

ABSTRACT

Development is the process of improving the quality of life of a nation's people, thereby increasing its output. However, labor productivity growth in Indonesia, a crucial factor in development, has slowed. This study aims to analyze the partial and simultaneous effects of foreign investment, education, health, technology, inflation, minimum wages, and the COVID-19 pandemic on labor productivity in Indonesia. This study uses a quantitative approach using multiple linear regression analysis with a fixed effects model on panel data from 18 provinces in western Indonesia and a random effects model on 16 provinces in eastern Indonesia from 2015 to 2024, resulting in two models. The results indicate that education and minimum wages significantly impact labor productivity in western Indonesia, while the COVID-19 pandemic significantly impacts it negatively. Meanwhile, foreign investment and health significantly impact labor productivity in eastern Indonesia. All variables simultaneously significantly impact labor productivity in both regions.

Keywords: Labor Productivity, Foreign Investment, Education, Health, Technology, Inflation, Minimum Wage, Covid-19 Pandemic

