The Effect of Private Investment, Government Spending and Labor on Economic Growth in Berau Regency, East Kalimantan Province

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Abstract

Economic growth shows the extent to which economic activity can generate additional income or public welfare in a certain period. The economic growth of a region that continues to show improvement, then it illustrates that the regional economy is developing well. This study aims to analyze the effect of partially and simultaneously private investment, government spending and labor on economic growth in Berau Regency. This research uses secondary data search and empirical and theoretical studies. The analytical tool used is multiple linear regression analysis.

The entire data processing process was carried out with the help of the SPSS version 22 program using linear regression analysis. The results of the analysis show that partially private investment has a significant effect on economic growth with a contribution of 50.35%, government spending has a significant effect on economic growth with a contribution of 34.40% while labor partially has no significant effect on economic growth because it only contributes by 6.85%. However, simultaneously private investment, government spending and labor have a significant effect on economic growth in Berau Regency by 91.60%, meaning that the greater the incoming private investment,

Keywords : Private Investment, Government Expenditure, Employment, Economic Growth.

INTRODUCTION

Enactment of Law number 32 of 2004 as amended by Law number 23 of 2014 concerning Regional Government is the legal basis for every regional government to carry out regional autonomy, there has been a shift in economic development which was previously centralized, leading to decentralization, namely by giving the region the freedom to develop its territory, including development in the economic field.

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With autonomy, regions are required to look for alternative sources of development financing without reducing the hope that there will still be assistance and sharing from the central government in accordance with Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments, and using public funds in accordance with community priorities and aspirations.

Regional economic development is a process where local governments and their communities manage existing resources and form a partnership pattern between local governments and the private sector to create new jobs and stimulate development. Activityan economy (economic growth) in the region. (Subandi, 2014: 133)

One of the targets of regional economic development is to increase the rate of growth economy area. Economic growth shows the extent to which economic activity can generate additional income or public welfare in a certain period. The economic growth of a region that continues to show improvement, then it illustrates that the regional economy is developing well. Regional economic growth is measured by the development of GRDP. The basic reason for choosing GRDP as an indicator for assessing regional economic growth, namely GRDP is the amount of added value generated by all production activities. In the regional economy, GRDP is calculated on the basis of the flow concept, meaning that the GRDP calculation only includes the value of the product produced in a certain period. (Sukirno, 2007:30).

Gross Regional Domestic Product (GDP) is one indicator to measure the level of regional economic growth, while the factors that influence its formation include private investment, government spending and labor. The extent to which these factors influence regional economic growth, in this case Berau Regency, is interesting to observe as study material.

According to the Harrod-Domar theory, economic growth will occur when there is an increase in investment. This is in line with previous research by I Komang Agus Tri Arjuntara and I Ketut Sudibia (2021) who found that investment had a positive and significant effect on economic growth, but in another study by Abdul Rajab and Rezki Novianti (2021) the results were different, there was no effect. investment on economic growth.

Government spending in theory McConnel and Brue (2002) that government spending shows the role of government in the economy in areas that can encourage the economy, this is in line with empirical studies by Heilda Erjergit, Ita Pingkan Rorong and Krest D Tolosang (2021). Government spending has a significant effect on economic growth in Sorong Regency, but there are also contradictory research results, conducted by Hellen, Sri Mintarti and Fitriadi (2017) the results of which government expenditures do not have a significant effect on economic growth.

According to Todaro (2011) a sufficient number of people with a high level of education and skills will be able to encourage the rate of economic growth, so economic growth if analyzed from the labor factor is very dependent on the quality of the workforce, therefore from previous research the results are also

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different, where research conducted by Abdul Rajab and Rezki Novianti (2021), the result is that labor has no effect on economic growth, but by Hellen, Sri Mintarti and Fitriadi (2017) there is a significant influence between labor variables on economic growth.

Based on secondary data obtained from authorized agencies, it shows that economic growth in Berau Regency from 2011 to 2021 experienced a slowdown, in 2011 it grew 21.75%, then in the following years it experienced a slowdown, in 2012 it grew 15.47 %, 2013 10.38%, 2014 8.23%, 2015 5.94% even in 2016 did not grow -1.70%, then in 2017 grew back 3.01%, 2018 2.07%, 2019 5, 63%, then 2020 did not grow -3.32% and in 2021 it grew again by 5.36%.

Therefore, by looking at the inconsistent findings, and the occurrence of slowdown and fluctuations in economic growth in Berau Regency, it is interesting to conduct a study entitled "The Effect of Private Investment, Government Spending and Labor on Economic Growth in Berau Regency, East Kalimantan Province from the year 2010 to 2021".

Formulation of the problem :

1. Does private investment partially have a significant effect on economic growth in Berau Regency?
2. Does government spending partially have a significant effect on economic growth in Berau Regency?
3. Does the labor partially have a significant effect on economic growth in Berau Regency?
4. Do private investment and government spending and labor simultaneously have a significant effect on economic growth in Berau Regency?

Research purposes :

1. To find out how much private investment is partially affect economic growth in Berau Regency.
2. To find out how much government spending partially affects economic growth in Berau Regency.
3. To find out how much labor partially affects economic growth in Berau Regency.
4. To find out how big the simultaneous influence of private investment, government spending and labor on economic growth in Berau Regency.

LITERATURE REVIEW

Investment and Economic Growth

Investment is the motor of an economy, a lot of investment realized in a country will show the rate of economic growth of the country concerned, while at least investment that is realized will show a slow rate of growth (Suwarno, 2008).

The effect of investment on economic growth has a double effect through an acceleration process and a multiplier process, namely first, creating income which is also called the "demand impact", and secondly increasing capacity productioneconomy by creating a capital stock, which is also called the "supply

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effect" of investment. As long as net investment continues, real income and output will continue to grow (Sukirno, 2008: 126).

Theory Harrod-Domar in Arsyad (2010: 234) is an extension of Keynes' theory which sees economic growth in terms of demand, namely that economic growth will occur when there is an increase in investment. Based on the theory of Economic Growth from Harrod Domar explains that there is a positive correlation between the level of investment and the rate of economic growth. This means that the low investment in an area makes economic growth and the level of income of the people per capita in the region increase. This is low because there are no productive economic activities.

To spur economic growth, new investment/investment is needed which is a net addition to capital reserves or stock. If it is assumed that there is a direct economic relationship between the amount of capital stock in the form of new investment will result in an increase in the flow of national output (GNP), this relationship is known as the capital-output ratio. The more that can be saved and then invested part of its GNP, the faster the rate of economic growth will be. (Arsyad, 2010:240).

Government Spending and Economic growth

Regional government spending is measured from the total routine expenditure or apparatus expenditure or indirect expenditure and development expenditure or public expenditure or direct expenditure allocated in the APBD. The greater the productive spending of the regional government, the greater the level of the economy of a region. An increase in productive government spending will lead to an increase in regional income, because an increase in aggregate demand will encourage an increase in investment and cause an increase in production which will ultimately encourage economic growth. (Wibisono, 2005).

In determining the amount of GDP or GRDP, government spending is one of the four components of aggregate expenditure. Government spending shows the role of government in the economy in areas that can stimulate the economy, especially those that lead to the creation of social overheads (public goods), such as transportation, education, health and so on. (McConnell and Brue, 2002). This will increase national and local productivity (including the provinces), and will further increase GRDP. An increase in GDP can also be interpreted as an increase in economic growth.

The role of government spending is more emphasized on efforts to create more stable and conducive conditions for the ongoing process of economic recovery while still providing a stimulus for regional economic growth. In relation to the management of the APBD as a whole with the limited available funding sources, the achievement of development goals must be carried out as optimally as possible.

Rostow and Musgrave in Dumairy (1999: 163) relate the development of government spending to the stages of economic development which are distinguished between the early, intermediate, and advanced stages. In the early stages of economic development, the percentage of government investment to

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total investment is large because the government must provide facilities and services such as education, health, transportation. Then in the intermediate stage of development occurseconomy, investationthe government is still needed to increase economic growth so that it can increase, but at this stage the role of private investment is also getting bigger.

Labor and Economic Growth

Soeroto (1989) suggests that labor and the number and quality of people employed in work have a decisive function in development. This is not only because the labor is the implementer of development, but also because they work or work is the main source for the community. By getting a job, people can meet their needs through the income received from the job. This means involving labor in economic activities and enhancing economic growth. Because when income increases, people tend to spend more on their needs than their previous income. Thus it can expand the market for goods and services.

According to Okun's Law, there is a negative relationship between unemployment and output growth (GDP) that occurred in the United States. Shifts in changes in output will also shift changes in unemployment. Based on the results of Arthur Okun's analysis using time series data from 1970-2000 it is known that "a one percent decrease in the unemployment rate" will causegrowth in GDP by two percent". (Mankiw, 2007: 383).

According to Todaro (2011: 334) rapid population growth encourages the emergence of backwardness problems and makes development prospects even more distant. Furthermore, it is said that the population problem that arises is not because of the large number of family members, but because they are concentrated in urban areas only as a result of the rapid rate of migration from rural to urban areas. However, a sufficient number of people with a high level of education and skills will be able to encourage the rate of economic growth. From a large population of productive age, it will be able to increase the number of available labor forces and in the end will be able to increase output production in an area. Thus, the effect of increasing labor on economic growth is largely determined by factor of the quality of labor used.

Samuelson and Nordhaus (2010: 305) state that labor input consists of the quantity and skills of the workforce. Many economists believe that the quality of labor inputs i.e. skills, knowledge and discipline of labor is the most important element in economic growth. A country that can afford sophisticated equipment but does not employ a skilled and trained workforce will not be able to make effective use of these capital goods. Improvements in literacy, health and discipline as well as the ability to use computers greatly increase the productivity of the labor.

Furthermore, Sukirno (2008: 15) states that one of the important factors that determine the prosperity of a community is the level of income. Community income reaches its maximum if the full use of labor can be realized. The increasing unemployment rate in an area will cause economic and social problems for those who experience it. The absence of income causes the unemployed to

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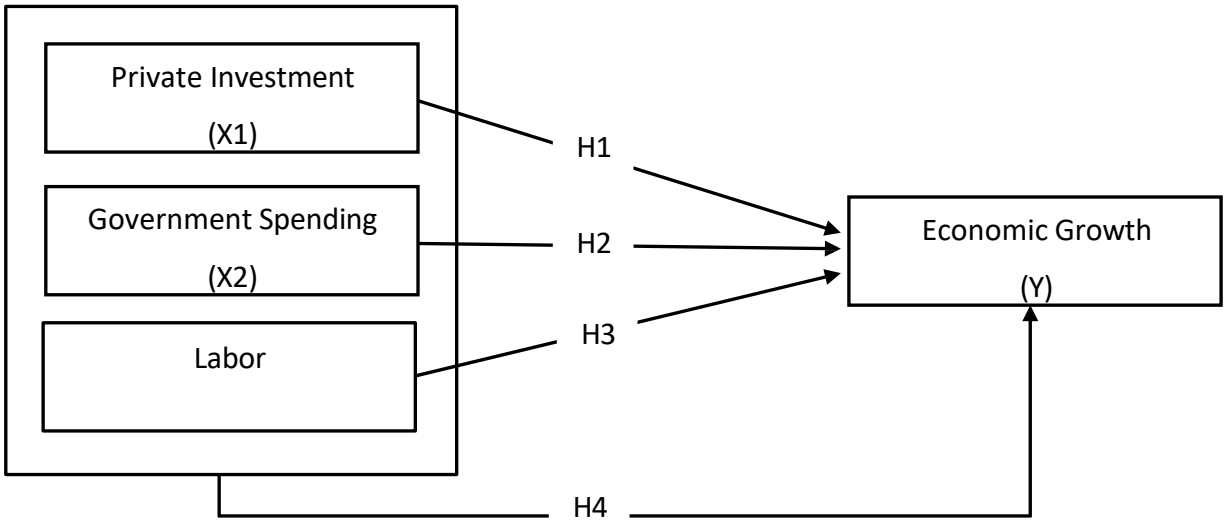
have to reduce their consumption, which in turn results in low income that will be received by a region.

RESEARCH CONCEPTUAL FRAMEWORK



Research Hypothesis

Based on the research background and the relationship between variables, the research hypothesis is as follows:

1. Private investment partially has a significant effect on economic growth in Berau Regency.
2. Government spending partially has a significant effect on economic growth in Berau Regency.
3. Labor partially has a significant effect on economic growth in Berau Regency.
4. Private investment and government spending as well as manpower simultaneously have a significant effect on economic growth in Berau Regency.

RESEARCH METHODS

Research design

This study uses a hypothesis study approach, which is to analyze to obtain empirical evidence of the relationship pattern between the independent variables (private investment, government spending, and labor) with the dependent variable (economic growth in Berau Regency from 2010 to 2021).).

Research Variables and Operational Definitions

The research variables and operational definitions used in this study are as follows :

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1. Independent Variable (X)

a. Private investment (X1), What is meant here is investment by the private sector consisting of the accumulation of realized Foreign Investment (PMA) and Domestic Investment (PMDN) in the form of real capital flows into Berau Regency from foreign and domestic investors. In this study, private investment is expressed in rupiah currency which is measured from 2010 to 2021.

b. Government spending (X2), which is meant is government spending in the Berau Regency APBD document which is the realization of regional spending in the context of carrying out development and government tasks in Berau Regency in one fiscal year, measured from 2010 to 2021, which is stated in rupiah currency.

c. Manpower (X3), which is meant is the number of residents of Berau Regency who already have a job or who are already involved in producing goods and services (work) both to meet their own needs and for the community, which is calculated every year starting from 2010 to 2021 which is stated in number of souls.

2. Dependent Variable (Y)

Economic growth (Y), which is meant in this study is the value of the economic development of a region in a certain year which is expressed as a percentage and a proxy for the development of Gross Regional Domestic Product (GRDP) by business field in Berau Regency based on constant prices from 2010 to 2021 which is expressed in rupiah currency.

Data Types and Sources

The types of data collected in this study are secondary data sourced from several agencies in Berau Regency, which consist of:

1. Private investment data was obtained from the Office of Investment and One Stop Services in Berau Regency.
2. Government spending data was obtained from the Regional Financial and Asset Management Agency of Berau Regency.
3. Labor data were obtained from the Central Bureau of Statistics of Berau Regency.
4. Economic growth data (GRDP) was obtained from the Central Bureau of Statistics of Berau Regency.

Data collection technique

The technique used in data collection used to obtain the data needed in this research is the documentation method, namely data collection by studying and analyzing books or literature, journals and relevant processed data. Data collection in this study is intended to obtain relevant and accurate materials.

Data analysis technique

The data analysis technique used in this research is multiple linear regression analysis. Multiple linear regression is a regression model that involves more than one independent or independent variable. Multiple linear regression analysis was conducted to determine the direction and how much influence the independent

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variable had on the dependent variable (Ghozali, 2011). In this researchto find out how much influence private investment, government spending and labor have on economic growth in Berau Regency, either partially or simultaneously. From the results of the analysis, conclusions will be obtained to answer research problems and recommendations can be made as consideration in determining regional policies.

RESEARCH DATA RESULTS

The results of research at the agency authorized to issue secondary data, obtained the necessary research data, as follows :

Table
Private Investment, Government Spending, Labor and Economic Growth (GDP) in Berau Regency 2010 to 2021

Year	Private Investment (Million Rupiah) (X1)	Government Spending (Million Rupiah) (X2)	Labor (Soul) (X3)	Economic Growth (GRDP) (Million Rupiah) (Y)
2010	450,425	1,331,308	75.693	14,558,924
2011	2,012,975	1,404,230	80.016	17,725,234
2012	1,470,690	1,622,727	79.947	20,467,253
2013	2,827,631	1,722,881	82.497	22,591,474
2014	2,218.088	2,257,729	82.852	24,449,675
2015	1,898,099	2,591,298	90,762	25,902,530
2016	3,650,021	2,061,913	93,290	25,461,370
2017	3,377,372	1,571,269	95.818	26,227,292
2018	4,135,081	1,809,787	102,528	26,769,400
2019	3,237,900	2,956,472	105,321	28,275,573
2020	3,844,210	2,305,070	105.764	27,337,536
2021	4,630,911	2,254,734	106.049	28,802,736

ANALYSIS AND DISCUSSION

Classic assumption test

Based on the results of the research data, data analysis was carried out using multiple linear regression analysis techniques. But first, a "Classic Assumption Test" will be carried out which will be analyzed using the SPSS version 22 program, as follows :

1. Probality Plot Normality Test, according to Imam Ghozali (2011:161), the regression model is said to be normally distributed. if the plotting data (dots) that describe the actual data follow a diagonal line.

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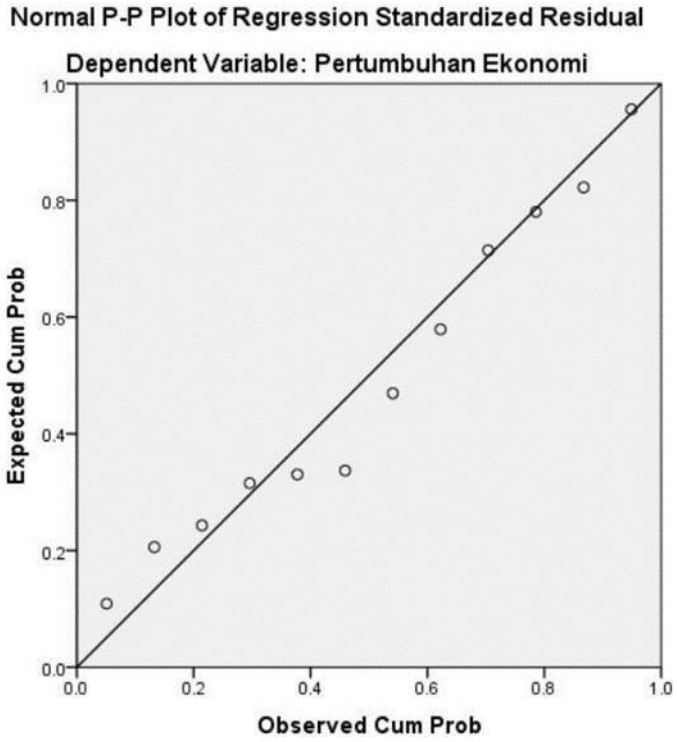

Can be seen from the graph "Normal PP Plot of Regression Standardized Residual". It shows that the data spreads around the diagonal line and follows the direction of the diagonal line or the histogram graph shows a normal distribution pattern, so it can be concluded that the normality test is fulfilled.

2. According to Imam Ghozali (2011:107-108) multicollinearity tests, there are no symptoms of multicollinearity, if the Tolerance value is > 0.100 and the VIF value is < 10.00, it can be seen from the "Coefficientsa" table in the Tolerance and VIF columns :

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7113531.718	6266488.511		1.135	.289		
	Investasi Swasta	2.148	.821	.597	2.617	.031	.203	4.929
	Pengeluaran Pemerintah	4.096	1.279	.463	3.202	.013	.505	1.979
	Tenaga Kerja	29.836	104.760	.077	.285	.783	.145	6.899

a. Dependent Variable: Pertumbuhan Ekonomi

It shows that the Tolerance value of the private investment variable (X1) is 0.203 > 0.100, government spending (X2) is 0.505 > 0.100 and labor (X3) is 0.145 > 0.100. And the VIF value of the X1 variable is 4.929 < 10, X2 is 2.979 < 10 and X3 is 6.899 < 10, so it can be concluded that there are no symptoms of multicollinearity between the independent variables.

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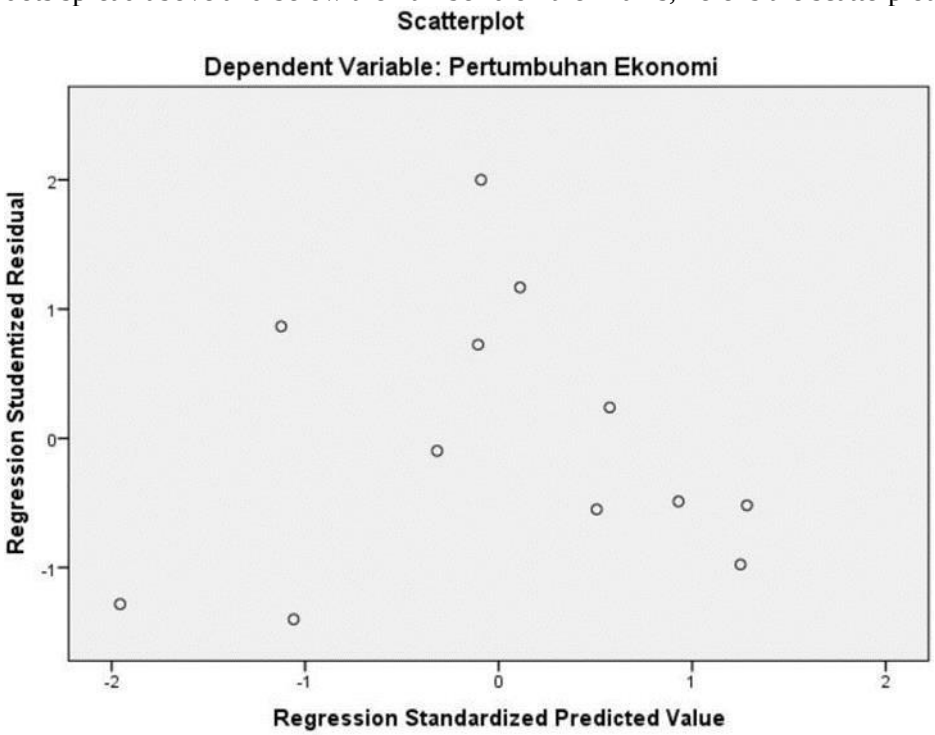
3. According to Imam Ghozali (2011:139) heteroscedasticity test does not occur, if there is no clear pattern (wavy, widened, then narrowed) in the scatterplot image and the dots spread above and below the number 0 on the Y axis, here is the scatterplot image :



Shows that there are no symptoms of heteroscedasticity because there is no clear pattern and the points spread above and below the number 0 on the Y axis. So it can be said that the heteroscedasticity test is fulfilled.

4. According to Imam Ghozali (2011:139) there is no autocorrelation symptom, if the Durbin Watson value lies between du to (4-du). can be seen in the table "Model Summaryb":

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.957[a]	.916	.884	1503379.317	1.918

a. Predictors: (Constant), Tenaga Kerja, Pengeluaran Pemerintah, Investasi Swasta

b. Dependent Variable: Pertumbuhan Ekonomi

The value of Durbin Watson (1.918), while the value of du is sought in the distribution of the Durbin Watson table values based on the number of independent variables (k) = 3 and the amount of time series data (n) = 12, with a significance of 5%, obtained the value of du (1.864) and 4 -du (2.136). Shows that the value of Durbin Watson (1.918) lies between du (1.864) to 4-du (2.136), so the conclusion is that there is no autocorrelation symptom.

Multiple Linear Regression Analysis
Based on the results of the "Classic Assumption Test", this study meets the requirements for multiple linear regression analysis to answer the formulation of the research problem,

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namely to determine whether or not it has a significant effect either partially or simultaneously independent variable (X) : private investment (X1), government spending (X2) and labor (X3) on the dependent variable (Y) economic growth, as follows:

1. Partial t-test based on the significance value, according to Imam Ghozali (2011:101) if the value of sig. < 0.05, it means that the independent variable (X) partially affects the dependent variable (Y), it can be seen in the "Coefficientsa" table in the Sig column. :

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7113531.718	6266488.511		1.135	.289		
	Investasi Swasta	2.148	.821	.597	2.617	.031	.203	4.929
	Pengeluaran Pemerintah	4.096	1.279	.463	3.202	.013	.505	1.979
	Tenaga Kerja	29.836	104.760	.077	.285	.783	.145	6.899

a. Dependent Variable: Pertumbuhan Ekonomi

2. Simultaneous F-test (multiple linear regression) based on the significance value, according to Imam Ghozali (2011:101) if the sig. <0.05, it means that the independent variable (X) simultaneously affects the dependent variable (Y), it can be seen in the ANOVAa table column Sig. :

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.959E+14	3	6.531E+13	28.897	.000[b]
	Residual	1.808E+13	8	2.260E+12		
	Total	2.140E+14	11			

a. Dependent Variable: Pertumbuhan Ekonomi

b. Predictors: (Constant), Tenaga Kerja, Pengeluaran Pemerintah, Investasi Swasta

Shows that the value of Sig. (0.000) <0.05 means that simultaneously the variables of private investment (X1), government spending (X2) and labor (X3) have a significant effect on economic growth (Y).

To achieve the purpose of this study, namely to find out how much influence both partially and simultaneously the independent variables of private investment (X1), government spending (X2) and labor (X3) on the dependent variable of economic growth (Y), the following calculations can be carried out:

- Partially by calculating the Effective Contribution (SE) through the Correlations table and Coefficientsa:

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Correlations

Correlations

		Investasi Swasta	Pengeluaran Pemerintah	Tenaga Kerja	Pertumbuhan Ekonomi
Investasi Swasta	Pearson Correlation	1	.388	.870**	.843**
	Sig. (2-tailed)		.213	.000	.001
	N	12	12	12	12
Pengeluaran Pemerintah	Pearson Correlation	.388	1	.627*	.743**
	Sig. (2-tailed)	.213		.029	.006
	N	12	12	12	12
Tenaga Kerja	Pearson Correlation	.870**	.627*	1	.886**
	Sig. (2-tailed)	.000	.029		.000
	N	12	12	12	12

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7113531.718	6266488.511		1.135	.289		
	Investasi Swasta	2.148	.821	.597	2.617	.031	.203	4.929
	Pengeluaran Pemerintah	4.096	1.279	.463	3.202	.013	.505	1.979
	Tenaga Kerja	29.836	104.760	.077	.285	.783	.145	6.899

a. Dependent Variable: Pertumbuhan Ekonomi

Calculating the Effective Contribution (SE) of the independent variable:
SE (X)% = Beta (X) xrx 100% SE (X1)% = 0.597 x 0.843 x 100%
SE (X1)% = 0.5035 = 50.35%, meaning that the contribution or contribution of the influence of private investment partially to economic growth is 50.35%.
SE (X2)% = 0.463 x 0.743 x 100%
SE (X2)% = 0.3440 = 34.40%, meaning that the contribution or contribution of the influence of government spending partially on economic growth is 34.40%.
SE(X3)% = 0.077 x 0.886 x 100%
SE (X3)% = 0.0682 = 6.85%, meaning that the contribution or contribution of the influence of labor partially on economic growth is 6.85%.

- Simultaneously (together) the magnitude of the influence of the independent variables (X) on the dependent variable (Y) can be calculated by adding up the partial influence contribution of private investment variables (50.35%), government spending (34.40%) and labor employment (6.85%) to economic growth of 91.60% (50.35% + 34.30% + 6.85%), or can also be seen in the Summary Model table b column R Square:

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.957[a]	.916	.884	1503379.317	1.918

a. Predictors: (Constant), Tenaga Kerja, Pengeluaran Pemerintah, Investasi Swasta

b. Dependent Variable: Pertumbuhan Ekonomi

Shows that the R Square value is 91.60%, it means that the contribution of the influence of private investment, government spending and labor simultaneously to economic growth is 91.60%, while the remaining 8.40% comes from factors or variables another variable.

Discussion

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1. The Effect of Private Investment on Economic Growth in Berau District

The results of data analysis show that during 2010 to 2021, private investment partially has a significant effect on economic growth in Berau Regency. This means that the greater the incoming investment, the greater the economic growth in Berau Regency. In this study, the magnitude of the influence of private investment on economic growth partially is 50.35%.

This is in line with previous research conducted by I Komang Agus Tri Arjuntara and I Ketut Sudibia (2021) with the title The Effect of Investment, Education Level, Number of Working Population on Economic Growth and Poverty in Bali Province with the results of research using path analysis, indicating that investment has a positive and significant effect on economic growth.

This is in accordance with the Harrod-Domar theory that economic growth will occur when there is an increase in investment or there is a positive correlation between the level of investment and the rate of economic growth. This means that the low investment in an area makes economic growth and the level of income of the people per capita in the region low because there are no productive economic activities.

Likewise, in Berau Regency, which is rich in natural resources, it is one of the reasons for attracting investors to invest or invest. The role of foreign direct investment and domestic investment on economic growth in Berau Regency is very important for financing development and the economy in various economic sectors, as well as capital for managing and utilizing natural resources, especially coal and palm oil, which can increase regional income.

Berau Regency which has a lot of potential in the fisheries, tourism, agriculture, plantation and mining sectors still has several limitations, namely:

a. Several investors who plan to enter, have faced many obstacles in terms of land status, such as Forestry Cultivation Areas to those that have become company concession areas.

b. Does not have a large port, so that loading and unloading space and storage are limited, as one of the triggers for the high prices of basic necessities in Berau Regency

c. Road access is not yet smooth and the need for electricity and clean water is inadequate, especially in rural areas.

In an effort to attract investors who can empower the economic potential in Berau Regency, these limitations or obstacles have been minimized by the Regency Government Berau with prioritizing government spending on these activities, among others, by building a large port which is currently still under construction, electricity and clean water programs entering the village.

Apart from that, to make it easier for the public or investors who will invest in Berau. The Berau Regency Government enforces the flow of services for submitting investment licensing applications in Berau, carried out in one place, namely at the Berau Regency One Stop Integrated Service and Investment Service Office. This is because before applying for a permit, investors must first go to several technical Regional Work Units.

2. The Effect of Government Expenditure on Economic Growth in Berau Regency

The results of data analysis show that during 2010 to 2021, government spending partially or individually has a significant effect on economic growth in Berau Regency. This means that the greater the government spending allocated for government activities and economic development, the overall economic growth (GRDP value) for the Berau Regency area will increase. In this study, the direct effect of government spending on economic growth partially is 34.40%.

This is in line with a similar previous study by Heilda Erjergit, Ita Pingkan Rorong and Krest D Tolosang (2021) with the title The Effect of Private Investment and Government

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Spending on Economic Growth in Sorong Regency. The results of the study indicate that government spending has a significant effect on economic growth in Sorong Regency. So if government spending increases, there will be economic growth.

This is in accordance with Keynes' theory in Deliarnov (2007 : 168), government intervention in the economy is very necessary, especially if the economy is not running as expected. Of the various policies that can be taken Keynes more often relies on fiscal policy. With the government's fiscal policy, influence the wayeconomy. This step is carried out by injecting funds in the form of government spending for activities that are able to absorb labor. This policy is very effective in increasing output in eradicating unemployment, especially in situations when resources have not been fully utilized.

According to Wibisono (2005), local government expenditures are measured by total routine expenditures or expenditures apparatus or indirect expenditure and development expenditure or public expenditure or direct expenditure allocated in the APBD. The greater the productive local government spending, the more enlarge leveleconomy of a region. Normatively, direct expenditures are made to have a larger proportion than indirect expenditures, because greater direct expenditures will increase the welfare of the community.

Likewise, in Berau Regency, the composition of Berau Regency government expenditures as shown in the realization of Berau Regency Regional Expenditures shows that the proportion of development spending or direct spending on average per year is 65% greater than the proportion of personnel spending or indirect spending which is only 35%. This means that government spending in Berau Regency can be said to be productive, and this is evident from the results of research showing that Berau Regency government spending can encourage economic growth in Berau Regency.

Government expenditures in the Berau Regency APBD document basically contain financial plans that are obtained and used by the Regional Government in the context of carrying out their authority for the implementation of public services within one fiscal year. In accordance with the performance approach used in the preparation of the APBD, each planned cost allocation must be linked to the level of service for the expected results to be achieved.

The role of the Berau Regency Government in an effort to grow the economy through government spending or regional spending is more focused on spending funds on labor-intensive activities that are able to absorb labor and support activities to create a climate that can stimulate investment in the mining, tourism, and mining sectors. agriculture, plantation and fisheries. Among others, by encouraging legal systems and short bureaucracy in the flow of investment licensing applications, fulfilling infrastructure, mobilizing, and relying on various development activities that can attract investors to Berau Regency in order to empower economic potential in Berau Regency.

3. The Effect of Labor on Economic Growth in Berau Regency

The results of data analysis show that during 2010 to 2021, the labor partially or individually has no significant effect on economic growth in Berau Regency. This means that the size of the labor used or absorbed in Berau Regency does not affect economic growth (GRDP value) in Berau Regency. In this study, the direct influence of labor on economic growth is only 6.85%. This is in line with previous research by Abdul Rajab and Rezki Novianti (2021) entitled The effect of investment, labor and population on economic growth in West Sulawesi Province, the findings of labor have no effect on economic growth.

According to Todaro (2011: 334), sufficient population growth with a high level of education and skills will be able to encourage the rate of economic growth. From a large

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population of productive age, it will be able to increase the number of available labor forces and in the end will be able to increase output production in an area. Thus the effect of increasing labor on economic growth is largely determined by the quality of the labor used.

Furthermore, Samuelson and Nordhaus (2010: 305) state that labor input consists of quantity and skills of the Labor. Many economists believe that the quality of labor inputs i.e. skills, knowledge and discipline of labor is the most important element in economic growth. A country that can afford sophisticated equipment but does not employ a skilled and trained workforce will not be able to make effective use of these capital goods.

Based on the reality or phenomena that occur in Berau Regency, there are several factors that cause the increase in the workforce to have no effect significant to economic growth in Berau Regency, as follows:

a. Inadequate quality of labor.

According to the Berau Regency BPS, the quality of the workforce can be seen from the age group and education level. The higher the education level of the workforce, it can be assumed that the quality of the workforce is getting better, because the higher the level of education, it is estimated that the abilities and skills will increase. With increasing abilities and skills, then repair level well-being.

Based on data from the Berau Regency BPS in 2020, the workforce in the District. Berau is still dominated by workers who are less productive because they have low levels of education. The majority of the working age population only graduated from elementary school/equivalent and below (37.6%). Then, the next highest education level is SMA/equivalent (23.9%), SMP/equivalent (21.6%) and SMK/equivalent (7.9%), while the University is only 7.5% and Diploma I/II/II is only 1.3%.

b. More and more workers from outside the Berau area.

Number of workers in Berau Regency is strongly influenced by workers from outside the Berau Regency area, this can be seen from the results of the 2020 population census of Berau Regency which is increasing. Ascension andThe development of the population in Berau Regency occurs and is not unlike other areas, namely due to the increasing number of people who come (migration) and are followed by the number of births. Increase migrationpeople who come to Berau Regency because of the increasing number of job opportunities that are the main attraction for job seekers, especially in the mining sector, and who fill main positions (high income) in mining companies in Berau Regency such as the positions of Directors, Directors, Managers and the Head of Division, dominated by workers from outside the Berau area and even from abroad. This is because almost all companyMining in Berau Regency is owned by people outside the Berau area and even foreigners. This is what hinders the economic cycle in Berau Regency because most of them live in Berau Regency only temporarily as long as they are still doing work or work, so that the income earned is mostly saved and spent in their region or country of origin.

c. The number of unemployed is fluctuating.

Although the number of workers (working people) in Berau Regency is increasing almost every year, however amount Unemployment fluctuates every year. This means that in Berau Regency, people's income has not reached the maximum because the full use of labor has not been realized. It is shown from fluctuations in the open unemployment rate that occurred in Berau Regency in 2018 (5.62%), 2019 (4.95%) and 2020 (5.08%), while the number of working population continues to increase. This will cause economic and social problems, the lack of income causes the unemployed to have to reduce their consumption, which in turn results in low income that will be received by a region.

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3. Simultaneous or joint influence of Private Investment, Government Spending and Labor on Economic Growth in Berau Regency

Simultaneously or jointly private investment, government spending and labor have a significant effect on economic growth in Berau Regency by 91.60%. This means that the greater the incoming private investment, the realization of government spending and the number of productive workers, the overall economic growth (GRDP development value) for the Berau Regency area will increase.

This is in line with previous research by Dahniar (2013) with the title The Effect of Government Investment and Private Investment on Economic Growth and Labor Absorption in the Agricultural Sector in Berau Regency using path analysis. The results showed that simultaneously government investment, private investment, GRDP in the agricultural sector had a significant effect on employment in the agricultural sector in Berau Regency. Investment is essentially a beginning activity in economic development, investment can be carried out by the private sector, the government or a collaboration between the government and the private sector. Government Expenditure is a source of funds obtained by local governments from the utilization and management of available resources owned by the area that can be used to finance regional development. These two aspects are expected to create new jobs that will absorb labor because labor is a potential resource as a driver, initiator and implementer of development in the area, so that it can advance the area. And is expected to be a driving force for the growth and development of an economy in the area.

In this study, it is also known that the variable that has the largest or dominant influence on economic growth in Berau Regency is private investment. The phenomenon that occurs in Berau Regency, the role of the private sector in the development process is very strategic, especially the mining and quarrying sector, this is reflected in the GRDP structure which is more dominant than the government's role. Based on published data from the Berau Regency BPS, the economic structure of Berau Regency is still dominated by natural resource-based business fields, namely mining and quarrying, which can be seen from the large role this category plays in the formation of Berau Regency's GRDP in 2021, which is 59.70%

The mining and quarrying sector is the largest contributor to the GRDP of Berau Regency, very influence economic growth in Berau Regency, when the global price of coal in 2015 decreased, and in 2020 many mining companies temporarily closed due to the covid 19 pandemic, this will automatically affect global economic growth in the Berau Regency area, and this is proven, Berau Regency's economic growth in 2016 was minus growth (-1.70%) and in 2020 minus growth (-3.32%).

Through additional investments invested in various sectors that causing the economy to grow and develop with its indicators, increasing employment, income which is an indication of an increase in welfare. So that the increase in private investment will increase economic growth, because there is an expansion of production and demand which has an impact not only on the economic field, but has extended to social and community fields.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of the analysis and discussion referring to the formulation of the problem, research objectives and hypotheses, it can be concluded as follows :

1. Private investment partially has a significant effect on economic growth in Berau Regency by 50.35%. This means that private investment in Berau Regency is able to contribute 50.35% of its economic growth.

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2. Government spending partially has a significant effect on economic growth in Berau Regency by 34.40%. This means that government spending in Berau Regency is able to contribute to economic growth of 34.40%.
3. Partially, labor has no significant effect on economic growth in Berau Regency, only 6.85%. This means that the workforce in Berau Regency does not have a significant effect on economic growth because it only contributes 6.85%.
4. Simultaneously private investment, government spending and labor have a significant effect on economic growth in Berau Regency by 91.6%. This means that the greater the realization of private investment, government spending and the number of workers in Berau Regency, the growth will be economy (scoreGRDP development) as a whole for the district of Berau will increase with a contribution of 91.6%. While the remaining 8.4% is caused by other variables outside the variable private investment and government spending and labor in influencing economic growth variables in Berau Regency.
5. Private investment has the most dominant influence on economic growth in Berau Regency partially private investment on economic growth contributes 50.35% greater than government spending at 34.40% and labor is only 6.85% to economic growth in Berau Regency .

Suggestions

Based on the results of the discussion and conclusions, the suggestions that can be put forward by researchers are as follows:

1. In skeleton increase Berau Regency's economy which is characterized by the rate of economic growth, the Berau Regency Government is expected to increase the role of PMA and PMDN investments in accordance with the spirit of regional autonomy, then the following things can be done :
   a. Creating a conducive climate that can stimulate investment in various economic sectors;
   b. Making regional potential maps;
   c. Improving the supporting infrastructure facilities and infrastructure;
   d. Facilitating regulations and legal certainty in investing, as well as simplifying the licensing process;
   e. Improving the quality of human resources.

   so that it can facilitate / attract investors to enter Berau Regency in order to empower the economic potential of Berau Regency, which can increase Berau Regency's regional income.
2. Berau Regency Government is expected proportionally between routine expenditures or consumptive indirect expenditures with development expenditures or direct expenditures that are more in favor of the public interest, by focusing more on activities that support to create a climate that can stimulate investment in various economic sectors, and on activities labor-intensive workforce that is able to absorb labor to overcome unemployment, so as to be able to have a positive effect on economic growth in Berau Regency.
3. The Berau Regency Government is expected to increase labor productivity through increasing budget allocations for education in order to improve the quality of the workforce, provide skills training for workers and expand job opportunities so that output increases and in the end can spur economic growth in Berau Regency.
4. The Berau Regency Government should restructure labor market policies by prioritizing local workers, except with unavailable scientific specializations so as to allow workers from outside the region to fill needed job vacancies, so that it can affect the economic cycle in Berau Regency.

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