

ABSTRACT

Economic growth is one way to assess the success of a country in realizing its economic development. Indonesia, as the second country with the largest Muslim population in the world, has fluctuating economic growth due to the presence of COVID-19, after several years before it was quite stable. This study aims to analyze whether the Islamic Human Development Index (I-HDI), unemployment, and domestic and foreign investment affect Indonesia's economic growth.

This study uses secondary data from 29 provinces to represent the conditions of I-HDI, unemployment, DI, and FDI in Indonesia in 2016-2020 through a purposive sampling technique. From the model selection test, the best model for this study is the Fixed Effect Model (FEM), and then estimated using panel data regression.

The estimation results show that the variables I-HDI, unemployment, FDI, and FDI simultaneously have a significant effect on economic growth. Partially, it is found unemployment have a negative and significant effect on economic growth. IHDI, DI, and FDI have a positive and significant effect on economic growth. Based on the research findings, the government is advised to formulate targeted policies addressing each indicator of the I-HDI, advance equitable business practices and robust anti-corruption initiatives, and uphold sustained consistency within the national education curriculum.

Keywords: economic growth, islamic human development index, unemployment, domestic investment, foreign direct investment

