

**ANALYSIS OF THE RELATIONSHIP BETWEEN HUMAN RESOURCES  
INVESTMENT AND ECONOMIC GROWTH IN INDONESIA**

**THESIS**

**Prepared and submitted to fulfillment of the requirements to achieve the Bachelor  
Degree of Economics in the Department of Economics**

**Faculty of Economy, Andalas University**

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**Analysis of the Relationship between Human Resources Investment and Economic Growth in Indonesia**

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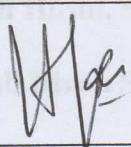


**ABSTRACT**

*The aims of this research is to analysis the relationship of human resources investment on economic growth in short term and long term condition. Human resources investment in this study proxies by the government expenditure on education and health. The data are taken from 1995 – 2015 in Indonesia. The study used Vector Error Correction Model (VECM) to analyse the data, and the result clearly stated that the government expenditure on education has positive relationship in short term but the government expenditure on health has negative relationship. In the long term, government expenditure on health is the only one variable that has a negative relationship with the economic growth in Indonesia.*

**Keywords :** *Human Resources Investment, Government Expenditure on Education, Government Expenditure on Health, Economic Growth, Vector Error Correction Model*

This thesis has been presented in the thesis examination and successfully passed the thesis examination on June 19<sup>th</sup>, 2017.

The abstract has been approved by the advisor and examiners:

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