

Factors that Influence the Growth of the Indonesian Economy

Achadyah Prabawati¹, Siti Husnul Hotima¹, Ningrum Suryadinata¹, Rohim^{1*}, Rizqyna Ega Aulia¹

¹STIA Pembangunan Jember, Jember, Indonesia

*Corresponding author: rohim.annida86@gmail.com

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ABSTRACT

Economic growth can be assessed in Gross Domestic Product, because it shows the production capacity, income and expenditure of the country. In accordance with the dynamics of population growth in the modern world with economic and social developments which are also followed by an increase in people's consumption patterns. This increases the productivity of consumer goods which will increase tax revenues. The problems that occur are 1) Is there a significant influence simultaneously and partially between population growth, the amount of public consumption and tax revenues by the state on Indonesia's economic growth? 2) How is the intervening relationship between population growth, the amount of public consumption and tax revenues by the state on Indonesia's economic growth. Research with quantitative methods using Linear Regression analysis and Path Analysis will analyze secondary data from 1991-2023 produced by Bank Indonesia and the Indonesian Central Statistics Agency. The results of the study are: 1) Population growth, consumption and tax revenues have a significant simultaneous effect on the Indonesian economy. 2) Consumption and tax revenues have a significant partial effect on the Indonesian economy. 3) Population growth and consumption have a significant partial effect on tax revenues. 4) Population growth has a significant partial effect on consumption. 5) Population growth is related to the Indonesian economy with consumption intervening. 6) Population growth is related to the Indonesian economy with tax revenue intervening. 7) Consumption is related to the Indonesian economy with tax revenue intervening.

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1. Introduction

The Indonesian economy has a growth rate that tends to be slow and is accompanied by regional inequality that tends to be high. This is evident in the distribution of Regional Minimum Wages that are not the same between regions. So that with the unequal income, the price of commodities is also not the same in each region. This can result in inequality in community welfare. As the years increase, the population of Indonesia also increases. The death rate of the population is replaced by an increasing number of births, which results in an increase in the number of population growth. This is in accordance with Pratiwi's opinion (2023) that Indonesia, which increases every year, also increases the population and results in an increase in consumption.

The increasing population is in accordance with the increasing needs. Meanwhile, with the changing of the year, the level of education also increases. Education also requires a lot

of money. It can be ascertained that as the years go by, the economy also increases. With the increase in education, the level of socialization of society also increases. This condition can be seen in the increase in power and consumption models of society (2). Food, clothing and shelter which are the consumption needs of society also increase. Not to mention vehicles and entertainment venues which are also consumption needs of society. Thus, producers and production of public consumption will also increase.

Increasing producers and increasing production of consumer goods will increase employment. So that unemployment will also be accommodated so that they can earn income. With the increasing number of productivity, it will increase producer income. This does not rule out the possibility of increasing the income of its workforce. Increasing the style of socialization of society shows that tax payments by industry and producers are also increasing.

The income of workers and the income from work productivity that increases will increase the tax revenue received by the government. The income of workers increases, which will increase the income of personal income tax (PPH 21). The income of producers' productivity will increase the income of business profits, which is in the form of corporate income tax (PPH 29).

People in fulfilling their life needs will buy goods that are consumed. By buying consumer goods will also be subject to value added tax (VAT) and income tax on consumption of goods (PPH 22) and income tax on consumption of services (PPH 23). As well as various other types of taxes.

Tax payments by the community are deposited to the state (3). So it can be ensured that taxes can improve the economy of a country (4) (5). This is evident in the tax revenues by the government which are predominantly distributed in the form of a spending budget. This spending budget will be distributed by the state in the form of the APBN and APBD. In addition to government revenue in the form of taxes, there is supporting government revenue in the form of profit sharing income from business investments. In addition, there are also funds obtained from Grants.

With increasing tax revenues, it is certain that public consumption, public welfare and the economy of a country will also increase. From these conditions, the following problems arise: 1. Do population growth, consumption and tax revenues have a significant effect simultaneously and partially on the Indonesian economy? 2. Do population growth, consumption and tax revenues have an intervening relationship with the Indonesian economy? From these problems, the purpose of this study is to determine 1. There is a significant influence simultaneously and partially between population growth, consumption and tax revenues on the Indonesian economy. 2. There is an intervening relationship between population growth, consumption and tax revenues on the Indonesian economy.

2. Methodology

The method used in this study is a quantitative method. The problem-solving approach in this study is to use a macroeconomic theory approach regarding population, consumption and taxes and the economy. Researchers will examine secondary data on population, consumption, taxes and the level of the Indonesian economy.

The study of the relationship between population growth and the Indonesian economy can be predicted directly. And it can also be predicted interveningly with the amount of public consumption and tax revenues by the government.

The data collected is secondary data from 1991 to 2023 produced by reports from Bank Indonesia, BPPS and others. The data is studied using the Classical Assumption Test. This is done to avoid regression having biased estimates, which is called Best Linear Un Estimation (BLUE). The classical assumption test uses three test scales so that it can be continued for Linear Regression analysis, namely:

1. Normality Test, using Kolmogorov Smirnov analysis with Asymp. Sig which has a value > 0.05
2. Multicollinearity Test, using Tolerance analysis with a value between 0 to 1, and VIF analysis with a value between 1 to 10.
3. Autocorrelation Test, using Durbin Watson analysis with a value between -2 to 2

In the data analysis in this study, three analysis models were used, namely Multiple Linear Regression analysis; Simple Linear Regression analysis and Intervening analysis. Multiple Linear Regression analysis shows the relationship between several independent variables on one dependent variable. In this analysis, there is a simultaneous relationship and a partial relationship. A simultaneous relationship shows a relationship between several independent variables together in influencing one dependent variable. While a partial relationship shows a relationship between several independent variables individually in influencing one dependent variable. In Multiple Linear Regression analysis, there are three stages in analyzing, namely analysis of the coefficient of determination; Regression coefficient and hypothesis testing.

In this relationship, the relationship can be studied simultaneously using the Determination coefficient symbolized by R^2 which shows the magnitude of the influence of the independent variable on the dependent variable. This coefficient has a magnitude between 0 and 1. The greater the coefficient value, the greater the relationship of influence received. Critically, the Determination coefficient is shown by the Adjusted Determination magnitude symbolized by Adj. R^2 . This coefficient shows the magnitude of the influence of other variables outside the study that also affect the magnitude of the dependent variable. The magnitude of the influence is initialized as $1 - \text{Adj. } R^2$

The influence analysis uses the Multiple Linear Regression Test, which in the SPSS analysis results is shown in the Coefficients table in the Unstandardized Coefficients-B column. The formula is obtained with a constant from the constant value, while the coefficient is obtained from the value according to the variable. So that the Multiple Linear Regression formula becomes:

$$Y = a + d_1X_1 + d_2X_2 + d_3Z \quad \dots\dots\dots 1)$$

Hypothesis testing in a simultaneous relationship using the F test. If the calculated F coefficient is greater than the F table, it indicates that the alternative hypothesis is accepted. And vice versa. Significantly indicated if the calculated α is less than 0.05, then the hypothesis is significantly accepted.

Hypothesis testing in a partial relationship can be tested using the t test. If the calculated t coefficient is greater than the t table, it indicates that the alternative hypothesis is accepted. And vice versa. Significantly indicated if the calculated α is less than 0,05 then the hypothesis is significantly accepted.

Simple Linear Regression Analysis shows the partial influence relationship between one independent variable and one dependent variable indicated by the Simple Linear Regression coefficient. The greater the coefficient value, the greater the influence relationship received. Negative numbers indicate the opposite influence.

According to the results of the SPSS program, the constants and coefficients in Simple Linear Regression Analysis are the same as in Multiple Linear Regression analysis. The formula is obtained with a constant from the constant value, while the coefficient is obtained from the value according to the variable in the Coefficients table and in the Unstandardized Coefficients-B column. So that the Simple Linear Regression formula becomes:

$$\begin{array}{ll}
 Y = a + fX_1 & \dots\dots\dots 2) \\
 Y = a + gX_2 & \dots\dots\dots 3) \\
 Y = a + hZ & \dots\dots\dots 4) \\
 Z = b + iX_1 & \dots\dots\dots 5) \\
 Z = b + jX_2 & \dots\dots\dots 6) \\
 X_2 = c + kX_1 & \dots\dots\dots 7)
 \end{array}$$

Analysis of direct and indirect relationships is analyzed using Intervening Analysis. In this study, there are 3 intervening relationships formulas, namely:

Path Equation 1

Direct Relationship $X_1 \rightarrow Y$

$$Y = fX_1 + e \quad \dots\dots\dots 8)$$

Indirect Relationship $X_1 \rightarrow Z \rightarrow Y$

$$Z = iX_1 + e \quad \dots\dots\dots 9)$$

$$Y = hZ + e \quad \dots\dots\dots 10)$$

Path Equation 2

Direct Relationship $X_2 \rightarrow Y$

$$Y = gX_2 + e \quad \dots\dots\dots 11)$$

Indirect Relationship $X_2 \rightarrow Z \rightarrow Y$

$$Z = kX_2 + e \quad \dots\dots\dots 12)$$

$$Y = hZ + e \quad \dots\dots\dots 10)$$

Path Equation 3

Direct Relationship $X_1 \rightarrow Y$

$$Y = fX_1 + e \quad \dots\dots\dots 8)$$

Indirect Relationship $X_1 \rightarrow X_2 \rightarrow Y$

$$X_2 = kX_1 + e \quad \dots\dots\dots 13)$$

$$Y = gX_2 + e \quad \dots\dots\dots 10)$$

Formula Description:

Y : Indonesian Economy

Z : Tax Revenue

X_1 : Population Growth

X_2 : Public Consumption

`a-c : Constant

`d-j : Coefficient

In the Intervening Analysis equation, the coefficients of the formula are obtained from the Standardized Coefficients – Beta in the Coefficients table. While the constant e (error) is obtained from the root of $1-R^2$ which is formulated as:

$$(\sqrt{1-R^2}).$$

Intervening Analysis is an analysis of the strength of the relationship between two variables directly compared to the indirect relationship if there is another variable that bridges it. The method is to determine the path equation and then examine it with a hypothesis test by comparing the strength of the relationship.

Intervening Test, the method is to compare the direct relationship coefficient with the sum of the direct relationship coefficient with the result of multiplying the indirect relationship coefficient. If it shows a larger result, it shows that the alternative hypothesis is accepted.

This section contains research design that include material, equipment, and procedures for experimental/laboratory research as well as population/sample of research for field/survey-based research. Data and techniques/instrument of data collections, analysis tools and models used should also be mentioned clearly. Provide sufficient detail to allow the work to be reproduced. Commonly methods no needs to be written in details, but simply refers to the references book (Example: F test formula, t test). Symbol description on model is written in sentence. All size and quantity of the material used in experimental/laboratory research must follow the standard determined by the producers by citing the relevant reference. Methods already published should be indicated by a reference: only relevant modifications should be described. Name the number of samples and give courtesy to whom you obtain the sample. State seasonal variation of the habitat (if applicable) or date of sampling. Human materials should be collected in conformation to standard ethics and with written informed consent.

3. Results and Discussion

3.1. Respondent Description

3.1.1. *Economy*

The economy in a region is the region's ability to receive and spend its finances. So that the level of economy in Indonesia can be identified with Gross Domestic Product (GDP). Where Gross Domestic Product includes income received from various sources of income and expenditure from all aspects.

According to Kuznets, economic growth is a long-term increase in the capacity of the country concerned to provide various economic goods to its population. The increase in capacity itself is determined or made possible by technological, institutional and ideological progress or adjustments to various demands of existing conditions.

Economic growth shows how far economic activity can increase people's income in a certain period of time. Economic growth requires an increase in the amount of investment that needs to be made from year to year in order to maintain the continuity of development. With the increase in investment, there is an increase in productivity and its producers.

3.1.2. *Populations*

Population is defined as the community in a region. In Indonesia, until 2024, the population is almost 280 million. This includes ages from newborn to over 75 years old. They

also need consumption that must be enjoyed throughout their lives. In addition, they also rely on funding sources to be able to meet their needs.

3.1.3. Consumption

Consumption is all needs that can be met by all people in a region. In Indonesia, minimal consumption is obtained with standard food needs according to the time period. For this reason, consumption in Indonesia is assessed based on the types of food that are widely consumed by the Indonesian people. In fact, all types of food already have a certain amount for each individual.

3.1.4. Tax

The amount of tax can be known by the state's income from each tax according to its annual period. Because it is the result of the state's income from the taxes received, the amount can be known centrally. Meanwhile, there are also taxes that are used as regional revenues. This type of tax is also included in state revenues from regional areas

3.2. Data Analysis

According to the results of the SPSS analysis in the Kolmogorov Smirnov Test table, the normality test obtained Asymp. Significance of 0.127 which is greater than 0.05. This indicates that the normal data used as research data.

In the Coefficients table, the Multicollinearity test has a Tolerance of 0.105 for consumption and 0.108 for the population and 0.161 for taxes, all of which are above 0.1. While the VIF is 6.213 for taxes and 9.232 for the population and 9.479 for consumption, all of which are between 1 and 10. This condition shows that all data is free from Multicollinearity

With the Autocorrelation test, it shows that the Durbin Watson coefficient in the Summary table is 0.957 which is in the position between -2 and 2. So the data is free from Autocorrelation.

3.3. Research Analysis and Hypothesis Testing

Multiple Linear Regression Analysis according to the Summary table can be shown that the Determination coefficient (R^2) is 0.907 which can be interpreted that all independent variables, namely Tax, Population and Consumption have an influence of 90.7% on the Dependent variable, namely the Economic variable. Critically, all independent variables have an influence of 89.8% on the dependent variable, and 10.2% is influenced by other variables not included in this study.

With three independent variables and one dependent variable and thirty-three samples, the F Table coefficient is 8.62. The results of the analysis show a calculated F of 94.806 which is greater than the F Table. The calculated significance of 0.0000 can be interpreted as accepting the alternative hypothesis, that all independent variables have a significant effect on the dependent variable.

According to the coefficients table, the regression coefficient formula is obtained, namely:

$$Y = a + d_1X_1 + d_2 X_2 + d_3Z \quad \dots\dots\dots 1)$$

$$\text{Economy} = 1,606,243 + 1,022 \text{ Population} + 0,013 \text{ Consumption} + 0,799 \text{ Taxes}$$

The constant a of 1,606,243 shows that without being influenced by the population; the amount of consumption and the amount of tax revenue, the Indonesian economy already has a size of 1.606,243 trillion rupiah.

The population coefficient of 1,022 shows that with the addition of one million people, the Indonesian economy will increase by 1,022 trillion rupiah. The consumption coefficient of 0,013 indicates that with the addition of one billion rupiah of public consumption, the Indonesian economy will increase by 0,013 trillion rupiah. The tax coefficient of 0,799 indicates that with the addition of tax revenue of one million rupiah, the Indonesian economy will increase by 0,799 trillion rupiah.

The t table for thirty-three samples is known to be 2,0423 while the Consumption variable has a t count of 2,104 and a significance level of 0,036. While the tax variable has a t count of 3,803 and a significance level of 0,001. All of these variables are above the t table and the significance level is below 0,05. So that it significantly accepts the alternative hypothesis and it can be interpreted that consumption and taxes partially have a significant effect on the economy.

Simple Linear Regression Analysis can be interpreted according to the Summary table and the coefficients table, namely:

3.3.1. Relationship between Population and Economy

$$Y = a + f X_1 \quad \dots\dots\dots 2)$$

$$\text{Economy} = 2221,869 + 15,026 \text{ Population}$$

Partially accept the alternative hypothesis, namely the relationship between population and economy has a significant influence. This is evidenced by the calculated t of 11,489 which is greater than the t table of 2,043 and a significance level of 0.000. The magnitude of the influence of the population on the Indonesian economy according to the correlation coefficient of 81% which is critically 80,4% namely 19,6% influenced by other factors not included in this study.

3.3.2. Relationship between Consumption and Economy

$$Y = a + g X_2 \quad \dots\dots\dots 3)$$

$$\text{Economy} = -1475,997 + 0,031 \text{ Consumption}$$

Partially accept the alternative hypothesis, namely the relationship between consumption and the economy has a significant influence. This is evidenced by the calculated t of 13,262 which is greater than the t table of 2,043 and a significance level of 0.000. The magnitude of the influence of the amount of public consumption on the Indonesian economy according to the correlation coefficient of 85% which is critically 84,5%, namely 15,5% is influenced by other factors not included in this study.

3.3.3. Relationship between Tax and Economy

$$Y = a + h Z \quad \dots\dots\dots 4)$$

$$\text{Economy} = 4121,955 + 1,396 \text{ Taxes}$$

Partially accept the alternative hypothesis that the relationship between taxes and the economy has a significant influence. This is evidenced by the calculated t of 14,661 which is greater than the t table of 2,043 and a significance level of 0,000. The magnitude of the influence of the amount of tax revenue on the Indonesian economy according to the correlation coefficient of 81% which critically shows 80,4% or 19,6% is influenced by other factors not included in this study.

3.3.4. Relationship between Population and Taxes

$$Z = b + i X_1 \dots\dots\dots 5)$$

$$\text{Tax} = -1212,513 + 10,061 \text{ Population}$$

Partially accept the alternative hypothesis, namely the relationship between population and tax has a significant influence. This is evidenced by the calculated t of 11,475 which is greater than the t table of 2,043 and a significance level of 0.000. The large influence of the number of population on tax revenues in Indonesia according to the correlation coefficient of 80.9% which critically shows that 80,3% or 19,7% is influenced by other factors not included in this study.

3.3.5. Relationship between Consumption and Tax

$$Z = b + jX_2 \dots\dots\dots 6)$$

$$\text{Tax} = -3591,65 + 0,021 \text{ Consumption}$$

Partially accept the alternative hypothesis, namely the relationship between consumption and tax has a significant influence. This is evidenced by the calculated t of 11,663 which is greater than the t table of 2,043 and a significance level of 0,000. The magnitude of the influence of the amount of public consumption on tax revenue in Indonesia according to the correlation coefficient of 81,4% which critically shows 80,8%, namely 19,2%, is influenced by other factors not included in this study.

3.3.6. Relationship between Population and Consumption

$$X_2 = c + k X_1 \dots\dots\dots 7)$$

$$\text{Consumption} = 121.684,071 + 457,614 \text{ Population}$$

Partially accept the alternative hypothesis, namely the relationship between population and consumption has a significant influence. This is evidenced by the calculated t of 14,737 which is greater than the t table of 2,043 and a significance level of 0,000. The large influence of the number of population on the consumption of the Indonesian people according to the correlation coefficient of 87,1% which critically shows 87,5%, namely 12,5% is influenced by other factors not included in this study.

3.4. Intervening

In the Intervening Analysis equation, the coefficient of the formula is obtained from the Standardized Coefficients – Beta in the Coefficients table. While the constant e (error) is obtained from the root of $1-R^2$ which is formulated as:

$$(\sqrt{1-R^2})$$

Intervening Test, the method is to compare the direct relationship coefficient with the sum of the direct relationship coefficient with the result of multiplying the indirect relationship coefficient. If it shows a larger result, it indicates that the Alternative Hypothesis is accepted.

Path Equation 1

Direct Relationship $X_1 \rightarrow Y$:

$$Y = f X_1 + e = 0,900 X_1 + (\sqrt{1-0,81})$$

$$Y = 0,900 X_1 + 4,359 \dots\dots\dots 8)$$

Indirect Relationship $X_1 \rightarrow Z \rightarrow Y$:

$$Z = i X_1 + e = 0,900 X_1 + \sqrt{1-0,809}$$

$$Z = 0,900 X_1 + 0,437 \quad \dots\dots\dots 9)$$

$$Y = h Z + e = 0,935 Z + \sqrt{1-0,874}$$

$$Y = 0,935 Z + 0,35497 \quad \dots\dots\dots 10)$$

Intervening Test 1):

Direct Relationship of 0,900 is greater than Indirect Relationship of 0,8415 obtained from 0.900 multiplied by 0,935. Thus, accepting the Alternative Hypothesis, meaning that population growth has an effect on economic growth with the intervening tax revenue

Path Equation 2

Direct Relationship $X_2 \rightarrow Y$:

$$Y = g X_2 + e = 0,922 X_2 + \sqrt{1-0,850}$$

$$Y = 0,922 X_2 + 0,3873 \quad \dots\dots\dots 11)$$

Indirect Relationship $X_2 \rightarrow Z \rightarrow Y$:

$$Z = kX_2 + e = 0,902 + \sqrt{1-0,814}$$

$$Z = 0,902 + 0,4313 \quad \dots\dots\dots 12)$$

$$Y = hZ + e = 0,935 Z + \sqrt{1-0,874}$$

$$Y = 0,935 Z + 0,35497 \quad \dots\dots\dots 10)$$

Intervening Test 2):

Direct Relationship of 0,922 is greater than Indirect Relationship of 0,84337 obtained from 0.902 multiplied by 0,935. Thus, accepting the Alternative Hypothesis, meaning that population growth has an effect on economic growth with the intervening tax revenue

Path Equation 3

Direct Relationship $X_1 \rightarrow Y$:

$$Y = f X_1 + e = 0,900 X_1 + \sqrt{1-0,81}$$

$$Y = 0,900 X_1 + 4,359 \quad \dots\dots\dots 8)$$

Indirect Relationship $X_1 \rightarrow X_2 \rightarrow Y$:

$$X_2 = k X_1 + e = 0,935 X_1 + \sqrt{1-0,875}$$

$$X_2 = 0,935 X_1 + 0,3536 \quad \dots\dots\dots 13)$$

$$Y = g X_2 + e = 0,922 X_2 + \sqrt{1-0,850}$$

$$Y = 0,922 X_2 + 0,3873 \quad \dots\dots\dots 11)$$

Intervening Test 3):

Direct Relationship of 0.900 is greater than Indirect Relationship of 0,86207 obtained from 0,935 multiplied by 0,922. Therefore, it accepts Alternative Hypothesis, meaning that population growth has an effect on economic growth with consumption intervening.

3.5. Intervening

The results of the study indicate that the simultaneous influence of population growth, consumption and tax revenues on the Indonesian economy is 90,7%, of which 10,2% is influenced by other factors outside the study. Based on the regression coefficient, without being influenced by the three variables, the Indonesian economy already has a size of 1.606,243 trillion rupiah. Where the addition of one resident will increase the Indonesian

economy by 1,022 million rupiah. With the addition of one rupiah of community consumption, the Indonesian economy will increase by 13 rupiah. And with the addition of one rupiah of tax revenue, the Indonesian economy will increase by 799 thousand rupiah. So to improve the economy of a region, there should be an increase in the number of residents, consumption and tax revenues. Because with an increase in the number of residents, the need for consumption will increase and will increase the number of producers. So there is an increase in taxes from producers and consumers.

Population growth on the Indonesian economy has a very strong influence as indicated by a correlation coefficient of 81% - 85%. This is in accordance with the opinion of Fitri Wulandari (2023) and Yenny (2020) where a large population will be able to produce sufficient products so that the economy of a region will develop rapidly. Meanwhile, according to Pratiwi (2023) and Miswar (2019), they have a different opinion where population growth will experience a lot of unemployment, triggering the phenomenon of poverty which will lead to increased urbanization. This is what makes the level of the economy uneven and even declines.

The amount of consumption on the Indonesian economy has a very strong influence as indicated by a correlation coefficient of 85%. This is in accordance with the opinion of Zahra (2022) who stated that the contribution of consumption to the Indonesian economy is 74% of Gross Domestic Product. According to Gerardus (2021) household consumption has a significant influence on economic growth. This is in accordance with Keynes' theory that consumer decisions in consumption have important implications as a reference in determining a country's macroeconomic policies.

Tax revenues on the Indonesian economy have a very strong influence as indicated by a correlation coefficient of 81%. This is because tax revenues will then be allocated to meet government financing. All for infrastructure spending, education, health and for improving public facilities which can later increase Indonesia's economic growth. This is in accordance with the opinions of Kanaya (2023) and Yuliance (2022) as well as Negara & Khoirunurrofik (2021) who stated that tax revenues have a positive and significant effect on economic growth.

Population growth has a very strong effect of 80.9% on tax revenue according to the results of the study showing a significant effect, namely the calculated t coefficient of 11,475 is greater than the t table of 2,043 with a significance level of 0.0000 which is below 0,05 as the error rate. This supports the opinion of Muh. Rizal (2023) who stated that a stable and well-managed population growth rate can play an important role in creating a larger labor market and expanding the availability of capital and human resources. Furthermore, it will increase the level of productivity, public consumption, tax revenues by the government and contribute to sustainable economic growth. In accordance with the theory which states that the higher the population growth, the higher the consumption needs of the community. With increased consumption, the number of producers will increase and productivity will also increase. This will result in increased tax revenues by the government. With increased taxes, the Indonesian economy will also increase. This condition is in accordance with the results of the study which shows that the relationship between the influence of population growth on the Indonesian economy and intervening tax revenues is indeed acceptable. This is because the direct relationship of 0,900 is greater than the indirect relationship of 0.8415, thus accepting the Alternative Hypothesis. This means that increasing population growth has an effect on Indonesia's economic growth with the intervening tax revenue.

Consumption has a very strong effect of 81,4% on tax revenue according to the results of the study showing a significant effect, namely the calculated t coefficient of 11,663 is greater than the t table of 2,043 with a significance level of 0,0000 which is below 0.05 as the error rate. This supports the opinion of Gerardus (2021) who stated that household consumption plays an important role in economic growth because household consumption is two-thirds of GDP. The higher the household consumption, the higher the economic growth will be. This is because the majority of GDP revenue comes from the tax sector. In accordance with the theory which states that the higher the consumption, the higher the production results. With increased consumption and production results, tax revenues by the government will increase. With increased taxes, the Indonesian economy will also increase.

This condition is in accordance with the results of the study which shows that the relationship between the influence of consumption on the Indonesian economy and intervening tax revenues can indeed be accepted. This is because the direct relationship of 0.922 is greater than the indirect relationship of 0,8434 so that it accepts the Alternative Hypothesis. This means that increased consumption has an impact on Indonesia's economic growth by intervening in tax revenues.

Population growth has a very strong effect of 87,5% on public consumption according to the results of the study showing a significant effect, namely the calculated t coefficient of 14,737 is greater than the t table of 2,043 with a significance level of 0,0000 which is below 0,05 as the error rate. This supports the opinion of Nurhuda (2023) who stated that consumption has a significant effect on economic growth. The existence of a significant effect between consumption and economic growth indicates that economic growth is influenced by consumption. This is because if there is an increase in consumption, it means that the demand for goods and services also increases. The increase in demand for goods and services forces the economy to increase the production of goods and services. The increase in the production of goods and services will cause an increase in the economy.

Where the Indonesian economy is in accordance with the gross domestic product which is calculated on the basis of income and consumption expenditure. This condition is in accordance with the results of the study which shows that the relationship between the influence of population growth on the Indonesian economy and the intervening public consumption is indeed acceptable. This is because the direct relationship of 0,900 is greater than the indirect relationship of 0,8621 so that it accepts the alternative hypothesis. This means that increasing population growth has an impact on Indonesia's economic growth by intervening in public consumption.

4. Conclusion

Based on the theory and evidence both empirically and economically regarding the relationship between population growth, government consumption expenditure and tax revenues on economic growth, it can be concluded that all have a tendency to increase every year. There is a positive relationship between population growth, government consumption expenditure and tax revenues with economic growth in the research period. This is because the population is always increasing, consumption expenditure is routine state expenditure in this case employee expenditure which includes salaries and pensions, allowances and domestic goods expenditure, regional routine funds and other routine expenditures that have an impact on increasing consumption of goods which then increases the consumption function

which contributes to the national gross and also affects tax revenues by the government and economic growth.

Based on the conclusion above, there are suggestions to support the government to avoid a decline in the Indonesian economy, the government must provide policies and decisions so that tax revenues always increase.

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