

## **ABSTRACT**

*Human development is an important part of creating prosperous and sustainable societies in many countries. IHDI is an Islamic development measure that develops the basic concept of maqashid sharia. The decline in IHDI in Indonesia and Malaysia reflects the challenges faced by both countries in improving the quality of human development in accordance with Islamic values. The purpose of this study is to analyse the effect of government spending on education and unemployment on the Islamic Human Development Index.*

*This research is obtained from secondary data and analysed using the panel data regression method through the Common Effect Model using the population of Indonesia and Malaysia in the aspect of government spending in the education sector and unemployment from 2013-2022.*

*The results showed that government expenditure in the education sector and unemployment affect the IHDI partially, negatively and significantly. The coefficient of determination shows that 54.7% of the dependent variable can be explained by the independent variable and the remaining 45.3% is explained by other variables outside this study.*

**Keywords:** *Government Spending, Unemployment, IHDI, Panel Data*

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