CHAPTER V CONCLUSIONS AND IMPLICATIONS

A. Conclusion

Using the regional competitiveness index as a moderating variable, this research attempts to show how capital spending, personnel expenditure, and goods and services expenditure affect economic growth in the Central Javan regencies and cities between 2019 and 2023. The following conclusions were reached in light of the research's findings, which were obtained using a panel data regression model with e-views:

1. Capital expenditure has a significant positive effect on economic growth.
2. Employee expenditure has a significant negative effect on economic growth.
3. Expenditure on goods and services has a positive but insignificant effect on economic growth.
4. Regional competitiveness index is unable to moderate the relationship between capital expenditure (X1), employee expenditure (X2), and goods and services expenditure (X3), on economic growth.

B. Implications

Based on that conclusion, the implications that can be conveyed in this research are:

1. Considering that capital expenditure has been proven to have a significant positive impact on economic growth. Investment in physical infrastructure, transportation, and public facilities can boost economic productivity and attract investment. Therefore, the government needs to ensure that capital expenditure is allocated to strategic projects that provide long-term impacts on the economy.

C. Research Limitations

This research provides important insights into the relationship between government Expenditure and economic growth moderated by the regional competitiveness index (RCI). However, there are limitations in this study regarding the moderation variable, as the RCI does not have a significant impact in moderating the relationship between government Expenditure and economic growth.