

ABSTRACT

The forming of investment is an important factor that determines economic growth. Investment is influenced by several macroeconomic factors, namely exchange rates, interest rates, inflation and the number of workers in an area. Foreign investment is one of the sources targeted by the government to help the process of sustainable growth. This study aims to analyze the determinants of investment and its impact on economic growth in Central Java Province. The analytical technique used is multiple regression analysis of secondary time series data with a range of 1990-2021 which is processed using Spss 25 software. This study analyzes two equation models, the difference between them lies in the dependent variable, namely Investment (FDI) and Economic Growth.

The results of the first model analysis show that the exchange rate variable has a negative and significant coefficient on investment. Meanwhile, the interest rate and inflation variables in this model have no significant effect. In the second model, the exchange rate variable has a positive coefficient, the interest rate has a negative coefficient and the number of workers has a significant positive coefficient on economic growth. The inflation variable has no significant effect on economic growth.

Keywords: Investment, Economic Growth, Exchange Rates, Interest Rates, Inflation, Worker

