

The Effect of Bank Credit, Export Value, Government Expenditure, And Labor Force on Provincial Economic Growth in Indonesia

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ABSTRACT

This research is motivated by the phenomenon of economic growth development in Indonesia over the past five years experiencing fluctuations. For this reason, academically, researchers try to analyze this by analyzing the factors that influence the economic growth of provinces in Indonesia. On that basis, this study aims to analyze the effect of investment credit, exports, government expenditure, and the labor force on the economic growth of provinces in Indonesia. This study uses a quantitative type of research, with data sources in the form of secondary data in the form of panel data, namely data from 34 provinces in Indonesia in the period 2019 - 2023. In this study, the approach used for data processing is to use the Fixed Effect Model (FEM) as a panel data regression model with the help of Eviews 12 software. The results of this study show that investment credit, exports, and government expenditure have a positive and significant effect on the economic growth of provinces in Indonesia, while labor force does not affect the economic growth of provinces in Indonesia.

Keywords: *Economic Growth, Investment Credit, Exports, Government Expenditure, Labor*

INTRODUCTION

Economic growth is a long-term economic problem, and economic growth is an important phenomenon experienced by every country in the world. Basically, economic growth is one of the components of measuring development in every country. Economic growth in a country that is positive will certainly be able to encourage sustainable national development. National development in a country is seen as a multidimensional process that includes fundamental changes in social structures, community attitudes, and national institutions while still pursuing accelerated economic growth. In this case, economic growth can be influential for the equitable distribution of national development and improve people's welfare (Devi, 2017). According to Cahyono (2017), economic growth is a reference for a country to measure the achievement of economic development from one period to the next. If during a period the economy experiences positive growth, it indicates that economic activity in the area has increased. Meanwhile, if during a period the economy experiences negative growth, it indicates

that economic activity in the area has decreased. In macroeconomic analysis, economic growth can be realized in the form of the development of real national income achieved by a country or region (Sukimo, 2000).

Economic growth is one of the main indicators used to measure the economic progress of a country or region. Economic growth describes an increase in the capacity of an economy to produce goods and services compared to the previous period. Thus, economic growth shows the extent to which economic activity can generate additional income or public welfare in a given period. Economic growth of a country or a region that continues to show an increase, then it illustrates that the economy of the country or region is well developed.

Covid-19 hampers economic activity and puts pressure on world economic growth going forward, including economic growth in Indonesia. Economic growth is a country's income that has increased nationally aggregatively or increased output in a certain period. However, lockdown policies carried out by various countries to prevent the spread of Covid-19 have an impact on the economy in Indonesian among them: the difficulty of finding a job; many employees who have been forced to work at home without pay until the limit that has not been met so that, the state suffered enormous losses. On the other hand, the impact of Covid-19 has caused Indonesia's economic growth to decline. Here are the data on Indonesia's economic growth in 2019 to 2023 in Figure 1



Figure 1 Development Of Economic Growth In Indonesia In 2019-2023

In Figure 1 the development of economic growth in Indonesia over the past five years has fluctuated. In 2019 at the beginning of the covid-19 pandemic, economic growth was still stable at 5.01%. In 2020 where the Covid-19 outbreak began to spread and enter the Indonesian region, Indonesia's economic growth experienced a very drastic and alarming decline and was at -2%. In 2021, the Indonesian economy will only be able to grow again although its growth is not as fast as in previous years. In 2022, it

became the highest economic growth in Indonesia, but in 2023 it decreased again due to the Russia-Ukraine war which has eliminated global GDP up to USD2.8 trillion. The Russo-Ukrainian war disrupted global supply chains, causing a crisis, especially in the food and energy sectors. The covid-19 outbreak has had a major impact on all regions in Indonesia, namely 34 provinces in Indonesia. Provinces that depend on badly affected sectors saw even greater declines. And it is that not only the

global crisis faced by a specific province but the provinces that depend on the most severely affected sectors are experiencing an even greater decline.

A region can be said to experience rapid economic growth if from year to year there is a significant increase, while slow growth occurs if from year to year there is a decrease or fluctuation. It can be compared to the previous year's economic growth of a region or compare with that of another region. Economic growth can be determined by comparing the GRDP in a particular year with the previous year (Sukirno, 2006).

Based on the data in Table 1 the development of economic growth of each province in Indonesia during the last five years has fluctuated. Especially in 2020, on

average, each province experienced a decline due to the covid 19 virus pandemic that hit almost all countries in the world. In 2021, the Indonesian economy will only be able to grow again although its growth is not as fast as in previous years, and in 2022 to 2023 it has increased due to economic activity starting to normalize. The easing of the global phenomenon in the form of the Covid 19 pandemic, brings developments in a positive direction for economic growth in Indonesia. However, with the economic development achieved today, Indonesia still has to face development problems. Based on data from the Central Statistics Agency (BPS), economic growth data by province in Indonesia in 2019-2023 are as follows:

Table 1 development of GRDP by province in Indonesia on the basis of constant prices Year 2019 – 2023

Province	Gross Regional Domestic Product on the basis of constant prices 2010 by province in 2019-2023 (billion rupiah)				
	2019	2020	2021	2022	2023
Aceh	132.070	131.581	135.274	140.972	146.932
Sumatera Utara	539.514	533.746	547.652	573.529	602.236
Sumatera Barat	172.206	169.427	175.000	182.629	191.071
Riau	495.607	489.996	506.472	529.533	551.828
Jambi	149.111	148.354	153.851	161.730	169.269
Sumatera Selatan	315.465	315.129	326.405	343.460	360.911
Bengkulu	46.345	46.338	47.854	49.916	52.041
Lampung	244.378	240.320	246.966	257.534	269.241
Kep. Bangka Belitung	53.942	52.706	55.370	57.805	60.338
Kep. Riau	181.878	174.959	180.952	190.164	200.044
DKI Jakarta	1.836.241	1.792.291	1.856.001	1.953.489	2.050.466
Jawa Barat	1.490.960	1.453.381	1.507.746	1.589.985	1.669.417
Jawa Tengah	991.517	965.227	997.321	1.050.278	1.102.563
DI Yogyakarta	104.485	101.699	107.347	112.901	118.627
Jawa Timur	1.649.896	1.611.393	1.668.754	1.757.875	1.844.809
Banten	456.620	441.149	460.953	484.131	507.427
Bali	162.693	147.499	143.872	150.830	159.448
Nusa Tenggara Barat	93.872	93.289	95.438	102.074	103.906
Nusa Tenggara Timur	69.389	68.810	70.541	72.695	75.258
Kalimantan Barat	137.243	134.743	141.212	148.369	154.981
Kalimantan Tengah	100.349	98.934	102.481	109.095	113.612
Kalimantan Selatan	133.284	130.864	135.425	142.341	149.231
Kalimantan Timur	486.523	472.393	484.440	506.159	537.63
Kalimantan Utara	61.418	60.746	63.168	66.528	69.817

Sulawesi Utara	89.009	88.126	91.791	96.768	102.07
Sulawesi Tengah	127.935	134.153	149.816	172.625	193.181
Sulawesi Selatan	330.506	328.155	343.395	360.895	377.162
Sulawesi Tenggara	94.054	93.446	97.275	102.656	108.153
Gorontalo	28.430	28.425	29.108	30.284	31.648
Sulawesi Barat	32.844	32.074	32.898	33.658	35.426
Maluku	31.049	30.766	31.881	33.575	35.322
Maluku Utara	26.598	28.031	32.739	40.248	48.495
Papua Barat	62.075	61.604	61.289	62.519	40.955
Papua	134.566	137.787	158.675	172.907	49.553
Indonesia	6.084.975	5.980.476	6.206.861	5.488.530	5615.813

Source: Central Bureau Of Statistics, 2024

Each country will strive to raise and provide the best in order to support the country's economic growth optimally. Indonesia is one of the developing countries that seeks to increase economic growth for the welfare of society and a better life. Furthermore, the need for improvement and driven by increased government spending, especially the realization of social assistance for the National Economic Recovery Program.

Neo-classical economic growth theory states that economic growth depends on the development of the factors of production, namely; capital, labor, and technology. Economic growth is an important part of the development of a country, it can even be said to be one of the important indicators to explain that a country is financially capable or prosperous (Sukirno, 1994). Meanwhile, Keynes ' theory focuses on aggregate demand as a strategic variable in overcoming the stagnation of production factors. Keynes looked at the relationship among economic variables such as exports, imports, income, consumption, savings, taxes, government spending, unemployment, inflation in aggregate. Keynesian theory emphasizes the importance of government intervention in the economy, especially through fiscal and monetary policies, to achieve economic stability

The banking sector is often regarded as the heart and driving force of a country's economy. As seen and the strategic role of banking in the economy as an intermediary institution in collecting and distributing public funds for financing economic sector

activities so that it will strengthen the economic structure of a country.

The banking sector has a very vital role in promoting the economic growth of a country. One indicator of successful development is the achievement of economic growth rates are reflected in the real output growth rate is high. To achieve economic growth is needed funding sources to encourage the business world. The need for funds that are not small as development capital is largely determined by banks. It is clear that the development of the number of bank loans as a source of funding for these business sectors can affect economic growth and the national economy.

Banking activities have an important position in the context of macroeconomics. According to Fahmi (2008), the role of banking in Indonesia is as a supporting sector, which plays a role in providing services in payment traffic and money circulation, as well as acting as a fund-raising institution in the community and then channeling it back to the community in the form of credit. In addition to carrying out its function as an intermediary institution, the bank also serves as a transmission medium for central bank monetary policy. Lending is the main focus of banking activities in carrying out its functions. Therefore, the credit aspect cannot be separated from economic growth in Indonesia. Credit disbursement here focuses on investment credit disbursement where investment credit is a productive credit that supports economic activity in the real sectors in Indonesia.

Based on data from Bank Indonesia, Indonesia in 2019 – 2023 are as follows: investment credit data by province in

Table 2 Investment Loans by Province In Indonesia By Type Of Use Year 2019-2023

No	Province	Banking credit (investment) by province in Indonesia Year 2019-2023 By Type Of Use (Million Rupiah)				
		2019	2020	2021	2022	2023
1	Jawa Barat	60.018	63.174	66.953	74.961	83.079
2	Banten	28.43	28.679	31.012	29.512	29.961
3	DKI Jakarta	948.492	933.131	972.667	1.088.516	1.204.703
4	D.I Yogyakarta	9.513	9.792	9.591	11.329	13.535
5	Jawa Tengah	50.425	48.145	49.766	58.219	65.723
6	Jawa Timur	77.83	80.502	76.275	83.826	92.647
7	Bengkulu	3.343	3.056	3.403	4.33	5.282
8	Jambi	9.325	9.81	10.296	11.846	13.071
9	Aceh	4.504	3.517	2.589	3.627	5.634
10	Sumatera Utara	65.998	62.769	55.615	60.581	56.442
11	Sumatera Barat	8.271	7.824	8.274	9.702	10.822
12	Riau	17.743	18.585	19.844	24.17	29
13	Sumatera Selatan	18.909	21.269	20.764	20.923	21.704
14	Bangka Belitung	1.748	1.739	1.833	2.401	2.931
15	Kepulauan Riau	10.033	9.574	9.832	11.151	12.886
16	Lampung	10.982	10.553	10.596	11.173	7.256
17	Kalimantan Selatan	16.084	12.629	12.161	11.911	15.392
18	Kalimantan Barat	14.616	15.979	14.916	17.258	20.764
19	Kalimantan Timur	18.675	18.727	23.94	26.512	33.239
20	Kalimantan Tengah	8.702	9.085	9.23	12.455	13.102
21	Sulawesi Tengah	3.196	2.551	6.051	5.828	5.958
22	Sulawesi Selatan	7.974	17.234	16.905	19.184	28.153
23	Sulawesi Utara	5.367	5.341	4.955	4.977	7.247
24	Gorontalo	2.437	3.022	3.385	3.631	3.441
25	Suawesi Barat	929	973	1.064	1.389	1.851
26	Sulawesi Tenggara	2.64	2.637	3.034	3.339	4.142
27	Nusa Tenggara Barat	8.4	8.463	8.415	5.251	8.809
28	Bali	20.613	21.278	22.159	23.989	27.708
29	Nusa Tenggara Timur	2.579	2.311	2.242	2.194	3.159
30	Maluku	1.141	720	733	965	1.19
31	Papua	4.747	4.742	4.694	4.768	6.72
32	Maluku Utara	503	495	562	2.376	2.403
33	Papua Barat	1.438	1.601	1.669	1.767	1.862
34	Lainnya	25.62	28.781	42.212	56.88	80.939
Total		1.481.226	1.468.687	1.527.639	1.710.944	1.920.752

Source: Bank Indonesia, 2024

Based on Table 2, over the past 5 years, the development of investment credit has decreased and increased in every province in Indonesia. In 2019-2020 investment credit bottleneck or decline. Investment credit bottlenecks occur because most of the real sector's economic activity is reduced and people's daily activities are also stopped due to government policies due to covid-19. And in 2021 to 2023 began to experience increased growth where covid-19 had

subsidized and the economy was heading towards normalization. Based on these data, it can be explained that banking credit, namely investment, has fluctuated due to global phenomena.

In a previous study by Dwiastuti (2020), he explained that banking credit consisting of working capital loans, investment loans and consumption loans has a positive relationship with the economic growth of a region. The higher the credit disbursed by

banks will spur economic growth in this case the credit disbursed can increase economic growth.

As a country that implements a free market system, Indonesia's economic growth is strongly influenced by the performance of international trade. The trade sector, especially in international trade, namely Export-Import is very important because it is the driving wheel of a country's economy. Foreign trade openness can be a stimulator to further move the wheels of the economy so that the world economy unites. International Trade greatly affects the economic growth of a country. If a country exports more than it imports, the country's national income will increase so that it will affect economic growth.

Export is one source of foreign exchange that is needed by countries or regions that are open economies such as in Indonesia, because exports are widely to various countries that can increase the amount of

production that drives economic growth so that it can be expected to stabilize or provide a large contribution to economic growth in Indonesia.

According to Amir dalam (Pridayanti, 2012), export is the activity of selling goods or services obtained in a country to sell to other countries and make payments in foreign currency. As for the advantages of export activities for a country is to expand employment, increase foreign exchange and expand the market. The more the number of exports, the more demand for a country's currency so that the exchange rate increases. Increasing export growth will generate foreign exchange in a country that will be used to finance imports and to improve the development of domestic sectors.

Based on data from Indonesia's trade balance, the following is presented in Table 3 of the development of export value in Indonesia in 2019 – 2023.

Table 3 Development Of Oil And Non-Oil Export Value In Indonesia For The Period 2019-2023

Provinsi	Data Perkembangan Nilai Ekspor Migas dan Non Migas di Indonesia (Juta US\$)				
	2019	2020	2021	2022	2023
Aceh	317,700	300,400	536,900	745,800	609,200
Sumatera Utara	7.376,200	7.861,800	11.667,700	12.717,000	10.237,500
Sumatera Barat	1.339,153	1.531,843	3.072,574	2.868,419	2.366,661
Riau	1.241,200	1.376,030	1.996,900	2.259,600	1.895,600
Jambi	2.840,800	1.776,600	2.618,500	3.001,900	2.192,800
Sumatera Selatan	4.059,349	3.602,403	5.286,044	7.581,358	6.585,635
Bengkulu	208,550	126,200	253,812	350,600	356,000
Lampung	2.292,124	3.144,753	4.840,304	5.606,248	4.645,810
Kep. Bangka Belitung	1.451,310	1.291,160	2.672,050	2.640,110	2.034,710
Kep. Riau	11.154,400	11.170,400	14.545,000	18.217,000	17.729,000
DKI Jakarta	10.480,600	9.845,800	11.269,200	11.502,700	11.072,300
Jawa Barat	29.927,416	26.600,282	33.881,218	38.546,588	36.632,398
Jawa Tengah	8.516,700	8.088,300	10.696,310	11.777,910	10.229,180
DI Yogyakarta	403,700	398,800	557,300	581,600	472,200
Jawa Timur	18.683,400	20.904,900	22.998,600	24.963,200	22.423,200
Banten	11.045,600	10.685,700	13.508,000	14.084,200	12.139,100
Bali	591,500	456,200	508,168	616,976	580,900
Nusa Tenggara Barat	222,000	643,489	1.140,500	3.099,800	2.050,500
Nusa Tenggara Timur	54,400	44,200	42,400	66,600	74,100
Kalimantan Barat	1.581,700	1.977,300	2.277,900	2.959,900	2.124,200
Kalimantan Tengah	2.172,400	1.824,400	3.102,300	5.852,400	4.990,700
Kalimantan Selatan	7.190,400	5.341,300	9.068,400	16.204,300	13.249,900
Kalimantan Timur	16.183,210	12.980,280	23.800,320	36.058,250	26.840,630
Kalimantan Utara	1.192,400	1.018,300	1.764,000	2.569,900	1.955,800
Sulawesi Utara	762,200	779,000	1.117,300	1.119,800	888,700
Sulawesi Tengah	5.893,500	7.480,600	12.139,500	18.956,300	19.385,900
Sulawesi Selatan	1.557,000	1.473,900	1.868,200	2.559,700	2.340,800

Sulawesi Tenggara	1.859,750	1.997,920	354,905	506,950	355,794
Gorontalo	10,100	32,900	41,800	52,000	55,200
Sulawesi Barat	459,160	503,000	665,700	472,200	472,700
Maluku	54,700	87,900	73,900	129,400	121,700
Maluku Utara	878,200	1.038,500	4.093,700	8.200,200	10.200,100
Papua Barat	2.336,900	1.795,900	2.077,300	2.730,100	3.078,700
Papua	1.280,900	1.975,700	4.497,900	6.323,500	6.405,700
Indonesia	167.683,000	163.191,800	231.609,500	291.904,300	258.774,400

Source: Trade Balance, 2024

Data on the development of the export value of Provinces in Indonesia in Table 1.3, shows the fluctuations in the value of provincial exports in Indonesia each year. The lowest fluctuation in export value in Indonesia occurred in 2020 at 163,191,800 million US\$ and began to increase in 2021 at 231,609,500 million US\$ and the peak of growth occurred in 2022 at 291,904,300 million US\$, but in 2023 it decreased but not significantly by 258,774.400 million US\$. This is due to a slowdown in the world economy and falling commodity prices hoist down export performance during 2023. The economic slowdown that occurred in 2020 was due to a lockdown policy by a country that affected the economy of a country.

Based on previous research by Kinski (2023), it explains that exports have a negative and significant effect on economic growth. Meanwhile, imports have a positive and significant effect on economic growth. Both of these variables indicate that international trade will affect economic growth.

According to the classical theory of Adam Smith in Adnan (2022) says that a country can experience economic growth if it is formed specialization in the production of a good or service. This specialization is what will make a country have added value from others so that the goods or services are eligible to be sold internationally.

The process of economic growth in Indonesia is closely related to the role of the government as an institution with authority in implementing national policies and

national strategies in the economic system in Indonesia. In addition to export activities, to stabilize the economy of a country can certainly be done with fiscal policy by controlling government budget management. Fiscal policy is reflected in the state budget, usually the government controls from the side of State Revenue, one of which is taxes and/or from the side of state spending, namely government spending (Safari, 2016).

As we know the government has the power and ability to regulate and supervise the economy and carry out economic activities that cannot be carried out by other economic units such as households and companies. In a previous study by Wibisono (2005), explained that the greater the productive government spending, the greater the economic growth rate of a country or region. According to Jones (1996), the role of government can be classified into two, namely directly and indirectly. Direct control among them is the problem of government revenue and expenditure.

The development of government spending as measured by the amount of direct spending and indirect spending. Direct spending expenditure is government expenditure for the implementation of projects consisting of development sectors. Indirect government spending includes all expenditures made by the government.

The following is the Indonesian government expenditure data based on data from the Central Statistics Agency (BPS), as follows:

Table 4 Provincial Government Expenditure In Indonesia In 2019 – 2023

Province	Provincial Government Expenditure In 2019-2023 (Billion Rupiah)				
	2019	2020	2021	2022	2023
Aceh	14.672.120,00	15.798.120,00	13.984.810,00	16.766.150,00	17.094.500,07
Sumatera Utara	13.440.323,71	15.543.907,76	13.749.499,45	12.509.062,82	14.273.522,51
Sumatera Barat	6.625.719,98	7.364.941,24	6.468.906,65	6.261.806,33	6.761.000,00
Riau	8.690.390,95	8.172.706,47	8.931.704,16	8.656.846,38	9.089.710,09
Jambi	4.824.366,35	5.244.838,97	4.430.392,75	4.385.007,34	5.206.860,01
Sumatera Selatan	7.074.829,33	9.345.120,83	10.060.730,26	9.654.363,90	12.403.806,80
Bengkulu	3.118.303,52	3.052.350,01	2.824.250,10	3.026.385,52	4.009.682,20
Lampung	7.058.713,89	6.967.358,45	7.097.934,21	6.911.575,79	7.101.407,05
Kep. Bangka Belitung	7.674.289,24	6.943.632,02	6.472.134,00	7.040.548,00	7.987.435,03
Kep. Riau	3.722.320,00	3.489.981,02	3.643.993,64	3.842.586,41	8.745.630,00
DKI Jakarta	64.967.286,00	52.598.350,00	61.619.040,00	64.841.690,00	66.700.000,00
Jawa Barat	39.199.187,03	46.095.261,22	44.615.070,00	45.001.234,54	45.620.886,08
Jawa Tengah	27.490.556,74	26.513.084,16	25.843.800,19	23.950.350,26	25.792.831,70
DI Yogyakarta	5.544.876,46	5.433.181,00	5.530.173,01	5.449.936,00	6.008.568,31
Jawa Timur	33.967.109,63	32.286.757,63	33.852.938,53	34.502.859,03	36.400.012,00
Banten	6.934.199,00	6.616.590,00	6.406.182,51	7.961.908,19	9.790.000,00
Bali	4.403.625,57	5.869.811,10	5.923.153,29	5.485.778,60	6.103.410,03
Nusa Tenggara Barat	5.148.458,52	5.199.504,58	5.545.143,80	5.873.545,70	5.991.980,92
Nusa Tenggara Timur	23.968.470,44	22.099.141,28	23.508.767,90	24.497.911,91	25.101.099,032
Kalimantan Barat	5.677.397,31	6.582.879,81	6.303.146,99	5.726.991,91	7.983.671,67
Kalimantan Tengah	5.064.142,62	5.030.000,00	4.584.753,69	5.147.570,98	5.484.877,95
Kalimantan Selatan	7.040.337,72	7.493.192,36	8.857.904,10	9.265.854,79	9.704.360,01
Kalimantan Timur	13.637.012,67	12.382.489,09	10.723.529,42	11.501.773,96	13.107.406,76
Kalimantan Utara	3.005.921,90	2.680.321,69	4.404.613,53	5.531.383,75	7.729.799,38
Sulawesi Utara	4.179.431,83	11.436.278,25	11.796.591,40	12.929.403,28	12.967.400,17
Sulawesi Tengah	4.528.709,52	4.623.258,19	5.038.245,98	5.594.478,66	7.300.000,00
Sulawesi Selatan	9.631.039,54	10.374.681,40	10.397.863,77	11.360.085,38	10.960.000,00
Sulawesi Tenggara	11.947.384,80	10.483.290,30	16.999.417,70	16.779.912,00	16.817.776,48
Gorontalo	1.451.790,06	1.785.257,31	1.866.246,00	1.739.467,00	1.908.588,00
Sulawesi Barat	9.631.039,54	10.374.681,40	11.413.817,18	13.659.917,41	14.118.901,08
Maluku	2.974.081,95	3.366.515,81	3.008.048,65	3.098.429,817	3.159.000,00
Maluku Utara	2.657.500,00	2.650.910,00	2.857.135,60	3.028.024,21	4.018.100,01
Papua Barat	9.269.298,18	9.746.946,22	7.776.663,83	7.536.640,015	8.155.196,96
Papua	13.382.203,39	12.376.326,09	14.859.610,00	11.374.280,00	13.546.400,00
Indonesia	410.678.784,00	393.341.344,00	411.396.212,30	420.893.759,90	449.160.148,60

Source: Central Bureau Of Statistics, 2024

Based on the data in Table 4, it shows that every year there is a fluctuation in government spending in Indonesia from 2019 with a total expenditure of Rp410,678,784 billion, then decreased in 2020

amounting to Rp393,341,344 billion and increased from 2021 to 2023. This happens of course because Indonesia is a developing country that still requires a considerable

allocation of funds to deal with and reduce problems related to national development.

Based on previous research by Rahmawati (2022), it was found that government spending can affect economic growth in a region. This is because the expenditure made by the government can support various activities that can increase economic growth. Such as the construction of new infrastructure that can support and facilitate the distribution of products in the form of goods or services. With the budget set, local governments can spend to support facilities and infrastructure that can increase economic growth in Indonesia.

Another factor that is also closely related to economic growth in Indonesia is labor. Economic development in a country is a form of collaboration in resource management carried out by the government with the community with the aim of creating jobs along with population growth.

Increasing population over time can be both a driver and an obstacle to economic growth. A growing population will increase the number of workers and the addition allows an area to increase production. But on the other hand, the adverse effects of population growth that is not balanced by employment opportunities will cause

economic growth is not in line with the improvement of welfare.

Labor is an important element in economic activity and in an effort to increase production and develop the activities of the population plays an important role because it can provide the energy of entrepreneurs who are treated to carry out economic activities. According to Todaro, rapid population growth encourages the problem of underdevelopment and makes the prospect of development even further. However, a sufficient number of people with a high level of education and skills will be able to drive the pace of economic growth.

Based on the data in Table 5, shows that the number of workers in Indonesia has increased every year. Where in 2019 to 2023 the number of workers increased, but not followed by increased economic growth in Indonesia. Meanwhile, labor is a potential asset as a driver and implementation of economic growth in Indonesia. The increase and decrease in employment absorbed by the economic sector can affect the rate of economic growth in Indonesia. In this case, based on data from the Central Statistics Agency (BPS), the number of employment in Indonesia from 2019 to 2023, as follows:

Table 5 number of population aged 15 years and above which includes the labor force By province in Indonesia in 2019 - 2023 (people)

Province	The number of people aged 15 years and over who belong to the labor force by province in Indonesia in 2019-2023 (people)				
	2019	2020	2021	2022	2023
Aceh	2.400.000	2.530.000	2.520.000	2.552.562	2.604.452
Sumatera Utara	7.410.000	7.350.000	7.520.000	7.669.870	8.021.622
Sumatera Barat	2.690.000	2.770.000	2.760.000	2.868.270	3.024.430
Riau	3.140.000	3.230.000	3.300.000	3.313.818	3.134.788
Jambi	1.750.000	1.830.000	1.840.000	1.884.278	1.887.840
Sumatera Selatan	4.200.000	4.330.000	4.400.000	4.497.960	4.588.170
Bengkulu	1.040.000	1.070.000	1.060.000	1.076.115	1.107.460
Lampung	4.370.000	4.449.000	4.500.000	4.595.931	4.904.900
Kep. Bangka Belitung	730.000	740.000	730.000	767.603	785.627
Kep. Riau	1.060.000	1.130.000	1.210.000	1.259.712	1.093.686
DKI Jakarta	5.190.000	5.240.000	5.180.000	5.252.396	5.427.233
Jawa Barat	23.990.000	24.200.000	24.750.000	25.578.174	25.391.885
Jawa Tengah	18.420.000	18.750.000	18.960.000	19.474.934	21.069.135
DI Yogyakarta	2.250.000	2.230.000	2.340.000	2.336.076	2.221.694
Jawa Timur	21.870.000	22.260.000	22.320.000	22.869.012	23.868.764

Banten	6.040.000	6.220.000	6.260.000	6.463.631	5.965.088
Bali	2.500.000	2.570.000	2.580.000	2.738.539	2.690.237
Nusa Tenggara Barat	2.610.000	2.690.000	2.740.000	2.799.178	2.976.225
Nusa Tenggara Timur	2.700.000	2.850.000	2.920.000	3.022.421	2.990.716
Kalimantan Barat	2.560.000	2.600.000	2.630.000	2.695.203	2.922.819
Kalimantan Tengah	1.380.000	1.380.000	1.410.000	1.404.304	1.407.637
Kalimantan Selatan	2.130.000	2.190.000	2.220.000	2.196.250	2.173.257
Kalimantan Timur	1.800.000	1.820.000	1.850.000	1.852.802	1.950.860
Kalimantan Utara	340.000	350.000	350.000	370.012	387.823
Sulawesi Utara	1.220.000	1.220.000	1.210.000	1.242.088	1.332.149
Sulawesi Tengah	1.510.000	1.580.000	1.580.000	1.635.465	1.594.245
Sulawesi Selatan	4.260.000	4.280.000	4.410.000	4.559.375	4.694.483
Sulawesi Tenggara	1.310.000	1.350.000	1.380.000	1.382.395	1.395.534
Gorontalo	580.000	590.000	600.000	630.534	651.425
Sulawesi Barat	680.000	690.000	700.000	749.447	760.280
Maluku	810.000	840.000	860.000	868.581	910.758
Maluku Utara	580.000	590.000	600.000	609.241	663.299
Papua Barat	470.000	490.000	510.000	515.370	592.802
Papua	1.860.000	1.770.000	1.950.000	1.991.097	2.516.129
Indonesia	135.860.000	138.220.000	140.150.000	143.722.644	147.707.452

Source: Central Bureau Of Statistics, 2024

According to Nurul Fitriani (2017) with the results of his research stated that the labor variable has a positive and significant effect on economic growth.

In this case, to be able to increase economic growth in Indonesia, it is necessary to know what factors are closely related to Indonesia's economic growth in the long term. Based on research conducted by Dwiastuti (2020), stating that bank credit variables have a positive and significant effect on economic growth, and previous research conducted by Dewi (2022), stating that government expenditure variables have a positive and significant effect on economic growth in Indonesia. Meanwhile, research conducted by Syahputra (2017), states that exports have a positive and significant effect on economic growth in Indonesia. Then, based on research conducted by Irmayanti (2017) that the

labor variable has a positive and significant effect on economic growth.

LITERATURE REVIEW

Classical Economic Growth

Smith in sukirmo (2001) argues that population growth will encourage economic development the increasing population will expand the market and the expansion of the market will leave the level of specialization in the economy. As a result of the specialization that occurs, the level of economic activity will grow higher. The development of specialization and the division of labor among the workforce will accelerate the process of economic development, since specialization will leave the level of labor productivity and promote the development of technology. According to Smith, if development has occurred, then the process will continue to take place cumulatively as markets develop, division

of Labor and specialization will occur, and the latter will lead to increased productivity. The increase in national income caused by these developments and the population growth of the past, which occurs together with the increase in national income, will expand the market and create more savings and create technology and innovation. Then, economic development will take place again and thus over time income

Banking Credit

Credit is a delay in payment of achievements given now, whether in the form of goods, money or services profits or interest earned from lenders to maintain business continuity and expand its business (Tohar, 2000). According to Samuelson and Nordhaus (2004), the reasons for the demand for credit are : transaction demand, that is, the need for a medium of exchange accepted by the public to buy goods and mrmpay bills, and in addition, that is, as an asset or store of value. The demand for credit is influenced by interest rates (the cost of holding money), where the higher the cost (lending rates), the demand for credit decreases.

Export

Export activity is a trading system by issuing goods from within the country by meeting applicable regulations. Exports are the total goods and services sold by a country to other countries, including among goods, insurance, and services in a given year (Triyoso, 1984).

Government Spending

Government spending is the set of products produced that contain the choices or decisions made by the government to provide public goods and services to the public. Government Expenditure (Government Expenditure) is part of fiscal policy, which is a government action to regulate the course of the economy by determining the amount of government revenue and expenditure each year which is reflected in the state budget for national and regional budget for the region or region (Sukirno, 2005). Government spending in the sense of real can be used as an indicator of the amount of government activities funded by government spending (Bato,2017).

Labor

In Islamic teachings women are considered to have a very high status and have been praised in hadiths by the holy prophet and his household. The term Labor has long been popular and is now still often used so that the term for labor groups that are fighting for the organization's program. The term worker in practice is often used to indicate the status of an employment relationship. Labor is everyone who is able to do work both inside and outside the employment relationship in order to produce goods or services to meet the needs of the community (Hidayat and Ridayanti, 2018).

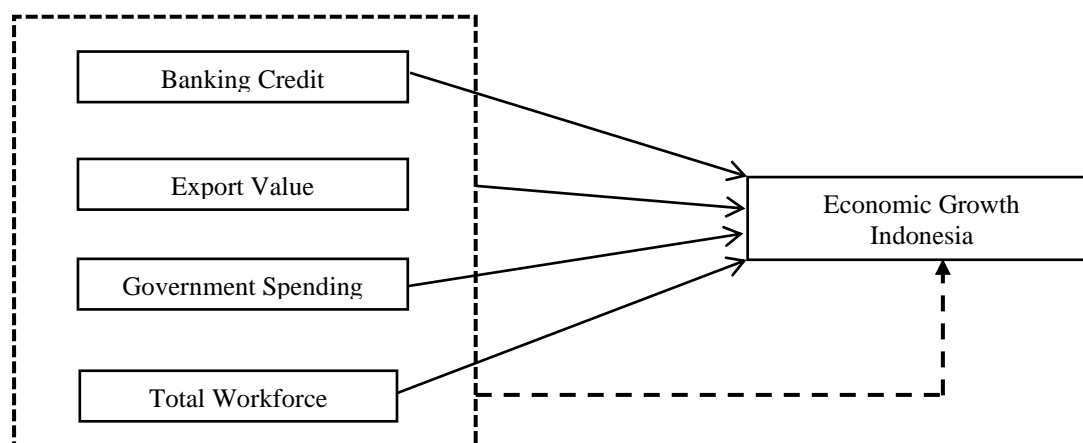


Figure 2 Conceptual Framework

Hypothesis

Based on the review of the theory, the hypothesis in this study is as follows.

1. Investment credit has a positive effect on economic growth in Indonesia.
2. Export value has a positive effect on economic growth in Indonesia.
3. Government spending has a positive effect on economic growth in Indonesia.
4. The absorption of Labor has a positive effect on economic growth in Indonesia.
5. Investment credit, export value, government spending and the number of workers together affect the economic growth of provinces in Indonesia.

MATERIAL AND METHODS

This study uses a quantitative type of research. Quantitative research is a type of research that produces discoveries that can be achieved (obtained) using statistical procedures. The scope of this study is to study how the influence of bank credit, export value, government spending, and the number of workers on economic growth in Indonesia.

The data in this study is secondary data in the form of panel data, namely data collected from 2019 to 2023. Data sources were obtained from various relevant agencies, namely Bank Indonesia, the Central Statistics Agency (BPS) and other sources in the form of literature studies from journals, books, and previous research results that have discussions relevant to this study. The Data needed in this study is the number of bank loans, export value, government spending, the number of workers and economic growth are proxied with the Gross Regional Domestic Product (GRDP).

The methods of data collection conducted by the authors in this study are as follows: 1. Literature study; this technique or method is carried out by studying literature from various literatures in order to obtain information relevant to research, such as journals, previous research, and official websites related to research problems. 2. Documentation; this technique or method is

carried out by viewing or analyzing existing documents (data) using time series data from the Indonesian Central Statistics Agency (BPS) and Bank Indonesia.

The research methods used in this study are descriptive analysis and quantitative analysis in the form of panel data regression to describe the relationship between economic growth, bank credit and macroeconomic factors in Indonesia. Descriptive analysis is a method of data analysis that aims to describe a situation by changing it into the form of images or tables so that it is easier to interpret. Quantitative analysis is used to quantitatively explain the role of bank credit and macroeconomic factors on economic growth in Indonesia. According to Verbeek (2004), panel data have observations from the same unit repeatedly and converge from several periods.

RESULTS AND DISCUSSION

RESULTS

Hypothesis Testing Results

Panel Data Regression Model Selection

Based on the theory that has been described in the previous chapter, before estimating panel data regression there are several stages that need to be done to get the right type of panel data regression model. In this phase of testing is done using software eviews 12. The initial stage to determine the appropriate regression modeling is used between Common Effect Model (CEM), Fixed Effect Model (FEM), or Random Effect Model (REM).

The initial stage is done with the Chow Test. Chow test is done to choose the right model, between Common Effect Model (CEM), or fixed effect model. Here are the results of the Chow Test:

Table 6 Chow Test Results

Effect Test	Statistic	d.f	Prob
Cross-section F	250.626663	(33,131)	0.0000
Cross-section Chi-square	703.207247	33	0.0000

Source: Data Processing Results, 2024

After the Chow Test, there are several decision-making criteria in determining the selected model.

Stages of the Chow Test, namely:

With decision-making criteria:

Accept H0 when the p-value is a significant value (0.05).

Reject H0 (accept H1) when p-value < significant value (0.05).

Based on the results of data processing with the CHOW Test in Table 6 can be seen if the value of probability (Cross-Section F) = 0.0000 < 0.05, or probability (Cross-Section Chi-square) = 0.0000 < 0.05, then from the results of the Fixed Effect Model (FEM) into the selected estimation model.

The next step after the selection of the model between CEM or FEM, then determine the regression model between Fixed Effect Model (FEM) with Random Effect Model (REM). Determination of the second stage model is done by the Hausman Test. From the test results can be determined the right model for the panel data regression. Here are the results of the Hausman Test:

Table 7 Hausman Test

Test Summary	Chi-square Statistic	Chi-square d.f	Prob
Cross-section random	69.307356	4	0.0000

Source: Data Processing Results, 2024

After the Hausman Test, there are several decision-making criteria in determining the selected model.

With decision-making criteria:

Accept H0 when the p-value is a significant value (0.05).

Reject H0 (accept H1) when p-value < significant value (0.05).

Based on the results of the Hausman test can be concluded from the probability value at random cross section of $0.0000 < (5\%) 0.0000$, meaning that the best regression model is the Fixed Effect Model (FEM).

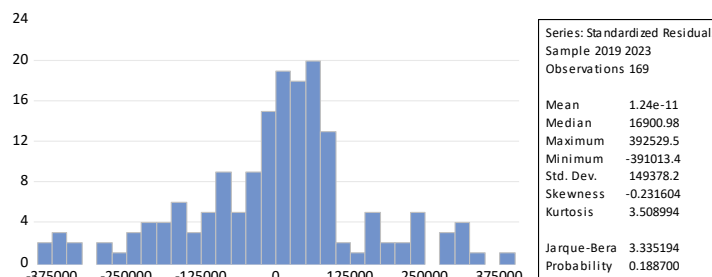
Classical Assumption Test

After the prediction model is selected, namely Fixed Effect Model (FEM), the next statistical test is carried out, namely the classical assumption test of the selected model. Classical assumption test is performed if the selected model is Common Effect Model (CEM) or Fixed Effect Model (FEM). The classical assumption test requirements that must be met by the selected models in this study are in the form of, normality test, multicollinearity, autocorrelation test, and heteroscedasticity test.

Normality Test

Normality test is a part of classical assumption test that aims to test whether the standardized residual value in a regression model is normally distributed or not. Normality test used is a non-parametric statistical test Jarque-Bera. With the use of significant levels >0.05 then the data is distributed normally. Conversely, if the value is significant <0.05 , then the data is not normally distributed.

From the results of data processing shows that the probability value = $0.188700 > 0.05$, it can be concluded that the residual data is normally distributed or the assumption of normality of the data in this study is met. Normality testing findings in this study can be seen in Figure 3.



Source: Data Processing Results, 2024

Figure 3 Graph Of Normality Test Results

Multicollinearity Test

As for the test criteria by using if the value of Variance Inflation Factor (VIF) < 10, it is concluded that multicollinearity does not occur, and vice versa. The processing results for multicollinearity testing are given in the table below.

Table 8 Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	5.35E+14	2.376753	NA
KRDT	0.020422	2.955153	2.734498
ESPR	6.373008	1.973666	1.506074
PLPT	0.000550	7.547615	3.861555
TK	465.1060	2.038608	1.488578

Source: Data Processing Results, 2024

From the results of the processing obtained the value of Variance Inflation Factor (VIF) of each dependent variable < 10, it can be concluded that multicollinearity does not occur.

Autocorrelation Test

Autocorrelation test aims to determine there is a correlation between members and a series of observational data that is described by Time (time-series) or space (cross section). In the autocorrelation test used the test criteria by using Durbin Watson If between -2 to +2 then it is concluded that autocorrelation does not occur, and vice versa. The processing results for autocorrelation testing are given in the table below.

Table 9 Autocorrelation Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob
PTEKO	2.460000	17152023	14.32337	0.0000
KRDT	0.737636	0.115138	6.406534	0.0000
ESPR	3.167563	1.070278	2.959570	0.0037
PLPT	0.031837	0.014873	2.140584	0.0342
TK	-0.750563	7.505529	0.819511	0.4140
Effects Specification				
R-squared	0.997488			
Adjusted R- squared	0.996779			
F- statistic	1406.162			
Prob (f- statistic)	0.000000			
Durbin Watson stat	1.084880			

Source: Data Processing Results, 2024

The result of processing the table for autocorrelation test showed that Durbin Watson value is 1.084880. Because the Durbin Watson value = 1.084880, where $-2 < 1.084880 < +2$, it is concluded that autocorrelation does not occur.

Heteroscedasticity Test

In this study the heteroscedasticity test used is the glacier test. The test condition is that if the probability value > 0.05 then heteroscedasticity does not occur. Conversely, if the probability value < 0.05, heteroscedasticity occurs. The results of heteroscedasticity testing are given in the table below.

Table 10 Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob
PTEKO	-0.111981	0.097444	-1.149175	0.2526
KRDT	-3.09E-10	6.54E-10	-0.472268	0.6375
ESPR	2.38E-09	6.08E-09	0.391377	0.6962
PLPT	1.75E-10	8.45E-11	2.068853	0.0405
TK	-2.02E-08	4.26E-08	-0.474887	0.6357

Source: Data Processing Results, 2024

The results of data processing show that the value of probability for variables PLPT < 0.05, this indicates the presence of symptoms of heteroscedasticity. Therefore, the method of healing with data transformation using logarithmic transformation.

Table 11 Transformation Results Of Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob
PTEKO	19.86000	2.884157	6.885894	0.0000
LOG(KRDT)	-0.055457	0.049210	-1.126938	0.2618
LOG(ESPR)	0.120818	0.062694	1.927099	0.0561
LOG(PLPT)	-0.073446	0.140163	-0.524003	0.6012
LOG(TK)	-0.018413	0.089017	-0.206850	0.8364

Source: Data Processing Results, 2024

From the results of data transformation using logarithmic transformation, obtained the probability value for all variables > 0.05, this means the absence of symptoms of heteroscedasticity.

Research Hypothesis Test

Hypothesis testing conducted in this study i.e. using panel data regression method. Before testing the hypothesis will be conducted goodness-of - fit test including f Test, t test and coefficient of determination.

Table 12 Hypothesis Test Results

Variable	Fixed Effect Model (FEM)			
	Coefficient	Std. Error	T-Statistic	Prob.
C	2.46E+08	17152023	14.32337	0.0000
KRDT	0.737636	0.115138	6.406534	0.0000
ESPR	3.167563	1.070278	2.959570	0.0037
PLPT	0.031837	0.014873	2.140584	0.0342
TK	-0.750563	7.505529	0.819511	0.4140
Fixed Effects (Cross)				
_ACEH--C	-1.63E+08			
_BALI--C	-1.31E+08			
_BANGKABELITUNG--C	-2.21E+08			
_BANTEN--C	1.65E+08			
_BENGKULU--C	-2.14E+08			
_DIY--C	-1.64E+08			
_DKIJAKARTA--C	6.57E+08			
_GORONTALO--C	-2.24E+08			
_JABAR--C	9.85E+08			
_JAMBI--C	-1.14E+08			
_JATENG--C	6.10E+08			
_JATIM--C	1.27E+09			
_KALBAR--C	-1.44E+08			
_KALSEL--C	-1.49E+08			
_KALTENG--C	-1.66E+08			
_KALTIM--C	1.22E+08			
_KALUT--C	-2.29E+08			
_KEPRI--C	-1.34E+08			
_LAMPUNG--C	40209605			
_MALUKU--C	-2.80E+08			
_MALUTA--C	-2.46E+08			
_NTB--C	1.76E+08			
_NTT--C	2.58E+08			
_PAPBAR--C	-2.22E+08			
_PAPUA--C	-1.66E+08			
_RIAU--C	2.21E+08			

SULBAR--C	-2.59E+08			
SULSEL--C	47091520			
SULTENG--C	-1.15E+08			
SULTENGGAR--C	-2.04E+08			
SULUT--C	-2.14E+08			
SUMBAR--C	-1.01E+08			
SUMSEL--C	1048307.			
SUMUT--C	2.28E+08			
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.997488	Mean dependent var	3.37E+08	
Adjusted R-squared	0.996779	S.D. dependent var	4.80E+08	
S.E. of regression	27243449	Akaike info criterion	37.27353	
Sum squared resid	9.72E+16	Schwarz criterion	37.97729	
Log likelihood	-3111.613	Hannan-Quinn criter.	37.55913	
F-statistic	1406.162	Durbin-Watson stat	1.084880	
Prob(F-statistic)	0.000000			

Source: Data Processing Results, 2024

Based on the estimated results of the panel data regression model in this study, shows that in every province in Indonesia there is a positive and negative influence on economic growth. Provinces that have a positive influence on economic growth, which means an increase in variable Y or economic growth, namely Banten, DKI Jakarta, West Java, Central Java, East Java, East Kalimantan, Riau, Lampung, NTB, NTT, South Sulawesi, South Sumatra, and North Sumatra. While the provinces that have a negative influence on economic growth, which means a decrease in the variable Y or economic growth, namely the provinces of Aceh, Bali, Bangka Belitung, South Kalimantan, West Kalimantan, Central Kalimantan, North Kalimantan, Riau Islands, Maluku, North Maluku, Papua, West Papua, Southeast Sulawesi, North Sulawesi, and West Sumatra.

F Test

The F-count test is performed to test the accuracy of the selected model or goodness-of-fit. F test is a test that is commonly used to be able to see the effect of the independent variable to the bound simultaneously.

Table 13 F Test Results

F-Statistic	1406.162
Prob. FStatistic	0.000000
F - Tabel	2.659

Source: Data Processing Results, 2024

From the results of this study, the calculation value for table is 2.659. While based on the findings of the value of accounting using E-Views 12 software is 1406,162. This shows that the value of $FC > F_{table}$, and the probability value of $0.0000 < 0.05$ so it can be concluded that the independent variables together have a significant influence on the dependent variable.

T Test

T test is used to test whether each independent variable has an influence on the dependent variable or not. A variable will have an effect if the value of $TC > t_{table}$ or the value of $prob < 0.05$. Conversely, if the value of $prob > 0.05$ then individually the independent variable has no effect on the dependent variable. T test findings using E-Views 12 software in the following table.

Table 14 T Test Results

Variable	T-Hitung	Prob	Description
PTEKO	14.32337	0.0000	-
KRDT	6.406534	0.0000	Influential
ESPR	2.959570	0.0037	Influential
PLPT	2.140584	0.0342	Influential
TK	0.819511	0.4140	No Effect

Source: Data Processing Results, 2024

From the calculation results obtained table t value of 1.962, it can be obtained the effect

of the independent variable to the variable partially is as follows :

- a. The results of the t-test on the variable KRDT investment credit obtained by calculating the T value of $14.32337 > t$ Table is 1.962 and the prob value of $0.000 < 0.05$. It can be concluded that the variable KRDT investment credit effect on variable pteko namely economic growth in Indonesia.
- b. The results of the T test on the ESPR variable is the export value obtained by calculating the T value of $2.959570 > t$ Table is 1.962 and the prob value of $0.0037 < 0.05$. It can be concluded that the ESPR variable, namely exports, affects the pteko variable, namely provincial economic growth in Indonesia.
- c. The results of the t test on the variable PLPT government expenditure obtained by the calculated t value of $2.140584 > t$ Table is 1.962 and the prob value of $0.0342 < 0.05$. It can be concluded that the variable of PLPT is government expenditure affect the variable of pteko is provincial economic growth in Indonesia
- d. The results of the t-test on the variable TK is Labor obtained calculated t value of $0.819511 > t$ Table is 1.962 and the value of prob of $0.4140 > 0.05$. It can be concluded that the variable TK, namely labor, does not affect the variable pteko, namely provincial economic growth in Indonesia.

Coefficient Of Determination

Coefficient of determination (R²) is used to determine how much variation of the free variable in the model is able to explain from the dependent variable. From the hypothesis test results obtained that the value of Adjusted R-squared 0.996779. Therefore, it can be concluded that a value close to 1 means that the independent variable provides most of the information necessary to predict the variation of the dependent variable.

Analysis Of Research Hypotheses

From the findings of data processing that has been implemented, it can be concluded that the influence between variables and their significance as given in the following table.

Table 15 Results Of Data Processing

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.460000	17152023	14.32337	0.0000
KRDT	0.737636	0.115138	6.406534	0.0000
ESPR	3.167563	1.070278	2.959570	0.0037
PLPT	0.031837	0.014873	2.140584	0.0342
TK	-0.750563	7.505529	0.819511	0.4140

Source: Data Processing Results, 2024

From the findings of data processing using E-Views 12 software, can be obtained regression equation of panel data from this study is:

$$Y = 2.46 + 0.73 * X_1 + 3.16 * X_2 + 0.031 * X_3 - 0.75 * X_4$$

Where:

Y = GDP/ economic growth in Indonesia (billion Rupiah)

X₁ = Investment Loans (Billion Rupiah)

X₂ = export value (million US\$)

X₃ = Government Spending (Billion Rupiah)

X₄ = Labor Force (People)

From the model can be seen that:

- a. Based on the regression equation shows that the constant value has a regression coefficient direction, which is equal to 2.46 which shows that in a fixed or no change in the variable investment credit (Million Rupiah), the value of exports (million US\$), government spending (billion Rupiah), and Labor (people), the GDP is 2.46%.
- b. Based on the regression equation shows that the value of the coefficient for the variable X₁ investment credit has a positive value, which is equal to 0.73 with a probability value of 0.0000 on economic growth in Indonesia (Y). This means that if the investment credit value increases by 1 billion rupiah, the economic growth of provinces in Indonesia (Y) will increase by 0.73%.

- c. Based on the regression equation shows that the value of the coefficient for variable X2, namely exports, has a positive value, which is equal to 3.16 with a probability value of 0.0037 on the economic growth of provinces in Indonesia (Y). This means that if the value of exports increased by 1 million US\$, the economic growth of provinces in Indonesia (Y) will increase by 3.16%.
- d. Based on the regression equation shows that the value of the coefficient for the variable X3, namely government spending has a positive value, which is equal to 0.031 with a probability value of 0.0342 on provincial economic growth in Indonesia (Y). This means that if the value of government spending increases by 1 billion rupiah, the economic growth of provinces in Indonesia (Y) will increase by 0.031%.
- e. Based on the regression equation shows that the value of the coefficient for the variable X4, the number of workers has a negative value, which is equal to -0.750563 with a probability value of 0.4140 on the economic growth of provinces in Indonesia (Y). This means that if the number of workers increased by 1 person, the economic growth of provinces in Indonesia (Y) will decrease by 0.75%.

DISCUSSION

The Effect Of Investment Credit On The Economic Growth Of Provinces In Indonesia

From the results of the panel data regression estimation with the selected model using the Fixed Effect Model (FEM), it has given statistically strong results that the independent variables, namely investment credit, export value, and government spending have a significant effect on changes in provincial economic growth in Indonesia. While other independent variables, namely manpower, do not affect the economic growth of provinces in Indonesia.

One of the independent variables that have a real and significant influence in this study is credit. Credit disbursed by the bank referred to in this study is an investment credit. Investment credit is a source of funds in various economic activities whose use aims to purchase capital goods or to increase capital ownership, so that economic activities become more developed. From the estimation of the panel data regression model, it was obtained that the variable investment credit has a positive and significant influence on the economic growth of provinces in Indonesia. The distribution of credit aims to finance an entity/business unit and also finance development. Thus, the capital available to the real sector will be able to contribute to increasing economic activity in the real sector, so that it will have an impact on economic growth in Indonesia.

This is in line with previous research conducted by Shahfitri (2013) related research on the analysis of bank credit on economic growth in Indonesia which shows that there is a significant influence and negative relationship between bank credit and economic growth in the short term, while the effect of bank credit on economic growth has a positive relationship in the long term. According to him, this happens because of the current state of the economy, such as the decline in international trade activities, namely exports and imports due to the weakening of the global economy which slows the rate of foreign exchange credit. In addition, there was a slowdown in credit in the electricity, water, gas, mining, business services and social services sectors, which had an impact on overall credit growth.

One of the real forms of investment lending is to use it for capital to manage Micro, Small and medium enterprises (MSMEs) and / or Micro, Small and Medium Enterprises (MSMEs). Banking support plays an important role in business entities so that business actors have the opportunity to continue to grow. In addition to support from banks, businesses/communities also

need support from the government to support community entrepreneurship among others by providing business capital loans people's Business Credit (Kur). With the people's Business Credit (Kur) can help people participate and develop entrepreneurship. Given the importance of banking credit in fueling economic growth, the credit score must continue to be improved because it plays an important role in economic growth through the resulting GRDP. However, special attention needs to be paid to the proper use of bank credit so that it can help increase economic growth optimally and accompanied by real output growth.

The Effect Of Export Value On The Economic Growth Of Provinces In Indonesia

Based on the research conducted, it is hypothesized that there is an influence of export value on the economic growth of Indonesian province. This is evidenced from the results of partial testing which is known that the export variable has a significant value of $0.0037 < 0.05$ which means that the export variable partially affects the economic growth of the province of Indonesia. In accordance with research conducted by Sarah and Sulasmiyati (2018) which found that exports have a significant positive partial effect on economic growth in Indonesia.

Exports can have a positive impact on Indonesia's economic growth, because through exports purchases by other countries of goods produced by Indonesia will certainly increase state revenue. This is certainly in line with the theory of Adam Smith's classical theory which explains that a country can experience economic growth if it is formed specialization in the production of a good or service. This is what will make a country have added value from others so that the goods or services are eligible to be sold internationally.

The development of Indonesia's export activities is quite significant, triggered by commodity prices produced by Indonesia

are able to compete with the value of the international market. The demand for commodity production produced in Indonesia for export activities will participate in driving the activities of the trade sector, the agricultural sector, the mining sector, the processing industry, services and other sectors.

The Effect Of Government Spending On The Economic Growth Of Provinces In Indonesia

The results of statistical analysis of the T-test for government expenditure variables known that the value of unstandardized beta coefficient adalah 0.031837 with significance of $0.0037 < 0.05$ indicates that government expenditure variables have a positive and significant effect on the economic growth of provinces in Indonesia, so that the third hypothesis in this study was accepted. So it can be concluded that when government spending increases, economic growth will increase and play a significant role in influencing the economic growth of provinces in Indonesia.

According to Sukirno in Sitaniapessy (2013), government spending is part of the government's fiscal policy, which includes government actions in regulating economic activities in Indonesia by determining the amount of government revenue and expenditure each year. Government expenditure is poured in the form of State Budget (APBN) for national and regional budget (APBD) for regional or regional. This fiscal policy aims to stabilize prices, production levels, employment opportunities and trigger economic growth in Indonesia.

This is in accordance with the theory put forward by Keynes, which states that government spending plays an important role in economic growth. In other words, if government spending has decreased significantly, the economy of a country will decrease.

The results of this study are in line with research conducted by Yosi Rafica Palupy (2018). The results of his research, Yosi

stated that government spending has a positive and significant influence on economic growth. In addition the same result is stated in a study by Hasan (2013) which states that government spending has a significant effect on economic growth.

The influence of Labor on the economic growth of Provinces in Indonesia

From the results obtained bajwa model estimates that the labor variable has no effect and is significant to the economic growth of provinces in Indonesia. Variable labor in this study consists of the total workforce in each province. In principle, an increase in the number of workers will certainly increase productivity and output, so that in the end it is expected to increase economic growth. However, the results of this study, statistically that Labor is not significant to economic growth. This condition is thought to occur because the output produced by each workforce is different due to differences in the abilities and skills of each workforce. The characteristics of the employment of each province is also suspected to be one of the insignificant factors of Labor to economic growth. This is because there are provinces that depend on sectors that in practice are dominated by the use of machinery, so they can only absorb a small amount of Labor.

Population growth in Indonesia still has a chance to increase per capita income. However, when population growth reaches a maximum without the availability of jobs, it will have a negative impact in the form of a decrease in per capita income of the community.

The results of this study which states that Labor is not significant to economic growth in Indonesia in line with previous research conducted by Astawan (2015). In his research, Astawan stated that Labor has an insignificant influence on economic growth. This is caused by the quality of the workforce owned, although the number of workers has increased will undoubtedly have an impact on reducing the quality and quantity of goods or services produced if the

quality of Labor used is inadequate. In addition, considering the quality of the workforce is also very important. To maintain and improve the quality of the workforce requires formal and non-formal education that can be held by the government or by the private sector, so that each workforce gets adequate knowledge and skills in the work.

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Based on the results of the study, it can be concluded as follows:

1. Investment credit has a positive and significant effect on the economic growth of provinces in Indonesia.
2. The value of exports is influential and significant to the economic growth of provinces in Indonesia.
3. Government spending has a positive and significant effect on the economic growth of provinces in Indonesia.
4. Labor has no significant effect on the economic growth of provinces in Indonesia.
5. Investment credit, export value, government spending and the number of workers together affect the economic growth of provinces in Indonesia

RECOMMENDATIONS

Based on the above conclusions, the researcher formulated the following advice:

1. For Local Government
2. For the future, the government should pay close attention to the signs of a crisis that can be seen from several deteriorating macroeconomic indicators so that in carrying out the policies taken by the government can have a greater effect on economic growth and the crisis can be resolved quickly
3. For Further Researchers:
4. Researchers can add a longer research period and add other variables that theoretically also affect the economic growth of Provinces in Indonesia.

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