

TABLE OF CONTENTS

THESIS APPROVAL	ii
AUTHENTICATION OF GRADUATION EXAMINATION	iii
THESIS ORIGINALITY STATEMENT	iv
ABSTRAK.....	v
ABSTRACT	vi
PREFACE.....	vii
LIST OF TABLES	xiv
LIST OF FIGURES	xv
LIST OF APPENDIX	xvi
CHAPTER I INTRODUCTION.....	1
1.1 Background.....	1
1.2 Problem Statement.....	6
1.3 Research Objective and Uses	6
1.3.1 Research Objectives.....	6
1.3.2 Benefits from the Research.....	7
1.4 Systematic of Writing.....	8
CHAPTER II LITERATURE REVIEW	10
2.1 Theoretical Basis.....	10
2.1.1 Inclusive Economic Growth Theory	10
2.1.2 Neoclassical Economic Growth Theory	12
2.1.3 Institutional Economic Theory	15
2.2 Relationship between Variables	16
2.2.1 Independent Variables	16
2.2.1.1 Inclusive Economic Growth and Local Government Supervision	16
2.2.1.2 Inclusive Economic Growth and Poverty	17
2.2.1.3 Inclusive Economic Growth and Unemployment.....	18

2.2.1.4 Inclusive Economic Growth and Human Development Index	19
2.2.2 Control Variables.....	20
2.2.2.1 Inclusive Economic Growth and Investment	20
2.2.2.2 Inclusive Economic Growth and Population Growth....	21
2.2.2.3 Inclusive Economic Growth and Capital Expenditure..	22
2.3 Previous Studies	23
2.4 Conceptual Framework.....	29
2.5 Research Hypothesis.....	30
CHAPTER III RESEARCH METHODS.....	32
3.1 Research Variable and Definition of Operational	32
3.1.1 Dependent Variable	32
3.1.2 Independent Variables.....	33
3.1.3 Control Variables	34
3.2 Types and Sources Data	35
3.3 Methods of Analysis.....	36
3.3.1 Empirical Model	37
3.3.2 Selection of Panel Data Regression Model	38
3.3.2.1 Chow Test	40
3.3.2.2 Hausman Test.....	41
3.3.2.3 Lagrange Multiplier Test	41
3.4 Classic Assumption Test	42
3.4.1 Normality Test	42
3.4.2 Multicollinearity Test	43
3.4.3 Heteroscedasticity Test	43
3.4.4 Autocorrelation Test	44
3.5 Statistics Analysis.....	45
3.5.1 Determination Coefficient	45
3.5.2 Partial Significance Test (t-test)	45
3.5.3 Simultaneous Significance Test (F-test)	48
CHAPTER IV RESULT AND DISCUSSION.....	49

4.1	Description of Research Objects	49
4.1.1	Economic Growth Conditions in Indonesia.....	49
4.1.2	Economic Growth Rates in Each Province.....	50
4.1.3	Inclusive Economic Growth Index in Each Province	52
4.1.4	Local Government Supervision Conditions.....	54
4.1.5	Poverty Conditions in Each Province	55
4.1.6	Unemployment Conditions in Each Province.....	57
4.1.7	Human Development Index Conditions in Each Province	59
4.1.8	The Growth of Domestic Direct Investment	61
4.1.9	The Growth of Foreign Direct Investment	63
4.1.10	Population Growth in Each Province	65
4.1.11	Total Government Spending in Capital Expenditure.....	66
4.2	Data Analysis	67
4.2.1	Descriptive Statistic	68
4.2.2	Selection Regression Model	70
4.2.2.1	Chow Test	70
4.2.2.2	Hausman Test.....	70
4.2.3	Classic Assumption Test	71
4.2.3.1	Normality Test	71
4.2.3.2	Multicollinearity Test.....	71
4.2.3.3	Heteroscedasticity Test.....	72
4.2.3.4	Autocorrelation Test	73
4.2.4	Regression Test Result	73
4.2.5	Statistical Test Result	75
4.2.5.1	Partial Significance Test Results (t-test).....	75
4.2.5.2	Simultaneous Significance Test Results (F-Test).....	77
4.2.5.3	Coefficient of Determination Test Result (<i>R</i> ²)	78
4.3	Discussion of Findings	79
4.3.1	The Influence of Local Government Supervision on Inclusive Economic Growth	79
4.3.2	The Influence of Poverty on Inclusive Economic Growth	79

4.3.3 The Influence of Unemployment on Inclusive Economic Growth	80
4.3.4 The Influence of Human Development Index (HDI) on Inclusive Economic Growth.....	81
4.3.5 The Influence of Domestic Direct Investment (DDI) on Inclusive Economic Growth.....	82
4.3.6 The Influence of Foreign Direct Investment (FDI) on Inclusive Economic Growth.....	83
4.3.7 The Influence of Population Growth on Inclusive Economic Growth	83
4.3.8 The Influence of Capital Expenditure on Inclusive Economic Growth	84
CHAPTER V CLOSING.....	85
5.1 Conclusion	85
5.2 Policy Implication	86
5.3 Research Limitations.....	87
REFERENCES.....	89
APPENDIX	95