

Measuring the Impact of Technology, Politics, and Human Resources on Inclusive Economic Growth in Indonesia

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Abstract: Measuring the Impact of Technology, Politics, and Human Resources on Inclusive Economic Growth in Indonesia

Economic growth is no longer just to improve the economy alone, but economic growth must also pay attention to the welfare of the community and be carried out by paying attention to the quality of the economic growth. Good economic growth is not only temporary but long term. One of the government's efforts by this concept is to create inclusive and sustainable economic growth. The measure of the quality of economic growth can be seen through the Inclusive Economic Development Index (IGI). However, achieving inclusive economic growth is not easy. The novelty of the research is that inclusive economic growth is not only approached with an economic approach but non-economic variables are also included, to see further this interrelation. The method used in this research is quantitative with a descriptive approach. Panel regression analysis models and techniques using stata. The results of this study indicate that technology and human resources have a significant and positive effect on inclusive economic growth in Indonesia from 2017 to 2019. Meanwhile, politics has a positive but not significant effect on inclusive economic growth in Indonesia from 2017 to 2019. From the results of this study, it can be seen that also that technology, politics, and human resources simultaneously have a significant and positive effect on inclusive economic growth in Indonesia from 2017 to 2019. The implications of this research include, among others, the government needs to optimize HR productivity.

Keywords: Inclusive Economy; Political; Human Resources; Technology

INTRODUCTION

In various places, the government tries to encourage economic growth, but the output of economic growth is often exclusive and moves away from the ideals of inclusive economic development itself (Oyinlola et al., 2020). Improving the welfare of the people in a country is the main goal that can be achieved through economic growth. All countries want an increase in living standards for all their people, including in Indonesia by optimally using the economic resources they have, then preparing all development plans prospectively and implementing them through the participation of the entire community to produce an increase in sustainable economic growth so that the level of community welfare is higher. Good can be achieved. Good economic growth is not only temporary but long term. Economic stagnation can be minimized by realizing more inclusive economic growth (Bell et al., 2018).

In simple terms, economic growth is a condition where there is an increase in the number of Gross Domestic Product (GDP). GDP is defined as the total value of all goods and services produced in a country's territory regardless of where the factors of production are used per year. In essence, increasing economic growth is not only a means of achieving prosperity for the community but also a manifestation of the success of national development in a country. High economic growth also cannot guarantee that all citizens in a country get the same benefits. The challenge for the government in realizing an increase in people's welfare is not only focused on increasing income but also growing the economy in an inclusive manner (Heshmati et al., 2019).

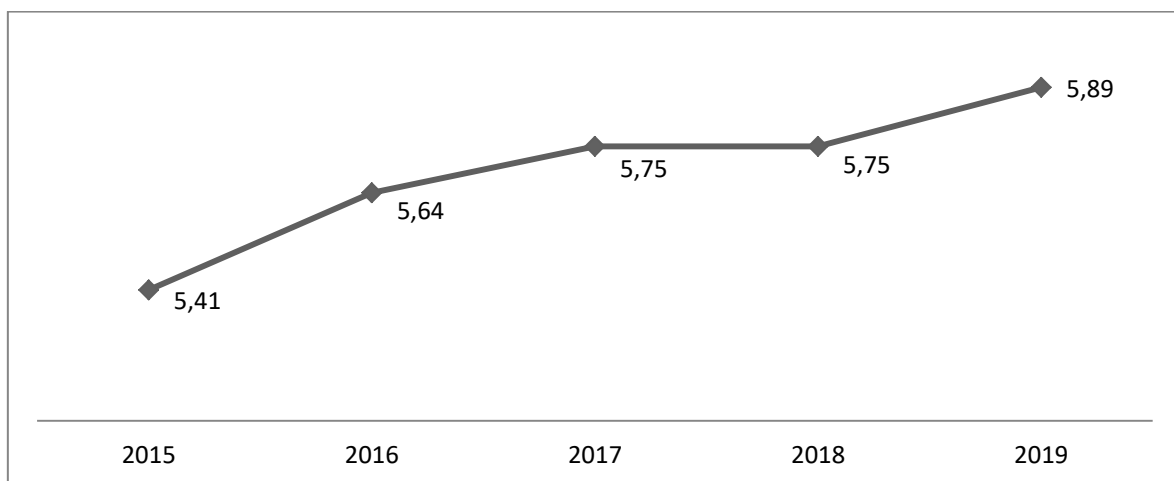
Research conducted by Jalles and de Mello (2019) trying to trace the determinants of inclusive economic growth through the approach of economic variables such as human capital, per capita income, and tax redistribution. He found that these variables had a positive effect on increasing inclusive economic growth. However, these findings differ from Bianchi and de Man (2021) that not only economic variables are the determinants in driving inclusive economic growth, but political variables are also one of the important factors in this regard. Departing from this, this study tries to bridge the two things in looking at inclusive economic growth. The novelty of the research is that inclusive economic growth is not only approached with an economic approach but non-economic variables are also included, to see further this interrelation.

Good economic growth occurs if it is not temporary, but runs in the long term. To achieve this goal, the government created the concept of inclusive economic growth.

Economic growth is inclusive if the growth not only creates economic opportunities but also justice in obtaining all economic access for the whole community (without discrimination) to the economic opportunities created (H. Hill, 2013). This means that in inclusive economic growth there is no discrimination in the socio-economic background for the entire community, thus enabling all people to play a role and feel the same benefits from economic growth.

Measuring the quality or not of economic growth can be seen through the Inclusive Economic Development Index (IGI). The Inclusive Economic Development Index is defined as a measuring tool to see the extent to which the level of inclusiveness of development at the national, provincial, and district/city levels, through three pillars, namely aspects of economic growth, equity, and poverty, as well as access and opportunity. Therefore, indicators of inclusive economic growth are not only in the form of high economic growth, but also minimizing unemployment (poor people), achieving equity in all fields and development. Growth is said to be inclusive if the growth occurs sustainably so that growth must occur as a whole involving various sectors and community participation without exception.

Figure 1. Inclusive Economic Development in Indonesia 2015-2019



Source: National Development Planning Office, 2020.

Based on this curve, it can be seen that inclusive economic growth in Indonesia has shown an upward trend in the last 5 years. This is a benchmark and shows that there is an increase in economic growth every year. However, in 2018, inclusive economic growth stagnated with an index of 5.75. This happened because in 2018 the world's economic

conditions experienced problems. These problems do not reduce the value of inclusive economics in Indonesia.

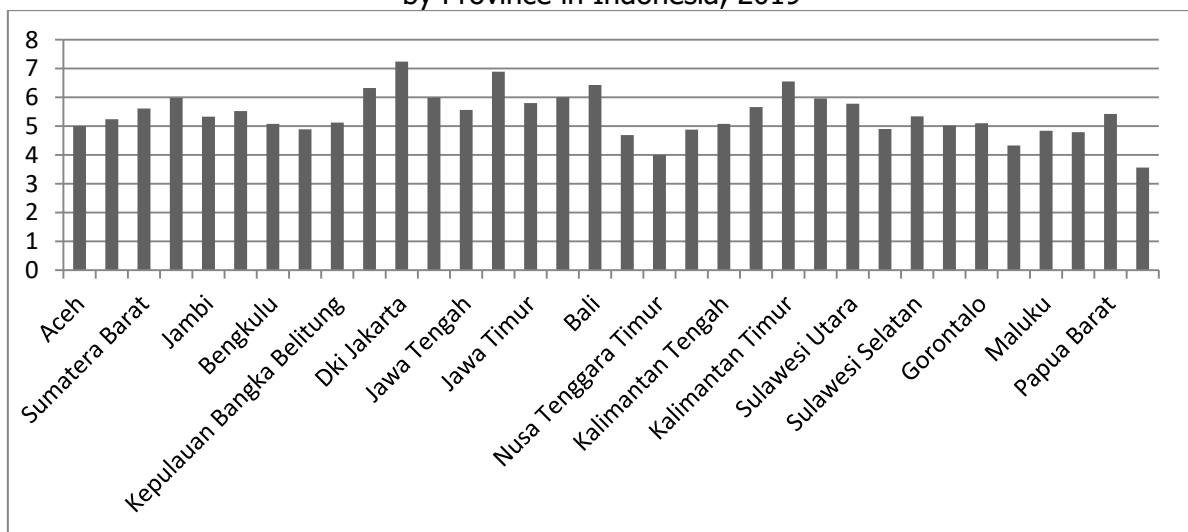
In Indonesia, there are several studies on inclusive economic growth which prove that the three pillars of inclusive economic growth are difficult to achieve. Previous research conducted by (Dyah Hapsari et al., 2018) discusses inclusive growth in the Western and Eastern Indonesia regions in overcoming inequality and poverty, as well as increasing employment opportunities for the community. The results of this study prove that inclusive economic events occur inconsistently, which means that inequality is still occurring in Indonesia. Other studies that support this statement were carried out by (Sitorus and Arsani, 2018) which measures inclusive growth in Indonesia from 2010 to 2015 using three approach methods, namely ADB (Asian Development Bank), WEF (World Economic Forum), and UNDP (United Nation Development Programme). The results of this study indicate that the inclusive economic growth of each province in Indonesia is in the satisfactory category, except for Papua Province, using the ADB method. Meanwhile, measurements using the WEF and UNDP methods showed the lowest inclusiveness results were occupied by the Provinces of Papua and West Papua compared to other provinces. This shows that there is still inequality in development. The inclusive economic growth index is very complex because it affects and is influenced by various factors that cannot be ignored. Therefore,

In line with the rapid development of the world today, inclusive economic growth can be seen not only through economic factors, but also other factors such as technology. Technological progress causes changes and developments in all kinds of fields. Technological advances also affect the effectiveness and productivity of output that can increase a country's economic growth, so that many developed and developing countries are constantly innovating to advance technology for their country's economy. However, this is difficult to even materialize without being balanced by capital and human resources that encourage technological progress.

In economic development, the term technology has a specific meaning. Technology is how inputs in production are processed into outputs. Differences in technology levels provide our understanding of differences in economic growth between regions (Sianturi, 2017). So it can be concluded that technological development can affect economic growth in a region/region. Technological development is defined as a source of capital in economic growth because technology offers higher effectiveness and productivity with the same level of input.

The Information and Communication Technology Development Index is defined as a measuring tool that monitors the development of ICT in an area based on time or region, especially in Indonesia. According to the 2018 BPS Indonesia publication, the Information and Communication Technology Development Index can measure the development of ICT development, digital inequality between regions, and measure the quality of development. The higher the index value, the better or optimal potential and development of information and communication technology in an area. The index ranges from 0 to 10.

Figure 2. Information and Communication Technology Development Index (ICTDI) by Province in Indonesia, 2019



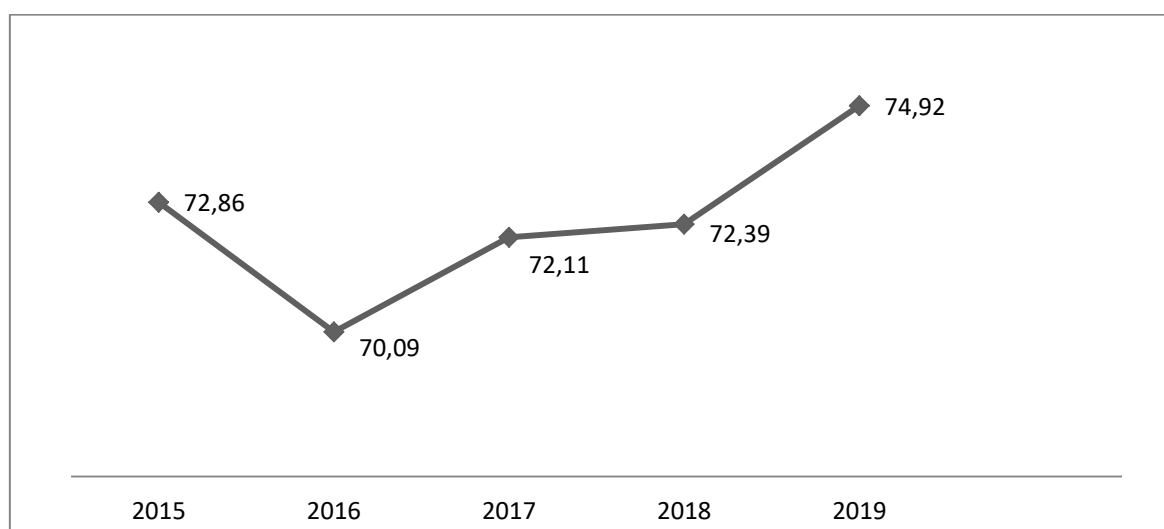
Source: BPS Indonesia, 2020.

According to BPS data, ICTDI Indonesia always increases every year. From an index of 0 to 10, Indonesia's ICTDI reached 5.32 in 2019, compared to 2018 of 5.07, meaning that the index has experienced a rapid increase. In general, the value of provincial ICTDI in Indonesia increased from 2018 to 2019. DKI Jakarta Province occupies the highest position with ICTDI at 7.24 in 2019 and is the only province in the high category. Meanwhile, Papua province is in the very low category with a 2019 ICTDI score of 3.56, which has increased from 3.30 in 2018.

This study takes into account other factors as well such as political factors. The enactment of the General Election indicates that a country is a democratic country like Indonesia, which emphasizes the reform of political freedom. There are many indicators to measure how economic growth in a country is influenced by political factors. Along with the progress in the field of democracy, the Indonesian National of Statistics Office has

established the Indonesian Democracy Index (IDI) as an indicator of the development of democracy in Indonesia. The Indonesian Democracy Index is an indicator that describes the level of political turmoil in Indonesia as well as monitor and measures political stability through three aspects, namely the Civil Liberties Index (IKS), the Political Rights Index (IHP), and the Democratic Institutions Index (ILD). (Zahidalutfa, 2018).

Figure 3. Indonesia Democracy Index (IDI) 2015-2019



Source: BPS Indonesia, 2020

The data shown in the image above shows that from 2015-2019 the IDI number tends to increase, although in 2016 there was a significant decline. The decline was due to the political turmoil in Indonesia. Good economic growth and development require freedom in terms of decision making, implementation of development, as well as justice in obtaining benefits from the results of development (Endy, 2016). The measurement results can be used as a reference in planning policies that are beneficial for economic growth and development. Therefore, the Indonesian Democracy Index (IDI) can be used as an indicator to see how democracy and economic growth affect each other.

Optimization of available resources is a supporting factor in achieving long-term inclusive economic growth. Human resources are one of the important factors in influencing economic growth. Human resources are an input that plays a role in managing and collecting natural resources, forming and running a government in order to carry out development. As one of the dimensions in measuring inclusive economic growth indicators in Indonesia, National Development Planning Office (Bappenas) classifies human resources into the dimension of human capability. According to Bappenas, in defining an inclusive economy, it is also necessary to look at the supply side. It aims to ensure that the working community has the capability of labor productivity so that they can enjoy the same benefits

from the available economic opportunities. Education, health, and the environment are some of the factors that show human capabilities.

In this study, the variable that shows human capability is the Human Development Index or known as the Human Development Index (HDI). Three important indicators affect the value of the HDI, namely, the level of education, the level of health, and a decent standard of living that are interrelated with each other. High or low Human Development Index affects the productivity level of the population, where the low Human Development Index causes low population productivity, and vice versa. HDI is also a target in regional development. The government plans regional development to be more advanced which is marked by an increase in HDI in the area. However, the problem is that the amount of the Human Development Index in each region is different (Pradnyadewi and Purbadharmaja, 2017).

LITERATURE REVIEW

Economic growth is often related to how output per capita continues to increase in the long term. Three things become the main focus, namely process, output, and not temporary. Economic growth as a series of processes is not only a picture of the economy at one time, but can provide a portrait of the success of development every time (Wijaya, 2017). Economic growth can show the ability of a country as a provider and fulfill the needs of its population in the long term, where this indicator can be measured by GRDP. These capabilities develop along with technological advances, institutions that prioritize the public interest, and appropriate ideologies.

The unavoidable increase in population has increased daily consumption needs. Therefore, an increase in income is very important. Economic growth also affects the lowest social strata, so that the poor can also benefit from the success of the development. Economic growth that is not matched by the expansion of employment opportunities will result in inequality in the distribution of income which if ignored continuously will cause the poor to increase (Arif and Wicaksani, 2017). Community welfare can be realized through high and sustainable economic growth.

Inclusive growth is a condition that is intended for all people, regardless of their backgrounds and differences. That is, inclusive growth is economic growth accompanied by significant growth of all classes in society. Inclusive growth can be used as a measure of whether a country's economic growth is of good quality or not. Quality here means that the

growth is able to reduce poverty, social inequality, and damage to natural resources and the environment (H. Hill, 2013).

Good economic growth does not only pursue the economic dimension. However, it must involve non-economic aspects, so that people's welfare is getting better and inclusive economic growth can be realized (Oyinlola et al., 2020).

Economic growth focuses on accelerating opportunities, and creating comprehensive and broad access opportunities for all groups of people fairly, increasing welfare, and minimizing the gap between rich and poor (Gupta et al., 2015).

Inclusive economic growth can cover all sectors that create opportunities to participate in and benefit from economic growth and development on an equal basis. The concept of inclusive growth is closely related to the concept of pro-poor, meaning that inclusive growth is able to minimize disadvantaged groups in the economy. Inclusive growth can be defined as a process of economic growth involving public participation (whole) or seeing the extent to which development outcomes benefit the majority or reduce disparities between groups (Kakwani and Pernia, 2000).

Technology is a new resource for economic growth in the era of globalization. New, more sophisticated technology has an impact on increasing the effectiveness and efficiency of the consumption, production, and distribution of goods or services (Tajerin, 2007). So technology is a kind of object that offers convenience in managing nature and its surroundings so that it can be more productive, effective, and efficient. It is in line with the view Heshmati et al., (2019) that technology variables play an important role in realizing more inclusive economic growth.

However, this is contrary to the view of Alekhina and Ganelli (2020) that inclusive economic growth is more influenced by equitable and proportional fiscal redistribution factors. Fiscal policy is seen as more effective in creating more distributive economic growth because the policy has a wider scope to intervene in development. Returning to the Keynesian idea which states that the best policy is to give the government the flexibility to intervene in economic development, through fiscal policy to achieve better economic growth (Henrique et al., 2020).

Keynes (in Comert, 2019) said that in order to achieve maximum revenue for the state and create more impressive economic growth, the government must intervene in development. The government must try to attract investment and accelerate the industrialization agenda and create a trickle-down effect. However, in fact, what was conveyed by Keynes, did not happen. Economic growth is increasingly exclusive and creates

new inequality. This indicates that the economic instrument is not the only variable to achieve truly inclusive economic growth.

In some views, political and democratic variables are actually used as instruments to encourage inclusive economic growth. This is confirmed in the theoretical view of Veblen (in Hamilton, 2019) related to institutional economics which combines economic and non-economic variables to achieve inclusive economic growth, including political and democratic variables. Politics is often associated with democracy in a country. Democracy is closely related to the people. Democracy offers justice for all citizens to get and feel the same benefits in the country (Zahidalutfa, 2018). Politics also explains how the state works under power or office. Political stability is very important for economic growth because it can provide justice for citizens.

Furthermore, Amartya Sen (in Ménard and Shirley, 2014) has emphasized that the main problem of non-inclusive economic growth is the lack of accessibility to education. Education is the key to change because education ultimately has a key role in improving human resources and human capital. Human resources are all humans involved in an organization so that the goals of the organization can be achieved. According to (Ramadan and Setiadi, 2019) definition of human resources can be divided into two, namely macro and micro. On a macro level, human resources are all humans as residents or citizens of a country who have entered the age of the workforce, both those who have or have not worked. Meanwhile, on a micro basis, human resources are simply people who work or are commonly called employees, employees, workers, and others.

METHOD

This study uses quantitative research methods with a descriptive approach. The data used in this study is a type of secondary data. The secondary data was obtained and sourced from the Online Publication of (BPS) and Bappenas Indonesia. Data processing is carried out using the Stata application. There are two variables studied, namely the dependent and independent variables. The dependent variable (bound) used is Indonesia's inclusive economic growth data (Inclusive Economic Growth Index) for 2017-2019. Meanwhile, the independent variable (independent) uses the Information and Communication Technology Development Index (ICTDI) data, the Indonesian Democracy

Index (IDI), and the Human Development Index (HDI) from 2017 to 2019, each of which is measured in percent.

The following is the regression equation of this study:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where,

Y: Inclusive Index,

a: Constant,

b1-b3: Regression coefficient,

X1: ICTDI,

X2: IDI,

and X3: HDI

RESULTS AND DISCUSSION

Table 3. Comparison of CEM, FEM, REM. Model Data Panel Estimations

Variable	CEM	P > t	FEM	P > t	BRAKE (GLS)	P > t
science and technology	0.2093214	0.017	0.2167517	0.021	0.2093214	0.015
IDI	0.0082058	0.181	0.0082024	0.186	0.0082058	0.178
HDI	0.1060652	0.000	0.1053685	0.000	0.1060652	0.000
Cons	-3.305663	0.000	-3.384553	0.000	-3.395663	0.000
	R-sq	0.8044	R-sq	0.8044	R-sq	0.8044

Source: Secondary data output after processing in 2020; (Lestari, 2020).

Of the three-panel regression models above, there is only one model that is used to analyze. Therefore, the following tests were carried out:

Table 4. Chow test results and Hausman test

Test	Probability	Significance	Result
Chow	0.0000	0.005	Fix Effect
Hausman	0.6672	0.005	Random Effect

Source: Secondary data output after processing in 2020; (Lestari, 2020).

From the above test, it can be concluded that the estimation results of the Random Effect Model are the best.

Table 5. Multicollinearity Test

Variable	VIF	1/VIF
HDI	5.64	0.177180
science and technology	5.06	0.197766
IDI	1.42	0.704510
Mean VIF	4.04	

Source: Secondary data output after processing in 2020; (Lestari, 2020).

From the test results above, it can be seen that the Vif value is less than 10, meaning that there is no multicollinearity problem in the model.

Table 6. Heteroscedasticity Test

Prob>chi2	0.9131
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Source: Secondary data output after processing in 2020; (Lestari, 2020).

From the processed data above, it can be seen that the value of Prob>chi2 is 0.9131 which is greater than 5% alpha. That is, the variables ICTDI, IDI, and HDI do not experience heteroscedasticity problems.

Table 7. Random Effect Model

Model	Unstandardized Coefficients		Standardized Coefficients	P> z	95% Conf. interval
	Coef.	Std. Error	Z		
1 (Constant)	-3.395663	0.8153274	-4.16	0.000	-4.993676
2 IP-ICT	0.2093214	0.0864035	2.42	0.015	0.0399736
3 IDI	0.0082056	0.0060935	1.35	0.178	-0.0037372
4 HDI	0.1060652	0.0178108	5.96	0.000	0.0711568
5 R-sq	0.8044			0.0000	

Source: Secondary data output after processing in 2020; (Lestari, 2020).

Coefficient of Determination (R²)

The Coefficient of Determination Test needs to be done in order to know and measure the success rate of the regression model used in estimating the value of the dependent variable. The calculation above shows the results of the R square value of 0.8044. This means that the total variation of the Inclusive Development Index in Indonesia in 2017 – 2019 can be explained by the independent variables ICTDI, IDI, and HDI of 80.44%, while the remaining 19.56% is explained by other variables outside the model.

Model Feasibility Test (F Test)

Simultaneous F test shows Prob > chi² of 0.0000 which is smaller than 5% alpha. That is, all independent variables (ICTDI, IDI, and HDI) together are able to explain the dependent variable (Inclusive Economic Growth) and have a significant effect.

Discussion

Economic development can be said to be inclusive if the development can reduce poverty levels, ensure equal access and opportunities, reduce inequality, and sustainably improve welfare. This is certainly difficult to achieve because an inclusive economy is influenced by many factors. Several factors that influence inclusive economic growth include technology, democracy, and human resources. The results of the above discussion are supported by previous research conducted by (Lumbantoruan and Hidayat, 2013) which states that in addition to physical capital and the number of workers, the use of technological progress and improvement in the quality or quality of human resources has a strong effect on increasing long-term economic growth in a country. Other research conducted by (Anggraini, 2019) also supports the statement above, namely the Human Development Index (HDI) variable through the level of health, Domestic Investment (PMDN), Foreign Investment (PMA), and Democracy Index both from civil liberties, political rights, and democratic institutions have a significant influence on economic growth in Indonesia.

Based on the results of the REM model estimation data above, the following equation results are obtained:

$$Y = -3.395663 + 0.2093214X_1 + 0.0082058X_2 + 0.1060652X_3 + e$$

The panel regression equation above explains that:

1. The Influence of the Information and Communication Technology Development Index on the Inclusive Economic Development Index in Indonesia in 2017 – 2019

The Information and Communication Technology Development Index variable has a positive and significant effect (prob = 0.015 less than 5% alpha) on Inclusive Economic Growth in Indonesia in 2017 – 2019. Where if ICTDI increases by 1%, the Inclusive Index will also increase by 1%. 0.2093214%. The meaning of the sentence is that if the index of technology, information, and communication development increases (indicating the occurrence of technological developments in Indonesia) then inclusive and sustainable economic growth in Indonesia will be easier to achieve. This is in line with the

findings Heshmati et al., (2019) that one of the factors that can reduce economic inequality and increase inclusive economic growth is to increase the accessibility of information technology so that people can get equal opportunities to earn a better life. However, the findings are different from Alekhine and Ganelli (2020) which finds that inclusive economic growth is more influenced by equitable fiscal redistribution, than by technology variables.

Information and communication technology at this time has entered the era of digitalization, the majority of people are technology literate. In the past, all forms of activity used physical documents such as paper and others and had to go through quite complicated procedures that took up a lot of time. The existence of technology changes the form of the server into a paperless form such as soft files and uses the internet so that it is more effective and efficient because the internet offers easy access, can be used anytime and anywhere. Access to and use of ICT continues to increase along with the development of various ICT supporting infrastructures. In general, there has been an increase in the value of IP-ICT by the province in Indonesia from 2018 to 2019. Communication service providers are progressing rapidly, especially mobile phone subscribers. Internet service providers are also seen as increasingly widespread. In 2019 the internet has entered and is growing rapidly in Indonesia, namely 47.69 percent in 2019, which is an increase from the previous year, which was 39.90 percent in 2018. This can trigger the digital economy phenomenon.

The growth and development of buying and selling activities through available online sites make it easier for buyers to get goods and services without having to travel to a place or commonly referred to as online shopping or e-commerce (e-commerce) resulting in fairly high growth in public consumption. These online shopping activities become a direct link between consumers and producers, in various businesses and even in various regions to countries. Septriana Tangkay as Director of Information Empowerment, Directorate General of Informatics Applications at the Ministry of Communications and Informatics, stated that the growth in the value of electronic commerce (e-commerce) in Indonesia reached 78 percent, the highest in the world (Kominfo.go.id). With this value, Indonesia is ranked first and is the 10th largest e-commerce growth country, followed by Mexico with 59 percent growth which is in second place. This shows that buying and selling online produces high economic value, all people must be able to take advantage of it, especially MSME actors in Indonesia. One of the strategies carried out by the government to optimize the benefits of technological developments, especially the internet, is through the Go Online MSME

Program. Therefore, it can be said that advances in technology, information, and communication have a positive impact on community empowerment. Another beneficiary, namely the banking sector through the application of e-banking services, is the main means in encouraging the formation of a digital society the whole community must be able to take advantage of it, especially SMEs in Indonesia. One of the strategies carried out by the government to optimize the benefits of technological developments, especially the internet, is through the Go Online MSME Program. Therefore, it can be said that advances in technology, information, and communication have a positive impact on community empowerment. Another beneficiary, namely the banking sector through the application of e-banking services, is the main means in encouraging the formation of a digital society the whole community must be able to take advantage of it, especially SMEs in Indonesia. One of the strategies carried out by the government to optimize the benefits of technological developments, especially the internet, is through the Go Online MSME Program. Therefore, it can be said that advances in technology, information, and communication have a positive impact on community empowerment. Another beneficiary, namely the banking sector through the application of e-banking services, is the main means of encouraging the formation of a digital society (Sianturi, 2017).

The Center for Strategic and International Studies (CSIS) research institute said that the biggest beneficiaries of the development of the digital economy are the business world, especially MSMEs, and of course consumers. This can realize the government's efforts to create an inclusive economy. The existence of various digital platforms ranging from the provision of services to goods has succeeded in absorbing new jobs as well as equality and economic inclusion for all levels of society without discrimination. In addition, the implementation of Smart City encourages the use of better technology. Smart City is a strategy carried out by the government for the advancement of cities in a country through advanced new information and communication technology (ICT). The involvement of technological advances designed to meet the interests of the community is a hallmark of Smart City. The Smart City concept provides services by utilizing advanced technology and development so that it can provide services to all people living in the city effectively and efficiently, which in turn can encourage an increase in regional productivity and increase its competitiveness.(Hasibuan and Sulaiman, 2019).

2. The Effect of the Indonesian Democracy Index on the Inclusive Economic Development Index in Indonesia in 2017 – 2019

The Human Democracy Index variable has a positive and insignificant effect (prob = 0.178 more than alpha 5%) on Inclusive Economic Growth in Indonesia in 2017 – 2019. Where if the IDI increases by 1%, the Inclusive Index will also increase by 0.0082058%. So it can be concluded that the Indonesian democracy index has a positive and insignificant effect on inclusive economic growth in Indonesia.

Political stability is a basic condition for conducive development, but the condition of political stability is a necessary but not sufficient condition for inclusive economic growth (Zahidalutfa, 2018). The democratic system can guarantee the realization of good governance which is reflected in the effective functioning of political institutions. Good governance is an absolute condition so that the government can formulate and determine public policies to facilitate growth acceleration, expand reach, and carry out the economic expansion. The basic principles of good governance which include accountability, participation, transparency, and fair law are government requirements that can encourage inclusive economic growth (Catur Sugiyanto et al 2013).

There has been an increase in political performance, especially in Indonesia in terms of quantity, but in terms of quality, the development of democracy in Indonesia is running very slowly. Thus, Indonesia is still in the category of procedural democracy. Joseph Schumpeter (in Endy, 2016) said, the democratic method is how people get the same right to be elected and/or vote through voting in positions/positions in a country. In a procedural democracy, although the election of members of parliament and executive is done through voting. In the end, the leader's goal is a political decision issued by a certain individual/group in office, not a mere form of the people's common interest.

Research that supports this opinion was carried out by (Nuswantoro, 2015) which concludes that democracy is not the only major determinant of the success of economic development. The rule of law determines the quality of the economy more than democracy alone. A country without democracy can still increase its economic growth, as long as the country has a good rule of law (rule of law). However, on the other hand, a non-democratic government can be a threat to economic growth through the policies issued. The Coordinating Minister for Political, Legal, and Security Affairs also emphasized that Indonesia

is still in the procedural democracy phase (mediaindonesia.com). Increasing civil liberties, but through undemocratic means is proof of procedural democracy.

There are previous studies that contradict this discussion, according to (Zahidalutfa, 2018), stated that political stability in Indonesia as shown through the Indonesian Democracy Index (IDI) 2011-2016 had a positive and significant effect on economic growth in Indonesia, meaning that if the level of political stability increased, economic growth would also increase. Another study that supports this discussion was carried out by (Esthiningrum, Fabiola Rinda, 2017), which stated that the estimation results using the Indonesian Democracy Index (IDI) in aggregate showed that the Indonesian Democracy Index (IDI) in aggregate had a positive and significant effect on regional economic growth. This means that the better democracy at the regional level, the higher the economic growth at the regional level.

3. The Influence of the Human Development Index on the Inclusive Economic Development Index in Indonesia in 2017 – 2019

The Human Development Index variable has a positive and significant effect (prob = 0.000 less than 5% alpha) on Inclusive Economic Growth in Indonesia in 2017 - 2019. Where if the HDI increases by 1%, the Inclusive Index will also increase by 0.1060652%. So it can be concluded that the human development index has a positive and significant effect on inclusive economic growth in Indonesia. That is, if the human development index increases, inclusive economic growth in Indonesia will be easier to achieve and increase as well.

Inclusive and sustainable economic growth is certainly supported by productive and quality human resources factors in order to strengthen the economy. Inclusive growth must involve labor productivity because increasing the quantity and quality of labor productivity can have an impact on reducing poverty. The concept of human development is measured using the Human Development Index through three basic human aspects, namely long and healthy life, knowledge, and a decent standard of living. In Indonesia, the government's development priorities are stated in the fifth point of the Nawacita and RPJMN 2015 – 2019 book I emphasize that the government will target priorities to improve the quality of human life. This is realized through several programs such as population development and family planning; development of education through the smart indonesia program; health development through the healthy indonesia program; and improving people's welfare through the indonesia work program.

According to (Pambudi, 2020) The increase in human quality from the HDI measure with the aggregate indicators of health, education, and purchasing power are very relevant, so that any changes in the significant increase in the HDI value will trigger a significant reduction in population poverty as well. One of the benefits of HDI is to measure the success of building the quality of human life. One of the components used to measure HDI is health (BPS Indonesia, 2017). Through the Healthy Indonesia Program, the government strengthened health services, launched the Healthy Indonesia Card which was carried out through the National Health Insurance (NHI) to form the Healthy Archipelago (HA). Ramadan and Setiadi, (2019) said that the education sector is the main factor because education has a significant impact on improving the quality of human resources. This is in line with the theory of human capital Schultz, (1961) which states that a high level of education will have an effect on increasing productivity so that it will increase income which will encourage sustainable economic growth. The relationship between education, health, and economic growth is explained by Todaro and Smith (2011) that the higher a person's education, the higher the level of awareness of health and a healthy lifestyle, this encourages economic growth which is balanced by increased use of resources so that people can work hard. in his well-being. In addition, Sjafi'i and Hidayati (in Fadila and Marwan, 2020) states that quality human resources are a must for sustainable economic development.

CONCLUSION

Technology has a significant effect on inclusive economic growth in Indonesia. Technological developments have entered many sectors, ranging from trade, payments, finance, to insurance that encourages the achievement of the digital economy phenomenon in Indonesia. The use of technology will increase every year because technology facilitates all human activities, technology all activities become more effective and efficient and can increase productivity. The biggest beneficiaries of the digital economy, in particular, are MSMEs, e-commerce which makes it easier for people of all groups to carry out economic activities such as buying and selling. The existence of a Smart City (Smart City Concept) also makes it easier to manage resources so that they are efficient and effective. These activities can encourage economic growth and make equity easier. Therefore, technology affects inclusive economic growth.

Politics has no significant effect on inclusive economic growth in Indonesia. Political stability encourages conducive economic growth. The democratic system can guarantee the realization of good governance which is reflected in the functioning of political institutions. However, democracy in Indonesia is still in the procedural democracy phase. Where, the quality of democracy is still lacking, so it can affect the investment climate and inclusive economic growth in Indonesia.

Human resources have a significant effect on inclusive economic growth. The quality of human resources is the key to economic growth in a region. The productivity and creativity of the workforce are the most influential elements of a sustainable growth strategy so that it can have an impact on reducing unemployment and alleviating poverty. This is due to the increased productivity and creativity of the workforce so that they can absorb and manage resources that are important for economic growth effectively and efficiently to encourage the achievement of inclusive economic growth.

Technology, politics, and human resources have a significant effect on inclusive economic growth. Human capital is the main factor in increasing economic growth. Humans as actors in the process of economic growth act as actors, managers, and users of existing resources in order to achieve inclusive economic growth. The existence of technological developments makes it easier for humans to increase their products effectively and efficiently. Political stability ensures a conducive economic environment.

From the results and conclusions above, some suggestions or policy recommendations can be drawn. The first thing that needs to be done in optimizing the productivity of human resources, for example by strengthening education at the vocational level and job training with better knowledge, competitiveness analysis that teaches efficiency and sensitivity of producers to productivity. Then, an increase in network stimulus and access to expanding internet services and digital content is something that needs to be done to encourage the development of the use of IT to be more sophisticated and useful in various fields and activities, even for daily activities. Penetration of health and education assistance to rural areas must be carried out with an equitable impact on the community. The government must protect the interests of the weak among the people. Guaranteeing equal rights and obligations for all citizens without discrimination and abuse and minimizing (corruption, collusion, and nepotism) in law and government matters, as well as obtaining benefits in inclusive economic growth.

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