INNOVATIVE: Journal Of Social Science Research
Volume 4 Nomor 3 Tahun 2024 Page 17449-17458
E-ISSN 2807-4238 and P-ISSN 2807-4246
Website: https://j-innovative.org/index.php/Innovative

The Influence Of Government Expenditures On Economic Growth With Labor As A Moderation

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Abstrak

Penelitian ini merupakan penelitian kuantitatif dengan pendekatan eksploratif, yaitu pendekatan yang menggunakan penelitian-penelitian terdahulu khususnya yang berkaitan dengan Belanja Pemerintah, Pertumbuhan Ekonomi dan Ketenagakerjaan, sebagai landasan awal untuk membangun konstruksi penelitian baru dengan variasi kebaruan dan kekuatan kesenjangan penelitian yang kuat dan kokoh. Data yang digunakan dalam penelitian ini diperoleh dari instrumen data sekunder melalui publikasi tahunan Badan Pusat Statistik mulai tahun 2004 hingga tahun 2024. Data yang diperoleh dianalisis menggunakan alat analisis Smart LS 4.0. Hasil pada artikel ini menunjukkan bahwa variabel Belanja Pemerintah dapat mempunyai hubungan positif dan pengaruh signifikan terhadap Pertumbuhan Ekonomi karena P-Valuesnya positif dan berada di bawah tingkat signifikansi 0,05 yaitu 0,008. Hasil ini juga disebabkan oleh belanja pemerintah yang produktif yang dapat meningkatkan pertumbuhan ekonomi, khususnya belanja pemerintah di bidang kesehatan, pendidikan, infrastruktur, dan lain sebagainya. Selain itu pada baris berikutnya bagian ketiga dari Path Coefisien pada penelitian ini menunjukkan bahwa variabel Tenaga Kerja dapat memperkuat pengaruh variabel Pengeluaran Pemerintah terhadap Pertumbuhan Ekonomi karena nilai P-Values positif dan berada dibawah signifikansi 0,05. tingkat yaitu 0,000. Sebab, angkatan kerja yang produktif dapat meningkatkan pembangunan infrastruktur, sumber daya manusia, pendidikan, dan kesehatan. Dengan demikian hipotesis pertama dan kedua dalam penelitian ini dapat diterima

Kata Kunci: *Pengeluaran Pemerintah, Pertumbuhan Ekonomi, Tenaga Kerja*

Abstract

This research is quantitative research with an exploratory approach, namely an approach that uses previous research, especially those related to Government Expenditures, Economic Growth and Labor, as the initial foundation for building new research constructions with novelty variations and strong and strong research gap strengths. The data used in this research was obtained from secondary data instruments through the annual publications of the Central Statistics Agency starting from 2004 to 2024. The data obtained was analyzed using the Smart LS 4.0 analysis tool. The result int this article show that Government Expenditure variables can have a positive relationship and a significant influence on Economic Growth because the P-Values are positive and are below the 0.05 significance level, namely 0.008. This result is also due to productive government spending which can increase economic growth, especially government spending in the fields of health, education, infrastructure, and so on. Apart from that, in the next row, the third section of the Path Coefficient in this research shows that the Labor variable can strengthen the influence of the Government Expenditure variable on Economic Growth because the P-Values value is positive and is below the 0.05 significance level, namely 0.000. This is because a productive workforce can improve infrastructure development, human resources, education and health. Thus, the first and second hypotheses in this research can be accepted

Keyword: *Government Expenditures, Economic Growth, Labor*

INTRODUCTION

Regional government expenditure is the amount of expenditure incurred by regional government structures to fulfill public interests in their region. This expenditure is spent to support public needs for education, health, security, public facilities and infrastructure as well as the needs of the government itself, such as salaries for employees of government institutions, and infrastructure that will be used for the benefit of the community. In the Keynesian school, government spending is one of the factors determining the amount of output that will be produced by a country (Prasetyoningrum, 2018).

The level of economic activity by a country is influenced by its aggregate expenditure. If government spending increases, aggregate demand will be higher. Apart from that, the role of government spending in developing countries is very significant when seen from the ability of the private sector to drive economic growth which is still very limited. Therefore, the role of government is very important. An increase in aggregate demand means that economic growth has also increased, this is because economic growth is measured from GDP, so increasing growth means increasing income (Li & Liang, 2010).

Based on Minister of Home Affairs Regulation No.13 of 2006 quoted from (Farel Maga et al., 2016). Government expenditure can be classified into two, namely: a. Direct

Expenditure In Permendagri No.13 of 2006 it is stated that direct expenditure is expenditure that is budgeted directly related to policies and programs of the regional government, specifically Regional Work Units (SKPD). Direct spending includes personnel spending, goods and services spending, and capital spending. b. Indirect Expenditure In Permendagri No. 13 of 2006 it is stated that indirect expenditure is expenditure budget that is not directly related to policies and programs, such as personnel expenditure, subsidy expenditure, interest expenditure, grant expenditure, social assistance expenditure, profit sharing expenditure on provincial or district/city as well as village governments, financial aid spending and unexpected spending (Mankiw, 2011).

In Keynes's growth model, government spending has a positive effect on the size of a country's national income. According to Keynes, to increase economic growth as measured by an increase in national income, it is necessary to increase consumption, government spending, investment and also net exports. The role of government spending is very crucial in the economy, especially spending aimed at increasing production capacity. According to (Mayer, 2016), regional governments, through their expenditure, must play an active role in regulating and developing the public sector as an effort to help stimulate economic activity so that market efficiency can occur (Nurmainah, 2013).

Government spending allocated to the procurement of goods and services will directly influence the amount of goods and services produced. Government spending aimed at the education sector will have an indirect effect on the economy (Azwar, 2016). This is because this expenditure is intended to increase educational opportunities and quality for the community, so that it will improve the quality of human resources. Various government instruments, especially through fiscal decentralization, are intended to ensure that allocated expenditure is realized on target, so that it is able to achieve economic system stability and encourage economic growth (Pancawati, 2000).

Based on the explanation above, researchers believe that government spending can influence economic growth. Government spending is a set of products produced that contain choices or decisions made by the government to provide public goods and services to society. Total government expenditure is the total sum of budget decisions at each level of government (central-provincial-regional) (Suparmoko, 2020).

At each level of government this can have the final decision – the making process is different and only some things the government below can be influenced by the higher government (Suparmoko, 2020). Therefore, in understanding the various funding arrangements for central (regional) government. then you must know the diversity of functions that are assigned to you. These functions are: 1. The function of providing services that are environmentally and socially oriented; 2. Regulatory function, namely formulating and enforcing central legislation; 3. Development function, direct or indirect involvement in forms of economic activity and provision of infrastructure; 4. Representative function, namely expressing regional opinions outside the area of executive responsibility; 5. Coordination function, namely carrying out regional (regional) investment and land use coordination and planning (Arifin & Fadlan, 2021).

According to (Handayani et al., 2016), the argument regarding public policy in relation to government expenditure policy is based on the situation that the market cannot play its own role in activating the mobilization of economic activity, especially to achieve efficiency. The existence of public spending is caused by market failure. Meanwhile, according to (Handayani et al., 2016), market failure is caused by: (1) Not all goods and services are traded, (2) Goods that cause externalities in production and consumption force a conflict between market prices and social and market assessments, and the market does not can ensure that the desired conditions are met. (3) Some goods have the characteristic of increasing returns to scale. In natural monopoly conditions like this, society can obtain lower prices and higher output if the government acts as a producer or there are subsidies to the private sector to cover costs due to optimal production. (4) Information asymmetry between producers and consumers in services such as social insurance can increase moral hazard and adverse selection. Therefore, state intervention is needed to ensure the redistribution of income(Primandari, 2019).

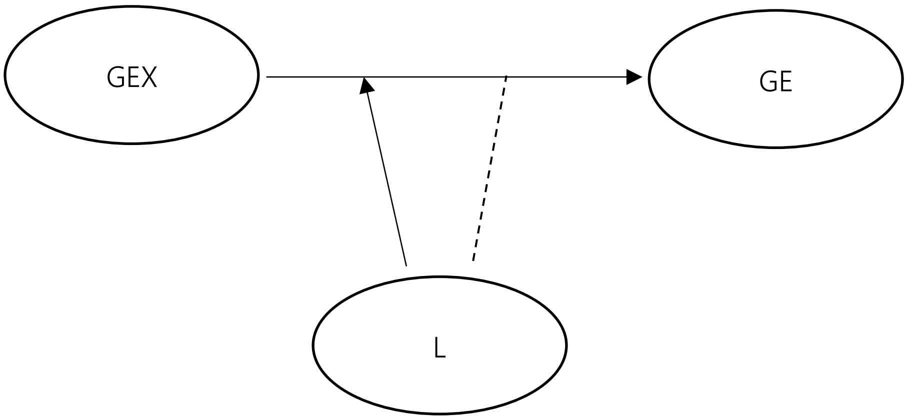
Economists argue that increasing government spending is an effective instrument for increasing economic growth. Therefore, government spending in the form of capital expenditure can make a positive contribution to economic growth. The endogenous growth model (AINUL MARDHIAH, 2022)explains that productive government spending will influence the long-term growth rate. Government expenditure in the form of capital expenditure includes the provision of infrastructure such as electricity, transportation, education and health. Government expenditure is part of fiscal policy(Arifin, 2019), namely a government action to regulate the running of the economy by determining the amount of government revenue and expenditure each year which is reflected in the national APBN and regional/regional APBD documents. The aim of this fiscal policy is to stabilize prices, output levels and employment opportunities and spur economic growth (Hidayanti, 2023).

Sebelumnya terdapat sejumlah penelitian menunjukkan (Wicaksono, 2017); (Azaria, 20 C.E.); (DITA PURNAMASARI, 2018); (PRADANA, 2016) & (Wahyuningrum & Juliprijanto, 2022) menunjukkan variabel Pengeluaran Pemerintah memiliki arah hubungan positif dan pengaruh yang signifkan terhadap Pertumbuhan Ekonomi. Berbeda dengan kelima penelitian di atas, penelitian ini menambahkan variabel Tenaga Kerja sebagai variabel moderasi .

RESEARCH METOHDS:

Figure 1

Model



Noted:

GEX : Goverment Expenditure

GE : Growth Ecconomy

L: Labor

The presentation of the first image of the research model above shows that this article/research aims to analyze the influence of government expenditure variables on economic growth. The research objectives above are in line with a number of previous studies, namely (Wicaksono, 2017); (Azaria, 20 C.E.); (DITA PURNAMASARI, 2018); (PRADANA, 2016) & (Wahyuningrum & Juliprijanto, 2022). This research is quantitative research with an exploratory approach, namely an approach that uses previous research, especially those related to Government Expenditures, Economic Growth and Labor, as the initial foundation for building new research constructions with novelty variations and strong and strong research gap strengths. The data used in this research was obtained from secondary data instruments through the annual publications of the Central Statistics Agency starting from 2004 to 2024. The data obtained was analyzed using the Smart LS 4.0 analysis tool with the research hypothesis below.

Hypothesis:

H1: Goverment Expenditure Variable can influence Growth Ecconomy

H2: The Labor variable can strengthen the influence of the Goverment Expenditure Variable on Growth Ecconomy Variable

RESULT AND DISCUSSION

Validity Test

The use of the smart PLS 4.0 analytical tool, whether using primary or secondary data, must go through several stages, namely validity testing, reliability testing, and Path Efficiency, where each stage has its own function and purpose. In the validity testing stage, the function is to test and ensure that each data used is valid or not. The following are the results of the validity test in this research (Gujarati, 2013):

Table 1

Validity Test

Validity	Loading Facor	Noted
Goverment Expenditure	0.892	Valid
Growth Ecconomy	0.925	Valid
Labor	0.951	Valid

Valid > 0.70

Realibility Test

If the validity test stage functions to ensure that the data used in this research is valid or not, then the reliability test stage functions to ensure that each variable used in this research is reliable or not. The following are the results of the reliability test in this research (Sarstedt et al., 2014):

Table 2

Reliability Test

Variable	Composite Reliability	Cronbach Alfa	Noted
Goverment Expenditure	0.895	0.845	Reliable
Growth Ecconomy	0.949	0.910	Reliable
Labor	0.992	0.951	Reliable

Reliable > 0.70

Path Coefisien

If the validity test stage functions to ensure that each data used in this research is valid or not, the reliability test stage functions to find out whether the variables used in this research are reliable or not, and the Path Coefficient stage functions to find out the results of the hypothesis proposed in this research acceptable or not with the results below (Ghozali, 2016):

Table 3

Path Coefisien

	Variable	P-Values	Noted
Direct Influence	GEX-> GE	0.008	Accepted
Indirect Influence	L* GEX-> GE	0.000	Accepted

Signifianct Level < 0.05

The statistical results of the third table in this study show that the researchers' assumptions outlined in the hypothesis regarding Government Expenditure variables can have a positive relationship and a significant influence on Economic Growth because the P-Values are positive and are below the 0.05 significance level, namely 0.008. These results are in line with a number of previous studies, namely ((Wicaksono, 2017); (Azaria, 20 C.E.); (DITA PURNAMASARI, 2018); (PRADANA, 2016) & (Wahyuningrum & Juliprijanto, 2022). This result is also due to productive government spending which can increase economic growth, especially government spending in the fields of health, education, infrastructure, and so on. Apart from that, in the next row, the third section of the Path Coefficient in this research shows that the Labor variable can strengthen the influence of the Government Expenditure variable on Economic Growth because the P-Values value is positive and is below the 0.05 significance level, namely 0.000. This is because a productive workforce can improve infrastructure development, human resources, education and health. Thus, the first and second hypotheses in this research can be accepted.

CONCLUSION

The statistical results of the third table in this study show that the researchers' assumptions outlined in the hypothesis regarding Government Expenditure variables can have a positive relationship and a significant influence on Economic Growth because the P-Values are positive and are below the 0.05 significance level, namely 0.008. These results are in line with a number of previous studies, namely ((Wicaksono, 2017); (Azaria, 20 C.E.); (DITA PURNAMASARI, 2018); (PRADANA, 2016) & (Wahyuningrum & Juliprijanto, 2022). This result is also due to productive government spending which can increase economic growth, especially government spending in the fields of health, education, infrastructure, and so on. Apart from that, in the next row, the third section of the Path Coefficient in this research shows that the Labor variable can strengthen the influence of the Government Expenditure variable on Economic Growth because the P-Values value is positive and is below the 0.05 significance level, namely 0.000. This is because a productive workforce can improve infrastructure development, human resources, education and health. Thus, the first and second hypotheses in this research can be accepted

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