



GOVERNMENT LABOR AND EXPENDITURE EFFECTS ON ECONOMIC GROWTH IN PAKPAK BHARAT DISTRICT

Alkursi Bancin

Affiliate: Universitas Samudra, Indonesia

Email: alkursiputrianibancin@gmail.com

Abstract This study aims to determine the effect of labor and government spending on economic growth in Pakpak Bharat Regency from 2011 to 2020. The research method used is a quantitative approach. The research objectives include knowing the effect of the influence of labor on economic growth, the effect of government spending on economic growth and the influence of labor and government spending simultaneously on economic growth in Pakpak Bharat Regency. Based on the research conducted, the results and conclusions are as follows: first, that labor has a positive and significant effect on economic growth in Pakpak Bharat district, and government spending has a positive and insignificant effect on economic growth in Pakpak Bharat Regency, third simultaneously labor and expenditure the government has a significant effect on economic growth in Pakpak Bharat Regency, with an R Square value of 0.774507 meaning that the variable of labor and government expenditure affects the economic growth of Pakpak Bharat Regency by 77.45% while the remaining 0.2255% economic growth of Pakpak Bharat Regency is influenced by factors other.

Keywords: Economic Growth, Labor and Government Expenditure

Introduction

Economic growth is needed by a country to improve the standard of living and welfare of the community, by developing all fields of activity in that country. To improve people's welfare, it is necessary to increase economic growth and equitable distribution of income.

Economic growth is an increase in the value and production amount of goods and services calculated by a country in a certain time. Growth shows the extent to which economic activity will generate additional income for the community in a certain period, because basically economic activity is a process of using production factors to produce output, then this process will in turn result in a flow of remuneration for production factors owned by the community will also increase.

Economic growth that continues to increase can describe economic development success in an area and conversely economic growth that continues to decline can describe economic development that is not running well.

Based on table 1.1, it can be seen that the economic growth rate of Pakpak Bharat Regency for the 2011-2018 period continues to increase even though the increase is fluctuating. In 2011 the economic growth was 8.64, in 2012 there was an increase of 8.13, in 2013 the economy in Pakpak Bharat increased by 8.31 And in 2014 it decreased by 7.89, in 2015 it was 7.92, in 2016 the economy of Pakpak Bharat Regency experienced an increase of 8.76, and in 2017 economic growth was 7.65, and in 2018 economic growth was 7.47, but in 2019 experienced a drastic decline to reach -33.22 due to by the covid-19 virus which causes a lot

of unemployment, hinders the pace of economic growth and because covid -19 causes a lot of government spending such as medicines, vitamins and materials and food for the community. The highest increase in economic growth occurred in 2020 which experienced an increase in economic growth of 63.21%.

Table 1
Economic growth of Pakpak Bharat Regency in 2011-2020

Year	Economic Growth
2011	8,64
2012	8,13
2013	8,31
2014	7,98
2015	7,92
2016	8,76
2017	7,65
2018	7,47
2019	-33,22
2020	63,21

Source: BPS Pakpak Bharat Regency

Method

Research Objects and Locations

The object in this study uses the labor variable (x1), government spending (X2), as the independent variable. And the variable of Economic Growth (Y) is a dependent or dependent variable. The location of this research was carried out in Pakpak Bharat Regency, this location was chosen, because this research is related to the number of workers, where the number of workers in Pakpak Bharat has decreased, and government spending level is very high.

Data Types and Sources

Data Type

The types of data used in this study are:

- Quantitative data is data that can be expressed in the form of numbers (Noor, 2014). Quantitative data in this study were obtained from the Central Statistics Agency (BPS)
- Qualitative data is stated in the form of not numbers, or in other words qualitative data is data that is presented in the form of words that contain meaning (Noor, 2014). Qualitative data in this study are in the form of journals and articles related to research.

Data source

The source of data in this study is secondary data, data obtained and compiled by previous studies or published by various agencies sourced from the Central Statistics Agency (BPS) in Pakpak Bharat Regency, in addition to the data in this study also obtained from various other written materials, such as scientific journals, literature studies, previous studies related to the problem under study and internet studies that support or support this research.

Data collection techniques

Data collection techniques in this study through library research, documentation and the internet. Literature studies are carried out by studying theses and journals to obtain information related to the problems studied and books related to writing this thesis. Documentation

techniques are carried out by documenting or archiving data and information related to the object of research.

Data analysis techniques

The data analysis method used in this research is Multiple Linear Regression analysis. According to Ghozali (2013) multiple linear regression analysis is an analytical method that can be used to measure the strength of the relationship between two or more variables, also showing the direction of the relationship between the dependent and independent variables. Multiple linear regression is an extension of simple linear regression. The form of the multiple linear regression equation can be stated statistically as follows:

$$Y = \beta_0 + \beta_n X_n + \dots + \beta_k X_k + e_i \text{ (Gujarati, 2011)}$$

Note:

Y = Dependent variable

β_0 = Constant

β_n, β_k = Regression Coefficient

X_n = Independent Variable

E_i = error term

Results and Discussion

Regression Model Analysis

To find out how much influence Labor and Government Expenditure on Economic Growth can be seen in the table below through multiple linear regression analysis using Eviews 10:

Table 2
Multiple Line Regression Test Results

Dependent Variable: Y				
Method: Least Squares				
Date: 09/13/22 Time: 13:08				
Sample: 2011 2020				
Included observations: 10				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	231.1474	627.7293	-0.368228	0.7236
X1	0.065069	0.027335	2.380405	0.0489
X2	5.02E-12	3.74E-12	1.342228	0.2214
R-squared	0.774507	Mean dependent var		1509.33
Adjusted R-squared	0.710080	S.D. dependent var		4
				319.765
				5

S.E. of regression	172.1751	Akaike info criterion	13.3782
Sum squared resid	207510.0	Schwarz criterion	13.4690
Log likelihood	-63.89113	Hannan-Quinn criter.	13.2786
F-statistic	12.02154	Durbin-Watson stat	5
Prob(F-statistic)	0.005445		2.60555

Based on the resulting coefficient values, multiple linear regression equations can be arranged as follows:

$$Y = -231.1474 + 0.065069X_1 + 5.02E-12X_2$$

Based on the regression model equation, it can be interpreted as follows:

- The constant value is -231.1474. Shows that if the Labor and Government Expenditures remain, the economic growth in Pakpak Bharat Regency is 231.1474 percent.
- The value of Unstandardized Coefficients β_1 is 0.065069. Shows that if there is an increase in the workforce of 1 percent, it will cause Economic Growth in Pakpak Bharat Regency to increase by 0.065069 percent with the assumption that Government Expenditures are fixed (*cateries paribus*).
- The value of Unstandardized Coefficients β_2 is 5.02E-12. Shows that if there is an increase in government spending by 1 percent, it will cause economic growth in Pakpak Bharat Regency to increase by 5.02E-12 percent with the assumption of labor (*cateries paribus*).

Hypotheses Testing

1. Partial test (t test)

- Labor on economic growth in Pakpak Bharat . Regency

The estimation result of the labor variable coefficient (X_1) is 0.065069 and is significant at prob $0.0489 < \alpha = 0.05$, meaning that partially the workforce has a positive and significant effect on economic growth in Pakpak Bharat Regency. If there is an increase in the workforce of 1 percent, then the economic growth in Pakpak Bharat Regency will increase significantly by 0.065069 percent. Conversely, if there is a 1 percent decrease in the workforce, then the economic growth of Pakpak Bharat Regency will decrease significantly by 0.065069 percent in one year, *cateries paribus*. Thus, the first hypothesis statement which states that labor has a positive effect on economic growth in Pakpak Bharat Regency, is accepted

- Government spending on Economic Growth in Pakpak Bharat Regency

The estimation result of the coefficient of government spending variable (X_2) is 5.02E-12 and the level of significance at prob $0.2214 > \alpha = 0.05$ means that partially Government spending has a positive and insignificant effect on Economic Growth in Pakpak Bharat Regency. If there is an increase in Government Expenditures of 1 percent, then the Economic Growth of Pakpak Bharat Regency will increase insignificantly by 5.02E-12 percent. On the other hand, if there is a 1 percent decrease in Government

spending, then the Economic Growth of Pakpak Bharat Regency will decrease significantly by $5.02E-12$ percent in one year, *ceteris paribus*. Thus, the third hypothesis statement which states that Government spending has a significant effect on Economic Growth in Pakpak Bharat Regency, is rejected.

2. Simultaneous test (f test)

The results of the f test in this study were obtained at $0.005445 < \alpha = 0.05$, so it can be stated simultaneously that Labor and Government spending are significant to Economic Growth in Pakpak Bharat Regency. Then the third hypothesis statement which states that simultaneously Labor and Government spending have a significant effect on Economic Growth in Pakpak Bharat Regency, is accepted.

3. Coefficient of determination (R²)

Based on Table 4.6 test results, it is known that the value of R-squared (R²) is 0.774507 so that the value of the Coefficient of Determination is 77.45%, it can be concluded that there is a close relationship between the variables of Labor and Government spending on Economic Growth in Pakpak Bharat Regency. These results indicate that Labor and Government spending affect Economic Growth in Pakpak Bharat Regency by 77.45% and the remaining 0.2255% is influenced by other variables not examined in this study.

4. The Effect of Labor on Economic Growth in Pakpak Bharat Regency.

Based on the results of statistical tests, it can be seen that the workforce has a positive and significant effect on Economic Growth in Pakpak Bharat Regency, the regression coefficient of labor is 0.065069 with a sig value of $0.0489 > 0.05$. If there is an increase in the workforce of 1 percent, then the Economic Growth of Pakpak Bharat Regency will decrease significantly by 0.065069 percent. Conversely, if there is a 1 percent decrease in the workforce, then the Economic Growth of Pakpak Bharat Regency will increase significantly by 0.065069 percent. assuming other variables are constant.

5. The Effect of Government spending on Economic Growth in Pakpak Bharat Regency.

Based on the results of the statistical test, it can be seen that Government spending has a positive and insignificant effect on Economic Growth in Pakpak Bharat Regency. The regression coefficient value of government spending is $5.02E-12$ with a sig value of $0.2214 > 0.05$. If there is an increase in Labor of 1 percent, then the Economic Growth of Pakpak Bharat Regency will decrease insignificantly by $5.02E-12$ percent. On the other hand, if there is a 1 percent decrease in Labor, then the Economic Growth of Pakpak Bharat Regency will increase insignificantly by $5.02E-12$ percent, assuming other variables are constant.

Conclusion

1. Partially, the workforce has a positive and significant impact on the economic growth of Pakpak Bharat Regency. If there is an increase in the workforce of 1 percent, then the economic growth in Pakpak Bharat Regency will increase significantly by 0.065069 percent. Conversely, if there is a 1 percent decrease in the workforce, then the economic growth of Pakpak Bharat Regency will decrease significantly by 0.065069 percent in one year, *ceteris paribus*.
2. Partially Government spending has a positive and insignificant effect on the Economic Growth of Pakpak Bharat Regency. If there is an increase in Government spending of 1

percent, then the Economic Growth of Pakpak Bharat Regency will increase insignificantly by $5.02E-12$ percent. On the other hand, if there is a 1 percent decrease in Government spending, then the Economic Growth of Pakpak Bharat Regency will decrease significantly by $5.02E-12$ percent in one year, *ceteris paribus*.

3. The results of the F test of $0.005445 < = 0.05$ simultaneously Labor and Government spending are significant to Economic Growth in Pakpak Bharat Regency. Then the third hypothesis statement which states that simultaneously Labor and Government spending have a significant effect on Economic Growth in Pakpak Bharat Regency.

BIBLIOGRAPHY

- Badan Pusat Statistik Kabupaten Pakpak Bharat, 2021 Pakpak baharat Dalam Angka Angka Tahun 2014.
- Badan Pusat Statistik Kabupaten Pakpak Bharat,2021. Pakpak Bharat Dalam Angka Angka Tahun 2013.
- Sukirno, Sadomo. 2011. Makro Ekonomi Teori Pengantar Edisi Ketiga . Rajawali Pers, Jakarta
- Sukirno, Sadono. 2011. Makroekonomi Modern: Perkembangan Pemikiran Dari Klasik Hingga Keynesian Baru. Raja Grafindo Pustaka.
- Ghozali, Imam. 2011. Aplikasi Analisis Multivariate dengan SPSS Semarang : Badan Peneliti UNDIP.
- Sugiono, (2014). Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif,dan R&D, Bandung: Alfabeta.
- Sukirno, Sadomo. 2011. Makro Ekonomi Teori Pengantar Edisi Ketiga . Rajawali Pers, Jakarta
- Gujarati, Damodar ,2003, Ekonomi Dasar, Terjemahan ; Sumarno Zain, Jakarta: Erlangga.
- Noor, 2014,*Analisis Data Penelitian Ekonomi Dan Manajemen*, Jakarta, Pt Gramedia Widia Sarana Indonesia

Copyright holder:

Alkursi Bancin (2022)

First publication right:

Journal of Management, Economic and Financial

This article is licensed under:

