

Driving Change: The Role Of Local Government In Enhancing Human Development Index In Ambon

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ABSTRACT

Problem/Background (GAP): Unemployment in Indonesia is a complex problem; the high number of unemployed people has an impact on the high demand for labor. This problem can be caused by various factors, such as slow economic growth, a mismatch between labor qualifications and market demand, and changes in economic structure. **Objective:** To find out how much local government performance affects the increase in the human development index and unemployment rate. **Method:** the research that researchers use is descriptive quantitative method and inferential statistics. Researchers in conducting this research used secondary data. **Results:** Parametric data is a form of secondary data where this parametric data uses time series with existing data. Local government performance has a positive effect on the unemployment rate. Local government performance shows a positive relationship to the Human Development Index (HDI) seen from the t-test with the results showing at 5% alpha coefficient ($t\text{-stat}=18.79279 > 1.833$). The result of sobel test shows that there is a moderating effect of the intervening variable (HDI) to the Local Government Performance on the Unemployment Rate, it is shown by the P-value of 0.2518 (< 0.05). **Conclusion:** The existence of local government performance has a significant influence in increasing the human development index and decreasing the unemployment rate.

Keywords: Local Government Performance, Human Development Index, Unemployment Rate

INTRODUCTION

Unemployment is one of the complex and serious problems around the world, including in Indonesia. This phenomenon has significant implications for economic growth, education and health levels. In the 1945 Constitution of the Republic of Indonesia in article 27 paragraph 2 states that "Every citizen has the right to work and a decent livelihood for humanity" but the reality that we can see from the mandate of the Constitution is still not fulfilled because the unemployment rate in Indonesia is still high. The ever-increasing number of unemployed is a serious development problem. This increase in unemployment is generally caused by the growth in the number of available job opportunities cannot keep pace with the growth in the number of labor forces that continues to increase. The success of development, especially human development, can be assessed by looking at how big the most basic problems in society are, namely poverty, unemployment, illiteracy, and food security. However, the problem experienced is that the achievements of human development partially vary.

Regional autonomy is a form of government decentralization, which aims to meet the interests of the nation as a whole to realize the ideals of a better, fairer and more prosperous society. Regional autonomy makes local governments given the mandate to

carry out the tasks that must be carried out, one of the tasks of local governments listed in Law No. 23 of 2014 is to carry out the widest possible autonomy.

The goal of the Indonesian nation is stated in the Preamble to the 1945 Constitution in the fourth paragraph. The achievement of human development goals reflected in the Human Development Index (HDI) is highly dependent on the commitment of local governments as a means of support. The higher the Human Development Index (HDI), the better the quality and welfare of a person's life. (Lestari, Dia Dwi; 2020).

There are several problems related to the influence of local government performance on the increase in the human development index and its implications for the unemployment rate in Ambon City. The problem that is still encountered in Ambon City is the high unemployment rate in Ambon City. This research is inspired by several previous studies, both in the context of increasing the human development index (HDI) and in the context of decreasing the unemployment rate in local governments.

Dia Dwi Lestari's research entitled *Analysis of the Influence of the Human Development Index (HDI) and Unemployment on the Poverty Rate in Riau Province*, from this study shows that the Human Development Index (HDI) has a positive and significant effect on the Poverty Rate in Riau Province, and there is a simultaneous relationship between the Human Development Index (HDI) and Unemployment on the Poverty Rate in Riau Province (Lestari, Dia Dwi; 2020).

Iin Nurkhasanah's research entitled *The Influence of the Human Development Index on the Unemployment Rate in Banten Province*, the results of panel data analysis showed that the Human Development Index (HDI) variable had a significant and negative effect at the level of 5% on the unemployment rate, The Regency/City Minimum Wage (UMK) has a negative and significant effect at the level of 5% on the unemployment rate and together the variables of the Human Development Index (HDI), investment and the Regency/City Minimum Wage (UMK) have a significant effect on the unemployment rate in Banten Province. (Nurkhasanah, Iin; 2019).

Depi Oktia Ruspina's research entitled *The Influence of the Performance of Local Government Apparatus, Regional Financial Management, Internal Control System, Government (SPIP) on the Implementation of Good Governance*, the results of this test show that the performance of local government apparatus has a significant positive effect on the tendency to implement good governance, Regional financial management has a significant positive effect on the implementation of good governance and the government's internal control system (SPIP) has a significant negative effect on the implementation of good governance. (Ruspina, Depi Oktia; 2013).

Matilde Agnes Oktaviani and Dian Purnama Sari's research entitled *The Influence of Regional Independence, Regional Government Performance and Internal Control System on Financial Reporting Accountability* shows that the higher the independence of a region, the higher the accountability of financial reporting. The inter control system has no effect on financial reporting accountability because the internal control system is only the responsibility carried out by the local government for reporting to the center, so it does not meet the goal of accountability, which is to gain the trust of the public (Okaviani, Matilde Agnes; Sari, Dian Purnama; 2020).

Soffan Marsus' research entitled *Evaluation of Local Government Performance Measurement: A Case Study on the Garut Regency Health Office*, shows that the evaluation of performance planning, the Garut Regency Health Office meets around 50% of the quality criteria of a good performance plan. Evaluation of the type of performance measure, the Garut Regency Health Office almost entirely uses output-based performance measures, has not integrated efficiency performance measures and only uses one

outcome-based performance measure. Good performance measurement prioritizes the use of outcome-based performance measures. (Marsus, Soffan; 2022).

The research by AH. Mansur, Mufiqur, and Muhammad Tang entitled Increasing the Human Development Index (HDI) Through a Gender-Responsive Education Approach in Sumenep Regency, shows that this study shows the revitalization of the human development agenda in the field of gender-responsive education, especially in rural and archipelago areas. Development challenges in Sumenep are still faced with cultural praxis, some of which are not on the side of gender equality. (Mansur, AH; Rahman, Mufiqur; Tang, Muhammad; 2022).

Research by Muh. Fahrurrozi, Mohzana, Hartini, Dukha, and Hasan entitled Increasing the Regional Human Development Index and Its Implications for Regional Economic Resilience in East Lombok Regency, West Nusa Tenggara, showed that the increase in the human development index in East Lombok was above the average HDI growth in West Nusa Tenggara province except Central Lombok Regency. Statistical tests using Monte Carlo simulation data show the four economic variables and HDI constituents; Life expectancy (HH), school length expectancy (HLS), average school length (HLS), and expenditure, have a positive effect on East Lombok's human development index. Furthermore, the four indicators conclude that School Year Expectations and Expenditure for economic needs are indicators of low contribution to HDI progress. Efforts to reduce the dropout rate to increase HLS progressivity in East Lombok were also discussed. (Fahrurrozi, Muh; Mohzana; Haritani, Hartini; Yunitasari, Dukha; Basri, Hasan; 2023).

Sri Ramadhani and Cahyo Utomo's research entitled The Influence of Regional Original Revenue, Allocation Funds and Government Assistance Funds on the Improvement of the Human Development Index, concluded that Regional Original Revenue and Allocation Funds have a simultaneous effect on the Human Development Index. The results are consistent with the research hypothesis. The results of the hypothesis test partially show that there is a significant influence of the variables of local original income and allocation funds on the increase in the human growth index. (Ramadhani, Sri; Utomo, Cahyo; 2019).

Angger Gigih Prasetyo and Bahtiar Fitanto's research entitled The Influence of the Human Development Index and Unemployment Rate on the Poverty Rate in the Special Region of Yogyakarta, explained that the high poverty rate in the Special Region of Yogyakarta based on BPS is due to the unique consumption pattern and supported by the socio-cultural conditions there. (Prasetyo, Angger Gigih; Fitanto, Bahtiar; 2023).

The author conducted a different study that has not been conducted by previous researchers, where the context of the research carried out is the influence of local government performance on the increase in the human development index and its implications on the unemployment rate, the methods used are descriptive quantitative and inferential statistics which are also different from previous studies. In addition, to calculate existing data using e-views 12, it is different from previous research that still uses e-views 9.

This study aims to find out how much the influence of local government performance on the Human Development Index (HDI) and the unemployment rate in Ambon City to find out how much the Human Development Index affects the unemployment rate in Ambon City and to find out the influence of local government performance on the unemployment rate through the human development index.

METHODS

The Research Approach is a design in research and contains methods used in the process of identifying problems and efforts made in determining solutions to problems and efforts made in determining solutions to problems to be researched. According to Cresweel in his book entitled Research Design, the 4th edition states that "Research methods involve the forms of data collection, analysis, and interpretation that researchers propose for their studies" (Creswell and Creswell 2016). Method is a process of activities in data collection, analysis and providing interpretation related to research objectives. This study uses quantitative descriptive research methods and inferential statistics in conducting data searches. This study only uses two types of variables, namely independent variables and dependent variables. The author uses secondary data as research material. The collection of secondary data by conducting research at the Ambon City Regional Secretariat and the Regional Development Planning Agency (BAPPEDA) as well as some information from the Ambon City Central Statistics Agency (BPS) website.

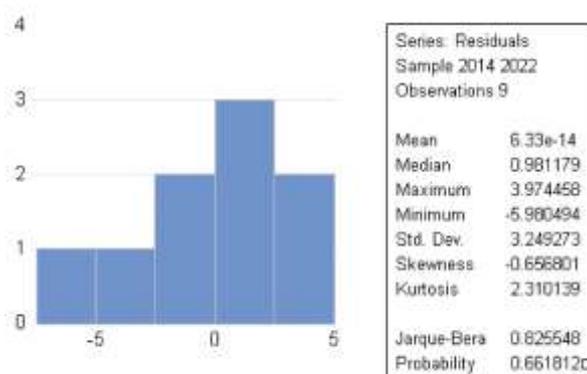
RESULTS AND DISCUSSION

The author analyzes how the influence of local government performance on the increase in the human development index and its implications on the unemployment rate. The discussion can be seen in the following subchapter.

Classical Assumption Test

1. Normality Test

Graph 3.1



From the results of the test, it can be seen that the Probability value is 0.66181. Where the value is greater than 0.05 so that it can be interpreted that the data in this study is normally distributed.

2. Multicollinearity Test

Table 3.1

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
Y	6.842502	28195.09	3.154630
Z	2.177521	90.21141	3.154630
C	48283.34	30869.43	NA

Source: Data processed, Eviews 12

From the results of the data processing, it can be seen that the VIF value is 3.154630. Based on the guidelines for the decision of the multicollinearity test, the results show that the VIF value is $3.156 < 10$, so there is no multicollinearity in this study.

3. Heteroscedacity Test

Table 3.2

F-statistic	4.887720	Prob. F(2,6)	0.0550
Obs*R-squared	5.576958	Prob. Chi-Square(2)	0.0615
Scaled explained SS	2.887807	Prob. Chi-Square(2)	0.2360

Source: Data processed, Eviews 12

It can be seen from the test results that the value of Prob.chi-squared > 0.05 . So, it can be interpreted that there are no symptoms of heteroscedasticity in the study.

4. Autocorrelation Test

Table 3.3

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Y	-6.984511	7.219044	-0.967512	0.3881
Z	-3.753207	3.827228	-0.980659	0.3823
C	589.9594	607.9183	0.970458	0.3868
RESID(-1)	-0.441679	0.710872	-0.621320	0.5680
RESID(-2)	1.191501	1.207572	0.986691	0.3797
R-squared	0.225190	Mean dependent var		6.33E-14
Adjusted R-squared	-0.549621	S.D. dependent var		3.249273
S.E. of regression	4.044818	Akaike info criterion		5.932931
Sum squared resid	65.44221	Schwarz criterion		6.042500
Log likelihood	-21.69819	Hannan-Quinn criter.		5.696481
F-statistic	0.290638	Durbin-Watson stat		2.024897
Prob(F-statistic)	0.870708			

Source: Data processed, Eviews 12

From the test results listed in Table 4.4 above, it can be seen that Durbin Watson's value is 2.024897. The value is then compared with the Durbin Watson value at a significance level of 5% or 0.05 with the formula $(k; n)$. k shows the number of independent variables which in this study amounted to 2 (HDI and AP). While n shows the number of samples or data in this study amounting to 9. Based on the table, the values $dL=0.82428$ and $dU=1.31988$ for $k=2$ and $n=9$ was obtained. The results showed that the value of d (Durbin Watson) was 2.024897, where the value was between dU (1.31988) and $4-dU$ ($4-1.31988=2.68012$). Therefore, it can be concluded that there is no autocorrelation problem in this study.

OLS Linear Regression

The regression results obtained will later be tested for significance, which includes the t-test and the determination coefficient. For data processing, the econometric

views (Eviews) program is used as a tool for measurement and testing. The estimated results of the model are as follows:

Table 3.4

Dependent Variable: Y				
Method: Least Squares				
Date: 03/25/24 Time: 18:08				
Sample: 2014 2022				
Included observations: 9				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	77.72418	4.135850	18.79279	0.0000
X	0.070406	0.045595	1.544169	0.1735
Z	-0.221347	0.192816	-1.147971	0.2947
R-squared	0.773156	Mean dependent var	80.27667	
Adjusted R-squared	0.697541	S.D. dependent var	0.900694	
S.E. of regression	0.495348	Akaike info criterion	1.694090	
Sum squared resid	1.472220	Schwarz criterion	1.759832	
Log likelihood	-4.623407	Hannan-Quinn criter.	1.552220	
F-statistic	10.22493	Durbin-Watson stat	1.094832	
Prob(F-statistic)	0.011673			

Source: Data processed, Eviews 12

1. Significant Test (t-Test)

The t-test was carried out to determine the influence of the independent variable on the partially bound variable. The t-test in this study was carried out with the Eviews 12 program. The explanation of the simple linear regression output presented in table 4.6 is as follows: The revenue sharing variable shows an alpha coefficient of 5% ($t\text{-stat} = 18.79279 > 1.833$) and a probability of $0.0000 < 0.05$. So, it means rejecting H_0 and accepting H_1 that the local government performance variable has a significant positive effect on the human development index and the unemployment rate, and vice versa at alpha 5%.

2. Coefficient of Determination

The determination coefficient reflects the magnitude of the influence of the change of the independent variable in carrying out the change in the bound variable together, with the aim of measuring the truth and goodness of the relationship between the variables in the model used. The magnitude of the R-square value between $0 < R^2 < 1$. If the value of R^2 is getting closer to one, then the proposed model is said to be good because the higher the variation of the bound variable that can be explained by its independent variable. Based on the results of the analysis presented in the table above, it is known that the value of the determination coefficient for the regression model between the performance of local governments and the human development index is 0.773. This value means that the profit-sharing income from investment funds has an influence of 0.773 or 77% and the remaining 23% is influenced by other variables that are not discussed in this study.

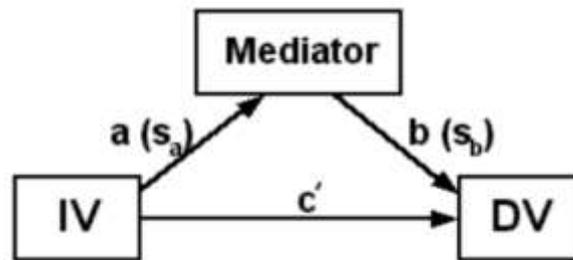
Sobel Test

MacKinnon, Warsi and Dwyer (1995) used the Sobel test as a statistical method to formally measure mediation assuming that the dependent and moderator variables are continuous variables. The Sobel test is intended to test whether intervening variables (mediators) have an effect such as variable independence to variable dependency.

Sobel Test Formula

$$t = \frac{ab}{\sqrt{(b^2SEa^2)(a^2SEb^2)}}$$

In this study, the results of the sobel test can be seen in the following figure:



Sobel Test Analysis:

	Memasukkan:	Statistik uji:	Std. Kesalahan:	p -nilai:
A	77.72418	Tes sobel: -1.14583426	15.01440013	0.25186374
B	-0.221347	Tes Aroian: -1.14422149	15.03556286	0.25253179
s _a	4.135850	Tes orang baik: -1.14745387	14.99320753	0.25119409
dengan b	0.192816	Reset all	Menghitung	

Source: Data processed, Eviews 12

The P-Value obtained is 0.2518 (<0.05) with a Sobel Test Statistical Test value of -1.145, it can be concluded that the local government performance variable has a significant effect on the unemployment rate variable through an increase in the human development index or indirectly the Z variable is able to mediate the influence of the x variable on the Y variable.

Local Government Performance on Unemployment Rate

The results of the t-test showed a positive relationship with the unemployment rate. This is shown by probability and t-statistic values in simple linear regression. So, it can be said that every increase in AP is able to explain that the performance of local governments can reduce the high unemployment rate. Investment: local governments that are effective in carrying out their duties tend to create a conducive environment for investment. New investment usually opens up job opportunities for locals, thereby reducing the unemployment rate. This can happen because effective local governments offer incentives, such as ease in terms of licensing, competitive taxes, or adequate infrastructure. Infrastructure: Good infrastructure, such as roads, transportation, and other public facilities, can increase the attractiveness of the region for investment and business growth. This

can create more jobs for the local community. Infrastructure development creates direct employment during the construction process and Training: In running its government, local governments must have effective education and training programs to improve the skills of the local workforce. The relationship between local government performance and the unemployment rate has several relationships, including Administration and Policy: in the World Bank book, it is explained that efficient local governments in administration and policy implementation can create an environment conducive to economic growth and job creation. Thus, it can show that efficient bureaucracy and pro-business policies can reduce unemployment. Human Resources: training and skill development programs initiated by local governments can improve the quality of work.

Local Government Performance Towards Human Development Index

The results of the t-test showed a positive relationship with the Human Development Index. This is shown by probability and t-statistic values in simple linear regression. Davies and Quinlivan argue that the Human Development Index is a comparative measure of life expectancy, literacy, education and living standards for all countries around the world. HDI is used to clarify whether a country is a developed country, a developing country or a backward country and also to measure the influence of economic policies on quality of life. So that the hypothesis in this study is answered. The results of this study are in line with previous research which shows that if the performance of the Ambon Regional Government increases significantly, the human development index can be achieved, such as a more guaranteed standard of living and education.

Analysis of the Indirect Influence of Local Government Performance on Unemployment Rate through Increasing the Human Development Index

The Sobel test is intended to test whether intervening variables have an effect such as variable independence to variable dependency. The results of the sobel test show that there is an influence of moderation given by the human development index on the performance of local governments on the unemployment rate. This shows that the P-Value obtained is 0.2518 (<0.05) with a Sobel Test Statistical Test value of -1.145, so it can be concluded that the local government performance variable has a significant effect on the unemployment rate variable through an increase in the human development index or indirectly the Y variable is able to mediate the influence of the X variable on the Z variable. This proves that the human development index in the Ambon City local government can be a shortcut to find out the improvement in local government performance caused by the unemployment rate measured from the achievement of the human development index that has met the existing targets and achievements.

Discussion of Key Findings of the Study

The author found that the factors that affect the increase in the human development index and the decrease in the unemployment rate in Ambon City are the significant performance of the local government which produces positive results.

CONCLUSION

Researchers can conclude that the influence of local government performance on the Human Development Index (HDI) and unemployment rate in Ambon City is as follows: 1. The performance of local governments has a positive influence on the improvement of the Human Development Index. 2. The performance of the Regional Government which is marked by the value of SAKIP (Government Agency Performance Accountability System) shows that the performance of the government can affect the unemployment rate and can reduce the unemployment rate to the maximum. 3. The performance of local governments has significant implications for the Unemployment Rate through the Human Development Index.

This research has the main limitations, namely research time and cost. The research was also only conducted in one location, namely Ambon City as a case study model selected based on Creswell's opinion. The author realizes that the research findings are still in the early stages, therefore the author suggests that further research can be conducted in similar locations related to the influence of local government performance on the human development index and unemployment rate in Ambon City to find more in-depth results.

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