

**THE IMPACT OF ECONOMIC GROWTH, HUMAN DEVELOPMENT
INDEX, UNEMPLOYMENT RATE AND CORRUPTION TOWARDS
POVERTY**



THESIS

**SUBMITTED TO THE FACULTY OF ECONOMICS AND ISLAMIC
BUSINESS**

**SUNAN KALIJAGA YOGYAKARTA STATE ISLAMIC UNIVERSITY
AS ONE OF THE REQUIREMENTS TO OBTAIN THE DEGREE OF
MASTER OF ISLAMIC ECONOMICS**

BY:

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SUNAN KALIJAGA YOGYAKARTA STATE ISLAMIC UNIVERSITY

2023

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2023



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Tugas Akhir dengan judul : THE IMPACT OF ECONOMIC GROWTH, HUMAN DEVELOPMENT INDEX,
UNEMPLOYMENT RATE AND CORRUPTION TOWARDS POVERTY

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We hereby expect that your thesis can be examined immediately..
Thank you.

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MOTTO PAGE

“You’ll Never Reach Your Potential Unless
you’re Discipline”

“XXXXXXXXXXXXXXXXUUUUUU”



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DEDICATION PAGE

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

I dedicate this thesis to:

1. Both of my parents Mrs. Resmidayenti S.Ag. and Mr. Halim S.E. who endlessly pray for their children, provide love, sacrifice, support and motivation and enthusiasm that is always given while studying.
2. My younger siblings Kaharuddin Shadiq Halim & Azizah Lutfiah Syifa Halim who never stop giving prayers and support to complete my education.

All the Lecturer, Staff and Alumni of Magister of Islamic Economic Program

Faculty of Islamic Bussines and Economic Sunan Kalijaga State Islamic
University Yogyakarta.

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ARABIC LATIN TRANSLITERATION GUIDELINES

The transliteration of Arabic words used in the preparation of this thesis is guided by the Joint Decree of the Minister of Religion and the Minister of Education and Culture of the Republic of Indonesia Number: 158/1987 dan 0543b/U/1987.

Single Consonant

Arabic Alphabet	Name	Latin Alphabet	Description
ا	Alif	Not symbolized	Not symbolized
ب	Bā'	B	Be
ت	Tā'	T	Te
ث	Šā'	š	es (with a dot above)
ج	Jīm	J	Je
ح	Ḥā'	ḥ	ha (with a dot below)
خ	Khā'	Kh	ka and ha
د	Dāl	D	De
ذ	Žāl	Ž	zet (with a dot above)
ر	Rā'	R	Er
ز	Zāi	Z	Zet
س	Sīn	S	Es
سین	Syīn	Sy	es and ye

ص	Ṣād	ṣ	es (with a dot below)
ض	Ḍād	ḍ	de (with a dot below)
ط	Ṭā'	ṭ	te (with a dot below)
ظ	Ẓā'	ẓ	zet (with a dot below)
ع	'Ain	‘	inverted commas above
غ	Gain	G	Ge
ف	Fā'	F	Ef
ق	Qāf	Q	Qi
ك	Kāf	K	Ka
ل	Lām	L	El
م	Mīm	M	Em
ن	Nūn	N	En
و	Wāwu	W	W
هـ	Hā'	H	Ha
ء	Hamzah	‘	Apostrof
ي	Yā'	Y	Ye

A. Double Consonants due to *Syaddah* are Written in Duplicate

متعددة	written	<i>Muta'addidah</i>
عذة	written	<i>'iddah</i>

B. Single Consonant

All *tā' marbūṭah* is written with *h*, either at the end of a single word or in the middle of a word combination (a word followed by the article "al"). This

provision is not necessary for Arabic words that have been absorbed into the Indonesian language, such as prayer, zakat, and so on unless the original word is required.

حكمة	written	<i>Ḥikmah</i>
علة	written	<i>'illah</i>
كرامة الأولياء	written	<i>karōmah al-auliyā'</i>

C. Short Vowel and Implementation

_____	Fatḥah	written	<i>A</i>
_____	Kasrah	written	<i>I</i>
_____	Ḍammah	written	<i>u</i>

فعل	Fatḥah	written	<i>fa'ala</i>
ذُكر	Kasrah	written	<i>ẓukira</i>
يذهب	Ḍammah	written	<i>yaẓhabu</i>

D. Long Vowel

1. fatḥah + alif	written	<i>Ā</i>
جاهلية	written	<i>jāhiliyyah</i>
2. fatḥah + yā' mati	written	<i>ā</i>
تَنسى	written	<i>tansā</i>
3. Kasrah + yā' mati	written	<i>ī</i>
كريم	written	<i>karīm</i>
4. Ḍammah + wāwu mati	written	<i>ū</i>
فروض	written	<i>furūd</i>

E. Double Vowel

1. fathah + yā' sakinnah	written	<i>Ai</i>
بينكم	written	<i>Bainakum</i>
2. fathah + wāwu	written	<i>au</i>
sakinnah	written	<i>qaul</i>
قول		

F. Consecutive Short Vowels in One Word Separated by an Apostrophe

أَنتُمْ	written	<i>a'antum</i>
أُعدت	written	<i>u'iddat</i>
لئن شكرتم	written	<i>la'in syakartum</i>

G. Alif + Lam

1. If followed by a Qamariyyah letter, it is written using the initial letter "al"

القرآن	written	<i>al-Qur'ān</i>
القياس	written	<i>al-Qiyās</i>

2. When followed by a Shamsiyyah letter, it is written according to the first letter of the Shamsiyyah.

السماء	Written	<i>as-Samā</i>
الشمس	Written	<i>asy-Syams</i>

H. Writing Words in a Sentence

Written according to its pronunciation

ذوى القروض	written	<i>ẓawi al-furūd</i>
اهل السنة	written	<i>ahl as-sunnah</i>



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FOREWORD

By mentioning the name of Allah SWT, the Most Compassionate, the Most Merciful, thanks be to Allah SWT for all His guidance so that the authors can complete the thesis with the title "The Impact of Economic Growth, Human Development Index, Unemployment Rate and Corruption Towards Poverty". Prayers and greetings may still be poured out to our lord the Prophet Muhammad SAW, his family and companions.

Alhamdulillah to Allah SWT and the help of all parties, finally this thesis can be realized. Therefore, on this occasion it is appropriate for the compiler to express his gratitude to:

1. Prof. Dr. Phil. Al Makin, S.Ag., M.A as A Rector of Sunan Kalijaga State Islamic University, Yogyakarta.
2. Dr. Afdawaiza, S.Ag., M.Ag. as A Dean of Faculty of Islamic Bussines and Economic Sunan Kalijaga, State Islamic University.
3. Dr. Muhammad Ghafur Wibowo, S.E., M.Sc. as A Chairman of Magister Islamic Economic of Faculty of Islamic Bussines and Economic Sunan Kalijaga, State Islamic University Yogyakarta.
4. Dr. Ibnu Muhdar, M.Ag., as academic supervisor who has guided, directed and provided input during lectures.
5. Dr. Miftahul Choiry, S.Sos.I., M.S.I as the thesis supervisor who has guided, directed and provided input for the realization of this research.
6. All the Lecturers of the Magister of Islamic Economics Program and all employees and administrative staff Faculty of Islamic Bussines and Economic Sunan Kalijaga, State Islamic University Yogyakarta.
7. Teman-teman grub Dolan MES B 2021 Genap, Hasbi, Muhammad Irnandas, M. Agus Futuhul Ma'wa, M. Noval Waliyuddinsyah, Nuraisyah Indarningsih, Fatimah Az-Zahra Wairooy, Mindo Mursalina Jen, Fitrah Ariyani, Zahra Ramadhani Jasman, Ayu Safitri, Suci Wulandari Srg, Syarifah Salsabilla Ba'abud yang selalu memberikan doa, bantuan dan dukungan.

8. Teman seperjuangan kelas B angkatan 2021 GENAP di Program Studi Magister of Islamic Economic Sunan Kalijaga State Islamic University, Yogyakarta.

Yogyakarta, 30 November 2023

Author

(Ichsan Jamil Halim)



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ABSTRACT

Poverty is a complicated issue that affects millions of people worldwide. Poverty is a multidimensional issue caused by a number of reasons, including a lack of access to education, health care, and basic resources. Systemic inequality and prejudice can also promote poverty. The purpose of this research is to estimate the impact of economic growth, human resources, unemployment rate, and corruption on poverty in numerous South Asian nations between 2014 and 2020. For data analysis, this study used the panel data regression approach using Eviews 12. The research's findings reveal that the economic growth variable has little influence on lowering poverty rates across several South Asian nations. Meanwhile, the Human Development Index component signified by human resources has a considerable negative influence on poverty. Meanwhile, the unemployment rate and corruption both have a large beneficial influence on poverty. According to the findings of this study, South Asian nations can increase the quality of economic growth and human resources, as well as reduce unemployment and corruption, hence reducing poverty.

Keywords: Poverty, Economic Growth, Human Capital, Unemployment Rate, Corruption



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CHAPTER I

INTRODUCTION

A. Background

Poverty is a complex issue that affects millions of people around the world. Poverty is a multifaceted problem that can be caused by a variety of factors, including lack of access to education, health care, and basic Development Indices. Poverty can also be perpetuated by systemic inequality and discrimination. Important issues in policy include whether income distribution is equitable, not just poverty levels, is affected by the financial crisis and whether the impact of the crisis on poverty and income distribution is stronger in countries where income distribution is more unequal. Easterly et al., (2001) show that the poor are less disadvantaged by falling living standards in countries with more unequal income distribution because the poor have a lower share of income. After the financial crisis, an emphasis on the number of poor people, Without taking into account changes in income distribution, policy suggestions may be insufficient. This is due to the fact that the impact of financial crises on poverty rates is frequently calculated with the premise that income distribution has not altered in the short term (Baldacci et al., 2002).

Poverty is a topic that receives a lot of attention in Islam. Allah SWT prefers strong believers to weak followers in Islam. Strength here refers not just to

spiritual toughness, but also to economic, political, and physical factors.

According to the Prophet Muhammad SAW's hadith,

عَنْ أَبِي هُرَيْرَةَ رَضِيَ اللَّهُ عَنْهُ قَالَ: قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: **الْمُؤْمِنُ الْقَوِيُّ خَيْرٌ وَأَحَبُّ إِلَى اللَّهِ مِنَ الْمُؤْمِنِ الضَّعِيفِ، وَفِي كُلِّ خَيْرٍ، إِحْرَصْ عَلَى مَا يَنْفَعُكَ وَاسْتَعِزْ بِاللَّهِ وَلَا تَعْجِزْ، وَإِنْ أَصَابَكَ شَيْءٌ فَلَا تَقُلْ: لَوْ أَنِّي فَعَلْتُ كَذَا وَكَذَا، وَلَكِنْ قُلْ: قَدَرُ اللَّهِ وَمَا شَاءَ فَعَلَ، فَإِنَّ لَوْ تَفْتَحُ عَمَلَ الشَّيْطَانِ**

Abu Hurairah (Radhiyallahu anhu) reported that Rasûlullâh (peace be upon him) said: The strong believer is better and more beloved to Allâh Azza wa Jalla than the weak believer, and there is good in both. Strive for what is beneficial to you, seek Allâh's help in all your affairs, and never feel weak. When you are afflicted with a calamity, do not say, If I had done so, it would not have been so and so, but say, This is the decree of Allâh, and Allâh does whatever He wills, for saying if would open the door to the deeds of the devil. (HR. Ahmad 2664).

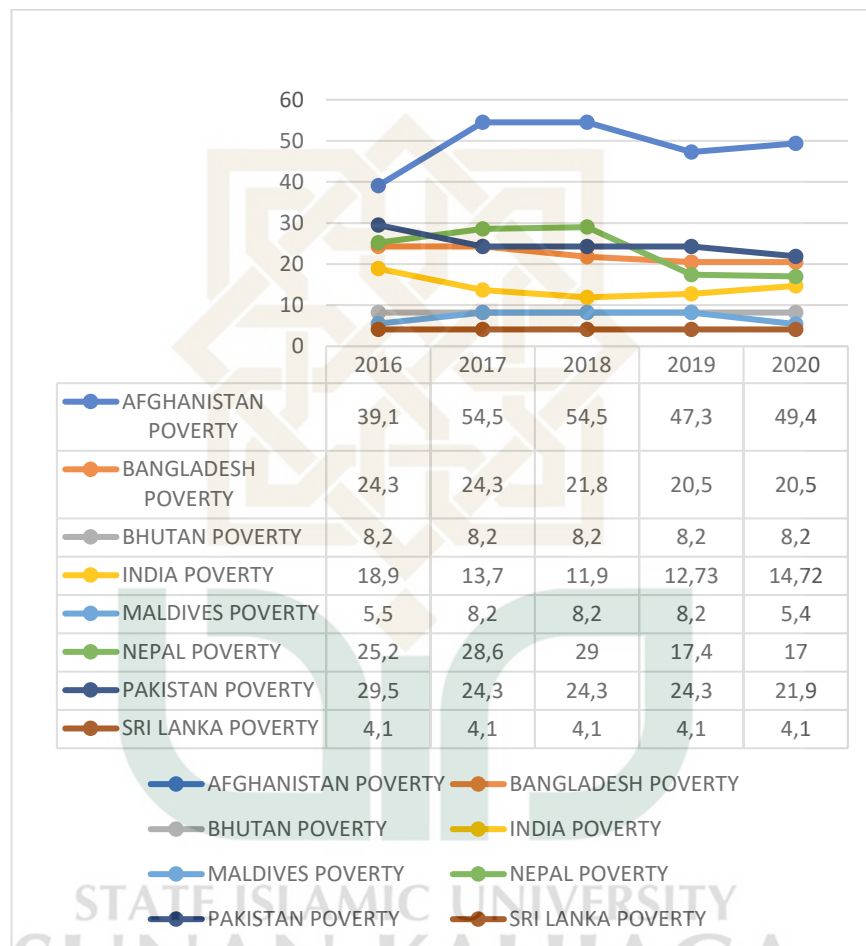
There are several regional areas in the world that are often one of the epicenters of poverty, one of which is South Asia. South Asia is a subregion of Asia that includes Pakistan, India, Sri Lanka, Bangladesh, Maldives, Nepal, Bhutan, and sometimes Afghanistan. The region has experienced impressive economic growth in recent years, with economies growing by an average of 6.7 percent annually between 2010 and 2018, twice as fast as the global average of 3 percent. (World 101, 2023). However, South Asia's growth outlook has weakened due to tightening financial conditions, with large downside risks in most countries due to limited fiscal space and depleted foreign exchange reserves (World Bank,

2023b). As per the most recent South Asia Economic Focus report, the forecast indicates that the average regional growth for 2023 is expected to be 5.6 percent, showing a slight decrease compared to the October 2022 projection. The anticipation is for growth to maintain a moderate pace at 5.9 percent in 2024, following an initial post-pandemic recovery of 8.2 percent in 2021. The report highlights that South Asia's growth outlook has weakened due to tightening financial conditions, with large downside risks in most countries due to limited fiscal space and depleted foreign exchange reserves. The report also underscores the need to reverse market distortions that occurred during the pandemic and address debilitating socio-economic disparities that limit South Asia's potential. The report points out that South Asia has a unique opportunity to sustain high growth and poverty reduction. The report also mentions that South Asia has experienced impressive economic growth in recent years, with economies growing by an average of 6.7 percent annually between 2010 and 2018, twice as fast as the global average of 3 percent. South Asia has great economic potential, but faces challenges such as limited fiscal space, depleted foreign exchange reserves, and inadequate infrastructure. However, the region has a unique opportunity to sustain high growth and poverty reduction (World Bank Group, 2023).

According to The World Bank, South Asia accounts for 29% of people living in extreme poverty worldwide, with 216 million extreme poor in South Asia out of an estimated 736 million extreme poor worldwide. The upper-middle poverty rate has halved to 24.3 percent, while the extreme poverty rate has halved

to 12.9 percent. Measuring poverty using national poverty lines shows that 39.6 percent of the population in South Asia lived below the poverty line in 2016.

Figure 1. 1. Poverty Rate of South Asian Countries 2016-2020 (%)



Source: Asian Development Bank

Based on figure 1.1, Several nations in the region of South Asian have a high percentage of poverty, such as Afghanistan, which stood at 54.5% in 2018. One of the causes of this high poverty rate is the prolonged conflict between the Taliban armed group and the legitimate Afghan government. The figure shows that more than half of Afghanistan's population lives below the poverty line. Apart

from Afghanistan, there are four other countries that have a high percentage of poverty, namely India, Pakistan, Bangladesh and Nepal. The high poverty rate in these four countries is also accompanied by the fact that three of the four countries above have a population that touches more than 1.7 billion and occupies the top 8 of the world population ranking. Only the Maldives, Sri Lanka and Bhutan have relatively low poverty rates among other countries..

The region of South Asian is one of the world's epicenter regions due to various reasons. Low economic growth is one of the causes of high poverty in the region. The low economic growth is due to policy mistakes by the local government and the high rate of corruption in some of these countries (Hellwig, 2022). The upward trajectory of the global economy over the last two decades has led to a paradoxical observation: despite tremendous economic increase, many places remain impoverished. This contradiction has motivated development economists to focus their research on the link between economic growth and poverty on the topic of inequality. The recurrent failures of structural adjustment programs (SAPs), as well as the insufficient outcomes of trade liberalization and growing dependence on markets, have sparked a new debate: is economic growth a sufficient prerequisite for major poverty reduction? Indeed, since development is required to increase people' financial resources in developing nations, it is evident that growth is not always spread evenly among the population (Labidi et al., 2023). The impact of economic growth on poverty and inequality depends on how income growth in each percentile of the distribution compares to average income growth (GDP). The income of the poor is strongly correlated with GDP

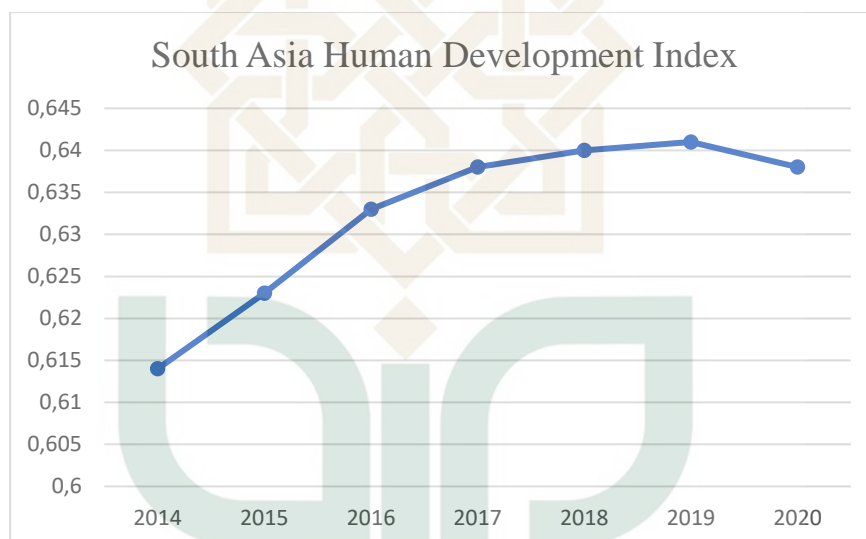
per capita (Cerra et al., 2021). According to OECD Economic growth can create a positive cycle of prosperity and opportunities. Robust economic growth, coupled with ample employment prospects, enhances the motivation for parents to invest in their children's education by enrolling them in schools. This, in turn, can lead to the development of a robust entrepreneurial workforce and a growing community of entrepreneurs, thereby compelling the government to enhance governance standards. In addition, (Rodrik, 2000) stated that in principle, a country that implements redistribution policies can reduce poverty even if its total income does not grow. However, we would be hard-pressed to find real-world examples. Investments in basic education, rural infrastructure, health, and nutrition, for example, tend to boost the productive potential of the overall economy, therefore improving the incomes of all categories.

Several studies on the influence of economic growth on poverty have been done. Dewi et al., (2018), Hasiholan Darwin et al., (2022), Josephine, (2021) dan Cerra et al., (2021) revealed that economic growth has a significant negative effect on poverty. However, Wau, (2022) revealed Economic growth has little discernible impact on poverty.

The Human Development Index (HDI) is another factor that impacts poverty. It provides a concise evaluation of achievements in three key aspects of human development: enjoying a lengthy and healthy life, accessing information, and maintaining an acceptable standard of living. Computed as the geometric mean of the normalized indices for each dimension, the HDI serves as a comprehensive indicator. This technical note discusses the data sources, how to

compute the HDI, and how to approximate missing values (UNDP, 2020). After that, the index is computed by normalizing and combining the three indicators. First, the indications are ranked from 0 to 1 on the same scale. This is accomplished by assigning a minimum and maximum value to each indicator; nations that fall within the lowest value earn a score of 0, while countries that fall within the maximum value receive a score of 1. (Our World In Data, 2020).

Figure 1. 2. South Asia Human Development Index



Source: United Nation Development Programme 2023

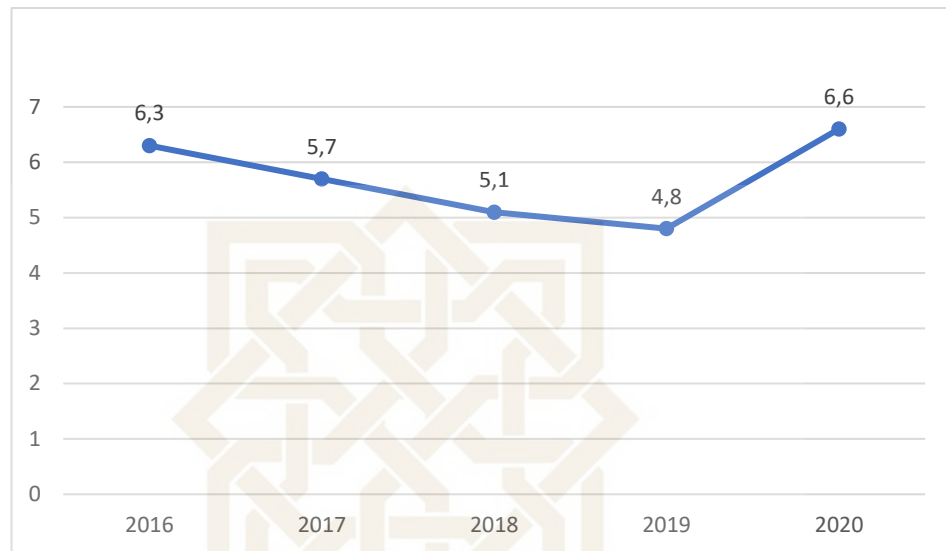
Based on figure 1.2 terlihat bahwa From 2014 to 2020, South Asia's human development index score increased. In the South Asia area, the human development index is 0.615-0.64. The closer the index is to one, the higher level of human development. (Our World In Data, 2020). Based on figure 1.2 The regional human development index for South Asia is neither too high nor too low.

The human development index is a metric that measures a region's ability to pull its people out of poverty. The Human Development Index (HDI) is an

indicator that illustrates how a region's population has access to development outcomes as part of their rights to income, health, education, and so on. The human development index is made up of three components that relate to a society's degree of production. A healthy and educated society boosts community output and raises consumer expenditure; as consumption spending grows, the poverty rate decreases. (Sembiring et al., 2019). Western Europe and North America dominate the very high and high HDI rankings, indicating that the quality of human development in these regions is higher than in other regions (WIBOWO, 2019).

The research from Sembiring et al., (2019) discovered a negative influence of the human development index on poverty in various districts and cities in North Sumatra. Furthermore, Hasan, (2021) also found a negative impact of human development index towards poverty in 34 of provinces in Indonesia. Then study from Sastraningsih et al., 2020) found a negative influence of the human development index on poverty alongside Amalia et al., (2018). Yet, Aufa et al., (2022) discovered human development index found that the human development index has no major significant impact on poverty.

Figure 1. 3. South Asia Unemployment Rate 2016-2020



Source: International Monetary Fund

According to the figures above, there was a decline of up to 1.5% from 2016 to 2019. However, the number increased again in 2020 as a result of the Covid-19 epidemic. South Asia's unemployment rate is fascinating to investigate since it is one of the world's most populous areas, with a population of about one billion eight hundred and thirty million people. With such a huge population, job availability is a critical concern in the region. India is an example of this. Shruti Nair in her article entitled A Study On The Causes and Impact of Unemployment In India says the rate of population growth has continued to increase over the past few decades. The number of people in the country, especially the young population, is much greater than the number of jobs available. This creates a situation of unemployment in the economy.

According to Nayar et al., (2012), South Asia closely aligns with the rise in the region's working-age population. In fact, the top five nations in the area in terms of job growth (Pakistan, Nepal, Bangladesh, India, and Sri Lanka) all rank high in terms of working-age population growth. To assess workers' well-being, Nayar employs two primary measures: increasing real wages for casual and salaried workers and decreasing poverty rates for self-employed workers, and one secondary measure: mitigating the risk of low and uncertain incomes due to unemployment for the most vulnerable groups of workers. Based on these major criteria, labor conditions in South Asia are indeed better than they were when comparable data was first accessible. A larger share of self-employed people, including rural and urban workers, men and women, live in homes above the poverty line. In India, the only country with data that allows for a secondary measure to be computed, the risk of low and unpredictable income due to a lack of work has been lowered during the last decade for the most susceptible part of the labor force, the self-employed.

Unemployment may be a major contributor to poverty since it reduces income and increases financial stress. According to research, poverty rates nearly triple in households where a parent has been unemployed for six months or longer, despite the importance of safety nets in sustaining their family (Cerra et al., 2021). Furthermore, in virtually all nations, the poverty rate among unemployed households is more than twice as high as that of working households. (OECD, 2009). Unemployment can also contribute to economic disparity since

people who are jobless may find it difficult to locate work that pay well (Agenor Pierre-Richards, 2004).

Adelowokan et al., (2019), Dwipatna I. M & Setiawina N. D, (2021), dan Ratih Primandari, (2019) and Usmanova, (2022), discovered unemployment rate has a positive impact on poverty. Yet, Giovanni, (2018), shows that there is no influence between unemployment and poverty.

In addition to the previous factors, the extent of corruption in a nation influences its poverty level. Corruption in South Asia is connected to weak governance, which is to blame for poor economic performance, prolonged poverty, democratic subversion, and a failure to attract enough international investment. In addition to the aforementioned considerations, the extent of corruption in a nation influences its poverty level. Corruption in South Asia is connected to weak governance, which is to blame for poor economic performance, prolonged poverty, democratic subversion, and a failure to attract enough international investment. (Khan, 2006). Transparency International's discoveries regarding the susceptibility of 70 crucial institutions to corruption across six South Asian nations—India, Bangladesh, Nepal, Maldives, Pakistan, and Sri Lanka—indicate that the prevalence of corruption is evident in non-transparent public entities. This issue is compounded by insufficient safeguards for anti-corruption advocates and significant government interference in the activities of anti-corruption oversight bodies, all contributing to the challenges faced in South Asia.

When a public employees, official, bureaucrat, or politician (anyone elected or appointed to a position of public authority with the ability to allocate (scarce) public resources on behalf of the state or government) exploits that official position for personal or group benefit, this is referred to as corruption. (Amundsen, 2000). There are multiple several types of corrupt practices. Nepotism, bribery, and fraud are examples of these. Economic stagnation and poverty can be exacerbated by nepotism, bribery, and fraud. These unscrupulous tactics drain off funds that should be spent on public services, which disproportionately affect the poor, who require the social safety net the most. Furthermore, they have the potential to discourage investors who play a role in fostering economic advancement, all the while consolidating wealth in the hands of a select few (Transparency International, 2014). Corruption can be characterized as a violation that breaches the legal system and governmental standards. The impression of corruption in a country may spread and infiltrate each country's bureaucratic regulatory structure, such as bribery and rent-seeking, which results in higher expenses to enterprises. The structures and institutions that exist in a country are one approach to determine the amount of corruption. The legal transactions of formal and informal business operations can be shown by the framework of a country's bureaucratic entities (Ibnu Atsir & Sunaryati, 2018).

Several studies on the impact of corruption on poverty have been made. Awana, (2023) claims corruption has a significant negative impact on poverty in India. Meanwhile Cheema & Shah, (2022) shows that corruption positively affects poverty in Pakistan. Furthermore Vinayagathan & Ramesh, (2022), da Silva et al.,

(2022) also stated that there is a positive influence between corruption and poverty. Yet, Gamba et al., (2021) found that there is a not so significant positive effect on corruption on poverty.

Based on the aforementioned background information, there are research gaps in the examination of how economic growth, inflation, unemployment rates, and corruption influence poverty. As a result, the researcher plans to investigate the link between the five factors under the heading "**The Effect of Economic Growth, Human Development Index, Unemployment Rate, and Corruption on Poverty Level.**" As a result, this study attempts to bridge the gap by integrating the four factors in South Asian nations. This research seeks to enhance the capacity of relevant stakeholders to assess the impact of economic growth, human development index, unemployment rate, and corruption on poverty, with the ultimate goal of mitigating poverty in South Asian nations.

B. Problem Statement

The formulation of the problems raised in this study can be summarized from some of the background explanations above as follows:

1. Does Economic Growth affects the poverty rate?
2. Does Human Development index affects the poverty rate?
3. Does Unemployment Rate affects poverty rate?
4. Does Corruption affects poverty rate?

C. Research Purpose

The objectives of this study based on the background of the problem and the subject matter are:

1. To analyze and explain the impact of economic growth on the poverty rate.
2. To analyze and explain the level of the Human Development Index can affect the poverty rate.
3. To analyze and explain the impact of the unemployment rate on the poverty rate.
4. To analyze and explain the level of corruption can affect the poverty rate.

D. Research Benefits

This research is expected to be useful theoretically and practically, namely:

1. Theoretical Benefits

This research is expected to add to the literacy or theoretical studies related to the factors that influence poverty in several South Asian countries, as well as as a consideration in the preparation of further research related to poverty.

2. Practical Benefits

This research is expected to serve as a basis for policy authorities related to economic growth, Human Development Index, unemployment rate and corruption.

3. Policy Contribution

This research is expected to provide insights to policy makers in South Asian countries to reduce poverty.

E. Systematization of Discussion

The systematic discussion of this research is as follows:

Chapter I Introduction, This chapter explains the background of the research, problem formulation, research objectives, research benefits, and systematic discussion.

Chapter II Theoretical Basis and Literature Review, This chapter explains the theoretical basis, literature review, namely research that has been done before, developing hypotheses and theoretical frameworks.

Chapter III Research Methodology, This chapter has coverage including research methods which include the type of research, population and sample, operational definitions of variables, sources and data collection techniques and data analysis techniques. The aim is to explain how the research process and the stages that will be carried out testing the data.

Chapter IV Result and Discussion, This chapter has coverage including an overview of the object of research, research results and discussion with the aim of explaining in detail the results of data processing and discussion of the results carried out. Then the researcher adds theory, relevant previous research, analysis and conclusions from the researcher.

Chapter V Closing, this chapter has coverage including conclusions from the results of research analysis, implications and suggestions for related parties and for further research.



CHAPTER V

CLOSING

A. Conclusion

The purpose of this thesis is to perform scientific study on the poverty rate. Because this study combines time series data from 2014 to 2020 in the form of annual data and cross-section data by making six South Asian countries the object of research, the author employs a panel data regression analysis model for analysis. The information was gathered from a variety of trustworthy sources that give specifics on the variables considered in this study, such as economic growth, human development index, unemployment rate, and corruption rate. Following several rounds of testing, numerous conclusions can be taken from the study data, including:

1. Economic growth variable has an insignificant negative effect on poverty. Thus H_1 is rejected.
2. The human development index variable has a significant negative effect on poverty. Thus H_2 is accepted.
3. The unemployment rate variable has a major positive effect on poverty, thus H_3 is accepted.
4. The corruption level variable has a major positive effect on poverty. Thus H_4 is accepted.

B. Limitations and Suggestions

The author is well aware of the limitations in compiling this research. The variables used in this study still have limitations because not all of them affect poverty. In addition to the limitations in this study, the author also provides some suggestions to other researchers who want to conduct similar research in the future.

The following are suggestions for future research:

1. Include a number of additional indicators of socio-economic variables that can impact poverty such as education levels, nutritional adequacy levels, investment levels and inflation.
2. To get more diverse results, it is hoped that further research can look at several other countries outside of southern Asian countries that have high poverty rates, such as countries in the West and Central Africa region, Central and South America and countries in the eastern European region which is a regional area classified as a poor area in continental Europe.

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