

From The Job Market To Poverty: An Analysis of Economic Growth Determinants In Java

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Abstract.

Economic growth is one of the important indicators in describing the performance of regional development, especially in the Java Island region which has a large contribution to the Indonesian economy. However, differences in labor market conditions, price stability, quality of human resources, investment, government spending, and poverty can cause variations in economic growth between regions. This study aims to analyze the influence of the Open Unemployment Rate, inflation, investment, Human Development Index, local government capital expenditure, and the number of poor people on economic growth in six provinces on the island of Java during the period 2015–2025. The research uses panel data analyzed using the Fixed Effect Model (FEM). The results of the study show that the Open Unemployment Rate, Inflation and the Number of the Poor have a negative and significant effect on economic growth, respectively. The Human Development Index has a positive and significant effect. The number of poor people has a negative and significant effect. Meanwhile, investment and capital expenditure do not show a significant influence. In addition, all independent variables in this study simultaneously had a significant effect on economic growth from the R^2 value, it was shown that the independent variable was able to explain 65.9% of the variation in economic growth. The findings show that the variation in economic growth in six provinces of Java Island is related to labor market conditions, price stability, quality of human development, and socio-economic conditions of the community.

Keywords: Economic Growth; Unemployment; Inflation; HDI and Poverty.

I. INTRODUCTION

One of the indicators in looking at the economic development of a region is economic growth. Economic growth not only describes an increase in the production of goods and services, but also reflects the capacity and ability of a region in an effort to increase economic activity, create job opportunities, and increase people's income. In economic growth theory, the development of output in the long term is related to the accumulation of capital, labor, and the improvement of the quality of human resources. Economic growth does not only depend on the accumulation of production factors, but also on increasing productivity derived from knowledge, human resources, and technological advances (Romer, 2019). In line with that, Todaro & Smith (2020) explain that increasing productivity, job opportunities, and human quality are an important part of the economic development process.

The island of Java is a region that has a very important position in the Indonesian economy. This region consists of several provinces with different economic characteristics, both in terms of economic structure, investment activities, labor market conditions, quality of human resources, and the fiscal capacity of local governments. Based on data from the Central Statistics Agency, it is recorded that in 2024 the island of Java will contribute 57.02 percent to the Indonesian economy in 2024 with economic growth of 4.92 percent. Meanwhile, in 2025, the contribution of Java Island will still reach 56.93 percent with economic growth of 5.30 percent. The magnitude of this contribution shows that economic development on the island of Java has a considerable role in the national economy.

Even though it is in the same economic area, the conditions of economic growth between regions on the island of Java are very varied. In 2024, the economic growth of Yogyakarta will be 5.03 percent, West Java and Central Java will be 4.95 percent each, East Java will be 4.93 percent, DKI Jakarta will be 4.90 percent, and Banten will be 4.79 percent. This difference illustrates that economic growth does not take place uniformly between regions. Each province has different characteristics and capacities in managing its resources which results in different economic and social conditions, this is important to study. This condition also shows the need to look at economic growth not only in aggregate, but based on the characteristics of each region.

One of the factors related to economic growth is the Open Unemployment Rate (UE). Unemployment indicates the existence of a workforce in an area that has not been absorbed into economic activities. When the number of unemployed increases, some of the labor resources that should be used in the production process

have not been utilized optimally. This condition can ultimately affect the level of output produced by a region. Research conducted by Suyanto (2023) using the locations of six provinces on the island of Java found that unemployment has a negative influence on economic growth. This gives an idea that labor market conditions are one of the aspects that need to be considered in explaining the difference in economic growth between regions. However, the relationship between unemployment and economic growth can also be influenced by economic structure and regional ability to create jobs.

In addition to labor conditions, inflation is a macroeconomic factor that can affect economic activity. Inflation that is too high can reduce people's purchasing power, increase production costs, and create uncertainty for business actors. In these conditions, consumption and investment can experience pressure, potentially affecting economic growth. Research by Albasyari and Priyadi (2023) shows that inflation has a negative and significant influence on economic growth in Central Java. These results are also in line with research findings that show that inflation can hinder economic activity when price increases are not followed by adequate income and productivity increases. Thus, price stability is one of the relevant factors in analyzing regional economic growth.

The next factor is investment. In increasing the formation of capital and production capacity of a region, investment plays a crucial role. The entry of investment into the region can encourage the development of business activities, expand production capacity, and create job opportunities. In addition, in the long term, increasing capital formation can strengthen the ability of regions to produce output. Haq and Yuliadi (2018) found that investment has a positive influence on economic growth. Similar results are also shown by Yuliadi (2020), one of the factors that affect regional economic development in Indonesia is investment. However, the influence of investment on economic growth can vary between regions because the effectiveness of investment also depends on the sector that receives investment, the quality of infrastructure, labor productivity, and regional economic conditions.

Economic growth is also closely related to the quality of human resources as reflected through the Human Development Index (HDI). Workers who have a better level of education and health have the opportunity to be more productive in economic activities. Improving human quality can also improve people's ability to adapt to technological changes and job market needs. Yuliadi (2020) found that HDI has a positive effect on regional economic development in Indonesia. Research conducted by Albasyari and Priyadi (2023) also found a positive influence of HDI on Central Java's economic growth and linked it to the importance of education and health in increasing community productivity. Thus, human development is not only related to improving welfare, but can also be part of the process of increasing regional economic capacity.

On the other hand, local governments have a role through capital expenditure. Capital expenditure is a form of government expenditure that is directed at the formation of assets and the provision of facilities that can support economic activities. Adequate public infrastructure and facilities can help reduce barriers to production activities and improve connectivity between regions. Yuliadi (2020) shows that government spending has a positive relationship with the development of regional GDP in Indonesia. Research by Albasyari and Priyadi (2023) also found that government spending has a positive and significant influence on Central Java's economic growth. However, the amount of government spending does not necessarily automatically result in higher economic growth. The quality of allocation and the effectiveness of budget use remain factors that need to be considered.

In addition to economic and fiscal factors, the number of poor people is also a relevant aspect in looking at economic growth. Poverty is also closely related to people's limitations in meeting basic needs and gaining access to education, health, employment, and economic resources. The high number of poor people can indicate that there are still groups of people who are not fully involved in productive economic activities. From a development perspective, this condition can be an obstacle to improving the quality of human resources and productivity. However, the relationship between poverty and economic growth does not always show the same results in empirical research. One of the studies conducted by Gahari and Hasmarini (2024) found that poverty does not have a significant effect on economic growth in Indonesia. These findings show that the relationship between poverty and economic growth needs to be tested based on the characteristics of the region

and the research period, not just based on theoretical assumptions.

Various previous studies have shown that empirical results regarding the factors that affect economic growth are still mixed. Yuliadi (2020) found that investment, regional spending, HDI, and infrastructure have a positive role in explaining regional economic development. Haq and Yuliadi (2018) show the importance of investment, labor, and education in economic growth. Meanwhile, Suyanto (2023) found that the unemployment rate had a negative effect on economic growth in six provinces of Java, while several other variables in the model did not show a significant influence. These differences in results can be interpreted that the influence of each factor on economic growth is still open to re-examination with a combination of different variables, periods, and regional characteristics.

Albasyari and Priyadi's (2023) research also provides an overview that a combination of investment, government spending, labor, inflation, and HDI can be used to explain regional economic growth. The research was conducted on districts/cities in Central Java with the period 2017–2021. Meanwhile, the research conducted by Suyanto (2023) used six provinces on the island of Java, but the variables used were different from this study. The difference in the coverage of variables and periods provides room for further testing by including UE, inflation, investment, HDI, capital expenditure, and the number of poor people simultaneously in explaining economic growth in six provinces of Java.

Based on these conditions, this study uses a panel data approach to analyze economic growth in DKI Jakarta, West Java, Central Java, DI Yogyakarta, East Java, and Banten. The use of panel data allows the analysis to consider differences in characteristics between provinces as well as changes in economic conditions over time. This approach has also been used in previous research to analyze the determinants of regional economic growth. Yuliadi (2020), used panel data to analyze factors that affect regional economic growth in Indonesia.

Thus, this study aims to test and analyze the influence of the Open Unemployment Rate, inflation, investment, Human Development Index, local government capital expenditure, and the number of poor people on economic growth in six provinces on the island of Java. This study is expected to provide empirical evidence regarding the relationship between labor market factors, price stability, capital formation, quality of human resources, regional fiscal policies, and poverty conditions with regional economic growth. The results of the study are also expected to be considered in understanding the differences in economic growth dynamics between regions on the island of Java.

Data

In this study, secondary data in the form of panel data with the scope of provinces on the island of Java was used, namely DKI Jakarta, West Java, Central Java, Special Region of Yogyakarta, East Java, and Banten. The observation period was 2015 to 2025. With six units of analysis and eleven years of observation, 66 observations were obtained. The variables used in the study include economic growth as a dependent variable as well as the Open Unemployment Rate, inflation, investment, the Human Development Index, local government capital expenditure, and the number of poor people as independent variables. These data are used to analyze the relationship between labor market factors, price stability, capital formation, quality of human resources, regional fiscal policies, and poverty conditions to economic growth on the island of Java. An overview of the operational definition in this study is presented in table 1. :

Table 1. Variable Operational Definitions

Variabel	Definisi Operasional	Pengukuran
Economic Growth (EG)	Changes in regional economic activity reflected in GDP growth	Percentage (%)
Open Unemployment Rate (UE)	Percentage of the workforce that is not working and is looking for work	Percentage (%)
Inflation (INF)	Changes in the price level of goods and services in general within a region	Percentage (%)
Investment (INV)	The value of investment realized in each province	Rupiah, transformed into Ln

Variabel	Definisi Operasional	Pengukuran
HDI	An index that describes human development achievements based on the dimensions of health, education, and living standards	Table of Contents
Capital Expenditure (CAPEX)	Local government expenditures used to acquire or build fixed assets	Rupiah, transformed into Ln
Total Poor Population (POV)	Number of people below the poverty line	Thousands of souls, transformed into Ln

Technique of Sampling

This study uses a saturated sampling technique, which is by using all members of the population as a sample (Sugiyono, 2019). The research population covers all provinces on the island of Java, namely DKI Jakarta, West Java, Central Java, DI Yogyakarta, East Java, and Banten. All provinces were chosen because this study was directed to look at variations in economic growth and factors that affect it at the provincial level, so that no selection of some provinces as samples was carried out. Thus, the analysis unit consists of six provinces with annual observations according to the research period. The use of all provinces also allows the differences in economic characteristics between regions to remain represented in the analysis of panel data.

Technique of Collecting Data

The research data is collected using documentation techniques, namely tracing, recording, and processing secondary data that has been published by official institutions. Data on economic growth, Open Unemployment Rate, inflation, investment, the Human Development Index, and the number of poor people are obtained from the national and regional Central Statistics Agency (BPS) through official statistical tables, publications of Provinces in Numbers, and publications or official news of BPS products. Data on local government capital expenditure is obtained from the Directorate General of Financial Balance (DJPK), Ministry of Finance of the Republic of Indonesia, through the SIKD/APBD Data Portal. The portal provides information on the realization and budget of the APBD, including the components of local government capital expenditure. All data is then compiled in the form of a panel data table, with provinces as cross-section units and years as time dimensions.

Data Analysis

Data analysis in this study uses panel data regression with descriptive statistical stages, Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) estimation, then continued with model selection using Chow, Hausman, and Lagrange Multiplier (LM) tests as needed (Basuki, 2021; Gujarati, 2003; Greene, 2003). The research model is formulated as follows:

$$EG_{it} = \alpha + \beta_1 UE_{it} + \beta_2 HDI_{it} + \beta_3 INF_{it} + \beta_4 CAPEX_{it} + \beta_5 LnINV_{it} + \beta_6 LnPOV_{it} + \varepsilon_{it} \dots (1)$$

Description:

i shows the province, t shows the year and shows ε the error term ; EG is economic growth; UE is the open unemployment rate; HDI is the index of human development; INF is inflation; $LnCAPEX$ is the natural logarithm of capital expenditure; $LnINV$ is the natural logarithm of investment; and $LnPOV$ is the natural logarithm of the number of poor people

Then followed by a classical assumption test after the panel regression model was determined to ensure that the model used met the estimation requirements. The test included multicollinearity and heteroscedasticity tests. The next step was hypothesis testing using the t-test, F-test, and determination coefficient at a significance level of 5%. The t-test was used to determine the influence of each independent variable on economic growth, while the F-test was used to determine the influence of independent variables simultaneously on economic growth. The determination coefficient was used to determine the model's ability to explain variations in economic growth R^2 (Basuki A. T., 2021)

II. RESULTS AND DISCUSSION

This study aims to analyze the factors that affect economic growth in six provinces in Java during the period 2015–2025. Before further panel data regression analysis, descriptive statistical analysis was used to

provide an initial overview of the characteristics and variations of research data. Descriptive statistics are shown in table 2. The following:

Table 2. Descriptive Statistic

	EG	UE	HDI	INF	LOG_CAPEX	LOG_INV	LOG_POV
Mean	4.51	6.21	75.06	2.92	28.27	30.85	7.28
Median	5.26	6.09	73.39	2.79	28.25	31.14	7.44
Maximum	6.59	10.95	85.05	6.52	30.28	32.63	8.47
Minimum	- 3.39	2.72	68.95	1.28	21.87	26.41	5.89
Std. Dev.	2.35	2.12	4.37	1.17	1.12	1.32	1.04

Source: Author's processing (2026)

After knowing the characteristics of each variable, the next stage is to determine the most appropriate panel data regression model as presented in Table 2 :

Table 3. Estimation Results of the Model

	CEM	FEM	REM
UE	-0.676 0.000***	-1.549 0.000***	-0.059 0.122
HDI	-0.260 0.026**	-0.401 0.032**	0.277 0.034**
INF	0.818 0.000***	0.670 0.000***	0.026 0.333
LOG_CAPEX	0.059* 0.813	0.024 0.916	0.124 0.107
LOG_INV	0.760 0.013**	0.423 0.379	-0.021 0.718
LOG_POV	-1.502 0.007***	-5.341 0.018**	-0.098 0.403
C	11.630 0.296	67.409 0.001*	-0.418 0.885
R-squared	0.385	0.659	0.176
F-statistic	6.145	9.473	2.102
Prob(F-statistic)	0.000	0.000	0.066
Panel Data Model Selection Tests			
Chow Test	Statistic	d.f.	Prob.
Period F	8.672	(5,54)	0.000***
Hausman Test	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Period random	15.270	6.000	0.018**

Note: *** significant at $\alpha = 1\%$ ** significant at $\alpha = 5\%$ * significant at $\alpha = 10\%$

Source: Author's processing (2026)

According to Basuki and Prawoto (2023), there are three approaches that can be used in selecting panel data estimates that are in accordance with the characteristics of the research data, namely the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM). The selection of the model was carried out through the Chow and Hausman test. The results of the Chow Test in Table 2 show a Period F value of 8.672 with a probability value of 0.000. The probability value is smaller than the significance level of 5% (0.05), thus leading to the use of the Fixed Effect Model (FEM) compared to the Common Effect Model (CEM).

Furthermore, the Hausman Test is used to determine the model between the Fixed Effect Model (FEM) and the Random Effect Model (REM). The test results show a Chi-Square Statistic value of 15.270 with a

probability value of 0.018. Because the probability value is less than 0.05, the test results show that the Fixed Effect Model (FEM) is more suitable than the Random Effect Model (REM). Based on the results of these two tests, both the Chow Test and the Hausman Test lead to the use of the Fixed Effect Model (FEM). Thus, the model used or selected in the next estimate is the Fixed Effect Model (FEM).

Table 4. Classical Assumption Test

Normality Test	
Prob. Jarque-Bera	0.163
Heteroskedasticity Test	
Variable	Prob.
UE	0.897
INF	0.581
HDI	0.934
LOG(INV)	0.565
LOG(CAPEX)	0.646
LOG(POV)	0.409
C	0.915
F-statistic	0.456
Prob(F-statistic)	0.838

Source: Author's processing (2026)

Table 5. Classical Assumption Test (Multicollenarity Matrix)

	UE	INF	HDI	LOG(INV)	LOG(CAPEX)	LOG(POV)
UE	1.000	-0.033	-0.217	0.401	0.081	-0.030
INF	-0.033	1.000	-0.099	-0.109	-0.045	0.004
HDI	-0.217	-0.099	1.000	-0.214	0.225	-0.786
LOG(INV)	0.401	-0.109	-0.214	1.000	0.368	0.442
LOG(CAPEX)	0.081	-0.045	0.225	0.368	1.000	-0.111
LOG(POV)	-0.030	0.004	-0.786	0.442	-0.111	1.000

Source: Author's processing (2026)

Based on Table 4, the results of the classical assumption test show that the model does not experience significant problems. The normality test has a Jarque–Bera probability value of $0.163 > 0.05$, so that the residual can be declared to be normally distributed. In the heteroscedasticity test, all variables have a probability above 0.05 and a Prob(F-statistic) of 0.838, which indicates no indication of heteroscedasticity. Meanwhile, the results of the correlation matrix show that the correlation value between independent variables is entirely below 0.80. These values are still below the indicative limit of 0.80 used to detect multicollinearity through pairwise correlation (Basuki & Prawoto, 2023). Thus, the model can be continued at the estimation and hypothesis testing stage presented in table 6. Table as follows:

Table 6. Fixed Effect Model Estimation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
UE	-1.549	0.212	-7.310	0.000***
INF	-0.401	0.182	-2.201	0.032**
HDI	0.670	0.166	4.025	0.000***
LOG(INV)	0.024	0.230	0.105	0.916
LOG(CAPEX)	0.423	0.477	0.887	0.379
LOG(POV)	-5.341	2.181	-2.449	0.018**
C	67.409	19.569	3.445	0.001**
R-squared	0.659			
Adjusted R-squared	0.589			
F-statistic	9.473			

Prob(F-statistic)	0.000			
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Note: *** significant at $\alpha = 1\%$ ** significant at $\alpha = 5\%$ * significant at $\alpha = 10\%$

Source: Author's processing (2026)

The results of the FEM model in table 6. show that not all variables used in this model have the same influence on economic growth in six provinces on the island of Java. Based on the probability value at a significance level of 5 percent, the variables of Open Unemployment Rate (UE), inflation, HDI, and the number of poor people have a significant effect on economic growth, while investment and capital expenditure do not show a significant influence partially.

The estimated results in table 6. show that UE has a coefficient of -1.549 with a probability of 0.000, which can be interpreted as having a negative and significant effect on economic growth. This means that assuming other variables are fixed, an increase in UE of 1 unit is followed by a decrease in economic growth by 1.549 percentage points. This negative relationship indicates that the increase in unemployment is closely related to the reduction in the utilization of labor resources in production activities, so that the economic capacity that can produce output is lower. This result is in line with the relationship described in Okun's Law, namely that when economic activity weakens, labor market conditions tend to deteriorate. Research conducted by Astari, Hamzah, and Ratih (2019) also found a negative and significant relationship between economic growth and unemployment in Indonesia. This is also relevant to the research in the East Java region conducted by Suprianto, Affandy, Faradis, & Musafir, (2026) which shows that there is an opposite relationship between economic growth and the unemployment rate. Thus, the results of this study show that the condition of the job market is still one of the important aspects related to the dynamics of economic growth on the island of Java.

The inflation variable has a coefficient of -0.401 with a probability value of 0.032, so it can be said that inflation has a negative and significant influence on economic growth at a significance level of 5 percent. The coefficient shows that the increase in inflation is 1 percentage point, with other variables considered constant, related to a decrease in economic growth of around 0.401 percentage points. In economic theory, this condition can occur when price increases are high enough to suppress people's purchasing power, increase production costs, and ultimately reduce existing economic activities. Kurniawan and Prawoto (2014) explain that high inflation can burden people's welfare, disrupt the efficiency of resource allocation, and put pressure on economic growth. The results of this study are also in line with research conducted by Simatupang and Marselina (2023), who found that inflation has a negative and significant effect on economic growth in the analysis of the ASEAN-7 panel. The same thing was also found in the research of Albasyari and Priyadi (2023) which included inflation as one of the determinants of economic growth in Central Java.

HDI has a coefficient of 0.670 with a probability of 0.000, so it can be said to have a positive and significant effect on economic growth. This result shows that an increase in HDI by 1 point, with other variables considered constant, is related to an increase in economic growth by 0.670 percentage points. This positive relationship is explained through an improvement in human quality which is reflected in aspects of education, health, and living standards. Better human quality allows the workforce to be more productive and able to adapt to changing times and existing market needs. This finding is in line with research conducted by Yuliadi (2020), who found that HDI has a positive and significant effect on regional economic performance in Indonesia. The study uses panel data and shows that HDI together with investment, regional spending, regional infrastructure, and other economic factors are crucial in explaining regional economic variations. The results of Sijabat (2024) research in 34 provinces in Indonesia also show that human development measured through HDI has a significant influence on economic growth. These findings reinforce the picture that economic growth is not only determined by the accumulation of physical capital, but also by the quality of human resources available in a region.

The investment variable that has been transformed in logarithm form shows a coefficient of 0.024 with a probability of 0.916. The coefficient has a positive value, but statistically investment does not have a significant effect on economic growth. Thus, the increase in investment in certain periods and regions in this study is not strong enough to explain the partial change in economic growth. This condition does not mean that investment does not have significance for the economy, but it shows that its influence has not been

statistically visible after controlling together with the variables of UE, inflation, HDI, capital expenditure, and the number of poor population. Empirically, the results of this study are different from the research conducted by Haq and Yuliadi (2018), who found that investment has a positive and significant effect on economic growth on the island of Kalimantan. The difference in results is possible because the characteristics of the region, investment structure, research period, and type of investment analyzed are different. Research by Murti and Sahara (2019) also places investment as one of the factors related to regional economic growth in Indonesia, but the influence of investment needs to be seen along with the characteristics and distribution of investment between regions. Therefore, the results of research on the island of Java show that the amount of investment in nominal terms has not automatically resulted in higher economic growth if the investment has not fully entered sectors that have a multiplier effect on the regional economy.

Regional capital expenditure has a coefficient of 0.423 with a probability value of 0.379. A positive coefficient indicates a relationship direction that is in line with economic growth, but a probability greater than the 0.05 value limit indicates that the effect is not statistically significant. This means that in this study model, changes in the value of capital expenditure have not been able to provide sufficient evidence that capital expenditure partially affects economic growth in six provinces of Java Island. This finding is interesting because theoretically government capital expenditure can increase production capacity through the development of infrastructure and public facilities for the community. Research by Ma'ruf and Wihastuti (2008), for example, found that real government expenditure has a positive and significant effect on provincial economic growth in Indonesia. Wahyudin and Yuliadi (2013) also found that the APBD has a positive and significant influence on economic growth in districts/cities in Yogyakarta. Meanwhile, Basuki et al. (2020) show that the effectiveness of fiscal policies on the regional economy can vary according to regional characteristics and types of government spending. Thus, capital expenditure that does not have a significant effect in this study can be seen as an indication that the size of the budget does not necessarily directly produce growth if the quality, composition, and effectiveness of its use differ between regions.

In this study, the number of poor people expressed in logarithm form has a coefficient of -5.341 with a probability of 0.018, so it has a negative and significant effect on economic growth. Because the poverty variable uses logarithmic form while economic growth is in the form of levels, an increase in the number of poor people by 1 percent will result in a decrease in economic growth of around 0.0534 percentage points, assuming that other variables are constant. The negative relationship shows that the high number of poor people is a reflection of people's limited access to education, health, productive work, and economic resources, so that people's capacity to contribute to production activities is more limited. Basuki et al. (2020) also place the reduction in the number of poor people as one of the factors related to increasing regional economic growth. Research (Wau, 2022) shows that the relationship between economic growth, human capital, public investment, and poverty is complex and differs according to conditions between regions. Thus, the results of this study indicate that the problem of poverty on the island of Java is not only related to the distribution of welfare, but also related to the regional economic capacity in producing growth.

The results of the F test in table 6. show an F-statistic value of 9.473 with a Prob(F-statistic) of 0.000. Because the probability value is less than 0.05, the regression model as a whole is considered statistically significant. This means that UE, inflation, HDI, investment, capital expenditure, and the number of poor people together affect economic growth in six provinces on the island of Java. These findings show that regional economic growth does not stand alone and is more accurately understood as the result of the interaction of various factors, including the labor market, price stability, quality of human resources, investment activities, fiscal policy, and socio-economic conditions of the community. These results are also in line with Albasyari and Priyadi (2023), who found that investment, government spending, labor, inflation, and HDI simultaneously have a significant effect on economic growth in Central Java. Thus, although investment and capital expenditure are not significant when partially tested, they are still part of the model in this study that is able to explain the variation in economic growth along with other variables.

The R-squared value of 0.659 shows that about 65.9 percent of the variation in economic growth in the six provinces on the island of Java can be explained together by UE, inflation, HDI, investment, capital

expenditure, and the number of poor people contained in this research model. Meanwhile, about 34.1 percent of the remaining 34.1 percent is explained by other factors outside the research model. This value shows that the model has a considerable ability to explain the variation in economic growth, although there are still other internal and external factors that have not been included. The use of several determinants at the same time is also in line with Yuliadi's (2020) research, which shows that regional economic growth is a multidimensional phenomenon influenced by investment, HDI, regional spending, infrastructure, and other macroeconomic variables.

The Adjusted R-squared value of 0.589 shows that after taking into account the number of variables in the model, about 58.9 percent of the variation in economic growth can still be explained by the independent variables used. Therefore, in the discussion of the results of this study, the Adjusted R-squared value can be additional information to see the capabilities of the model after considering the complexity of the model.

Conclusion

Based on the results of the study, economic growth in six provinces on the island of Java is influenced by a combination of factors, namely the labor market, price stability, the quality of human development, and the socio-economic conditions of the community. The open unemployment rate, inflation, and the number of poor people show a negative relationship with economic growth, while HDI shows a positive relationship. Meanwhile, investment and capital expenditure have not been able to show a partially significant influence in this research model. Together, all the variables used remain significantly related in explaining regional economic growth.

These findings provide an idea that increasing economic growth is not only oriented towards increasing economic activity, but also needs to be accompanied by strengthening the quality of human resources, creating job opportunities, controlling inflation, and reducing poverty. From a policy perspective, local governments can strengthen policies that can encourage labor absorption and increase community productivity, while ensuring that investment and capital expenditure are directed to sectors that can provide broader economic benefits.

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