

**THE INFLUENCE OF HUMAN DEVELOPMENT INDEX,  
UNEMPLOYMENT AND POVERTY ON ECONOMIC GROWTH IN  
EAST JAVA PROVINCE IN THE PERSPECTIVE OF ISLAMIC  
ECONOMICS IN 2014-2023**

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**Abstract**

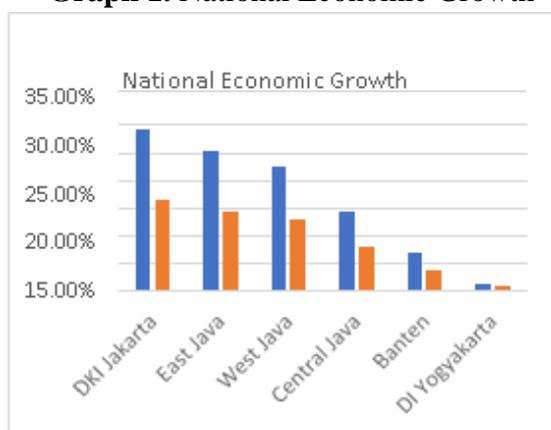
*Economic development achieved by a country or region can be measured by economic growth. The goal is to know the effect of HDI, Unemployment and Poverty on Economic Growth in East Java in the Perspective of Islamic Economic. This study uses secondary data from BPS 2014-2023. The research method is quantitative with multiple linear regression using regression using SPSS and Ms. Exel. Research results show HDI has an effect on East Java Economic Growth, sig 0.003 and t count (- 4.683 > 2.306). Unemployment partially affects East Java Economic Growth, sig 0.001 and t count (-6.149 > 2.306). Poverty partially affects East Java Economic Growth, sig 0.013 and t count (-3.503 > 2.306). By together HDI, Unemployment and Poverty affect the Economic Growth of East Java, sig 0.001 and F count (22.59 > 4.76).*

## INTRODUCTION

Every country, including Indonesia, wants to improve its economy. Indonesia is a developing country that continues to observe developments in all areas of concern to the government. The government must handle various challenges to achieve a better economy. Economic growth rates can be used to calculate the success of a country's or region's economic development. The development plans and objectives of a region set a better growth target than the previous year (Wianti, 2020: 170).

One of the benchmarks for assessing the capacity of a growing economy is economic growth, especially when looking at the results of economic development that have been achieved. High economic growth indicates that the economy of a region is developing better. One of the benchmarks to see the prosperity of a province can use Gross Regional Domestic Product data.

**Graph 1.** National Economic Growth

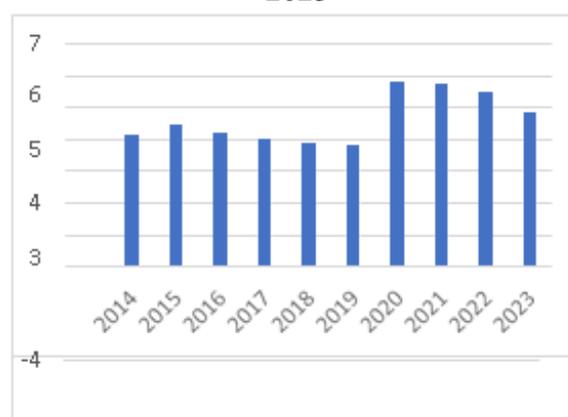


East Java Province is the largest economic province after DKI Jakarta in Indonesia with an economy equal to the national level. The economy of East Java Province grew after DKI Jakarta, by 25.30% (Java Island) and 14.43% (Province). In 2014, the economy of East Java Province grew by 5.86%, and reached its highest growth rate for the last ten years in 2023. All regions experienced a good increase, with the transport and communication region experiencing the highest growth. In 2015 there was a decline due to limited export capacity in

natural resource products and low technology industries. After that the economy in East Java Province continued to experience ups and downs until 2019.

It then degraded in 2020 and 2021 as economic performance was hampered by the Covid19 pandemic. It then experienced renewal in 2022 but fell again in 2023. This happens because economic growth is caused by global economic factors that affect industrial processing.

**Graph 2.** East Java Economic Growth 2014-2023

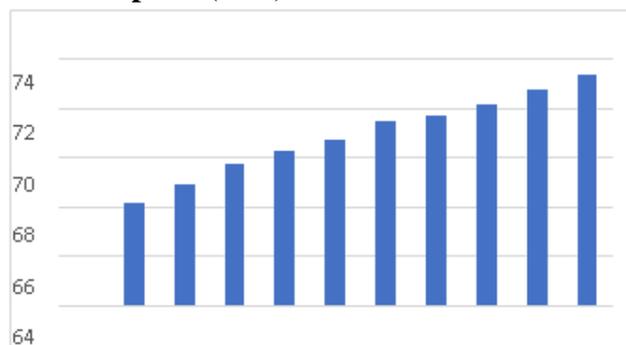


Based on the graph above, the economic growth of East Java Province has decreased, although several years have increased. In 2014 the growth increased by 5.86%, but in 2015 it decreased to 5.45%,. In 2016 the growth increased again to 5.57%, but in 2017 it decreased again to 5.46%, and in 2018 the growth increased again by 5.47%. Then in 2019 the growth increased to 5.53%. There was a decline again in 2020 to -2.33%, and again increased in 2021 to 3.56. Then in 2022 there was an increase of 5.34%, But in 2023 it decreased again to 4.95%.

In addition to economic growth, the success of a region's development can be measured by the quality of its people. This is because good human development can support economic growth and serve as capital to drive the economy. According to BAPPEDA (2024) the Human Development Index uses a three-

dimensional approach, namely, life expectancy, knowledge, and average length of schooling, and livability.

**Graph 3.** (HDI) East Java 2014-2023



Seen from graph 3. In 2014-2023, it shows that the HDI has increased to 73.38%. This shows that East Java's human development is growing with positive developments, the better the Human Development, the more it affects the economy.

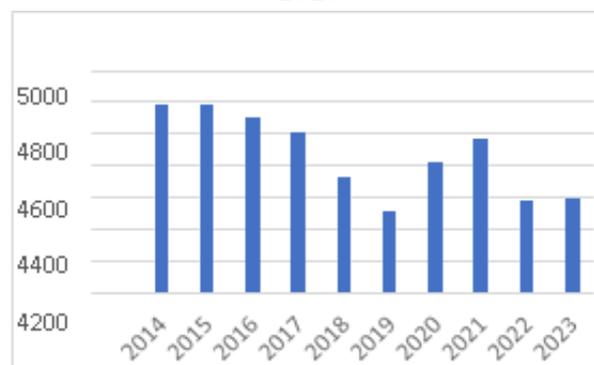
In addition to the impact of human development on the economy of East Java, unemployment has always been a problem for countries or regions, especially East Java. seen in graph 4. In 2020 and 2021, when the Covid19 pandemic occurred, unemployment in East Java Province experienced a significant increase, and reached the highest unemployment rate over the past ten years in 2023. However, in 2023 due to the improvement in the quality of labour starting from job fairs, several UPT BLK and transmigration in East Java, unemployment fell again.

Unemployment causes a person to have no income and puts them in poverty. In addition, poverty also affects economic growth, because poor people usually have more limited access, the higher the poverty rate, the lower economic growth will be. It can be seen in graph 5. the menu shows that poverty in East Java Province for the last ten years has fluctuated, in 2023 it increased due to the policy of increasing fuel prices which triggered an increase in inflation (Astutik and Santoso, 2021: 4). poverty in East Java Province is a problem that must be overcome to improve the economy.

According to Sukirno (2010) economic growth is the development of economic activities that lead to an increase in goods and services produced by society and prosperity. unemployment is a social disease that is classified as a workforce that wants to get a job but has not received it. Unemployment and poverty arise when a person fails to fulfil the economic needs that are considered to be the determinants of their standard of living.

According to the Islamic view, economic growth is not only an increase in morals and morals but a balance of the goals of the world and the hereafter in Islam, economic growth is the development of production that can benefit the welfare of society. Meanwhile, human development in Islam is not only material, but involves spiritual and moral aspects that are very important. The welfare lies in the protection of religion, safety, life, mind, offspring and property. (Jaya, 2022: 36).

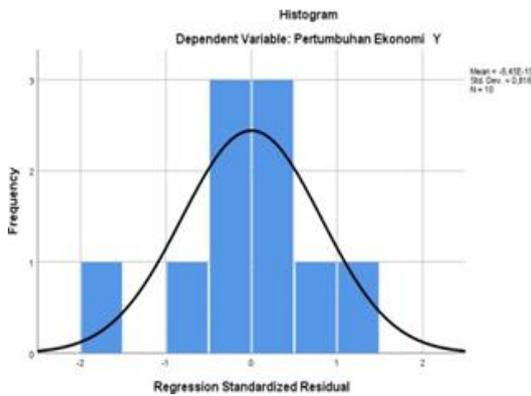
**Graph 4.** Unemployment in East Java 2014-2023



In the view of Islamic economics, unemployment is a serious problem that is not only seen from an economic point of view. In the view of Islam, unemployment and poverty have been told so that people do not become unemployed or fall into poverty, because poverty will encourage people to do bad things including harming others in order to fulfil their needs. One of the causes of poverty is the low work ethic among Muslims. The weakening of work ethics is influenced by three factors; first,

is the Muslim belief that poverty is destiny; second, the concept of zuhud which is considered to weaken work ethics; and third, is the concept of tawassul in prayer, which is considered to weaken work ethics, because tawassul in prayer. (Abzar 2016:4) Based on the explanation above, HDI, unemployment and poverty are related to economic growth. High levels of poverty and unemployment can reduce economic.

**Graph 5.** Poverty in East Java Province 2014-2024



growth, while high HDI economic growth will increase. In addition, from the research gap that has been done to see some phenomena of economic growth, it is still far from Islamic principles. This is to measure economic growth not only in conventional terms but also based on Islamic sharia. East Java Province from 2014-2023 there is a phenomenon where unemployment and poverty fluctuate, and the human development index of East Java Province has increased every year, but over time unemployment and poverty in East Java Province have decreased, human development has increased while economic growth has decreased.

Based on the phenomenon described to be able to determine the effect on economic growth in East Java Province based on Islamic sharia. The author will discuss and examine the research entitled "The Effect (HDI), Unemployment and Poverty on Economic Growth in East Java Province in the Perspective of Islamic Economics in 2014-2023".

**RESEARCH METHODS**

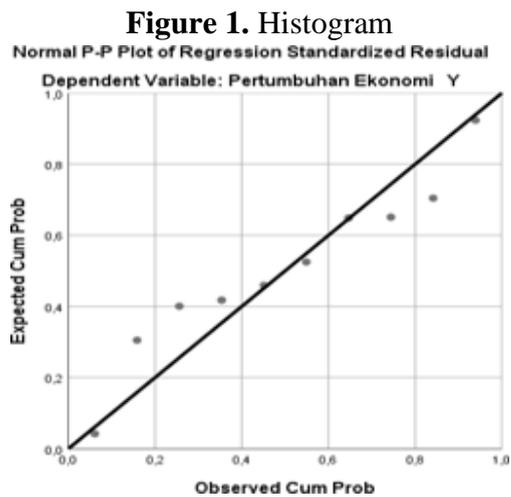
This research is a quantitative research method, which is research that collects quantitative data or data that can be quantified and processed using statistical analysis techniques. This research uses secondary data from 2014- 2023. The sampling technique of this research is Non Probabiliti Sampling with (saturated sampling.) The sample in this study is the publication report data from BPS East Java Province. for ten years, namely 2014-2023 starting from HDI data, unemployment, poverty and economic growth. The data collection of this research is the documentation method. With Multiple Linear Regression Analysis models with Classical Assumptions, Coefficient of Determination and Hypothesis Tests.

**RESULTS AND DISCUSSION**

**Classical Assumption Test**

**1. Normality Test**

The distribution pattern is close to normal, and the diagram resembles a bell-shaped curve, the data follows the histogram line, so it is said that the data includes normal data.



Source: processed spss

The data spreads near the diagonal line and accompanies the direction of the diagonal line so that it can be seen that the pattern is normally distributed, meaning that the assumption of normality has been met and is suitable for use.

**2. Multicollinearity Test**

**Table 1.** Multicollinearity Test

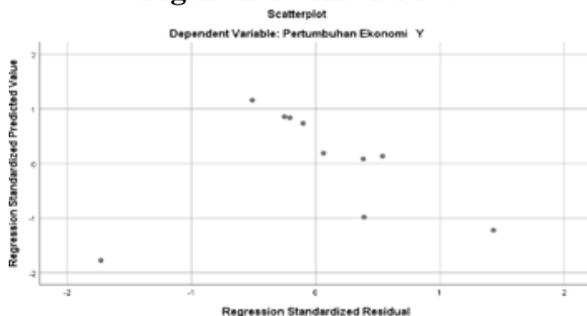
Coefficients		
Model		
	Tolerance	VIF
HDI (X1)	1,000	1,000
Unemployment(X2)	,986	1,014
Poverty(X3)	,986	1,015

Source: spss processed

It can be seen that the results of the multicollinearity test, HDI (X1)  $1,000 < 10$  and tolerance  $1,000 > 0.10$ . Unemployment (X2)  $1.014 < 10$  and tolerance of  $0.986 > 0.10$ . Poverty (X2)  $1.015 < 10$  and a tolerance of  $0.986 > 0.10$ . So that the independent variables are declared not to occur multicollinearity.

3. Heteroscedasticity Test

**Figure 2.** Norma P Plots



Heteroscedasticity

Source: processed spss

scatterplot above, it can be seen that the points are distributed randomly, do not form a clear pattern, this means that the regression model does not occur heteroskedasticity.

4. Autocorrelation Test

**Table 2.** Autocorrelation Test

Model Summary
DurbinW
1,235
a. Predictors: (Constant), PovertyX3, HDIX1, Unemployment X2

Source: spss processed

Based on table 2. above, it can be seen that the DW value is 1.235. This indicates that there is no autocorrelation (positive) or (negative). This means that there is no autocorrelation.

5. Multiple Linear Regression Analysis

**Table 3.** Multiple Linear Regression Analysis

Coefficients <sup>a</sup>		
Model	B	
1	(Constant)	31,219
	IPMX1	-,020
	Unemployment X2	-2,293
	PovertyX3	-,003

Source: spss processed

regression equation as follows;

$$Y = 31.219 - 0.020X_1 - 2.293X_2 - 0.003X_3 + e$$

The interpretation is as follows:

- constant 31.219 if the value of the independent variable is equal to constant, the change in economic growth is 31.219
- The HDI regression coefficient has a negative effect of -0.020, if the dependent variable increases by 1% and the HDI will decrease. This means that there is a negative relationship between HDI and economic growth.
- The regression coefficient of unemployment has a negative effect of -2.293, if the dependent increases by 1% and then unemployment will decrease. This means that there is a negative relationship between unemployment and economic growth.
- poverty regression coefficient has a negative effect of -0.003, if the dependent variable increases by 1% and then poverty will decrease. This means there is a negative relationship between poverty and economic growth.

Hypothesis Test

1. Test (Partial)

**Table 4.** Test (Partial)

Coefficients <sup>a</sup>			
Model		T	Sig
1	(Constant)	6,600	,001
	IPMX1	-4,683	,003
	UnemploymentX 2	-6,149	,001
	PovertyX3	-3,503	,013

Source: spss processed

Obtained partial independent variable test results. The hypothesis is as

follows:

- a. (HDI), the significance result ( $0.003 < 0.05$ ) and t count ( $-4.683 > 2.306$ ). Then  $H_1$  is accepted, the independent variable has a negative effect on the dependent variable
  - b. Unemployment, significance result ( $0.001 < 0.05$ ) and t count ( $-6.149 > 2.306$ ). Then  $H_2$  is accepted, the independent variable has a negative effect on the dependent variable.
  - c. Poverty, significance results ( $0.013 < 0.05$ ) and t count ( $-3.503 > 2.306$ ). Then  $H_3$  is accepted, the independent variable has a negative effect on the dependent variable.
2. F Test (Simultaneous)

**Table 5.** Test (Simultaneous)

Anova		
Model	F	Sig.
<i>Regression</i>	22,599	,001 <sup>b</sup>

Source: spss processed

The results obtained F count ( $22.599 > 4.76$ ) and significance ( $0.001 < 0.05$ ). So that the independent variables of HDI, unemployment and poverty together affect the dependent variable, namely economic growth.

3. Test (R2)

**Tabel 6.** coefficient of determination

Model Summary <sup>b</sup>		
Model	R	R Square
1	,958 <sup>a</sup>	,919

Source: spss processed

The result obtained is 0.919 or 91.9%. So it can be concluded that 91.9% of Economic Growth is influenced by (HDI), Unemployment and Poverty. While the remaining 0.81 is influenced by other independent variables outside.

## RESULT AND DISCUSSION

### A. HDI affects economic growth

An increase in HDI sets in the potential to penetrate and cultivate economic resources. With the results of the HDI regression coefficient value of  $-0.020$ . This means that there is a negative effect of HDI and economic growth. The higher the HDI will make the

economic growth of East Java Province decrease. This is due to the fact that there is uneven income in East Java Province, the HDI increases due to the availability of education and health services, but the gap in income conditions still occurs, so that it will make economic growth decline. See from the quality of human beings if among high school graduates and even universities there are still many unemployed, this causes low labour productivity, thus hampering economic growth (Muqorrobin and Soejoto, 2017: 3).

According to Raniz (2006), there is a relationship between human development and economic growth: where the economy can improve human development, but human development does not necessarily improve the economy. In the Islamic perspective, economic development is defined as balance and progress in achieving prosperity. According to Zangouezhad and Moshabaki (2011:962) in Islamic human development, in order to obtain sustainable welfare and improvement of people's lives an Islamic must follow all the halal gifts that Allah SWT. gives. One of the benchmarks for knowing the level of economic growth is Human Development which measures physical and non-physical quality. However, a high economy does not always guarantee that welfare will increase, the goal is not only the welfare of the world but also the hereafter.

The results of the HDI t test research with t count  $>$  t table ( $-4.683 > 2.306$ ) and signi  $0.003 < 0.05$  means that partially it has a significant negative effect on Economic Growth. This research is in line with (Mataheurilla and Rachmawati, 2021) HDI has a significant negative effect on economic growth. And contrary to (Fera, et al, 2022) that HDI does not affect economic growth.

### B. Unemployment has an effect on Economic Growth

Increasing the economy can provide an opportunity to increase labour absorption so as to create more employment opportunities. With the results of the regression coefficient of Unemployment  $-2.293$ , this means that there is a negative influence between unemployment and economic growth. Rising unemployment can reduce productivity and result in a decrease in national income, thus inhibiting economic

growth. Economic growth and unemployment are closely linked. as the economy grows, employment opportunities increase. This means that more employees will be absorbed. However, if there is less growth in the number of employees compared to the increase in job seekers, many job seekers will not accept jobs which ultimately leads to an increase in unemployment. Economic growth and unemployment have a relationship because the working population will contribute to getting other goods and services with unemployment unable to contribute. In the Islamic perspective, it emphasises the importance of justice in every aspect of life, especially the economy, growth that is not matched by an equitable distribution of wealth can increase the problem of unemployment, because the less well- off will have more access to capital and business opportunities needed to participate in the economy.

Viewed in an Islamic economic perspective, it is recommended to work which is an obligation in fulfilling their survival so that unemployment does not occur. As Allah says:

وَلَقَدْ مَكَّنَّاكُمْ فِي الْأَرْضِ وَجَعَلْنَا لَكُمْ فِيهَا مَعَايِشَ قَلِيلًا مَّا تَشْكُرُونَ

Meaning: "Indeed, we have placed you on the earth and made for you a livelihood. Very little are you grateful" (QS al-Araf ayat10:7).

In the teachings of Islam, all Muslims are obliged to achieve prosperity individually, in the family, and in society. To achieve this prosperity, Islam promotes job creation as one of the solutions. High unemployment reduces people's income and ultimately reduces purchasing power. Business players are reluctant to open new industries as low purchasing power will affect lower demand for goods. This condition can hamper the flow of investment and have a negative impact on economic growth (Shantika, 2022:32).

The results of the t test research on unemployment with  $t_{count} > t_{table}$  ( $-6.149 > 2.306$ ) and significance  $0.001 < 0.05$  which means that unemployment has a significant negative effect on economic growth. The results of this study are the same as (Kusumawati, et al, 2021) which states that unemployment has a significant negative effect on economic growth.

And contrary to research (Mataheurilla and Rachmawati, 2021) that the unemployment rate has no effect on economic growth.

### C. Poverty affects Economic Growth

Poverty is a problem that inhibits economic growth. If the poor increase, then participation in encouraging economic growth will be less and slow down economic growth. With the results of the Poverty regression coefficient of  $-0.003$ , this means that there is a negative effect of poverty on economic growth. So, from an economic point of view, unemployment with a high poverty rate can cause low economic income of the community and reduced purchasing power, while the cost of living continues to increase, this makes it difficult to meet the needs of the community, resulting in decreased economic growth. According to Kuncoro (2003) there is a relationship between economic growth and poverty in that high economic growth can achieve prosperity and economic fertility. High economic growth indicates an increase in production so that people can fulfil their needs. According to Sheikh Muhammad Arsyad Al-Banjari (2023) Islam recommends actively contributing through Zakat, Infaq, Sadaqah to reduce poverty and improve the economy. Islam views poverty as something that must be overcome through various mechanisms and principles taught by religion. Islam emphasises the importance of social cohesion, fair distribution of wealth and social responsibility to reduce poverty. Islam regulates instruments to overcome poverty such as Zakat, Infaq, Sadaqah.

As Allah SWT. said: **وَفِي أَمْوَالِهِمْ حَقٌّ لِّلسَّائِلِ وَالْمَحْرُومِ**

Meaning: "And in their wealth there is the right of the poor who ask and the poor who have no share" (Q.S Adz-Dzariyat 51:19).

In Islam there is an obligation to help others, because not everyone can maintain enough to meet their needs. The results of the Poverty t test research with  $t_{count} > t_{table}$  ( $-3.503 > 2.306$ ) and  $sig 0.013 < 0.05$  which means that Poverty has a significant negative effect on Economic Growth. The results of this study are the same as (Suryani, 2023) that it has a negative effect on economic growth. And contrary to (Zahari and Prabowo, 2022) poverty has no significant effect on economic growth.

#### **D. HDI, Unemployment and Poverty (simultaneously) affect Economic Growth in East Java Province**

Human development plays an important role in economic growth because human resources have better economic performance. The existence of unemployment and poverty will reduce the welfare of the community so that it has an impact on economic growth. See the results of the constant Economic Growth of 31.219 if the value of the variable (X) is equal to constant, the change in the level of economic growth is 31.219. This means that the level of HDI, Unemployment and Poverty shows an influence on Economic Growth. In Islam, it has been explained that every human being has an obligation to work and avoid all forms of laziness, as. Islam prohibits living in poverty. Disruption of human resources due to lack of employment opportunities associated with poverty or poor quality in the human resources sector, these problems affect the economy. Therefore, to reduce unemployment and poverty, it is expected to utilise good human quality (Mataheurilla and Prabowo, 2022: 115). The results of the f test research with  $f_{count} > f_{table}$  ( $22.599 > 4.76$ ) and  $sig\ 0.001 < 0.05$  which means that together HDI, Unemployment and Poverty affect Economic Growth. The results of this study are the same as (Mataheurilla and Rachmawati, 2021) that HDI, Unemployment and Poverty simultaneously affect Economic Growth.

#### **CONCLUSIONS**

From the results and discussion, it can be concluded below:

1. Based on the results of the HDI variable (X1) has a large negative impact on the Economic Growth of East Java Province. the regression coefficient of HDI -0.020 is if Economic Growth increases by 1% and HDI (X1) will decrease.
2. Based on the results of the variable Unemployment (X2) has a large negative impact on the Economic Growth of East Java Province. the regression coefficient of Unemployment -2.293 is if Economic Growth increases by 1% and unemployment

(X2) will decrease.

3. Based on the results of the Poverty variable (X3) has a large negative impact on the Economic Growth of East Java Province. the regression coefficient of Poverty -0.003 is if Economic Growth increases by 1% poverty (X3) will decrease.
4. Based on the results of HDI (X1), Unemployment (X2) and Poverty (X3) variables have a negative impact on Economic Growth in East Java Province. Economic growth constant of 31.219. If HDI, Unemployment and Poverty are equal to constant, the change in economic growth rate is 31.219.

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