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Economic Growth Analysis of Lampung Province: A Review of Open Unemployment Rate, Inflation, and Investment during the 2013–2023

Mutiarani Asrul[1*], Ulul Azmi Mustofa[2], Yuyun Yunarti[3]
mutiaraniasrul6@gmail.com[1*], ululazmimustofa@metrouniv.ac.id, yuyunyunarti300977@gmail.com

Sharia Economics, Jurai Siwo State Islamic University, Lampung, Indonesia[1*,2,3]

Abstract

From 2013 to 2023, this quantitative research evaluates how inflation, unemployment, and investment effect Lampung Province economic growth. SPSS version 27 and multiple linear regression analysis were used to examine how the three independent variables affected regional economic performance using secondary annual Central Bureau of Statistics data. Testing for normality and heteroscedasticity confirmed the model. Inflation, unemployment, and investment statistically hurt Lampung's economy. These variables explain 86.2% of regional economic growth, proving their potency. Regional economic development requires purposeful governmental initiatives, according to the results. Stabilizing inflation, boosting investment quality—especially in the productive real sector—and raising employment are needed for long-term development. According to the paper, local governments should address economic issues using evidence-based economic planning. It also shows regional growth patterns' complexity beyond inflation, unemployment, and investment. To broaden these findings, future research should examine infrastructure, education, and institutional support. These characteristics may help us understand economic growth's multiple causes and develop context-specific policies. This study gives Lampung Province policymakers empirical data on regional development.

Keywords: Unemployment; Inflation; Investment; Economic Growth

Introduction

Indonesia's economic growth shows its ability to manage resources, execute development initiatives, and respond to local and global economic trends. Indonesia, a growing nation with great economic potential, promotes inclusive and sustainable development to improve social welfare and boost its worldwide standing. Indonesia's economic resiliency during the last five years despite various obstacles and shocks is shown by empirical facts. The Central Statistics Agency of Indonesia (Badan Pusat Statistik, BPS) reported 5.02% GDP growth in 2019, indicating a healthy development trend before the epidemic. However, the 2020 COVID-19 pandemic hit virtually all economic sectors, causing a 2.07% decline. Economic recovery began in 2021 with 3.69% growth and accelerated to 5.31% in 2022. Indonesia maintained a 5.05% growth rate in 2023 despite global problems including inflation and geopolitical uncertainty, demonstrating its economic resilience.

Regions like Lampung have unique economic dynamics that should be examined alongside national growth. Lampung Province on Sumatra Island has significant economic

potential from agriculture (27.30%), trade (13.98%), and tourism (1.61%). However, the province confronts fundamental issues including poor investment, unpredictable inflation, and high unemployment. Lampung's economy is shaped by internal and external influences, with the Regional Gross Domestic Product (PDRB) based on constant prices being the main indicator.

A historical review of Lampung Province's economic development reveals tendencies and problems. From 2013 to 2019, the Central Statistics Agency reported reasonable GDP growth rates: 5.77% in 2013, 5.08% in 2014, 5.13% in 2015, 5.14% in 2017, 5.16% in 2018, and slight rises to 5.23% and 5.26% in 2019. Novit Panelewen et al. (2020) see this constant performance as evidence of economic growth across industries. COVID-19 undermined this stability, causing major economic restructuring in the area. Lampung's economy contracted by 1.66% in 2020, the worst dip in recent history (Hasibuan, 2015). Recovery started in 2021 with 2.77% growth and improved to 4.28% in 2022, indicating progressive but partial stability. From 2013 to 2022, Lampung Province's GDP grew 4.22% yearly.

A complete macroeconomic study was conducted from 2013 to 2023 using consistent and accurate Central Statistics Agency data. This era covers sustained growth from 2013 to 2019, the COVID-19 pandemic-induced economic catastrophe in 2020, and the gradual recovery from 2021 to 2023. This research found that Lampung Province's labor force drives economic progress, as seen by a decade-long drop in open unemployment. Endogenous growth theory links unemployment fluctuations to inadequate human capital and innovation investment. Therefore, sustainable economic growth depends on the accumulation of physical capital, the development of human capital via education and skill development, and internal technical improvement and innovation (Mukhyi, 2024).

Paul Romer (Schilirò, 2019) states that investing in technology and knowledge boosts productivity, output, labor demand, and reduces unemployment. Robert Lucas (Wijayanto, 2019) underlines the importance of human capital development in job creation and long-term economic prosperity. This paradigm implies that unemployment occurs when labor supply and demand mismatch and worker quality fails to fulfill industry needs. In addition, inflation affects economic growth. Endogenous growth theory states that stable and well-regulated inflation supports economic development, whereas excessive inflation depreciates currency values and reduces consumer buying power (R., 2017). Inflation is the steady rise in prices throughout an economy (Jhoni Frangki Manurung & Darwin Damanik, 2023).

Paul Romer (Schilirò, 2019) asserts that two key components of endogenous growth—the accumulation of human capital and technical innovation—are made possible by macroeconomic stability, which includes regulated inflation. Economic actors may plan long-term investments that boost productivity after inflation is under control. In line with Robert Lucas's theory (Wijayanto, 2019) that stable expectations generate internal (endogenous) economic drivers via efficiency and production gains, low to moderate inflation may boost company certainty and stimulate investment and consumption. According to Central Statistics Agency statistics, empirical data shows notable annual variations in Lampung Province's open unemployment rates, which may be attributed to a number of variables such as restricted work options and labor force-market demand mismatches. In the last ten years, Lampung Province's open unemployment rate has risen from 4.67% to 4.69% in 2013, very close to the 6.17% national average. Rates then steadily decreased, hitting their lowest level in 2019 at 4.03%. Widespread layoffs brought on by the COVID-19 epidemic increased unemployment from 4.67% to 4.69% in 2020.

By boosting production capacity and strengthening long-term development foundations, investment plays a crucial part in endogenous economic growth theory. The endogenous theory viewpoint broadens the definition of investment to include technology and human capital in addition to tangible capital. Paul Romer (Schilirò, 2019) highlights that expenditures in research and development provide new knowledge that boosts economic growth and productivity. Robert Lucas, meantime, shows how investments in education and

training produce workforces that are more inventive and productive. A strategic kind of regional investment, domestic investment (PMDN) involves domestic corporate players funding commercial endeavors. The greatest PMDN investment value during a five-year period was Rp10.513.232 million in 2021, and it reached Rp7.625.809 million in 2023 in Lampung Province. These variations in investment values show that more investment, especially in real industries, has a great deal of potential to promote sustainable economic development. They also represent regional economic dynamics.

Domestic Direct Investment (PMDN) trends in Lampung Province's economic sectors are remarkable. The Central Statistics Agency reports that 34.72% of PMDN investments go to the food sector. Services at 14.78% and transportation and telecommunications at 20.84% follow. The construction industry gets the least PMDN investment, 3.22%. Endogenous economic growth theory holds that technological innovation, human capital augmentation, physical capital accumulation, and supporting economic policies drive economic growth, not external forces (Mukhyi, 2024). Further, this theory links economic growth, open unemployment, inflation, and investment in an integrated system.

PMDN investment has conflicting effects on regional economic development, according to empirical research. Diksi Alfaris et al. (2023) found that PMDN investment hurts Central Java's economy, demonstrating regional and contextual inequalities. In contrast, Murti and colleagues (2019) find that PMDN boosts economic development in many Indonesian areas, emphasizing the role of regional government policies, infrastructure quality, and labor force capacities in investment results.

Due to the range of outcomes, this study examines Lampung Province's economic development aspects using 2013–2023 data. Quantifying how each component influences regional economic growth is the aim. Regional officials and scholars may use the data to improve economic planning and discuss regional economic progress. In an integrated endogenous growth model, sustainable economic development needs stable inflation, employment growth to decrease unemployment, and quality investments. These traits are enhanced by local economic potential-based adaptive development strategies.

Method

This study examines theoretical hypotheses quantitatively. Quantitative research techniques test hypotheses, gather empirical evidence, find correlations, evaluate data statistically, and communicate findings, according to Sugiyono (2020). The Central Bureau of Statistics of Lampung Province contributed 2013–2023 secondary data for this research. A dataset includes economic growth, inflation, domestic direct investment, and unemployment. Multiple linear regression was used to explore how inflation, unemployment, and investment impact economic growth separately and concurrently. Before regression analysis, conventional assumption tests verified model robustness and validity. The tests examined normality, heteroscedasticity, multicollinearity, and autocorrelation. The coefficient of determination (R^2) was used to evaluate the model's capacity to explain economic growth variation by measuring the independent variables' contribution. Hypothesis testing comprised t-tests for independent variable partial effects and F-tests for regression model significance. The technique ensures statistically reliable and scientifically rigorous links. Lampung Province's 2013–2023 economic data were analyzed using IBM SPSS data 27. Due to the range of outcomes, this study examines Lampung Province's economic development aspects using 2013–2023 data. Quantifying how each component influences regional economic growth is the aim. Regional officials and scholars may use the data to improve economic planning and discuss regional economic progress. In the endogenous growth paradigm, sustained economic development requires stable inflation, employment growth to reduce unemployment, and quality investments. Adaptive development initiatives that use local economic potential strengthen these characteristics.

Result and Discussion

Classic Assumption Test

Normality Test

The normality test is essential in a regression model to support the linear regression assumption that residuals are distributed regularly. The One-Sample Kolmogorov-Smirnov (K-S) test assessed regression residual normality in this study. This test compares residual distributions to normal distributions. More than 0.05 shows that the residuals are regularly distributed, indicating the data do not substantially vary from normality. Meet this assumption to make this study' regression findings reliable and accurate.

Table 1. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		11
Normal Parameters[a,b]	Mean	0,0000000
	Std. Deviation	1,70801531
Most Extreme Differences	Absolute	0,201
	Positive	0,145
	Negative	-0,201
Test Statistic		0,201
Asymp. Sig. (2-tailed)[c]		0,200[d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Table 1 shows that the One-Sample Kolmogorov-Smirnov test yielded a significance value of 0.200, above 0.05. Classical linear regression assumes normally distributed regression residuals, which this result validates. The model's estimations are unbiased and statistically valid due to residual normality. The regression model is suitable for diagnostic testing of heteroscedasticity, multicollinearity, and autocorrelation since it meets the assumption of normality, ensuring its robustness and reliability.

Autocorrelation Test

Time-series data autocorrelation is tested for correlation between residuals across observations. In regression analysis, autocorrelation violates residual independence and may lead to inefficient estimators. A value between the upper limit (du) and (4-du) implies no autocorrelation in the Durbin-Watson (DW) statistic.

Table 2. Autocorrelation Test

Model Summary[b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	0,928[a]	0,862	0,802	0,679	2,171

The Durbin-Watson statistic in this research is 2.171. Critical values for 11 observations (n) and 4 predictors (k) at 0.05 are du = 2.2833 and 4 – du = 1.7167. Since the Durbin-Watson value is between these essential thresholds, it is in the "no autocorrelation" area. This means regression model residuals have no substantial autocorrelation. The assumption of residual independence is met, allowing the model to be statistically tested and interpreted more reliably and validly.

Multicollinearity Test

The multicollinearity diagnostic is essential in regression analysis because it detects high connections between independent variables. If significant, such correlations might skew regression coefficient estimates, compromising model reliability and interpretability. The Tolerance value and Variance Inflation Factor were used to assess multicollinearity in this research. Standard statistical analysis criteria indicate that tolerance values over 0.10 and VIF values below 10.0 indicate no multicollinearity (Gujarati & Porter, 2009).

Table 3. Multicollinearity Test

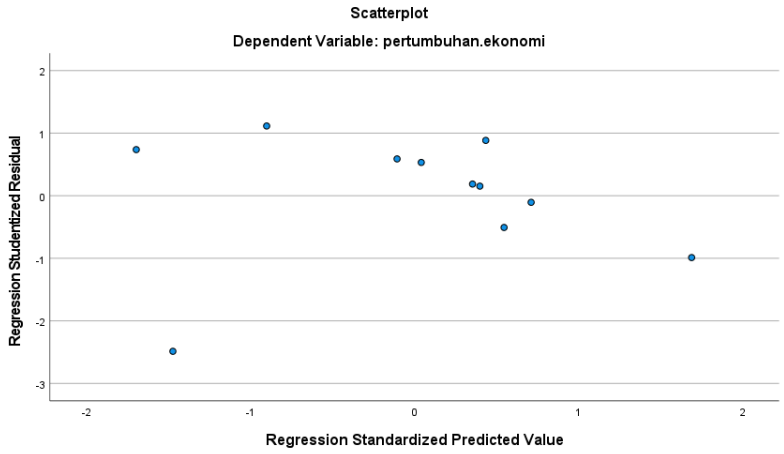
Coefficients[a]			
Model		**Collinearity Statistics**	
		Tolerance	**VIF**
1	Unemployment Rate (TPT)	0,641	1,561
	Inflation	0,535	1,870
	Investment	0,627	1,594

Current empirical study showed that all predictor factors met these requirements. In particular, the unemployment rate, inflation, and investment variables had Tolerance values of 0.641, 0.535, and 0.627, all over 0.10. These variables have VIF values of 1.561, 1.870, and 1.594, much below 10.0. These results show that the independent variables are sufficiently independent to explain variation in economic growth without overlap. Thus, multicollinearity distortions are absent in the regression model, giving unbiased and consistent coefficient estimations.

Heteroscedasticity Test

Heteroscedasticity—the variance behavior of residuals across independent variable levels—must be assessed to validate the regression model. Normal least squares (OLS) regression assumes residual variance homoscedasticity. Heteroscedasticity, which violates this principle, reduces estimator efficiency, inflates standard errors, and may lead to incorrect conclusions (Wooldridge, 2016).

Table 4. Heteroscedasticity test



This research used scatterplots of standardized residuals versus standardized projected values to identify heteroscedasticity visually. Homoscedasticity is present when residuals are randomly spread without any pattern, funnel shape, or curvature, indicating uniform variance across all predictor levels (Asrin, 2019). This research showed a random scatterplot with no systematic variance variations among expected economic growth levels. Visual examination confirms that the regression model meets the homoscedasticity

criteria, ensuring findings credibility and accuracy. Heteroscedasticity tested the regression model's reliability and validity. Heteroscedasticity causes inaccurate and inefficient estimates because the residual variance is not consistent across all independent variable levels. Strong regression models need homoscedasticity, or constant residual variance. Asrin (2019) asserts that homoscedasticity stabilizes regression model outcomes across predictor values. This study found homoscedasticity in the model, proving its dependability.

Multiple Linear Regression Analysis

Upon confirming the normal distribution, the absence of autocorrelation, the lack of multicollinearity, and the presence of homoscedasticity, a multiple linear regression analysis was conducted to assess both the collective and individual effects of unemployment, inflation, and investment on the economic growth in Lampung Province. As noted by Gujarati (2004), adherence to these assumptions is crucial for ensuring that the regression model produces parameter estimates that are reliable, unbiased, and efficient. The application of multiple linear regression facilitates the concurrent investigation of the extent to which each independent variable accounts for fluctuations in the dependent variable, all the while managing the influence of other variables. Statistical measurements, including regression coefficients, R2 values, and significance tests such as the t-test and F-test, were employed to assess the model's performance and its capacity to elucidate various phenomena. The statistical techniques encompass the magnitude of the association, the orientation of the linkage, the adequacy of the model, and the significance of the prediction.

Table 5. Uji *Multiple Linier Regression*

Coefficients[a]		
Model		**Unstandardized Coefficients**
		B
1		11,970
	Unemployment Rate (TPT)	-1,962
	Inflation	,600
	Investment	-,107

Holding all conditions unchanged, a one-unit rise in unemployment decreases economic growth by 1.962 units. According to economic theory, high unemployment reduces aggregate output and consumption, limiting regional economic growth (Blanchard & Katz, 1999). Thus, effective job development programs are crucial to Lampung Province's economic growth. However, the inflation coefficient (0.600) shows moderate inflation boosts economic growth. Endogenous growth theory suggests that controlled inflationary pressures boost consumption and investment, promoting capital accumulation and productivity (Barro, 1995). However, high inflation may destabilize economic circumstances and erode buying power, therefore policymakers must keep inflation below appropriate thresholds to ensure economic development without jeopardizing macroeconomic stability (Fischer, 1993).

Unexpectedly, the investment coefficient is negative (-0.107), indicating a minor negative influence on economic development over the research. This surprising finding may be due to investment allocation inefficiencies or capital concentration in low-productivity sectors like non-productive assets or low-return businesses (Jorgenson & Griliches, 1967). Bureaucratic inefficiencies, poor infrastructure, and skill mismatches may hamper investment's impact on economic growth. Lampung Province has to rethink investment methods and resource allocation to improve capital creation. Policymakers should enhance governance, remove structural barriers, refine regulatory frameworks, and invest in physical infrastructure and human capital development via education and

training. These initiatives support the endogenous growth concept, which claims that human capital, technology, and efficient resource allocation generate sustainable economic development (Romer, 1990; Lucas, 1988).

Partial Test (t-Test)

A 0.05 significance threshold was used to examine if each independent variable substantially affects economic growth in the individual t-test.

Table 6. t-Test Results

Coefficients[a]			
Model		**T**	**Sig.**
1	Unemployment Rate (TPT)	-4,831	0,002
	Inflation	4,667	0,002
	Investment	-2,373	0,049

The findings show that all three independent factors significantly affect economic growth. Open unemployment adversely impacts economic growth, with a t-value of -4.831 and a p-value of 0.002, showing that lowering unemployment may boost regional economic performance. However, a t-value of 4.667 and a p-value of 0.002 suggest that inflation boosts economic growth. Due to this beneficial link, modest inflation may boost economic growth within acceptable boundaries. Investment has a negative and statistically significant influence on economic growth (t-value -2.373, p-value 0.049, significantly below 0.05). This unanticipated negative association may be attributed to investment inefficiencies or resource misallocation, which may slow economic growth. These results underline the necessity of increasing employment, regulating inflation, and optimizing investment methods for sustained development.

Simultaneous Test (F-Test)

The F-test was employed to assess whether the independent variables—open unemployment, inflation, and investment—jointly have a statistically significant impact on economic growth.

Table 7. Simultaneous Test (F-Test)

ANOVA[a]						
Model		**Sum of Squares**	**Df**	**Mean Square**	**F**	**Sig.**
1	Regression	20,259	3	6,753	15,210	0,002[b]
	Residual	3,108	7	,444		
	Total	23,367	10			

According to Table 7, the ANOVA results indicate a regression sum of squares of 20.259 with 3 degrees of freedom and a mean square of 6.753. The calculated F-value is 15.210, accompanied by a significance level of 0.002, which is well below the 0.05 threshold. This outcome confirms that the combined effect of the three independent variables on economic growth is statistically significant. Therefore, the regression model effectively explains the variations in economic growth in Lampung Province, demonstrating that these factors collectively influence the region's economic performance.

Coefficient of Determination (R^2 Test)

Regarding the model's explanatory power, the coefficient of determination (R^2) was calculated to measure how much of the variance in economic growth is accounted for by the independent variables.

Tabel 8. Uji koefisien determinasi

Model Summary[b]					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	0,928[a]	0,862	0,802	0,679	2,171

According to Table 8, the model's R^2 value is 0.862, indicating that unemployment, inflation, and investment explain 86.2% of Lampung's economic growth. The model's robustness is enhanced by the adjusted R^2 of 0.802, which accounts for the number of predictors. This research ignores government actions, technology advances, and external economic conditions, which may explain the remaining 13.8% of economic growth gap. This shows that although the model provides a solid understanding of regional economic development, additional aspects require more research to fully understand Lampung's economic growth.

Discussion

Open Unemployment's Impact on Economic Growth

A t-statistic of -4.831 and a significance level of 0.002, below the 0.05 threshold, reveal that open unemployment significantly and negatively effects economic growth, demonstrating that higher unemployment rates hurt regional economic development. This negative connection shows that a large portion of the workforce is underused, restricting national productivity and economic development. Endogenous growth theory, notably Robert Lucas's, contends that long-term economic development requires human capital. Lucas says endogenous growth is driven by knowledge and skills, while labor productivity and quality drive efficiency and innovation (Wijayanto, 2019). High unemployment reduces production and knowledge transfer by underutilizing human resources. Unemployment and untapped creativity slow economic growth. Paramita and Purbadharmaja (2015) and Novriansyah (2018) found that unemployment harms business in several Indonesian regions. These findings suggest that equitable and sustainable economic development requires labor market interventions to eliminate unemployment.

Endogenous growth theory-based policy is needed to address these issues. First, investing more in education and vocational training would match market needs with worker capabilities. Second, tax incentives, mentoring, and financial help for entrepreneurship and creative sectors boost innovation and employment development. Third, labor-intensive industries like modern agriculture, local manufacturing, and MSMEs may absorb the jobless. Fourth, flexible labor market policies improve worker mobility and flexibility. Finally, local governments, companies, and schools must collaborate to create an innovative and inclusive workplace. Governments may decrease unemployment and boost economic growth via innovation, skill development, and knowledge development, as endogenous growth theory suggests. This enables productive human capital usage for long-term regional development.

How Inflation Affects Economic Development

Moderate inflation boosts regional economic development, according to the partial t-test, which yielded a t-statistic of 4.667 and a p-value of 0.002. This shows that managed inflation boosts price stability, which boosts private sector investment and household spending, which boost aggregate demand and economic growth. According to Paul Romer, a prominent endogenous growth economist, macroeconomic stability, particularly stable inflation rates, is crucial for technological advancement and human capital

development (Schilirò, 2019). Businesses may plan long-term investments and innovate with stable pricing, boosting production and sustaining sustained economic development. Moderate inflation may indicate a strong and active economy, according to Romer. Aulya (2023) and Puspita et al. (2025) revealed that moderate inflation improved economic performance in diverse Indonesian areas. These results suggest that inflation within appropriate boundaries does not threaten economic stability but rather indicates vigorous market activity and aggregate demand. It is imperative for policymakers to judiciously navigate the interplay between supply and demand through the implementation of suitable monetary policies in order to sustain this advantage. This approach depends on Bank Energi to manage the money supply and interest rates in order to maintain equilibrium. Ensuring stability in food and energy costs is essential, as fluctuations in these areas can significantly impact public welfare and contribute to inflationary pressures. With inflation remaining stable, the consistency in these vital sectors enhances both consumer purchasing power and corporate assurance. Ultimately, meticulous monetary oversight and precise price controls are essential to optimize regional economic advancement amid moderate inflation, all while safeguarding social welfare.

The government must establish fiscal incentives to boost productive sectors, especially industry and technology, to fully benefit from low inflation. Increased capital spending, especially government infrastructure investment, may improve operational efficiency, cut manufacturing costs, and simplify commodities delivery, which boosts economic development. The endogenous growth model states that infrastructure investments are public capital, boosting private sector development and innovation. According to endogenous growth theory, well-managed inflation promotes investment, innovation, and human capital, which are essential for economic development.

How Investment Affects Economic Development

A t-statistic of -2.373 and a p-value of 0.049 show that investment hurts economic growth. This surprising result suggests that investment has not improved output or economic performance. Alfaris et al. (2023) found that PMDN hurt Central Java's economy. The findings show that investment performance depends on both resource allocation and strategic use. Economics is not entirely driven by capital accumulation, according to academics Paul Romer and Robert Lucas' endogenous growth hypothesis. Instead, creative and profitable capital utilization is crucial. Optimizing investment allocation is crucial for sustained and meaningful economic growth (Schilirò, 2019; Wijayanto, 2019). Thus, improving investment quality and management is essential for development.

At best, investments provide negligible contributions to growth when they are directed toward unproductive industries or do not encourage labor absorption. Investments must focus on genuine and productive industries like manufacturing, tourism, MSMEs, and agriculture in order to produce significant development. These sectors provide jobs, value-added production, and localized innovation. Furthermore, when coupled by strong infrastructure, the effect of investment is greatly increased. According to endogenous growth theory, infrastructure is a kind of public capital that boosts economic connection and production efficiency. Sufficient energy, transportation, and digital communication infrastructure lowers transaction costs and provides access to larger markets.

Another essential addition to investment is human capital. Superior human capital enhances the spillover benefits of investment and speeds up the dissemination of technology, according to Lucas (Wijayanto, 2019). In the absence of a trained labor, even large financial infusions could not provide the desired effects. Therefore, institutional reform—such as improving bureaucratic efficiency, boosting budget allocation transparency, and providing suitable incentives to investors—must also be given top priority in policy initiatives. To sum up, from the standpoint of endogenous growth, in order to produce significant and long-lasting economic advantages, investment has to be supported by complementary inputs, particularly the development of human capital,

sound governance, and infrastructural preparation.

How Investment, Inflation, and Unemployment All Affect Economic Growth

The F-test shows that investment, inflation, and unemployment collectively affect economic growth at a significance level of 0.002, well below the 0.05 threshold, confirming their joint impact on regional economic performance. According to the coefficient of determination, these three factors together account for 86.2% of the variance in Lampung Province's economic development, with the remaining 13.8% coming from other unobserved factors. The explanatory efficacy of endogenous growth theory, which highlights that internal dynamics including labor productivity, investment effectiveness, and macroeconomic stability are the main drivers of economic development, is reaffirmed by this conclusion. Open unemployment plays a particularly important role because, as Lucas points out, underutilizing human capital results in a significant loss of potential production and creativity. High unemployment suggests that a large number of people who might contribute to the growth of technology and knowledge are unable to do so.

When controlled, inflation may boost growth. Romer underlines that macroeconomic stability encourages investment and innovation. Moderate inflation in Lampung stabilizes consumer and corporate costs, boosting economic growth. Capital amount, strategic direction, and purpose matter in the endogenous growth theory. Endogenous growth-driven infrastructure, education, and technology investments outperform unstructured or speculative capital flows. This applies to Lampung, where investment patterns have failed to progress the industry. A well-planned strategy that addresses inflation, investment, and employment is crucial. Advance human capital, maintain stable inflation with good monetary policy, and invest in high-productivity areas to reduce unemployment. Following endogenous growth principles, these initiatives boost the economy's innovation, adaptability, and sustainability. Policymakers can boost Lampung's economic resilience and long-term success by harmonizing these policies.

Conclusion and Recommendation

Unemployment and investment affect Lampung Province's economy. High unemployment means a large section of the workforce is unproductive, reducing buying power and productivity and slowing economic development. However, the negative consequences of investment mean that financial resources may not be channeled to areas that may boost productivity and create jobs. Inequitable distribution inhibits investment's economic growth benefits. Consumer spending and business operations depend on steady inflation. An equilibrium inflation rate promotes economic stability, growth, and market health. These concerns highlight the need to reduce unemployment and improve investment allocation to revitalize Lampung's economy. A more dynamic and productive economy may solve these problems and provide long-term prosperity to the area and its people.

The research has a number of limitations in spite of these revelations. Most notably, only yearly observations spanning an eleven-year period are included in the limited scope of variables and data. Furthermore, the research ignores other potentially significant variables like infrastructure quality, education, and municipal fiscal policies in favor of concentrating only on macroeconomic metrics like inflation, unemployment, and investment. These overlooked factors could also have a significant impact on how the economy develops. Therefore, future research should use a mixed-methods approach and expand the range of factors evaluated in order to give a more thorough knowledge of regional economic dynamics. It is also advised to do comparative research across provinces in order to pinpoint the distinctive traits and particular difficulties that each area faces in fostering economic growth. This would help make policy suggestions that are more focused and successful.

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