

## **CHAPTER V CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Conclusion**

Based on the results of the multiple linear regression analysis conducted to determine the effects of Investment (X1), Net Exports (X2), and Labor Force (X1) on GRDP (Y), the following conclusions can be drawn:

1. Investment, as measured by realized investment, had no effect on the GRDP of East Java Province from 2011 to 2024. This is evident from the calculated t-value of 0.492582, which is lower than the critical t-value of 2.22814, with a p-value of 0.6355 far exceeding the significance level of 0.05. This indicates that changes in investment do not directly affect changes in East Java's GRDP.
2. Net exports, measured as exports minus imports, had no effect on East Java's GRDP from 2011 to 2024. This is evident from the calculated t-value of 0.398475, which is lower than the critical t-value of 2.22814, with a probability value of 0.7007 far exceeding the significance level of 0.05. This indicates that changes in net exports do not directly affect changes in East Java's GRDP.
3. Labor, as measured by the employed labor force, had no effect on East Java's GRDP from 2011 to 2024. This is evident from the calculated t-value of 1.756746, which is lower than table t-value of 2.22814, with a probability value of 0.1170, which is well above the significance level of 0.05. This

indicates that changes in net exports do not directly affect changes in East Java's GRDP.

## 5.2 Recommendations

1. Based on the research findings, the East Java Provincial Government is advised to pay closer attention to the quality of incoming investments rather than merely their quantity by prioritizing investments in sectors that are strongly linked to the local economy and have a direct impact on increasing regional output. In addition, the government needs to promote industrial downstreaming to improve the export structure from raw commodities to high-value-added products, so that the net export deficit that has persisted can be gradually reduced. On the labor market front, efforts to improve the quality and productivity of the workforce through strengthened vocational education, competency-based training, and professional certification aligned with industry needs must continue to be reinforced, given that the primary issue lies not in the number of workers but in their quality and productivity.
2. For future researchers, it is recommended to expand the scope of the study by including other variables that theoretically influence GRDP, such as the inflation rate, local government spending, and the Human Development Index (HDI), in order to develop a more comprehensive model. The use of panel data from 38 regencies/cities in East Java is also recommended as an alternative to aggregate provincial-level *time-series* data, to ensure a sufficient number of degrees of freedom and enable the analysis of interregional disparities. In addition, future researchers may

consider incorporating investment variables with *time lags* to capture the medium-term effects of capital accumulation, treating export and import components as separate independent variables, and using more advanced estimation methods such as *the Autoregressive Distributed Lag* (ARDL) model to capture both short-term and long-term relationships simultaneously.