

An Examination of the Impact of Poverty, Unemployment, and the Human Development Index on Economic Growth in Central Java

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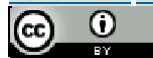
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ABSTRACT

Economic development is crucial for improving community welfare. Instability can trigger inflation, weaken purchasing power, and increase poverty and unemployment, all of which harm economic growth. This study examines the impact of poverty, open unemployment, and the Human Development Index (HDI) on economic growth in Central Java from 2009 to 2023. Using a quantitative method with multiple linear regression on BPS time series data, the findings show poverty and unemployment negatively and significantly affect growth, while HDI has a positive and significant influence. The study concludes that reducing poverty and unemployment and improving HDI are essential. Therefore, local governments must invest in education and health and implement job-creating policies to support sustainable economic growth.

INTRODUCTION

Economic development is a fundamental aspect in improving people's welfare and encouraging the growth of a country. Economic development is one of the most important areas whose goal is to support the improvement of the quality of life of the national population, which is carried out in a planned and sustainable manner to improve the situation (Noviatamara et al., 2019). Global economic stability is greatly influenced by various factors, including geopolitical conditions, economic policies, and social dynamics that occur within a country. However, in recent decades, global economic instability has been increasing due to various factors, such as the financial crisis, the COVID-19 pandemic, and international geopolitical conflicts that have had a significant impact on the economic sector. One of the main impacts of this instability is the increase in poverty, unemployment, and low quality of human resources (HR) in various developing countries, including Indonesia.

Economic growth can be used as an indicator of the next step in preparing for economic progress, because economic growth can be an indicator of efforts to improve people's welfare, increase job opportunities, more equitable income distribution in society and strengthen economic linkages between regions. This achievement can be achieved through the development of human resource quality, technology development, infrastructure improvement and administrative efficiency (Izza, 2024). The likelihood of success in the country's level of development and economic strength increases as the economy expands (Prayitno & Yustie, 2020). Economic growth is an important indicator in assessing the success of a region's development. In Central Java Province, the achievement of economic development still faces various challenges, such as poverty, open unemployment, and inequality in the Human Development Index (HDI). This problem is concrete considering the still high poverty rate in Central Java which reached 10.77% in 2023, the second highest on the island of Java after Yogyakarta. In addition, the open unemployment rate in this province is also quite volatile and has not returned to pre-pandemic conditions, reaching 5.13% in 2023. Central Java's HDI, even though it shows an increasing trend, still faces inequality between urban and rural areas. BPS data shows that during the 2009–2023 period, Central Java's economic growth tended to be stable in the range of 4–6%, with a drastic decline in 2020 due to the COVID-19 pandemic. Although it has shown recovery, this growth has not been optimal in answering existing structural problems. Economic inequality between regions and the high contribution of the informal sector also hinder the equitable distribution of development results.

Economic growth is assessed from the increase in output or Gross Domestic Product (GDP) of a country or region over time. Income equality, poverty alleviation, and broad job creation can be achieved with higher economic growth (Prasetyo, 2008). The link between economic growth and poverty is significant, especially in rural areas, where increased economic growth can effectively reduce poverty rates. On the other hand, reduced poverty can also contribute positively to economic growth by creating highly competitive community productivity. A focus on health, education, and community well-being supports the creation of sustainable growth. Countries that have high-quality human resources tend to

experience increased production, which has an impact on increasing national income and economic growth. Therefore, HDI is used as an indicator to measure the quality of life in a country (Wiguna & Dinar Iskandar, 2021).

Based on data from the Central Statistics Agency (BPS), Indonesia's economic growth in the last decade has experienced significant fluctuations. For example, Indonesia's economic growth in 2019 was at 5.02%, but contracted to -2.07% in 2020 due to the COVID-19 pandemic. After the economic recovery, the growth rate increased again to 5.31% in 2022 and stabilized in the range of 5.05% in 2023 (Badan Pusat Statistik, 2023). Although the national economic growth trend shows improvement, economic inequality between regions is still a major problem, especially in Central Java Province which has relatively high levels of poverty and unemployment compared to other provinces on the island of Java.

Indonesia, an archipelagic country consisting of more than 17,000 islands that has high geographical, social, and economic diversity. Therefore, decentralized economic development is needed so that the benefits can be enjoyed equally in all regions. However, until now, Indonesia's economic development is still very concentrated on the island of Java. Data shows that more than 58% of Indonesia's Gross Domestic Product (GDP) is generated from the island of Java, which is the center of industry, trade, and government. Coordinating Minister Susiwijono stated that the current focus is still concentrated on the island of Java as the main destination (KEMENKO Bidang Perekonomian RI, 2023). This concentration of development creates a significant economic disparity between Java and other regions, especially the Eastern region of Indonesia (Kuncoro, 2018).

Although Java Island is the center of the national economy, the region also faces major challenges in achieving inclusive and sustainable economic development. Some of the main problems that are still inhibiting are high poverty rates in some regions, unemployment rates that have not been fully resolved, and the Human Development Index that is still low in several districts/cities. Central Java Province has a strategic role in the national economy because the agriculture, manufacturing industry, and tourism sectors are the backbone of the region's economy. However, problems such as high poverty rates, fluctuating open unemployment, and inequality in human development are the main challenges in achieving optimal economic growth.

Data from BPS (2023) shows that the poverty rate in Central Java in 2023 will reach 10.77%, placing this province as the region with the second highest poverty rate on the island of Java after the Special Region of Yogyakarta. Meanwhile, the open unemployment rate in Central Java also fluctuated, from 4.4% in 2019 to 6.48% in 2020 due to the pandemic, then fell back to 5.13% in 2023 (BPS, 2023). In addition, the Human Development Index (HDI) in Central Java shows an increasing trend from 69.95 in 2019 to 71.83 in (2023), but still lower than other provinces on the island of Java such as DKI Jakarta and West Java.

Poverty is a disease related to a person's inability to carry out economic activities, especially the needs of daily life. This problem of poverty occurs in society, and many people are unable to meet all their needs in their lives according to standards. This will reduce the productivity of workers in an area and affect people's income (Giovanni, 2018). In Central Java, unemployment is a

very urgent topic to increase people's lifespan and promote sustainable economic growth. The problem of unemployment remains a burden for the government as the number of employees with a growing population continues to grow (Vallendzo, Nafie, Subagiarta, & Prianto, 2020). The high unemployment rate in Central Java can have a negative impact on economic growth through several mechanisms. First, the unemployment rate leads to a decline in people's incomes, which reduces household purchasing power and consumption. In fact, home consumption is one of the main components of the total regional domestic product (GRDP), an indicator of economic growth. Economic growth is hampered by a decline in consumption. Because economic growth is a component of evaluating economic results, unemployment and poverty ultimately have an impact on economic growth. In the end, poverty and unemployment have an impact on economic growth because they are one of the components of economic performance assessment (Novriansyah, 2018).

The main indicator to measure the quality of development is the Human Development Index. HDI reflects the quality of life in our community. It is measured based on three main aspects: Education, Health and Standard of Living. People in countries with high HDI are expected to be more productive, which will ultimately support economic expansion. The human development index serves as a standard to measure the progress of a person's quality of life. Citizens can benefit from development according to their rights to income, health, education, and other resources, according to the HDI (Prayitno & Yustie, 2020). In addition, poverty is suspected to contribute to the gap in increasing HDI. This is due to the limited access of the poor to adequate education and proper health services, which has an impact on the stagnation of human resource quality and has the potential to increase the unemployment rate (Ningrum, Khairunnisa, & Huda, 2020).

A number of previous studies have examined the relationship between these variables. Suryahadi and Sumarto (2001) highlight how poverty in rural areas is a major obstacle to economic growth. Wiguna and Iskandar (2021) show that the quality of human resources reflected through HDI has a great influence on the level of economic productivity. However, studies that focus simultaneously on the effects of poverty, open unemployment, and HDI on economic growth in Central Java over a long period (2009–2023) are still very limited. Thus, this study fills the research gap by empirically and simultaneously analyzing how these three variables affect economic growth in Central Java Province. This approach is expected to make a scientific contribution to the development of more inclusive and data-based development policies.

LITERATURE REVIEW

Capability Approach

The Capability Approach developed by Amartya Sen emphasizes that economic development is not just about increasing income or accumulating wealth, but also about expanding the ability of individuals to live the lives they find valuable. In this perspective, development should be seen as an effort to enhance human substantive freedoms, which include access to education, health services, employment opportunities, and other human rights. Amartya Sen

argues that human well-being should be measured by the individual's ability to achieve various important functions, such as living a healthy life, getting a decent education, and participating in social and economic life (Sen, 1999).

The poverty rate reflects the limited ability of individuals to meet basic needs such as food, shelter, and education. In the context of the Capability Approach, poverty reduces the substantive freedom of individuals because they do not have the ability to live the lives they want. Reducing poverty will increase the capacity of individuals to contribute to economic activities, thereby supporting economic growth.

HDI encompasses 3 main dimensions of the Capability Approach: education, health, and decent living standards. High HDI reflects successes in expanding human capabilities, such as increased levels of education that create a high-quality workforce or access to health services that maintain labor productivity. Increasing HDI can accelerate economic growth by creating a more productive and innovative society.

Unemployment indicates an imbalance between an individual's ability to work and the opportunities available in the labor market. In Sen's view, unemployment is not only a matter of loss of income, but also a decline in the capacity of individuals to function productively in society. By reducing the unemployment rate, individuals' ability to get decent work increases, which ultimately drives productivity and economic growth.

Hypothesis Development

The Influence of Poverty Levels on Economic Growth in Central Java

The relationship between economic progress and poverty is complex, where they affect each other. Economic expansion can indeed reduce poverty through increasing income and employment. However, if growth is not inclusive, its impact on poverty reduction is often limited and can widen social inequality (Todaro & Smith, 2020).

In Indonesia, poverty rates continue to decline, but challenges remain, especially in some regions including Java. In 2023, BPS estimates a poverty rate of 9.57%, with significant differences between urban and rural areas. To overcome this, targeted policies such as community empowerment and investment in the productive sector are needed, in order to improve the quality of life and encourage more equitable economic growth (World Bank, 2023).

Infrastructure inequality and economic access between cities and villages are the main causes of poverty in areas such as Central Java. Major cities such as Semarang and Surakarta are growing rapidly due to investment concentration, while villages are lagging behind due to low productivity and fluctuations in commodity prices. High poverty rates also hamper domestic consumption, lower demand, and limit poor people's investment in education, health, and skills, ultimately hampering long-term economic growth.

According to the "Kuznets Curve" theory put forward by Simon Kuznets, the relationship between economic growth and poverty levels forms an inverted "U" pattern. At the beginning of the development process, economic growth usually leads to an increase in income inequality and an increase in poverty rates. This is due to the difference in productivity between traditional sectors such as

agriculture and modern sectors such as industry and services. Most people who still work in the traditional sector have limited access to new economic opportunities, so they are not able to enjoy the benefits of development. However, as the process of industrialization and urbanization continues, more and more people are turning to the modern sector, creating sharp differences in income distribution. According to Kuznets, the poverty rate has a close relationship with economic growth, where in the early stages of development, poverty tends to increase due to income inequality, but as the economy develops and the distribution of welfare is more even, the poverty rate will decrease, thus supporting more inclusive economic growth (Kuznets, 1955).

At the further stage of development, economic growth becomes more inclusive. Increased access to education, health services, and infrastructure supports a more equitable distribution of income. In this phase, the poverty rate begins to gradually decline along with the increase in per capita income and employment opportunities in the formal sector. In the context of Central Java Province, Kuznets' theory is relevant to explain the dynamics of economic growth which still shows a gap between urban and rural areas.

H1: Poverty levels affect economic growth in Central Java

The Influence of the Open Unemployment Rate on Economic Growth in Central Java

Unemployment is the main indicator that reflects the conditions of the labor market and the economic efficiency of a region. High unemployment rates indicate inefficiencies in labor allocation, which has an impact on low productivity and economic growth. In addition, declining consumption due to weak purchasing power is hampering aggregate demand, which is important in driving economic growth (Keynes, 1936). Economic growth is lower in areas with high unemployment rates, such as some districts in Central Java, than in areas with more controlled unemployment rates, according to data from the Central Statistics Agency (BPS, 2023).

The impact of unemployment is not only economic, but also social, such as the increasing fiscal burden of the government due to the need for social assistance programs. In Indonesia, the phenomenon of jobless growth shows economic growth that is not accompanied by adequate job creation (World Bank, 2023). Therefore, reducing the unemployment rate is key in creating inclusive and sustainable economic growth.

According to labor market theory, the integration of labor supply and demand affects the poverty rate of a region. A lack of worker skills, poor educational standards, and shifting demands due to technological advances are some of the causes of this turmoil. According to labor market theory, high levels of open poverty hinder economic growth because it indicates inefficiencies in the labor market and loss of productivity potential that can increase economic output (Todaro & Smith, 2020). Prolonged unemployment can lead to a loss of income potential, reduce people's purchasing power, and worsen poverty levels.

Labor market theory is relevant to this study to explain how economic decline has an impact on economic growth and productivity in Central Java. Central Java, one of Indonesia's most populous provinces, struggles to provide enough

jobs to support the growing workforce. In addition, poor labor quality can hinder the competitiveness of the economy. Therefore, to combat poverty and encourage inclusive economic growth, it is important to make efforts to improve education standards and skills development.

H2: The open unemployment rate has an impact on economic growth in Central Java.

The Influence of the Human Development Index (HDI) on Economic Growth in Central Java

The Human Development Index (HDI) measures the quality of human resources through three main aspects: health, education, and welfare. HDI plays an important role in encouraging economic growth, because the quality of good human resources increases labor productivity. Higher education provides relevant skills, while good access to health maintains stability and work efficiency (Todaro & Smith, 2020).

In Indonesia, areas with high HDI tend to experience faster economic growth. However, inequality in access to basic services such as health and education is still an obstacle in areas with low HDI (BPS, 2023). Therefore, policies that focus on increasing HDI through investment in the social sector are key to creating inclusive and sustainable economic growth.

The theory of human capital introduced by Gary S. Becker highlights that the allocation of resources for education, training, and health contributes directly to increased labor productivity, as well as supporting economic growth. Education has a crucial role to play in developing individuals' skills, insights, and innovative powers, while optimal health conditions allow them to work more effectively and efficiently. Becker (1993) Investment in human resources, especially in the health and education sectors, contributes positively to economic growth, as reflected in the Human Development Index (HDI). This is because the health level and skills of workers are improved, so that it can increase output and encourage creativity in various industries (Becker, 1993).

HDI is the main indicator to assess the quality of human resources in a region, including aspects of education, health, and per capita income. Greater investment in human capital development will improve the quality of the workforce, which in turn contributes to increased productivity and sustainable economic growth.

In this study, HDI is used to illustrate the relationship between the quality of human resources and economic growth in Central Java Province. The increase in HDI is predicted to encourage more productive economic sectors and help alleviate poverty through increasing better jobs. Human capital theory has an important role in understanding how improvements in health and education can affect the dynamics of economic growth.

H3: The Human Development Index (HDI) influences economic growth in Central Java

Solow's Economic Growth Theory

According to Solow's theory of economic growth, labor, capital accumulation, and technological advancement all contribute to economic expansion (Solow, 1956). Neoclassical theory strongly emphasizes the

contribution of labor expansion, capital accumulation, and technology to economic progress, particularly as expressed by Solow. This hypothesis states that high levels of poverty can hinder economic progress by decreasing the number of available labor. In addition, based on the Human Development Index, investment in the health and education sectors can increase productivity, which ultimately encourages economic growth.

In this model, sustainable economic growth can only be achieved through increased productivity driven by technological advances and the quality of human resources. The relationship with this research can be seen from how education level (as part of HDI) and poverty reduction can increase economic efficiency and productivity, thereby encouraging economic growth in Central Java.

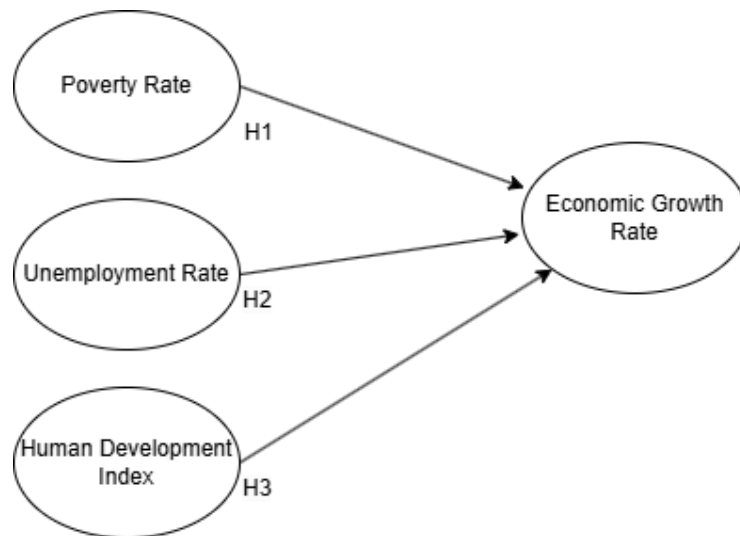


Figure 1. Conceptual Framework

METHODOLOGY

This study uses a quantitative method. The quantitative research approach is a research method that focuses on the collection and analysis of numerical data to answer research questions related to the relationship between variables (Sugiyono, 2016). This study uses a quantitative approach with multiple linear regression to analyze the influence of poverty rate, open unemployment rate, and Human Development Index (HDI) on economic growth in Central Java Province for the period 2009–2023. Secondary data was obtained from the Central Statistics Agency (BPS) and other official sources.

The data includes economic growth (constant price GDP), poverty rate, open unemployment rate, and HDI. The data is checked to ensure accuracy, omitting outliers, and converted to the appropriate format before being analyzed using SPSS software. The analysis was carried out by multiple linear regression as well as statistical tests such as the determination coefficient (R^2), classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation), as well as F and T tests to test the significance of the relationship between variables. The results of the study are used to assess factors that affect economic growth and provide relevant policy recommendations.

RESEARCH RESULT

The data that has been collected in this study is then processed using SPSS. This study uses a quantitative method. The quantitative research approach is a research method that focuses on the collection and analysis of numerical data to answer research questions related to the relationship between variables (Ghozali, 2021). Based on the normality test using one sample of Kolmogorov Smirnov, it is known that the residual values of the independent variable and variable dependent are 0.200 with more than 0.05. Then it was declared normally distributed. The results of the autocorrelation test with the Durbin Wattson method were 1.039. The value is in an area that cannot be concluded, meaning that the autocorrelation occurs or not. Because the results of the autocorrelation test cannot be concluded, the run test is used to find out whether autocorrelation occurs or not. And the results show that the asymptotic significant value, namely the runs test is 0.361 (more than 0.05), then the data does not autocorrerate. The multicollinearity test of VIF values for poverty level, open unemployment rate, and human development index is <10. Since the total value of the VIF is less than 10, it can be said that there is no multicollinearity problem. In addition, the Tolerance value for each variable is below 1. Therefore, the regression model used can be ensured to be free of symptoms of multicollinearity. The heteroscedasticity test of the three variables obtained a value of more than 0.05 which can be concluded that the evaluated variables do not show heteroscedasticity.

The results of the test on the multiple linear regression of the Ordinary Least Square (OLS) method obtained the equation $Y = -29.347 + 0.814X_1 - 2.342X_2 + 0.516X_3 + \epsilon$. The hypothesis test is divided into the determination coefficient test (R²), the F test, and the T test.

Table 1. Determination Coefficient Test Results (R²)

R	0,871
R Square	0,759

Source: Output SPSS 22

Table 1 Shows findings that are larger than R², which is 0.759. This indicates a contribution of 75.9% of the independent variable to the bound variable. This indicates that 75.9% of economic growth can be explained by several aspects. Meanwhile, other variables that were not studied accounted for 24.1% of the remaining value.

Table 2. Test F

F-Statistic	6,295
Sig	0,028

Source: Output SPSS 22

Based on the analysis in Table 3, the calculated F value obtained is 6.295 with a significance level of 0.028. When compared to the table F of 3.59, which is calculated based on df₁ = 3 (the number of variables X) and df₂ = 15 (n-k-1 or 15-3-1), it can be seen that F_{cal} is greater than F_{table}. Therefore, H₀ is rejected and

H1 is accepted. This indicates that together, the poverty rate, open unemployment rate, and human development index have an effect on the poverty rate in Central Java Province during the period 2009-2023.

Table 3. Test T

Model	T	Sig
Poverty	65,331	0,000
Our	-135,311	0,000
HDI	43,837	0,000

Source: Output SPSS 22

Based on the analysis of the partial significance test in the T test above with df $(n-k-1)$ which is $(15-3-1) = 11$ and a probability of 0.00, the table T value is obtained as 2.20099. From table 4, it is known that the three dependent variables have an influence and are significant on the independent variable. The poverty variable with a T value of 65.331 and the probability is $0.000 < 0.05$. The variable Open Unemployment Rate has a calculated T of -135.311 and a probability of $0.000 < 0.05$. The HDI variable obtained a calculated T value of 43.837 with a probability of $0.000 < 0.05$.

DISCUSSION

The Effect of Poverty Rate on Economic Growth Rate

Based on the results of the t-test, a calculated t-value of 65.331 was obtained, which is greater than the t-value of the table of 2.20099 with a significance level of $0.000 < 0.005$. These results show that the poverty level (X1) has an influence and is significant on economic growth in Central Java Province. In other words, changes in poverty levels have a real impact on economic growth, so this factor must be a concern in regional development policies.

This result is in line with the theory of development economics which states that poverty has a close relationship with economic growth. According to the theory Kuznets (1955) In the early stages of economic growth, income and poverty disparities tend to increase because the distribution of development benefits has not been evenly distributed. However, in the next stage, with the development of the economic sector and the increase in people's access to economic resources, the poverty level can decrease and contribute to more stable economic growth.

In the context of Central Java Province, high poverty can be an obstacle to economic growth if it is not accompanied by effective policies to increase people's purchasing power and access to economic opportunities. However, if economic growth runs in an inclusive manner with equal access to education, health, and employment, poverty can be suppressed, thereby encouraging increased productivity and sustainable economic growth.

In addition, the relationship between poverty and economic growth is influenced by the geographical location and economic structure of Central Java. In general, areas with high poverty rates have poor financial services, inadequate infrastructure, and few job opportunities in the formal sector. Therefore,

increasing investment in productive sectors, expanding labour access to education and skills training, and ensuring more equitable development across Central Java are methods that can be applied to reduce poverty and encourage economic growth.

Based on the results of this study, poverty has a significant impact on economic growth in East Java Province, as shown by the study Kusumawati, Primandhana, & Wahed (2021). Therefore, policies that address poverty, such as expanded access to education, workforce skills training, and equitable development infrastructure, are essential to promote more inclusive and sustainable economic growth.

The Effect of the Open Unemployment Rate on Economic Growth

Based on the results of the t-test, the tcount value obtained is -135.115, which is absolutely greater than the t-table of 2.20099, with a significance level of 0.000 which is smaller than 0.005. This shows that the variable of the open unemployment rate (X2) has a negative and significant effect on economic growth in Central Java Province. In other words, an increase in the open unemployment rate tends to hinder economic growth.

These results are not in line with the labor market theory put forward by Todaro & Smith (2020), which states that high unemployment reflects inefficiencies in the labor market and shows that the economy of a region is not able to absorb labor optimally. According to the theory, in the long run, high unemployment should suppress people's purchasing power, reduce aggregate demand, and reduce overall economic productivity. However, in this study, the unemployment rate actually shows a different relationship with economic growth, which indicates that there are other factors that affect the dynamics of the labor market in the region.

The high open unemployment rate in Central Java Province shows that there is a mismatch between the number of workers and the jobs that are able to be absorbed by the labor market. The low quality of the workforce due to low education and skills related to industry demands is the main cause of this. It is difficult for many individuals to land positions with good salaries because their abilities are not proportional to the growth of the industrial and service sectors.

In addition, development inequality between regions in Central Java also contributes to the high unemployment rate. Cities such as Semarang and Solo generally offer more job opportunities than rural areas, which still rely on the agricultural sector with lower productivity levels. As a result, many rural people migrate to cities in search of work, but the limited employment opportunities actually cause them to enter the informal sector or become unemployed.

This research is in line with the findings Lidyawati (2019), which revealed that the high open unemployment rate has a significant negative impact on economic growth in various regions in Indonesia. Therefore, in order to minimize this impact, more targeted policies are needed, such as improving labor skills, providing new jobs, and distributing investment more evenly to areas with high unemployment rates.

The Effect of the Human Development Index on Economic Growth Rate

Based on the results of the t-test, the calculated t-value was obtained at 43.837, which exceeded the t-value of the table of 2.20099 at a significance level of $0.000 < 0.005$. According to the results of this t-test, it indicates that the Human Development Index (X3) has a significant and positive impact on economic growth in Central Java Province. In other words, when the HDI of a region increases, the economic growth rate also tends to be higher.

This finding is in line with the theory of Human Capital put forward by Becker (1993), improving the quality of human resources through education, health, and decent living standards plays an important role in increasing labor productivity, which can drive economic growth. The high Human Development Index (HDI) reflects an improvement in the quality of the workforce that can be absorbed in various economic sectors, thereby supporting more stable and sustainable economic growth.

In the context of Central Java Province, these results show that increasing HDI can encourage economic growth through various mechanisms. First, increasing access to education allows the workforce to acquire better skills, so that productivity increases and regional economic competitiveness is stronger. Second, better health improves labor efficiency and reduces absenteeism due to illness, thereby strengthening labor stability in supporting economic activity. Third, the increase in per capita income as one of the indicators of HDI also contributes to the increase in people's purchasing power, which drives aggregate demand and economic growth.

The results of this study are consistent with the findings by Winarti, Fyesya Erliantari, & Desmawan (2022), who stated that the increase in HDI has a significant impact on the economic growth of Banten Province. Therefore, a more comprehensive approach is needed to increase HDI, including developing jobs that are in accordance with labor skills, increasing industrial competitiveness, and equitable development throughout Central Java so that the benefits of increasing HDI can be more optimal in encouraging economic growth.

CONCLUSIONS AND RECOMMENDATIONS

The results of this study show that the poverty level has a significant effect on economic growth in Central Java Province. Increasing poverty can hinder economic growth due to reduced people's purchasing power and investment in human capital. Therefore, policies that focus on poverty alleviation through improving access to education, health, and economic empowerment are urgently needed to create more inclusive growth.

The open unemployment rate has a negative and significant influence on economic growth. The high unemployment rate indicates an imbalance between the number of workers and available job opportunities, which can reduce people's productivity and consumption. Meanwhile, the Human Development Index (HDI) has an influence and significance on economic growth, which shows that improving the quality of human resources through education and health contributes to more sustainable economic growth. Therefore, local governments need to strengthen the industrial sector and MSMEs to create more jobs and

increase investment in human development to encourage stable and inclusive economic growth.

ADVANCED RESEARCH

This research makes an important contribution in analyzing the influence of poverty rates, open unemployment, and the Human Development Index on economic growth in Central Java Province. However, there are some limitations that need to be considered. First, this study only uses secondary data from BPS which is aggregate and limited to three main variables. This causes the results of the analysis to not be able to capture in detail other factors that may also affect economic growth, such as investment, government spending, and infrastructure conditions.

Second, the quantitative approach used in this study does not explain in depth the causal relationship between variables. In addition, the coverage of the area limited to one province also limits the generalization of research results to other regions in Indonesia that have different socioeconomic characteristics. Therefore, further research is recommended to expand the scope of the region, using a mix-method approach (quantitative and qualitative), and consider additional relevant variables to gain a more comprehensive understanding of regional economic growth dynamics.

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