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The Effect Of Local Original Income, Regional Transfer Funds And Capital Expenditure On The Rate Of Economic Growth In Districts/Cities Of West Nusa Tenggara Province 2016-2024

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ABSTRACK

This study aims to analyze the impact of Local Revenue (PAD), Transfer Funds, and Capital Expenditures on the economic growth rate of regencies and cities in West Nusa Tenggara Province from 2016 to 2024, taking into account regional differences based on the presence of mining and tourism activities. This study uses secondary quantitative data in the form of panel data consisting of time-series and cross-sectional data from 10 districts/cities in West Nusa Tenggara. The analysis method employed is panel data regression using the Common Effect Model (CEM) approach with Stata software. The results indicate that, individually, PAD and Transfer Funds have a positive and significant effect on economic growth, while Capital Expenditures have a negative and significant effect. The dummy variables for mining and tourism regions do not have a significant effect on economic growth. Simultaneously, all independent variables have a significant effect on economic growth; however, the model's ability to explain variations in economic growth remains relatively low. This finding indicates that the economic growth of regencies/cities in NTB Province is not only driven by fiscal variables, but there is also the potential influence of factors outside the research model
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Keywords: PAD, Transfer Funds, Capital Expenditures, Economic Growth, Panel Data, West Nusa Tenggara.

INTRODUCTION

Regional economic growth is a key indicator for assessing the success of development and the performance of local governments. Economic growth reflects increased production of goods and services, which impacts public welfare (Sukirno, 2022). In the context of regional

development, the rate of economic growth is generally measured by changes in Gross Regional Domestic Product (GRDP) at constant prices, thus reflecting real economic conditions without being affected by price changes or inflation (Central Statistics Agency, 2025). Therefore, economic growth is a key indicator for assessing a region's economic development over time.

West Nusa Tenggara Province exhibited varying economic growth conditions across districts/cities during the 2016–2024 period. Most regions experienced positive growth in the period before the COVID-19 pandemic, then experienced economic contraction in 2020, and began to recover in the 2021–2024 period. However, economic growth rates across regions did not show a uniform pattern. Mataram City and Bima City tended to experience relatively stable growth, while West Sumbawa Regency experienced very high growth fluctuations. These differences indicate variations in economic structure, production capacity, and development management capabilities between regions (Firmansyah et al., 2024).

One factor suspected of influencing differences in regional economic growth is the fiscal capacity of local governments, as reflected in Regional Original Revenue (PAD). PAD is a source of regional revenue derived from local economic potential, such as regional taxes, regional levies, proceeds from the management of regional assets, and other legitimate regional original revenues. The size of PAD reflects a region's level of fiscal independence in financing development without high dependence on the central government (Sutriani & Damanik, 2021). Regions with high PAD tend to have a greater capacity to improve the quality of public services, infrastructure development, and community economic activity, which ultimately can drive regional economic growth (Hidayat et al., 2025).

In addition to PAD, transfer funds from the central government also play a crucial role in supporting regional development. Transfer funds, including the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Revenue Sharing Fund (DBH), are a key source of regional financing, particularly for districts/cities with limited fiscal capacity (Kurniasih et al., 2025). Effective utilization of transfer funds has the potential to boost infrastructure development, public services, and community economic activity. However, the high dependence of regions on transfer funds indicates that fiscal capacity across regions remains unequal. This situation becomes increasingly important to examine, given the issue of adjusting transfer fund allocations in 2025, which could potentially impact regions' ability to maintain stable economic growth (Aswan et al., 2025).

Another factor influencing regional economic growth is regional government capital expenditure. Capital expenditure is government spending used for the construction of fixed assets such as roads, bridges, educational facilities, healthcare facilities, and other economic support facilities. Increased capital expenditure reflects regional government efforts to strengthen the foundations of economic development by providing public infrastructure that can increase regional productivity and connectivity (Putri et al., 2024). However, data shows

that the allocation of capital expenditure among regencies/cities in West Nusa Tenggara Province continues to fluctuate and is uneven, particularly during the COVID-19 pandemic.

In addition to fiscal factors, differences in economic characteristics between regions are also important in explaining variations in regional economic growth. Several regencies/cities in West Nusa Tenggara Province have large-scale mining activities that contribute significantly to the regional economy, while other regions thrive through tourism, trade, and services. Data from the Central Statistics Agency (BPS) shows that the mining and quarrying sector has been a dominant sector in the economic structure of West Nusa Tenggara Province for several periods (BPS NTB Province, 2025). Furthermore, the tourism sector also plays a significant role in driving economic activity through growth in the trade, accommodation, and other services sectors. These differences in economic structure lead to heterogeneity in responses between regions to fiscal policy and economic dynamics.

Various previous studies have shown inconsistent results regarding the influence of fiscal variables on economic growth. Research by Olufemi & Oladipo (2021), Haq et al. (2023), and Wang & Tan (2025) found that government spending and capital expenditure had a positive effect on economic growth. Conversely, research by Kidochukwu Obi (2020) and Liu et al. (2024) showed that several fiscal variables, particularly routine spending and transfer funds, did not significantly influence economic growth. Furthermore, most previous studies focused on fiscal variables without considering differences in economic characteristics between regions, particularly mining and tourism regions. This situation indicates a research gap that requires further study.

Based on these conditions, this study is important because it integrates regional fiscal variables in the form of Regional Original Revenue (PAD), transfer funds, and capital expenditure with regional structural factors represented by the characteristics of mining and tourism regions in a single district/city panel data model. This research is expected to provide a more comprehensive picture of the factors influencing the economic growth rate of regencies/cities in West Nusa Tenggara Province and explain differences in economic performance between regions based on their economic characteristics.

The research question is: Do Regional Original Income (PAD), central government transfers, and capital expenditures influence the economic growth rate of regencies/cities in West Nusa Tenggara Province from 2016 to 2024, taking into account differences in regional characteristics based on the presence of mining and tourism activities, explaining variations in economic growth, both partially and simultaneously?

The purpose of this research is to analyze the influence of Regional Original Income (PAD), central government transfers, and capital expenditures on the economic growth rate of regencies/cities in West Nusa Tenggara Province from 2016 to 2024, taking into account differences in regional characteristics based on the presence of mining and tourism activities, explaining variations in economic growth outcomes between regencies/cities, both partially and simultaneously.

RESEARCH METHODS

Type of Research

This study uses a quantitative method with an associative approach to systematically analyze the relationships and influences between variables using numerical data and statistical methods (Gujarati & Porter, 2021). This study aims to analyze the influence of Regional Original Income (PAD), Transfer Funds, Capital Expenditures, and regional characteristics represented by dummy mining and tourism areas on the economic growth rate of districts/cities in West Nusa Tenggara Province for the period 2016–2024. Dummy variables are used as control variables to capture differences in structural characteristics between regions, given that the influence of fiscal variables on economic growth is suspected to differ depending on the characteristics of mining and tourism areas. By using a panel data approach, this study not only tests the influence of variables partially but also analyzes the simultaneous influence of all variables in explaining regional economic growth rates more comprehensively.

Operational Definition of Variables

Dependent Variable (Y)

Economic Growth Rate is an indicator used to measure the rate of increase in economic activity in a region over time. This variable shows the percentage change in Gross Regional Domestic Product (GRDP) at Constant Prices (ADHK) from one period to the next, thus reflecting real economic growth without being affected by price changes or inflation. In this study, the economic growth rate is measured in percentage units (%) in districts/cities in West Nusa Tenggara Province during the 2016–2024 period. Data were obtained from the official publication of the Central Statistics Agency (BPS) of West Nusa Tenggara Province.

Independent variable (X)

Locally Generated Revenue (PAD) (X1) is the total revenue earned by district/city governments from regional taxes, levies, regional asset management, and other sources during 2016–2024 (in rupiah). PAD is measured in billions of rupiah (Rp) based on local government financial reports and data from the Statistics Indonesia (BPS) of West Nusa Tenggara Province.

Transfer Funds (X2) are the allocation of funds from the central government to districts/cities. This variable is measured by the total transfer value of each district/city during the 2016–2024 period (in rupiah). Transfer funds play a crucial role in supporting local government spending, particularly for development investment and strengthening public services.

Capital Expenditure (X3) is local government spending on physical development, regional investment, and productive projects that support economic growth. This variable is measured by the total capital expenditure of each district/city in West Nusa Tenggara during the 2016–2024 period (in rupiah).

A dummy for large-scale mining areas (Dummy 1) is used to indicate differences in districts/cities based on the presence of large-scale mining activities during the 2016–2024 period. This dummy is coded 1 if a district/city has concentrated, international-scale, export-oriented (enclave economy) large-scale mining activities, large foreign direct investment (PMA) and domestic direct investment (PMDN), and an integrated industrial area. It is coded 0 if it has no mining activity characteristics. Data were obtained from the West Nusa Tenggara Provincial Energy and Mineral Resources Office, official profiles of each region, and articles.

The World-Class Tourism Region dummy (Dummy 2) is used to show differences in districts/cities based on the level of dominance of international-scale tourism objects and activities during the 2016–2024 period. This dummy is coded 1 if the region has a center of major tourist objects and activities that drive the regional economy (such as the Mandalika, Senggigi, and Gili Islands), and 0 if it does not have dominant tourism intensity. Data were obtained from the West Nusa Tenggara Provincial Tourism Office, official profiles of each region, and articles.

Research Type and Data

This study uses secondary quantitative data in the form of panel data of districts/cities in West Nusa Tenggara Province for the 2016–2024 period obtained from the Central Statistics Agency (BPS) of West Nusa Tenggara Province. Panel data is used because it allows for a more comprehensive analysis of relationships between variables, both across time and between regions. Data collection was conducted through documentation, reviewing and gathering information from various official documents related to Regional Original Revenue (PAD), transfer funds, capital expenditures, and dummy variables for mining and tourism regions. These dummy variables are used to capture differences in economic characteristics between regions, allowing for a more accurate analysis of fiscal influences on district/city economic growth rates.

Data Analysis Techniques

This study employed panel data regression analysis with the aid of Stata software to analyze the influence of Regional Original Revenue (PAD), Regional Transfer Funds, Capital Expenditures, and dummy variables for mining and tourism regions on the economic growth rates of districts/cities in West Nusa Tenggara Province for the 2016–2024 period. Panel data, a combination of time series and cross-sectional data, allows for more informative, varied, and efficient analysis, and is capable of simultaneously capturing behavioral changes across regions and over time (Tarigan, 2012; Gujarati & Porter, 2021). The panel data regression model used is formulated as follows:

$$EGR_{it} = \alpha + \beta_1 LCR_{it} + \beta_2 \mathrm{RTF}_{it} + \beta_3 CE_{it} + \beta_4 DUM1_{it} + \beta_5 DUM2_{it} + u_{it}$$

Description:

EGR : Economic Growth Rate

LCR : Locally Generated Revenue

RTF : Regional Transfer Funds

CE : Capital Expenditure

DUM1: Mining area dummy (1 = yes, 0 = no)

DUM2: Tourism area dummy (1 = yes, 0 = no)

A : Constant

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$: Regression coefficients

u_it : Disturbance factor (error term)

i : Indicates city/district in West Nusa Tenggara

t : Time period 2016-2024

Model estimation was performed using the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) approaches. The selection was determined using the Chow Test, Hausman Test, and Lagrange Multiplier Test (Baltagi, 2021). Furthermore, this study also conducted classical assumption tests, including tests for normality, multicollinearity, autocorrelation, and heteroscedasticity, to ensure the regression model met the BLUE (Best Linear Unbiased Estimator) criteria (Ghozali, 2018). Hypothesis testing was performed using the t-statistic to examine the partial effect of the independent variables, the F-statistic to examine the simultaneous effect of the independent variables on the dependent variable, and the Adjusted R-Square coefficient of determination to measure the model's ability to explain variations in economic growth rates (Nachrowi & Usman, 2006).

RESULTS AND DISCUSSION

To analyze the influence of Regional Original Income (PAD), transfer funds, capital expenditures, and dummy variables for mining and tourism areas on economic growth in districts/cities in West Nusa Tenggara, a panel data regression model was first estimated. Panel data regression models were tested using the Chow test to select between the common effects model and the fixed effects model, the Hausman test to select between the fixed effects model and the random effects model, and the Lagrange Multiplier (LM) test to select between the Common Effects Model (CEM) and the Random Effects Model (REM)..

Table 1. Chow Test and Lagrange Multiplier

Effect Test	*Prob.*
Chow	0.9999
Lagrange Multiplier	1.0000

Source: STATA 17 output.

The Chow Test results obtained a probability value of 0.9999, which is greater than the 5 percent significance level (0.05), so H0 is not rejected. These results indicate that there are no significant individual effects between cross-section units, so the Common Effect

Model (CEM) is more appropriate than the Fixed Effect Model (FEM). Next, a Lagrange Multiplier (LM) test was performed to determine the model choice between the Common Effect Model and the Random Effect Model (REM). The LM test results showed a Prob value > chibar2 of 1.0000, which is also greater than 0.05, so H0 is not rejected. Therefore, it can be concluded that there are no significant random effects between cross-section units, so the most appropriate estimation model used in this study is the Common Effect Model (CEM).

The Hausman test was not performed in this study because, based on the Chow Test results, the Common Effect Model (CEM) was selected, not the Fixed Effect Model (FEM). Methodologically, the Hausman test is only used to determine the model choice between the Fixed Effect Model (FEM) and the Random Effect Model (REM). Therefore, since the FEM was not selected during the Chow Test, the next relevant test is the Lagrange Multiplier (LM) test to compare the Common Effect Model (CEM) with the Random Effect Model (REM). Therefore, the Hausman Test is not necessary in the model selection stage in this study.

Classical Assumption Test

Based on the results of the Chow Test and the Lagrange Multiplier (LM) test, the most appropriate model to use in this study is the Common Effect Model (CEM) because there are no significant individual or random effects between cross-sectional units. Next, classical assumption tests, including multicollinearity and heteroscedasticity tests, were conducted to ensure the model meets the BLUE (Best Linear Unbiased Estimator) criteria, so that the estimation results can be interpreted validly and reliably.

Multicollinearity Test

Table 2. Multicollinearity Test

Variable	VIF	1/VIF
lnbm	2.15	0.465201
lnpad	1.88	0.531823
lndf	1.24	0.804779
tambang	1.13	0.883585
pariwisata	1.09	0.915708
Mean VIF	1.50	

Source: STATA 17 output.

Based on the results of the multicollinearity test using the Variance Inflation Factor (VIF), all independent variables had VIF values below the threshold of 10, with a mean VIF of 1.50. These results indicate that there is no high correlation between the independent variables in the model. Therefore, it can be concluded that the regression model does not experience multicollinearity problems and is suitable for further analysis.

Heteroscedasticity Test

Table 3. Heteroscedasticity Test

Breusch–Pagan/Cook–Weisberg test for heteroskedasticity		
chi2(1)	=	26.86
Prob > chibar2	=	0.0000

Source: STATA 17 output.

Based on the results of the Breusch–Pagan/Cook–Weisberg heteroscedasticity test, the Prob value > chi2 was 0.0000, which is less than the 5 percent significance level (0.05), thus H_0 is rejected. Therefore, it can be concluded that the regression model suffers from heteroscedasticity or non-constant residual variance. Therefore, further treatment, such as the use of robust standard errors, is required to increase the reliability of the estimation results.

Panel Data Regression

Table 4. Panel Data Regression Test Results with the Common Effect Model (CEM)

lajupertum~n	Coefficient	Robust Std. err.	t	P>t	[95% conf.	interval]
lnpad	1.4766	.7475	1.98	0.052*	-.009	2.963
lndf	2.4986	1.074	2.33	0.022**	.362	4.635
lnbm	-5.8025	3.134	-1.85	0.068*	-12.035	.4302
tambang	-1.1669	6.557	-0.18	0.859	-14.207	11.873
pariwisata	-.0757	.9141	-0.08	0.934	-1.893	1.742
_cons	34.0370	46.101	0.74	0.462	-57.640	125.715
R-squared			=	0.0722		
F(5, 84)			=	2.65		
Prob > F			=	0.0284**		

*Description:**

*** = significant at the 1% significance level (α = 0.01)*

** = significant at the 5% significance level (α = 0.05)*

* = significant at the 10% significance level (α = 0.10)*

Source: STATA 17 output.

The Influence of Locally Generated Revenue (PAD) on the Economic Growth Rate of Regencies/Cities in West Nusa Tenggara Province

Based on the Common Effect Model (CEM) estimation results, the Locally Generated Revenue (PAD) variable has a positive effect on the economic growth rate of regencies/cities in West Nusa Tenggara Province, with a coefficient of 1.476636 and a probability value of 0.052. These results indicate that increases in PAD tend to be followed by increases in regional economic growth, and are significant at the 10 percent level. This finding indicates that the higher the regional fiscal capacity, the greater the local government's ability to finance development and stimulate regional economic activity. Variations in the strength of this influence in practice are likely influenced by the diverse economic characteristics of each region. However, in aggregate, fiscal independence (Locally Generated Revenue) has proven to be a crucial instrument in driving regional economic growth during the 2016-2024 period. This study's findings align with the concept of fiscal capacity theory, which explains that regional revenue capacity plays a role in expanding the government's fiscal space to support economic growth. This finding is also supported by research by Olufemi and Oladipo (2021) and Haq et al. (2023), Kusuma & Anwar (2024), and Zein et al. (2024) showed that regional fiscal capacity and local revenue (PAD) influence regional economic growth.

The Effect of Transfer Funds on the Economic Growth Rate of Regencies/Cities in West Nusa Tenggara Province

The estimation results show that Transfer Funds have a coefficient of 2.498614 with a probability value of 0.022, thus having a positive and significant effect on the economic growth rate of regencies/cities in West Nusa Tenggara Province at the 5 percent significance level. These results indicate that transfer funds from the central government remain the primary source of financing for regional development, especially for regions with low local revenue (PAD) capacity. This finding confirms that transfer funds are the primary driving force of the regional economy in West Nusa Tenggara Province. This reflects the phenomenon of fiscal dependency, where most regencies/cities still rely on the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Revenue (DBH) to cover the fiscal gap. Central transfer allocations serve as a vital equity instrument that enables regions to provide public services and basic infrastructure, thus creating a multiplier effect on the local economy. Given the limited independent fiscal capacity in West Nusa Tenggara (NTB), central government funding is a crucial prerequisite for financing stimulus spending that boosts regional productivity and economic growth. This finding is also supported by research by Silitonga et al. (2021), Abbasov et al. (2021), Sumandeep et al. (2024), and Aswan et al. (2025), which states that transfer funds have an impact on regional economic growth, despite the potential to create fiscal dependency.

The Effect of Capital Expenditure on the Economic Growth Rate of Regencies/Cities in West Nusa Tenggara Province

Based on the CEM estimation results, the Capital Expenditure variable has a coefficient of -5.802538 with a probability value of 0.068, thus having a negative and significant effect at the 10 percent significance level on the economic growth rate of regencies/cities in West Nusa Tenggara Province. These results indicate that increased capital expenditure has not been able to optimally drive economic growth during the study period. This condition indicates possible inefficiencies in capital expenditure allocation, delays in project implementation, and the dominance of projects not directly related to the regional productive sector. In some regions, capital expenditure is still largely directed towards the development of administrative facilities rather than economic infrastructure, which has a greater multiplier effect. Furthermore, the benefits of capital expenditure tend to be long-term, so their impacts have not been fully reflected in the study period. This finding aligns with Keynesian and public investment theories, which state that government spending can drive economic growth if allocated productively and efficiently. These research findings are also supported by Zein et al. (2024), Haq et al. (2023), and Moldovan et al. (2025), which show that the effectiveness of capital expenditure is highly dependent on the quality of allocation and implementation of regional fiscal policies.

The Influence of Mining Areas on the Economic Growth Rate of Regencies/Cities in West Nusa Tenggara Province

Estimation results indicate that the mining area dummy variable has a probability value of 0.859, indicating no significant effect on the economic growth rate of regencies/cities in West Nusa Tenggara Province. This result indicates that the presence of large-scale mining is not strong enough to differentiate economic growth patterns between regions. This condition may be attributed to the mining sector's tendency towards an enclave economy, meaning economic activity with limited links to the local economy and a greater focus on external markets. Furthermore, dependence on fluctuations in global commodity prices causes the mining sector's contribution to economic growth to be unstable across periods. Thus, large-scale mining areas do not always reflect consistent economic growth patterns. This finding aligns with research by Rifa'ini & Rizali (2024), which states that the mining sector can make a significant contribution to GRDP, but does not always generate inclusive and equitable economic growth.

The Influence of Tourism Areas on the Economic Growth Rate of Regencies/Cities in West Nusa Tenggara Province

Based on the CEM estimation results, the tourism area dummy variable has a probability value of 0.934, indicating no significant effect on the economic growth rate of regencies/cities in West Nusa Tenggara Province. These results indicate that regions with world-class tourism activity intensity, such as Central Lombok, West Lombok, and North Lombok, do not yet have statistically significant economic growth rates compared to other regions. This condition indicates that the tourism sector is not yet fully integrated with the local economy, resulting in limited economic multiplier effects. Furthermore, tourism activities tend to be seasonal and event-based, making its contribution to economic growth unstable over time. These findings suggest that the success of the tourism sector in driving economic growth is heavily influenced by its linkages with supporting sectors such as trade, transportation, and local MSMEs. These research findings align with the Tourism-Led Growth Hypothesis (TLGH), which states that tourism can drive economic growth if it is strongly integrated with the local economy. This finding is also supported by Zahrotun Nisa & Khoirudin (2025), Pitana and Diarta (2009), and Wang & Tan (2025), who emphasized that the economic impact of the tourism sector is highly dependent on the effectiveness of the linkages between regional economic sectors.

The Influence of Regional Original Revenue (PAD), Transfer Funds, Capital Expenditures, Mining Areas, and Tourism on the Economic Growth Rate of Regencies/Cities in West Nusa Tenggara Province

Simultaneously, the variables of Regional Original Revenue (PAD), Transfer Funds, Capital Expenditures, and the characteristics of mining and tourism areas influence the economic growth rate of regencies/cities in West Nusa Tenggara Province. This is indicated by the F-statistic value of 2.65 with a probability of 0.0284, indicating that all independent variables together have a significant effect on regional economic growth. However, the R-squared value of 0.0722 indicates that the model's ability to explain variations in economic

growth is still relatively low. This condition indicates that regional economic growth is influenced not only by fiscal factors but also by factors other than the model. The results of this study align with Solow's (1956) neoclassical growth theory, which emphasizes the importance of capital accumulation and productivity in driving economic growth, and Romer's (1990) endogenous growth theory, which emphasizes the role of government policy and resource quality in economic development. These findings are also supported by research by Sumandeep et al. (2024), Radmehr et al. (2022), and Alawneh (2025), which shows that fiscal policy has an influence on economic growth, but its effectiveness is greatly influenced by the structural conditions and capacity of each region.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the analysis of the influence of Regional Original Revenue (PAD), Transfer Funds, Capital Expenditures, mining areas, and tourism areas on the economic growth rate of regencies/cities in West Nusa Tenggara Province, it can be concluded that Regional Original Revenue (PAD) and Transfer Funds have a positive and significant effect on regional economic growth. These results indicate that increasing regional fiscal capacity and transfer support from the central government can stimulate economic activity, especially in regions with more developed economic structures and regions still experiencing limited PAD.

Meanwhile, Capital Expenditures have a negative and significant effect on economic growth, indicating that capital expenditure allocations have not been fully effective and productive in driving regional economic growth. On the other hand, the insignificance of the dummy variables for mining and tourism areas indicates that the economic growth rate across regencies/cities in West Nusa Tenggara tends to be uniform, regardless of their status as large-scale mining centers or international tourist destinations. In other words, the empirical results demonstrate that specialization in these two economic characteristics has not had an exclusive or significantly different impact on growth compared to other regions.

Simultaneously, all independent variables in this study significantly influenced the rate of economic growth in districts/cities in West Nusa Tenggara Province. However, the low coefficient of determination indicates that regional economic growth is also influenced by factors outside the research model.

Recommendations

Based on the research findings, district/city governments in West Nusa Tenggara Province need to optimize fiscal independence by expanding the regional original revenue (PAD) base and utilizing transfer funds and capital expenditures in productive infrastructure sectors to reduce dependence on the central government. Specifically, in mining and tourism areas, strengthening local supply chains and interregional connectivity is necessary to ensure a more inclusive and concentrated economic impact. Future research recommends extending the observation period, expanding the coverage area, and adding variables such as investment,

the Human Development Index (HDI), and the capital expenditure ratio. Furthermore, the use of more specific dummy variables related to geographic characteristics, regional potential analysis, and shock factors (disasters/pandemics) is highly recommended for further analysis.

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