ANALYSIS OF THE EFFECT OF DOMESTIC INVESTMENT, EXPORTS AND LABOR IN THE AGRICULTURAL SECTOR ON THE ECONOMIC GROWTH IN SOUTH SUMATRA PROVINCE

by Suhel Suhel

Н. ЛАЛЛУБАДА[*]
Університет Шривіджая, м. Палембанг, Індонезія

Б. РОБІАНІ[**]
Університет Шривіджая, м. Палембанг, Індонезія

СУХЕЛ[***]
Університет Шривіджая, м. Палембанг, Індонезія

Аналіз впливу внутрішніх інвестицій, експорту та робочої сили в аграрному секторі на економічне зростання в провінції Південна Суматра

Метою даного дослідження є аналіз впливу змінної внутрішніх інвестицій у сільськогосподарському секторі, кількості працівників у сільськогосподарському секторі та експорту сільськогосподарської продукції на економічне зростання в провінції Південна Суматра. Використані для аналізу дані охоплюють період з 2002 по 2019 рік. Автори використовують метод кількісного аналізу у формі багаторазової лінійної регресії з оцінкою звичайного найменшого квадрата. Результати дослідження свідчать, що змінною, яка мала значний вплив на економічне зростання, є зростання експорту сільськогосподарської продукції (коефіцієнт 0,0128). Це означає, що збільшення експорту сільськогосподарської продукції на 1 відсоток призвело до збільшення економічного зростання провінції Південна Суматра на 0,0128 відсотка. Змінна зростання чисельності робітників у сільськогосподарському секторі також має значний вплив (коефіцієнт впливу 0,0340), тобто збільшення кількості працівників у сільськогосподарському секторі на 1 відсоток збільшує економічне зростання на 0,0340 відсотка. Змінна внутрішніх інвестицій у сільськогосподарському секторі не робить істотного впливу на економічне зростання в провінції Південна Суматра. Таким чином, сільськогосподарський сектор продовжує відігравати важливу роль в економічному зростанні в Індонезії; він поглинає значну кількість робочої сили, а його внесок у регіональний ВВП залишається досить значним. Отже, аграрний сектор сприяє розвитку економіки Південної Суматри, надає робочі місця для місцевого населення та виробляє експортно орієнтовану продукцію. Внутрішні інвестиції в аграрний сектор мають відносно незначний вплив на економічне зростання, головним чином через коливання цін на сільськогосподарські товари, які впливають на очікуваний рівень прибутку.

Ключові слова: *економічне зростання, експорт сільськогосподарської продукції, внутрішні інвестиції в аграрному секторі, праця в аграрному секторі.*

[*] **ЛАЛЛУБАДА Нійанур (LALLUBADA Nijanur)**, студентка факультету економіки, Університет Шривіджая, м. Палембанг, Індонезія.
ORCID 0000-0003-4134-0143

[**] **РОБІАНІ Бернадетта (ROBIANI Bernadette)**, професор, лектор факультету економіки, Університет Шривіджая, м. Палембанг, Індонезія.
ORCID 0000-0002-9098-4319

[***] **СУХЕЛ (SUHEL)**, доктор економічних наук, лектор факультету економіки, Університет Шривіджая, м. Палембанг, Індонезія.
ORCID 0000-0002-0105-5025

N. LALLUBADA
Sriwijaya University, Palembang, Indonesia

B. ROBIANI
Sriwijaya University, Palembang, Indonesia

SUHEL
Sriwijaya University, Palembang, Indonesia

Analysis of the Effect of Domestic Investment, Exports and Labor in the Agricultural Sector on the Economic Growth in South Sumatra Province

This study aims to analyze how the influence of the Domestic Investment variable in the agricultural sector, the number of workers in the agricultural sector and agricultural sector exports on economic growth in South Sumatra Province. The data used are time series data for the period 2002 to 2019. The quantitative analysis technique is in the form of multiple linear regression analysis with Ordinary Least Square (OLS) estimation. The results showed that the variable that had a significant influence was the growth of agricultural exports with a coefficient of 0.012815, which means that a 1 percent increase in agricultural exports resulted in an increase in the economic growth of South Sumatra Province by 0.0128 percent. The growth variable in the number of workers in the agricultural sector also has a significant effect with a prob value of 0.054 and an influence coefficient of 0.034019 where an increase of 1 percent in the number of workers in the agricultural sector increases economic growth by 0.0340 percent. The domestic investment variable in the agricultural sector has no significant effect on economic growth in South Sumatra. The agricultural sector continues to play a role in economic growth because it absorbs a large workforce and its contribution to Gross Regional Domestic Product is still significant. The conclusion of this study shows the reality that the agricultural sector still contributes to the economy of South Sumatra in the absorption of labor and the role of primary exports. Domestic investment in the agricultural sector has a relatively insignificant effect on economic growth, mainly due to fluctuating agricultural commodity prices which affect the expected profit levels and expectations of future economic conditions.

Keywords: *economic growth, agricultural exports, domestic investment in the agricultural sector, employment in agriculture.*

Introduction

The agricultural sector in South Sumatra Province during the period 2002-2019 continued to play a role in the formation of the Gross Regional Domestic Product (GRDP) with an average contribution of 18.97 percent. During the same period, the growth rate of the agricultural sector was 4.36 percent. Indeed, if we look at its role in regional income generation, it indicates a change in the economic structure from the agrarian sector based to the mining and industrial and service sectors.

However, based on the structure of the workforce, it can be seen that the agricultural sector still absorbs a large number of workers. Until 2019, the agricultural sector absorbed 1,822,059 workers or 45.91 percent of the total workforce in South Sumatra Province. This will certainly result in productivity and efficiency in the agricultural sector itself. Therefore, how to increase market demand by promoting export and production capacity as well as added value through investment activities is very important for the creation of labor income in the agricultural sector.

The role of the agricultural sector in the economic growth of South Sumatra Province can be seen from the two main export commodities, namely rubber and palm oil. The stability of economic growth in South Sumatra is greatly influenced by fluctuations in the export of these two commodities. Bank Indonesia (2007) developed a sensitivity model for South Sumatra's economic growth to primary commodity prices. The results of the study show that every 1 percent increase in the price of rubber in the world market will create South Sumatra's economic growth of 0.19 percent. As for palm oil, every 1 percent increase in the export price of palm oil will create an economic growth of 0.025 percent.

Oblìk ì finansi, № 1 (91), 2021
p-ISSN 2307-9878, e-ISSN 2518-1181, www.afj.org.ua
123

Development of the Agricultural Sector in South Sumatra Province, 2002-2019

Years	Economic Growth	Agricultural Sector Growth	Contribution to GRDP	Total Agricultural Workforce
2002	3.67	5.67	19.53	1.239.678
2003	4.08	4.98	19.28	1.593.252
2004	4.63	6.14	19.56	1.690.562
2005	4.84	5.88	19.76	1.747.627
2006	5.20	6.44	19.99	1.677.230
2007	5.84	6.48	20.11	1.836.722
2008	5.10	4.09	19.92	1.902.120
2009	4.11	3.11	19.73	1.825.144
2010	5.63	4.66	19.55	1.845.678
2011	6.36	5.27	19.31	2.029.448
2012	6.83	5.34	19.30	1.991.353
2013	5.31	5.26	19.29	1.894.756
2014	4.79	4.06	19.17	1.984.767
2015	4.42	3.59	18.08	2.023.064
2016	5.04	1.54	18.37	1.936.722
2017	5.51	1.77	15.86	1.902.120
2018	6.04	2.3	17.44	1.844.251
2019	5,71	1.87	17.22	1.822.059

Source: South Sumatra in Figures, Central Bureau of Statistics, processed data.

After the economic crisis, which began in 2002, the agricultural sector in South Sumatra moved dynamically and experienced positive developments. However, it then experienced fluctuations due to the instability of commodity prices on international markets. Furthermore, in the 2015-2019 period, conditions began to improve, especially in terms of exports and growth. The importance of the role of the agricultural sector in various aspects, is not just about fulfilling people's food, but further than that is that the agricultural sector has a strategic role in the creation of domestic income in the form of investment in the agricultural product processing industry and foreign exchange from exports. For decades the agricultural sector in South Sumatra has contributed to regional development. The agricultural sector, such as coffee, pepper, rubber and fishery products, was able to survive and generate income for local farmers during and after the 1997-1998 monetary crisis that hit Indonesia.

Theoretical Basis
1. Theory of economic growth
Adam Smith Theory
Adam Smith divides the stages of economic growth into five sequential stages starting from the hunting period, the livestock period, the agricultural period, the trading period, and the industrial stage. According to this theory, society will move from a traditional society to a modern society that is capable. In the process, economic growth will be further stimulated by the existence of a system of division of labor among economic actors. Smith views workers as one of the economic actors. Smith views workers as one of the production inputs, the division of labor is the central point of discussion in this theory as an effort to increase labor productivity. In economic development, capital plays an important role.

The accumulation of capital will determine the speed of economic growth that occurs in a country. The growth process will occur simultaneously and have a relationship with each other. The emergence of an increase in employment in a sector will increase the attractiveness of capital accumulation, encourage technological progress, increase specialization and expand the market. This will encourage faster economic growth. The process of economic growth as an objective function must ultimately be subject to the constraint function, namely limited economic resources (Kuncoro, 1997 in Akrom, 2020).
Whitman Rostow's Whilt Theory
Economic growth can be divided into five stages, namely: first, traditional society where at this stage people use primitive production methods with hereditary habits. Second, the prerequisite stage took off where there were drastic changes in the form of political revolutions, the creation of various innovations and the emergence of new markets. Fourth. The stage towards maturity where the industry has developed rapidly, the use of technology effectively in all sectors of production, skills of the workforce have increased and social changes have occurred. Fifth, the high consumption stage where everything is oriented to the problem of consumption, not production

2. Labor
Population growth and labor force growth are traditionally considered as one of the positive factors that spur economic growth. A larger number of workers means an increase in the level of production, while a larger population growth means a larger size of the domestic market.
However, it is questionable whether it is true that the rapid population growth rate will actually have a positive or negative impact on economic development. Every

production activity that will be carried out will definitely require labor. Labor does not only mean the labor that is present in the economy. The meaning of labor includes the expertise and skills they have. In terms of expertise and education, workers can be divided into three groups:

1. Manual labor, namely workers who are not educated or have low education and do not have expertise in a certain field of work;

2. Skilled labor, namely workers who have expertise from education or work experience;

3. Educated manpower, namely workers who have high education and are experts in certain fields. According to BPS, the population aged 10 years and over is divided into the Labor Force and not the workforce. The work force is said to be working if they do work with the intention of earning or helping to earn income or profit and the length of working is at least 1 (one) hour continuously during the past week. Meanwhile, residents who do not work but are looking for work are called unemployed. The number of labor force working is a description of the conditions of available employment. The greater the number of available jobs, the more it will increase the total production in an area.

3. Export

The definition of export is the sale of goods abroad using a payment system, quality, quantity and other terms of sale that have been approved by the exporter and importer. The export process in general is the act of removing goods or commodities from within the country to import them into other countries.

4. Domestic Investment

Domestic Investment (PMDN) is a form of effort to increase capital for development through domestic investors. Domestic capital can be obtained either from the private sector or from the government. The policy on PMDN plans was stipulated by the government through Law No. 6 of 1968, then refined by the enactment of Law no. 12 of 1970. The PMDN plan approved by the government is the value of new investment, expansion, and status transfer, which consists of own capital and loan capital. The cumulative number of PMDN plans is the sum of all PMDN plans.

The general description of developing countries is characterized by dependence on agricultural production and primary export products. The level of dependence and vulnerability in international trade relations also affects agricultural production in developing countries (Todaro & Smith, 2005). One of the important determinants of developing countries' comparative advantage in international trade in agricultural products is the endowment factor in the form of land, soil fertility, number of workers, and natural resource wealth. However, because of the technological advantages that are not owned, the benefits of international trade are not widely enjoyed by exporting countries. For example, Bangladesh is the largest exporter of jute, but not much added value is enjoyed due to technological limitations (Ray, 1998).

Economists have different views in seeing foreign trade and investment for the economic development of developing countries. Foreign trade is said to have benefits for developing countries with small domestic markets, namely exporting cheap commodities at lower costs so as to gain profits and increase national income and economic growth. International trade thus widens markets and stimulates investment. Furthermore, foreign trade helps shift subsistence agriculture to the financial sector as markets for agricultural products increase. On the other hand, the specialization of developing countries in the export of raw materials for industrialized countries does not benefit developing countries. Rich countries gain from the export of manufactured goods in the form of higher wages and profits, while the profits from the production of raw materials in developing countries have been swallowed up by slumping commodity prices (Jhingan, 2000).

Literature Review

Etahasio (2019), examines the impact of agriculture, especially coffee, vanilla and clove exports on the economic growth of Madagascar using secondary time series data from 1990-2017. This study uses a cointegration model approach and Johansen vector error correction to estimate the long-term and short-term impacts. The results show that agricultural exports have mixed impacts in the short term on economic growth in Madagascar. Coffee and vanilla exports have a positive effect on economic growth in the long and short term. Even though clove exports also have a long-term positive impact on economic growth, in the short term it has a negative impact. These results will help policy makers and investors in Madagascar make decisions as they show that increasing agricultural exports can increase GDP.

Matandare (2017), this defeat discusses the relationship between agricultural exports and economic growth in Zimbabwe. This study uses time series data from 1980 to 2016. The theoretical model is determined in the spirit of Mankiw, Romer, & Weil (1992). The Ordinary Least Square (OLS) methodology is adopted. The empirical findings in the study reveal that agricultural exports, labor, the exchange rate and the inflation rate have a statistically significant effect on economic progress in Zimbabwe. The paper recommends that the government should direct efforts to increase agricultural exports in the process of domestic economic growth. The government increases the agricultural sector by providing incentives to producers in the form of subsidies. To be able to compete in foreign markets, local farmers must focus on producing food products and improving product quality. Furthermore, the government must revive the agro-based industry to increase backward and forward linkages.

Conceptual Framework

Based on the research background, problem formulation and theoretical basis, the following hypothesis is used (Figure 1).

Oblìk ì finansi, № 1 (91), 2021
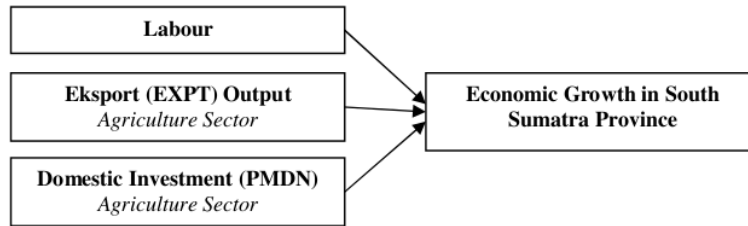p-ISSN 2307-9878, e-ISSN 2518-1181, www.afj.org.ua
125

Figure 1. **Research hypothesis**

This study look at the relationship between Domestic Investment (PMDN), Exports, and Labor in the agricultural sector which can affect the Economic Growth variable of South Sumatra Province in Indonesia.

Model & Method Analysis

Based on the available data, the time period in this study is 2002-2019. The objects observed were the economic growth of South Sumatra Province, the growth of the agricultural sector workforce in South Sumatra, the growth of agricultural sector exports in South Sumatra, and the growth of domestic investment in the agricultural sector in South Sumatra.

The operational variables in this study are:

Economic Growth is the Change in the Gross Regional Domestic Product (PDRB) of South Sumatra Province. Based on data from the Central Statistics Agency the Economic growth is calculated:

Economic Growth = (PDRB_t-PDRB_ (t-1)) / PDRB_ (t-1) x 100   (1)

Domestic investment growth is the change in the level of domestic investment in the agricultural sector. This indicator was calculated on the basis of data from the Investment Coordinating Board (BKPM) of South Sumatra Province.

Export growth is the change in the export value of agricultural products. This indicator was calculated on the basis of data from the Central Statistics Agency.

Labor growth is the change in the number of workers in the agricultural sector. This indicator was calculated on the basis of data from the Central Statistics Agency.

Methods of data analysis using multiple linear regression with ordinary least square estimation and testing classical assumptions. The regression equation is as follows:

Multiple Regression Analysis

To estimate / predict the value of the Economic Growth variable we took into account the variables that influence on it. Thus we have a relationship between one dependent variable G and several other independent variables.

With the equation model as follows:

Growht = α + β1 LABOR + β2 EXPT + β3 PMDN   (2)

Where: Growth = Economic Growth (%), β_ (0 =) Intercept Parameters, LABOR = Labor Growth (%), EXPT = Export Growth (%), PMDN = PMDN Growth (%)

Result & Discussion
Data Testing Results

Table 2

Economic Growth (GROWTH), Labor Growth (LABOR), Export Growth (EXPT) and Domestic Model Planting (PMDN) in the South Sumatra Province, 2002-2019

Year	GROWTH	LABOR	EXPT	PMDN
2002	3.67	12.66819243	17.2853	111.7474
2003	4.08	28.52143863	18.48508	-19.0775
2004	4.63	6.107633946	38.53955	303.1048
2005	4.84	3.375504714	-5.16875	51.21488
2006	5.2	-4.028147883	23.59012	33.19776
2007	5.84	9.509250371	18.8615	-17.5152
2008	5.1	3.560582385	-15.9318	24.77043
2009	4.11	-4.046852985	6.342139	-62.4194
2010	5.63	1.125061913	-16.7175	-71.2377
2011	6.36	9.956774692	-22.6612	752.059
2012	6.83	-1.877111412	-37.8972	-60.9534
2013	5.31	-4.850822531	4.78002	40.25147
2014	4.79	4.750532522	-13.4304	-51.5018
2015	4.42	1.92954639	-4.99467	489.1309
2016	5.04	-4.267882776	70.69219	13.50633
2017	5.51	-1.786627095	30.24816	261.4884
2018	6.04	-3.042342229	-49.3892	-22.6802
2019	5.71	-1.203306925	-24.5187	59.83284

Source: Processed Data, 2020.

Model Estimation Results

Regression results influence of PMDN in the agricultural sector, exports of agricultural commodities and agricultural labor on economic growth in South Sumatra.

Table 3

Economic Growth Regression

Dependent Variable: GROWTH
Method: Least Squares
Date: 12/26/20   Time: 21:48
Sample: 2002-2019
Included observations: 18
Huber-White-Hinkley (HC1) heteroskedasticity consistent standard errors and covariance

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.253128	0.195610	26.85510	0.0000
LABOR	0.034019	0.016185	2.101951	0.0541
EXPT	0.012815	0.005173	2.477369	0.0266
PMDN	0.000524	0.001005	0.521288	0.6103

R-squared	0.353644	Mean dependent var	5.172778
Adjusted R-squared	0.215139	S.D. dependent var	0.829867
S.E. of regression	0.735199	Akaike info criterion	2.415780
Sum squared resid	7.567256	Schwarz criterion	2.613641
Log likelihood	-17.74202	Hannan-Quinn criter.	2.443063
F-statistic	2.553293	Durbin-Watson stat	1.632551
Prob(F-statistic)	0.097306	Wald F-statistic	3.388431
Prob(Wald F-statistic)	0.048237		

Based on the South Sumatra economic growth model, a constant value of 5.253 shows that if the independent variables of Labor, Export and PMDN are zero, the economic growth of South Sumatra is 5.235 percent. It is also in line with the R-squared value of 0.353, namely the influence of the variables of LABOR, EXPT and PMDN in the agricultural sector, which can explain the economic growth variable of 35.36 percent, the rest is influenced by other variables.

The agricultural labor variable has a positive relationship and has a significant effect on α 0.1 of 0.054<0.1. This means that an increase of 1 percent of labor working in the agricultural sector will increase economic growth by 0.03 percent.

Then the Export variable has a positive relationship and has a significant effect on α 0.05 of 0.026<0.05. This means that an increase in the export value of agricultural commodities by 1 percent will increase economic growth by 0.012 percent.

Likewise, the PMDN variable has a positive relationship and has no significant effect on economic growth in South Sumatra. The role of PMDN on economic growth in South Sumatra is not significant, which is reflected in the coefficient of influence which is only 0.0052. This means that every 1 percent added value of PMDN will only increase economic growth by 0.0052 percent.

The independent variables of LABOR, EXPT and PMDN together have an influence on economic growth in South Sumatra. The results of the F test are 0.048<0.05, which means that all variables have a significant effect on the dynamics of economic growth in South Sumatra.

Based on the results of regression l, the discussion for the effect of each independent variable on the dependent variable can be explained as follows:

Table 4

The relationship between the independent variable and the dependent variable

Variable	The relationship variable found	Significant
PMDN	Positive	Not Significant
EXPT	Positive	Significant
LABOR	Positive	Significant

Sumber: Processed Data, 2020.

Discussion

The Indonesian economy developmental fluctuations were observed from 2002 to 2019. The decline in the Indonesian economy has occurred several times due to the crisis. The Indonesian economy in 2002 grew by 3.67 percent after the recovery after the economic crisis that occurred in 1998. After a period of recovery, the Indonesian economy continued to increase in the following years. In 2007 economic growth increased rapidly by 5.84 percent, however the Indonesian economy declined again in 2008 to 5.1 percent due to the global crisis which resulted in a decrease in demand for export commodities and reached its lowest point in 2009 with a slowing economic growth of 4.11 percent. The economy of South Sumatra Province was also affected by this global crisis, because one of the main export commodities that is relied on is the agricultural sector. This has resulted in a decrease in the contribution of the agricultural sector to the economic growth of South Sumatra Province. In 2010 to 2012, the Indonesian economy revived and increased significantly, reaching 6.83 percent. This value is the highest point of economic growth in Indonesia during the last decade. In 2013 the Indonesian economy continued to weaken until 2015, but again strengthened the following year. Even in 2020, Indonesia's economy will also be shaken again, this is due to a global problem, namely the Covid-19 pandemic. Most of the sectors experienced contraction, including the leading sectors.

The growth of domestic investment (PMDN) in the agricultural sector has fluctuated, with the largest number of domestic investment in 2011 amounting to 111.75 percent due to an increase in the realization value of domestic investment investors in the agricultural sector. This is because there is an additional number of investors in domestic investment in the agricultural sector, so that there have been many business developments in the agricultural sector, for example efforts to add swamps for agriculture and expansion of land for rice commodities and several other commodities.

And in 2015 it experienced a development that continued to increase in 2015 by 489.13 percent then the percentage of GDP growth became less than 22.68 percent and moved up in 2019 to 59.83 percent. This is due to the expansion of land and the addition of companies in oil palm and rice as well as additional businesses in fisheries and shrimp ponds.

Export growth from 2002 of 17.28 percent to 2005 continued to fluctuate to less than minus 5.16 percent. Then in 2013 it became 4.7 percent. The export value of the agricultural sector in 2013 increased compared to 2012. This increase was mainly due to the increase in exports of fresh / frozen shrimp and fruit commodities, which respectively continued to increase and contributed to the agricultural sector.

Export growth from 2002 to 2010 has decreased considerably. This decline was mainly due to lower demand for the annual fruit commodity export, namely coconut. Then from 2010 to 2014 also experienced a decline, this was due to the decline in the price of rubber and palm oil, as well as the continued decline in demand for rubber and palm oil exports in the global market. There was an increase in export growth in 2016 so that it helped the economic growth of South Sumatra, then from 2017 to 2018 there was a ban on palm oil exports to the European Union, this ban is certainly one of the factors causing the decline in agricultural export growth.

The transformation of the economic sector from the agricultural sector to the industrial and service sectors is a consequence of the process of economic development. Changes in the economic structure were also followed by a shift in the share of the workforce in the agricultural sector. Based on the experience of developed countries, the shift in the structure of the workforce is taking place rapidly in line with the changing role of the agricultural sector in GDP. However, in developing countries, the shift in the share of the workforce has been relatively slow.

Based on Table 4.3, the agricultural workforce in South Sumatra shows a tendency of decreasing from time to time. However, the role of the agricultural sector in absorbing labor is still relatively large. This shows that the transformation of the economic structure is not followed by a transformation of the labor structure. The source of economic growth clearly relies on a large population and labor force. The downward trend in the rate of labor growth in the agricultural sector can also be understood that in the traditional agricultural sector, it is beginning to experience conditions of The Law of Deminishing Return. That is, when the production curve has reached a certain point (maximum), if companies in the traditional agricultural sector continue to increase their workforce, the company's output will decrease due to the addition of the input.

Conclusions

Investment in the agricultural sector in the form of PMDN increases the economic growth of South Sumatra, but not significantly. This is because the development of new investment in the agricultural sector does not automatically create economic output as well as a result of fluctuations in commodity prices. This reality shows that the agricultural sector is a sector that has a comparative advantage for the South Sumatra economy in international trade. Sources of economic growth in South Sumatra which is caused by the type of natural wealth in the agricultural sector attracts investment in the agricultural sector, which is in demand in the international market.

The growth of agricultural commodity exports in South Sumatra is positively related and has a significant effect on economic growth in South Sumatra. Historically, the South Sumatra region has been known as a major producing area for agricultural commodities which are exported to industrialized countries. Therefore, the demand for agricultural commodities from South Sumatra is relatively still growing so that the export value has increased from time to time. Theoretically, exports also play a very important role in the creation of national income or in other words, economic growth.

The growth of labor in the agricultural sector is positively related and has a significant effect on

economic growth in South Sumatra. The size of the workforce working in the agricultural sector, which reaches 55 percent, is also a factor that causes labor to affect economic growth. This shows that in addition to depending on the capital factor (PMDN), economic output growth also depends on the number of workers.

Suggestions

The agricultural sector should continue to be carried out more effectively in order to attract investment. Therefore, the role of the government and the private sector in building investment synergy is important. Diversification of export destination countries and improving the quality of goods is important so that South Sumatra agricultural commodity export products are able to compete in the international market. The quality of the workforce in the agricultural sector should continue to be improved by developing technology and the attention of the government and agricultural sector workers to be developed into economic actors through various programs and partnerships.

References

- Dumairy. (1996). The Indonesian Economy. Jakarta: Erlangga
- Etahisoa. (2019). Export of agricultural products and economic growth in Madagascar. *Journal of Research in Business, Economics and Management*, 13(3), 2474-2479. Retrieved from http://www.scitecresearch.com/ journals/index.php/jrbem/article/view/1781
- Jhingan. (2000). Ekonomi Pembangunan dan Perencana, Penerjemah Guritno, Penerbit PT RajaGrafindo Persada Jakarta.
- Matandare, M. A. (2017). Agriculture Exports and Economic Growth in Zimbabwe. *International Journal of Social Science and Economic Research*, 2(12), 5503-5513.
- Todaro, M. P., Smith, S. C. (2005). *Economic Development*. London: London Ecin STS.
- Winarno, W. W. (2015). Econometric and Statistical Analysis using EViews. Jakarta: Gramedia Pustaka Utama.

ANALYSIS OF THE EFFECT OF DOMESTIC INVESTMENT, EXPORTS AND LABOR IN THE AGRICULTURAL SECTOR ON THE ECONOMIC GROWTH IN SOUTH SUMATRA PROVINCE