

ABSTRACT

The ability of a region to grow rapidly and sustainably is largely determined by various economic factors which are interrelated with each other. GRDP can be used as an indicator to measure economic growth in a region. Agglomeration is the concentration of industrial activities in certain locations that can encourage regional growth. Agglomeration plays an important role in the growth of the employment rate. This can be seen when the company's demand for labor. Meanwhile, the more population will increase the market potential and market size, while the more labor force, the more productive labor factors of production. Therefore, investment is considered to be able to improve the quality of a productive workforce, which in turn will have an impact on economic growth in the region. This research is based on Neoclassical theory and previous research to examine the factors of economic growth in North Sumatra Province. The purpose of this study is to analyze the effect of agglomeration, labor, population growth, and investment partially or simultaneously on economic growth in North Sumatra Province in 2015-2020.

The analytical method used in this study is the regression method Ordinary Least Square (OLS) using secondary data sourced from BPS, DPMPSTP, DISNAKER North Sumatra with a total of 198 observations. The data time series used are 2015-2020 and the data cross section used are 33 districts/cities in North Sumatra Province. The independent variables used are agglomeration, labor, population growth, and investment. While the dependent variable is the economic growth of the province of North Sumatra.

The results in this study indicate agglomeration variables have a positive and significant effect on economic growth in North Sumatra, population growth variables also have a positive and significant effect on economic growth in North Sumatra. Meanwhile, labor and investment variables have a negative effect on economic growth in North Sumatra. Agglomeration variables, labor, population growth, and investment together have a positive and significant impact on the economic growth of North Sumatra Province in 2015-2020.

Key words: Economic Growth, Agglomeration, labor, population growth, investment, North Sumatra Province