

## CHAPTER V

### CONCLUSION AND RECOMMENDATION

#### 5.1 Conclusion

Following are a few of the conclusions reached based on the findings of the analysis conducted in this study:

1. Economic growth is impacted by the degree of government spending in the education sectors. This can be seen in the calculated t value, where the t calculated value  $>$  t table with a significant value  $<$   $\alpha$ . This indicates that factors such as government investment in the health and education sectors have a significant impact on Indonesia's economic from 2017 to 2021.
2. Government expenditure on health sector has not significant effect on economic expansion. This is because the value of t count  $<$  t table with a significant value  $>$   $\alpha$ . So, from 2017 to 2021, Indonesia's economic growth will be significantly impacted by the governments erratic expenditure on health sector.
3. Government spending on infrastructure has no discernible impact on economic expansion. This is because the value of t count  $<$  t table with a significant value  $>$   $\alpha$ . So, from 2017 to 2021, Indonesia's economic development will be significantly impacted by the government's erratic spending on infrastructure. Thus, an increase in the value of government spending in the infrastructure sector will consequently affect a decline in economic in Indonesia.
4. Foreign direct investment volume has no significant impact on economic expansion. This can be seen from the value of t count  $>$  t table with a significant value  $>$   $\alpha$ . This means that the foreign direct investment variable does not significantly affect economic growth in Indonesia in 2017 -2021. Thus, the increase in the level of foreign direct investment will consequently affect the increase in economic in Indonesia.

5. The level of domestic investment has a significant effect on economic growth. This can be seen from the  $t$  count  $<$   $t$  table and the significant value  $>$   $\alpha$ . This means that the domestic investment variable insignificantly influences economic in Indonesia in 2017 – 2021. Thus, an increase in the level of domestic investment will consequently affect an increase in economic growth in Indonesia.

## 5.2 Policy Implications

Based on the results of the research that has been done above, in this case there are several suggestions that can be given and developed. The suggestions are as follows:

1. The government must increase government spending to increase productivity. Government expenditure that has been listed in the draft to be fully used for economic activities. Improving the quality of resources through government spending on the education and health sectors so that more equity is carried out in order to create resources that can drive the process of economic growth in Indonesia. As well as the fulfillment of infrastructure such as transportation, industry & construction, energy & fuel, telecommunications, water, waste management, conservation, environment, public facilities and various other types of infrastructure in order to further optimize the process of economic growth.
2. The central and regional governments must pay more attention and take more initiative in the problem of poverty alleviation that focuses on several indicators such as education, health, and several other social indicators. In addition, small businesses can be empowered by providing financial support or funding on a micro scale, as well as through improving management and skill levels. This could also take the form of more intensified poverty programs.
3. The government is better off intensifying various types of incentives in terms of investment, for example tax subsidies to encourage foreign direct investment and domestic investment to make it easier for investors to invest

in Indonesia. Improving the investment climate for both foreign and domestic investment in order to promote economic expansion, by reviewing various regulations and increasing infrastructures that encourage investments.

4. It is recommended for future research to be able to add other variables that can affect economic growth, and to be able to use other research methods in analyzing data and to improve the analysis and results of this study.

