

ABSTRACT

Economic growth, defined as a development process that reflects the growth of output per capita and the potential increase in gross national product. The Neo Classical theory described by Sollow (1956) assumes that there are 3 main factors in determining the rate of economic growth, namely: capital, labor and technology, technology is said to be a residual factor that has an impact in the long term. Currently, the Indonesian government is accelerating the improvement of the balance of development between regions by emphasizing the competitive advantages of the regional economy based on natural resources, human resources, providing infrastructure, and developing technology, especially Eastern Indonesia (KTI), with the aim of having an impact on increasing the productivity of goods and services as well as per capita income and encourage increased economic growth. This study aims to determine the effect of investment, human development index, technology development index and labor on economic growth in Eastern Indonesia based on solow theory and endogenous theory as an emphasis on the role of human capital. The independent variables used in this study include investment, human development index, technology development index and labor.

This study uses secondary data sourced from the Central Statistics Agency, with cross-sectional data consisting of 13 Provinces in Eastern Indonesia and time-series data from 2012-2020. The analytical tool used in estimating the regression model in this study is the fixed effect model (FEM).

The results of this study indicate that simultaneously the three independent variables in the study affect the dependent variable, but there is 1 independent variable that has no significant effect on the dependent variable. Partially, investment variables, human development index and labor have a positive and significant effect on economic growth, while the technology development index variable has a positive and insignificant effect on economic growth in Eastern Indonesia.

Keywords: *Economic Growth, Investment, HDI, IPT and Labor*