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Analysis of the Influence of Investment, District Minimum Wage, Labor Force Participation Rate, and Average Years of Schooling on Economic Growth in Districts/Cities in Bengkulu Province

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A B S T R A C T
This study's overarching objective is to ascertain the impact on economic development of Regencies/Cities in Bengkulu Province of the following variables: investment, labor force participation rate (LFPR), regency/city minimum wage (UMK), and average years of schooling (RLS). This research is explanatory research. The data utilized in this study are secondary data collected from various online sources, including the Central Statistics Agency of Bengkulu Province (https://bengkulu.bps.go.id) and the relevant agencies, covering the years 2017–2024 and encompassing nine regencies and one city in Bengkulu Province: South Bengkulu, Rejang Lebong, North Bengkulu, Kaur, Seluma, Mukomuko, Lebong, Kepahiang, Central Bengkulu, and Bengkulu City. Panel data regression is used in the study, with the Fixed Effect Model (FEM) being the optimal model chosen after the Chow and Hausman tests. The research found that the investment variable was the only one that contribute positively to the development of the Gross Regional Domestic Product of the regencies and cities in Bengkulu Province. Factors such as the UMK (minimum wage), LFPR (labor force participation rate), and RLS (Average Years of Schooling) neither partially nor entirely affected the outcome. Economic growth was affected by Investment, UMK, LFPR, and RLS all at once. The model could account for 98.03 percent of the variance in GDP growth. The program Eviews 12 was used to carry out the study.

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INTRODUCTION

A country's economic development is considered successful if it experiences economic growth. Industrial production, infrastructure, schools, services, and capital goods all experience growth as a result of this economic activity (Sukirno, 2011). In other words, economic growth is more of a quantitative concept and concerns the economy in the long term. The GRDP of a region/area serves as the basis for calculating its growth rate.

Indonesia has the world's seventh-largest economy, according to the IMF. However, this position has remained unchanged since 2022. The PPP-adjusted GDP for 2024 is the basis for this ranking.

The Minimum Wage (UMK), Labor Force Participation Rate (LFPR) and Average Length of Schooling (ALS) are elements that contribute to economic growth, which in turn reflects an increase in the welfare of a country or region. Job creation and increased productivity are two ways investment drives economic development. Increasing the LFPR through increased participation in the labor market is one result of an adequate minimum wage high enough to increase purchasing power and reduce inequality. High levels of education at the regional or community level can also influence LFPR. As a result of the readiness and diversity of skills required for employment, this becomes clear when higher levels of education affect the LFPR.

Improving the living standards of all citizens is the ultimate goal of economic expansion. However, several obstacles complicate this process, including population growth, political instability, corruption, inadequate infrastructure, uncertain investment, and poor access to health and education services. Consequently, managing these factors at the regional level requires government attention.

LITERATURE REVIEW

When a country's ability to produce goods and services increases over a period of time, we say its economy is growing. The term "economic growth" describes a steady improvement in a country's economic situation. GDP is a measure of a country's economic growth. GDP is determined by adding up all the commodities and services produced in a country during a specific time period. Conversely, GRDP is a way to assess regional economic growth. GDP is derived from the sum of all final goods and services produced in a specific region during a specific period, often a year.

Resources (natural and artificial), labor, money, technology, and government policy all play a role in determining economic expansion. Classical theory, pioneered by economists such as Adam Smith, David Ricardo, and John Stuart Mill, emphasizes the importance of free markets and the role of investment in economic growth. According to this theory, economic growth occurs through capital accumulation and increased productivity resulting from specialization and the division of labor.

Neoclassical theory, developed by economists such as Robert Solow, added a new dimension by introducing the concept of the production function. In the neoclassical model, economic growth is determined by three main factors:

capital accumulation, labor force growth, and technological progress. This model demonstrates that investment in capital and technology is key to increasing economic output.

Investment is the act of investing capital or assets to achieve greater returns in the future. Investments in local government can be made through the purchase of securities such as shares or bonds. Furthermore, local governments can also make direct investments, such as regional capital statements and loans. The goal of local government investment is to achieve economic and social benefits, thereby helping to reduce development costs.

GFCF is one of several indicators used to measure the amount of investment in a region. It includes spending on residential buildings, other structures such as roads and airports, machinery and equipment, and capital goods with a useful life of more than one year. After domestic consumption, GFCF is the second-largest contributor to GDP in the country.

To maintain long-term economic development, investment is crucial. According to development economics theory, investment and economic growth go hand in hand. This is a two-way street, as countries with faster economic development tend to have higher savings rates, which in turn encourages more investment. Investment, here, is a function of GDP growth. Conversely, a country's ability to develop economically is directly proportional to the amount of money it invests. Investment drives growth (Lalu Apriliansah & Suyatno, 2024).

A higher district or city minimum wage may be the result of increased economic activity driven by investment in the area. District or city minimum wages and investment go hand in hand. A minimum wage increase may be justified if investment is healthy, as it can encourage economic expansion, new job creation, and higher wages overall. Conversely, a decent minimum wage can create a favorable investment climate. According to Keynesian economic theory, economic growth driven by minimum wage setting can serve as a tool to increase aggregate demand, especially during recessions. By increasing workers' incomes, consumption can increase, which ultimately helps support economic growth.

The UMK is the minimum monthly wage standardization applied in a Regency/City after being determined by the Regency/City government, namely by the regent/mayor, and then determined by the governor. Factors considered by the government in determining the UMK include the Decent Living Needs (KHL) for clothing, food, education, housing, transportation, and others.

An appropriate district/city minimum wage can attract labor force participation. Wages, as a factor influencing the LFPR, are crucial to consider, as low wages can impact economic growth through high unemployment rates.

The labor force of a country, province, district, or city is the proportion of the working-age population that is economically active as a whole, or its labor force as a percentage of the total population aged 10 years and over. Everyone who is legally able to work and is between the ages of 15 and 64 is included in the labor force. This labor force demographic is sometimes referred to as the productive age group. Everyone, from the employed to the unemployed, as well as those in the productive age group, is included in the labor force.

The Indonesian Dictionary (KBBI) defines the "labor force" as all individuals of working age, whether employed or seeking work. Age, gender, education level, and labor force poverty are some of the characteristics that influence labor force participation, according to the Statistics Indonesia (BPS). Several factors contribute to labor force poverty, such as low productivity, outdated technology, inadequate workforce development, rising health insurance costs, and women's economic role. Due to differences in age and physical activity levels, two distinct categories of workers have emerged. People are classified as full-time workers, underemployed, or unemployed based on their age and the type of work they do.

There is a positive relationship between average years of schooling (RLS) and Labor Force Participation Rate (LFPR). A higher level of schooling or education can improve an individual's abilities and skills, creating a more productive and competitive workforce in the labor market. Individuals with higher levels of education typically have more job opportunities and can access better jobs. Therefore, the increased productivity of higher-educated human resources in the labor market can drive economic growth in a region.

When looking at the population aged 25 and over, the RLS is a good indicator because it calculates the total years spent in formal education, excluding repeated years. One way to evaluate a region's education system is by using the RLS. A higher RLS indicates that a greater percentage of the population has completed high school or more. The RLS in Indonesia lasts approximately 9.22 years, which is equivalent to completing junior high school. Several variables influence the RLS, including dropout rates, educational costs, environmental conditions, cultural norms, the availability of educational facilities, and public perceptions of the value of education. As a result, this figure may vary by location.

Previous Research

The GDP growth of North Sulawesi Province was examined in a study by Bujung et al. (2024), which examined the influence of inflation, investment, and capital expenditure. The purpose of this study was to identify the relationship between GDP growth in North Sulawesi Province and factors such as inflation, investment, and capital expenditure. A region's economic activity can be characterized by its inflation rate. Economic growth can be hampered by high inflation for various reasons, including decreased investment, decreased purchasing power, and increased economic uncertainty. While low and controlled inflation can help the economy grow, economic development and investment go hand in hand. Increased output of products and services, more job opportunities, and higher per capita income can all be achieved through prudent investment. The government can encourage economic development through capital expenditure. Economic productivity and efficiency can be increased by wisely managed capital expenditure. The construction of roads, bridges, and ports, for example, can smooth traffic flow, reduce transportation costs, and provide access to markets. This study used secondary data and employed multiple linear regression analysis on time-series data as its analytical approach. Economic growth in North Sulawesi Province is significantly influenced by

capital expenditure, while inflation and investment have an influence but are not significant, according to this study.

The impact of investment, labor, and government spending on economic development in Manado City has been examined in a study by Timbuleng et al., (2024). Economic growth is significantly influenced by government spending. Government spending has the potential to boost aggregate demand, create jobs, and increase economic productivity through investment in infrastructure and human resource development if carefully monitored, assessed, and planned. There is a reciprocal relationship between labor and economic development; as the labor force increases, economic development will also increase as a result of a more competent and productive workforce. To what extent do investment, labor, and government spending impact economic development in Manado City? This question is the question that this study aims to answer. The data used is secondary time series data with a time span of 2011–2022. The analysis technique used is multiple linear regression analysis. This study found that in Manado City, investment significantly drives economic development, while labor has a positive but statistically negligible correlation with economic growth. In the Manado City economy, government spending has a small but less favorable impact. The economic development of Manado City is strongly influenced by investment, labor, and government spending.

Research by Rumalutur et al. (2021) examines how PMDN and PMA, or exports, imports, and investment, influenced the GDP growth of Papua Province between 2010 and 2020. The region's GDP largely comes from exports. Selling goods to international markets helps the region earn foreign exchange, which can fund public welfare initiatives and development activities. The impact of imports can be substantial, but it can also be detrimental if not managed properly. Imports, if managed properly, can increase consumer choice, maintain price stability, and bring in goods and services that are too expensive or impossible to produce locally. From 2010 to 2020, this study aims to examine the partial and simultaneous impacts of exports, imports, PMDN investment, and PMA investment on the economic development of Papua Province. Secondary data sourced from the Central Statistics Agency of Papua Province were used in this study. Quantitative analysis was conducted using a multiple linear regression model. The estimation tool used in this study is SPSS Statistics 25. The results show that, from 2010 to 2020, export value had a positive but small impact on the economic development of Papua Province. The economic development of Papua Province was heavily influenced by import value from 2010 to 2020. Meanwhile, from 2010 to 2020, domestic investment (PMDN) made a significant contribution to the economic development of Papua Province.

Furthermore, from 2010 to 2020, the economic development of Papua Province was significantly hampered by the value of foreign direct investment (FDI). From 2010 to 2020, the economic development of Papua Province was unaffected by the value of exports, imports, domestic direct investment (PMDN), and foreign direct investment (PMA). To encourage economic development in Papua Province, it is recommended to increase the value of exports and local

direct investment, while simultaneously reducing the value of imports and foreign direct investment (PMA).

From 2006 to 2015, Vela Norlita (2018) examined the impact of investment, labor, and infrastructure on economic development in Java. Economic development is strongly influenced by infrastructure. Strategic investment in well-planned and evenly distributed infrastructure has the potential to boost the economy by improving public welfare, attracting new investors, increasing economic efficiency, and creating new jobs. Investment, labor, and infrastructure are three variables whose influence on economic development in Java is the focus of this study. Six provinces in Java, namely DKI Jakarta, East Java, Central Java, DI Yogyakarta, East Java, and Banten, were surveyed using secondary data collected from 2006 to 2015 by the Central Bureau of Statistics for this quantitative study. Eviews 8 was used to handle panel data using a fixed-effects regression model for data analysis. Investment, labor, and infrastructure all have a substantial positive impact on economic development, according to this study. With an adjusted R2 of 0.874386, all independent factors explain 87.43% of the variation in the dependent variable in this study.

The impact of inflation, labor, investment, and unemployment on economic growth in Indonesia was studied by Abdullah et al. (2024). The relationship between economic growth and unemployment is complex and interdependent. When the economy is doing well, unemployment decreases, but when it is not, growth slows. To reduce unemployment and improve welfare, job creation and maintaining stable economic development are crucial. This study uses a Fixed Effects Model (FEM) for multiple linear regression analysis using panel data. The main objective of this study is to examine how factors such as inflation, labor, investment, and unemployment affect economic development in Indonesia. This study uses secondary data collected from 34 provinces in Indonesia by the Central Bureau of Statistics (BPS). This study found that inflation significantly slows economic growth; in other words, for every 1% increase in inflation, economic growth in Indonesia slows. The positive influence of labor on economic development is so significant that it boosts Indonesia's economic growth by 1% for every 1% increase in the labor force. Investing in businesses and projects in Indonesia boosts GDP growth by 1 rupiah for every 1 rupiah invested. According to the study, even a one percent increase in the unemployment rate can substantially boost Indonesia's economic development.

The study conducted by the researcher offers new data with sequential data from 2017-2024 to identify the influence of each variable in this study on economic growth in districts/cities in Bengkulu Province.

This research was conducted in Bengkulu Province because the regencies/cities in Bengkulu Province have a relatively slow economic growth rate with unique characteristics and infrastructure compared to other provinces in Indonesia.

Table 1. GRDP growth rate by Regency/City (Percent), (2017-2023)

Region	GRDP Growth Rate by Regency/City (Percent)						
	2017	2018	2019	2020	2021	2022	2023
Bengkulu Province	8.7	7.79	0.76	3.06	5.31	7.11	6.10
South Bengkulu	8.99	8.79	4.47	-1.09	4.66	7.68	7.04
Rejang Lebong	7.71	7.03	9.67	3.75	15.69	23.51	0.22
North Bengkulu	8.2	7.94	7.57	-1.49	6.64	6.98	6.27
Head of the Village	8.47	8.61	7.99	-3.77	5.44	6.27	4.87
Seluma	7.36	7.03	11.18	-0.22	6.38	7.54	7.75
Mukomuko	8.32	6.48	8.59	9.4	5.49	5.77	5.55
Lebong	9.86	8.53	6.4	-5.09	6.35	7.42	7.59
Kepahiang	7.78	7.23	8.57	-1.63	15.39	18.14	0.53
Central Bengkulu	7.28	7.63	11.99	-0.03	4.49	10.67	7.95
Bengkulu City	7.85	7.85	8.11	-0.03	7.15	11.72	5.78

Source: BPS (Central Statistics Agency of Bengkulu Province, 2017-2023)

Based on Table 2.1, the smallest decline in GRDP occurred in 2019, at 0.76%, while the largest increase occurred in 2017, at 8.7%. Based on the BPS data above, the GRDP growth rate of regencies and cities in Bengkulu Province from 2017 to 2023 cannot be predicted and changes annually. However, in 2017, the GRDP growth rate was 8.7 percent, and in 2023, it will decrease to 6.1 percent. Despite the increase in investment and minimum wages in regencies/cities, the rate of economic development in Bengkulu Province is relatively moderate compared to other provinces in Indonesia, so this study is worth considering. By utilizing time series and cross-sectional data, this study provides a deeper understanding of the effectiveness of investment and district minimum wages in driving economic growth in districts/cities in Bengkulu Province. The findings of this study can serve as a reference for the government in resolving existing problems in districts/cities as an effort to increase the rate of economic growth in Bengkulu Province.

This study, analyzing districts and cities in Bengkulu Province from 2017 to 2024, aims to assess the impact of investment, the minimum wage (UMK), the Labor Force Participation Rate (LFPR) and Average Length of Schooling (ALS) on economic growth. The primary motivation for this study is to determine how each element influences GDP growth.

Researchers and academics from various universities will likely find this study useful in their efforts to answer related questions. Insights into the crucial role of investment, UMK, LFPR, ALS in determining regional economic well-being are also presented. This study is expected to encourage participation in transparent monitoring and policymaking processes.

In this study, the following is the framework of thought:

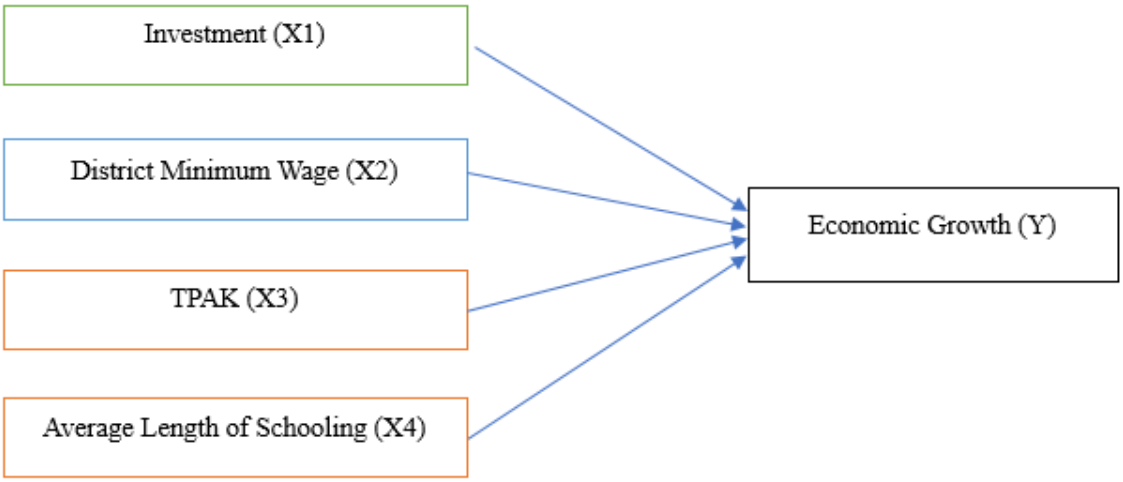


Figure 1. Conceptual Framework

METHODOLOGY

Types of Research

This study uses explanatory research. The data used is secondary data spanning the years 2017-2024. This study utilizes data on investment, minimum wage (UMK), Labor Force Participation Rate (LFPR), Average Length of Schooling (ALS) and economic growth in the regencies/cities of Bengkulu Province.

Data and Data Sources

The data used in this study is secondary data, which is data obtained from other parties or primary data that has been further processed. The research data used is data obtained from the official website of the Bengkulu Province Central Statistics Agency (BPS) (*https://bengkulu.bps.go.id*), documentation from agencies related to the study conducted by the researcher, such as from the Investment and One-Stop Integrated Services Agency (DPMPTSP) and the Manpower and Transmigration Agency of the Bengkulu Provincial Government. As well as literature studies related to the title of the study conducted by the researcher.

Data Analysis Strategy

This study uses a panel data regression analysis method, which is used to determine the relationship between independent and dependent variables. Panel data has several approaches, namely the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). Panel data is a combination of cross-sectional and time-series data.

The equation model that will be estimated in this study is as follows:

$$Y_{it} = \beta_{0it} + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + e_{it}$$

Where:

Y : Economic Growth

β0 : Constant

β 1 β2 β3 β4: Regression Coefficient

X1 : Investment

X2 : Minimum Wage

X3 : LFPR
X4 : RLS
i: Cross Section of 9 Districts and 1 City in Bengkulu Province
t : Time Series 2017 – 2024
e: error

In this study, the Chow test, Hausman test, and LM test were first carried out to obtain the most appropriate model, after which the classical assumptions were tested through the heteroscedasticity test and multicollinearity test.

The level of significance of the regression coefficient from the independent variable to the dependent variable can be proven through a t-statistic test (partial test) to see the individual influence of the independent variable on the dependent variable. Then, an f-statistic test is conducted to determine the influence of all variables on the dependent variable. The coefficient of determination (R2) test is intended to explain how much of the dependent variable is explained by the independent variable.

Operational Definition and Measurement of Variables

Free is symbolized by the independent variable, which is a variable that influences the dependent variable, whether the influence is positive or negative.

The independent variables in this study include:

a. Investment, measured by the PMTB value which includes PMDN and PMAS in the form of real capital flows entering the Regency/City in Bengkulu Province (measured in billions of Rupiah).
b. Economic Growth, measured by the relative change in the real value of GRDP in Regencies/Cities in Bengkulu Province based on constant prices in 2023 (measured in percentage units).
c. UMK, which is measured from the lowest wage set by the regional government for workers in the formal sector in a Regency/City (measured in millions of rupiah).
d. LFPR, which is measured from the number of workforce to the number of working age population (measured in percentage units).
e. RLS, which is measured based on the average number of years of formal education that an individual has completed (measured based on the length of years of education).

RESEARCH RESULT AND DISCUSSION

Table 2. Model Selection

Pengujian	Hasil	Keputusan
Uji Chow	Prob. > 0,05 Prob. < 0,05	CEM FEM
Uji Hausman	Prob. > 0,05 Prob. < 0,05	REM FEM
Uji Legrange Multiplier	Prob. > 0,05 Prob. < 0,05	CEM REM

Model Selection Test Results

1. Chow Test Results

Table 3. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	33.017152	(9,66)	0.0000
Cross-section Chi-square	136.413860	9	0.0000

Prob value 0.0000 < 0.05, then the FEM model is selected.

2. Hausman Test Results

Table 4. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	14.121486	4	0.0069

The Prob value is 0.0069 < 0.05, so the FEM model is selected.

Based on the results of the Chow Test and the Hausman Test, the best model that will be used in this study is the FEM model, because in the Chow test and the Hausman test the results obtained as the best model are FEM, therefore the LM Test does not need to be carried out again in selecting the best model because the Chow Test concludes that FEM is better than CEM, and the Hausman Test also concludes that FEM is better than REM, if the LM Test is carried out the results obtained are REM, because previously in the Hausman Test REM has been defeated by FEM, then FEM has been definitively determined as the most appropriate model for the study carried out by the researcher.

Panel Data Regression Equation

$$Y = 2.17 + 0.67*X1 + 0.42*X2 + 0.06*X3 - 23.1*X4$$

The interpretation of this model is as follows:

1. The constant figure of 2.17 indicates that if the investment variables (X1), UMK (X2), LFPR (X3) and RLS (X4) are at zero, then the average economic growth value (Y) is estimated to increase by 2.17 percent.
2. Investment (X1) has a beta coefficient of +0.67. This means there is a positive relationship between investment and economic growth. If investment increases by 1 billion Rupiah, economic growth is predicted to increase by 0.67 percent.
3. The Regency Minimum Wage (X2) has a beta coefficient of +0.42. This means there is a positive relationship between the UMK and economic

growth. If the UMK increases by 1 million Rupiah, economic growth is predicted to increase by 0.42 percent.

4. For the LFPR variable (X3), the beta coefficient is +0.06, which is interpreted as a positive relationship between LFPR and economic growth. If LFPR increases by 1 percent, economic growth is predicted to increase by 0.06 percent.
5. The RLS variable (X4) has a beta coefficient value of -23.1, indicating a negative relationship between RLS and economic growth. If RLS increases over a year, economic growth is predicted to decline by 23.1 percent. RLS has the greatest absolute influence on economic growth compared to other independent variables.

Classical Assumption Test Results

The selected model is the FEM model, therefore, classical assumption tests must be carried out. The classical assumption tests carried out are multicollinearity and heteroscedasticity (Basuki & Yuliadi, 2014: 183) (Napitupulu et al., 2021: 120).

1. Multicollinearity Test

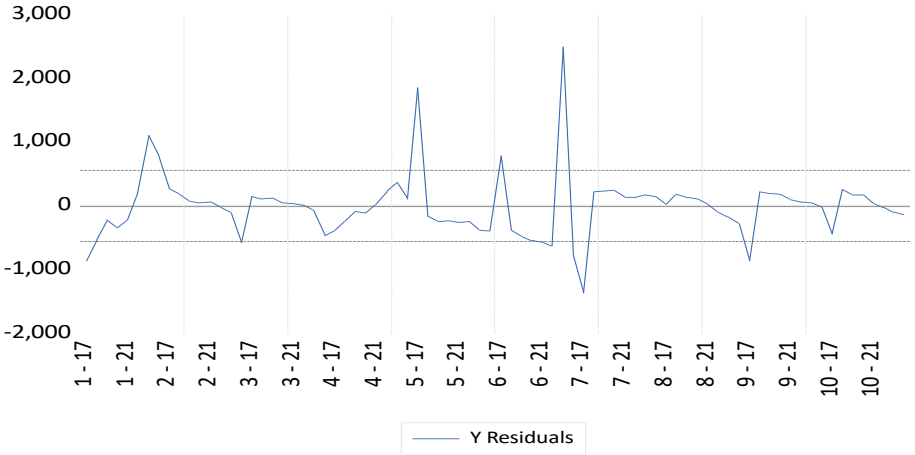
Table 5. Multicollinearity Test

	X1	X2	X3	X4
X1	1.000000	0.373143	0.128461	0.846791
X2	0.373143	1.000000	0.511475	0.253784
X3	0.128461	0.511475	1.000000	0.109672
X4	0.846791	0.253784	0.109672	1.000000

The correlation coefficient of X1 with X2 is 0.373143 < 0.85, X1 with X3 is 0.128461 < 0.85, X1 with X4 is 0.846791 < 0.85, X2 with X3 is 0.511475 < 0.85, X2 with X4 is 0.253784 < 0.85, and X3 with X4 is 0.109672 < 0.85. So it can be concluded that the FEM model is free from multicollinearity or passes the multicollinearity test (Napitupulu et al., 2021: 141).

2. Heteroscedasticity Test

Table 6. Heteroscedasticity Test



The residual graph (in blue) shows an inconsistent distribution pattern and tends to widen or narrow over certain periods, indicating variation (unequal) in the residual variance. The residual values fluctuate significantly, with some points reaching the highest positive value of around 2,500 and the lowest negative value of around -1,500. This uneven distribution pattern and variation trend indicate heteroscedasticity. The residual graph (in blue) can be seen crossing the limits (500 and -500), indicating different residual variances. Therefore, heteroscedasticity symptoms occur, or the heteroscedasticity test fails (Napitupulu et al., 2021: 143).

T-Test (Hypothesis Test)

Table 7. T-Test (Hypothesis Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2069.308	3466.361	0.596969	0.5526
X1	0.673340	0.161092	4.179850	0.0001
X2	0.422107	0.582136	0.725099	0.4710
X3	0.063192	0.032308	1.955920	0.0547
X4	-23.18732	490.9429	-0.047230	0.9625

a. The T-test for the investment variable (X1) yields a t-count of 4.179850 > 1.9908. In addition, the probability value is 0.0001 < 0.05, so the null hypothesis (H0) is rejected, so the investment variable (X1) partially has a significant influence on economic growth. The positive coefficient (0.673340) indicates that an increase in investment will be followed by an increase in economic growth.
b. For the district minimum wage variable (X2), the t-test value is 0.725099 ≤ 1.9908. The probability value is 0.4710 > 0.05, so the null hypothesis (H0) is accepted, so the district minimum wage variable (X2) partially does not significantly affect economic growth. This shows that fluctuations in the UMK do not have a statistically significant impact on economic growth.
c. For the LFPR variable (X3), the t-count is 1.955920 ≤ 19908, the prob value is 0.0547 ≥ 0.05, so the null hypothesis (H0) is accepted, so that the LFPR variable partially does not have a significant effect on economic growth even though the prob value is close to the significant limit, statistically the LFPR is considered insignificant.
d. For the RLS variable (X4), the t-count is 0.047230 ≤ 1.9908, with a probability value of 0.9625 ≥ 0.05, so the null hypothesis (H0) is accepted. So the RLS variable partially does not have a significant effect on economic growth.

F Test (Simultaneous Test/Model Feasibility)

Table 8. F Test (Simultaneous Test/Model Feasibility)

R-squared	0.983560
Adjusted R-squared	0.980322
S.E. of regression	558.9484
Sum squared resid	20619937
Log likelihood	-611.9048
F-statistic	303.7459
Prob(F-statistic)	0.000000

The calculated F-value of 303.7459 exceeds the F-table of 2.491. Furthermore, the significance value is 0.000000 < 0.05, thus concluding that this research model is significant. This shows that investment, the District Minimum Wage, the Labor Force Participation Rate, and the RLS simultaneously have a significant influence on growth district/city economy in Bengkulu province, so this model is suitable for use in further analysis.

R2 Test (Coefficient of Determination)

In the determination coefficient test results, the Adjusted R-squared value is 0.980322. This figure means that 98.03% of the variation in the economic growth variable (Y) can be explained by variations in the four independent variables (investment, district minimum wage, LFPR, RLS). Meanwhile, the remaining 1.97% is explained by other factors outside the model studied.

The Influence of Investment on Economic Growth

The results of this study show that investment is the only variable that individually (partially) has a positive influence on economic growth in the Regency/City of Bengkulu Province. The results of this study are consistent with the theory of development economics, both classical and neoclassical, which states that investment (capital accumulation) is the main driver of economic output growth, and these results are also in line with studies conducted by Vela Norlita (2018) and Abdullah et al. (2024) as previous research in the study conducted by the researcher, also found that the positive impact of investment on economic growth in their study areas. Empirically, investment in the form of Gross Fixed Capital Formation (PMTB) directly increases regional production capacity, creates jobs, and encourages derivative economic activities.

Analysis of Insignificant UMK, LFPR, and RLS Variables

The insignificance of the Regency/City Minimum Wage, LFPR, and RLS variables could be due to the labor market structure in Bengkulu, which is dominated by the informal sector, where the UMK is not fully enforced. Furthermore, increases in the UMK that are not matched by increases in productivity may not be strong enough to significantly boost aggregate demand. Meanwhile, the insignificance of the LFPR may indicate that high labor force participation does not necessarily translate to high productivity. The most

contradictory finding is the negative coefficient on the RLS variable, where the results show something that contradicts the human capital theory by Jacob Mincer in his paper entitled Investment in Human Capital and Personal Income Distribution (1958) which states "that individuals who invest in human capital such as education and training will increase their productivity and earning potential. Furthermore, this model also shows that investment in human capital has a positive impact on income distribution by reducing income inequality. When individuals gain access to education and training, they can compete for jobs with higher wages and economic mobility. This will reduce income inequality and encourage economic growth." So there is a hypothesis on what happened in Bengkulu Province as follows, namely, there is a mismatch between the skills produced by the formal education system and the real needs of the Bengkulu industry and labor market. As a result, graduates with higher levels of education have difficulty finding suitable jobs, which leads to the phenomenon of educated unemployment and the possibility that individuals with higher levels of education tend to move to look for places or regions that offer job opportunities with higher and better wages, so that their contribution is not recorded in the Regency/City GRDP in Bengkulu.

CONCLUSIONS

1. Individually (partially), only investment has a significant positive impact on the economic growth of regencies/cities in Bengkulu Province. The UMK, LFPR, and RLS do not have a statistically significant impact on the economic growth of regencies/cities in Bengkulu Province.
2. Investment, UMK, LFPR and RLS simultaneously have a significant impact on the economic growth of regencies/cities in Bengkulu Province.
3. Investment, UMK, LFPR, RLS have a very high contribution in explaining variations in Economic Growth, namely 98.03%.

RECOMMENDATIONS

1. For the Regency/City governments in Bengkulu Province, it is recommended to improve the investment climate (for example through infrastructure improvements and easier licensing) as the main effort in encouraging investment-related economic growth, which is the only factor that is partially and positively significant.
2. Although the District Minimum Wage and LFPR are not statistically significant, the government must still pay attention and ensure the determination of a reasonable UMK and improve the quality of the workforce so that small positive influences can become stronger and ultimately become significant in the long term.
3. In relation to RLS, it shows a negative coefficient, whereas RLS should theoretically be positive as stated in the principles of human capital theory. This may indicate that the increase in the duration of schooling has not been fully aligned with the increase in the quality of skills required by the job market in Bengkulu, so that adjustments to the curriculum and vocational training are needed, as well as the availability of suitable quality jobs, so that

graduates become educated unemployed or work in the informal sector, which statistically suppresses the rate of GRDP growth.

ADVANCED RESEARCH

For future researchers, they should consider using methods to overcome problems that occur in the results of studies carried out by researchers in order to produce more efficient and better estimates.

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