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Analysis The Impact of Net Export, Investment, Labour and Exchange Rate on Economic Growth in Indonesia in The Year of 2000-2020

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Abstract

Economic growth is defined as an indicator measuring whether a country's economy is progressing or not, especially in Indonesia, due to the high and low levels of production factors for goods and services that will affect economic development. This study aims to determine and an2alyze the extent of the influence of Net exports, Investment, Labor, and Exchange Rates on economic growth from 2000 to 2020. The data used in this study are secondary data obtained from the official website of the Indonesian Central Statistics Agency (BPS). , The Central Bank of Indonesia (BI) and the Indonesian Investment Coordinating Board (BKPM). Researchers tested multiple linear regression analysis with the Ordinary Least Square (OLS) method using Eviews 10 as a testing tool to see the effect of independent variables on the dependent variable. Based on the research conducted by the author, the results show that the factors that influenced economic growth in 2000-2020 were investment, labor and the exchange rate, while net exports had no effect because during the 2000-2020 period the development of net exports in Indonesia was still slower due to growing imports from year to year and low product competitiveness due to export commodities that are still based on primary products that do not have added value From these results, it is hoped that the government will be able to support activities that can encourage net exports through infrastructure development and development of primary commodities into products with high selling value, able to create conducive investment climate , safe and regulatory that not complicated for investors in Indonesia, can provide facilities in order to improve the quality of human resources and also be able to fulfill of labor rights, the government must also be able to provide monetary and fiscal policies that can maintain the stability of the rupiah exchange rate in the global market.

Keywords **Economic Growth, Net Export, Investment,Labour, Exchange Rate**

INTRODUCTION

Economic activity can change at any time. These changes can be felt in real-time when the country's economy is experiencing high prosperity or when the country's economy is in decline. Even so, assessing the economic performance by looking at what its people feel is not the best way. A good practice is paying attention to economic activity data, which is known as macroeconomic indicators. Usually, the data that always used to observe and measure the economy of a country, among others; Economic growth rates, national income, inflation, job opportunities, unemployment, the balance of payments, foreign exchange rates, interest rates, and stock market developments (Sukirno, 2000: 27).

According to Dornbusch in the (Nasrullah, 2014). Net exports are one of the factors that affect gross domestic income (GDP). Net exports are total exports minus total imports. Net exports stimulate increased revenue and economic growth if the current account is in a surplus. International trade activities significantly affect a country's economic growth because the world economy is currently intertwined with one another. However, this activity also faces challenges and risks from global financial turmoil, government political decisions, low competitiveness & quality of domestic products, expensive domestic production costs, and government regulations on imported countries regarding environmental, health, and safety issues. The debate regarding the role of exports in economic

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growth is an exciting topic, especially in economic development.

Beside that, According to (Todaro 2004: 65), Investment, be it FDI or DDI by the government or private sector, is a prerequisite for economic activity to increase national income. In Indonesia itself, the investment climate experiences several obstacles, including complicated and excessive regulations and the proposition of a tax regime that is reluctant to provide more space for entrepreneurs. Another factor that affects economic growth is human resources. The increasing population of Indonesia will increase the number of workers, allowing an area to increase production. A more significant number of workers means that it will increase the number of productive work. However, on the other hand, the negative impact of increasing population growth is not matched by employment opportunities, unequal education, and training for workers to doubt the quality of human resources. (Mikhral Rinaldi, Abd. Jamal, 2017)

The next indicator that affects economic growth is the exchange rate. According to (Arifin and Mayasya, 2018) The exchange rate is the number of specific currency units required to buy or obtain different currency types. Therefore, it can create a good business climate that is very profitable for trade and investment. The debate about the exchange rate system has become a hot topic of discussion after the Asian risks of 1997-1998 hit developing countries. Also, There are two prepositions regarding the impact of the movement on the rupiah exchange rate. The first proposition is the depreciation of the exchange rate, which positively affects export demand to make the trade balance a surplus. Comparatively, domestic products will be cheaper than competing countries. In their research, Leigh et al. (2016) estimated that the impact of the exchange rate depreciation of 10% would cause an increase in the trade balance by an average of 1.5%. The second proposition, exchange rate depreciation, has a negative impact on the trade balance. The negative effect is due to the abundance and cheapness of imported products, thus reducing the ability to produce and export products to the global market. These two inconclusive estimation results require empirical and accurate proof, resulting in invalid answers.

In their research (Cahya Hendra Purwanggono, 2015) stating that economic growth is strongly influenced by Net exports, Employment, and investment abroad. Furthermore, reinforced by In the research conducted by(Nasrullah, 2014), It is stated that there are many factors that can determine the high or not the economic growth of a country, including; Net Export, Domestic and foreign investment, Labor Availability, and Exchange Rate

From the description that has been presented, it can see that net exports, investment, labor, and foreign currency exchange rates are indicators in determining the growth of Gross Domestic Product (GDP). This condition can be realized by the role of various supporting elements that influence it. The existence of multiple debates, obstacles, and the results of previous research estimates that are inconclusive is the reason for the authors to look at the problem of economic growth and examine it more deeply, namely regarding: "Analysis of the Impact of Net Export, Investment, Labour and Exchange Rate on Economic Growth in Indonesia 2010-2020".

This research is aimed to investigate the relationship of Net Export, Investment, Labour, and Exchange Rate on Indonesia's Economic Growth in the year of 2000-2020, and giving some suggestion to help Indonesia get higher and better Economic Growth.

Economic Growth

Economic growth is an activity that runs from year to year. Therefore, to find out the level of economic growth of a country must be compared with the annual Gross National Gross (GDP). In comparing it, you must also pay attention that GDP is affected by inflation or price changes that can occur at any time. Therefore, to avoid it, the price benchmark used is constant price. According to (Indonesian Central Statistics Agency, 2020), continuous price GDP can determine the rate of economic growth each year in various sectors. Therefore, to find out the level of economic growth of a country must be compared with the annual Gross National Gross (GDP). In comparing it, you must also pay attention that GDP is affected by inflation or price changes that can occur at any time.

Investment

In economic theory, investment is defined as expenditure used to buy capital goods and production equipment to increase the stock of capital goods in the economy to facilitate the future production process. To achieve the expected economic growth, a country must have savings or invest for long-term use. If economic growth increases, it will also increase productivity, welfare, and even income. Even in the Harrod-Domar theory, stimulating economic growth requires a new investment that includes a net addition to reserves or capital stock. The same thing is conveyed by Adrian Sutawijaya, in (Nasrullah, 2014) that the increase in investment will lead to an increase in new employment opportunities, so this will certainly encourage economic growth.

International Trade

International trade is an activity where there is an exchange of goods or services between economic actors originating from different countries. The economic balance theory states that global trade problems include two actions: Import (M) and Export (X). Export is an activity carried out by removing goods from within the country to abroad with specific standards and criteria. Meanwhile, Import is defined as an activity that causes goods from abroad to enter Indonesia's customs area (Kartikasari, 2017). Furthermore, Net exports are the deduction from the value of exports to the value of imports. Therefore it is necessary to have net exports within a country. Based on the macroeconomic theory, the correlation between exports and economic growth or a reflection of national income is the identity equation because exports are a part of the national income level. A country must produce goods or services by international market standards or criteria. Competitiveness is also an essential factor in export activities. The competitiveness of a country is influenced by human resources, natural resources, socio-culture and technological developments.

Labour

According to (Mulyadi, 2003), Labour is a population with an age range of 15-64 years or the number of people in a country who can produce goods or services when there is demand and the willingness to contribute to these activities. Whereas in Law No. 13 of 2003 concerning the Protection of Manpower, workers are individuals who do work to obtain goods and services either for themselves or for the community. Therefore, labor is often referred to as the driving force of the nation's economy. The use of labor in production activities is related to wages, production costs, and labor demand. The increase in the number of workers will trigger an increase in labor productivity due to changes in the workforce's quality and quantity, which will support the rate of economic growth.

Exchange Rate

The exchange rate is the price/value of another country's currency which is stated using the domestic currency. According to (Yunita and Robiyanto, 2018) exchange rate is the amount of one currency that can be exchanged for a unit of another currency. However, these foreign exchange rates fluctuate due to the influence of the demand and supply of foreign currencies. In addition, according to (Sukirno, 2002) in a floating exchange rate system, depreciation or appreciation of currency values will result in export and import practices in a country. In simple terms, if the exchange rate in a country experiences depreciation or a decrease in the currency value, it means that the value of the other country's currency is higher (price) and will result in increased exports and lower imports. So it can be concluded that foreign exchange rates have something to do with export and import activities, which of course, in the end, this impact will affect the rate of economic growth in a country.

Correlation Between Dependent Variable And Independent Variables

The Effect of Net Export towards Economic Growth

Net exports are necessary to achieve high levels of economic growth because the net export is the export value that the import value has reduced. In this case, exports are a source of foreign exchange for a country. Furthermore, this net export will positively impact a country's economic growth when its value exceeds the value of its imports to increase national income and encourage economic growth directly. To export, a country must produce goods or services by international market standards or criteria. Competitiveness is also an essential factor in export activities. Furthermore, In a study conducted by (Bruckner & Lederman, 2012) that exports have a positive influence on a country's economy. According (Utami, 2019), (Abdelhak Errami, 2019) dan (Teguh Andiarto, 2019), (Fitriani, 2019) state that exports have a positive and significant impact on economic growth. In the research by He was also stating that exports have a positive effect on economic growth. In the research conducted by Therefore, it can be concluded that net exports in a country positively impact economic growth. The trade balance in that country does not experience a deficit, or exports' value is smaller than imports..

H1 : It is assumed that Net exports have a positive effect on growth economy in Indonesia during the period 2000-2020

The Effect of Investment towards Economic Growth

Investment and economic growth have a close relationship. Investment is used as an expense in buying capital goods that can be used in the future. If the investment is positive, then national income will also increase, followed by opening up job opportunities, increasing productivity, even distributing income, the people's welfare, etc. It can be said that economic growth in that country has increased. There are three main factors in a country's economic growth: 1) Capital accumulation, including all forms and types of new investments, physical equipment, capital, or human resources. 2) Population growth, which will increase the number of workers in a country. 3) The development of technology (Todaro, 2000).

According to (Purwanggono, 2015) The correlation between investment and economic growth has a very close relationship because investment is a factor that can drive economic growth in a country. In the research that conduct by (Wulandari and Zuhri, 2019) stated that investment has a positive effect on Indonesia's economic growth. To achieve the expected economic growth, a country must have savings or invest for long-term use. If economic growth increases, it will also increase productivity, welfare, and even income. Even in the Harrod-Domar theory, stimulating economic growth requires a new investment that includes a net addition to reserves or capital stock.

H2 : It is assumed that investment has a positive effect on growth economy in Indonesia during the period 2000-2020.

The Effect of Labour towards Economic Growth

Therefore, labor is often referred to as the driving force of the nation's economy. The use of labor in production activities is related to wages, production costs, and labor demand. The increase in the number of workers will trigger an increase in labor productivity due to changes in the workforce's quality and quantity, which will support the rate of economic growth.

Based on research conducted by (Mikhral Rinaldi, Abd. Jamal, 2017) and (Mutia S, 2016) states that labor variables are a significant and positive impact on economic growth in Indonesia. This is also continuing in the sollow and Swan theory, economic growth is influenced by available labor, capital, and technology. In this theory, the raise of output capital can change if the use of labor is greater, the capital required will be less. On the contrary, if the use of labor is less, the capital raises needed will be more.

H3 :It is assumed that labor has a positive effect on growth economy in Indonesia during the period 2000-2020

The Effect of Exchange Rate towards Economic Growth

One of the factors affecting the trade balance is the exchange rate. However, these foreign exchange rates fluctuate due to the influence of foreign currencies' demand and supply. If the domestic exchange rate depreciates, exports will increase so that the trade balance will be a surplus. However, the foreign exchange rate becomes weak when the payment is a deficit or when the country has a very high demand for foreign exchange than its supply due to the increasing national income of the people and the too great interest in imported products. (Sukirno, 2002).

The results of this study are in line with research conducted by (Winiarni, 2020) stating that the exchange rate has a negative effect on Indonesia's economic growth. (Ginting, 2013) She stated that based on the results of long-term and short-term regression analysis, it turned out that the exchange rate had a negative and significant effect on Indonesian exports. This previous shows that the stronger the exchange rate (appreciation) will cause the decline in Indonesian exports, which will reduce Indonesia's economic growth.

H4 :It is assumed that the exchange rate has a negative effect on economic growth in Indonesia during the period 2000-2020.

Research Model

Based on the theoretical basis described above, This research works with the framework of thinking that Net Export, investment, labor, and Exchange Rate individually or collectively affect economic growth, and will be illustrated clearly through Figure below :

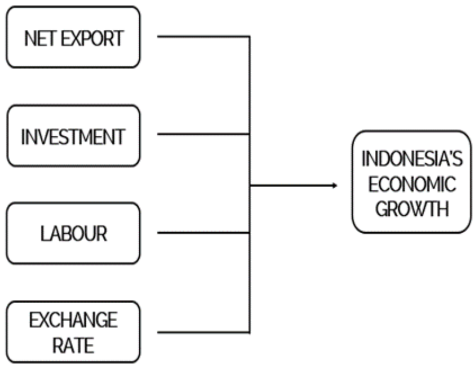

Figure 1. Research Model
Source : Data Processed by Author

METHODS

The analytical method used in this research is analysis descriptive and quantitative. Descriptive analysis is intended to describe in detail the phenomena that occur related to the problems studied. Quantitative analysis is used because this study emphasizes testing theories or hypotheses through measuring the research variables in numbers and analyzing data with static procedures and systematic modeling.

The research location is Indonesia. This study's population is all data on Net Export, Investment, Labour, Exchange Rate and Economic Growth, from the Central Bureau of Statistics Agency, Capital Investment Coordinating Board, and Bank Central of Indonesia. While the sample is the data mentioned above within the 2000-2020 period.

In compiling this thesis, the author uses the literature search method, where research is carried out with library materials to obtain supporting data in scientific writings, research reports, journals, and books related to the topic under study, various national and international journals, and previous research. The data collection technique used was direct recording in time series data for 21 years (2000-2020). All data used in this study are secondary data in the form of annual time series within the 2000-2020 period, which is quantitative, namely data in the form of numbers and data sources obtained from data published by the Indonesian Central Statistics Agency (BPS) through the website. (www.bps.go.id) , Capital Investment Coordinating Board and through the website (www.bkpm.go.id), Bank Central of Indonesia through website (www.bi.go.id) and other supporting data obtained from journals, books and previous research.

To analyze the independent variable's effect on the dependent variable in that period, the econometric theory approaching model is used by regressing the available variables using the Ordinary Least Square (OLS) method. The OLS method is used to find regression line estimates in analyzing the independent variable's effect on the dependent variable by minimizing the number of squares of errors in each observation on the research path.

RESULTS AND DISCUSSION

In this study there is a number of valid data, namely Net Export, Investment, Labor and Exchange Rate Indonesia for 21 years of research.

Classical Assumption Test

The first test carried out by the author is the Classical assumption test, the first is Normality Detection it produces Probability value 0.559081 > 0.05 indicates that the residual is normally distributed. Next is Heteroscedasticity Detection using Glejser Test, indicated p value is Prob. Chi-Square on Obs * R-Squared is 0.3720. So, 0.3720 > 0.05, it can be concluded that the residual regression model is free from heteroscedasticity. Next is Multicollinearity Detection, it can produce the VIF value by each variable that is Export (1.022349), Investment (6.683659), Labor (3.452689), Exchange Rate (5.893818) is smaller than 10. So, It can be concluded that the regression model does not indicate multicolonierity symptoms. The last is Autocorrelation Detection using the Durbin-Watson Value (DW), the calculated DW value of 1.908585 and the calculation using DW-table results in the value dL=0.09272, the value 4–dL=3.0728, the value dU=1.8116 and the value 4–dU=2.1884 . Due to the value of dL(0.09272) < dU(1.8116) < DW-count (1.908585) < 4–dU(2.1884) < 4–dL(3.0728) it can be concluded that there is no autocorrelation in this area.

Multiple Linear Regression Test

Next is to perform multiple linear analyzes using the OLS method, we can draw the equation model for the effect of net exports (X1), investment (X2), labor (X3), and the exchange rate (X4) on Indonesia's economic growth (Y). Based on data obtained from research results and data that has been processed using the Eviews 10 computer program, Futhermore, the following regression results are obtained:

$$Y = \alpha + \beta 1EXP + \beta 2INV + \beta 3LAB - \beta 4RATE + £$$

Table 1. Hypothesis Test Result

No	Test	Hypothesis	T-Statistic	Prob.	*Significant (5%)*	Conclussion
1	F-Test		44.90989	0.000000	0.05	All Variables simultaneously has a significant effect
2	t-Test	H1	-0.993088	0.3354	0.05	Not Accepted
		H2	3.335688	0.0042	0.05	Accepted
		H3	5.414531	0.0001	0.05	Accepted
		H4	-2.234723	0.0400	0.05	Accepted

Source : Data processed using E views 10, 2021

Based on the multiple linear regression equation Y=-87.88247-0.036567EXP+0.709391INV+5.840205LA-1.736803RATE, a constant value of -87.88247 is obtained, a negative value means that if the score for the independent variables, namely Net Export, Investment, Labor and Exchange rate, is considered non-existent or equal to zero , then the score of economic growth will further decline towards -87.88247. This condition arises because economic growth is very vulnerable to the dynamics of the economy in that country. If the economic situation is unstable and frequent shocks, the economic growth will continue to decline. The coefficient value of Net Export -0.036567 with a significance value = 0.3354 indicates that the Net Export variable has a negative and insignificant effect on Indonesia's economic growth. The coefficient value on the investment variable shows the number 0.709391 with a significance value of = 0.0042. Here the investment variable has a positive and significant influence on economic growth. If there is an increase in investment of 1%, it will increase economic growth by 0.709391%. The Labor variable's coefficient value is 5.840205 with a significance value of = 0.0001, which states that the Labor variable has a positive and significant effect on Indonesia's economic growth. In this case, if there is an increase in labor by 1%, it will increase Indonesia's economic growth by 5.840205%. The coefficient value on the Exchange Rate variable is -1.736803 with a significance value of 0.0400. It is stated that the variable exchange rate has a negative and significant effect on Indonesia's economic growth. If the exchange rate increases by 1%, it will reduce economic growth by -1.736803%.

Hypothesis Testing

The hypothesis test aims to determine whether the hypothesis that has been previously proposed in this study is accepted or rejected. In this study, researchers used a hypothesis test consisting of the coefficient of determination test, t-test, and F test.

Based on the F Test (Simultaneous Test) shows that the F-count is 44.90989, with a p-value of 0.000000, If Fcount> Ftable or p-value < level of significance of 0.05, it means that all independent variables jointly affect the independent variable. while the F-table value with the number of observations is 21 samples (n) using a significance level of 0.05 and the number of all variables (k) is 5, then the equation is obtained. the following; df1 = k-1 = 4 and df2 = n-k = 16, so that the F-table value is 3.01. Based on these calculations' results, the F-count is greater than the F-table or 44.90989> 3.0, and it can be seen from the p-value that is smaller than the significance value of 0.05 or 0.000000 <0.05. So, it can be interpreted that all variables, namely X1 (Net Export), X2 (Investment), X3 (Labor), and X4 (Exchange Rate) have on variable Y (Indonesian Economic Growth) have a significant effect on Indonesia's economic growth.

Based on the Partial Hypothesis Test (t Test), The Net Export t-count is -0.993088 < 2.10982 t-table, and obtained a probability value of 0.3354 > 0.05. Furthermore, it can be concluded that Net Export does not have a significant effect on Indonesia's economic growth, So it is stated that hypothesis 1 (H1) is not accepted. The Investment t-count is 3.335688 < 2.10982 t-table, and obtained a probability value of 0.0042 > 0.05. Furthermore, it can be concluded that Investment have a significant effect on Indonesia's economic growth, So it is stated that hypothesis 2 (H2) is accepted. The Labor t-count is 5.414531 < 2.10982 t-table, and obtained a probability value of 0.0001 > 0.05. Furthermore, it can be concluded that Labor has a significant effect on Indonesia's economic growth, So it is stated that hypothesis 3 (H3) is accepted. The Labor t-count is -2.234723 < 2.10982 t-table, and obtained a probability value of 0.0400. > 0.05. Furthermore, it can be concluded that Labor have a significant negative effect on Indonesia's economic growth, So it is stated that hypothesis 4 (H4) is accepted.

Based on the Coefficient of Determination (R-Square / R2) test, show the R-square value is 0.918217. This number indicates that the independent variables, namely: Net Export, Investment, Labor, and Exchange Rate, together can explain the dependent variable of 91.8%. Meanwhile, only about 8.9% were influenced by other factors that do not include in the model.

Discussion

Economic growth can reflect the growth in the production of goods and services in an area at a specific time. Production is then measured in terms of added value occurring in economic sectors, which we usually refer to as gross domestic product (GDP). Economic growth can also be used as an indicator used to measure the level of prosperity in a country. The financial sector plays an essential role in driving economic growth in a country. If there is positive growth, it indicates that there has been an improvement in the economy compared to last year. Conversely, if it shows negative, there has been a decline in the economy compared to previous year. The following can be seen from the development of Indonesia's economic growth.

Indonesia's Economic Growth has fluctuated from 2000-2020. In 2001, there was a decline in the economic growth rate from 4.92% to 3.64%. This decline is due to the slowing down of poverty since the Monetary crisis in 1997 and economic disparities between regions that have not been resolved.

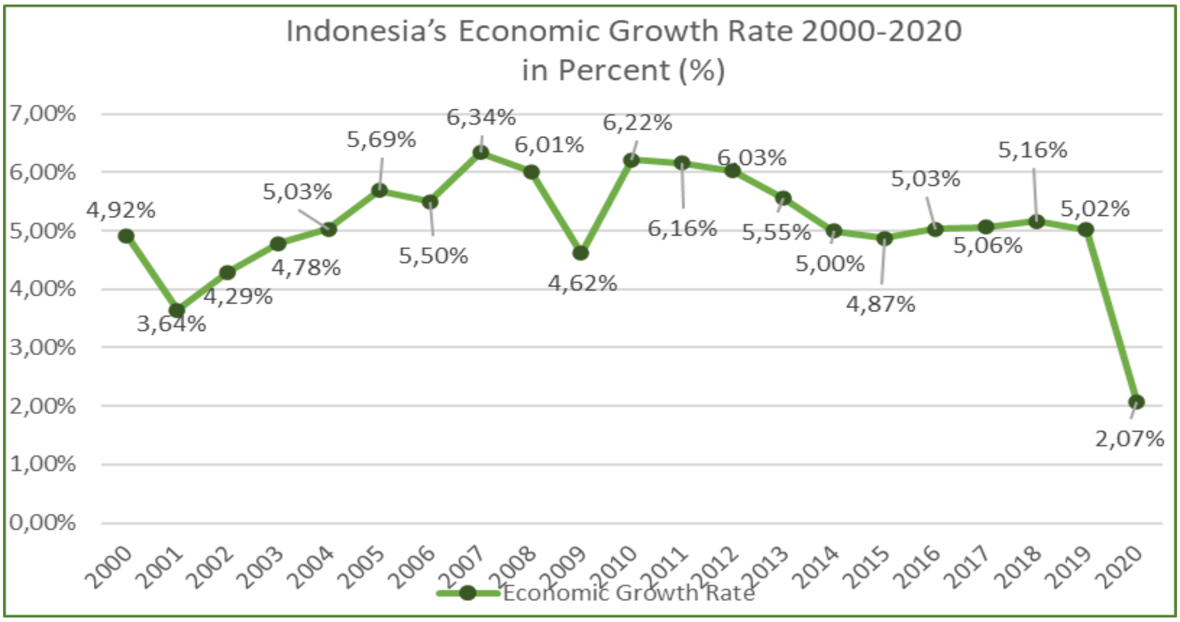

Figure 1. Indonesian Economic Growth Development 2000-2020

Source by : Data processed, Indonesian Central Bureau of Statistics

On the other hand, external impacts such as the terrorist attacks on 51 buildings in the WTC and the United States Pentagon also contributed to lowering Indonesia's GDP because the US economy was paralyzed. In 2002-2006, Indonesia's economic growth grew by an average of 5%, and this growth occurred in all economic sectors. In 2010, the Indonesian economy showed improvement to 6.10% from 4.62% in the previous year. This increase occurred in all sectors, and the largest contributor was the transportation and communication sector. In 2015, Indonesia's economic growth fell to 4.87%. The main cause of the decline in the rate of economic growth was the domestic condition hit by inflation, which caused household consumption to slow down. The weakening purchasing power of the public due to inflation is allegedly a result of Indonesia's unfavorable trade system. The Indonesian Ministry of Trade is not quite right in making policies regarding imports.

From Quarter I- Quarter IV 2020 , Indonesia's economic growth contracted quite severely. In Quarter I, the Indonesian economy only grew 2.97% due to a decline in the number of Indonesian exports, including China and the United States. In Quarter II and Quarter III, Indonesia's economic downturn got worse since the outbreak of COVID-19 around the world, which disrupted all activities of buying and selling, consumption, trade, and other economic activities. It is known that in 2020, annual financial reports show that more funds are being disbursed for the benefit of the pandemic. Quarter IV, Quarter to Quarter contracted 0.42 percent due to Indonesia's trading partner countries which also experienced contraction. Cumulatively, Indonesia's economic growth in 2020 experienced a contraction of -2.07%.

The effect of Net Export on economic growth

The economic paradox theory supports this negative correlation between net exports and economic growth. From the results of the author's calculation, the negative meaning of the Net Export results can be stated that during the 2010-2020 period, the relationship between net exports and economic growth was in line with the export hypothesis as the cause decline in economic growth (export-reducing growth hypothesis). In his research, (Aliman and Purnomo, 2001) States that the Export hypothesis is an engine for a growth economy is only a mechanism in the pessimists' perspective. It only occurs in the short term, especially in developing countries. However, in the long run, exports are not the key to solving development problems in developing countries because of; 1) Exports cause developing countries' economies to be vulnerable to world economic fluctuations. 2) The possibility of protection and synthetic products made by developed countries to replace natural goods or raw materials from developing countries. 3) Dualistic economic structure in the economies of developing countries in general. Research conducted by (Lynn, 2015) states that net exports have no effect on economic growth The same results were also obtained by (Wulandari and Zuhri, 2019) In his research for the period 2007-2017 where net exports did not affect Indonesia's economic growth because the development of net exports in Indonesia was still slower than other aspects, and the value of Indonesia's imports was still high compared to the value of exports so that often the value of net exports from Indonesia is in deficit.

Besides, the condition of Indonesia's export commodities to date still relies on primary products that do not have added value. In addition, the elasticity of primary products exported by Indonesia is still lacking, so when a trade balance deficit occurs, government intervention through exchange rate devaluation will not be effective. Furthermore, net exports do not significantly affect economic growth, marked by the lack of export contributions in influencing economic growth. Export commodities in Indonesia still rely on the upstream industry or primary commodities where productivity does not significantly impact the Indonesian economy, especially in terms of employment. In fact, not infrequently, Indonesia's exportability is still supported by imported capital goods from abroad. This is what the government needs to improve so that exports can contribute significantly and have a more positive impact on Indonesia's economic growth.

The effect of Investment on economic growth

Based on the author's estimation results, investment has a positive and significant effect on economic growth, and this is in accordance with the hypothesis proposed by the author in Chapter II. Furthermore, it is strengthened by the Harrod-Domar theory, which states that investment plays an essential role in the process of economic growth, especially the dual role that investment has, namely; 1) Investment can generate income 2) Investment can increase production capacity through increasing capital stock. The first role is assessed as the impact of demand, while the second role is the impact of the supply of investment. As long as net investment in Indonesia continues to run smoothly, income and output will also increase.

Investment has a positive and significant impact on economic growth. This means that the proportion of domestic investment and foreign investment and the rapid growth of such investment can contribute to better economic development. A large amount of investment in the value of money or the number of projects realized can be used efficiently to increase Indonesia's productivity because investment is an activity to convert potential resources into real economic strength. This positive influence given by Investment to economic growth cannot be separated from the existence of regulations set by the government, which are oriented towards the ease of investing in Indonesia. The enactment of the Investment Law marks this convenience No. 25 of 2007 concerning Investment (hereinafter referred to as the Investment Law) which is pro to investors, by providing easy licensing, the proportion of capital ownership above 75 percent, and permits to use the land for more than 25 years, this policy taken by the government to increase Investment to explore economic potential becomes a real force, using both domestic and foreign capital. The next convenience is the provision of fiscal facilities provided to business actors investing or industries that contribute to developing the quality of human resources. Indonesia's incremental capital-output ratio (ICOR) is currently higher than other countries due to the higher growth of Investment outside infrastructure. Therefore, the government will continue to encourage other Investments through infrastructure configuration.

The results of this study are also in line with research conducted by (Sri, Syahrir and Dahliah, 2019), which states that investment has a positive and significant effect in the Gowa Province. He also stated that investment is important for a region, especially in carrying out economic development, to reduce public consumption of foreign products, which may reduce the level of savings created in the future.

The effect of Labour on economic growth

This is in accordance with Solow's theory, which states that economic growth is also influenced by the labor force's growth, as seen from the population. This is because the population can explain economic growth in the long run in a sustainable manner. This positive effect is because the current workforce placement has been adjusted according to their abilities. In addition, there are multinational companies that employ unskilled workers with minimum wages. So that the company is able to reduce the cost of employee wages for the training process to minimize the cost of producing goods and services.

Population growth and labor force growth are considered to be one of the factors that drive economic growth. A large number of workers will increase productivity, and then large population growth will expand the size of the domestic market. The number of the labor force working is a description of the available employment opportunities in the area. The greater the available employment, it will encourage an increase in production in an area. (Simanjuntak, 2017) found the same results in his research, which analyzed the effect of exports, investment, labor, foreign exchange, imports on economic growth in the 2000-2016 period.

The effect of Exchange Rate on economic growth

Indonesia's economic growth. This shows that a stronger exchange rate will lead to a decline in Indonesia's economic growth. Based on the estimation results, the authors found that the 2000-2020 Exchange Rate period had a negative and significant impact. A negative impact means that the increase in economic growth is driven by a decrease in the rupiah exchange rate. Or it can be said that if the exchange rate has been appreciated, it will reduce Indonesia's economic growth. The exchange rate is closely related to the level of Indonesian exports and imports because the export and import activities traded internationally will result in changes in the rupiah exchange rate against foreign currencies. The weakening of the exchange rate, the currency, actually positively affects Indonesia's current account. If the rupiah weakens, it will encourage higher exports. This is because domestic prices will tend to be cheaper so that export demand will be higher. Vice versa, if the exchange rate. Conversely, if the higher the exchange rate has an impact on the prices of goods, mainly imported goods and raw materials for imported products, for domestic products, which in turn has an effect on rising prices of goods and will reduce economic growth. Similar research results were also found by (Ginting, 2013) Who stated that based on the results of long-term and short-term regression analysis, it turned out that the exchange rate had a negative and significant effect on Indonesian exports. This shows that the stronger the exchange rate (appreciation) will cause the decline in Indonesian exports, which will reduce Indonesia's economic growth.

CONCLUSION

Based on the results of estimates and analyzes related to the effect of net exports, investment, labor and exchange rates on economic growth in 2000-2020, it can be concluded that: The test results show that Net Export has a significant effect on economic growth, Investment and Labor positively and significantly affects economic growth and Exchange Rate has a negative and significant effect on economic growth in the years 2000-2020. Net Export has a insignificant effect on economic growth because development of export in Indonesia was still slower than other aspects which are often still supported by importing raw goods from abroad, Indonesia's export commodities which at that time relied on primary products that did not have added value, many entrepreneurs in Indonesia find it difficult to develop their business due to lack of capital and have difficulty getting raw materials for export, Indonesian product unable to compete in the global market due to a lack of innovation and Indonesian people like foreign products compared to domestic products.

Investment and Labor positively and significantly affects economic growth because in 2000-2020 Indonesia issued regulations to accelerate investment realization and simplify the process of foreign and domestic investment in Indonesia and the fact that investment can encourage economic development in regions. Furthermore, it is known that workers in Indonesia have received work placements following their abilities and also companies in Indonesia have provided Minimum Wages to unskilled workers so that they can reduce employee training costs and production costs without reducing productivity. And lastly, xchange Rate has a negative and significant effect on economic growth because This indicates that the strengthening of the exchange rate will reduce economic growth because the stronger the exchange rate (appreciation) causes the prices of domestic goods to increase so that the price of imported goods and raw materials for imported products is cheaper. At this time, imports will experience an increase, and Export will experience a decline which in turn will reduce Indonesia's economic growth. vice versa.

Limitation

The limitation in this study is that the data in this study is secondary data, so the author is not able to control and monitor the possibility of errors during calculations, the selection of this sample is also limited, namely the author only uses 4 variables, namely Net Export, Investment, Labor and Exchange Rate where there are still many other independent variables that have the possibility to affect economic growth.

Further Research Suggestion

From the limitations described, there is a suggestion from the author for this research, namely that secondary data is usually used as a support for primary data, therefore sometimes we do not only use secondary data as the only source of information to solve our research problems, Hoped that other variables can be added to the economic growth model in Indonesia that has not been included in this study , whether it is macro or micro variables that can affect economic growth so that the results obtained can give a broader picture and to also increase the research sample to be over 20 years.

Implications

This research is a study that discusses phenomena in the realm of macroeconomics where there are many parties. The government, companies and the community must be involved to help push Indonesia's economic growth higher. So from this research, it is hoped that The governments as development authorities are required to implement policies that can increase exports as a source of foreign exchange and income, create a favorable investment climate, and conducive to economic actors. Provide facilities to improve the quality of human resources in Indonesia and maintain the stability of the rupiah exchange rate against the USD. For Companies, must diversify their products, provide support and facilities so that workers can develop themselves from jobs with low productivity to jobs with high productivity. For Society, must support and comply with every regulation taken by the government, love domestic products, promote government products, MSME products or tourism in Indonesia, learn and read a lot to develop insight and knowledge

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