

CHAPTER I

INTRODUCTION

1.1 Problems Identification

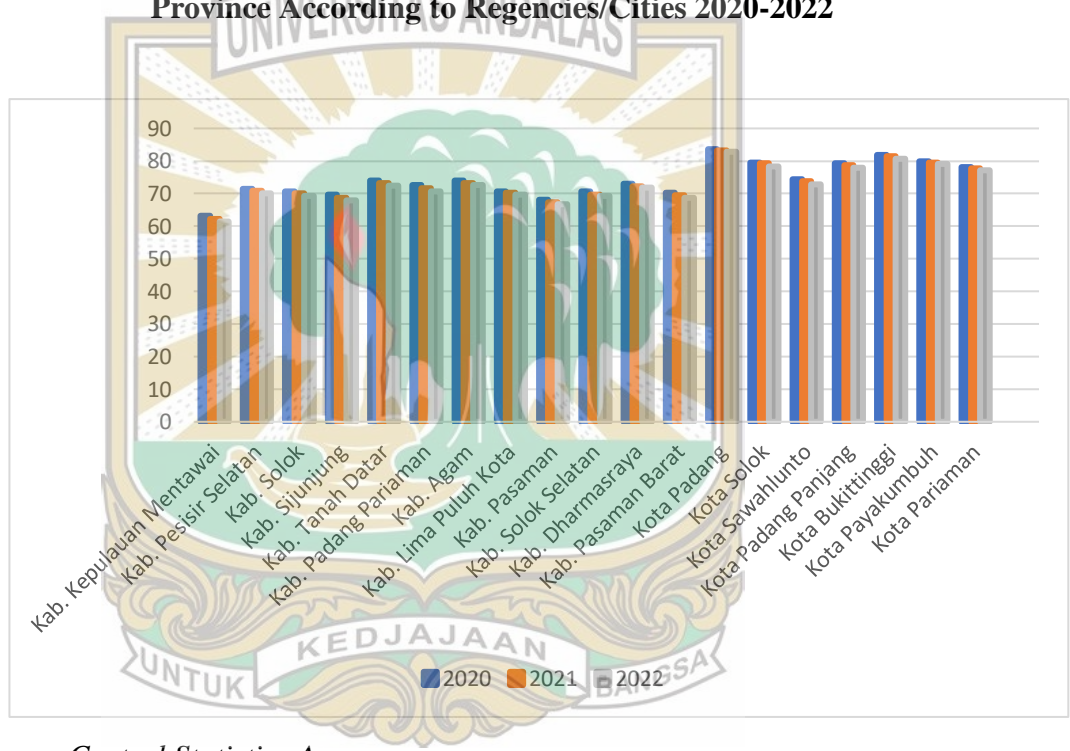
Regional economic development achievement is influenced by the process of human development, the achievement cannot be separated from the extent of human quality in a region (BPS, 2021). The well-being of people and the progress of regions are closely related. Sustainable development requires more than just economic growth, it also depends on the quality of human life. According to (Dasgupta, 2012) economic growth is not the only thing that makes a region successful. This includes their health, education, and happiness. Human development and regional development are closely connected, and real development requires more than just increasing income. It also requires improving the quality of human life. A future that is sustainable and prosperous balances economic, social, and environmental factors for the common good (Ahmad Yani, 2017).

According to the United Nations Development Program (UNDP,2010) one indicator that can be used to measure human quality in a region is the Human Development Index (HDI). Human Development Index (HDI) is a measure of the level of a region or country, based on three dimensions: life expectancy at birth, literacy and average years of schooling, and purchasing power. It is used to assess the extent of success in the development and welfare of human beings in a region or country. As well as one of the best tools for assessing development's success and improving human quality (Sintong Arfiyansyah, 2015).

The Human Development Index (HDI) in Indonesia has been increasing from year to year. The HDI of Indonesia reached 72.29 in 2021, it is generally been positioned in the medium range compared to other Asian countries. The increase in the HDI of Indonesia is inseparable from the contributions of its region (BPS, 2021). HDI also can determine the rank or level of development of a region/country. An increase in the HDI of a region will certainly contribute to an increase in the national HDI (Sumowiharjo, 2019).

West Sumatra is a province in Indonesia with a moderate level of human development index. According to BPS (2021), West Sumatra continues to experience an increase in HDI from year to year. However, one of the areas in West Sumatra, namely the Mentawai Island Regency, is the area with the lowest Human Development Index in West Sumatra and in Sumatra Island. This is of course of greater concern for the government, especially the West Sumatra and Mentawai district governments, to be able to evaluate factors that can increase HDI in Mentawai districts.

Graph 1.1 Human Development Index of West Sumatra Province According to Regencies/Cities 2020-2022



Source: Central Statistics Agency

The Human Development Index (HDI) in the Mentawai Islands Regency from 2020 -2022, as seen in Graph 1.1. When comparing the HDI achievement of Mentawai Islands Regency with other regencies and cities in West Sumatra Province, it is evident from Graph 1.1 that the HDI achievement of Mentawai Islands Regency during the period 2020-2022 was significantly lower than the average HDI achievement of all regencies and cities in West Sumatra Province and also the lowest achievement HDI in West Sumatra Province.

The lower HDI achievement in Mentawai Islands Regency indicates the poor performance of the elements/indicators that contribute to the HDI itself, including school life expectancy, mean years of schooling, income per capita, and life expectancy which are still low. Graph 1.1 also shows that the HDI of Mentawai Islands Regency tends to experience very slow growth (flat). The slowdown in HDI growth is generally caused by the deceleration of life expectancy, the number of average years of schooling, and expected year of schooling, as well as the decline in real per capita expenditure as a result of economic contraction (BPS,2020).

The Human Development Index (HDI) is a tool that can be used to assess the quality of human development in terms of how it affects both non-physical (intellectual) and physical conditions (health and well-being) in people. While non-physical effects can be observed in the community's educational standards, development that affects the physical state of the community is reflected in life expectancy and purchasing power. An important strategic indicator for evaluating the effectiveness of development projects in a given area is the achievement of the human development index (Handayani, 2018).

According to (Kementerian Desa, 2020), Presidential Regulation (*Perpres*) Number 63 of 2020 concerns the determination of underdeveloped regions in 2020-2024, Mentawai Island Regency is one of the 62 areas determined to be underdeveloped, frontier, and outermost (3T) regions in Indonesia. Mentawai Island Regency is the only West Sumatra Province included in the categories of least developed, frontier, and outermost regions (3T), (BPS,2022).

The Mentawai region is classified as a 3T area, which stands for frontier, outermost, and backward. The terms "foremost" and "outermost" highlight the geographical location of the Mentawai Islands Regency, situated at the westernmost point of Indonesia and directly adjacent to the Indian Ocean. On the other hand, the term "backward" refers to the underdeveloped nature of the area, as evidenced by the benchmarks of human development. The region lags in terms of various development indicators, indicating a significant disparity compared to more developed areas (Margaretha Ardhanari, 2021).

The low human development index in an area is one of the determining factors for entering that area into the underdeveloped category. Therefore, one of the solutions to remove an area from the underdeveloped category is to increase the human development index (Kartini, 2019). This study will find factors that can affect HDI so that later it can provide input to the government of any sector that should be increased by the local government so that the HDI in the Mentawai Islands Regency can continue to increase.

The Mentawai Islands Regency was formed based on RI Law No. 49 of 1999 and officially became a Regency that was previously part of the Padang Pariaman Regency. The regional autonomy policy currently being implemented by Indonesia provides a great opportunity for the entire provincial government and government regencies/cities in Indonesia to regulate their regions by Statutory Regulation Number 32 of 2004. The regional autonomy policy, which was enacted in 2001 and revised in 2004, gives more authority and responsibility to the local governments to manage their affairs and resources. The main objectives of the regional autonomy policy are to improve the welfare, democracy, and justice of the people, as well as to reduce the gap between regions.

Based on the research (Saragih, 2018), in running regional autonomy, the main thing that is the biggest challenge for local government is to identify and understand the potential they have in each region. Regions that understand their capabilities can use them to support their local economy sustainably. Conversely, regions unaware of their potential struggle to make the most of their strengths, limiting the local government's ability to utilize them effectively.

According to Human Development Reports (HDR,2010), poverty can influence the Human Development Index (HDI) in a region because poverty can reduce community access to quality healthcare, sanitation, and nutrition, thereby lowering their life expectancy. Poverty can also hinder community participation and achievements in both formal and informal education, leading to lower literacy rates and average years of schooling. Poverty may limit opportunities and productivity in economic activities, resulting in a decrease in their per capita income. Efforts to reduce poverty and enhance the quality of life for the community are necessary to improve the HDI.

The quality of human resources needs to be raised to develop better human beings. The government makes investments or expenditures for the advancement of people. Government spending is a clear sign of what regional leaders prioritize and where they allocate funds. Every purchase made by the government indicates its focus and the policies they are emphasizing (Ryan Ezkirianto, 2013). To achieve quality human resource development which is reflected in the human development index investment in the education and health sectors, government spending is used to finance the sector's significant public sector, among all the public sectors that are currently becoming government priorities.

According to research by Astri (2013), the budget allocation policy for all the resources and funds managed by the regions aims to improve public services to attain social welfare. Public services in the economic, educational, and health sectors which are at the core of the idea of human development are given the greatest priority. The ability of the budget for development expenditures in auxiliary sectors to raise the Human Development Index is provided by the existence of fiscal decentralization and regional autonomy. Spending by the government may be a reflection of regional policy. Among other things, it is prioritized by the government to achieve the development of the main public sectors that are employed to increase community welfare. It is used to finance important public sectors to improve the welfare of the community, including being prioritized by the government to achieve the development of the quality of human resources, which is reflected in the Human Development Index. Investment in the education sector and the health sector is expected to affect improving the quality of human resources and reducing poverty (Sofilda, 2015).

The core objectives of development are health and education. For people to have a decent and fulfilling life, they must be in good health, and receiving an education is a need (Todaro, 2012). Together, these two factors play a significant role in determining human potential and the concept of development in its more general sense. To shape human potential and promote wider development, education, and health are seen as being necessary. Education gives people the capacity to comprehend and use knowledge in daily life, whereas health gives people the capacity to go about their daily lives healthily and effectively.

Education and health must be the key priorities in human growth since they are interconnected and essential to individual and societal advancement. Therefore, efforts to improve education and health must continue to be made so that humans can achieve better abilities and quality of life.

The dependency ratio is considered to be another factor that may impact the Human Development Index (HDI). The dependency ratio refers to the proportion of the population that is not of working age compared to the productive age group (Kuncoro, 2010). If the dependency ratio is high, then the HDI tends to be low due to the heavy burden that falls on the productive age group to support those who are not able to work. The household also plays a crucial role in human development, as household spending directly contributes to human development in areas such as food, health, and education. According to data BPS in 2020, the population of Mentawai Regency was 374,884 people with a dependency ratio of 70.94%, which is the non-productive age group that must depend on the productive age group to meet their daily needs. The higher the dependency ratio, the heavier the burden on the productive age group to fulfill the needs of the entire community (Ahmad Yani, 2017). This can have an impact on development and the overall quality of life of the community, including on the HDI indicator.

According to (Bhakti N. A., 2012) HDI is an important indicator of development. Therefore, the government and society should make efforts to improve the HDI. Economic growth, income distribution, population control, poverty alleviation, as well as improvement in health services and education are needed to improve the HDI. The Human Development Index (HDI) is one of the parameters for human development that are affected by many factors such as access to healthcare and education, income distribution, gender equality, and environmental quality. These factors are important because they affect the well-being and capabilities of people, which in turn impact their ability to participate fully in economic, social, and political life (Sudarno, 2017). HDI provides a more comprehensive picture of human development and helps policymakers better understand a country's social and economic progress, identify areas for improvement and design policies that promote human development.

Based on the explanation above, it can be seen that the importance of the factors forming the human development index for human and economic development indicators, the government must focus on improving the HDI. By studying the HDI specifically in Mentawai Islands Regency, valuable insights can be gained to identify the strengths, weaknesses, and specific areas that require attention and improvement to advance human development in the region. This research can contribute to informed decision-making and targeted interventions to enhance the overall well-being and quality of life for the people of Mentawai Island. In this study, the factors that are suspected to affect the Human Development Index (HDI) in the Mentawai Regency are poverty, government expenditure on education and health sectors, dependency ratio, accessibility, and stunting. With these variables, the researcher wrote the title "*Analysis of Factors Affecting Human Development Index in Mentawai Islands Regency*".

1.1. Problem Formulation

Based on the problem identification that has been described, the research problem of this research is:

1. Why are the growth of the human development index in the Mentawai Islands Regency to be relatively slow or flat?
2. How do poverty, government expenditure in the education sector, government expenditure in the health sector, dependency ratio, accessibility, and stunting affect the Human Development Index in the Mentawai Islands Regency?

1.2. Research Objective

Based on the problem formulation that has been described, the purpose of this research is:

1. To identify the underlying factors and challenges that contribute to the stagnant or slow progress in the human development index in the Mentawai Islands Regency.

2. To analyze the influence of economic growth, government expenditure on the education sector, government expenditure on the health sector, poverty rates, dependency ratio, and accessibility on the human development index in the Mentawai Islands Regency.

1.3. Benefit of Research

Based on the expected research objectives and the benefits of this research both theoretically and practically. The benefits of this research are as follows:

1. Theoretical benefits

- a). For the author, this research is expected to provide additional empirical knowledge and test the knowledge that has been obtained during college so that it can be applied in compiling research and processing existing data to achieve the expected results so that they can understand the applications and theories that occur in the field.
- b). For readers, it is hoped that they can Increase knowledge about the factors that affect the human development index.
- c). For academics, it is hoped that the results of this research can add insight into the field of economics, especially for human development.
- d). For the community, contribute ideas for the local government to increase human development in Mentawai Island Regency.

2. Practical benefits

As a recommendation for the local government to maximize the ability of factors that can improve the human development index in Mentawai Island Regency.