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The article is published with Open Access at: <http://e-journal.unipma.ac.id/index.php/capital/index>**THE EFFECT OF HUMAN DEVELOPMENT INDEX ON
ECONOMIC GROWTH IN NORTH LUWU**

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Abstract: *This research aims to determine the influence of the Human Development Index on economic growth in North Luwu Regency. The type of research used is quantitative. The data type is secondary data. This research uses time series data based on the Central Statistics Agency (BPS) of North Luwu Regency. Data collected over the last 13 years using the simple Linear Regression Analysis method. The results of this research show that the Human Development Index (HDI) has a negative and significant effect on Economic Growth. This research shows that the Human Development Index cannot significantly increase the rate of economic growth in North Luwu. The human development index has an influence on economic growth in North Luwu. The author hopes that the government will be more serious in managing human development. In this case, the government must provide assistance to the community, especially in the fields of health and education, so that the community can increase its human resources and government policies are expected to achieve their goals.*

Keywords: *Human Development Indeks; Economic Growth.*

Abstract: Penelitian ini bertujuan untuk mengetahui pengaruh Indeks Pembangunan Manusia terhadap pertumbuhan ekonomi di Kabupaten Luwu Utara. Jenis penelitian yang digunakan adalah kuantitatif. Jenis data adalah data sekunder. Penelitian ini menggunakan data time series yang bersumber dari Badan Pusat Statistik (BPS) Kabupaten Luwu Utara. Data yang dikumpulkan selama 13 tahun terakhir dengan menggunakan metode Analisis Regresi Linier sederhana. Hasil penelitian ini menunjukkan bahwa Indeks Pembangunan Manusia (IPM) berpengaruh negatif dan signifikan terhadap Pertumbuhan Ekonomi. Penelitian ini menunjukkan bahwa Indeks Pembangunan Manusia tidak dapat meningkatkan laju pertumbuhan ekonomi di Luwu Utara secara signifikan. Indeks pembangunan manusia memberikan pengaruh terhadap pertumbuhan ekonomi di Luwu Utara. Penulis berharap kepada pemerintah agar lebih serius dalam mengelola pembangunan manusia. Dalam hal ini pemerintah harus memberikan bantuan kepada masyarakat terutama di bidang kesehatan dan pendidikan agar masyarakat dapat meningkatkan sumber daya manusianya dan kebijakan pemerintah diharapkan dapat mencapai tujuannya.

Keywords: *Human Development Indeks; Economic Growth.*

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INTRODUCTION

Economic growth and human development are two crucial dimensions that are interrelated in formulating the welfare of a nation. The Human Development Index (HDI) is an indicator that measures a country's achievements in terms of human welfare, taking into account aspects of education, health, and income per capita. Analyzing the effect of the Human Development Index on economic growth is relevant as both aspects reflect the quality of life of a country's people. This introduction will discuss how the HDI can be an important factor influencing the rate of economic growth, and how this relationship can form the basis of sustainable development policies.

The Human Development Index (HDI) as a metric developed by the United Nations has become a significant measurement tool in evaluating human achievement in various countries. The components of the HDI, namely education, health and income, reflect key dimensions of human development that are intrinsically linked to economic growth. Quality education and good health create a productive workforce, while rising incomes provide purchasing power that supports sustainable economic growth.

The importance of the Human Development Index in the context of economic growth is reflected in the concept that qualified and healthy human resources are intellectual capital capable of spurring innovation and productivity. Along with the increase in HDI, it is expected that there will be an increase in human capacity in facing the demands of the global economy. Therefore, analyzing the relationship between HDI and economic growth is crucial to understanding how human welfare can be the main driver of economic progress.

The link between HDI and economic growth can also be seen in the context of increasing a country's competitiveness in the global market. Countries with high HDI tend to have more adaptive and innovative human resources, capable of competing in the era of globalization. Therefore, investment in increasing HDI can be considered as a strategic step to increase a country's economic competitiveness in the international arena.

An analysis of the effect of HDI on economic growth also provides a better understanding of the distribution of growth benefits. HDI can be an indicator of the extent to which economic growth is equitable and has a positive impact on all levels of

society. Therefore, development policies that focus on improving HDI can help create a more inclusive and equitable society.

In an increasingly complex global framework, the balance between economic growth and human well-being is becoming increasingly important. Analyzing the influence of the Human Development Index on economic growth is an indispensable study for shaping holistic and sustainable development policies. Thus, through an in-depth understanding of this relationship, it is expected that countries can design more effective and resilient development strategies, improving the overall quality of life of the people.

Economic growth is an important metric for evaluating the performance of an economy, especially when examining the results of a country's efforts to implement economic development or a region. An economy is said to experience growth if the production of goods and services increases compared to the previous year. Economic growth shows the extent to which economic activity at a given time will generate additional public income for a given period. An economy is considered to be growing if all of its real benefits of using factors of production in a given year are greater than in the previous year (Masdi et al., 2023).

Economic Growth is the process by which conditions or within a certain period of time. economic conditions change Economic growth occurs when per capita income increases and natural resources can be managed properly (Palindangan & Bakar., 2021). Economic growth shows the extent to which economic activity is fruitful with economic growth, it is expected that the income of the people who own the factors of production will also increase. Economic growth is measured using the growth rate of gross domestic product (GDP), which reflects the amount of added value created by all productive activities in the economy (Syofya et al, 2018).

The Human Development Index which measures the degree of quality of the population both physically and non-physically, including indicators of health, education, and the economy is one way to determine economic development (Masdi et al., 2023). Improving the economy of a region or country seeks to bring prosperity to the community by increasing income levels, which will affect the development of the financial system. The importance of economic development for the economy is a topic that is always raised every year being considered by every country through accelerating

economic expansion. Because human development is a challenge that many countries still face, both developed and developing countries, the Human Development Index often affects the economic growth of a country. Increasing human resources is still a challenge and a necessity, a burden that must be overcome by the government of a country or region (Mustain et al., 2023).

Human Development Index (HDI) is an indicator that can be used to measure the level of physical and non-physical quality of a population. Physical wealth is reflected in the level of life expectancy, while non-physical wealth is determined by a combination of average years of schooling and literacy of the population (Muqorrobin & Soejoto, 2017). Like previous research conducted by (Rorimpandey et al., 2022) in 2006-2020 the Human Development Index (HDI) has a positive but insignificant relationship with economic growth in North Minahasa Regency.

The Human Development Index provides a measure that incorporates three dimensions of human development. They are health as measured by life expectancy, education as measured by adult literacy and average years of schooling, and purchasing power as measured by appropriate standards. We live with purchasing power parity (Dewi & Sutrisna, 2014).

As previous research conducted (Dewi & Sutrisna, et.,al 2014) the health index, education index and purchasing power index of the community have a significant effect on economic growth in Bali Province. The better the achievement of the quality of human capital related to the Human Development Index as capital in economic development, economic growth will also be realized and increased.

Based on previous research conducted by Sari & Setyowati (2022), that the Human Development Index (HDI) has a negative and significant effect on GRDP Economic Growth in Indonesia in 2017-2020, the effect of the Human Development Index (HDI) on Economic Growth. Based on the results of research conducted by (Maulana et al., 2022) the effect of the Human Development Index (HDI) on Economic Growth in Banten Province, it can be concluded that HDI has an insignificant influence on the Economic Growth variable in Banten Province which is divided into 8 districts/cities. Human development is necessary to improve the welfare of a country's people. People and communities are the wealth and capital base of development.

Development is the process of changing economic and social indicators for the better (Izzah, 2015).

Table. 1. Data on Human Development Index and Economic Growth of Northuwu Regency in 2010-2022

| year | Human Development Indeks | Economic Growth |
|------|--------------------------|-----------------|
| 2010 | 64,77 | 6,27 |
| 2011 | 65,57 | 8,04 |
| 2012 | 65,99 | 6,81 |
| 2013 | 66,40 | 7,39 |
| 2014 | 66,90 | 8,82 |
| 2015 | 67,44 | 6,67 |
| 2016 | 67,81 | 7,49 |
| 2017 | 63,35 | 7,60 |
| 2018 | 68,79 | 8,39 |
| 2019 | 69,46 | 7,11 |
| 2020 | 71,53 | -0,59 |
| 2021 | 71,99 | 3,90 |
| 2022 | 72,48 | 4,54 |

Data source: BPS South Sulawesi

From the table it can be concluded that, Table.1 is the level of human development index and economic growth of North Luwu Regency in 2010-2022. In 2010, the average value of the human development index was 64.77 then increased in 2011 to 2016. In 2017 it decreased again at 63.35. Furthermore, in 2018 until 2022 the Human Development Index data is increasing. While economic growth in 2010 amounted to 6.27. Then in the following year, 2011, it increased by 8.04. And then in 2012 it decreased again by 6.81, then in 2013 to 2014 it increased and in 2015 it decreased by 6.67. And then in 2016 to 2018 experienced an increase of 8.39, then in 2019 to 2022 experienced a decrease of 4.54. Thus, the relationship between economic growth and human development can be understood from two points of view, namely the impact of

economic growth on human development and the impact of human development on economic growth. The relationship between human development and economic growth cannot be explained linearly or statically, but rather is determined by the specific factors involved in the relationship between the two underlying hypotheses

Economic growth in a region is often the main focus of development, but it is important to remember that development success cannot only be measured in economic terms. The Human Development Index (HDI) is one of the parameters that takes into account aspects of human welfare such as education, health, and per capita income. North Luwu Regency, as one of the regions in Indonesia, has its own dynamics in facing development challenges.

Problem Formulation

Does the Human Development Index affect Economic Growth in North Luwu?

Literature Review and Hypothesis Development

Human Development Index

The Human Development Index (HDI) is a statistical indicator that measures the level of human development within a country or region. The HDI takes into account key aspects, such as life expectancy, education, and income per capita.

One way to measure the success of building people's quality of life is by using the Human Development Index (HDI), which can be measured from various aspects, such as income, health, education, and others. In addition, the HDI provides a measure of human development in three dimensions, namely the education dimension measured by the literacy rate of people, and the health dimension measured by adult life expectancy, and has purchasing power measured by a decent standard of living.

Well-being emphasizes the importance of the human aspect in measuring human development. This approach assesses HDI by taking into account factors such as decent living, human rights, and social justice. education and human development. Education is considered a key factor that enables the development of human capacity.

on health as a central element in human development. The HDI includes health indicators such as life expectancy at birth, reflecting the importance of health factors in measuring the level of human development. Inequality highlights the role of wealth and resource distribution in human development. The HDI can be expanded to consider

inequalities in aspects such as education and income, illustrating the gaps that may exist between groups of people.

Sustainable development emphasizes the importance of economic, social, and environmental human development. The HDI can be expanded to include indicators of sustainable development, including natural resource management, economic sustainability, and social justice. These approaches reflect the diversity of factors that influence human development, and the HDI as an indicator brings together several of these dimensions to provide a more comprehensive picture of human well-being in a region.

Economic Growth

Economic growth basically shows the ability of a country to produce output. Output is affected by many factors, including capital and labor. Economic development and growth are closely linked economically. Economic growth only looks at infrastructure, and does not always guarantee the social welfare of the community. In contrast, economic development pays more attention to the social welfare of the community (Putri et al., 2023)

According to (Maulana et al., 2022) states that the ability of a region can ensure the success of efforts to increase economic growth through the provision and management of good natural and human resources. Every economic development effort carried out in a region has the reason to increase the number and type of employment opportunities available to the community.

According to (Soamole et al., 2023) states that HDI has the ability to assess development in several fields because HDI is an important indicator to measure success in human quality development. The components seen in measuring the HDI are based on basic elements of quality of life, including life expectancy, literacy rates, and average years of schooling and decent living standards.

Economic growth can be understood as an explanation of the factors that determine the increase in per capita product of a region in the long term, and an explanation of how the process of economic growth occurs. While per capita product is the total product divided by the total population in a region (Nurhaeni, 2022)

Economic growth, which is caused by an increase in the amount of money and population, is defined as a change that occurs over a long and slow period of time (Rusiadi; Novalina & Sembiring, 2017).

PHYSICAL FRAMEWORK

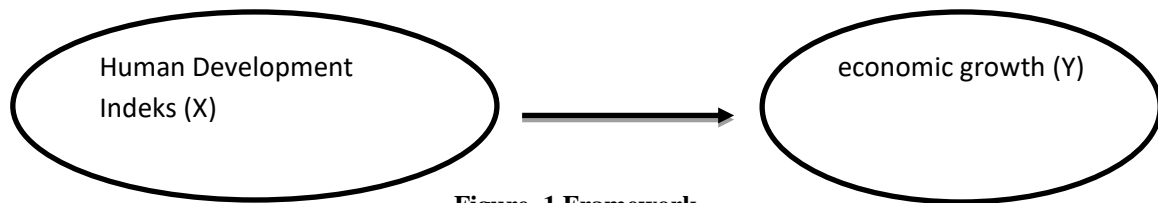


Figure. 1 Framework

RESEARCH METHODS

The type of research applied in this research is Quantitative research

Data types and sources

This research is a study of the effect of the Human Development Index on Economic Growth in North Luwu. In this study using secondary data, namely annual data (time series) covering 2010 to 2022 which is a study of the data used in this study. The time series data includes information on the Human Development Index and North Luwu Economic Growth. The population used in this study is using BPS North Luwu to collect data on the Human Development Index and economic growth with the time series of the last thirteen years with sampling techniques. Written data on the Human Development Index and economic growth that has been archived at BPS Luwu Utara is the source of this research.

This study aims to investigate the effect of the Human Development Index on economic growth in North Luwu Regency. This analysis is expected to provide a deeper understanding of how improvements in human welfare in various sectors can contribute to local economic growth. Through this understanding, it is hoped that development policies can be formulated that are more based on improving the quality of life of the community.

Data Analysis Methods

a. Simple Linear Regression

According to (Surtini, 2022), "linear regression analysis between one independent variable (X) and the dependent variable (Y)". This analysis is to determine the direction of the relationship between the independent variable and the dependent variable whether positive or negative and to predict the value of the dependent variable if the value of the independent variable increases or decreases. The simple Linear Regression Formula is as follows:

$$Y = a + BX$$

Where:

Y = Dependent Variable

X = Independent Variable

a = Constant

B = Regression Coefficient

1. Test Persial (t)

The t test is to test how the influence of each independent variable individually on the related variable. Testing is done with one-way testing with the hypothesis;

a) $H_a = \beta > 0$, meaning that there is a significant influence between the independent variable (Human Development Index) on the dependent variable (Economic growth)

b) $H_o = \beta_i = 0$, meaning that there is no significant influence between the independent variable (Human Development Index) on the dependent variable (Economic growth).

c) Significant level = 0.05

2. Coefficient of Determination

The coefficient of determination (R^2) is a coefficient used to measure the ability of the model to explain how much influence the dependent variable has on the independent variables. The coefficient of determination is between 0 and 1. If the value is close to 1, it means that the independent variable (independent) provides almost all the information needed to predict the dependent variable (dependent). However, if the value of R^2 decreases or approaches 0, it means that the ability of the independent variables (independent) in explaining the variables is relatively limited.

RESULTS AND DISCUSSION

Hypothesis Testing

a) Simple Linear Regression

This regression analysis is used to determine the relationship between the Human Development Index and Economic Growth in North Luwu. This analysis is needed to find deeper regression. The simple regression equation, namely: $Y = a + bX + e$ which consists of variables (a, b) and is done using the SPSS version 20 application. For further clarity, the results of the analysis of the Human Development Index and Economic Growth can be seen from the following table:

Table I. Simple Linear Regression Test Results

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|--------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | 54,741 | 8,894 | | 6,155 | ,000 |
| HDI | -,713 | ,131 | -,854 | -5,446 | ,000 |

Source: SPSS 2024 data processing results

$$Y = a + bx + e$$

$$Y = 54,741 - 0,713X + e$$

Constant / alpha value = 54.741 This figure is a constant / alpha number with a value of 54.741, meaning that this value will remain or be constant if the Human Development Index variable does not change or 0, the HDI variable coefficient is -0.713 which means, every 1% increase in the HDI variable, economic growth decreases by 0.713%.

Table II. Results of the t-test

| Coefficients ^a | | | | | | |
|---------------------------|------------|-----------------------------|------------|--------------|--------|------|
| Model | | Unstandardized Coefficients | | Standardized | T | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 54,741 | 8,894 | | 2,200 | ,000 |
| | IPM | -,713 | ,131 | -,854 | -5,446 | ,000 |

Value. Sig Human Development Index to Economic Growth is 0,00 <0.05 and the t test value is -5.446 >t table 2.200, indicating that the Human Development Index variable has a negative and significant effect.

d). Coefficient of Determination (R²)

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | ,854 ^a | ,729 | ,705 | 1,36172 |

Source: SPSS 2024 data processing results

Based on the table in a bag the R square value of 0.729 means that 72.9% of economic growth variables can be explained by HDI, while the remaining 27.1% is explained by other variables outside this research model.

DISCUSSION RESULTS

Based on the results of the statistical analysis above, the Human Development Index (HDI) has a negative and significant effect on economic growth in North Luwu Regency. Where the results of the calculated t value is greater than the t table with a constant / alpha value. Economic growth in North Luwu Regency experienced a very drastic decline due to two problem factors that hit, namely the effects of the Covid-19 pandemic and the flash flood disaster in 2020 which decreased by -0.59%.

In line with the results of research conducted by Sari & Setyowati (2022), that the Human Development Index (HDI) has a negative and significant effect on GRDP Economic Growth in Indonesia in 2017-2020, the effect of the Human Development Index (HDI) on Economic Growth.

As previous research conducted (Dewi & Sutrisna, et.,al 2014) the health index, education index and purchasing power index of the community have a significant effect on economic growth in Bali Province. The better the achievement of the quality of human capital related to the Human Development Index as capital in economic development, the more economic growth will be realized and increased.

Based on the results of research conducted by (Maulana et al., 2022) the effect of the Human Development Index (HDI) on Economic Growth in Banten Province, it can be concluded that the HDI has an insignificant influence on the Economic Growth variable in Banten Province which is divided into 8 districts / cities.

Like previous research conducted by (Rorimpandey et al., 2022) in 2006-2020 the Human Development Index had a positive but insignificant relationship with economic growth in North Minahasa Regency.

CONCLUSIONS

From the results of this study, it is concluded that the Human Development Index (HDI) has an influence on Economic Growth is $0,00 < 0.05$ and the test value t count $-5.446 < t$ table 2.200 shows that the Human Development Index variable has a negative and significant effect on Economic Growth. This shows that if the HDI variable decreases by 1%, it will reduce economic growth by -5.446% . This study shows that the Human Development Index with an R square value of 0.729 , it can be said that the contribution of the Human Development Index to economic growth simultaneously amounted to 72.9 , while 27.1% is influenced by other factors or other variables outside of this study that are not related.

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