ABSTRACT

This study aims to analyze how the impact of government spending as well as other selected variables such as labor, infrastructure, population and consumer price index on the agricultural sector of 9 developing countries in the world (consisting of Indonesia, Malaysia, Philippines, Thailand, Cambodia, India, Pakistan, Mexico and South Africa). First, the authors use panel data analysis with the pooled least squares model collected from 2010 to 2019 to estimate the estimation results for these countries. Second, panel data analysis with fixed effect estimation (fixed effect model) is used to obtain optimal regression results for regression. The results show that workforce, population, and infrastructure are the three main significant factors influencing the growth of the agricultural sector. Surprisingly, the government expenditure variable was found to be insignificant in the growth of the agricultural sector, but when all the independent variables combined had a significant effect on the agricultural sector. Furthermore, to continue to increase the growth of the agricultural sector, the governments of the 9 developing countries must improve the quality of their human resources and infrastructure to maintain and increase the growth of the agricultural sector.

Keywords: agriculture sector, developing countries, panel, EGLS

JEL Classification: Q1, Q21, Q41, F62.