

V. CONCLUSION AND IMPLICATIONS

A. Conclusions

Based on the analysis of the effect of fiscal decentralization, human development index, investment, and labor on economic growth in Central Java Province, research conclusions can be drawn from each variable as follows:

1. Fiscal decentralization has no effect on economic growth. Because the expenditure in districts and cities in Central Java Province is greater than regional revenues so that it experiences a deficit.
2. The human development index has a positive and significant effect on economic growth. Thus, an increase in the human development index (HDI) will encourage an increase in economic growth.
3. Investment has no effect on economic growth. This condition is caused by the uneven distribution of investment in districts and cities in Central Java, resulting in inequality.
4. Labor has a positive and significant effect on economic growth. Thus, an increase in the number of workers will encourage an increase in economic growth.

B. Implications

Based on the effect of fiscal decentralization, the Human Development Index, investment, and labor on economic growth in Central Java Province, the following implications can be conveyed:

1. The implementation of fiscal decentralization in Central Java Province is aimed at creating aspects of independence in the regions by being granted delegation of authority. However, the implementation of fiscal decentralization on the economy is still not optimal, which is seen from some regions experiencing inequality so that it has not had a positive impact. It is hoped that the results of this study can be considered for regional financial managers in making decisions, especially in optimizing fiscal decentralization in Central Java by handing over the management of *PAD* (Regional Native Income) and Land and Building Tax (*PBB*) to the regions so that it can encourage an increase in fiscal decentralization and can contribute more to economic growth.
2. The human development index includes a measure of human development achievements based on a number of basic components of quality of life. The implementation of the human development index has had a positive impact on economic growth. Therefore, district/city governments are advised to increase HDI through poverty alleviation for

the next year period to keep referring to the previous program but with more emphasis on creating more adequate jobs.

3. Investment instruments consist of foreign investment (FDI) and domestic investment which have a direct impact on the sustainability of the real sectors. However, foreign investment still does not have a positive impact on economic growth. Therefore, the government should provide supporting facilities in each potential area by providing airport infrastructure, toll roads, electricity, road widening, and also quality human resources as well as training for the labor force that supports economic activities in order to attract the attention of investors from abroad so that they are interested in investing in Indonesia.
4. Labor is one of the instruments in economic growth. Labor is considered a positive factor in stimulating economic growth. Therefore, a large amount of labor can mean increasing the number of productive labor. With the increase in labor productivity, it is expected to increase production, which means that it will also increase the GRDP of a region.

C. Limitations Of Research

This study analyzes the effect of fiscal decentralization, human development index, investment, and labor on economic growth in Central Java Province, some of the limitations in this study include the following:

1. From the resulting test, the R Square value of 0.65905 or 65.91% of the figure means that it has an effect on economic growth of 65.91% while the remaining 34.09% is influenced by other factors that are not studied and included in this model.
2. The time period in this study is 5 years, which occurred in 2016-2020. In 2020 there was a Covid-19 pandemic. So that the economy experienced by Central Java Province and even throughout Indonesia is experiencing abnormal conditions.

