

ABSTRACT

In the economic development paradigm, inclusive economic growth is a concept that encourages economic growth along with overcome the problems of inequality and poverty through focus on creating economic opportunities and ensuring equal access for all groups in society to participate in these economic opportunities. However, to achieve equal access and ability to participate, society requires prerequisite conditions such as being health, knowledgeable, and skilled.

This research aims to analyze the influence of human capital investment in the dimensions of education and health on inclusive economic growth in Indonesia. Human capital investment in the educational dimension are explain through primary, secondary, and tertiary education levels. Meanwhile, human capital investment in the health dimension is explain through life expectancy. This research conducted using panel data from 34 provinces in Indonesia during the 2015-2021 period. The analysis model used is the Fixed Effect Model (FEM) with Seemingly Unrelated Regressions Model (SUR).

The analysis results show that human capital investment at primary, secondary, and tertiary education levels, along with physical capital investment, have a significant and positive effect on inclusive economic growth in Indonesia. Meanwhile, life expectancy as a human capital investment in the health dimension and labor force participation rates have no significant effect on inclusive economic growth in Indonesia.

Key words: Inclusive economic growth, human capital investment, education, health