Post-Pandemic On Islamic Human Development:
Study Case in Indonesia

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Abstract

Human development cannot run properly without macro and microeconomic factors. The government's role is very important because it can regulate the flow of the economy so that, in the end, it can meet human material and non-material needs and achieve maslahah. This study aims to analyze the influence of the Gross Domestic Regional Product (GDRP), poverty rate, unemployment rate, economic function, health, and education on the Islamic Human Development Index (I-HDI) in several provinces in Indonesia. The methodology used is quantitative, with secondary data from the Central Statistics Agency (BPS) and the Ministry of Finance for 2010–2021. Data analysis method using Panel Data Regression with Random Effect Model (REM). The results of this study indicate that simultaneously the variables Gross Domestic Regional Product (GDRP), poverty rate, unemployment rate, economic, health, and education functions have a significant effect on the Islamic Human Development Index (I-HDI) in all research areas. At the same time, each variable has an influence on I-HDI except for the poverty rate and economic function. Based on these results, we provide alternative proxies to develop I-HDI and urge national and international databases and independent international Muslim organizations to start publishing proposed I-HDI for all Muslim-majority countries every year. As such, it will provide an opportunity to monitor human development across countries over time, and the I-HDI model can be improved over time.

Keywords: Maqashid Syariah, Pandemic, Islamic Human Development Index, Human Development
JEL: I31, O15, P46

A.   INTRODUCTION

Development is a continuous process that affects the entire social, cultural, and moral framework. The development can meet all of the fundamental requirements of people, communities, and other organizations that work together to advance human welfare (Chapra, 2000). Measuring a person's level of well-being depends not just on economic variables but also on a number of other elements that have a long-term causal effect. These additional factors include aspects of society that are not directly related to the economy, such as social, political, legal, and security issues (Todaro & Smith, 2006).

Human existence is basically a leader on earth, so it has an important role in managing the earth as well as a tool for development in order to achieve prosperity. Humans will be able to work productively and creatively when their needs are met (Budiman, 2000). The essence of development is to improve human capacities, increase their usefulness, and provide them with more freedom in how they behave. Until able to engage in various economic transactions, and participation in political activities. The better-qualified human resources will decide the level of well-being, hence the orientation of development is toward the human being (Rahim et al., 2022).

The high poverty rate in Indonesia has a very bad impact on human development in each region. This is because the poverty rate in Indonesia, according to BPS, is 10.14 percent, or 27.54 million people (BPS, 2021). The poverty rate increased by 1.12 million people compared to the previous year (BPS, 2021). The spike in the poverty rate was caused by the COVID-19 pandemic that hit Indonesia in the last 3 years. Furthermore, the presence of the Russian invasion of Ukraine exacerbated the impact of shocks on the energy and food sectors globally, causing prices to rise.

Since the pandemic, urban poverty has occurred because the government has imposed restrictions on activities. As a result, the company's output stalled, and they decided to lay off workers because there was no cost to pay them. So those who lived in the city ended up returning to the village. The poverty rate in rural areas is 12.53 percent, or 14.53 million people, while 7.60 percent, or 11.86 million people, live in urban areas (BPS, 2021). The government's step in reducing poverty is to provide social assistance in the form of cash and subsidies for basic needs. However, these efforts have not been able to run well because the cash received is only used for consumptive purposes, so the poverty rate has not been significantly reduced. Of course, Indonesia, as a country with a majority Muslim population, aims to achieve maslahah not only in terms of the physical but also the spiritual. According to Al-Ghazali, poverty is a form of a person's inability to meet basic needs (Huda, 2015). The welfare of the population needs to be seen as a whole.

The United Nations Development Program (UNDP) compiles an index to measure the quality of human resources called the Human Development Index (HDI) (UNDP, 2020). There are instruments in the calculation, namely life expectancy, literacy rates, average length of schooling, and the size of a country's per capita (BPS, 2022). Meanwhile, from the Islamic perspective, the measurement of the quality of human resources uses the Islamic Human Development Index (I-HDI). So that it is not only seen from these four perspectives but also from the physical and spiritual perspectives known as *maqashid syariah*. According to Imam al-Syatibi, basic human needs consist of five things: namely, religion (*ad-dien*), the soul (*an-nafs*),

the intellect (*al-'aql*), family and descendants (*an-nasl*), and property (*al-maal*) (P3EI, 2012).

Economic development is one of the factors that can affect human development (Wardana, 2016). Regional economic development can be demonstrated through Gross Domestic Regional Product (GDRP) (Ramadhan et al., 2023), namely the amount of added value or remuneration for production factors produced by all business units in an area. Economic development requires accuracy so that it is right on target and achieves goals for the welfare of the people. In addition, unemployment still has a wide employment gap, resulting in income inequality and hampering community growth. Government spending remains inefficient and insufficient in several areas, including the economy, health, and education.

According to Rochmah & Sukmana (2019), GRDP partially has a positive and insignificant effect, and unemployment partially has a significant negative effect on the Islamic Human Development Index (I-HDI) in Indonesia. Meanwhile, Nurlina et al. (2021) stated that the unemployment variable partially had a positive and insignificant effect on the Human Development Index in Aceh. The high number of unemployed will reduce the prosperity of people's lives through lower incomes, which is the dominant factor in increasing human development (Ningrum et al., 2020). Then, Malihah (2021) shows that poverty and regional expenditure simultaneously affect I-HDI. The inconsistency of the results in some literature makes this research necessary to be carried out to obtain the best results according to the data used. In addition, the purpose of this study is also to analyze the effect of GRDP, poverty rate, unemployment rate, and regional government expenditure on the Islamic Human Development Index (I-HDI) in several provinces in Indonesia.

B. LITERATURE REVIEW

Maqashid Syariah

The study of *Maqashid Syariah* theory is very important because it is based on several considerations, namely Islamic law, a law that

originates from God's revelation and is intended by humans (Shidiq, 2009). Imam as-Syatibi explained that *Maqashid Syariah* is a *syariat* that aims to realize human benefit in this world and in the hereafter (Djalaluddin, 2015). Maslahah is divided into three successive degrees of human needs, namely: *dharuriyyah, hajjiyyah,* and *tahsiniyyah*. *Dharuriyyah* holds the highest degree of maslahah in human life. Maslahah *dharuriyyah* is carried out by protecting religion, self, lineage, property, and mind (Al-Syatibi, 2004). Maslahah *hajjiyyah* is a maslahah that facilitates, prevents people from difficulties and troubles. However, the absence of maslahah *hajjiyyah* does not cause damage in this world or the hereafter (Raysuni, 1995). Maslahah *tahsiniyyah* is a complement or complement to the two previous *maqashid*, covering customs and noble morals (Raysuni, 1995).

Islamic Human Development Index (I-HDI)

Economic development using conventional indicators, or the human development index (HDI) is considered insufficient to measure the level of economic development in Muslim countries. So, this is what underlies the creation of a new model to measure economic development from an Islamic perspective called the Islamic Human Development Index. The Islamic Human Development Index (I-HDI) measures human development, including material and non-material welfare, along the five dimensions of *Maqashid Syariah* (Rama & Burhanuddin, 2019). Therefore, to measure the level of human development in a country where the majority of the population is Muslim, it would be more appropriate to use the I-HDI, where the theories and concepts are based on an Islamic perspective.

The Islamic Human Development Index (I-HDI) is calculated based on data that describes the five dimensions of *Maqashid Syariah* (Rahmatullah, 2018). In the religious dimension index (*ad-dien*), the indicator used is the crime rate. The mental dimension index (*an-nafs*) used as an indicator is life expectancy. Then the intellectual dimension (*al-'aql*) uses indicators of literacy rates and the average length of schooling. The family and descendant dimension (*an-nasl*) uses two indicators, namely, the total birth rate and infant mortality rate. While the dimension of assets (*al-maal*) is used in combination with two indicators, namely the indicator of individual property ownership and adjusted real per capita expenditure, the income distribution indicator uses the Gini index and the poverty depth index (Anto, 2009).

According to Al-Ghazali welfare (maslahah) of a people depends on the search and the maintenance of the five basic purposes: religion (ad-*dien*), life or soul (*an-nafs*), family or lineage (*an-nasl*), property or wealth (*al-maal*), and highbrow or intellect (*al-'aql*). It focused on the appropriate claim that revelation is "goodness of this world and the hereafter (*maslahat al-din wa al-dunya*) is its main purpose" (Karim, 2017). The formula used to calculate the index for each dimension is: (Current value − minimum value)/(Maximum value − minimum value). Then combine the dimension indices to produce I-HDI. I-HDI is the geometric mean of the five-dimensional indices. The formula is as follows:

$$IHDI = \frac{2}{5}(ID) + \frac{1}{5}(INF + IA + INS + IM) \, X \, 100\%$$

Description:

ID   : Index ad-Dien
INF : Index an-Nafs
IA   : Index Al-Aql
INS : Index an-Nasl
IM   : Index al-Maal

Poverty

Poverty is etymologically derived from the word "poor," which means not having possessions and lacking. The Ministry of Social Affairs and the Central Bureau of Statistics define it as the inability of an individual to meet the minimum basic needs for a decent life (BPS and Ministry of Social Affairs, 2022). Poverty can be characterized by a situation where there is a shortage of commonly owned things, such as food, clothing, shelter, drinking water, and things related to the quality of life. Economically, poverty can be defined by the level of lack of resources that can be used to meet the needs of life and improve the welfare of a group of people (Amelia, 2012). In

general, poverty is defined as the inability of income to meet basic needs so that it is less able to ensure survival.

Poverty in the Islamic perspective is categorized into two groups, namely the indigent and the poor. Fakir is the condition of someone who has absolutely no ability to fulfill their needs and is unable to do any business, such as disabled and elderly people. While poverty is a condition of a person who has the ability to earn a living, his income is still unable to meet his basic needs (Salam & Marwini, 2018). Islam views poverty as something that can harm morality, family, and society. Poverty will reduce harmony between the rich and the poor. This problem is one of the causes of population inequality. Even poverty can push someone into kufr. Distributed treasure through the instruments provided for in Islam, like the alms, infaq, grants, sacrifice, zakat, and wakaf (QS. 9: 41).

Unemployment

Unemployment is a condition in which a person has not found a job. Unemployment can occur due to an imbalance in the labor market (Wardiansyah & Bahri, 2016). This indicates that the quantity of labor supplied exceeds the quantity of labor demanded. Low education and skills cause companies to be less interested. In addition, technology that is advancing so fast is not matched by the human ability to master it, so many companies only accept those who are able to master the technology (Naf'an, 2014; Syahril, 2014). Unemployment causes people to be unable to minimize the level of welfare they may achieve.

Overcoming the unemployment problem is not only the government's responsibility but of all parties, including Muslims. As for people who are the best at work, doing work to build personal, community, national, and state infrastructure is very necessary and includes carrying out religious orders. In the Islamic perspective, "work" ('amal') is all human activities, both physical and spiritual, that are intended to realize or increase a benefit that is permitted by shari'i. When a person does not use their potential, then that is unemployment that endangers them and their community. Meanwhile, those who continue to take advantage of their potential, both in capital and in terms of energy and mind, are not categorized as unemployed, which violates Islamic teachings (Naf'an, 2014).

Economic Growth

Economic growth directly impacts economic activity by increasing people's income over a certain period. However, in reality, the increase in the population can cause a buildup of labor so that economic growth becomes weak. People's per capita income can also cause high or low economic growth. Economic growth is an increase in output per capita that can be measured through Gross Domestic Regional Product (GDRP). Measuring economic growth using GRDP at constant prices is possible because the effect of price changes has been removed, even though the number that appears is the value of the total output of goods and services (Huda, 2015).

According to Prishardoyo (2008), the level of GRDP development is a measure of the success of a region in generating economic development. The economic growth increased as measured by the Gross Domestic Regional Product (GDRP) indicator, which had an impact on increasing the welfare and prosperity of the people. Changes in the value of GRDP indicate the quantity of goods and services produced in a certain year (Manurung & Raharja, 2018). However, it should be remembered that economic development is not only seen through the increase in GDP but also needs to show a fair and equitable distribution at every level of society.

From the Islamic perspective, economic growth is defined as the continuous development of the right factors of production that can contribute to human welfare. If a product is proven to hurt humans and endanger them, then the increase experienced by the factors of production is not considered economic growth. Because the targeted economic growth is optimal both in terms of material and spiritual welfare, Islam does not allow capital consumption and growth that exceed limits that impose unnatural sacrifices on humans.

Regional Government Expenditure

Regional expenditure, also known as regional government expenditure in the Regional Revenue and Expenditure Budget (APBD), is one of the factors driving regional economic growth. Regional expenditure is known as one of the fiscal policy instruments carried out by regional governments, in addition to regional government revenue posts. The APBD is a reflection of the welfare population of an area. If the regional revenue is high, then it is very possible that the area is classified as a rich area. On the other hand, if the regional revenue is low, the area is less prosperous. Therefore, in formulating APBD policies, a priority scale must be used so that funds from the community can be channeled optimally and primarily for the benefit of the residents of the area (Lubis, 2013).

Regional expenditure is classified into two forms, namely direct expenditure and indirect expenditure. Direct expenditures are budgeted expenditures that are directly related to the implementation of programs and activities, which include personnel expenditures, goods and services expenditures, and capital expenditures (education, health, and social). Meanwhile, indirect expenditures are budgeted expenditures that are not directly related to the implementation of programs and activities, which include interest expenditure, subsidy expenditure, grant expenditure, social assistance, profit-sharing expenditure, financial assistance, and unexpected expenditure.

Islam is very concerned about the distribution of welfare, both spiritual and physical. At the time of the Prophet and the Companions, state revenues had their own portion, which was allocated for social welfare. There are several verses that talk about the allocation of the state revenue budget in the Qur'an, which is very comprehensive. There is a share for Allah, the Messenger of Allah, orphans, the poor, people on the way, and even the command that wealth does not only revolve among the rich (QS. 59:7, 8:41, and 107:1-3). Even more specifically, state income from zakat is intended for the welfare of the needy and poor, amilin operations, *mualaf* helped, freeing slaves or enslaved people, helping people who are in debt, and for the sake of Allah's path, helping people who are having trouble traveling (QS. 9:60).

Previous Study

There are several journals related to this research to be used as references which have differences in the year of research data and the problems of the area to be studied. The related research is:

Aydin (2017) researched comparing the Islamic vs. Conventional Human Development Index with empirical evidence from ten Muslim countries. The I-HDI component was developed into eight dimensions based on an understanding of human nature from Tawhid anthropology. This dimension includes physical, reasoning, spiritual, ethical, animal, social, deciding, and oppressive selves. It measures it using nine different indices, three of which are from the Conventional HDI (C-HDI). Then the rankings of Muslim countries on I-HDI and countries on C-HDI are compared. The results of this study indicate that there are substantial differences for countries with higher economic development. For instance, Indonesia ranks sixth in the C-HDI, but it jumps to first place in the I-HDI. Likewise, Tunisia ranks fifth in the C-HDI, but second in the I-HDI. An increase in the C-HDI ranking of Muslim countries on the basis of economic development does not mean that they are moving towards ideal human development. So there is a need for an alternative approach to indexing human development from an Islamic perspective.

Rahim et al. (2022) researched the effect of the Islamic Human Development Index (I-HDI) on the Human Development Index (HDI) in DKI Jakarta Province. The research method used is the panel data regression method. The data used is secondary data obtained from the Central Bureau of Statistics, the Ministry of Religion of the Republic of Indonesia, and the National Amil Zakat Agency for 2010-2019. The results of the study show that I-HDI had a significant effect on HDI in DKI Jakarta Province from 2010-2019. The most significant influence is on the *al-aql* element represented by Mean Years School (MYS) and the portion of the education budget (EDUCATION), this occurs because the *al-aql* variable can determine the quality of human resources. The

ad-dien element has a significant effect on the IPM Hajj (HAJJ) and Crime Rate (CRIME) variables. The *an-nafs* element significantly affects HDI on the life expectancy variable (MYS). The *an-nafs* element has a significant effect on HDI on the population variable, while the *al-maal* element has a significant effect on HDI on the GRDP variable.

Rochmah & Sukmana (2019) researched the influence of macroeconomic factors on the Islamic Human Development Index in Indonesia. The analysis technique used is multiple linear regression. The results showed that unemployment and poverty rates had a negative significant effect on I-HDI, while GRDP had no effect on I-HDI. In addition, the results of the study show that there is a difference in ranking between HDI and I-HDI. Several provinces have had a relatively low I-HDI acquisition of below 50%, which can be seen in NTT, NTB, and Papua provinces. Meanwhile, other provinces get good I-HDI acquisitions, so that there is still a wealth of provincial prosperity in Indonesia.

Septiarini & Herianingrum (2017) researched the achievements of human development in East Java in 2010-2014, which were measured based on the Islamic human development index. This study also compares human development achievements based on HDI and I-HDI. The research method used in this research is descriptive qualitative with 11 secondary data from BPS and two calculated data from I-HDI. The results of I-HDI calculations show that most of the cities/regencies in East Java during 2010-2014 were in the mid-end to low-end category, with relatively large disparities between districts/cities. Meanwhile, from the results of the HDI calculation, most of the human development achievements in East Java are in the mid-end to high-end category. This explains that HDI is more comprehensive in measuring human development achievements compared to I-HDI.

Based on the previous research results above, with various kinds of data and methodologies developed by humans, I-HDI is not perfect and has weaknesses. The high value of I-HDI does not guarantee the prosperity of the community in an area, and an alternative approach to I-HDI is urgently needed.

Hypotheses Development and Conceptual Framework Economic Growth (GRDP) on I-HDI

Economic growth is a condition for achieving human development because economic development will ensure increased productivity and increased income through employment opportunities. However, if only a few people feel the increase, then economic growth will only slow down poverty and not tackle inequality. Then if all elements of society feel the increase, then there will be no gaps, and equal prosperity can be created. The existence of sufficient income can automatically have an impact on increasing Human Development Index (HDI) (Harjunadhi & Rahmawati, 2020). The research results by Malihah (2021), Rochmah & Sukmana (2019) stated that economic growth positively influences I-HDI in Indonesia. Based on the theory and research results, the hypotheses obtained are:

H1: GRDP has a positive effect on I-HDI.

Poverty Level on I-HDI

Poverty is the condition of a person's inability to meet the minimum standard of living. One of the causes of poverty is the formation of capital, which has an impact on the lack of productivity. The relationship between poverty and the Human Development Index (HDI) occurs when the poor face the problem of limited production factors that impede economic activity, thereby limiting income generation and making it difficult to meet basic needs such as education and health. Research conducted by Rochmah & Sukmana (2019), Malihah (2021), Novita (2017), and Niken et al. (2017) mentions that poverty has a negative effect on I-HDI. Based on the theory and research results, the hypotheses obtained are:

H2: Poverty level has a negative effect on I-HDI.

Unemployment Rate on I-HDI

Unemployment is an indicator of employment output that describes the portion of the labor force that does not have a job but is looking for work or preparing for a business. High unemployment has

broad social implications because unemployment is one of the main factors in the emergence of poverty, and those who are unemployed certainly have no income. The higher the unemployment rate, the more inefficient the economy in a region. The results of research by Malihah (2021) explain that the unemployment rate has no effect on the I-HDI. Meanwhile, Rochmah & Sukmana (2019) stated that unemployment had a significant negative effect on I-HDI. Based on the theory and research results, the hypotheses obtained are:

H3: Unemployment has a negative effect on I-HDI.

Regional Government Expenditure on I-HDI

Regional government expenditure is a relatively small component when compared to other components in the calculation of economic growth. However, government spending has a very strategic impact as a function of allocation, distribution, and stabilization. Regional budgets have a real role in improving the quality of public services through the functions of the economy, health, and education, so that they can be a driving force for the regional economy if managed properly. Thus, regional spending can be a component of increasing public access to economic resources that benefit the community's welfare. The results of research by Malihah (2021), Fahmi & Dalimunthe (2018), & Matondang (2018) state that the local government expenditure variable has a positive and significant effect on I-HDI. Based on the theory and research results, the hypotheses obtained are:

H4: Regional Government Expenditure Education Function has a positive effect on I-HDI.
H5: Regional Government Expenditure Health Function has a positive effect on I-HDI.
H6: Regional Government Expenditure Economic Function has a positive effect on I-HDI.

The picture below is a conceptual framework used to get a general picture of the research mechanism. Where the initial stage is mapping the Islamic Human Development Index (I-HDI) in 10 provinces of Indonesia in 2010–2021, the second stage analyzes panel data by including several related variables, namely economic growth, poverty, unemployment, and regional government expenditure. At this stage, economic growth is analyzed using GRDP on the basis of constant 2010 prices, poverty, open unemployment in percent, and regional government expenditure in rupiah, which consists of three functions: economic, health, and education. Then the last step is to produce output in the form of calculation results accompanied by the presentation of research arguments.
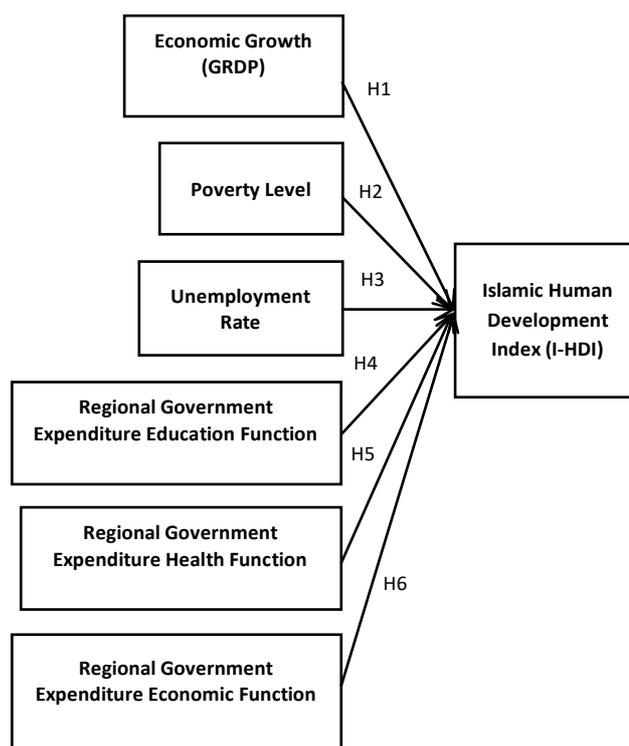

Figure 1. Conceptual Framework

C. RESEARCH METHODS

The research approach used in this study is quantitative, with secondary data in the form of panel data, which is a combination of time series and cross-section data. The time series data that is used is annual, namely 2010–2021. The cross-sectional data used is sample data consisting of five provinces with a majority Muslim population: Aceh, West Sumatra, West Java, East Java, and West Nusa Tenggara. Then five provinces with a Muslim minority population, namely Bali, East Nusa Tenggara, North Sulawesi, Papua, and West Papua. The data sources in this study were obtained from the Central Statistics Agency and the Ministry of

Finance of the Republic of Indonesia. The data was analyzed using E-Views 12.

In calculating the Islamic Human Development Index (I-HDI), some data is needed so that the index can be formed. The following are the proxies and formulas used in this study:

1) Index *Ad-Dien*/ID

The indicator used in calculating the *ad-dien* index is crime data, with the formula:

$$\textbf{ID} = \frac{actual\ crime\ -\ min\ crime}{max\ crime\ -\ min\ crime}$$

Description:
Actual Crime : The actual value of crime in the year i
Min Crime : The lowest crime rate in the year i
Max Crime : Maximum value of crime in the year i

2) Index *An-Nafs*/INF

The indicator used in calculating the *an-nafs* index is data on the life expectancy of the population, with the formula:

$$\textbf{INF} = \frac{actual\ \textbf{Life expectancy}\ -\ \min Life\ expectancy}{max\ Life\ expectancy\ -\ min\ Life\ expectancy}$$

Description:
Actual Life expectancy : The actual value of life expectancy in the year i
Min Life expectancy : The lowest value of life expectancy in the year i
Max Life expectancy : The maximum value of life expectancy in the year i

3) Index *Al-Aql*/IA

The indicator used in calculating the *al-aql* index is by using data on literacy rates and the average length of schooling, with the formula:

$$\textbf{IA} = \frac{1}{2}\ literacy\ rate + \frac{1}{3} average\ length\ of\ school$$

4) Index *An-Nasl*/INS

The indicators used in calculating the *an-nasl* index are infant birth rates and infant mortality rates, with the formula:

$$\textbf{INS} = \frac{1}{2}\ (total\ birth\ rate + infant\ mortality\ rate)$$

5) Index *Al-Maal*/IM

The indicators used in calculating the *al-maal* index are the Gini index (Gc), the poverty depth rate (Pi), and per capita expenditure. However, before carrying out the *al-maal* Index, it is necessary to normalize the Gini ratio and the depth of poverty with the formula:

nGc = 1 – Gc

$$\textbf{GcI} = \frac{actual\ nGc\ -\ min\ nGc}{max\ nGc\ -\ min\ nGc}$$

Description:
NGc : Normalized Gini Coefficient
Gc : Gini Coefficient
GcI : Gini Coefficient Index

nPI = 100 – PI

$$\textbf{PI} = \frac{actual\ \textbf{nPI} - min\ nPI}{max\ nPI - min\ nPI}$$

Description:
nPI : Normalized Poority Index
PI : Poority Index

After the two indexes are generated, it is called the Distribution Equity Index (DEI) with the formula:

$$\textbf{DEI} = \frac{1}{2}\ (\textbf{GcI} + \textbf{PI})$$

Then convert the adjusted per capita expenditure data (PPI) into index numbers and then combine it with the Distribution Equity Index (DEI) to form the al-Maal index, with the formula:

$$\textbf{PPI} = \frac{actual\ \textbf{PPI} - \min PPI}{max\ PPI - min\ PPI}$$

$$\textbf{IM} = \frac{1}{2}\ (DEI + PPI)$$

Description:
DEI : Distribution Equity Index
PPI : Per capita Expenditure

The final step to calculate the Islamic Human Development Index (I-HDI) after knowing the value of the five *Maqashid Syariah* indexes mentioned

above, can be calculated using the following calculation formula:

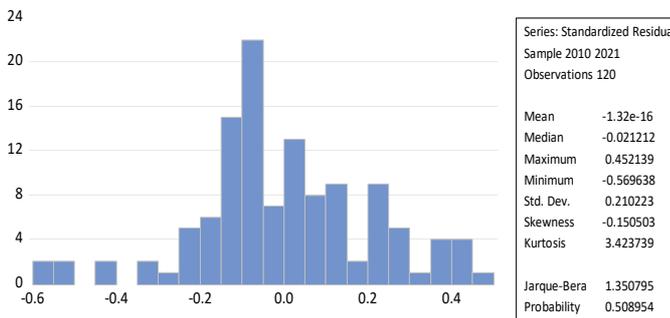$$IHDI = \frac{2}{5}(ID) + \frac{1}{5}(INF + IA + INS + IM) \, X \, 100\%$$

Description:
ID : Index ad-Dien
INF : Index an-Nafs
IA : Index Al-Aql
INS : Index an-Nasl
IM : Index al-Maal

D. RESULTS AND DISCUSSION
Classic Assumption Test
Normality test

The normality test is called the Jarque–Bera Test. If the probability is greater than 5% or 0.05, then Ho is accepted, and H1 is rejected. In other words, the error term is normally distributed, and vice versa. In detail, the results of the normality test can be seen in Figure 2 below:

Series: Standardized Residua	
Sample 2010 2021	
Observations 120	
Mean	-1.32e-16
Median	-0.021212
Maximum	0.452139
Minimum	-0.569638
Std. Dev.	0.210223
Skewness	-0.150503
Kurtosis	3.423739
Jarque-Bera	1.350795
Probability	0.508954

Source: E-Views, 2022
Figure 2. Normality Test Results

Multicollinearity Test

Variable multicollinearity can be seen from the correlation coefficient of each independent variable; if the correlation coefficient between each independent variable is greater than 0.90, it means that there is multicollinearity. The results of the multicollinearity test can be seen in Table 1.

Table 1. Multicollinearity Test Results

Correlation					
	X1	X2	X3	X4	X5
X1	1.000000	0.077597	-0.040910	0.154582	0.172204
X2	0.077597	1.000000	-0.129806	-0.229104	-0.169428
X3	-0.040910	-0.129806	1.000000	0.168303	-0.038173
X4	0.154582	-0.229104	0.168303	1.000000	0.559057
X5	0.172204	-0.169428	-0.038173	0.559057	1.000000
X6	0.181916	-0.061326	0.165544	0.451751	0.844324

Source: E-Views, 2022

Panel Data Regression Statistics Test Results

Data analysis serves to achieve research objectives. The data analysis used in this research uses panel data regression analysis. After several tests, the Random Effect Model (REM) is the best model obtained. The results of the Random Effect Model regression model show an adjusted R^2 of 0.6160, which means that in this study, 61.60% of the variation of the independent variable can explain the dependent variable, and the rest is explained by other variables other than the independent variables in this estimate. The dependent variable in this study is the Islamic Human Development Index (I-HDI), while the independent variables are GRDP, unemployment rate, poverty level, and regional government expenditure, which consists of the education function, health function, and economic function.

Table 2. Panel Data Regression Statistics Test Results

Variable	Coefficient	t-Statistic	Prob.
Constant	41,35050	6,646795	0,0000
GRDP (X1)	0,000166	3,61315	0,0004
Poverty level (X2)	-0,165447	-0,809715	0,4198
Unemployment rate (X3)	1,065799	2,525974	0,0129
Education function (X4)	6,9E-07	3,532704	0,0006
Health function (X5)	7,18E-06	5,533561	0,0000
Economic function (X6)	2,84E-06	1,386581	0,1683
Prob > F = 0,0000	R-Squared = 0, 6160		

Source: E-Views, 2022

Simultaneous Significance Test (F-Statistics Test)

The F-test is used to determine the effect of the independent variables on the dependent variable simultaneously. The following is the test hypothesis:

H0: Poverty Level, Real GDP Level, Unemployment Rate, Education Budget, Health Expenditure Budget, and Economic Expenditure Budget have no simultaneous significant effect on the Islamic Human Index (I-HDI).

H1: Poverty Level, Real GDP Level, Unemployment Rate, Education Budget, Health Expenditure Budget, and Economic Expenditure Budget have a significant simultaneous effect on the Islamic Human Index (I-HDI).

Based on the results of the F-test in the table above, the significance value (Prob.) of the F-statistic is 0.000, which means it is smaller than 0.05. Thus, the results of the F-test accept H1, namely that the Poverty Level, Real GDP Level, Unemployment level, and Government Expenditure have a significant simultaneous effect on the Islamic Human Index (I-HDI).

Individual Parameter Significance Test (t-Statistics Test)

A t-test determines the independent variable's partial effect on the dependent variable. Based on the results of the t-test presented in the table above, they can be interpreted as follows:

1) The real GRDP level has a t-statistic value of 3.61315 with a significance of 0.0004, which means it is smaller than 0.05. It can be concluded that the real GRDP level has a positive and significant effect on the I-HDI.
2) The poverty level has a t-statistic value of -0.809715 with a significance of 0.4198, which means it is greater than 0.05. It can be concluded that the Poverty Level has a negative and insignificant effect on the I-HDI.
3) The unemployment rate has a t-statistic value of 2.525974 with a significance of 0.0129, which means it is lower than 0.05. It can be concluded that the Unemployment Rate has a positive and significant effect on the I-HDI.
4) The Education function has a t-statistic value of 3.532704 with a significance of 0.0006, which means it is smaller than 0.05. It can be concluded that the Education Function has a positive and significant effect on I-HDI.
5) Health function has a t-statistic value of 5.533561 with a significance of 0.0000, which means it is smaller than 0.05. It can be concluded that the Education Function has a positive and significant effect on I-HDI.
6) The Economic function has a t-statistic of 1.386581 and a significance of 0.1683, indicating that it is greater than 0.05. It can be concluded that the Economic Function has a positive and insignificant effect on the I-HDI.

The Influence of GRDP on the Islamic Human Development Index (I-HDI)

Based on the results of the analysis above, it is explained that the GRDP variable has a positive and significant effect on the Islamic Human Development Index (I-HDI). This means that if GRDP increases by 1 rupiah, it will be followed by an increase in the Islamic Human Development Index (I-HDI) of 3.61315. The results of this study are in line with research conducted by Putri & Mintaroem (2019), which found that economic growth can have a positive influence on the achievement of human development from an Islamic perspective because, in this case, economic growth is related to meeting the needs of the community, which is one form of the index. The I-HDI dimension is the wealth index. The results of this study are also supported by the theory put forward by Professor Kuznet, which states that high per capita output growth is one of the characteristics of modern economic growth. High output growth results in changes in consumption patterns to meet needs, so it can be said that increasing economic growth will increase per capita output growth and change consumption patterns. In this case, the level of people's purchasing power will increase.

The Effect of Poverty on the Islamic Human Development Index (I-HDI)

Based on the results of the analysis described above, the result is that the poverty variable has a negative effect on human development. This means that if poverty increases by 1 percent, it will be followed by a decrease in the Islamic Human Development Index (I-HDI) of -0.809715. This study's findings align with research by Niken et al. (2017) noted that poverty has a negative impact on human development. However, the results of this study only have a small impact, it is possible for the development of Muslim people in the research area to have a simple lifestyle so that they can utilize the environment to meet their daily needs. In fact, humans are social creatures, so helping fellow humans is the key to the piety of a servant to the creator, apart from *hablum Minallah*, namely *hablum Minannas* (Aydin, 2017). Charity or infaq behavior can also maintain good relations with other people so that they can get help from people who have been helped. Surah Al Baqarah verse 177 explains that the form of kindness is not only carrying out the prayer service but also sharing part of his wealth with sincerity with people in need.

The Effect of the Unemployment Rate on the Islamic Human Development Index (I-HDI)

Based on the results of the analysis described above, the results show that the unemployment rate variable affects human development significantly and has a positive value. This means that a 1% increase in unemployment will be followed by a 2.525974 increase in the Islamic Human Development Index (I-HDI). The results of this study are inversely proportional to the hypothesis. The high level of unemployment is not an obstacle to Islamic human development. Unemployment is just a status because you don't get a job, but Allah gives every human being the capacity to be productive, even if they only get results to meet the needs of that day. Humans must be able to develop skills as capital so they can continue to generate income even if they only work from home. Wisnarni & Putra (2022) explains that surah At-Taubah verse 105 suggests that we must try according to our maximum abilities, and that will be taken into account by Allah SWT. Believers are prohibited from being lazy, sitting idly by, and waiting for a miracle to come without any effort. Pursuing the pleasure of God in all behaviors will guide humans' choices for achieving their ultimate purpose in life (Aydin, 2017).

The Effect of Regional Government Expenditure on Education Function on the Islamic Human Development Index (I-HDI)

Based on the research shows that the variable of local government expenditure on the education function has a positive and significant effect on the Islamic Human Development Index (I-HDI) variable. This means that if local government spending on the education function increases by 1 rupiah, it will be accompanied by an increase in the Islamic Human Development Index (I-HDI) of 3.532704, and vice versa. In his research, Palupi (2020) explains that government spending on education must be positively correlated with human development from an Islamic perspective. The education budget acts as a facilitator for the *al- aql* index, which is measured by expected school years and average school years because it can support the smooth running of educational activities. Apart from that, it is also related to index *ad-dien* because, with education, one can learn religious sciences. In this study, this dimension remains the basis for the *al-aql* index because it aims to control the quality of education. Aydin (2017) mentions the average school years and school years, which are expected to be the basis for calculating the reasoning self-dimensional index (the index that is developed). Despite the high scores, the most educated Muslim countries fall far below the ideal level.

The Effect of Regional Government Expenditures on Health Functions on the Islamic Human Development Index (I-HDI)

Based on the research shows that local government expenditure for health functions has a positive and significant effect on the Islamic Human Development Index (I-HDI) variable. This means that

if local government spending on health functions increases by 1 rupiah, it will be accompanied by an increase in the Islamic Human Development Index (I-HDI) of 5.533561 and vice versa. The indicator of the index *an-nafs* is measured using life expectancy data because it is related to the importance of maintaining mental health for survival so that the index *an-nafs* and the health budget have a close relationship. The results of an empirical study conducted by Aydin (2017) in 10 Muslim countries also show that the life expectancy dimension used has the aim of maintaining one's physical self, showing relatively better improvements, and having an impact on welfare. Meanwhile, the index *an-nasl* is related to the importance of maintaining generations, both in terms of quality and quantity. The budget provided is right on target, and the nominal amount is also sufficient in the research area so that it is able to meet the health needs of the local community and does not hinder the development of Islamic people.

The Effect of Regional Government Spending on Economic Functions on the Islamic Human Development Index (I-HDI)

Based on the research, it has been found that the regional government expenditure variable has a positive but not significant effect on the Islamic Human Development Index (I-HDI) variable. This means that if local government spending on economic functions increases by 1 rupiah, the Islamic Human Development Index (I-HDI) also increases by 1.386581. Research conducted by Niken et al. (2017) stated the importance of the government's role in terms of budgeting for economic functions, the government spends directly as a form of investment in facilitating society, especially in the public sector, such as building construction, road improvement and the infrastructure sector. The expenditures made are expected to contribute to the community in order to facilitate economic access, so that people's purchasing power will increase and increase the welfare of people's lives. The results of this study are unfortunate because they do not give the maximum effect. Even though the government budget should be able to encourage people to live a better life. Lately, there has

been a lot of news about corruption being revealed. It is possible that the results that were less than optimal in this area of research were fraudulent individuals. The results of Aydian's research (2019) state that Indonesia is one of the countries that has the highest level of corruption. It appears that countries with a Muslim majority often have difficulty upholding moral standards when managing public resources. This shows that there is a big difference between private and public religion. Someone believes that praying in private is enough to guarantee their safety in the afterlife.

E. CONCLUSION

Based on the results of the study, it is known that the variables GRDP, poverty rate, unemployment rate, and local government expenditure for education, health, and economic functions have a significant simultaneous effect on the Islamic Human Development Index (I-HDI) in all research areas. Meanwhile, there are two insignificant variables that partially affect I-HDI, namely the variable poverty rate and local government spending on economic functions. Overall, this study only looks at the effect of macro and microeconomic variables on I-HDI where the dimensions in I-HDI are not changed. The use of more data on the availability of data is not the data needed. However, we have an alternative if the I-HDI dimension uses other proxies, for example, religious protection is insufficient in terms of the number of crimes, but the law may not kill other people's lives. The protection of the soul is not enough in terms of life expectancy, but efforts to maintain physical and spiritual health must also be made. Aql protection is carried out so that humans can think correctly and cannot be measured by literacy level or length of schooling but by common sense efforts, including not consuming alcohol and drugs or narcotics, so that the mind is in a sane condition. Likewise, the protection of offspring cannot use proxies for birth rates and infant mortality, but instead, efforts to maintain the quality of offspring, namely by avoiding inbreeding, marriage is needed to protect this. And finally, protection of property, that is, it is not

permissible to steal other people's property or property, and for this, there is a law of cutting off hands as a form of protecting property. Some alternative proxies can be done by giving indirect questions so as not to collide with data limitations. Therefore, we urge national, international databases, and independent international Muslim organizations, such as the Islamic Development Bank, to start publishing proposed I-HDI for all Muslim-majority countries every year. As such, it will provide an opportunity to monitor human development across countries over time, and the I-HDI model can be improved over time.

F.   REFERENCES

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