The contributions of management of savings and investment on economic growth: the case of Indonesia = The contributions of management of savings and investment on economic growth: the case of Indonesia

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Abstrak

The capital consists management of saving and investment (as the proxy of savings and loans), FDI, and DDI and is important production factors. The contribution of management of savings and investment are estimated using panel regression and Generalized Method of Moment (GMM) and also series regression. The results show that management of savings and investment has significant effect on economic growth with the respective negative and positive effects. Moreover, FDI, DDI, Labor by Sector (SMA), and Population Growth also play a significant role on growth with distinctive coefficient describing respective effects for each variable on growth. Furthermore, sector-specific analysis gives very dynamic effects on growth in the case of Indonesia. In order to identify long-run bidirectional relationship between variables, we employ Granger Causality Test using Vector Error Correction Model (VECM). As presented in the result and analysis, no variables performing bidirectional relationship in the long-run.