratio (X_5) -27.89166, probability 0.3751 means a negative and insignificant effect on per capita income in the short term; and 7) The R_2 value of R-square is 0.746882 or 74.6882% which indicates that the value of per capita income is influenced by 74.6882% by the independent variables contained in this study and as much as 25.3118% is influenced by other variables outside this study.

Table 5. Error Correction Model (ECM) Test

Variables	Coefficient	Probability
Constant (C)	1.907620	0.0035
School Participation Rate (X_1)	0.413112	0.1868
Infant Mortality Rate (X_2)	-0.310910	0.1296
Unemployment Rate (X_3)	-3.105577	0.0001
Human Development Index (X_4)	1.221894	0.0114
Gini Ratio (X_5)	-27.89166	0.3751
Error Correction Term (ECT)	-0.775950	0.0013
R-Squared	0.746882	

Source: Results of secondary data processing through Eviews 13 (2023)

Based on Table 5 above, the ECM equation can be read as follows:

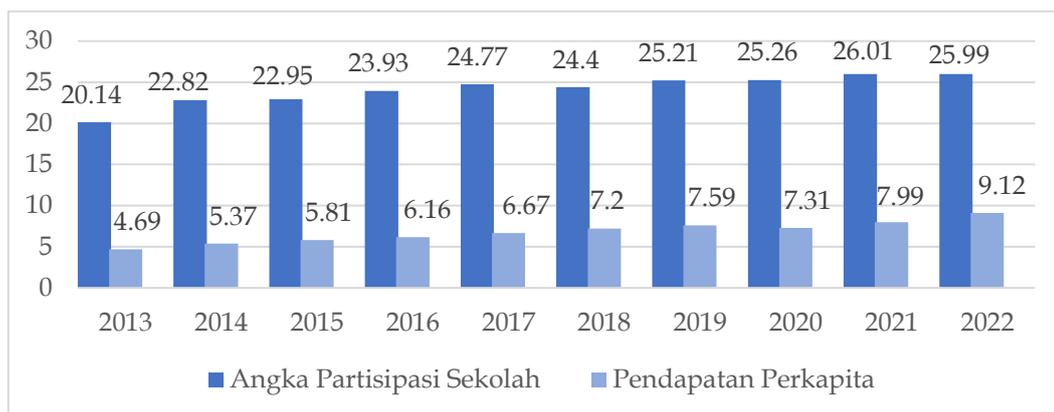
$$D(Y) = 1.907620 + 0.413112D(X_1) - 0.310910D(X_2) - 3.105577D(X_3) + 1.221894D(X_4) - 27.89166D(X_5) - 0.775950 ECT (-1)$$

Table 5 shows the interpretation of the ECM equation model is as follows: 1) The constant value is 1.907620 which indicates that there is a value of per capita income that is influenced by the independent variables in the short term; 2) School enrolment rate variable (X_1) 0.413112, probability 0.1868, which means a positive and insignificant effect on income per capita in the short term; 3) Infant mortality rate (X_2) -0.310910, probability 0.1296, which means a negative and insignificant effect on income per capita in the short term; 4) Unemployment rate variable (X_3) -3.105577, probability 0.0001 which means a significant negative effect on income per capita in the short term; 5) Human development index variable (X_4) 1.221894, probability 0.0114 which means a significant positive effect on per capita income in the short term; 6) Gini ratio variable (X_5) -27.89166, probability 0.3751 which means a negative and insignificant effect on per capita income in the short term; 7) The probability value of ECT is 0.0013 explains that in the long and short term, the independent variables in the study have a significant effect on per capita income; and 8) The R_2 value of R-square is 0.746882 or 74.6882% which indicates that the value of per capita income is influenced by 74.6882% by the independent variables contained in this study and as much as 25.3118% is influenced by other variables outside this study.

Discussion

The school enrolment rate, in the long run, has an influence on Indonesia's per capita income. It is shown in Figure 4.

Figure 4. Development of School Enrolment Rate and Per Capita Income
Year 2013-2022

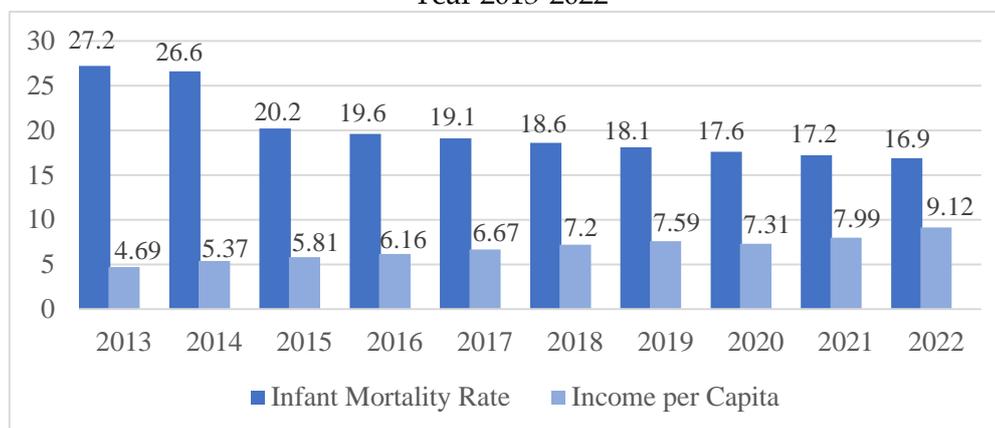


Source: *Badan Pusat Statistik*, data processed (2023)

Figure 4 shows that the school enrolment rate and per capita income in 2013-2022 tend to increase. It means that if the school enrolment rate increases, the per capita income in Indonesia will also increase in the long run. This is because a person with higher education will have a much greater opportunity to do a job with a large income level. Based on endogenous growth theory, school enrolment rates have an

influence on per capita income. Endogenous growth theory says that education also plays a role in improving the quality and productivity of labour to promote long-term growth and distribution of per capita income.¹² It is in line with research conducted by Shari and Abubakar which states that school enrolment rates have an influence on per capita income.¹³

Figure 5 Development of Infant Mortality Rate and Per Capita Income Year 2013-2022



Source: *Badan Pusat Statistik*, data processed (2023)

Based on Figure 5, the infant mortality rate in 2013-2022 tends to decrease while per capita income is increasing. The infant mortality rate in the long term has an influence on Indonesia's per capita income. This is evidenced by the increase in per capita income due to the declining infant mortality rate. Based on the theory of consumption behaviour, the infant mortality rate has an influence on per capita income because this theory states that if, in the long run, the infant mortality rate is low, then per capita income will increase. It can also improve the quality of natural resources, and economic growth will improve in the future.¹⁴ This result is consistent with Vikoadiatma's research, which states that in the long run, infant mortality has an influence on per capita income.¹⁵

The unemployment rate also has a long-term influence on Indonesia's per capita income because fewer people are unemployed, indicating that they have jobs to earn income. Based on Keynesian theory, the unemployment rate has an influence on per capita income. The Keynesian theory states that in the long run high unemployment can cause a decrease in overall economic activity, which will also have

¹² Muhammad Amir Arham dan Sri Indriyani S. Dai, "Analysis of Funding, Education Performance, and Economic Growth in Indonesia," *Jurnal Economia* 15, no. 2 (2019): 292–305, <https://doi.org/10.21831/economia.v15i2.26351>

¹³ Riska Mulya Shari dan Jariah Abubakar, "Pengaruh Pertumbuhan Penduduk, Angka Partisipasi Sekolah Dan Tingkat Partisipasi Angkatan Kerja Terhadap Pertumbuhan Ekonomi Pada 5 Provinsi Di Indonesia," *Jurnal Ekonomi Regional Unimal* 5, no. 2 (2022): 20, <https://doi.org/10.29103/jeru.v5i2.8310>

¹⁴ Fauzan Bahamarianto Fajirin dan Rachma Indrarini, "Pengaruh Gaya Hidup Dan Tingkat Pendapatan Terhadap Perilaku Konsumsi Islami Pada New Normal (Studi Kasus Masyarakat Muslim Usia Produktif Di Surabaya)," *Jurnal Ekonomika Dan Bisnis Islam* 4, no. 2 (2021): 156–67, <https://doi.org/10.26740/jekobi.v4n2.p156-167>

¹⁵ Fatwa Vikoadiatma, "Pengaruh Variabel Total Fertility Rate, Angka Kematian Bayi, Dan Rasio Ketergantungan Terhadap Pdrb Jawa Timur Tahun (2010-2016)," 2018, <https://jimfeb.ub.ac.id/index.php/jimfeb/article/view/5090>

an impact on people's income.¹⁶ The results of this study are in line with Akbar's research, which states that the unemployment rate has an influence on per capita income in the long run.¹⁷

The human development index, in the long run, has no influence on Indonesia's per capita income because, in the long run, the condition of the human development index in Indonesia is unstable, while per capita income continues to increase. Based on Becker's theory, the human development index should have an influence on per capita income because Becker's theory indicates that investment in human resource development can improve the quality and productivity of labour and also affect the increase in per capita income.¹⁸ Thus, this study's results contradict Becker's theory. However, this study is in line with research conducted by Rahmawati, which states that the human development index has no influence on per capita income in the long run through economic growth.¹⁹

In the long term, the Gini ratio has no effect on Indonesia's per capita income because the increase in inequality in Indonesia has led to an increase in per capita income. However, according to Kuznet's theory, income inequality (gini ratio) should influence per capita income because Kuznet's theory states that low income inequality is accompanied by high per capita income through sustainable economic growth.²⁰ Thus, the results of this study contradict Becker's theory. However, this study is in line with research conducted by Ayla Ogus Binatli which states that income inequality has no influence on per capita income in the long run through economic growth.²¹

The school enrolment rate has no influence on Indonesia's per capita income in the short term because, in a short period of time, the school enrolment rate through the level of education has not been able to contribute to per capita income in Indonesia. Based on endogenous growth theory, school enrolment should influence per capita income. Endogenous growth theory says that education also plays a role in improving the quality and productivity of labour to encourage the growth and distribution of per capita income.²² Increasing school enrolment is considered a long-term investment that can improve the quality of a country's human capital. Through

¹⁶ Sandra Dwita Sari dan Eni Setyowati, "Analisis Pengangguran, Pendapatan Perkapita, Dan IPM Terhadap Pertumbuhan Ekonomi Di Indonesia Tahun 2017- 2020," *Procedia of Social Sciences and Humanities* 3, no. c (2022): 8–18, <https://doi.org/10.21070/pssh.v3i.195>

¹⁷ Rizky Firmansyah Akbar, "Analisis Pengaruh (Jangka Pendek & Jangka Panjang) Jumlah Penduduk, Jumlah Pengangguran, Umk Dan Pdrb Sektor Industri Terhadap Penyerapan Tenaga Kerja Sektor Industri Di Kabupaten Pasuruan Tahun 1995-2017" 7 No 2 (2019), <https://jimfeb.Ub.Ac.Id/Index.Php/Jimfeb/Article/View/5889>

¹⁸ Fiona Virdam dan Maria Bernadette Nani Ariani, "Analisis Faktor-Faktor Yang Mempengaruhi Angka Partisipasi Sekolah Pada Provinsi Di Pulau Sulawesi," *Jurnal of Development Economic and Digitalization* 2, no. 1 (2023): 20–35, <https://ejournal.upnvj.ac.id/jded/article/view/5732>

¹⁹ Yulia Octavia Rahmawati, "Analisis Pengaruh Indeks Pembangunan Manusia (IPM), Tingkat Partisipasi Angkatan Kerja (TPAK), Dan Pengeluaran Pemerintah Di Sektor Kesehatan Dan Pendidikan Terhadap Pertumbuhan Ekonomi Di Indonesia Periode 1995-2017," *Jurnal Ilmiah*, 2019, 1–12, <https://jimfeb.ub.ac.id/index.php/jimfeb/article/view/5796/5095>.

²⁰ Todaro Michael dan Smith Stephan, *Pembangunan Ekonomi Di Dunia Ketiga*, (Jakarta: Erlangga, 2003), hal. 45

²¹ Ayla Ogus Binatli, "Ketimpangan Pertumbuhan Dan Pendapatan: Analisis Komparatif," *Penelitian Ekonomi Internasional*, 2012, 1–7, <https://downloads.hindawi.com/archive/2012/569890.pdf>

²² Muhammad Amir Arham dan Sri Indriyani S. Dai, "Analysis of Funding, Education Performance, and Economic Growth in Indonesia," *Jurnal Economia* 15, no. 2 (2019): 292–305, <https://doi.org/10.21831/economia.v15i2.26351>

better education, individuals can acquire the necessary skills, knowledge, and understanding to contribute more effectively to various sectors of the economy. Thus, the results of this study contradict the endogenous growth theory. However, the results of this study are in line with the research conducted by Virdam and Ariani, which shows that the school enrolment rate has no influence on Indonesia's per capita income in the short term.²³

The infant mortality rate in the short term has no influence on Indonesia's per capita income because improving the quality of health in infants cannot be maximized in the short term. There are many policies needed to improve the quality of health, and of course, it will take a relatively long time. Based on the theory of consumption behaviour, infant mortality should have an influence on per capita income because this theory states that if the infant mortality rate is low, it will increase the population and increase consumption, which will have a good impact on increasing per capita income. Thus, the results of this study contradict the theory of consumption behaviour. However, the results of this study are in line with research conducted by Wardhana, Kharisma, and Noven, where infant mortality rates in the short term did not have an influence on Indonesia's per capita income.²⁴

The unemployment rate in the short term has an influence on Indonesia's per capita income because fewer unemployed people indicate that these people have jobs to earn income. Based on the Keynesian theory, the unemployment rate has an influence on per capita income. Keynesian theory states that in the short term, a high unemployment rate can cause a decrease in overall economic activity, which will also have an impact on people's income. In the short term, a high unemployment rate tends to result in reduced consumer spending, investment, and overall production in the economy. The results of this study are in accordance with research by Alizkri, which shows that the unemployment rate in the short term has an influence on Indonesia's per capita income.²⁵

The human development index, in the short term, has an influence on Indonesia's per capita income because the higher quality of human resources can increase per capita income through labour productivity. Based on Becker's theory, the human development index influences per capita income because Becker's theory indicates that investment in human resource development can improve the quality and productivity of labour and also affect the increase in per capita income.²⁶ Therefore, the requirement for economic development is the existence of human resources and

²³ Fiona Virdam and Maria Bernadette Nani Ariani, "Analisis Faktor-Faktor Yang Mempengaruhi Angka Partisipasi Sekolah Pada Provinsi Di Pulau Sulawesi," *Jurnal of Development Economic and Digitalization* 2, no. 1 (2023): 20–35, <https://ejournal.upnvj.ac.id/jded/article/view/5732>

²⁴ Adhitya Wardhana, Bayu Kharisma, dan Sarah Annisa Noven, "Dinamika Penduduk Dan Pertumbuhan Ekonomi Di Indonesia," *Buletin Studi Ekonomi* 25, no. No. 1 (2020): 22–40, <https://doi.org/10.24843/BSE.2020.v25.i01.p02>.

²⁵ Alzikri, "Pengaruh Pengangguran Terhadap Pertumbuhan Ekonomi," <https://www.kompasiana.com/alizikri0873/60655f408ede4810c8325eb2/pengaruh-pengangguran-terhadap-pertumbuhan-ekonomi>, diakses 19 Januari 2024

²⁶ Fiona Virdam and Maria Bernadette Nani Ariani, "Analisis Faktor-Faktor Yang Mempengaruhi Angka Partisipasi Sekolah Pada Provinsi Di Pulau Sulawesi," *Jurnal of Development Economic and Digitalization* 2, no. 1 (2023): 20–35, <https://ejournal.upnvj.ac.id/jded/article/view/5732>

an efficient economy.²⁷ This study's results align with research conducted by Dewi and Sutrisna, which states that the human development index uses indicators such as education, health, and purchasing power, which simultaneously affect per capita income through economic growth.²⁸

The gini ratio in the short term has no influence on Indonesia's per capita income because rising inequality in Indonesia actually causes per capita income to always increase. Based on Kuznet's theory, income inequality (gini ratio) should have an influence on per capita income, as Kuznet's theory states that low income inequality is accompanied by high per capita income through sustained economic growth.²⁹ This theory states that in the early stages of economic development, income inequality tends to increase as the small fraction of society involved in the modern sector tends to accumulate greater wealth than others. However, as time passes and economic growth is sustained, income inequality is expected to decline as economic growth benefits begin to be distributed more evenly across society. Chapra also emphasizes that income distribution and the promotion of socio-economic justice are the primary goals of Islam and should play an important role in the Islamic economic system.³⁰ Thus, this study's results contradict Becker's theory. However, this study is in line with research conducted by Khairul Amri, which states that the Gini ratio (income inequality) has no effect on per capita income in the short term as a measure of economic growth.³¹ Thus, there is a long-run and short-run effect of school enrolment rate, infant mortality rate, unemployment rate, human development index and gini ratio on per capita income.

Conclusion

From the discussion above, it can be concluded that the school enrolment rate, infant mortality rate, and unemployment rate have a long-term influence on per capita income in Indonesia. Meanwhile, the human development index and the Gini ratio have no long-term influence on Indonesia's per capita income. Likewise, the unemployment rate and human development index have a short-term influence on per capita income in Indonesia. Meanwhile, the school enrolment rate, infant mortality rate, and Gini ratio have no short-term influence on Indonesia's per capita income. Thus, there is a long-term effect of 97.0642% and a short-term effect of 74.6882% on

²⁷Ahmad Mansur, "Kebijakan Fiskal Dan Implikasinya Terhadap Pembangunan Ekonomi (Kajian Konseptual & Teoritis Dalam Perspektif Ekonomi Islam)", 02, No. 01 (2012): 214–31, <https://Jurnalfebi.Uinsa.Ac.Id/Index.Php/Elqist/Article/View/53>.

²⁸Nyoman Lilya Santika Dewi dan I Ketut Sutrisna, "Pengaruh Komponen Indeks Pembangunan Manusia Terhadap Pertumbuhan Ekonomi Provinsi Bali," *E-Jurnal EP Unud* 3, no. 3 (2014): 106–14, <https://www.neliti.com/publications/44443/pengaruh-komponen-indeks-pembangunan-manusia-terhadap-pertumbuhan-ekonomi-provin>.

²⁹Todaro Michael dan Smith Stephan, *Pembangunan Ekonomi Di Dunia Ketiga*, (Jakarta: Erlangga, 2003), hal. 45

³⁰Mohammad H Holle, at. al., "The Relevance of Mosque Financial Inclusion and Economic Sustainability," *EL-Qist: Journal of Islamic Economics and Business (JIEB)* 13, no. 2 (2023): 178–89, <https://doi.org/10.15642/elqist.2023.13.2.178-189>.

³¹Khairul Amri, "Analisis Pertumbuhan Ekonomi Dan Ketimpangan Pendapatan: Panel Data 8 Provinsi Di Sumatera," *Jurnal Ekonomi Dan Manajemen Teknologi* 1, no. 1 (2017): 1–10, <http://journal.lembagakita.org/index.php/emt/article/view/22>

poverty alleviation and socio-economic improvement through school enrolment rate, infant mortality rate, unemployment rate, human development index and gini ratio on economic development plans in Indonesia on per capita income.

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