

ABSTRACT

The greatest goal for a government. Increased economic growth that occurs continuously has a major impact on all aspects of development which can be seen quantitatively using the percentage of Gross Regional Domestic Product (GRDP). This study aims to analyze the influence of several variables used related to economic growth in Central Java Province from 2011 to 2019, including gross fixed capital formation, average length of schooling, life expectancy, and labor force participation rates.

The method used in this research is dynamic panel regression using the Generalized Method of Moment Arrelano Bond (GMM-AB). The use of this method aims to determine the effect of each independent variable and its elasticity in the short and long term on the dependent variable. The advantage of using this method is that the results used are unbiased, consistent, and more efficient.

The results of this study indicate that simultaneously and partially the independent variable has a significant effect on the dependent variable. Then there is a positive and insignificant relationship between investment, average length of schooling, life expectancy on economic growth. Meanwhile, there is a significant positive between the level of labor force participation on economic growth in Central Java Province from 2011 to 2019.

Keywords: economic growth, investment, average length of schooling, life expectancy, and labor force participation rate.