

THE EFFECT OF UMP, INVESTMENT AND TPAK ON GROWTH ECONOMY IN JAVA MIDDLE

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Abstract

this study aims to determine the effect of provincial minimum wages, investment and labor force participation rate on economic growth in Central Java. The research method used in this study is in the form of panels data from 2016 to 2020 in Regencies/Cities in Central Java Province with a descriptive quantitative model. Data is presented annually obtained from BPS Central Java Province. based on the results of the partial analysis, the variables of the provincial minimum wages, investment and labor force participation rate has a positive and significant effect on economic growth in Central Java, which is seen from the probability value which is smaller than (0.05). Simultaneously all research variables have a significant effect on economic growth and have an influence shown by R^2 of 50.20%, indicating that all research variables can explain variables Y and the remaining 49.80% is explained by other variables outside the study.

Abstrak

Penelitian ini bertujuan untuk melihat apakah terdapat pengaruh antara upah minimum provinsi, investasi dan tingkat partisipasi angkatan kerja terhadap pertumbuhan ekonomi di Jawa Tengah. Metode penelitian yang digunakan dalam penelitian ini berbentuk data panel dari tahun 2016 sampai 2020 pada Kabupaten/Kota di Provinsi Jawa Tengah dengan model kuantitatif deskriptif. Data disajikan setiap tahun yang diperoleh dari BPS Provinsi Jawa Tengah. Berdasarkan hasil analisis secara parsial, variabel upah minimum provinsi, investasi dan tingkat partisipasi angkatan kerja berpengaruh positif dan signifikan terhadap pertumbuhan ekonomi di Jawa Tengah yang dilihat dari nilai probabilitas yang lebih kecil dari (0,05). Secara simultan semua variabel penelitian berpengaruh signifikan terhadap pertumbuhan ekonomi dan memiliki pengaruh yang ditunjukkan R^2 sebesar 50,20% menunjukkan bahwa semua variabel penelitiandapat menjelaskan variabel Y dan sisanya sebesar 49,80% dijelaskan oleh variabel lain diluar penelitian.

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PRELIMINARY

Indonesia is a country with many island and one of the countries with amount population most . That is , Indonesia consists from various area many area . So from it is needed something development economy at each area need conducted in a manner evenly so no happening gap between area and reduce difference ability between area . Development area Becomes part integral from development national , which based on principle autonomyarea and control source power national . Achieved or nope development economy area no regardless from repair growth economy . Growth growing economy _ increase could said the more prosperous the people in the area such , because level well-being Public described with tall low growth economy area the (Hasibuan et al., 2022).

Table 1. Rate Growth Economy in Province Java Middle
(In percent)

Year	Rate Growth
2016	5.28
2017	5.27
2018	5.30
2019	5.36
2020	-2.65

Source : BPS Province Java Middle various year

Table on explain growth economy Java Middle year 2016 grow as big 5.28%, Thing this supported from side production that is field effort mining and excavation as big 18.73%, besides that also from side expenditure through component formation capital permanent gross 5.96% growth highest . Then in year 2017 grow stagnant on number 5.27%, Thing this caused dependency which tall to industry processing as well as limited source growth economy which continuous , limited mobility savings Public and low quality source power human . Growth economy Java Middle year 2019 more tall 5.36% compared in 2018 , namely 5.30%, an increase growth economy the supported by field effort information and communication by 11.62%. Then in 2020 , when Indonesian start affected Covid-19 outbreak , conditions economy on the verge impact of the recession whole aspect life and activities economics , where Thing This has a huge impact on growth economy specifically in Province Java Middle which grow negative as big -2.56% Thing this because almost all sector effort experience negative trend . From the side expenses , donations biggest weakening the sourced from investation and consumption house stairs . On aspect field effort , industry processing and sector trading occur weakening demand , both domestically _ _ nor abroad , make production Becomes not optimal. Impact on society ie decrease power buy Public earn low and lost profession or Termination Connection Employment (PHK), p this related with well-being society , that is inability Public for Fulfill needs his life .

Based on explanation in top , there is things which need conducted for increase growth economy . Amount population which Keep going increase , so needs consumption population increasing every day . _ _ so that needed income (Tambunan , 2014). Income for worker that is wages and salaries (Tarigan , 2012). In studies Sholeh (2007) reveals based on theory Request and offer power work on market competitive , wrong one factor which determine level demand and offer power work is wages . In application , for determine level wages needed mix hand government through policy wages minimum which apply in market. Determination policy wages minimum by protect and increase income still workers _ earn under minimum wage is destination from government without ignore interest company and economy on generally . Because if government no make policy UMP will resulted

imbalance economy and bottlenecks wheel the economy in the area such , that occur caused by level production , consumption , and distribution which influenced increase wages minimum which no appropriate (Sulistiawati , 2012). Wages minimum have role important for achievement well-being and prosperity para worker . By because that , element wages minimum very needed in growth economy .

Besides minimum wage , according to Todaro (2000) investment have role important in increase development area and Becomes wrong one factor which relate positive togrowth economy . Ability area in make related policies _ with investment and the business world as well as enhancement quality service for Public will Becomes success area in increase power he pulled to investment . growing climate competitive and healthy investment _ expected will spur growth mutual investment _ profitable in development area . With exists capital in form investationis one _ factor for increase development area . Investation have connection tight _ to growth economy . With increasing investation so will increasecapacity production which expected could produce outpun and score added , so that growth economy will increase (Arshad , 2010).

Besides investation as internal capital development economy area , source power human too is wrong one capital which important . With exists participation active from Public because flavor have to the area more big , then development area will the more fast . According to Soldier (2017) level participation force work (TPAK) could said Becomes wrong one components that can increase growth economy . TPA is force that work active in activity economy and growth economy created because growth cycle activity economy in society . According to Syafitri & Ariusni (2019) force work Becomes wrong one pusher growth economy if offset with opportunity work which broad . at the timeforce lots and lots of work with opportunity extensive work , then _ production will increase so that impact to enhancement growth economy

Based on description on so writer interested for To do study for knowing more carry on is variable wages minimum province (UMP), investation and level participation force work (TPAK) influence variable growth economy in Province Java Middle. By because thatwriter To do study this with title “ Influence UMP, Investation and TPAK to Growth Economics in Java Middle”

METHOD

Study this use method quantitative . Method quantitative is method study which could interpreted as method research based on philosophy _ *positivism* for researching a number of population or sample , quantitative data analysis for destination test hypothesis that has established (Sugiyono , 2016). Data used in study this using panel data form *time series* during period 2016-2020 and a *cross section* of 35 regencies /cities in Java Middle.

RESULTS AND

DISCUSSION

RESULTS

Election model which suitable in analysis regression data panel must To do test as following :

Test Chow

Table 2. Results Test Chow

Redundant Fixed Effects Tests			
Equation: FEM			
test cross-section fixed effects			
Effect Test	Statistics	df	Prob.
Cross-section F	1.784678	(34,135)	0.0107
Cross-section Chi-square	64.217796	34	0.0013

Sumber : Output Eviews 10

Based on best model test through the Chow test obtained score probability *cross section* $f = 0.0013 < 0.05$ more small from 0.05. So could concluded *Fixed effects Model(FEM)* selected in testing Test Chow or H_0 rejected .

Test Hausmant

Table 3. Results Test Hausmant

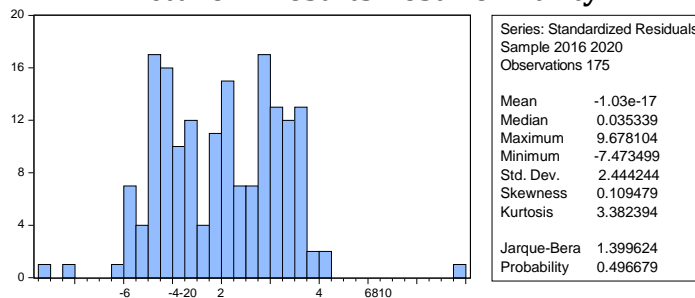
Correlated Random Effects - Hausman test Equation: BRAKE test cross-section random effects			
test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Cross-section random	43.513060	3	0.0000

Source : *output Eviews 10*

Based on results testing with use Test Hausman obtained score probability *cross section random* $f = 0.0000 < 0.05$. because score probability not enough from 0.05. could concluded Selected *Fixed Effect Model* be the best model in study this... so no need To do test lagrange multiplier.

**Assumption Test
Classic Test
Normality**

Picture 1. Results Test Normality



Source : *output Eviews 10*

Based on results test normality obtained score probability *Jarque - Bera* count as big $0.496679 > 0.05$ which means data distributed normal.

Test Multicollinearity

Table 4. Results Test Multicollinearity

Variable s	coefficient Variances	Uncentered VIF	Centered VIF
C	504.0735	9871839	NA
X1	2.580147	10380.50	1.117925
X2	0.015456	49.64912	1.099804
X3	0.004856	453.2032	1.019573

Source : *output Eviews 10*

Technique which used for detect exists multicollinearity with inspection matrix correlation score *Variance Inflation Factor (VIF)*, that variable independent (UMP, Investment and TPAK) have score correlation no exceed 10 which it means no have problem multicollinearity. **Test Heteroscedasticity**

Table 5. Results Test Heteroscedasticity

Variable s	coefficient	std. Error	t-Statistics	Prob.
C	-1.625802	1.696012	-0.958603	0.3394

Sumber : *Output Eviews 10*

X1	1.28E-07	2.60E-07	0.493535	0.6224
X2	2.00E-08	2.16E-08	0.925881	0.3560
X3	0.024018	0.025147	0.955114	0.3411

Sumber : Output Eviews 10

Based on results testing generated score probability variable independent > 0.05 it means no occur symptom heteroscedasticity.

Test Autocorrelation

Table 6. Results Test Autocorrelation

Breusch-Godfrey Serial Correlation LM tests:			
F-statistics	1.213286	Prob. F(2,167)	0.2998
Obs *R-squared	2.477751	Prob. Chi -Square(2)	0.2897

Source : output Eviews 10

Autocorrelation test in study this using the *Breusch Godfrey* test . Test it used because more right on observation above 100 observations . Based on test results above , the value of Prob. Chi-square as big 0.2897 > 0.05 then no occur problem autocorrelation .

Analysis Regression Data Panel

Equality Panel Data Regression used researcher aim for estimate variable dependent if the independent variable is increased or lowered . Following results panel data regression *Fixed effects Model* (FEM) the done by researcher .

Table 7. Results Test FEM

Variable s	coefficient	std. Error	t- Statistics	Prob.
C	277.1791	25.89905	10.70229	0.0000
X1	0.459337	0.018396	24.96994	0.0000
X2	0.129727	0.064125	2.023041	0.0011
X3	0.156523	0.046423	3.371674	0.0342

Source : output Eviews 10

Based on results processing data so obtained results as following :

$$Y = 277.1791 + 0.459337 \text{ Logs } (X1) + 0.129727 \text{ Logs } (X2) + 0.156523 (X3)$$

Wages Minimum province , investment , and Level Participation Force Work worth constant on 0 will cause score Y (Growth Economy) which be measured with rate growth economy will Becomes as big 277.1791. If X1 (Wage Minimum Province) increase 1% so the value of Y will increase by 0.459337. If X2 (Investment) increases by 1% then the value of Y will increase of 0.129727. If X3 (Labor Force Participation Rate Active) is increased by 1% then Y value will go on of 0.156523.

Test Q

Score probability variable Wages Minimum province , Investation and Level Participation Force Work < 0.05 's showing that testing worth significant . It means variable Provincial Minimum Wage , Investment and Labor Force Participation Rate have influence to variable dependent that is Growth Economy.

Test F

Table 8. Results Test F

R-squared	0.502094	Means dependent var	4.023526
adjusted R-squared	0.365631	SD dependent var	3.463945
SE of regression	2.758938	Akaike info criteria	5.058858
sum squared resid	1027584	Schwarz criteria	5.751489
Logs likelihood	-399.5912	Hannan-Quinn criter .	5.339854
F-statistics	3.679342	Durbin-Watson stat	2.032252
Prob(F-statistic)	0.000000		

Source : Eviews output 10

F - count probability value 0.000000 < 0.05. Counted with level 95% confidence , alpha=0.05. This means third independent variable separately simultaneous take effect to variable dependent . F- count value (3.679342) > F - table (2.66). This show test this model worthy for used on study this .

Coefficient Determination

R-squared value 0.502094. it means independent variable capable explain variable dependent as big 50.20% and the rest 49.80% influenced by factor other . Whereas score adjusted R-squared

0.365631, which means variable dependent that is growth economy could explained by variable independents ie provincial minimum wage , investment , and rate participation force work as big 36.56%, meanwhile the rest 63.44% affected by factor other outside model.

DISCUSSION

Wages Minimum Province to Growth Economy

Results testing hypothesis with use method data panel Among wages minimum provinceto growth the economy in Central Java shown in Table 4.8 has influence positive . Based on results test t produce t count as big 24.96994 more big from t table as big1.65381 and have score probability of 0.0000 more small from level significant alpha that is determined as big 0.05 which it means wages minimum province take effect significant to growth economy in Java middle could accepted , because in a manner statistics proven . Positive value on t- count meaning that influence provincial minimum wage to growth economy walk in the same direction , it means if wages minimum province increase , so will increase growth economy .

Wages minimum province have role important to growth economy . Results study this supported with theory wages efficiency (*efficiency-wage*) where for worker wages minimum can increase income to be make worker more nutritious and more healthy so that increase productivity moment work (Agusalin , 2020). For producer wages minimum will give disincentive for Keep going produce with reduce rotationpower work . The more big wages paid , the more big opportunity worker no switch to company other, at a time reduce time which needed company for interesting and practice worker new . With pay more wages _ high , company could motivating more many workers for more productive , so company could operate more efficient in produceproduct . though because that , hook up wages with productivity power work be very importantbecause productivity power work is indicator economy in push growth economy and well-being something country.

Thing this in accordance with theory studies Askenazy (2003) argue that wages minimumgive impact positive to growth economy through accumulation capital human . Implications wages minimum to well-being could realized on economy which competitive , when worker skilled or not skilled if no too often replaced by sector manufacturing , so wages minimum province could increase growth economy if its economy open .

Furthermore it is also supported theory from Sumarsono (2003) who said that change level wages of course also affects growth an economy _ area . The more tall level wages so growth economy in something area could influenced . Thing that because iflevel wages in one area increase so level consumption residents will too increase . On the contrary if level wages in one area low so level consumption residents too _ low . If consumption population low , naturally will take effect to growth economy in area the .

this _ in line with study earlier from Umayanti & Utama (2020) which says that wages minimum take effect positive and significant to growth economy and withincreasing minimum wage will be increase growth economy . Besides it is also supported with study Wijaya & Soelistianingsih (2014) say that wages minimum capable increase growth economy , consequence from wages minimum which capable push enhancement consumption and requests goods and services .

Investation to Growth Economy

Test results hypothesis with use intermediate panel data method investation to growth the economy in Central Java shown in Table 4.8 has influence positive . Based on results test t produce t count as big 2.023041 more big from t- table as big 1.65381 and have score probability of 0.0011 more small from level significant alpha that is determined as big 0.05 which it means investation take effect significant to growth

economy in Java middle could accepted , because in a manner statistics proven . Positive value on t-count meaning that influence investation to growth economy walk in the same direction , it means if investation increase , so will increase growth economy .

Investation in a manner Partial have influence positive to growth economy in Java Middle. benefits investation good Domestic Investment (PMDN) and Foreign Investment (PMA) will make increase growth economy . The more big saved income , _ investation also the more increase , Thing this show will increase planting capital or capital formation . Ascension investment or _ impact capital formation to enhancement production goods and services inside _ economy . Enhancement production goods and servicesthis cause enhancement to growth economy . on the contrary , if occur decline investation so growth the economy will too experience decline because decline investation show has happening decline investment or _ capital formation . Decline investment or _ capital formation will resulted decline production goods and services . Decline production goods and services will cause decline to growth economy .

Research results this supported with growth model theory neo -classical economics state that enhancement investment in a related area positive with growth economy , because investation or availability capital could changed and change this lead on growth economy . And Harrod Domar 's theory states in support growth economy needed investments new as capital stock (Ramayani , 2013). With exists investment of course growth economy in the area it will too increase . Thing the because Investation as means for development economy especially in Thing expansion power work used _ for increase output or production . Condition absolute for development economy is accumulation capital. With exists development economy expected also will increase income area .

this _ in line with study earlier from Pambudy & Syairozi (2019) and Sudirman & Alhudhori (2018) states that Investation take effect significant with positive relationship _to growth economy , because activity investation influence activity economy as well as opportunity work so that increase income national which on finally increase well-being society .

Level Participation Force Work to Growth Economy

Test results hypothesis with use intermediate panel data method level participation force work to growth economy in Java Middle which displayed on Table 7 have influence positive . Based on results test t produce t count as big 3.371674 more big from the t- table of 1.65381 and has score probability of 0.0342 more small from level significant alpha which determined as big 0.05 which it means level participation force work take effect significant to growth economy in Java middle could accepted , because in a manner statistics proven . Positive value on t- count meaning that influence level participation force work to growth economy walk the same way , that is if level participation force work increases , then will increase growth economy .

labor _ active absolute needed in activity development a territory, because power work is mover and executor development economy the . Source power man quality _ as well as have desire for attempted is the main asset for creation development which active to economy . The more many power work active which participate in activity economy , the more many Public which productive , so will produce high output so that influence growth economy . Likewise on income per capita , increasing power work active which work , means increase also income per capita and level consumption . The more tall level his needs will consumption , so that good direct nor no direct , take effect to growth economy .

Research results this supported with Solow-Swan theory , growth economy depends and increase provision factors production like : resident , power work , and accumulation

capital, as well plus with level progress technology (Arsyad , 2010). While Todaro (2000) disclose Growth population and growth of the Labor Force (AK) . traditional is wrong one factor which capable give impact positive to growth economy , because amount power work which more big will add level production .

Thing this in line with study earlier which conducted by Puspasari (2019), and Mirah et al.,(2020) which state that level participation force work educated certain have influence significant good in time period long and term short . this _ in line with research conducted by Prawira et al (2017) that participation active from whole Public which is level participation force work could increase growth economy area

CONCLUSION AND ADVICE

Conclusion

Based on results study which has conducted by researcher about influence wages provincial minimum , investment and participation force work to growth economy in Java Middle in 2016 – 2020. Produce a number of conclusion based on the test results conducted use t test could concluded that in a manner Partial :

1. Wages minimum take effect positive and significant to growth economy in Java middle .
2. Investation take effect positive and significant to growth economy in Java Middle.
3. Participation rate force work influential and significant to growth economy inJava Middle.
4. kindly simultaneous wages minimum province , investation and level participation force work take effect positive and significant to growth economy in Java Middle.

From results the could said that growth economy very influenced by variable wages minimum province , investation and participation force work .

Suggestion

For researcher next one you want To do study with the same theme , expected add year study and use variable other so could enrich results study which more develop and useful .

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