

The Influence of the HDI Component and the Development of MSMEs on Economic Growth and Its Implications on Poverty and Unemployment in the DIY Province

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Abstract. The motivation behind this study is to recognize, audit, break down, find and portray the Effect of HDI Components and UMKM Development on Economic Growth and Their Implications for Poverty and Unemployment in DIY Provinces. The investigation systems used in this study are quantitative with layered backslide assessment strategies for crosssection and time series data. That's what the outcomes showed (1) wellbeing, information, genuine per capita use and the improvement of UMKM altogether and emphatically influence the financial development of DIY Province, wellbeing factors and information to some extent influence monetary development while the advancement of UMKM and per capita use somewhat affect financial development, (2) monetary development altogether and adversely influence the neediness of the common populace. Do-It-Yourself (3) significant and negative economic growth affects the unemployment of the diy province.

Keywords: health; knowledge; real per capita expenditure and the development of UMKM; poverty; unemployment

1 Introduction

The issue looked by a nation is to track down the best circumstances for its kin and how to acknowledge it. The quest for this ideal model is called advancement. The investigation of financial improvement has gone through a few changes. In 1950 advancement was characterized as monetary development, so this discernment brought forth a comprehension of the requirement for an elevated degree of financial development. Thusly, a nation is supposed to find actual success in completing turn of events assuming the monetary development of the local area is high [1]). Hence, Todara and Smith (2003, p.18) express that advancement should be seen as a complex cycle that includes central changes in friendly designs, public perspectives, and public organizations, as well as speed increase and development, lessening disparity, and diminishing neediness [2].

Solow's hypothesis expresses that financial development generally comes from at least one of three factors: an expansion in the amount and nature of work (through populace development and improvement in schooling), extra capital and innovation. In the meantime, one of the apparatuses to quantify the improvement of the quality and amount of work is the HDI [3]. The

advantages of the HDI calculation developed by UNDP are that it consists of a multidimensional index, focuses on human life compared to the meaning of survival, is easy to calculate, easy to implement and understand, the availability of the necessary data, can express abilities. The dimensions used by UNDP are a long and healthy life, knowledge and a decent standard of living. But in 2014, Indonesia used a new method for calculating HDI.

Testing the existing concepts, according to research conducted by Dewi and Sutrisna (2014, p.112), Maqin and Sidharta (2017, p.207), Iskandar (2017, p.47), Elistia and Syahjuni (2018, p. 45), and Nurlaili and Cahyadin (2019, p.322). The results of the research are that there is a significant influence between HDI and GDP, the higher the HDI, the greater the GDP [4] [5] [6] [7] [8].

MSMEs have an important role in the economic development of a country, this has been analyzed by many researchers. Keskin et al (2010, p.189) stated that MSMEs have an important role in economic development and can survive the global economic crisis. In European countries, MSMEs can absorb 19.3 million workers in 2010 [9]. In countries that are members of the OECD (Organization for Economic Co-operation and Development) 95% of SMEs generate private employment. Latin America recognizes that SMEs are a sector that can create jobs and have a role in the technology supply chain. To be able to increase the growth of MSMEs, Latin America facilitates the bureaucratic process. In some Asian countries, such as Taiwan, Hong Kong relies on MSMEs. This is also the case in South Africa. In 2012 MSMEs in South Africa could create 80% of all new job opportunities Scheers (2016, p.349). Wozniak et al. (2019, p.2478) examined the relationship between MSMEs and economic growth in Poland. In Poland, the correlation between medium-sized enterprises and growth is higher than that of micro and small enterprises. Another study conducted by Ali (2019, p.8).

Based on BPS data, the GRDP growth rate in DIY Province in each sector tends to be minus in the second quarter. Areas that actually have positive qualities incorporate water supply, squander the board, waste and reusing, data and correspondence, government organization, protection and federal retirement aide, schooling administrations, as well as wellbeing administrations and social exercises. The effect of Covid-19 has likewise expanded the quantity of destitution and joblessness. The quantity of needy individuals in D.I. Yogyakarta expanded by 475.72 thousand individuals or 12.28 percent of the complete populace.

There was an expansion in the quantity of destitute individuals by 34.8 thousand individuals contrasted with the circumstances in September 2019, which reached 440.89 thousand people. The average GRDP growth in Kulon Progo Regency in the period 2010 to 2019 is 6.41%. In 2014 there was a decline in PDR growth, while the GRDP in that year was 4.57%. while the highest occurred in 2019 at 13.49%. This year there was an increase due to the construction of the New Yogyakarta International Airport. The number of poverties in each district has increased and decreased every year. In the range of 2010 to 2019, the district with the lowest number of poor people is Yogyakarta City, while the highest is in Bantul Regency with 159,000 residents.

As indicated by a few specialists, to be specific Lewellen 1995, Larrain 1994, Kiely 1995, advancement hypothesis can be assembled into two standards, specifically modernization and reliance [3]. The modernization worldview incorporates full scale speculations about financial development and social change, and miniature hypotheses about individual qualities that help the course of progress. In the meantime, the reliance worldview incorporates underdevelopment, subordinate turn of events, and world framework hypothesis [10]. Hasan and Azis (2018, p.2) argue that development is a series of efforts or steps to advance the condition of the people of a region or country with a certain development concept [1]. Coccia (2019, p.1) states that development is a disproportionate process of a system.

Monetary development as per Kuznet (Jhingan 2007, p.57) is a drawn-out expansion in the capacity of a country to give more kinds of financial merchandise to its populace, this capacity becomes as per innovative advancement and the vital institutional and philosophical adjustments [11]. Meanwhile, Todaro (2008, p.55) defines economic growth as a steady process in which the production capacity of an economy increases over time to generate a higher level of national income [2].

Todaro and Smith (2006, p.231) and Kuncoro (2003, p.101) propose that Poverty is a worldwide issue confronted and a worry for individuals on the planet. Unfortunate nations are as yet confronted with the issue of inconsistent development and pay [3]. In the interim, Friedman (Purwanto 2007, p.301) neediness likewise implies imbalance of chance to amass social power base. This premise incorporates (a) useful capital like land, apparatuses, creation, lodging, and wellbeing, (b) monetary assets, (c) social and political associations that can be utilized for normal interests like cooperatives, ideological groups and social associations, (d) interpersonal organizations, (e) information and abilities, (f) helpful data for the progression of life. Destitution can happen on the grounds that local area individuals don't or have not taken an interest in that frame of mind of progress because of failure to have creation factors or lacking quality (Lincoln 2010, p.300).

Sukirno (2006, p.10) This open unemployment is workers who really do not have a job. The effect of this situation in a fairly long period of time they do not do a job [12]. So they are unemployed for real and part of the time, and hence it is called open unemployment.

The Human Development Index (HDI) is one indicator that describes the achievement of human development in a country [13]. From 1990 to 2010, the human improvement record was communicated in three elements of human turn of events, in particular length of life as estimated by future upon entering the world, training estimated by normal long periods of tutoring and proficiency rates, and way of life as estimated by utilization use per capita. per month. In 2015, BPS has used the updated HDI calculation taking into account the availability of data up to the district/city level. With this, Indonesia's HDI figures calculated by BPS cannot be compared with Indonesia's HDI figures calculated by UNDP. The high and low HDI values are inseparable from the development programs carried out by the government both at the central and regional levels. The dimensions for measuring HDI in Indonesia are the health index, education index, and expenditure index.

2 Research Methods

The place or object of research data is carried out in the Province of the Special Region of Yogyakarta (DIY). The districts that are the object of this research are Bantul Regency, Gunung Kidul Regency, Kulon Progo Regency, Sleman Regency, Yogyakarta City. The data used is secondary data related to the theme of this research in the Central Bureau of Statistics of DIY Province, as well as the DIY Regional Planning and Development Agency.

The example in this study is information on wellbeing file, schooling record, per capita use, MSME improvement, financial development, destitution, and joblessness in DIY Province from 2010 to 2019. The inspecting strategy utilized is immersed examining/absolute testing. According to Arikunto (2006, p.120) total sampling is taking the same sample as the existing population. The example of this exploration is time series information of all wellbeing list information, training record, per capita consumption, and advancement of MSMEs, financial development. The quantity of tests utilized in this review were 5 examples from 2010 to 2019 adding up to 50. The information examination methods utilized in this study were inferential

insights and relapse investigation. The examination technique as indicated by the degree of clarification of this exploration is cooperative exploration.

3 Results and Discussion

Table 1. Model I Regression Test Results

Dependent Variable: LGY				
Method: Panel Least Squares				
Date: 10/17/21 Time: 16:54				
Sample: 2010 2019				
Periods included: 10				
Cross-sections included: 5				
Total panel (balanced) observations: 50				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	206.6647	92.73551	2.228539	0.0314
LGX1	-122.2814	55.12350	-2.218316	0.0321
LGX2	9.433523	2.973437	3.172598	0.0029
LGX3	3.528113	2.577045	1.369054	0.1784
LGX4	0.011834	0.778790	0.015195	0.9879
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.807151	Mean dependent var	13.12046	
Adjusted R-squared	0.769522	S.D. dependent var	0.363556	
S.E. of regression	0.174536	Akaike info criterion	-0.491820	
Sum squared resid	1.248978	Schwarz criterion	-0.147656	
Log likelihood	21.29550	Hannan-Quinn criter.	-0.360760	
F-statistic	21.45025	Durbin-Watson stat	0.989880	
Prob(F-statistic)	0.000000			

The Effect of Health, Knowledge, Per capita Expenditure and Economic Development Simultaneously essentially affects Economic Growth. In light of the aftereffects of speculation testing, it very well may be reasoned that one of the systems in expanding monetary development is to build the HDI and the advancement of MSMEs. This increment requires the cooperation of the public authority.

The results of the hypothesis test state that there is a significant negative effect of health on economic growth. Health has a role in economic growth. Overall, based on health data from 2010 to 2019, there was an increase, but in 2019 there was a decrease in health rates in Kulon Progo Regency by 0.1 and in 2014 there was no increase in health rates in Sleman Regency and Yogyakarta City.

The aftereffects of theory testing are acquired that there is a huge constructive outcome of information on monetary development. The component of information is estimated through the degree of training, for this situation the pointers utilized are the normal length of school and the typical length of tutoring. Expected length of tutoring is characterized as the length of school that is supposed to be felt by youngsters at a particular age from here on out.

The aftereffects of theory testing can be presumed that per capita consumption doesn't meaningfully affect financial development. Normal per capita use became by 2.1% each year in 2010 to 2019.

The consequences of the theory trial of the improvement of MSMEs significantly affect monetary development in the DIY Province. The translation of positive financial matters implies that the endlessly expansion in the quantity of MSMEs is likewise trailed by an expansion in monetary development. Huge implies that the speculation of MSME improvement can be convincingly and definitively demonstrated to influence financial development.

Table 2. Model II Regression Test Results

Dependent Variable: LGZ1
Method: Panel Least Squares
Date: 10/24/21 Time: 15:56
Sample: 2010 2019
Periods included: 10
Cross-sections included: 5
Total panel (balanced) observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.649783	0.405686	6.531605	0.0000
LGY	-0.115188	0.030916	-3.725821	0.0006

Effects Specification

Cross-section fixed (dummy variables)				
R-squared	0.941135	Mean dependent var		1.138458
Adjusted R-squared	0.934446	S.D. dependent var		0.177386
S.E. of regression	0.045417	Akaike info criterion		-3.233690
Sum squared resid	0.090759	Schwarz criterion		-3.004248
Log likelihood	86.84226	Hannan-Quinn criter.		-3.146317
F-statistic	140.6946	Durbin-Watson stat		0.429813
Prob(F-statistic)	0.000000			

Based on the results of hypothesis testing that there is a significant negative effect between economic growth and poverty. The average economic growth in the period 2010 to 2019 in the DIY Province was 5.45%. Gunung Kidul Regency and Yogyakarta City have average growth below DIY, namely 4.9% and 5.05%, respectively. Meanwhile, other districts are above the DIY average growth. Economic growth in 2018 and 2019 in Kulon Progo Regency experienced

the highest increase in economic growth compared to other years and other provinces. This is due to the existence of an airport construction project.

The average poverty reduction in DIY is 2.65%. In 2019, DIY's poverty position was in the 12th highest rank at the national level. The highest average poverty reduction occurred in Kulon Progo Regency, namely 5.26, this Regency had the second lowest poverty rate. Although the city of Yogyakarta has an average poverty reduction of 3.04, the average poverty rate is the lowest each year compared to other districts/cities.

Economic growth has a role in reducing poverty. With economic growth there will be an increase in production so that it will add jobs and reduce poverty. Sukirno (2013, p.25) the mandatory requirement for poverty reduction is economic growth, while the adequacy requirement is that economic growth spreads across every income group, including the poor.

Table 3. Model III Regression Test Results

Dependent Variable: LGZ2
Method: Panel Least Squares
Date: 10/24/21 Time: 14:49
Sample: 2010 2019
Periods included: 10
Cross-sections included: 5
Total panel (balanced) observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.308678	0.914269	3.618932	0.0008
LGY	-0.211038	0.069674	-3.028937	0.0041

Effects Specification

Cross-section fixed (dummy variables)			
R-squared	0.752655	Mean dependent var	0.539762
Adjusted R-squared	0.724547	S.D. dependent var	0.195020
S.E. of regression	0.102354	Akaike info criterion	-1.608601
Sum squared resid	0.460955	Schwarz criterion	-1.379158
Log likelihood	46.21502	Hannan-Quinn criter.	-1.521228
F-statistic	26.77778	Durbin-Watson stat	1.319176
Prob(F-statistic)	0.000000		

Based on the results of hypothesis testing there is a significant negative effect of economic growth on unemployment. The average permanent unemployment rate in the DIY Province is 3.6%. The highest average TPT is in Yogyakarta City Regency, which is 5.75%. The lowest TPT average occurred in Gunung Kidul Regency at 1.97. Economic growth has a role in reducing poverty. With economic growth, there will be an increase in production so that it will add jobs.

4 Conclusion

In view of the consequences of the examination and investigation of the conversation, this study has a huge precision and fair degree of exactness of the evaluations of the boundaries, has an elevated degree of illustrative capacity as far as making sense of the impact of the part factors of the Human Development Index (IPM) and the improvement of MSMEs on financial development in DIY Province and its suggestions for neediness and joblessness.

Based on the conclusions described above, the suggestions that the author can describe are as follows:

1. Health does not have a significant influence on economic growth, but the government is expected to improve the quality of health services for the community in DIY Province
2. Knowledge in the DIY Province as measured by the expected length of schooling and the average length of schooling has not been evenly distributed in every district, for this reason it is necessary to have strategies to increase knowledge in the DIY Province by improving services to education and implementing education quality improvements to be able to produce people who are knowledgeable and skilled in order to create jobs.
3. A decent standard of living is measured through real per capita expenditure, in order to increase the real per capita expenditure of the community, it is necessary to increase the income of the community, for this reason it is necessary to improve the economic empowerment system for the community, so that the per capita expenditure of the community increases.
4. In an effort to increase the development of MSMEs, the government is expected to provide assistance and capital assistance to MSMEs in the DIY Province. Capital assistance can be done with unsecured loans, light credit, and capital for business actors.

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