

## CHAPTER I

### INTRODUCTION

#### A. Research Background

Economic Growth is an ongoing process that occurs in term a long time, or can explained as improvement long term in the resulting per capita output consequence trend in economy That alone, Economic Growth No is factor external in nature while. In other words, Economic Growth nature *self-generating*, which means that the growth process That Alone create strength for continuity future growth. Growth is an effort to achieve an increase in sustainable per capita income so that the region can receive greater output compared to the population growth rate of the region. Regional income calculated per capita is usually used as a benchmark for the economic welfare of the community in the region.<sup>1</sup> Economic growth is driven by the evolution of the human species, which was stimulated by prolonged economic stagnation prior to the transition to sustained growth.<sup>2</sup> Economic growth is the most important factor in development. The success of the country or region's development is measured based on level growth successful economy achieved.

Generally, measurement Economic Growth done with count percentage improvement from Product Gross Domestic Product (GDP) for level national, and products Gross Regional Domestic Product (GRDP) for level province and also district / city.<sup>3</sup> Product Gross Regional Domestic Product (GRDP) is amount mark economy generated by all business in a region or is the total value goods and services the end result produced by all entity economy during period certain with Thus , Economic Growth an area can measured by the rate of Product Gross Domestic Product (GDP) to know economic growth

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<sup>1</sup> Sari Yunia, *et al*, "Analisis Teori Pertumbuhan Endogen Pada Pertumbuhan Ekonomi di Sumatera Tahun 2020-2022", *Economics and Digital Business Review*, Vol.5, No. 2 (2024), p 876-877

<sup>2</sup> Richard A. Easterlin, *Growth Triumphant: The Twenty-First Century In Historical Perspective*, (United State of America: The University of Michigan Press, 1998), p 2

<sup>3</sup> Novita Heni, Muhammad Kurniawan, dan Gustika Nurmalia, "Analisis Halal Tourism Dalam Meningkatkan Laju Pertumbuhan Ekonomi Di Provinsi Lampung," *Jurnalv Ilmiah Ekonomi Islam*, Vol. 7, No. 1 (2021), p 302-10

price, namely Product Gross Regional Domestic Product (GRDP).<sup>4</sup> To know Economic Growth a region, can be seen through the Gross Regional Domestic Product (GRDP) in a particular year, compared to the Gross Regional Product (GRDP) in the previous year.

Table 1.1 Economic Growth of Papua Province According to GRDP 2016-2023

No	Tahun	Angka PDRB
1	2016	9,14
2	2017	4,64
3	2018	7,32
4	2019	-15,74
5	2020	2,39
6	2021	15,11
7	2022	2,70
8	2023	3,74

Data Source: BPS Papua<sup>5</sup>

Based on information from table 1.1 above, we can know that growth Product Gross Regional Domestic Product (GRDP) in Papua province every year the year No always experience increase. The numbers growth that has been achieved should become encouragement for government for more active in manage finance and allocate expenditure to in activity economy that can spur Economic Growth. In the situation this, the government need take more action active in implement supportive policies Economic Growth, such as increase investment, encourage sectors that have potential growth, and reduce deep obstacles development economy.

Efforts to overcome backwardness economy can done with increase rate Economic Growth as much as maybe so that it can be beyond growth rate

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<sup>4</sup> Ismi Sari, Heni Noviarita dan Yulistia Devi, "Islamic Economic Perspective on Poverty Level: Determination of Economic Growth, Unemployment Levels and Minimum Wages in Lampung Province," *Advance In Business Research International Journal*, Vol. 9, No.2 (2023), p 48-63

<sup>5</sup> BPS Papua, Laju Pertumbuhan PDRB Papua at [21.58], <https://papua.bps.go.id> viewed on 21 juli 2024

resident.<sup>6</sup> With method this, per capita income will be increased, leading to an increase prosperity of society as a whole automatically, and finally reduce amount living population in poverty. Poverty often associated with needs, difficulties and deficiencies.

Economic Growth in Papua during three years final describe condition the economy is experiencing fluctuations.<sup>7</sup> During period said, PDRB shows up and down movements that indicate existence variation in performance economy. Although there is fluctuation, Economic Growth in a way overall show trend positive sustainable. Condition This influenced by several factors, one of which is is improvement request aggregate that includes share sector economy.

Therefore that, poverty No only seen from aspect low income only, but must understood as multidimensional phenomenon involving various interrelated aspects related. Economic Growth and poverty own strong correlation, where at the beginning Development stage, Poverty level tend increased, but at the stage end development, the number of poor people in general gradually reduce.<sup>8</sup> growth is good for poverty alleviation but it is not enough. The extent to which growth reduces poverty depends upon how we measure poverty, and upon absorptive capacity of the poor, the pace and pattern of growth.<sup>9</sup>

Table 1.2 Poverty Percentage in Papua Province from 2019-2023

No	Year	Percentage
1	2016	28.54
2	2017	27.62
3	2018	27.74
4	2019	27.53
5	2020	26.64

<sup>6</sup> Zaki Heru Subiyantoro, “ Efforts To Increase Economic Growth By Reducing The Poverty Rate of West Sumatra Province”, *Journal of Indonesian Social Science*, Vol. 5, No. 1 Januari (2024), p. 1

<sup>7</sup> Wardiningrum Bertha Putri & Devia Vietha, “ Analisis Pengaruh Inflasi, Tenaga Kerja, IPM dan Infrastruktur Jalan Terhadap Perekonomian Papua”, *Journal of Development Economic and Social Studies*, Vol.3 No. 1 (2024), p. 33

<sup>8</sup> Rahmat Imanto, Maya Panorama dan Rino; Sumantri, “Pengaruh Pengangguran Dan Kemiskinan Terhadap Pertumbuhan Ekonomi Di Provinsi Sumatera Selatan,” *Al-Infaq: Jurnal Ekonomi Islam*, Vol.11, No.2 (2020), p 118-39

<sup>9</sup> Ahmad Daeng GS, *Pembangunan Ekonomi jawa Timur Berbasis Investasi*, (Surabaya, UNITOMO PRESS, 2020), p 8

6	2021	26.86
7	2022	26.56
8	2023	26.03

Data Source: BPS Papua<sup>10</sup>

Based on data from the Central Statistics Agency (BPS), the number of poverty in Papua is experiencing significant decline in some years, such as in 2019, 2020 and 2021 compared years – years previously. Decrease This can be connected with growth sufficient economy significant in Indonesia, which can be proven with decline percentage poverty in some provinces in Indonesia.

However, in some year certain poverty experience Return to Poverty own role important and can become factor affecting various problem humanity, such as backwardness, ignorance, neglect, crime, violence, trafficking human, blind letter, break school, children streets and workers child. This shows that countermeasures poverty is not the only problem limited to aspects economic, but also related with aspect more social and humanitarian wide.

One of common problems influence Economic Growth other is Human Development Index (HDI). Human Development Index measure socio-economic development achievements a country and combine fields of Education, Health and real income per capita.<sup>11</sup>

A region or country if have High Human Development Index (HDI) so Human Development Success There is in his hands. Increasing population will enlarge amount power work and addition the allow add production. The emergence of development resident to Economic Growth and drive to increase in production National and Activity Level economic. The most important factors in economic growth is human resources.<sup>12</sup> Man is the most active component in Economic Growth so that to reach Economic Growth need existence efficiency in power Work.

<sup>10</sup> BPS Papua, Kemiskinan at [22.00], <https://papua.bps.go.id> viewed on 21 juli 2024

<sup>11</sup> Asraaf Efendi Batubara, *et al*, “Peran Indeks Pembangunan Manusia Berbasis Perspektif Syariah”, *Jurnal Pengabdian Masyarakat*, Vol.3, No.2 (2023), p 425

<sup>12</sup> Haeruddin Saleh, *et al*, “ The Role of Natural and Human Resources on Economic Growth and Regional Development: With Discussion of Open Innovation Dynamics ”, *Journal of Open Inovation*, Vol. 6, No.4 (2020), p. 3

Human Development Index (HDI) is size used to evaluate progress an area or countries in Human Development. HDI has indicators that include share aspect life humans, including economy, education and health. In the context of this, explanation more carry on emphasize on aspects economy as one of the important indicator in evaluate progress is an area or countries in Human Development. Improvement mark The Human Development Index (HDI) itself influenced by several component dependent compiler to commitment organization government area in increase capacity base population that has an impact on increasing quality life, components the namely Life Expectancy (AHH), Expected Years of Schooling (HLS) and Average Years of Schooling (RLS).

Table 1.3 Human Development Index of Papua Province Tahun 2014-2023

No	Tahun	AHH	HLS	RLS	IPM
1	2016	65,12	10,23	6,15	58,05
2	2017	65,14	10,54	6,27	59,09
3	2018	65,36	10,83	6,52	60,06
4	2019	65,65	11,05	6,65	60,84
5	2020	65,79	11,08	6,69	60,44
6	2021	65,93	11,11	6,76	60,62
7	2022	71,85	11,14	7,02	61,39
8	2023	66,44	11,15	7,15	62,25

Data Source: BPS Papua<sup>13</sup>

With Thus, the increase of HDI value in Papua province shows that There is progress in aspects of human development, including aspect economy. This is Can means existence improvement income, field work, access to source power, and community welfare in that province.

IPM measures Human development achievements are based on several component of life quality.<sup>14</sup> As the measure of life's quality, IPM is built

<sup>13</sup> BPS Papua, Indeks Pembangunan Manusia Papua at [22.03], <https://papua.bps.go.id> viewed on 21 juli 2024

<sup>14</sup> Aggatha Nathasya Prissillya *et al*, “ Pengaruh Indeks Pembangunan Manusia, Opini Audit, Kompleksitas Pemerintah dan Kekayaan Daerah Terhadap Pengungkapan Informasi Keuangan Pada Website Resmi Pemerintah Daerah Studi Kasus Pada Pemerintah Provinsi Di Indonesia”, *Jurnal Ilmiah Ekonomi dan Bisnis*, Vol. 11 No. 1 (2023), p. 308

through three basic approach dimensions. That's dimension is concerns of long and healthy life, knowledge, and a decent life. Third dimensions the own broad understanding Because related with Lot of factors. For measure Health dimension, used number hope life time born. Then For measure dimensions knowledge used combination indicator number awake letters and average years of schooling.

As for measure dimensions worthy life used indicator Power buy society to a number of need the subject being viewed from the average size expenditure per capita as short income that represents Development achievements for life worthy. Besides that, from aspect economy islam perspective also pays attention community welfare that can be obtained seen from growth the economy, is policies that have been done government Already give impact welfare to his people.

IPM is the benchmark of human Development Achievements based on a number of component base quality alive. As size quality alive, IPM is built through three dimensions the basics that cover Longevity and health, education and eligibility life, which can be interpreted that if an area has high HDI figures so own high achievements in human development.<sup>15</sup> Poverty is condition inability somebody or group from side economy to fulfil need base food and not measured food from side expenditure.<sup>16</sup> In other words, the more low number poverty in an area then will the more both the area.

Islam is a religion that pays great attention to the welfare of its adherents, in Islam the benchmark for welfare can be seen from how a person fulfills his needs, be it clothing, shelter and food.<sup>17</sup> In Islam, welfare is the goal of economic teachings and part of *rahmatan lil alamin*. The welfare referred to in Islam is the fulfillment of material and non-material needs, both in the world and in the hereafter. So achieving a good HDI figure and decreasing the

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<sup>15</sup> BPS Sulut, Indeks Pembangunan manusia at [14.17], <<https://sulut.bps.go.id>> viewed on 25 juni 2024

<sup>16</sup> BPS Jawa Timur, Kemiskinan dan Ketimpangan at [14.33], <https://jatim.bps.go.id> viewed on 25 juni 2024

<sup>17</sup> Yasin Ahmad Alamuddin *et al*, "Trasformation and Sustainability of Livelihoods In Muslim Families", *Al-Istinbath: Jurnal Hukum Islam*, Vol. 5, No. 3 (2023), p 1



poverty rate in Indonesia is very important from an Islamic perspective in improving the welfare of its adherents.

Papua Province is one of the provinces in Indonesia that have number The Human Development Index which has improvement at each year, and has number poverty reduction at each the year, with so then the provisional area Papua can it is said as a fairly large area good and improving. Is second aspect This own influence to Economic Growth in Papua, from here researcher will researching how is human Development Index and poverty in Papua have an impact to Economic Growth in Papua.

### **B. Research Question**

Based on research background above, researcher take formulation problem as following:

1. How the effect of human Development Index (HDI) against Economic Growth in Papua Province?
2. How the effect of poverty to Economic Growth in Papua Province?
3. How the relationship between HDI, poverty, and economic growth in islamic economic perspective?

### **C. Research Objectives**

Based on research background and research question above, then study This aiming for:

1. Know the effect of Human Development Index (HDI) against Economic Growth in Papua Province
2. Know the effect of poverty to Economic Growth in Papua Province
3. Know the relationship between Human Development Index (HDI), poverty and economic growth in Islamic economic perspective.

### **D. Research Scope and Limitations**

In order for research This more directed and undirected refract from the topic being researched, then researcher limit problem This namely on the effect Human Development Index (HDI) and Poverty in Papua Province on Economic Growth in Papua Province.

**E. Research Benefit****1. Academic Benefits**

Through Study This expected can give benefit in the form of contribution for government as material evaluation and feedback in Economic Growth especially in poverty to push welfare its people.

**2. Practical Benefits**

Through Study This expected can give benefit in the form of contribution for government as material evaluation and feedback in Economic Growth especially in poverty to push welfare its people.

