# DETERMINANTS ANALYSIS OF ECONOMIC GROWTH IN PAPUA PROVINCE

## ANALISIS DETERMINASI PERTUMBUHAN EKONOMI DI PROVINSI PAPUA

#### **UNDERGRADUATE THESIS**



By:

Nana Dwi Ayuningsih

20190430071

ECONOMICS STUDY PROGRAM FACULTY OF ECONOMICS AND BUSINESS UNIVERSITAS MUHAMMADIYAH YOGYAKARTA 2023

## DETERMINANTS ANALYSIS OF ECONOMIC GROWTH IN PAPUA PROVINCE

## ANALISIS DETERMINASI PERTUMBUHAN EKONOMI DI PROVINSI PAPUA

#### **UNDERGRADUATE THESIS**

Submitted to the Faculty of Economics and Business Universitas Muhammadiyah Yogyakarta to fulfill some of the requirements for obtaining a Bachelor of Economics degree.



By:

Nana Dwi Ayuningsih 20190430071

ECONOMICS STUDY PROGRAM FACULTY OF ECONOMICS AND BUSINESS UNIVERSITAS MUHAMMADIYAH YOGYAKARTA 2023

#### **DECLARATION**

Name : Nana Dwi Ayuningsih

Student Number : 20190430071

ANALYSIS OF ECONOMIC GROWTH IN PAPUA PROVINCE" does not include any material or work that has already been submitted to a university for a bachelor's degree. Except for those that are correctly cited in the text and indicated in the bibliography, there are no other works or viewpoints that have been written or published by others that I am aware of. I agree to incur any necessary academic penalties if this article is later proven to include any infringements on intellectual property.

Yogyakarta, September 25th, 2023

Nana Dwi Ayuningsih

#### **MOTTO**

"Be more grateful, complain less. Open your eyes, open your ears, expand your heart. Realize you are now, not yesterday or tomorrow, enjoy every moment in life, have an adventure."

(Ayu Estiningtyas)

"Goodness is found in five things: contentment, refraining from harm, seeking lawful things, piety, and faith in Allah."

(Imam Syafi'i)

"Allah does not burden a person except according to his ability."

(Q.S. Al-Baqarah: 286)

#### **ACKNOWLEDGEMENT**

### بِسْمِ اللهِ الرَّحْمٰنِ الرَّحِيْمِ

Praise and gratitude endlessly the author thanks to Allah SWT who has bestowed His Grace and Gifts because it is with His permission that researchers can complete the thesis with the title "DETERMINANTS ANALYSIS OF ECONOMIC GROWTH IN PAPUA PROVINCE". The preparation of this thesis is intended to fulfil one of the requirements to obtain a Bachelor of Economics degree in the Accounting Study Program, Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta.

The author of this thesis has come to the realization that it is far from flawless and still has many flaws. This is because the author has constraints in terms of his or her skills, knowledge, and experience. Therefore, in order to improve the preparation of future works, the author requests constructive feedback and ideas.

The process of writing this thesis experienced many obstacles, but thanks to the help, guidance, cooperation from various parties both morally and materially, especially to Prof. Dr. Lilies Setiartiti, S.E., M.Si. and Dr. Dimas Bagus Wiranatakusuma as a Supervisor, who patiently, and sincerely took the time, energy and thought and provided guidance, motivation, direction, and valuable suggestions to the author during the preparation of this thesis.

On this occasion the author would like to express his deepest gratitude to all those who have helped the author in completing this thesis, including to:

- Prof. Dr. Ir. Gunawan Budiayanto, M.P., IPM., as Rector of Universitas Muhammadiyah Yogyakarta.
- Prof. Rizal Yaya, S.E., M.Sc., Ph.d., Ak., CA., CRP., as Dean of the Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta.
- 3. Prof. Dr. Endah Saptutyningsih, S.E., M.Si., as Head of Economics Study Program, Universitas Muhammadiyah Yogyakarta.
- 4. Prof. Dr. Lilies Setiarti, S.E., M.Si. and Dr. Dimas Bagus Wiranatakusuma, S.E., M.Ec. as the supervisor who has provided guidance to the author and thank you for the help that has been given during the study period
- 5. Both parents, Mr Mujiono and Mrs Siti Khoiriah, who constantly provide prayers and support as well as sincere affection so that the author can complete this thesis.
- My sister Nina Tri Ayuningsih who has accompanied the author in making this thesis.
- 7. My brother (Ikbal) and sister-in-law (Hajidah) who have encouraged the author in making this thesis.
- 8. All lecturers of Universitas Muhammadiyah Yogyakarta, especially the Faculty of Economics and Business, Economics Study Program, who have provided invaluable knowledge, input, thoughts and energy during the learning process which can add insight to the author.

IPIEF classmates Class of 2019 The author would like to thank you for your support.

10. Best friends Kia, Murini, Vira, Tania who never get bored to always be together and always provide encouragement and assistance in preparing this thesis.

11. Thank you also Krisna Adefa Tristanta who is always together and always provides support and assistance in compiling this thesis.

12. Papuan friends at the University of Muhammadiyah Yogyakarta.

13. All parties who have helped the author who cannot be mentioned one by one, thank you for your prayers and support which are very valuable to the author.

May Allah SWT give multiple rewards to all those who have helped in writing this thesis. The author hopes that this thesis can provide benefits, especially for the author and generally for the readers.

Yogyakarta, September 25<sup>th</sup> 2023

Nana Dwi Ayuningsih

### TABLE OF CONTENTS

DEC	LARATION	i\
мот	то	۱
ABS	FRACT	V
ACK	NOWLEDGEMENT	vii
LIST	OF TABLES	xii
LIST	OF FIGURES	xiv
CHA	PTER I INTRODUCTION	1
A.	Background of Study	1
В.	Problem Statement	10
C.	Purpose of Study	10
D.	Benefits of Study	11
CHA	PTER II LITERATURE REVIEW	12
A.	Theoretical Basis	12
В.	Results of Previous Studies	26
C.	Hypothesis	35
D.	Research Framework	36
CHA	PTER III RESEARCH METHOD	38
A.	Object of Study	38
В.	Type of Data	38
C.	Data Collection Technique	39
D.	Operational Definition of Data	39
E.	Data Analysis Method	41
F.	Data Instrument Test	42
CHA	PTER IV RESEARCH RESULTS AND DISCUSSION	51
A.	Overview of Papua Province	51
В.	Description of Research Data	55
C.	Data Instrument Testing	55
D.	Hypothesis Testing	62
E.	Discussion	65
CHA	PTER V CONCLUSIONS AND SUGGESTIONS	78
Α.	Conclusion	78

В.	Limitations of The Study	80
C.	Suggestion	80
REFERENCES		83
APPF	ENDIX	87

### LIST OF TABLES

Table 1 Potential Natural Resources in Papua Province	g
Table 2 Previous Study	26
Table 3 Common Effect Model	56
Table 4 Fixed Effect Model	56
Table 5 Random Effect Model	57
Table 6 Chow Test	58
Table 7 Hausman Test	59
Table 8 Multiple Linear Regression Model	60
Table 9 Multicollinearity Test	61
Table 10 Heteroscedasticity Test	62
Table 11 Coefficient of Determination Test (R2)	63
Table 12 T Test	64

### LIST OF FIGURES

Figure 1 Economic Growth Data of Papua Province 2011-2020
Figure 2 Research Model
Figure 3 The Region of The Papua Province
Figure 4 The Number of Districts in Papua Province from 2015-2019
Figure 5 Transmission of Capital Expenditure Relations to Economic Growth in Papua
Province 60
Figure 6 Transmission of Investment Relations to Economic Growth in Papua Province
<b>Figure 7</b> Transmission of Labor Relations to Economic Growth in Papua Province 74
Figure 8 The Number of Employees in Papua Province