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Analysis of the Influence of Regional Shopping, Human Development Index (HDI), Labor Force and Domestic Investment on District/City Economic Growth in Gorontalo Province

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A B S T R A C T

This research aims to determine the influence of Regional Expenditures, Human Development Index (HDI), Labor Force and Domestic Investment on the Economic Growth of Districts/Cities in Gorontalo Province. The data used is secondary data, this research uses panel data which combines time series and cross section data. The research object consists of 6 districts/cities in Gorontalo Province for the 2017-2022 period. Then the data obtained was analyzed in this research using Eviews 12. The conclusion in this research is that there is a positive and significant influence between Regional Expenditures, Human Development Index (HDI), and Domestic Investment on Economic Growth, and there is no influence between the workforce on the economic growth of districts/cities in Gorontalo province in 2017-2022.

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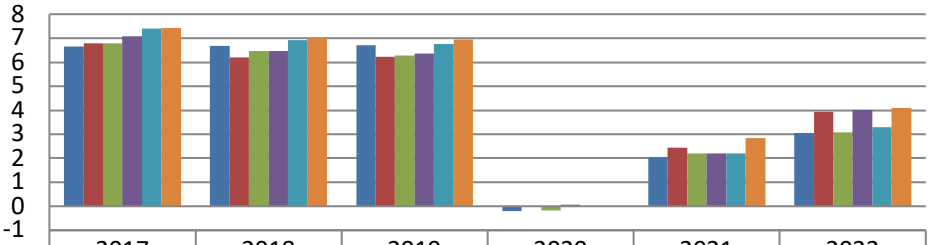
INTRODUCTION

Development is a process of change that is multidimensional and involves all aspects that affect human welfare. Economic growth is one measure of the success of economic development in an area. Economic growth shows the extent to which economic activity will generate additional community income in a certain period. The economy is considered to be experiencing growth if all real returns for the use of production factors in a particular year are greater than the real income of the community in the previous year.

Economic growth means the development of activities in the economy which causes the goods and services produced in society to increase and the prosperity of society to increase. The problem of economic growth can be seen as a macroeconomic problem in the long term. From one period to another, a country's ability to produce goods and services will increase. This increased capability is because production factors will always increase in quantity and quality. Economic growth is the key to macroeconomic goals. This is based on three reasons. First, the population is always increasing. Second, as long as wants and needs are always unlimited, the economy must always be able to produce more goods and services to meet these wants and needs. Third, efforts to create economic equality through income redistribution will be easier to achieve in periods of high economic growth.



	2017	2018	2019	2020	2021	2022
Boalemo	6,66	6,69	6,7	-0,21	2,04	3,05
Gorontalo	6,78	6,2	6,22	-0,01	2,43	3,93
Pohuwato	6,78	6,47	6,28	-0,18	2,21	3,08
Bone Bolango	7,09	6,46	6,35	0,06	2,2	4,01
Gorontalo Utara	7,41	6,93	6,77	-0,02	2,21	3,3
Kota Gorontalo	7,43	7	6,95	-0,02	2,83	4,1

Figure 1. Regency/City Economic Growth Rate in Gorontalo Province 2017-2022
Source: Badan Pusat Statistik, 2024

The rate of economic growth in Gorontalo Province has fluctuated from year to year , it can be seen that in 2020 it experienced a significant decline. The decline in the rate of economic growth in that year can be attributed to the conditions of the Covid-19 pandemic, where all sectors experienced the impact of the decline, including the growth of regional development in Gorontalo Province.

Regional development is an integral part of national development which is carried out based on the principles of regional autonomy and regulation of national resources which provides opportunities for increasing democracy and regional performance to improve community welfare towards

civil society. The implementation of regional government as a state sub-system is intended to increase efficiency and results for the administration of government and community services. Human development is one indicator of the creation of development that is able to encourage economic growth. The availability of economic development indicators is important in development planning in order to realize policies that are right on target. According to several indicators of the success of development, they are grouped into three indicators. First, monetary indicators which include per capita income and indicators of net economic welfare. Second, non-monetary indicators include social indicators and quality of life index . The third is a mixed indicator including the core Susenas indicators and the human development index.

The definition of the human development index itself as released by the United Nations Development Program (UNDP) is one approach to measuring the level of success of human development. The Human Development Index (HDI) is obtained from the results of comparative measurements of life expectancy, literacy rates as seen from the last level of education completed and people's purchasing power for all countries throughout the world. A high level of human development index will influence economic growth through society's ability to contribute more in increasing their productivity and creativity.

Table 1. District/City Human Development Index (HDI) in Gorontalo Province in 2017-2022

Regency/City	2017	2018	2019	2020	2021	2022
Boalemo	64.22	64.99	65.53	65.91	66.42	67.27
Gorontalo	64.95	65.78	66.69	66.92	67.34	68.28
Pohuwato	63.88	64.44	65.27	65.37	65.8	66.53
Bone Bolango	68.11	69.06	69.63	69.98	70.25	70.9
North Gorontalo	63.52	64.06	64.52	64.86	65.21	66.01
Gorontalo City	76.09	76.53	77.08	77.13	77.41	78.22

Source: Badan Pusat Statistik, 2024

Table 1 can explain that the figures for each HDI component, where the HDI of all Regencies/Cities of Gorontalo Province in 2017 – 2022 is always increasing. Gorontalo in 2017 – 2022 is classified in the upper middle stage between 66-79.9 .

Harrod-Domar's investigation of economic growth models in developed countries found that the accumulation of investment and national savings is a determining factor in economic growth. According to Todaro (2003) population growth and labor force growth (AK) are traditionally considered as one of the positive factors that spur economic growth. A larger workforce means increasing production levels, while greater population growth means the size of the domestic market is larger. In a simple model of economic growth, the definition of workforce is generally defined as a homogeneous workforce. According to Lewis, a homogenous and unskilled workforce is considered to be able to move and switch from the traditional sector to the modern sector smoothly and in limited numbers. The most effective way to achieve

sustainable human development is to achieve increasingly improving economic growth, with income distribution (UNDP, 1999). Ranis et al. (2000) indicate that economic growth and human development contribute to each other.

Apart from the accumulation of investment and the workforce as a positive factor in spurring economic growth, according to government expenditure theory which explains that regional government spending on various developments will increase aggregate expenditure and increase regional economic growth. This theory can be interpreted that regional spending (direct spending and indirect spending) which is reflected in the Regional Revenue and Expenditure Budget (APBD) has a relationship and influence on economic growth.

According to Law No. 17 of 2003 concerning State Finances Article 16, the Regional Revenue and Expenditure Budget (APBD) is a form of regional financial management which is determined every year by regional regulations (Perda). The structure of the Regional Revenue and Expenditure Budget consists of a revenue budget, expenditure budget and financing. Regional income comes from original regional income, balancing funds , and other legitimate income. Regional expenditure is broken down according to organization, function and type of expenditure. Regional financing includes all revenues that need to be repaid and/or expenses that will be repaid.

Based on the background that has been described, the researcher tries to look more comprehensively at the influence of regional spending, human development index, labor force and investment on economic growth in districts/cities in Gorontalo Province.

LITERATURE REVIEW

Economic Growth Theory

According to Harrod-Domar (RF Harrod and Evsey Domar) there is a need for capital formation or investment to achieve steady economic growth. The more capital, the greater the production of goods and services. So according to this theory there are conditions so that the country's economy can develop in the long term (steady growth).

According to Schumpeter, economic growth is largely determined by entrepreneurial ability. This theory emphasizes innovation carried out by entrepreneurs, where technological progress is largely determined by the entrepreneurial spirit of the community who are able to see opportunities to open new businesses and expand businesses, providing additional employment opportunities to absorb the workforce that increases every year. According to Robert Solow, in the long term the savings rate can determine capital in the production process. This means that the higher the savings, the higher the capital and output produced. Solow also believes that economic growth is a series of activities with 4 (four) main factors, namely humans, capital accumulation, modern technology, and results (output).

Human Development Index (HDI)

The relationship between HDI and economic growth can be seen from neo-classical economic growth theory, for example by Schumpeter who stated that economic growth is largely determined by entrepreneurial ability,

emphasizing innovation by entrepreneurs, technological progress by the entrepreneurial spirit of society. The relationship between HDI and subsequent economic growth can be seen from the opinion of Robert Solow, who states that economic growth is a series of activities with 4 (four) main factors, namely humans, capital accumulation, modern technology, and results (output). Both Schumpeter and Robert Solow saw how each factor of production, including human resources and technological developments, would influence economic growth.

From the paragraph above, it can be seen how the relationship between the quality of human resources is reflected in entrepreneurial ability and innovation ability, which results in technological progress, capable of increasing economic growth. Technological progress leads to more and better output, which can be obtained from the same amount of input . Based on this, it can be understood that the better the HDI will reflect the good quality of human resources, which are able to increase entrepreneurship, innovation or technological improvements which will ultimately have an impact on increasing economic growth.

Labor

According to Law Number 13 of 2003, labor is every person who is able to carry out work to produce goods and/or services to meet their own and community needs. Labor can also be defined as the population of working age who are ready to do work. Labor or manpower is the population of working age (15-64 years) or the total population in a country who can produce goods and services if there is a demand for their labor, and if they are willing to participate in these activities (Mulyadi, 2003). According to the Central Bureau of Statistics, the working age population, as recommended by the International Labor Organization (ILO), is the population aged 15 years and over who are grouped into the labor force and non-labor force. Labor can be grouped into two parts, namely:

1) Workforce

   The labor force is workers aged 15 years who during the past week had a job, either working or temporarily not working for some reason. The labor force consists of the unemployed and the working population. Unemployed are those who are looking for work or those who are preparing for business or those who are not looking for work because they feel it is impossible to get a job and those who already have a job but have not started working and at the same time they are not working. Unemployment with this concept is called open unemployment.

2) Not the workforce

   Not in the workforce, namely workers aged 15 years and over who during the past week only went to school, took care of the household, etc. and did not carry out activities that could be categorized as work, while not working or looking for work. The three groups in the non-labor force group can offer their services for work at any time. Therefore, this group is often called the potential labor force

Domestic Investment (PMDN)

According to the Investment Law no. 25 of 2007 domestic investment is the activity of investing capital to conduct business in the territory of the Republic of Indonesia which is carried out by domestic investment using domestic capital. The benefits of domestic investment are as follows: able to save foreign exchange; reducing dependence on foreign products; encourage the progress of domestic industry through forward linkages and backward linkages; contribute to workforce implementation efforts.

Operational Definitions and Measurement of Variables

This research has one dependent or dependent variable (Y), namely Economic Growth, four independent or independent variables (X), namely Regional Expenditure, Human Development Index, Labor Force, and Investment.

Operational definition is limiting the meaning of a concept by using another concept. To anticipate the occurrence of misunderstanding concepts in this research, it is necessary to provide a limited conceptual framework, namely:

1. Economic Growth uses data on the economic growth rate of the Gorontalo Province Regency/City Central Statistics Agency (BPS) for the period 2017 to 2022 in percent.
2. Regional Expenditures use data on the realization of regional expenditure from the Central Statistics Agency (BPS) of the Regency/City of Gorontalo Province for the period 2017 to 2022 in millions of rupiah.
3. The Human Development Index (HDI) uses data from the Gorontalo Province Regency/City Central Statistics Agency (BPS) for the period 2017 to 2022 in percent.
4. Labor Force uses data on the number of labor force from the Gorontalo Province Regency/City Central Statistics Agency (BPS) for the period 2017 to 2022 in percent.
5. Investment uses data on Domestic Investment (PMDN) for the Regency/City of Gorontalo Province for the period 2017 to 2022 in millions of rupiah.

METHODOLOGY

This type of research is conclusive research, this research is used to test certain hypotheses or relationships. The approach used in this research is a methodological approach Quantitatively, the data used in this research is a series of secondary data in the form of 2017-2022 from the official website *of the Central Statistics Agency*.

The variables used in this research are Regional Expenditures, Human Development Index, Labor Force, Investment and Economic Growth. The analytical method applied in this research is panel data regression, using the Eviews 12 tool.

Common Effect Model (CEM)

CEM is a regression model that can use *the Pooled Least Square Method*, with data combining *Time Series* and *Cross-Section* from least squares. The

assumptions for the general effect of this model are:

$$Yit = \alpha + \beta Xit + eit$$

Information:
Y:Dependent Variable
α:Constant
β:Regression Coefficient
X:Independent Variable
i:*CrossSection*
t:*TimeSeries*
e: *Error*

Fixed Effect Model (FEM)

FEM is a panel data regression model that can be estimated using the *Least Square Dummy technique.* This model uses panel data regression that differs between individuals. The assumptions of *the fixed effect* model are as follows:

$$Yit = \alpha + \beta_1 X_{it} + \beta_2 X_{it} + \beta_3 X_{it} + \beta_4 X_{it} + e_{it}$$

Information :
Y : Dependent Variable
α : Constant
β : Regression Coefficient
X : Independent Variable
i : *Cross Section*
t : *Time Series*
e : *Error*

Random Effect Model (REM)

Model BRAKE is a panel data regression model that is different from the *Fixed Effect model,* using the *Random Effect model* can save on the use of degrees of freedom and make estimates more efficient. The *Random Effect* model uses *Generalized Least Square* as parameter estimation. The assumptions of the random effects model are as follows:

$$Yit = \alpha + \beta_1 X_{it} + \beta_2 X_{it} + \beta_3 X_{it} + ...t + \beta n X_{it} + e_{it}$$

Information :
Y : Dependent Variable
α : Constant
β : Regression Coefficient
X : Independent Variable
i : *Cross Section*
t : *Time Series*
e : *Errorz*

Classic Assumption Test

According to Widarjono, (2007) , the least squares method produces an unbiased linear estimator with the smallest variance, so it uses the *BLUE*

property (Best, Linear, Unibiased, Efficient Estimator) is a good way to do it. The classic assumption test in this research is the heteroscedasticity test.

Hypothesis Testing

Hypothesis tests in this research are the statistical T test, statistical F test, and coefficient of determination test (R2). The statistical T test itself is designed to see how much an independent variable is able to influence the dependent variable with the assumption of course that the existing independent variable is constant. The statistical F test shows whether all independent variables will have a comprehensive influence on the dependent variable. Meanwhile, *R-Squared* was created to measure how well a model is able to present or display changes in the dependent variable (Ghozali, 2011) .

RESEARCH RESULT

There are several initial testing stages that need to be carried out before carrying out the test. There are three analysis models that can be used to analyze panel data in this research, namely *the Common effect model, Fixed effect model,* and *Random effect model.* In order to find out which analysis model is most appropriate to use in this research, a comparison test will be carried out first, namely the Chow Test, Hausman Test, and Lagrange Multiplier Test with *Eviews 12.*

Calculation Results and Data Interpretation

Chow Test (Chow Test)

The Chow test is a test carried out to find out which model is better, *the Common effect model* or *the Fixed effect model* that will be used in this research. The following is the hypothesis in the Chow Test:

- H0 : *Common Effect Model*
- Ha : *Fixed Effect Model*

error rate (α) is 5%. In the criteria that determine whether a hypothesis can be accepted or not, namely if the Prob value is <0.05 then Ha is accepted and H0 is rejected. Vice versa, if the Prob value is > 0.05 then H0 is accepted and Ha is rejected.

Table 2. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Cross-section fixed effects test

Effects Test	Statistics	df	Prob.
Cross-section F	2.913793	(5.26)	0.0322
Chi-square cross-section	16.016648	5	0.0068

Source: Eviews 12, 2024 (processed data)

Based on the test results in the Chow test, *cross probability results were found chi-square section* , namely 0.0068 < 0.05 which means Ha is accepted and

H0 is rejected. So these results show that the best model in the Chow test is the *Fixed Effect Model* (FEM) .

Hausman Test

The Hausman test is a test carried out to find out which model is better, *the Fixed effect model* or *the Random effect model* that will be used in this research. The following is the hypothesis in the Hausman test:

- H0 : *Random Effect Model*
- Ha : *Fixed Effect Model*

error rate (α) is 5%. In the criteria that determine whether a hypothesis can be accepted or not, namely if the Prob value is <0.05 then Ha is accepted and H0 is rejected. Vice versa, if the Prob value is > 0.05 then H0 is accepted and Ha is rejected.

Table 3. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Cross-section random effects test

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	14.531716	4	0.0058

Source : Eviews 12, 2024 (processed data)

Based on the test results in the Hausman Test, the *Random cross-section Prob results were found* , namely 0.0058 < 0.05 , so Ha was accepted and H0 was rejected. So these results show that the best model in the Hausman test and at the same time in this research is the *Fixed Effect Model* (F EM) . Because the model chosen was a fixed effect, the Langrage multiplier test was not continued.

Classic Assumption Test

In this research, the classic assumption test carried out is the heteroscedasticity test.

Heteroscedasticity Test

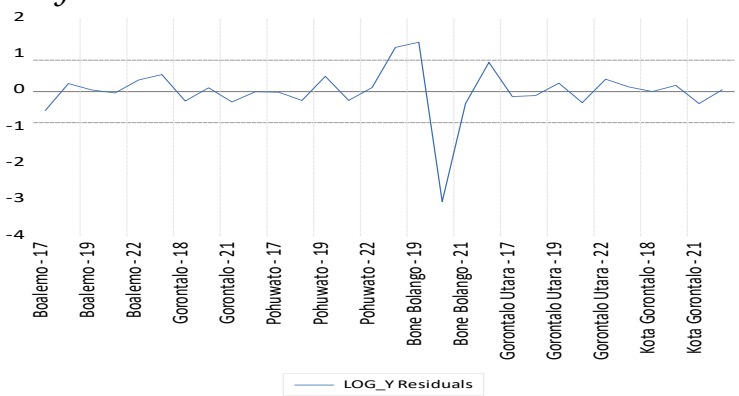


Figure 2. Heteroscedasticity Test
Source: Processed data, 2024

Based on the results of the heteroscedasticity test, if the predictor value changes, the residual variability (error) of the regression model will remain the same. Regional Expenditure Variables (X1), Human Development Index (X2), Labor Force (X3), and Investment (X4) simultaneously influence Regency/City Economic Growth (Y) in Gorontalo Province. Based on data analysis, the residual variances do not cross (500 and -500) which indicates that the residual variances are the same , thus there are no signs of heteroscedasticity or passing the heteroscedasticity test.

Hypothesis Test

Hypothesis testing in this research consists of Simultaneous Significance Test (F Test), Coefficient of Determination Test (R^2), and Partial Significance Test (t Test). Through data processing that has been carried out using the E-Views 12 program.

F-Test

The F test is carried out in order to see the influence of the independent variables, namely regional spending, human development index, workforce and investment simultaneously or as a whole on the dependent variable, namely economic growth . The significance level used is 5 % (0.05).

Table 7. F Test

MSE Root	2.058508	R-squared	0.932671
Mean dependent var	4.338333	Adjusted R-squared	0.912442
SD dependent var	2.678909	SE of regression	2.422240
Akaike info criterion	4.837396	Sum squared resid	152.5484
Schwarz criterion	5.277262	Log likelihood	-77.07312
Hannan-Quinn Criter.	4.990921	F-statistic	2.867824
Durbin-Watson stat	2.557306	Prob(F-statistic)	0.003001

Source: Processed data, 2024

The calculated f value is 2.867824 > f table, namely 2.678667 and a sig value of 0.003001 < 0.05, it can be concluded that regional expenditure variables, human development index, workforce and investment simultaneously influence economic growth in the Regency/City of Gorontalo Province.

Coefficient of Determination Test (R^2)

The coefficient of determination shows a measure that explains the large variation in the dependent variable, namely Economic Growth which can be explained by Regional Expenditures, Human Development Index (HDI), Labor Force, and Investment in the Regency/City of Gorontalo Province . The

R-Square value is 0.932671 or 93.2671%. The coefficient of determination value shows that the independent variables consisting of Regional Expenditures, Human Development Index (HDI), Labor Force, and Investment are able to explain the economic growth variable in the Regency/City of Gorontalo Province amounting to 93.2671%, while the remaining is 6.7329% (100 – adjusted R-Square value) is explained by other variables not included in this research model.

T-Test

The aim of this t test is to determine the effect of each independent variable on the dependent variable. Based on *the Fixed Effect Model* regression results , the probability of each independent variable is known as follows:

Table 8. T-Test

Dependent Variable: Y
Method: Least Squares Panel
Date: 03/15/24 Time: 22:12
Sample: 2017 2022
Periods included: 6
Cross-sections included: 6
Total panel (balanced) observations: 36

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	2.061184	0.424742	2.516832	0.0183
X1	0.025696	1.282246	0.300797	0.0060
X2	0.006906	0.079349	3.715262	0.0010
X3	0.000695	0.116455	0.031725	0.9749
X4	0.006478	0.326067	1.001260	0.0003

Source: Processed data, 2024

This research was carried out using the panel data regression analysis method using *Eviews* 12 software as a tool for analysis. The following are the equation results obtained from this research:
Y = 2.061184 + 0.025696*X1 + 0.006906*X2 + 0.000695*X3 + 0.006478*X4

The analysis of the regression coefficient values can be concluded as follows:

1. The constant number 2.061184 means that if the Regional Expenditure, Human Development Index, Labor Force and Investment variables are constant (zero), then Economic Growth is 2.061184.
2. The Regional Expenditure Variable (X1) has a probability value of 0.0060 < 0.05. The Regional Expenditure variable has an influence on Economic Growth of 0.025696, indicating that if there is an increase in Regional Expenditure of 1% it will increase Economic Growth by 0.025696, assuming other variables remain constant.

3. The Human Development Index variable (X2) has a probability value of 0.0010 < 0.05. The Human Development Index variable has an influence on Economic Growth of 0.006906, indicating that if there is an increase in the Human Development Index by 1% it will increase Economic Growth by 0.006906, assuming other variables remain constant.
4. The Labor Force variable (X3) has a probability value of 0.9749 > 0.05. The Labor Force variable has no effect on Economic Growth.
5. The investment variable (X4) has a probability value of 0.0003 < 0.05. The Investment variable has an influence on Economic Growth of 0.006478, indicating that if there is an increase in investment of 1% it will increase economic growth by 0.006478, assuming other variables remain constant.

DISCUSSION

The Influence of Regional Expenditures on Economic Growth

After finding the results of *the Fixed Effect Model* (FEM) regression, it shows that the coefficient of the regional expenditure variable is 0.025696 and probability 0.0060. This shows that the regional spending variable has a positive and significant effect on economic growth in the Regency/City of Gorontalo Province. According to Keynesian theory, government spending influences economic growth, the more government spending increases, the higher the economic growth (Lestari & Fitriyati, 2011). The results of this research are not in line with the results of (Suhardi, 2018), it is explained that Regional Expenditures have a negative and insignificant influence on Economic Growth. This means that if Regional Expenditures have a negative impact, then high Regional Expenditures will reduce Economic Growth. However, the results of this research are in line with research conducted by (Hidayat & Nalle, 2017) and (Pangkey et al., 2018) which explains that regional spending has a positive and significant impact on economic growth. This means that if Regional Expenditures have a positive impact, then high Regional Expenditures will increase Economic Growth.

The Influence of the Human Development Index on Economic Growth

Fixed effect model (FEM) regression results show that the coefficient of the human development index variable is 0.006906 and probability 0.0010. This shows that the human development index variable has a positive and significant effect on economic growth in the Regency/City of Gorontalo Province. This means that by increasing the HDI in Gorontalo Regency/City, it shows that the work productivity of human resources in Gorontalo Province is getting better, this will increase economic growth in the Gorontalo Regency/City area so that GRDP will be greater and per capita income in Gorontalo Regency/City will be greater. tall. Human development is one indicator of the creation of development that is able to encourage economic growth. To measure the quality of human capital, the United Nations Development Program (UNDP) introduced the concept of human capital quality which was named the Human Development Index (HDI). A high level of human development greatly determines the population's ability to absorb and manage sources of economic growth, both in relation to technology and institutions as an important means of achieving economic growth.

The results of this research are not in line with research conducted by (Dinarjito & Dharmazi, 2020) and (Muqorrobin & Soejoto, 2017) explaining that the Human Development Index has a negative and significant effect on Economic Growth. This means that if the Human Development Index has a negative impact, a high Human Development Index will reduce economic growth. However, the results of this research are in line with research conducted by (Nurmainah, 2013) and (Nararendra, 2018) which obtained results namely that the Human Development Index has a positive and significant influence on Economic Growth. This means that if the Human Development Index has a positive impact, then a high Human Development Index will increase Economic Growth

The results of this research are also supported by research conducted by Asnidar (2016), in East Aceh district showing that HDI has a positive and significant relationship. Likewise, the results of research conducted in Central Java province by Rahmawati (2016) showed a positive relationship between HDI and economic growth. Nyoman Lilya Santika Dewi and I Ketut Sutrisna (2014) also conducted research on the influence of HDI on economic growth in the province of Bali and the research results showed that HDI had a simultaneous and significant effect on economic growth in the province of Bali.

The Influence of the Labor Force on Economic Growth

the Fixed Effect Model (FEM) regression show that the coefficient of the labor force variable is 0.000695 and probability 0.9749. This shows that the labor force variable has no effect on economic growth in the Regency/City of Gorontalo Province. The results of this research are not in line with research conducted by Nurmainah (2013) which shows that the workforce has a positive and significant effect on economic growth.

The Effect of Investment on Economic Growth

the Fixed Effect Model (FEM) regression show that the coefficient of the investment variable is 0.006478 and probability 0.0003 indicates that the investment variable has a positive and significant effect on economic growth in the Regency/City of Gorontalo Province. The results of this research are supported by the results of research by De Fretes (2007), which states that private investment has a significant effect on economic growth. Where the increase in private investment, namely PMDN, will have an impact on increasing economic growth in a region. Economic growth is a long-term economic problem for a country. Economic growth measures the achievements of an economy's development from one period to the next. Furthermore, Ocaya's (2012) empirical study found that PMDN had a positive and significant influence on short-term regional economic growth, but not in the long-term (Ocaya, 2012). This is also in line with the results of research by Samuel Adams (2009) which analyzed the impact of domestic investment on economic growth in Sub-Saharan Africa during 1990-2003, which proved that domestic investment had a significant effect on economic growth. Almfraji, Almsafir, Liu Yao (2014) also found that investment has a significant effect on economic growth.

Will indirectly increase as well. Investment in the form of increased capital investment will have a positive impact on the production process in an increasingly active business, which will also have an impact on increasing household consumption. The more investments or investments made, the more new businesses will emerge. The results of this research are in line with research conducted by Pratama (2017) which analyzed the influence of investment, labor and education levels on economic growth and its impact on poverty in North Sulawesi province. The research results show that investment has a positive and significant effect on economic growth.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of this research, there is a simultaneous influence between Regional Expenditures, Human Development Index, and Investment on Regency/City Economic Growth in Gorontalo Province in 2017-2022. Meanwhile, partially there is no influence between the Labor Force on Regency/City Economic Growth in Gorontalo Province in 2017-2022.

From the research results, the Regency/City Government in Gorontalo Province must maintain and if possible, increase the expenditure budget in each regency/city APBD considering that from the research results information was obtained that regional spending is able to increase economic growth in the region. The government is expected to continue to increase labor productivity in order to create a quality workforce, by providing skills training for workers and expanding employment opportunities so that it can have a positive impact on economic growth in Indonesia.

ADVANCED RESEARCH

This research only examines the influence of regional expenditure, human development index (HDI), labor force and domestic investment on the economic growth of districts/cities in Gorontalo Province, where there are limitations in the research, therefore future researchers can perfect this research by adding other variables that influence economic growth, adding the number of years, other scope that can see the influence of economic growth in Districts/Cities in Gorontalo Province, so that later it can produce better results.

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