# Economic Growth Dynamics in West Nusa Tenggara Province: Investment, Gross Regional Domestic Product, and Government Finance

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**Submitted:**
**12 JUNE 2023**

**Accepted:**
**21 NOVEMBER 2023**

***ABSTRACT***

*West Nusa Tenggara (NTB) plays a pivotal role in Indonesia's economy, driven by cultural diversity and natural resources. Sustaining economic growth is crucial for the region. NTB's economic dynamics, influenced by inflation, banking, investments, GRDP, and government finances, exhibit unique patterns. This research investigates NTB's economic growth, exploring its connections to inflation, banking, investments, GRDP, and government finances. Stable inflation, along with investments and government finances, significantly influences NTB's economic trajectory, offering insights into regional economic stability and community purchasing power. The study provides valuable perspectives on the multifaceted factors shaping West Nusa Tenggara's economic landscape. Secondary data from the Central Bureau of Statistics (BPS) and Bank Indonesia (BI) is utilized, employing a Non-Probability sampling technique, specifically Convenience sampling. Data collection involves observation, structured interviews, and literature studies. Quantitative analysis using SPSS Version 26 concludes that economic growth dynamics in West Nusa Tenggara are interrelated, with varying significance levels among factors such as inflation, banking performance, investments, GRDP, and government finances. Stable inflation emerges as a significant factor influencing economic growth in the province, alongside investments, GRDP, government finances, and banking performance.*

***Keywords**: Economic growth, Inflation, Investment, Gross regional domestic product (GRDP)*

***ABSTRAK***

*Provinsi Nusa Tenggara Barat (NTB) memegang peranan penting dalam ekonomi Indonesia, didorong oleh keberagaman budaya dan sumber daya alam. Namun, menjaga pertumbuhan ekonomi yang berkelanjutan adalah hal yang krusial. Dinamika ekonomi NTB, yang dipengaruhi oleh inflasi, perbankan, investasi, GRDP, dan keuangan pemerintah, mencerminkan pola yang unik. Penelitian ini menyelidiki pertumbuhan ekonomi NTB, mengeksplorasi keterkaitannya dengan inflasi, perbankan, investasi, GRDP, dan keuangan pemerintah. Inflasi yang stabil, bersama dengan investasi dan keuangan pemerintah, secara signifikan memengaruhi lintasan ekonomi NTB, memberikan wawasan tentang stabilitas ekonomi regional dan daya beli masyarakat. Studi ini memberikan perspektif berharga tentang faktor-faktor beragam yang membentuk lanskap ekonomi West Nusa Tenggara. Data sekunder dari Badan Pusat Statistik (BPS) dan Bank Indonesia (BI) digunakan, dengan teknik sampling Non-Probability, khususnya Convenience sampling. Metode pengumpulan data melibatkan observasi, wawancara terstruktur, dan studi literatur. Analisis kuantitatif menggunakan aplikasi SPSS Versi 26 menyimpulkan bahwa dinamika pertumbuhan ekonomi di Provinsi West Nusa Tenggara memiliki pengaruh yang saling terkait, meskipun tingkat signifikansi dari faktor-faktor seperti inflasi, kinerja perbankan,*

**JIMKES**

Jurnal Ilmiah Manajemen Kesatuan
Vol. 11 No. 3, 2023
pp. 905-918
STIE Kesatuan
ISSN 2337 – 7860

*investasi, GRDP, dan keuangan pemerintah bervariasi. Inflasi yang stabil muncul sebagai faktor yang signifikan memengaruhi pertumbuhan ekonomi di provinsi ini, bersama dengan investasi, GRDP, keuangan pemerintah, dan kinerja perbankan.*

***Kata Kunci**: Pertumbuhan ekonomi, Inflasi, Investasi, Produk Domestik Regional Bruto (GRDP)*



## INTRODUCTION

West Nusa Tenggara (NTB) Province plays an important role in Indonesia's economic landscape with its cultural diversity, vast natural resource potential, and promising market share. However, the challenge of consistent and sustainable economic growth remains a key focus for the region's development. NTB's economic dynamics show a unique pattern that is influenced by a number of factors, including inflation conditions, banking performance, investment, GRDP, and government finances. Economic growth in NTB is inseparable from significant changes in recent decades. Along with these changes, the influence of economic factors that include monetary policy, investment activity, and Government Finance has become an important subject in evaluating and predicting the region's economic movements. Inflation, as an important indicator of economic stability, as well as Banking Performance that affects the flow of investment funds, have become vital aspects in shaping the trend of economic growth in NTB (Islamiah, 2021).

Investment, both on a local and international scale, has a significant impact on the dynamics of economic growth in NTB. In addition, GRDP, which reflects the balance between exports and imports, is also a crucial factor in describing the region's economic condition. Government Finance, as an instrument of economic policy, also plays an important role in stimulating the growth of key sectors and infrastructure that support overall economic growth. However, the complexity of the interaction between these factors poses its own challenges in identifying and measuring their impact on NTB's economic growth. Therefore, a holistic analysis of the linkages between inflation, banking performance, investment, GRDP, and government finance in NTB is crucial to understanding the dynamics of the regional economy as a whole.

Despite its great potential, NTB faces a number of challenges that affect its economic growth rate. One of the main problems is the fluctuating inflation rate. Although manageable in some periods, fluctuations in market prices often put pressure on people's purchasing power, hamper investment, and ultimately affect regional economic growth. Meanwhile, the unstable level of banking performance is also a problem that hampers economic growth in NTB. A high level of banking performance can reduce people's interest in borrowing and investing, while a level that is too low can also trigger excessive inflation. The right balance in regulating banking performance is crucial in promoting healthy economic growth. In addition, investment levels that have yet to reach their full potential also pose a serious challenge to NTB's economic growth. Despite government and private sector efforts to increase investment, infrastructure problems, complex regulations, and lack of access to financing are often barriers to attracting significant investment to the region. Not to forget, GDP that tends to be in deficit is also a problem for NTB's economic growth. Dependence on imports of consumer goods and low competitiveness of local products are the main causes of this trade deficit. This can affect regional economic stability and suppress overall economic growth.

Government finances, despite their important role in stimulating economic growth, are often faced with budget constraints. These limitations can hamper investment in key sectors such as infrastructure, education, and health that should be the drivers of long-term economic growth. Overall, problematic inflation, unstable banking performance, low investment levels, deficit GRDP, and limited government finances are some of the crucial aspects that need to be addressed to stimulate sustainable economic growth in West Nusa Tenggara Province. An in-depth analysis of these factors will provide a strong foundation for the development of more effective policies to overcome these problems. In this context, an in-depth study examining the relationship between these economic factors

and the economic growth of West Nusa Tenggara Province is highly relevant. A comprehensive analysis of the influence of these variables is expected to provide deeper insights and strong considerations for economic policies to be taken in order to encourage sustainable and inclusive economic growth in this region. The purpose of this study is first to find out how the dynamics of economic growth in West Nusa Tenggara Province during a certain period, and these changes are related to economic factors such as inflation, banking performance, investment, GRDP, and government finance. Second, to determine the impact of the fluctuating inflation rate on economic growth in NTB, and how it affects people's purchasing power and regional economic stability. Third, to determine the role of banking performance in influencing investment flows in West Nusa Tenggara Province, and the extent to which fluctuations in banking performance affect economic growth.

## LITERATURE REVIEW

Economic growth refers to the increase in production capacity or economic output of a country or region in a given period, which is often measured by the value of Gross Domestic Product (GDP) or the total goods and services produced in an economy (Manzoor et al., 2019; Mrówczyńska-Kamińska & Bajan, 2019; Ouyang et al., 2020). Economic growth indicators involve several key factors, such as GDP which includes the total value of production in one year, GDP growth as a percentage of annual increase, per capita income as the average income per individual, unemployment rate which indicates employment and economic activity, investment in infrastructure and other key sectors, and trade balance which reflects the country's ability to produce goods and services that are in demand globally (Chen & Pao, 2022; Pardhan & Drydakis, 2021). All these factors serve as important indicators in analyzing a country's economic growth.

Economic factors such as inflation, banking performance, investment, GRDP, and government finance have a significant impact on the economic growth of a region (Ali et al., 2023; Farooq et al., 2023; Wei & Huang, 2022). Inflation, which is a general increase in the prices of goods and services, can affect people's purchasing power and reduce consumption and investment, making stable inflation control crucial (Jaravel & O'Connell, 2020; Köse & Ünal, 2022; Movahed et al., 2021). Banking performance set by the central bank can affect borrowing and investment costs, with prudent monetary policy promoting economic growth (Debelle, 2020; Jun & Yeo, 2021; Zhang et al., 2022). High levels of investment, especially in infrastructure and technology, can increase the production capacity of the economy. A good GRDP balance demonstrates the country's ability to produce goods and services that are in demand globally. Meanwhile, smart government finance in investing in key sectors can stimulate economic growth and create a conducive environment for the private sector. Good policy coordination between monetary and fiscal policies is essential to shape economic conditions that support sustainable growth.

As for previous studies that discuss the topic of factors that affect economic growth, especially in a regional or provincial context, some of them are research that examines the effect of inflation, investment, and government spending on economic growth in various provinces in Indonesia (Chowdhury, 2002). Through panel data analysis, this study tries to measure the extent to which these factors affect economic growth at the regional level. Next is a study that focuses on the relationship between trade balance and economic growth in various states in Nigeria (Effiong et al., 2022). This study analyzes how trade balance affects economic growth at the regional level in the context of the country. Then the research that discuss the relationship between government spending and economic growth in a number of Latin American countries (De Mello, 2002). By collecting data from various countries in one region, this study evaluates the impact of government spending on regional economic growth. This study provides an overview of how factors such as inflation, investment, trade balance, and government spending have been studied in the context of regional economic growth in different countries or regions.

From the various descriptions above, starting from the introduction to previous research, the framework of this research can be described as shown in Figure 1.

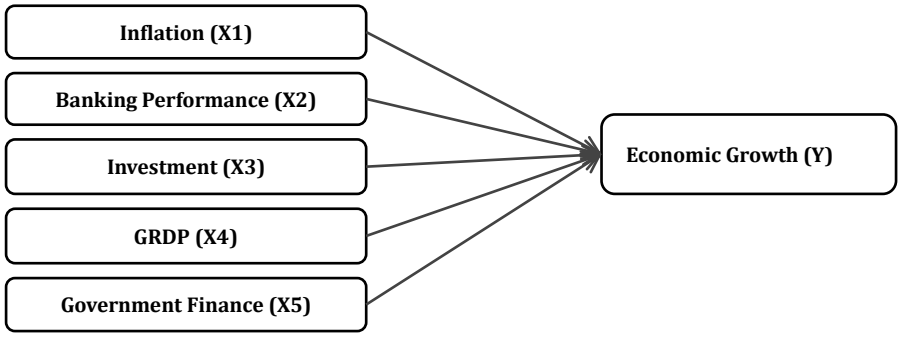


**Figure1.** Framework

**Hypothesis:**

To direct the course of research, the following hypothesis is proposed:

1. $H_0$ : μo < 1= Inflation has no significant effect on economic growth in NTB Province
   $H_a$ : μ1 ≥ 1= Inflation has a significant effect on economic growth in the province of NTB
2. $H_0$ : μo < 1= Banking Performance has no significant effect on economic growth in NTB Province
   $H_a$ : μ2 ≥ 1= Banking Performance has a significant effect on economic growth in NTB Province.
3. $H_0$ : μo < 1= Investment has no significant effect on growth economy in NTB Province
   $H_a$ : μ3 ≥ 1= Investment has a significant effect on economic growth in NTB Province
4. $H_0$ : μo < 1= GRDP has no significant effect on economic growth in NTB Province
   $H_a$ : μ4 ≥ 1= GRDP has a significant effect on economic growth in the province of NTB
5. $H_0$ : μo < 1= Inflation has no significant effect on economic growth in NTB Province
   $H_a$ : μ5 ≥ 1= Inflation has a significant effect on economic growth in NTB Province.

## METHODS

The type of research used in this research process is descriptive research which aims to describe or describe *economic growth in* NTB Province Data at BPS.go.id and bi.go.id. Although this research is descriptive research, it will still be carried out in-depth interpretation and analysis so that a clear picture will be obtained and can be generalized. This research was conducted in the province of NTB. The population in question in this study is NTB Province Data on BPS.go.id and bi.go.id. The sampling technique using Non-probability sampling is convenience sampling, where the sample is taken according to the wishes of the researcher with an α value of 0.05 or 95% confidence degree. While the data collection techniques are done through observation, structured interviews, and literature studies. Table 1 is the operationalization of variables in this study.

Furthermore, the analysis technique employed in this study is quantitative analysis, utilizing tools such as multiple regression with the assistance of SPSS ver.26. The analysis model selected, such as linear regression or time series model, aims to assess the influence of these factors on economic growth in NTB. The data analysis method involves classic

assumption tests, including the Normality Test, Multicollinearity Test, Heteroskedasticity Test, and Multiple Linear Analysis. Additionally, the study employs a Hypothesis Test comprising the F Test (Simultaneous Test), Coefficient of Determination Analysis (R2), and T Test (Partial Test).

**Table I.** Variable Operationalization

| No. | **Variables** | **Concept** | **Operationalization** |
|---|---|---|---|
| 1 | Economic Growth | Increase in the total value of economic production | Annual GDP growth (in percentage) |
| 2 | Inflation | General increase in prices of goods and services | Annual inflation rate (in percentage) |
| 3 | Banking Performance | Borrowing and investment costs | Bank Banking Performance Level (in percentage) |
| 4 | Investment | Increased economic production capacity | Annual investment amount (in currency value) |
| 5 | GRDP | Balance between exports and imports | GRDP (in currency value) |
| 6 | Government Finance | Government spending on infrastructure, education, etc. | Local government finance (in currency value) |

## RESULTS AND DISCUSSION

### Overview of the research object

In 2023, the NTB economy contracted by 1.54% (yoy), in a different direction compared to the national growth of 5.17% (yoy). However, NTB's non-mining economic growth recorded a positive growth of 4.11% (yoy), continuing a positive trend despite a relative slowdown from the previous quarter which amounted to 4.78% (yoy). The decline in NTB's economic growth performance in 2023 is in line with the negative performance of exports of goods and services. Exports of goods and services in 2023 contracted by 46.16% (yoy), a significant decline compared to the previous quarter which grew 1.31% (yoy). This condition is in line with the absence of mining commodity export activities for 1 (one) quarter. On the other hand, the performance of household consumption, government consumption and fixed capital formation still grew strongly at 4.29% (yoy), 5.20% (yoy) and 9.87% (yoy) respectively, an increase from the previous quarter. In terms of business fields, the performance of the Agriculture business field and the Mining business field contracted on an annual basis. In 2023, the Agriculture business field as the business field with the largest GDP contribution (23.62%) contracted by 4.26% (yoy), in a different direction from the previous quarter which grew by 3.70% (yoy). Correspondingly, the Mining business field as the business field with the second largest share (14.73%) also contracted by 24.45% (yoy), deeper than the previous quarter which contracted by 1.16% (yoy). However, the deeper contraction was relatively restrained by the positive performance of the Trade business field, Transportation business field and Construction business field which recorded growth of 8.02% (yoy), 8.60% (yoy) and 14.93% (yoy) respectively (Fitri, 2023).

### Economic Growth

The economy of West Nusa Tenggara (NTB) Province in 2023 recorded a contraction of 1.54% (yoy), lower than in 2022 which grew 3.55% (yoy). When compared to the national level, the economic growth of NTB Province was also recorded lower than the national growth in 2023 which reached 5.17% (yoy). Meanwhile, on a quarterly basis, the Gross Regional Domestic Product (GRDP) recorded an improvement from a contraction of 2.38% (qtq) in 2023 to a contraction of 0.11% (qtq) in 2023. Furthermore, the province's share of the national economy in the quarter under review remained relatively stable at 0.79%.

The decline in the economic growth performance of NTB Province in 2023 is in line with the negative performance of exports of goods and services. Exports of goods and services in 2023 contracted 46.16% (yoy), a significant decline compared to the previous quarter which grew 1.31% (yoy). This condition is in line with the absence of mining commodity export activities for 1 (one) quarter. On the other hand, the performance of

household consumption, government consumption and PMTB still grew strongly by 4.29% (yoy), 5.20% (yoy) and 9.87% (yoy) respectively, an increase compared to the previous quarter's growth.

In terms of business fields, the performance of agriculture and mining contracted on an annual basis. In 2023, agriculture is the largest GDP contribution (23.62%) contracted by 4.26% (yoy), in a different direction from the previous quarter which grew by 3.70% (yoy). Correspondingly, mining is the second largest share (14.73%) also experienced negative growth of 24.45% (yoy), declining relatively significantly from the previous quarter which also contracted by 1.16% (yoy). Meanwhile, the deeper contraction was relatively contained by the positive performance of Trade, Transportation and Construction which recorded growth of 8.02% (yoy), 8.60% (yoy) and 14.93% (yoy) respectively. In contrast to NTB's overall economic growth, non-mining economic growth recorded positive growth. In 2023, NTB Province's GRDP growth outside the Mining was recorded to grow 4.11% (yoy), continuing a positive trend although relatively slowing from the previous quarter of 4.78% (yoy). This condition was supported by the positive performance of Trade and Transportation in line with the momentum of Ramadan, Eid and joint leave. In addition, the improved performance of construction also supported non-mining GRDP.

**Investment**

NTB Province's investment performance as reflected by Gross Fixed Capital Formation (GFCF) in 2023 continued the upward trend from the previous quarter. The PMTB component in the quarter under review was recorded to grow 9.87% (yoy), an increase from the previous quarter which grew 6.21% (yoy). This positive development was mainly supported by the acceleration and increased intensity of several infrastructure projects in NTB Province, including the construction of a copper downstream project of smelter in West Sumbawa for the main building/plant, as well as the continuation of the National Strategic Project, namely the Tiu Suntuk Dam which is targeted for completion in 2023 and the Meninting Dam which is targeted for completion in 2024. The positive growth of investment is also reflected in the Likert Scale (LS) which is still positive at 0.56 and the weighted net balance related to investment conditions which shows an improvement from 14.08% in 2023 to 19.13% in 2023.

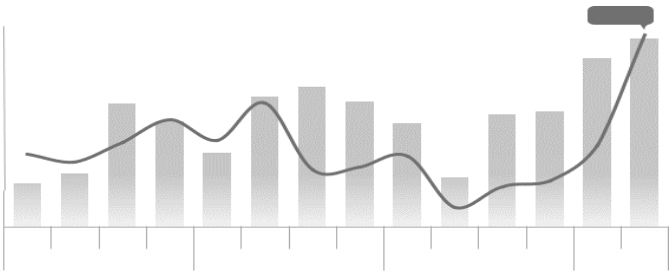

**Figure 1.** Realization of foreign and domestic-investment projects in NTB Province

The increase in investment performance in 2023 is also reflected in the increase in the number of foreign and domestic investment projects in NTB Province. The total realization of Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI) projects in 2023 was respectively 664 projects or valued at USD81,116 and 1,209 projects or valued at USD5.18 Million so that in total it grew significantly 282.24% (yoy), higher than the previous quarter which amounted to 62.91% (yoy). This positive condition is indicated in line with the normalization of economic and tourism activities along with the pandemic conditions that have ended, thus encouraging investors to make new investments and continue investments that were previously delayed.

The positive growth of investment is also in line with investment credit which experienced an improvement in the quarter under review. In 2023, investment lending reached Rp16.22 trillion (contracted by 24.26%; yoy), relatively increased compared to

the previous quarter which amounted to Rp14.98 trillion (contracted by 28.54%; yoy). In particular, investment lending was dominated by the mining and quarrying, electricity, water and gas and trade sectors. Meanwhile, most of the FDI and DDI in 2023 were dominated by the tourism and mining support sectors.

**Government Financial Development**

In 2023, local revenue in the regional budget and state budget of NTB Province is targeted at Rp26.7 trillion, an increase of 7.21% (yoy). Based on the data, the Regency/City regional budget dominates the government revenue budget in NTB Province (Rp16.31 trillion, 60.98% share), followed by the provincial budget (Rp5.96 trillion, 22.31% share), and the State Budget (Rp4.47 trillion, 16.71% share) (Statistics of Nusa Tenggara Barat Province, 2023). The increase in the revenue budget reflects the NTB Provincial Government's optimism that economic activity in 2023 will begin to recover after the pandemic, which also has implications for increasing regional income.

The cumulative development of the combined state budget and regional budget revenue realization in 2023 has decreased from Rp16.93 in 2022 to Rp10.75 trillion in 2023. Until 2023, cumulative revenue was recorded to be realized at 40.23% of the target, lower than the achievement of the same period in 2022 which was recorded at 67.87%. Specifically, the realization was contributed by revenues from 10 (ten) Regencies / Cities and NTB Province amounting to Rp8.59 trillion (38.60% of the target), as well as ministries/institutions, state budget revenues of Rp2.16 trillion (48.32% of the target). As for the achievement of Regional Original Revenue (PAD) for the Province and Regency / City in 2023, it has reached Rp951.88 billion or 46.02% of the overall target for 2023 (Statistics of Nusa Tenggara Barat Province, 2023).

The cumulative expenditure budget ceiling of the regional budget and state budget of NTB Province in 2023 decreased by 0.13% (yoy) from the previous year. In particular, the decline in the regional expenditure ceiling component was mainly caused by the Regency / City regional budget which contracted by -0.36% (yoy). However, the provincial budget and state budget expenditure budgets increased by 0.51% (yoy) and 3.24% (yoy) respectively. In more detail, based on the nominal and share, the total government expenditure budget in NTB Province is dominated by the state budget (Rp25.10 trillion, 52.83% share), followed by the Regency / City regional budget of NTB Province (Rp16.42 trillion, 34.56% share) and the lowest is the NTB provincial budget (Rp5.99 trillion, 12.61% share) (Statistics of Nusa Tenggara Barat Province, 2023).

In 2023, the cumulative expenditure realization was recorded at Rp18.97 trillion or 39.92% of the total budget ceiling. The highest realization occurred in state budget expenditure which reached Rp11.48 trillion (45.74%), followed by Regency / City regional budget expenditure of Rp5.44 trillion (33.13%) and NTB provincial budget expenditure which was recorded at Rp2.05 trillion (34.19%) (Statistics of Nusa Tenggara Barat Province, 2023). Most of the combined regional budget expenditures came from Operating Expenditures along with the distribution of the 13th Salary on Employee Expenditures. On the other hand, the largest source of realization of state budget expenditure comes from Transfers to Regions and Village Funds.

**Inflation**

Inflation in West Nusa Tenggara Province in 2023 amounted to 2.99% (yoy), lower than the previous quarter (5.23%; yoy) and the National (3.52%; yoy) (Pardian et al., 2023; Statistics of Nusa Tenggara Barat Province, 2023) (Table 2). Inflationary pressure in the quarter under review was mainly driven by the Transportation Group, Personal Care and Other Services Group and Food, Beverages and Tobacco Group triggered by increased public demand for transportation and food commodities amid the momentum of the national religious holidays of Ramadan and Eid al-Fitr as well as the joint leave period set by the Government.

**Table 2.** Time Series Data of Research Variables

| Year | Economic Growth | Inflation | Banking Performance | Investment | GRDP | Government Finance |
|---|---|---|---|---|---|---|
| 2023 | 3,55 | 2,99 | 10,60 | 8,57 | 5295957.20 | 39,92 |
| 2022 | 2,95 | 2,20 | 8,21 | 7,50 | 4275857.20 | 45,46 |
| 2021 | 2,42 | 1,89 | 5,20 | 7,42 | 16976690.80 | 87,60 |
| 2020 | 1,41 | 3,03 | 10,64 | 5,04 | 15443353.20 | 35,41 |
| 2019 | 3,14 | 3,38 | 11,06 | 6,58 | 15832657.20 | 67,90 |
| 2018 | 2,12 | 3,09 | 12,89 | 5,64 | 14838756.00 | 71,06 |
| 2017 | 4,09 | 3,47 | 23,64 | 7,21 | 13589825.70 | 71,94 |
| 2016 | 3,47 | 2,93 | 9,04 | 8,97 | 12401728.50 | 57,51 |
| 2015 | 6,14 | 5,42 | 10,82 | 9,25 | 11526332.80 | 68,72 |
| 2014 | 5,19 | 6,75 | 21,13 | 9,70 | 10569705.30 | 68,55 |
| 2013 | 5,29 | 8,13 | 18,62 | 2,70 | 9546134.00 | 72,65 |

## Classical Assumption Test

### *Multicollinearity Test*

The multicollinearity test aims to test whether a research regression model finds a correlation between independent variables. According to Ghozali (2011) testing for multicollinearity is done by paying attention to the amount of tolerance value and the amount of VIF. In analyzing multicollinearity in the regression model, this study uses the Tolerance value and Variance Inflation Factor (VIF) as indicators. When the Tolerance value exceeds 0.10, it can be concluded that there is no sign of multicollinearity in the regression model. Conversely, if the Tolerance value is less than 0.10, it indicates potential multicollinearity. In addition, the assessment is also done by looking at the VIF value, where a value of less than 10.00 indicates the absence of multicollinearity in the regression model, while a VIF value that exceeds 10.00 illustrates the presence of multicollinearity. Therefore, through the interpretation of Tolerance and VIF values, this study aims to evaluate the impact of multicollinearity on the reliability of the regression model being analyzed.

**Table 3.** Multicollinearity Test Results

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Correlations | | | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | *B* | *Std. Error* | *Beta* | | | *Zero-order* | *Partial* | *Part* | *Tolerance* | *VIF* |
| 1 | (Constant) | -.953 | 1.486 | | -.642 | .549 | | | | | |
| | IN | .549 | .170 | .745 | 3.238 | .023 | .779 | .823 | .515 | .478 | 2.090 |
| | KiPer | -.001 | .052 | -.002 | -.010 | .993 | .495 | -.004 | -.002 | .590 | 1.696 |
| | INV | .275 | .120 | .394 | 2.292 | .070 | .271 | .716 | .365 | .857 | 1.167 |
| | GRDP | -.097 | .073 | -.279 | -1.338 | .238 | -.344 | -.514 | -.213 | .582 | 1.719 |
| | KeuPem | .026 | .019 | .282 | 1.367 | .230 | .321 | .522 | .218 | .595 | 1.681 |

Based on the SPSS output in Table 3, it is evident that all variables—Economic Growth, Inflation, Banking Performance, Investment, GRDP, and Government Finance—display a tolerance value greater than 0.100 and a VIF value smaller than 10.00. Therefore, it can be concluded from this test that there are no symptoms or problems related to multicollinearity.

### *Autocorrelation Test*

The autocorrelation test aims to determine whether in a linear regression model there is a correlation between confounding errors in period t and confounding errors in period t-1 (previous). To see whether or not there are symptoms of autocorrelation, you can use the *Durbin Watson* test.

The basis for decision making in the Durbin Watson test is based on the Durbin Watson statistical value (DU). If the DU value is within the range between DU (upper limit) and 4 - DU (lower limit), where D indicates the observed Durbin Watson statistical value, it can be concluded that there are no autocorrelation symptoms. In this context, if the value of DU < D < 4 - DU, this indicates the absence of autocorrelation symptoms because D is greater than DU and also greater than 4 - DU. If the D value is measured at

2.976, and is within the predetermined range, it can be concluded that based on the Durbin Watson test, there are no autocorrelation symptoms or problems in the model being tested (Table 4).

**Table 4.** Autocorrelation and Durbin Watson Test Results

| Model Summary[b] | | | | | |
|---|---|---|---|---|---|
| **Model** | **R** | **R Square** | **Adjusted R Square** | **Std. Error of the Estimate** | **Durbin-Watson** |
| 1 | .934[a] | .873 | .747 | .73141 | 2.976 |
| D | 2.976 | | | | |
| DL | 0,4441 | | | | |
| DU | 2,2833 | | | | |
| 4-DL | 3,5559 | | | | |
| 4-DU | 1,7167 | | | | |

*a. Predictors: (Constant), KeuPem, INV, KiPer, GDP, IN*
*b. Dependent Variable: PE*

***Heteroscedasticity Test***

The heteroscedasticity test aims to test for differences in variance from the residual value in an observation period to another observation period. A good regression model is homoscedasticity or no heteroscedasticity symptoms occur. The method used in this research is by looking at the Scatterplot graph. In the Scatterplot graph method, when there are no symptoms of heteroscedasticity, the data points tend to be scattered both above and below the number 0. Specifically, the points may collect evenly around the value 0, indicating the irregularity of the distribution. In addition, the spread of the dots does not form a consistent pattern, so there is no particular trend such as a buildup only above or below. It is also important to note that the distribution of data points should not form a wavy pattern that widens, narrows, and then widens again, and should not follow a particular pattern. With these characteristics in mind, it can be concluded that no symptoms of heteroscedasticity can be recognized in the data analyzed using the Scatterplot method. Based on Figure 2, it can be concluded that there is no heteroskedasticity problem. Thus, from the three classic assumption tests, it is confirmed that the requirements have been met to proceed with multiple linear regression analysis.

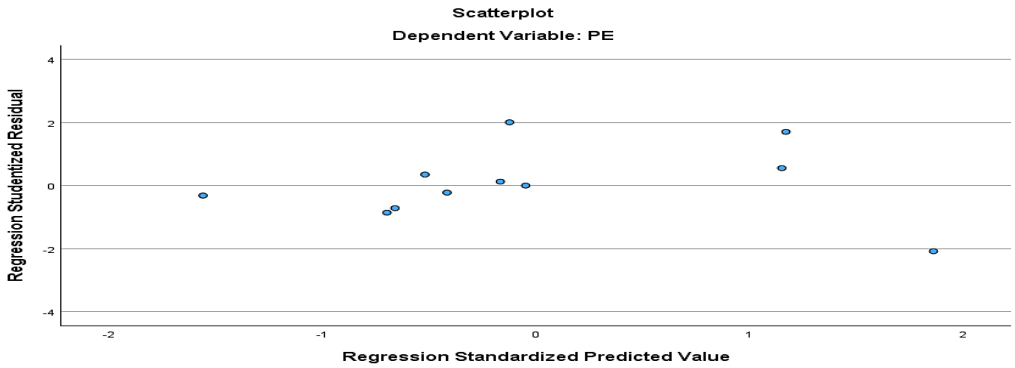


**Figure 2.** Heteroscedasticity Test Results

***Multiple Linear Regression Analysis***

Multiple linear regression analysis aims to find the effect of two or more independent variables / independent variables (X) on the dependent variable / dependent variable (Y). The results of multiple linear regression calculations with the SPSS program in this study are in Table 5.

In the "Coefficients" column, it can be explained about the multiple regression equation in this study. The regression equation formula in this study is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \varepsilon$$
$$Y = 0.953 - 0.549X1 + 0.001X2 + 0.275X3 + 0.097X4 + 0.026X5 + e$$

Based on the results of the regression equation, several conclusions can be explained. First, the constant value (α) of 0.953 with a positive sign indicates that when the variables of Inflation, Banking Performance, Investment, GRDP, and Government Finance are considered constant, the value of Y or Economic Growth is 0.953. Furthermore, the regression coefficient for the Inflation variable (X1) is 0.549 with a positive sign, indicating that a one unit increase in the Inflation rate, assuming other independent variables are constant, will result in a decrease in Economic Growth by 0.549. Similarly, the variables of Banking Performance (X2), Investment (X3), GRDP (X4), and Government Finance (X5) have regression coefficients of 0.001, 0.275, 0.097, and 0.026 respectively, all with positive signs. This indicates that a one unit increase in each of these variables, assuming the other independent variables are constant, will lead to an increase in Economic Growth of 0.001, 0.275, 0.097, and 0.026 respectively.

**Table 5.** Multiple Linear Regression Test Results

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Correlations | | | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | *B* | *Std. Error* | *Beta* | | | *Zero-order* | *Partial* | *Part* | *Tolerance* | *VIF* |
| 1 | (Constant) | .953 | 1.486 | | -.642 | .549 | | | | | |
| | IN | .549 | .170 | .745 | 3.238 | .023 | .779 | .823 | .515 | .478 | 2.090 |
| | KiPer | .001 | .052 | .002 | .010 | .043 | .495 | .004 | .002 | .590 | 1.696 |
| | INV | .275 | .120 | .394 | 2.292 | .040 | .271 | .716 | .365 | .857 | 1.167 |
| | GRDP | .097 | .073 | .279 | 1.338 | .028 | .344 | .514 | .213 | .582 | 1.719 |
| | KeuPem | .026 | .019 | .282 | 1.367 | .030 | .321 | .522 | .218 | .595 | 1.681 |

*a. Dependent Variable: PE*

***Coefficient of Determination (R Square)***

The Coefficient of Determination (*R Square*) aims to measure how much the percentage of the influence of the independent or independent variable on the dependent or bound variable in units of percent in a research regression model. The results of the coefficient of determination test in this study are in Table 6.

**Table 6**. Determination Coefficient Test Results

| Model Summary[b] | | | | | |
|---|---|---|---|---|---|
| **Model** | **R** | **R Square** | **Adjusted R Square** | **Std. Error of the Estimate** | **Durbin-Watson** |
| 1 | .934[a] | .873 | .747 | .73141 | 2.976 |

*a. Predictors: (Constant), KeuPem, INV, KiPer, GRDP, IN*
*b. Dependent Variable: PE*

The results showed that the coefficient of determination / Square is 0.934 or equal to 93.4%. This figure implies that the variables of Inflation, Banking Performance, Investment, GRDP and Government Finance simultaneously (together) affect the variable (Y) by 93.4%. While the rest (100% - 93.4% = 7.6%) is influenced by other variables outside this regression equation or variables not examined.

**Hypothesis Test**

***T test***

The T test basically aims to determine how far the influence of each independent variable on the dependent variable in a study. In conducting a partial T test, decision making can be done by looking at the Sig value. In this study, the significance value used is 5% or 0.05, with the criteria for rejecting or accepting the null hypothesis (Ho) as a reference. If the P value (Sig) is greater than the significance level (0.05), then the null hypothesis is accepted, and it can be concluded that there is no significant effect of the independent variable on Economic Growth. Conversely, if the P value (Sig) is less than or equal to the significance level (≤ 0.05), then the null hypothesis is rejected. This indicates that there is a significant influence of the independent variables on Economic Growth. Using this criterion, this study conducted significance testing to determine the extent to

which the independent variables make a significant contribution to the dependent variable in the context of Economic Growth. The T-test results in this study are in Table 7.

**Table 7.** T Test Results

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Correlations | | | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | *B* | *Std. Error* | *Beta* | | | *Zero-order* | *Partial* | *Part* | *Tolerance* | *VIF* |
| 1 | (Constant) | .953 | 1.486 | | .642 | .549 | | | | | |
| | IN | .549 | .170 | .745 | 3.238 | .023 | .779 | .823 | .515 | .478 | 2.090 |
| | KiPer | .001 | .052 | .002 | .010 | .043 | .495 | .004 | .002 | .590 | 1.696 |
| | INV | .275 | .120 | .394 | 2.292 | .040 | .271 | .716 | .365 | .857 | 1.167 |
| | GRDP | .097 | .073 | .279 | 1.338 | .028 | .344 | .514 | .213 | .582 | 1.719 |
| | KeuPem | .026 | .019 | .282 | 1.367 | .030 | .321 | .522 | .218 | .595 | 1.681 |

*a. Dependent Variable: PE*

Based on the SPSS output table, the effect of the independent variable Inflation (X1) on the dependent variable Economic Growth (Y) is tested. The null hypothesis (Ho) states that the regression coefficient of Inflation (β1) is equal to 0, which means that Inflation has no significant positive effect on Economic Growth. Alternatively, the first hypothesis (H1) states that the regression coefficient of Inflation (β1) is greater than 0, indicating a significant positive effect. From the "Coefficients" table in the SPSS output, the significance value (Sig) for the Inflation variable is recorded at 0.006. By comparing the Sig value with the set significance level (0.05), which is 0.006 <0.05, it can be concluded that H1 is accepted and Ho is rejected. Therefore, it can be concluded that there is a significant influence between Inflation (X1) and Economic Growth (Y) based on the regression analysis results.

Through testing the Banking Performance variable (X2) on Economic Growth (Y), the null hypothesis (Ho) which states that the Banking Performance regression coefficient (β2) is equal to 0, indicates that Banking Performance has no significant positive effect on Economic Growth. Alternatively, the second hypothesis (H2) states that the Banking Performance regression coefficient (β2) is greater than 0, indicating a significant positive effect. The SPSS output analysis shows that the significance value (Sig) for the Banking Performance variable is 0.043. By comparing the Sig value with the specified significance level (0.05), where 0.043 > 0.05, it can be concluded that Ho is rejected and H2 is accepted. Therefore, it can be concluded that there is a significant influence between Banking Performance (X2) and Economic Growth (Y) based on the results of regression analysis.

In testing the effect of the Investment variable (X3) on Economic Growth (Y), the null hypothesis (Ho) states that the Investment regression coefficient (β3) is equal to 0, which means that Investment has no significant positive effect on Economic Growth. Alternatively, the third hypothesis (H3) states that the regression coefficient of Investment (β3) is greater than 0, indicating a significant positive effect. The SPSS output analysis shows that the significance value (Sig) for the Investment variable is 0.043. By comparing the Sig value with the specified significance level (0.05), where 0.043 <0.05, it can be concluded that H3 is accepted and Ho is rejected. Therefore, it can be concluded that there is a significant influence between Investment (X3) and Economic Growth (Y) based on the results of regression analysis.

In testing the effect of the GRDP variable (X4) on Economic Growth (Y), the null hypothesis (Ho) states that the GRDP regression coefficient (β4) is equal to 0, which means that GRDP has no significant positive effect on Economic Growth. Alternatively, the fourth hypothesis (H4) states that the GRDP regression coefficient (β4) is greater than 0, indicating a significant positive effect. The SPSS output analysis shows that the significance value (Sig) for the GRDP variable is 0.043. By comparing the Sig value with the specified significance level (0.05), where 0.043 <0.05, it can be concluded that H4 is accepted and Ho is rejected. Therefore, it can be concluded that there is a significant

influence between GRDP (X4) and Economic Growth (Y) based on the results of regression analysis.

In testing the effect of the Government Finance variable (X5) on Economic Growth (Y), the null hypothesis (Ho) states that the regression coefficient of Government Finance (β5) is equal to 0, which indicates that Government Finance has no significant positive effect on Economic Growth. Alternatively, the fifth hypothesis (H5) states that the regression coefficient of Government Finance (β5) is greater than 0, indicating a significant positive effect. The results of the SPSS output analysis show that the significance value (Sig) for the Government Finance variable is 0.030. By comparing the Sig value with the specified significance level (0.05), where 0.030 <0.05, it can be concluded that H5 is accepted and Ho is rejected. Therefore, it can be concluded that there is a significant influence between Government Finance (X5) and Economic Growth (Y) based on the results of regression analysis.

***F test***

The F test is used to determine the effect of the independent variables on the dependent variable in a study simultaneously or together. In the F test in this study, a significance value of 5% or 0.05 was used, with decision-making criteria based on the P value (Sig). If the P *value is* greater than the significance level (α), which is 0.05, then the null hypothesis (Ho) is accepted. This indicates that there is no significant effect of the independent variables on Economic Growth. Conversely, if the P *value is* less than or equal to the significance level (≤ 0.05), then the null hypothesis is rejected. This means that there is a significant influence of the independent variables on Economic Growth. Using this criterion, this study will test whether the regression model involving the independent variables as a whole makes a significant contribution to the dependent variable, namely Economic Growth. The results of the F test in this study are in Table 8.

**Table 8.** F Test Results

**ANOVA**[a]

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 18.431 | 5 | 3.686 | 6.890 | .027[b] |
| | Residuals | 2.675 | 5 | .535 | | |
| | Total | 21.106 | 10 | | | |

*a. Dependent Variable: PE*

*b. Predictors: (Constant), KeuPem, INV, KiPer, GDP, IN*

Based on the results of the F test with the null hypothesis (Ho) which states that simultaneously the variables Inflation (IN), Banking Performance (KiPer), Investment (INV), GRDP, and Government Finance (KeuPem) have no effect on Economic Growth, as well as the alternative hypothesis (H1) which states that there is a significant effect, it can be concluded from the Significance value (Sig) in the SPSS "Anova" output table of 0.027. Because the Sig value (0.027) is smaller than the specified significance level (0.05), Ho is rejected. Therefore, it can be concluded that simultaneously, the variables of Inflation (IN), Banking Performance (KiPer), Investment (INV), GRDP, and Government Finance (KeuPem) have a significant effect on Economic Growth (Y) in the context of this study.

## CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that the dynamics of economic growth in West Nusa Tenggara (NTB) Province shows a mutually influential relationship between several economic factors, although the effect is not always statistically significant. Variables such as inflation, banking performance, investment, GRDP, and government finance have an influence on economic growth, although the significance level is not always high. Inflation stability in NTB has a significant influence on economic growth, as do other factors such as investment, GRDP, Government Finance, and Banking Performance. Factors that have a direct impact on people's

purchasing power and income, such as inflation and investment, show a significant influence. Investment in the mining sector (mining investment) is proven to have a significant impact on economic growth and per capita income of the people of NTB. However, the economic structure that is still dominated by the agricultural and plantation sectors in NTB does not seem to encourage a significant increase in GRDP.

Based on the conclusions outlined, several suggestions can be made to support increased economic growth in West Nusa Tenggara (NTB) Province. First, a cultural approach is needed to the internal barriers to investment in the NTB region. This effort is expected to overcome obstacles that may arise and encourage an increase in per capita income and purchasing power. Second, changes in the economic structure from agriculture to trade and industry are expected to have a significant impact on economic growth in the region. The development of the industrial sector, especially trade and manufacturing, can be a catalyst for NTB's economic development. Finally, it is important to intensify the development of the tourism industry as a potential to increase regional economic growth in NTB. Thus, economic diversification through the development of these sectors is expected to have a positive impact on long-term economic development in NTB Province.

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