

The Influence of Open Unemployment and Msmes on the Human Development Index in NTB Province

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Abstract:- The Human Development Index (HDI) is a measure of human development achievements based on several basic quality-of-life components. The NTB Province HDI growth in 2022 has increased by 1.18 percent. HDI is built from three basic dimensions which include a long and healthy life; knowledge, and a decent life. HDI is an important indicator to measure success in efforts to build the quality of human life. The focus variables in this study are the Open Unemployment Rate (OUR) and Micro, Small and Medium Enterprises (MSMEs). Based on the results of research and analysis, the HDI in NTB Province is influenced by the MSME and OUR variables by 71.3%. The results show that the MSME and OUR variables can increase the HDI value of an area if the number of MSMEs increases so that OUR can be absorbed.

Keywords:- Human Development Index (HDI), Open Unemployment Rate (OUR), Micro, Small and Medium Enterprises (MSMEs).

I. INTRODUCTION

The Human Development Index (HDI) is a measure of human development achievements based on many basic quality of life components. Development achievements are built from three basic dimensions which include long and healthy lives; knowledge, and a decent life. HDI is an important indicator to measure success in efforts to build the quality of human life. HDI can determine the rank or level of development of a region because it is one of the allocators for determining the general allocation fund (GAF) which can be used as a measure of government performance. Indonesia's Human Development Index (HDI) in 2022 reached 72.91, an increase of 0.62 points (0.86 percent) compared to the previous year (72.29). The Human Development Index (IPM) for West Nusa Tenggara Province in 2022 will reach 69.46 which is in the moderate category. The NTB Province HDI growth in 2022 will reach 1.18 percent, an increase from 68.65 in 2021 to 69.46 in 2022 [1]. The Human Development Index and the Growth Index of an economy have a two-way relationship and influence each other. That is, the human development index can affect economic growth. Conversely, economic growth can also affect the human development index.

Economic growth is a measuring tool to determine the development of an economy in an area. Growth in the economy is one of the main keys in assessing the performance of a developing economy, especially for analyzing the results of economic development that have been realized in a country or

a region [2]. The ability of a region can be seen based on increasing economic growth for the procurement and good management of both natural and human resources. So that economic development carried out in an area can increase the quantity and variety of employment opportunities for the community as an indicator [3].

Job opportunities and unemployment are one of the main problems faced by developing countries, especially Indonesia. The problem of unemployment arises because of an imbalance between the number of the labor force and the number of jobs available. Unemployment is a complex problem because it has both direct and indirect effects on poverty, encourages increased social unrest and can hamper long-term development [4]. Unemployment and poverty influence each other, when the unemployment rate rises, the poverty rate falls and vice versa, and this will have an impact on the income of the population related to the human development index (IPM). The problem of unemployment does not harm HDI, because it is only related to income. That is, when the population is unemployed, there is no income, so the population cannot achieve a better quality of life to achieve prosperity [5].

To improve welfare, a productive effort is needed to create new jobs and absorb unemployment. Micro, small and medium enterprises (MSMEs) are business groups owned by individuals or business entities that meet the criteria for micro-enterprises. MSMEs have an important role in improving people's welfare, namely by creating jobs that can help fulfill four indicators that can be seen to achieve prosperity, namely, income, housing, health and education [6]. MSMEs are one type of small business that plays a very important role in improving and growing the community's economy. Because the existence of MSMEs can survive in any situation to achieve community welfare. The resilience of MSMEs was proven when the 1998 monetary crisis occurred, many large businesses fell but MSMEs continued to survive and even increased in number.

Based on several studies that have been done that in measuring the HDI of a region can be measured based on its economic growth. If there is an increase in food HDI will increase, this is indicated by low unemployment and poverty. To reduce unemployment and poverty, new jobs are needed. One type of business that can encourage economic growth is MSME. So that the novelty of this study is to diagnose the effect of open unemployment and MSMEs on increasing HDI in the province of NTB.

II. METHOD

The research method used in this research is the literature study method. The description is as follows;

A. Data source

The data used in this study is secondary data from publications from the One Data NTB portal and Provincial BPS Data for 2022.

B. Research variable

The research variable used in this study is the dependent variable (Y), namely the Human Development Index (HDI) for each district and city in the Province of West Nusa Tenggara. Based on the data and information obtained, in this study, the independent variable or predictor (X) was taken which was thought to influence the dependent variable or response (Y). The research variables and their operational definitions are as follows:

➤ *Open Unemployment Rate (X 1)*

Open unemployment consists of Those who do not have a job and are looking for work. Those who do not have a job and prepare a business. Those who do not have a job and are not looking for work, because they feel it is impossible to get a job.

➤ *Micro small and medium enterprises (X 2)*

MSMEs are productive businesses owned by individuals or business entities that meet the criteria for micro-enterprises (amount/1000).

➤ *Human development index (y)*

The Human Development Index (HDI) is a measure of human development achievements based on several basic components of quality of life.

The steps for the analysis are as follows:

- Collect secondary data related to open unemployment and MSMEs which are suspected of influencing the Human Development Index (HDI).
- Conduct descriptive analysis to determine the characteristics of the variables suspected of influencing HDI.
- Performing a diagnostic check or commonly called the classical assumption test (from the OLS method) namely checking the assumption of homoscedasticity (constant variance of error), the absence of autocorrelation of errors, the absence of multicollinearity between independent variables and the residual normality test.
- Conclude so that the results are known whether the data are following the hypothesis statement
- Publish research results that have been written in full.

III. RESULTS

Based on the results of experiments carried out on problems in research on the effect of open unemployment and MSMEs on the Human Development Index (HDI) in the Province of NTB with a multiple linear regression approach, it will be discussed one by one based on the steps that have been

determined in the research method. The discussion begins by looking at the characteristics of each variable using descriptive statistics. The method used in this study is a multiple linear regression approach to determine the factors that influence open unemployment and MSMEs in the Province of NTB.

A. Descriptive statistics

The role of the Human Development Index (HDI) is very important for regions because it is an important indicator to measure success in efforts to build the quality of human life in determining the rank or level of development of a region. One of the important indicators in measuring the HDI is an economic indicator. In this study, the economic indicators that are suspected of influencing the HDI in the Province of NTB are the Micro, Small and Medium Enterprises (MSMEs) variable and the Open Unemployment Rate (OUR) variable. Based on the descriptive analysis conducted to identify the variables that influence HDI are as follows:

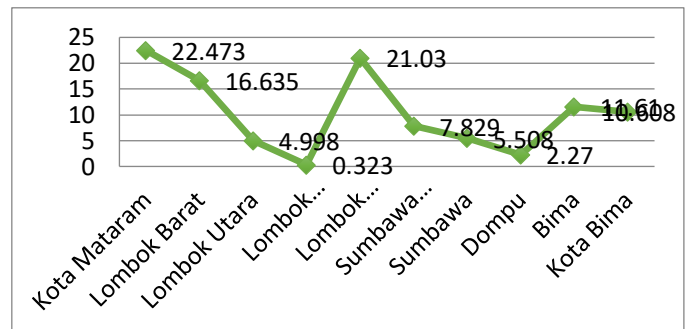


Fig 1: Graph of MSMEs in NTB Province in 2022

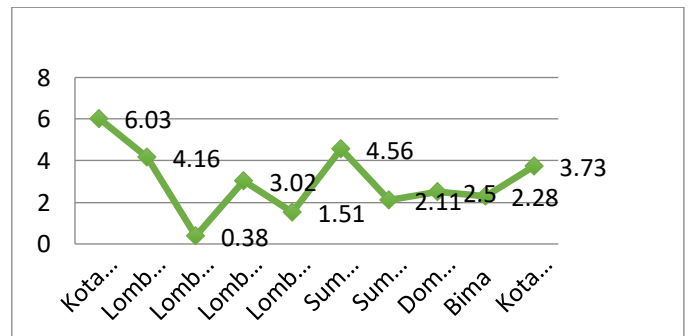


Fig 2: Graph of the Open Unemployment Rate (OUR) in the Province of NTB in 2022

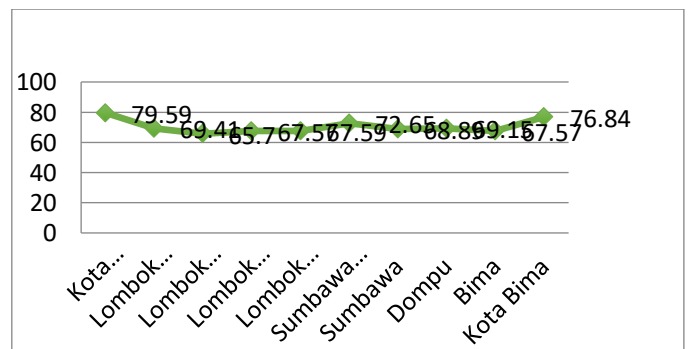


Fig 3: Graph of the Human Development Index (HDI) in the Province of NTB in 2022

B. Classic assumption test

The regression model can be called a good model if it fulfills the classical assumptions. The purpose of testing this classical assumption is to provide certainty that the regression equation obtained has estimation accuracy, is not biased and is consistent. The classical assumption is the conditions that must be met in the linear Ordinary Least Square (OLS) regression model so that the model becomes valid as an estimator.

➤ **Homogeneity**

Statistically, the population being measured must be homogeneous so that the measurement results are valid and accurate. Sequential data is said to be homogeneous, if in each data sub-group, there is no difference, either in the mean value or in the variance value of the other sub-groups in the data set. Homogeneity testing is important to do to find out whether the variances of two or more distributions are the same. The results of testing the homogeneity of the variables in this study are as follows:

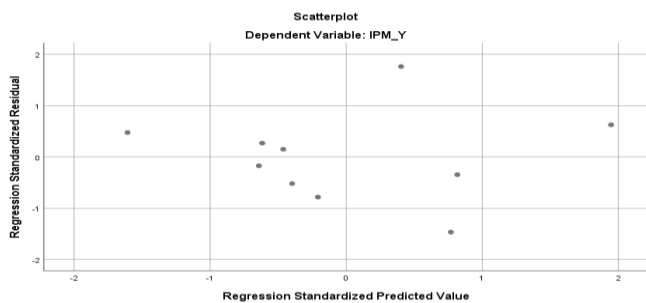


Fig 4: Scatterplot of the Human Development Index (HDI) in the Province of NTB in 2022

Based on Figure 4 from the scatterplot, it can be seen that the points spread randomly, either at the top of the zeros or the bottom of the zeros on the vertical axis. This indicates that the

data is homogeneous or there is no heteroscedasticity in this regression model.

➤ **Normality**

The normality test is used to determine whether the error term is close to a normal distribution. The normality test is to compare the data we have and normally distributed data that has the same mean and standard deviation as our data. This normality test is very important because it is one of the requirements for parametric statistical testing. The normality test carried out in this research is as follows:

Table 1: Normality test for HDI indicators and their variables.

	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
MSME_X1	.136	10	.200 [*]	.939	10	.542
OUR_X2	.126	10	.200 [*]	.988	10	.994
HDI_Y	.295	10	.013	.838	10	.042

^{*} This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Based on the normality test conducted, all variables namely MSME, OUR and HDI Sig. > 0.05 so that all these variables are normal.

➤ **Multicollinearity**

A good regression model should not correlate with the independent variables. The multicollinearity test aims to test whether the regression model found a correlation between the independent (independent) variables. If the independent variables are correlated, then these variables are not orthogonal. The results of multicollinearity testing in this study are as follows:

Table 2: Multicollinearity Test Results for HDI indicators and their variables.

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	std. Error	Betas			tolerance	VIF	
1	(Constant)	63,198	1985		31,837	.000		
	MSME_X1	.077	.130	.131	.592	.573	.836	1,196
	OUR_X2	2.147	.608	.782	3,531	.010	.836	1,196

a. Dependent Variable: HDI_Y

Based on the analysis we did, the VIF values for the MSME and OUR variables were <10, this indicated that there was no multicollinearity among the independent variables.

IV. DISCUSSION

Multiple linear regression analysis aims to find the effect of two or more independent variables/independent variables (X) on the dependent variable/dependent variable (Y). The results of multiple linear regression calculations with the SPSS program in this study are as follows:

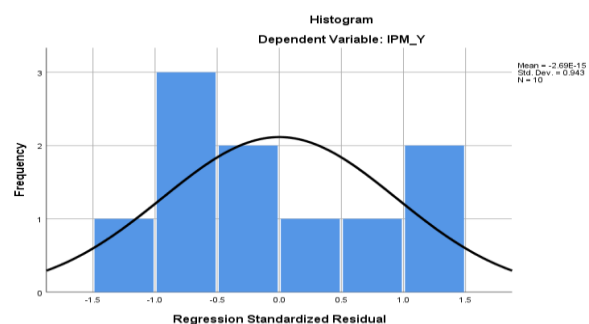


Fig 6: Results of descriptive analysis of HDI indicators and their variables.

Table 3: Results of Multiple Regression analysis of HDI and MSME and OUR variables

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	std. Error	Betas			tolerance	VIF
1	(Constant)	63,198	1985		31,837	.000		
	MSME_X1	.077	.130	.131	.592	.573	.836	1,196
	OUR_X2	2.147	.608	.782	3,531	.010	.836	1,196

a. Dependent Variable: HDI_Y

Based on the results of the analysis in table 3, it is explained that the multiple regression equation in this study is as follows:

$$Y=63,198+0,077X_1+2,147X_2+e$$

The interpretation of this equation is that MSMEs and OUR significantly influence the increase in score by 0.077 for MSMEs and by 2.147 for each increase in HDI for each value increase.

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Table 4: Results of HDI correlation analysis and MSME and OUR variables

Summary Model ^b				
Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.844 ^a	.713	.630	2.73164

a. Predictors: (Constant), OUR_X2, MSME_X1
b. Dependent Variable: HDI_Y

The correlation between variables thought to influence the HDI is 0.844 while the R-Square value is 0.713. This indicates that the influence of the MSME and OUR variables is 71.3%, which can be explained by the model, while 28.7% is explained by other factors.

V. CONCLUSION

Based on the analysis carried out by the MSME and OUR variables, the HDI indicator was 0.077 for MSME and 2.147 for the HDI increase for each unit. 71.3% of these variables can explain the model. This shows that the MSME and OUR variables can increase the HDI value of an area if the number of MSME increases so that OUR can be absorbed.