

ABSTRACT

The economic growth which is represented by the value of Gross Domestic Regional Product (GDRP) of Central Java Province during 2010-2014 tended to be lower than that of the other Provinces in Java. Economic growth measured by GDRP is driven by several factors such as the number of labor, quality of labor, and capital expenditure of the government.

The aim of this study was to analyze the impact of the number of labor, Human Development Index (HDI), and capital expenditure of local governments towards economic growth of Central Java Province. The method used in this research is the Ordinary Least Square (OLS) fixed effect approach and by using panel data of 35 regency/city of Central Java Province during 2010-2014.

The results of this study indicated that the number of labor, HDI, and capital expenditure of local government have positive and significant impact towards the economic growth of Central Java Province. The higher number of labor, HDI, and capital expenditure of local government; the higher level of the economic growth in Central Java Province.

Keywords: capital expenditure, economic growth, fixed elffect, GDRP, HDI, labor, Ordinary Least Square, panel data.