

**ANALYSIS OF THE INFLUENCE OF REGIONAL SPENDING, FOREIGN
DIRECT INVESTMENT, AND GROSS REGIONAL DOMESTIC
PRODUCT ON THE HUMAN DEVELOPMENT INDEX IN BALI
PROVINCE**

UNDERGRADUATE THESIS



Compiled by:

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22011010099/FEB/EP

**DEVELOPMENT ECONOMICS STUDY PROGRAM
FACULTY OF ECONOMICS AND BUSINESS
VETERANS NATIONAL DEVELOPMENT UNIVERSITY
EAST JAVA**

2026

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FOREWORD

All praise be to Allah SWT who has bestowed His mercy and guidance, so that the author can complete his thesis with the title "ANALYSIS OF THE INFLUENCE OF REGIONAL SPENDING, FOREIGN DIRECT INVESTMENT, AND GROSS REGIONAL DOMESTIC PRODUCT ON THE HUMAN DEVELOPMENT INDEX IN BALI PROVINCE". The preparation and writing of this thesis is certainly inseparable from the help and support from various parties, especially for the supervisor Mr. Riko Setya Wijaya, S.E., M.M. who is also the Coordinator of the Development Economics Study Program of the "Veteran" National Development University of East Java who has helped and directed during this writing process. The success of this thesis has not escaped the involvement of many parties. Therefore, the author would like to express his gratitude to:

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Surabaya, 2 July 2026

Alya Az Zahra

**Analysis of the Influence of Regional Spending, Foreign Direct Investment,
and Gross Regional Domestic Product on The Human Development Index in
Bali Province**

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ABSTRACT

This study aims to analyze the effect of Regional Spending, Foreign Direct Investment (FDI), and Gross Regional Domestic Product (GRDP) on the Human Development Index (HDI) in Bali Province during the 2015–2024 period. The data used are secondary panel data covering 9 regencies/city in Bali Province and were obtained from Statistics Indonesia (*Badan Pusat Statistik*, BPS) and the Directorate General of Fiscal Balance (*Direktorat Jenderal Perimbangan Keuangan*, DJPK). The analytical method used is panel data regression. Model selection was carried out through the Chow test, Hausman test, and Lagrange Multiplier test, followed by the normality test, multicollinearity test, heteroscedasticity test, t-test, F-test, and coefficient of determination test. The model selection results indicate that the Random Effect Model (REM) is the best model. The results show that Regional Spending has a negative and significant effect on HDI, while Foreign Direct Investment and GRDP have a positive and significant effect on HDI. Simultaneously, Regional Spending, Foreign Direct Investment, and GRDP also have a significant effect on HDI. This study shows that human development in Bali Province is influenced by fiscal factors, investment, and regional economic capacity, with investment and regional economic activity showing a positive direction, while Regional Spending indicates that increases in total expenditure are not necessarily reflected in higher HDI within the same period.

Keywords: Regional Spending, Foreign Direct Investment, GRDP, HDI, panel data, Bali Province

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