ANALYSIS OF FACTORS AFFECTING ECONOMIC GROWTH IN THE REGENCY/CITY OF BALI PROVINCE 2018-2021

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Abstract. This study to analysis the factors that influence the economic growth in the Regency/City of Bali Province 2018-2021. The dependent variable is economic growth, while the independent variable used is a domestic investment, foreign investment, district/city minimum wage, and labor. This research is a quantitative method, using the panel data regression analysis method. The results of this study simultaneously the variables of domestic investment, foreign investment, district/city minimum wages, and labor effect economic growth. The results of this study partially domestic investment variables and foreign investment have no significant effect on the economic growth of the Regency/City of Bali Province in 2018-2021. While the district/city minimum wage variable has a negative and significant impact on the economic growth of the Regency/City of Bali Province in 2018-2021. The labor variable has a positive and significant impact on the economic growth of the Regency/City of Bali Province in 2018-2021.

Keywords: Economic Growth, Domestic Investment, Foreign Investment, Minimum Wage, Labor

1. Introduction

Economic growth is a measure of the success of economic development. There are several possibilities for economic growth in a country to increase, one of which is due to access to factors of production. Synergies between production components are used in economic activities to produce added value in the form of Gross Domestic Product (Zakiyyah et al., 2023). Economic growth is a description of the process of dynamic aspects of increasing economic development. High economic growth means that people have a high standard of living (Kurniawan & A'yun, 2022). More specifically, economic growth is defined as the development of economic activities involving increased goods or services produced by the community so that people become more prosperous. Economic growth is an economic condition that is highly expected by all countries in the world. In addition, rapid population growth can also affect economic growth, leading to increased demand for food, water, and other resources (A'yun & Khasanah, 2022). The debate on the determinants of economic growth will continue because of the factors that influence it (Kurniawan & A'yun, 2022). The key to successful economic development is the role of human resources in it (Rozali, 2020). Economic growth in 34 provinces and countries of Indonesia is very different in each period of the year. The following is data on 34 provinces in Indonesia:

Tabel 1. 1 Provincial Economic Growth Rate in Indonesia in 2018-2021

Provinsi	[Provincial Economic Growth Rate in Indonesia (Persen)]			
	2018	2019	2020	2021
ACEH	4.61	4.14	-0.37	2.79
SUMATERA UTARA	5.18	5.22	-1.07	2.61
SUMATERA BARAT	5.14	5.01	-1.62	3.29
RIAU	2.35	2.81	-1.13	3.36
JAMBI	4.69	4.35	-0.44	3.66
SUMATERA SELATAN	6.01	5.69	-0.11	3.58
BENGKULU	4.97	4.94	-0.02	3.24
LAMPUNG	5.23	5.26	-1.67	2.79
KEP. BANGKA BELITUNG	4.45	3.32	-2.30	5.05
KEP. RIAU	4.47	4.83	-3.80	3.43
DKI JAKARTA	6.11	5.82	-2.39	3.56
JAWA BARAT	5.65	5.02	-2.52	3.74
JAWA TENGAH	5.30	5.36	-2.65	3.32
DI YOGYAKARTA	6.20	6.59	-2.68	5.53
JAWA TIMUR	5.47	5.53	-2.33	3.57
BANTEN	5.77	5.26	-3.39	4.44
BALI	**6.31**	**5.60**	**-9.33**	**-2.47**

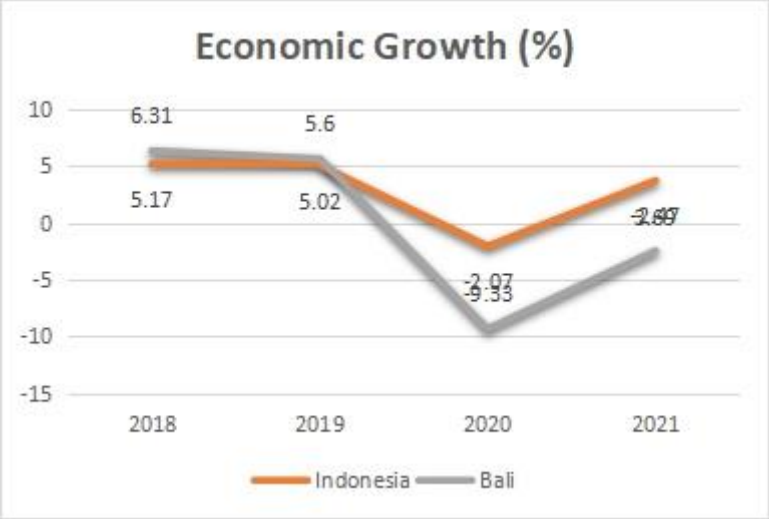
NUSA TENGGARA BARAT	-4.50	3.90	-0.62	2.30
NUSA TENGGARA TIMUR	5.11	5.25	-0.84	2.51
KALIMANTAN BARAT	5.07	5.09	-1.82	4.78
KALIMANTAN TENGAH	5.61	6.12	-1.41	3.40
KALIMANTAN SELATAN	5.08	4.09	-1.82	3.48
KALIMANTAN TIMUR	2.64	4.70	-2.87	2.48
KALIMANTAN UTARA	5.36	6.89	-1.09	3.98
SULAWESI UTARA	6.00	5.65	-0.99	4.16
SULAWESI TENGAH	20.60	8.83	4.86	11.70
SULAWESI SELATAN	7.04	6.91	-0.71	4.65
SULAWESI TENGGARA	6.40	6.50	-0.65	4.10
GORONTALO	6.49	6.40	-0.02	2.41
SULAWESI BARAT	6.26	5.56	-2.40	2.56
MALUKU	5.91	5.41	-0.92	3.04
MALUKU UTARA	7.86	6.25	5.35	16.40
PAPUA BARAT	6.25	2.66	-0.76	-0.51
PAPUA	7.32	-15.74	2.39	15.11
INDONESIA	**5.17**	**5.02**	**-2.07**	**3.69**

Source : Badan Pusat St atistik (BPS)

The Indonesian economy in the 2018 period experienced an economic growth of 5.17% which was higher than the previous year, namely 2017 which was only 5.07%. It is explained in BPS that this growth is due to the development and addition of output from the production sector, namely other service business fields which achieved the highest growth at 8.99%, and on the expenditure side, the high growth was on the Consumption Expenditure component of Household Nonprofit Institutions (PK). -LNPRT) with a figure of 9.08%. Java Island played an important and dominant role in Indonesia's economic structure in 2018 by contributing to GDP of 58.48%, then Sumatra Island with a contribution of 21.58%. and then followed by Kalimantan Island with a contribution of 8.20% (BPS, 2019).

In 2020 Indonesia will experience economic growth with a minus (-) number, this can happen because Indonesia is experiencing the COVID-19 pandemic. The impact of COVID-19 which severely suppressed the Indonesian economy in 2020, economic growth slowed from the second quarter, when the pandemic imposed restrictions on activities and limited people's mobility. As a result of these restrictions, the work of all economic sectors stopped, except for the health sector such as hospitals, etc. The economic crisis caused by COVID-19 has resulted in decreased investment activities, decreased production activities, termination of work rights, delays in private and government construction projects, decreased exports due to weak demand from export destination countries, weakening tourism sector, increasing poverty and unemployment rates, and reduced mobility of the business field or even failure (bankruptcy).

This weakening economy is certainly a common concern for both the government and the community because it will disrupt the performance and stability of the economy as well as financial stability, and the strategies and efforts made by a country to become a developed country will be hampered. The condition of the economic crisis caused by COVID-19 has also resulted in an increase in poverty rates in various countries (BI, 2021).



Graph 1. 1 Economic Growth Rate of Bali & Indonesia Province 2018-2021

Source : Badan Pusat Statistik (BPS)

The graph can explain that from the beginning of 2018 the economic growth of the Bali Province was 6.31% and was above the national economic growth of 5.17. Whereas in the last two years, namely in the 2020 and 2021 periods, Bali's economic growth in that year was below the scale of national economic growth, one of the causes was the COVID-19 pandemic which made the economy in Indonesia much affected in various economic sectors, both in the industrial sector, tourism sector, trade sector, financial sector and other sectors. Efforts are made to increase economic growth, namely the existence of economic development in a country or region. The benchmark for successful economic development in a region is the reduced number of poor people (Wibowo & Khoirudin, 2019).

Bali is a province with an area of 5,780.06 km2 which can be said to be located at 114°25'53" – 115°42'39" East Longitude and 8°3'38" – 8°50'56" South Latitude, in the Province of In Bali, there are waters that form a boundary for the province, namely: the western boundary: the Bali Strait, the eastern boundary: the Lombok Strait, the northern boundary: the Bali Sea, the southern boundary: the Indian Ocean. Bali has eight regencies and one city, namely Jembrana Regency, Tabanan Regency, Gianyar Regency, Badung Regency, Klungkung

Regency, Bangli Regency, Karangasem Regency, Buleleng Regency, and Denpasar City (Baliprov.go.id, 2022)

2. Research Method

A. Research Tipe

This study uses a quantitative approach (using numerical data) which will examine the effect of the independent variable on the dependent variable. The aim is to find out whether domestic investment, foreign investment, district minimum wages, and labor have an effect on Bali's economic growth in 2018-2021. So the quantitative approach is a suitable approach for this research because to test it requires actual and fact-based numerical data.

B. Data Source

This study uses a quantitative approach (using numerical data) which will examine the effect of the independent variable on the dependent variable. The aim is to find out whether domestic investment, foreign investment, district minimum wages, and labor have an effect on Bali's economic growth in 2018-2021. So the quantitative approach is a suitable approach for this research because to test it requires actual and fact-based numerical data. In this study the data used are secondary data types, so this study takes or uses official and valid data. Because the data used is data sourced from the government's official website and its authenticity is trusted, namely data from the Badan Pusat Statistik (BPS) of Bali Province. Where in this study takes data on Domestic Investment, Foreign Investment, Regency Minimum Wage, Labor, and Economic Growth of Bali Province in the period 2018-2021.

C.Research Variable

This research was conducted using one dependent variable (Y) and five independent variables (X). This variable is secondary data taken from a trusted government website, and is a cross section data. These variables include:

Tabel 3. 1 Variabel used

Variable Dependent	
Economic Growth (PE)	(Y)
Variable Independent	
Domestic Investment (PMDN)	(X1)
Foreign Investment (PMA)	(X2)
City Minimum Wage (UMK)	(X3)
Labor (TK)	(X4)

D. Operational Definition

1) Variable Independent

The independent variable (X) is the variable that causes changes in the dependent/bound variable or can be called the influencing variable, the independent variables that I use are: PMDN, PMA, UMK, and Labor.

-Domestic Investment (PMDN) (X1)

Domestic Investment has the meaning of investment activities to conduct business in the territory of the Republic of Indonesia carried out by domestic investors or investors, namely by using domestic capital. In this study, Domestic Investment (PMDN) uses the unit, namely, (Million Rupiah).

- Foreign Investment (PMA) (X2)

Foreign Investment is an activity in investing sources of capital to build a business in a country for example in the territory of the Republic of Indonesia carried out by foreign investors (foreign investors). This foreign investment is caused by limited or insufficient funds from the state government, so that it must seek funds or capital from other countries for development and investment, and can also be called joint venture funds from within the country and abroad/foreigners. And when the foreign capital has entered Indonesia, the unit used is, (Million Rupiah).

- Minimum Wage (UMK) (X3)

Minimum Wage is an acceptance of compensation on a minimum monthly period, as a reward or wage from the entrepreneur/government to employees/employees because for a worker or service that has been done, so that an employee or employee is given a wage/salary in order to appreciate his efforts when work. The wage is in the form of money which is determined on the basis of an agreement or statutory regulation and is paid on the basis of a work agreement between the employer and the employee, including allowances, both for the employee himself and for his family. The Regency Minimum Wage uses units, (Million Rupiah).

- Labor (TK) (X4)

The workforce is a resident or someone who has entered the working age above the age of 15 years, namely those who are already working, or who are just looking for work. Labor itself is an important factor in production and the economy because it is labor that can produce goods and services. If in that country the majority of people work, it will automatically reduce the unemployment rate of the country, so that it can lead to better and developing economic conditions. The workforce in this study uses a unit, namely (Soul).

2) Variable Dependent

Thedependent variable (Y) is a variable that is influenced by the independent variable or also the variable that is caused and becomes a result of the independent variable or also called the dependent variable, the dependent variable that I use is: Economic Growth

-“Economic Growth”

Economic growth is a development of all economic activities which causes the output of goods and services to increase. This economic growth has units, namely percentage (%).

E. Analysis Method

The analytical method used in this study is panel data regression. The panel data method combines time series and cross section data and so that it can get more data to be processed. The panel data test carried out in this study used the help of analytical tool software, namely STATA 16. So in this study the panel data regression model has the following equation (Widarjono, 2013)

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + e_{it}$$

Description:

i : Cross section data units (9 Regencies/Cities Province Bali)

t : Time series data units (Period 2018-2021)

Y_{It} : Variabel dependent (Economic Growth)
β : is a slope of size 1× with the number of independent variables

X_{1it} : Variabel independent (PMDN)

X_{2it} : Variabel independent (PMA)

$X3_{it}$: Variabel independent (UMK)

X_{4it} : Variabel Independent (Tenaga Kerja)
e_{it} : Cross section unit regression error for the time period (t)

F. Panel Data Regression Model

1) Common Effect Model (CEM)
This model approach has an interpretation that the slope and intercept coefficient values are the same or constant values for each individual or each period. This approach all individuals are the same or are homogeneous (Widarjono, 2013).

2) Fixed Effect Model (FEM)
This method describes an estimation or estimation with a linear regression which must be the least squares method. Different intercept values are allowed for each cross-sectional unit, but the slope is assumed to be constant or constant, as well as the regression coefficient (Widarjono, 2013).

3) Random Effect Model (REM)

In the test of this model, it is assumed that the processed panel data can be estimated if there is a disturbance variable that is likely to be related to each other, namely between the time period and the individual (Widarjono, 2013).

Model Specification Test

G. Chow Test

The Chow test approach is used to find out which model is better between pooled least squared and fixed effect (Widarjono, 2013).

- H0 : Coomon Effect Model
- H1 : Fixed Effect Model

H. Hausman Test

It can be said that this test is what determines the regression that will be used at the end of the study. The Hausman test chooses the best estimate between the random effect and fixed effect models (Widarjono, 2013). with the following hypothesis:

- H0 : Random Effect Model
- H1 : Fixed Effect Model

I. Lagrangian Multiplier (LM) Test

knowing the comparison between the results of the Hausman test and the OLS (regression) model, between the Common Effect Model and the Random Effect Model (Widarjono, 2013).

- H0 : Common Effect Model
- H1 : Random Effect Model

"Classic Assumption Test"

J. Normality Test

The normality test is carried out to test the time series data model by looking at the residual value that is normally distributed or not, the condition for the data to be normally distributed is the probability value above 0.05 (Widarjono, 2013).

K. Random Effect Model (REM)

In the test of this model, it is assumed that the processed panel data can be estimated if there is a disturbance variable that is likely to be related to each other, namely between the time period and the individual (Widarjono, 2013).

Model Specification Test

Multicollinearity test was conducted to determine the existence of a linear relationship between the independent variables in the regression model. To detect multicollinearity problems, that is by calculating the value of Variance Inflation Factors (VIF) (Widarjono, 2013).

- If a correlation value is less than <10. then there is no multicollinearity problem in the model.
- If a correlation value is greater than > 10. then there is a multicollinearity problem in the model.

L. Heteroscedasticity Test

Heteroscedasticity test to see if there is an inequality of variance from the residuals in the model, if the heteroscedasticity test has a problem then the data can be said to be invalid.

Statistical methods can be carried out with the Park Test, Glejser Test, White Test, Spearman's Rank Correlation Test, Goldfeld Quandt Test and Breusch-Pagan-Godfrey Test (Widarjono, 2013). The conditions for making this test decision are as follows:

- If a chi-square probability value is less than <0.05. then there is a heteroscedasticity problem.
- If a correlation value is greater than > 0.05. then there is no heteroscedasticity problem.

M. Autocorelation Test

(Widarjono, 2013) assumes that autocorrelation is a relationship (correlation) between observations in time series sequence data or also cross section data.

- If the probability value is > 0.05, then there is no autocorrelation problem.
- If the probability value is < 0.05, then there is an autocorrelation problem.

Parameter Significant Test

N. Simultan (F) Test

Simultaneous test or F test is carried out to determine the effect of all independent variables on the dependence of whether this model can have a significant effect or not on the model (Widarjono, 2013)

O. R-square Test

Thecoefficient of determination or called R-Square (R2) essentially measures how far the model's ability to explain variations in the coefficient of the dependent variable (dependent) (Widarjono, 2013).

P. Apriori Test

The apriori test is a research test conducted to determine the suitability and comparison of the hypotheses that have been made previously, and between the research that has been made and the calculations carried out at the beginning and the results obtained(Hapsa & Khoirudin, 2018).

Q. Parcial (T) Test

Parcial test was conducted to determine the effect of the independent variables that significantly influence individually on the dependent variable in the model (Widarjono, 2013).

3. Result and Discussion

A. Regretion Data Panel

Table 4. 1 Result Model Test

Variable	**Common Effect**	**Fixed Effect**	**Random Effect**
PMDN (X1)	**-1.460000000**	**-8.02000000**	**-1.460000000**
t	-0.31	-1.39	-0.31
P>|t|	0.762	0.178	0.760
PMA (X2)	**1.38000000**	**1.95000000**	**1.38000000**

t	1.50	1.52	1.50
P>|t|	0.143	0.142	0.133
UMK (X3)	**-0.00000275**	**-0.0000333**	**-0.0000275**
t	-7.49	-6.82	-1.82
P>|t|	0.000	0.000	0.000
TK (X4)	**0.0000105**	**-6.18000000**	**0.0000105**
t	1.82	-0.08	-1.82
P>|t|	0.078	0.935	0.068
Cons_	**65.36126**	**84.52449**	**65.36126-**
F (4. 31)	**16.01**	**15.75**	**64.06**
Prob > F	**0.000**	**0.000**	**0.000**
R-square	**0.6733**	**0.5563**	**0.6739**

Source: Processed data, 2022.

Model Specification Test

B. Chow Test

Table 4. 2 Result Uji Chow Test

Uji Chow	
F (8. 23)	Prob > F
0.79	**0.6139**

Source : STATA 16.0 (processed data, 2022)

Based on the results of the Chow test, the results of the Chow test probability are 0.6139, the results are greater than 0.05. then choose the Common Effect model.

C. Hausman Test

Table 4. 3 Result Hausman Test

Uji Hausman	
Chi2(4)	Prob>Chi2
5.39	**0.2496**

Source : STATA 16.0 (Processed data, 2022)

Based on the results of the Hausman test, the results of the Hausman test probability are 0.2496, the results are greater than 0.05. Shows that the Hausman Test chooses the Random Effect Model.

D. Lagrangian Multiplier (LM Test)

Table 4. 4 Result Lagrangian Multiplier Test

Uji LM	
Chibar2(01)	Prob>Chibar2
0.00	**1.000**

Source : STATA 16.0 (Processed data, 2022)

Based on the results of the Lagrangian Multiplier test in the table above, the Chibar2(01) value is 0.00, and the probability value is 1.000, the result is greater than 0.05. So these results show that the Lagrangian Multiplier test accepts H0 and automatically Ha is rejected, therefore the Common Effect Model (CEM) is selected for the estimation model in panel data regression.

E. Estimates Model Regretion Data Panel

Table 4. 5 Result Estimates Common Effect Model (CEM)

Common Effect Model			
PE	**Coef.**	**T**	**P>|t|**
PMDN	-1.46000000	-0.31	0.762
PMA	1.38000000	1.50	0.143
UMK	-0.00000275	-7.49	0.000
TK	0.0000105	1.82	0.078
_Cons	65.36126	7.51	0.000
F (4, 31)	16.01		
Prob > F	0.000		
R-squared	0.6733		

Source : STATA 16.0 (Processed data, 2022)

Based on these estimates, the following panel data regression equations are obtained:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + e_{it}$$

Show That :

$$Y_{it} = 65.361226 + (-1.460000)\ PMDN_{it} + (1.380000)\ PMA_{it} + (-0.00000275)\ UMK_{it} + (0.0000105)\ TK_{it} + e_{it}$$

Explain that :

1) The Common Effect Model has a constant value of 65.361226, meaning that if all variables are constant/fixed, then economic growth will continue to increase by 65.361226 %.

2) The Common Effect Model has a coefficient value of 3 (UMK) of -0.00000275, meaning that when the district/city minimum wage increases by Rp. 1.000.000, it will cause economic growth to decrease by -0.00000275%.

3) The Common Effect Model has a coefficient value of 4 (TK) of 0.0000105, meaning that when the workforce increases by 1,000 people, it will cause economic growth to increase by 0.0000105%.

Classic Assumption Test

F. Multicollinearity Test

Table 4. 6 Result Multicollinearity Test

Uji Multikolineritas		
Variabel	**Vif**	**1/vif**
PMA	2.00	0.499067
UMK	1.56	0.640231
PMDN	1.55	0.645810
TK	1.38	0.724653
Mean VIF	1.62	

Source : STATA 16.0 (Processed data, 2022)

Based on the table explains that in the independent variable there is no multicollinearity problem. because the value of the vif is less than the number 10 (<10).

G. Heteroscedasticity Test

Table 4. 7 Result Heteroscedasticity Test

Uji Heteroskedastisitas	
Breusch-Pagan	
Chi2(1)	0.94
Prob>Chi2	0.3333

Source : STATA 16.0 (Processed data, 2022)

Based on the results of the heteroscedasticity test showing the probability value of Prob>Chi2 of 0.3333, it can be concluded that in the independent variable there is no heteroscedasticity problem.

H. Autocorelation Test

Table 4. 8 Result Autocorelation Test

Uji Autokorelasi	
Wooldridge test	
F (1, 8)	0.232
Prob>F	0.6431

Source : STATA 16.0 (Processed data, 2022)

Based on the results of the autocorrelation test with the Wooldrige Test approach, it shows that the probability value is 0.6431 which is greater than 0.05, it can be concluded that in the model there is no autocorrelation problem.

Parameter Significant Test

I. Simultan (F) Test

~~*Table 4. 9 Result Simultan (F)*~~

~~Uji F~~		
~~**Variabel**~~	~~**F (4. 31)**~~	~~**Probabilitas F**~~
~~PMDN PMA UMK TK~~	~~16.01~~	~~0.0000~~

~~*Sumber : STATA 16.0 (data diolah 2022)*~~

Based on the results of the F test, it can be concluded that the independent variables of domestic investment, foreign investment, district/city minimum wages, and labor together (simultaneously) have an influence on the dependent variable of economic growth in Bali Province in 2018-20121.

J. R-square Test

Table 4. 10 Result R-squared Test

Uji R2			
Variabel	**R-squared**	**Adjusted R-squared**	**Root MSE**
PMDN PMA UMK	0.6739	0.6318	3.6049

TK			

Source : STATA 16.0 (Processed data, 2022)

The R-squared test or the so-called determinant coefficient, based on the thickness of 4.13 shows that the R-squared test results have a value of 0.6739 if expressed in percent, which is 67%. This means that the independent variables of domestic investment, foreign investment, district/city minimum wages, and labor can explain the dependent variable, which is 67%, and the remaining 33% is explained by other variables outside the model.

K. Apriori Test

Table 4. 11 Result Apriori Test

Variabel	Hipotesis	Hasil	Keterangan
Penanaman Modal Dalam Negeri	**(+) (-)**	(-)	Sesuai
Penanaman Modal Asing	**(+) (-)**	(+)	Sesuai
Upah Minimum Kabupaten/Kota	**(+) (-)**	(-)	Sesuai
Tenaga Kerja	**(+) (-)**	(+)	Sesuai

Based on the determination of the two-way hypothesis, in this study the results of the apriori test or the adjustment of the hypothesis have the appropriate results

L. Parcial (T) Test

Table 4. 12 Result Parsial (T)

Uji T				
PE	**Coef.**	**T**	**P>|t|**	**Keterangan**
PMDN	-1.46000000	-0.31	0.762	Non-Significant
PMA	1.38000000	1.50	0.143	Non-Significant
UMK	-0.00000275	-7.49	0.000	Significant
TK	0.0000105	1.82	0.078	Significant
_Cons	65.36126	7.51	0.000	

Source : STATA 16.0 (Processed data, 2022)

Discussion

1) The Effect of Domestic Investment on Economic Growth

Based on table results from the Common Effect Model (CEM) panel data regression, which has a probability value of 0.762 > 0.10, explains that the independent variable of domestic investment has no significant effect on economic growth in Bali Province 2018-20121.

Neo Classical theory based on Solow's analysis has the assumption that "The most important factor in realizing economic development/growth is not in terms of investment (capital increase) and labor, but a very important factor is the development of technology and the skills of the workforce" (Sukirno, 2013).

The results of this study are in line with previous research by (Alsavira, 2021), domestic investment has no significant effect on economic growth. The rise and fall of the number of domestic investment does not affect economic growth due to several factors :

- There is a market failure in an area that is likely to occur.

- Unfavorable investment climate.

- The low level of public services.

- Technology and infrastructure in an area are not yet developed.

- Unproductive business sector (industry).

- The economic crisis due to the COVID-19 pandemic in the 2020-2021 investment climate.

2) The Effect of Foreign Investment on Economic Growth

This study is in line with previous research conducted by (Alsavira, 2021) and research by (Rizki Syaharani, 2011) which found that foreign investment had no significant effect on economic growth. Due :

- Investment decreases due to high interest rates in a country.

- The quality of human resources is not good, because many do not receive higher education and knowledge.

- The economic crisis due to the pandemic.

- frequent natural disasters.

3) The Effect of Regencies/Cities Minimum Wage on Economic Growth

Based on the test of the Common Effect Model (CEM) panel data regression, it has a probability of 0.000 < 0.10 explaining that the independent variable of the district/city minimum wage has a negative and significant effect on the economic growth of Bali Province 2018-20121. The coefficient value of the district/city minimum wage variable is -0.00000275, meaning that when the district/city minimum wage increases by Rp. 1.000.000, it will cause economic growth to decrease by -0.00000275%. The results of this study are in line with research conducted by (Denny Aryanta & Bagus Indrajaya, 2019), negative effect because :

- an increase in the amount of wages given will increase the cost of the company's production process which will result in termination of work rights or reduction of labor.

- wages that are too low can increase the number of poor people.

- wages below the minimum wage because during a pandemic.

4) The Effect of Labor on Economic Growth

Based on the test results from the Common Effect Model (CEM) panel data regression, it has a probability of 0.078 < 0.10 explaining that the independent variable of labor has a positive and significant effect on economic growth in Bali Province 2018-20121. The coefficient value of the labor variable is 0.0000105, meaning that when the workforce increases by 1,000 people, it will cause economic growth to increase by 0.0000105%.

The"results of this study are in line with research conducted by (Muqsyithu Wihda, 2014) and research by (Yuliantari et al., 2016), labor has a positive and significant effect on economic growth. The large number of working people will be able to increase the output of the production of goods and services, so that it can meet the demand in the economy. The addition of labor can increase productivity to be able to produce more goods and services."

4. Conclusion And Recommensdation

1. Domestic Investment (PMDN) partially has no significant effect on the economic growth of Bali Province in 2018-2021, this is shown by the probability value of 0.762 > 0.10. This insignificant effect was caused by the unfavorable investment climate, unproductive business sector (industry), and the impact of COVID-19 which caused the economic crisis.

2. Foreign Investment (PMA) partially has no significant effect on the economic growth of Bali Province in 2018-2021, this is shown by the probability value of 0.143 > 0.10. The insignificant effect was due to the complicated licensing process for investment, the presence of country risk in the domestic market, and the economic crisis due to the pandemic.

3. The Regency/City Minimum Wage (UMK) partially has a negative and significant effect on the economic growth of Bali Province in 2018-2021, this is shown by the probability value of 0.000 < 0.10. The negative relationship is because not all business sectors have been implemented, there are still many business sectors that provide wages according to their daily business income.

4. Labor (TK) partially has a positive and significant effect on the economic growth of Bali Province in 2018-2021, this is shown by the probability value of 0.078 < 0.10. The positive relationship is because labor is a factor of production to be able to produce output of goods and services.

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