

CHAPTER V

CONCLUSIONS AND IMPLICATIONS

A. Conclusions

Based on the results of the F test, the regression model involving the BI rate, inflation, exchange rate and money supply together has a significant influence on economic growth in Indonesia. Based on the t test results, it is concluded that the BI Rate and exchange rate have a significant influence on economic growth in Indonesia. Meanwhile, inflation and the money supply do not have a significant influence on economic growth in Indonesia.

A. Implications

1. Focus on Monetary Policy: The discovery that both the exchange rate and the BI Rate significantly affect economic growth highlights the role that monetary policy plays in propelling the economy. To favorably impact economic activity, Bank Indonesia (BI) can manipulate currency rates and implement interest rate policy (BI Rate).
2. Exchange Rate Stability: Retaining economic competitiveness and drawing in foreign investment depend heavily on exchange rate stability. In order to preserve sustained economic growth, policies that promote exchange rate stability must be given top attention.
3. Challenges of Inflation and Money Supply Control: In order to avoid future economic hazards, policies that preserve price stability and restrict the expansion of the money supply are still necessary, even when neither inflation nor the money supply significantly affect economic growth.

4. Policy Diversification: In order to establish a conducive economic climate for long-term growth, it is also necessary to diversify economic policies encompassing areas like fiscal policy, structural changes, and investments in innovation and education.
5. Role of Additional study: In order to fully comprehend the mechanisms and interactions between various economic variables and their effects on economic growth, more study is crucial, as these data demonstrate. Additional elements that could have a big impact on the Indonesian economic setting could be found via more research.

B. Research Limitations

While the BI Rate, inflation, exchange rate, and money supply are taken into account in this research, other factors that might affect economic development are not taken into account, such as fiscal policy, political situations, and global influences. Future researchers should consider including other pertinent variables such as political stability, fiscal policy, or external factors such as the state of the world economy that can affect Indonesia's economic development.

