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The effect of investment, absorbed labor through economic growth on the human development index (IPM) in the Regency/City of South Kalimantan Province in 2013-2022

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Abstract---Investment in South Kalimantan Province from 2013 to 2022 will experience variations. Meanwhile, the number of workers absorbed during the same period has increased. Regional economic growth over the last few years has varied and the HDI is below the Indonesian average. Aims to analyze the influence of investment and labor absorption through economic growth on HDI in 13 Regencies and Cities of South Kalimantan Province, using data for 2013-2022. E-Views 12 software was used in the path analysis method. These results indicate that investment and absorbed labor simultaneously influence economic growth. Apart from that, investment, absorbed labor and economic growth directly influence HDI. However, HDI is not influenced indirectly by investment or labor absorbed by economic growth.

Keywords---Investment, Absorbed Labor, Economic Growth, Human Development Index.

Introduction

A country will develop starting with economic development, one of the goals of which is to increase equality and stability so that growth increases and becomes part of the method for analyzing economic progress in a region or country. Because the existence of this measuring instrument will provide direction and sign results in order to make decisions and evaluation materials for development.

In 2018, South Kalimantan had a growth rate above the Indonesian average of 5.08 percent. In 2019, the growth of South Kalimantan Province fell to 4.08 percent and entered the *Covid 19 pandemic conditions* in 2020 to -1.81 percent and there was a recovery in 2021 of 3.48 percent and improved in 2022 to 5.11 percent.

Balangan Regency in 2018 had the lowest growth, namely 3.13 percent and the highest at 6.90 in Banjarmasin City. In 2019 this is still happening. However, in 2021 economic growth in South Kalimantan Province experienced improvement and the lowest growth was in Hulu Sungai Tengah Regency, namely 3.01 percent and the highest was 4.23 percent in Tanah Bumbu Regency. Economic improvement will occur in 2022 with growth in South Kalimantan Province of 5.11 percent with the top growth in Banjarbaru City at 7.93% and the bottom in Barito Kuala Regency at 3.59%.

Data on investment realization in South Kalimantan Province in the last ten years is IDR 109,227,239,900,000. The realization of this investment in the last ten years has certainly provided and opened up job opportunities in various sectors found in South Kalimantan Province.

The workforce absorbed in South Kalimantan Province in the last ten years was 19,783,751 people. In 2013, the workforce absorbed was 1,816,852 people and in 2022 it was 2,092,225 people. This shows an increase of 113,850 people.

The Human Development Index or HDI in South Kalimantan Province has still not reached the national average for South Kalimantan Province in the last ten years of 70.98 percent and the Indonesian Human Development Index of 72.09 percent. This means there is a difference of 1.106 percent. So, this research needs to be carried out and studied more. So we know the effect of investment and labor absorption through *economic growth* on HDI in the districts/cities of South Kalimantan Province in 2013-2022.

According to the background, the problem is formulated, namely: 1). Do the investment and labor absorbed have a direct effect on economic growth in the districts/cities of South Kalimantan Province? 2). Do investment and labor absorption as well as economic growth have a direct effect on HDI in the districts/cities of South Kalimantan Province? 3). Does investment and labor absorbed through economic growth have an indirect effect on HDI in the districts/cities of South Kalimantan Province?

Knowing the objectives of the research, namely 1). Does the investment and labor absorbed have a direct effect on economic growth in the districts/cities of South

Kalimantan Province? 2). whether investment and labor absorbed as well as economic growth have a direct effect on HDI in the districts/cities of South Kalimantan. 3). Does investment and labor absorbed through economic growth have an indirect effect on HDI in the districts/cities of South Kalimantan Province?

The advantages of this research are providing empirical evidence, contributing to the development of economic science, becoming a reference and contributing data information input to the central, provincial and district/city governments in making policies and decisions.

Method

The scope of research

This scope includes the influence of investment, labor absorption through economic growth on HDI in the districts/cities of South Kalimantan Province in 2013-2022.

Types of research

Applying a quantitative approach in this research with data in the form of numerical values such as investment figures, labor absorption figures, economic growth and HDI figures.

Place/Research Location

Researching City Districts in South Kalimantan Province.

Unit of Analysis

The unit of analysis in this research includes investment, labor absorbed through *economic growth* in the districts and cities of South Kalimantan Province.

Variables and Operational Definitions of Variables

Operational definitions in variables, namely:

- 1) Investment (X1) is the value of claims from domestic businesses as well as unknown speculation which is estimated in rupiah units.
- 2) Absorbed Labor (X2) used is the number of working population in units of people aged 15 years and over.
- 3) Economic Growth (Z) used is the economic condition of the Regency/City of South Kalimantan Province for 10 years in percent units.
- 4) The Human Development Index (HDI) (Y) used is development achievements over the last 10 years in percent units.

Data collection technique

This information collection strategy is carried out through documentation studies with optional information obtained from various sources and collected through BPS and the South Kalimantan One-Stop Integrated Service and Personnel Service.

Data analysis method

This analysis uses the *Path Analysis model*. According to Ghazali (2013), this method is used to analyze mediating/intervening or liaison variables. Investigations in this way are an augmentation of various direct relapse investigations or relapse examinations that assess the causal relationship between factors that have been completed using the e-views 12 application with the following conditions:

- a) Direct influence :

$$Z = a + B_1$$

- b) Indirect influence :

$$Y = a + B_1 X + B_2 Z$$

Information:

Y = Human Development Index (HDI) (dependent)

Z = Economic Growth (mediation)

B₁ = Gradient Coefficient

A = Fixed Value Coefficient

X = Investment and Number of Workers Absorbed (independent)

Discussion Result

Sub Structural I

Based on the results using panel data, the following equation was found:

$$Z = 0.45 - 0.26 X_1 + 1.16 X_2 + e$$

Coefficient of Determination Test (R²)

The results of hypothesis testing found that the significance level was 95% or $\alpha = 5\%$.

Partial Significance Test (T Test)

The results of panel data regression research show that investment is significant for economic growth (X₁, sig. 0.000 < 0.05), while the workforce absorbed is not significant (X₂, probability 0.2771 > 0.05).

Simultaneous Significance Test (F Test)

Based on panel data regression, the significance value (F-statistic) of 0.000002 < 0.05 indicates that the variables (X₁) investment and (X₂) absorbed labor are simultaneously significant in explaining the level of economic growth (Z).

Sub Structural II

Based on the results using panel data, the following prediction results were found:

$$Y = -92.45 + 0.23 X_1 + 31.03 X_2 + 0.01 Z + e$$

Coefficient of Determination Test (R²)

The results of hypothesis testing found that the significance level was 95% or $\alpha = 5\%$.

Partial Significance Test (T Test)

According to panel data regression results, it is shown that the investment variable influences HDI because $0.6878 > 0.05$.

Simultaneous Significance Test (F Test)

Panel data regression results show that the sig. (F-statistic) of $0.0000 < 0.05$ indicates that the variables X1 (Investment), X2 (Absorbed Labor), and Z (Economic Growth Rate) are simultaneously significant in explaining the dependent variable Y (Human Development Index).

Sobel Test

X1 against Y through Z

The gain in the Sobel Test is known to be T count $0.39 < t$ table 1.98 so that (Ha) is ignored and (Ho) is approved. This shows that economic growth has no effect on HDI as a mediating/intervening variable.

X2 against Y through Z

This result shows that the calculated t value $> t$ table ($3.83 > 1.98$), so Ho is ignored and Ha is approved. This means that the absorbed workforce has a positive effect on HDI through economic growth as an intervening variable.

Discussion

1. The Influence of Investment and Absorbed Labor Directly on Economic Growth in Districts/Cities of South Kalimantan Province

Investment and absorbed labor have a direct and simultaneous effect on economic growth with a sig value. (F-statistic) $0.00002 < 0.05$, indicating a joint influence on economic growth in the Regency/City of South Kalimantan. However, X2 is not partially significant (probability $0.2771 > 0.05$), while X1 has a partial influence (probability $0.000 < 0.05$) on economic growth in the region.

2. The influence of investment and absorbed labor as well as economic growth on the Human Development Index in the Districts/Cities of South Kalimantan Province

The variables investment, absorbed labor and economic growth have a direct effect on the Human Development Index (HDI) simultaneously with a probability value (F-statistic) of $0.000 < 0.05$. This means that changes in these three variables can affect the HDI. However, economic growth (Z) has no partial effect (probability $0.6878 > 0.05$), while investment (X1) and absorbed labor (X2) have a partial effect with a probability of $0.000 < 0.05$ each.

3. The influence of investment and labor absorbed through economic growth indirectly on the Human Development Index in Districts/Cities of South Kalimantan Province

Investment and labor absorbed through economic growth do not have an indirect effect on HDI, because the calculated T result is $0.39 < t$ table 1.98, which means (Ha) is ignored and (Ho) is approved. This means that economic growth does not affect HDI through its role as an intervening variable .

Conclusion

In conclusion, X1 and X2 have a direct effect on Z. Both also have a direct effect together on HDI. However, X1, X2 through Z do not have an indirect effect on HDI, and Z itself does not affect HDI as an intervening variable.

Suggestion

The suggestions from this research are:

- 1) Sustainable green investment is an alternative solution in increasing green GRDP. This is based on looking at the decline in environmental quality and the reduction in natural resources in each sector. Sectors that can be injected with green investment to contribute to the value of green GRDP are the industrial sector, the mining sector and the agricultural sector, manufacturing, the electricity resources sector, the clean water and gas sector, the rental sector and the service sector, the clean water sector, the gas sector, the infrastructure, trade sector and financial sector
- 2) It is hoped that future researchers will be able to identify the influence of investment and labor absorbed through economic growth on HDI. And this research will be the basis for further research.

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