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INTERACTION BETWEEN GOVERNMENT EXPENDITURE, GOOD GOVERNANCE, AND ECONOMIC GROWTH IN THE ASIA AND AFRICA REGION

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Dwi Tri Mega Rahayu[1]✉, Andryan Setyadharma[2], Shanty Oktavilia[3]

[1,2,3] Magister of Economics, Faculty of Economics and Business, Universitas Negeri Semarang, Indonesia

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Abstract

This research is motivated by the gap phenomenon in Asia and Africa, where there is a discrepancy between theory and previous research and the reality in these two regions. Based on government governance data, Asia and Africa have institutional qualities that could be better than other regions in the world. However, poor institutional quality does not reduce economic growth in the Asian and African regions. This research uses data from the World Bank and World Governance Indicators for the 2000-2022 period using variables of government governance, government spending, and economic growth. This research uses the FMOLS method using Eviews 10. The research results show that political stability, regulatory quality, and control of corruption have a positive and significant effect on economic growth in the Asian and African regions. Meanwhile, the effectiveness of government performance and the rule of law positively and significantly impact economic growth in the Asian region but do not influence the African region. The research results on the voice and accountability variables show no influence on economic growth in the Asian region. Still, the African region positively and significantly impacts economic growth.

Abstrak

Penelitian ini dilatarbelakangi oleh fenomena kesenjangan yang terjadi di Asia dan Afrika dimana terdapat ketidaksesuaian antara teori dan penelitian terdahulu dengan realita yang terjadi di kedua kawasan tersebut. Berdasarkan data tata kelola pemerintahan, Asia dan Afrika sama-sama memiliki kualitas kelembagaan yang tidak sebaik kawasan lain di dunia. Namun, pada kenyataannya adanya kualitas kelembagaan yang kurang baik tersebut tidak mengakibatkan penurunan pertumbuhan ekonomi di kawasan Asia dan Afrika. Penelitian ini menggunakan data yang bersumber dari World Bank dan World Governance Indicators periode 2000-2022 dengan menggunakan variabel tata kelola pemerintahan, pengeluaran pemerintah dan pertumbuhan ekonomi. Penelitian ini menggunakan metode FMOLS dengan menggunakan Eviews 10. Hasil penelitian menunjukkan bahwa variabel stabilitas politik, kualitas regulasi, pengendalian korupsi berpengaruh positif dan signifikan terhadap pertumbuhan ekonomi di kawasan Asia dan Afrika. Sedangkan efektivitas kinerja pemerintah dan supremasi hukum berpengaruh positif dan signifikan terhadap pertumbuhan ekonomi di kawasan Asia namun tidak berpengaruh di kawasan Afrika. Dan hasil penelitian pada variabel voice dan accountability menunjukkan bahwa tidak terdapat pengaruh terhadap pertumbuhan ekonomi di kawasan Asia, namun terdapat pengaruh positif dan signifikan terhadap pertumbuhan ekonomi di kawasan Afrika.

✉ Corresponding author: Dwi Tri Mega Rahayu
E-mail: megarahayyuu@students.unnes.ac.id

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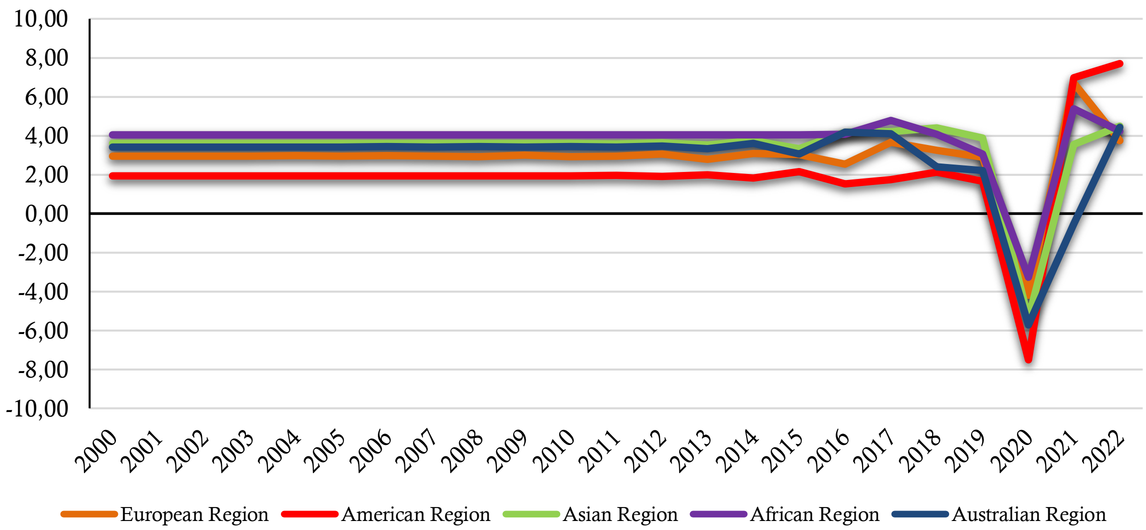
INTRODUCTION

According to Azwar (2016), economic growth and development have different understandings; economic growth can be understood as increasing the per capita output of goods and services in the long term so that the higher the economic growth, the higher the welfare of society. Economic growth is quantitative and is usually seen from Gross Domestic Product (GDP) data. Meanwhile, economic development emphasizes the process of structural change in the economy from the primary sector to the secondary and tertiary sectors to increase people's income and achieve a good level of equality to maximize people's welfare. Economic growth in a country aims to achieve a higher level of prosperity. Achieving this goal requires intervention from the government as a policymaker to influence the course of the economy. Silasa (2020) states that economic growth is one of the government's central policies to improve community welfare and has the most critical role in community welfare in the long term. The government generally carries out various policies, such as monetary policy (central bank domain) and fiscal policy (government domain), to improve the welfare of society and the government.

In the end, the dynamic development of the global economy also creates significant challenges for the government. The International Monetary Fund (IMF) estimates that the global economy will experience a decline of 6% in 2020 to only 3.2% in 2021 and will again experience a drop of 2.7% in 2022. This global uncertainty will affect the world economy and cause economic slowdown in small countries. The economic downturn in developed countries is not only experienced by the UK and the United States but is also experienced by other countries such as Canada. In developing countries, apart from China and India, economic weakness has also occurred in various countries. This also occurs due to increasingly weak industrial production activities and the manufacturing sector due to slowing external and domestic demand. Therefore, below, we will present a figure of world economic growth data for 2000-2022 to see the current situation of global economic development.

Figure 1. World Economic Growth Data 2000-2022



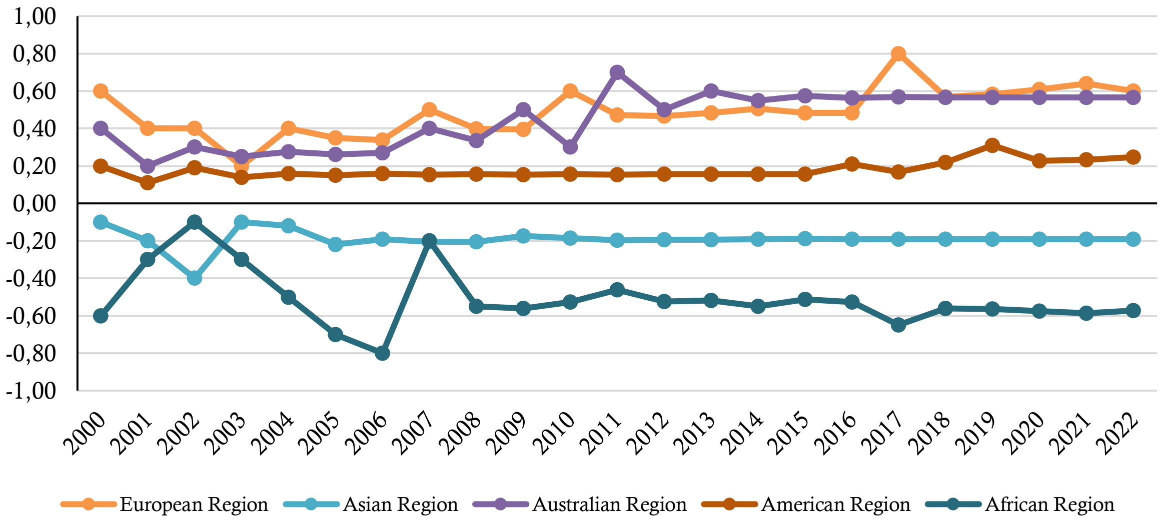
Source: World Bank, 2022.

Based on Figure 1, among several other regions in the world, the African region has the highest average value of economic growth, namely 3.30%, in the 2000-2022 period. It is above the world average value of 2.60%. The graph also shows that the Asian region has the second highest average economic growth, 2.82% in 2000-2022. High economic growth in these two regions should influence a reduction in poverty levels and income inequality in Asia and Africa through a trickle-down effect, but this is meaningless due to the problem of weak capital and human resources due to a lack of access to financial institutions. Therefore, the role of the government through fiscal and monetary policies is essential for stabilizing economic growth so that later economic growth is not only limited to increasing national income but also equalizing social welfare.

Keynes' classical theory also assumes that the role and intervention of government are crucial in determining economic development and creating stable economic growth. This relates to regulations to create high employment opportunities and relatively stable price levels. Apart from that, the government as a policy maker must also be able to improve good governance so that the development process can run smoothly and the community can experience the results of equitable development, thereby influencing the improvement of community welfare in the long term. Research on government institutional variables and economic performance (economic growth) has been widely conducted since the 2000s. One of the studies regarding the relationship between institutional quality (government governance) and economic growth was carried out by Hakkio (2021), who stated that in the process of economic growth, it is necessary to improve government management systems and structures such as controlling government governance and an equalization system to increase productive investment. As a policy maker, the government must be in the state institutional system because there is a need for synergy between government officials, society, and the private sector.

According to Ekpung (2020), good governance is a concept that is considered very effective in policy formulation, especially in implementing economic policies and their influence on society's growth, stability, and welfare. This concept provides a basis for law, order, and the ability to provide social services to improve the quality of human resources, provision of physical infrastructure, and management within a government framework to achieve community welfare. Kaufmann (2019), in his research, also stated that implementing good governance in a country leads to effective government policies, suitable regulatory mechanisms, and increased legal supremacy, including the institutional framework and legal norms that limit the behavior of policymakers, namely the government. The existence of legal rules and norms must act as a monitor that government actions and policies are appropriate and support increased economic growth (Abdullah et al., 2020). The following is an overview of average government governance data in the world for 2000-2022 to see the quality of institutions in each country.

Figure 2. World Government Governance Data 2000-2022



Source: World Governance Indicators, 2022

Based on Figure 2, among several regions in the world, the European Continent has the best governance in 2000-2022, with an average indicator value of 0.88. Meanwhile, the areas with the worst governance are in the African Region and the Asian Region, with average indicator values of -0.64 and -0.12. The negative average value in the African and Asian regions shows that governance has not been implemented well. This can occur due to corruption, collusion, nepotism, and arbitrariness by state managers. If this continues, it will cause turmoil and loss of trust from the community and various parties. Asia and Africa have the lowest quality of governance, but this does not affect the decline in economic growth, as shown in Figure 1 regarding world economic growth data. This is a gap phenomenon because the poor quality of institutions in Asia and Africa should impact decreasing economic performance.

In research conducted by Annur (2019), he explains that most economic growth is only seen from economic factors such as investment, inflation, taxes, and interest rates. Still, non-economic factors such as governance have yet to be widely studied. Research conducted by Hakkio (2021) shows that economic growth can improve the government governance system but cannot carry out a redistribution function. Improving governance will influence the level of productive investment. Apart from that, other research conducted by Bayar (2019) shows that the variables of controlling corruption, the effectiveness of government performance, the rule of law, and Voice and Accountability do not significantly influence economic growth, while political stability and regulation do. Quality has a significant influence on the development of the economy in the European region.

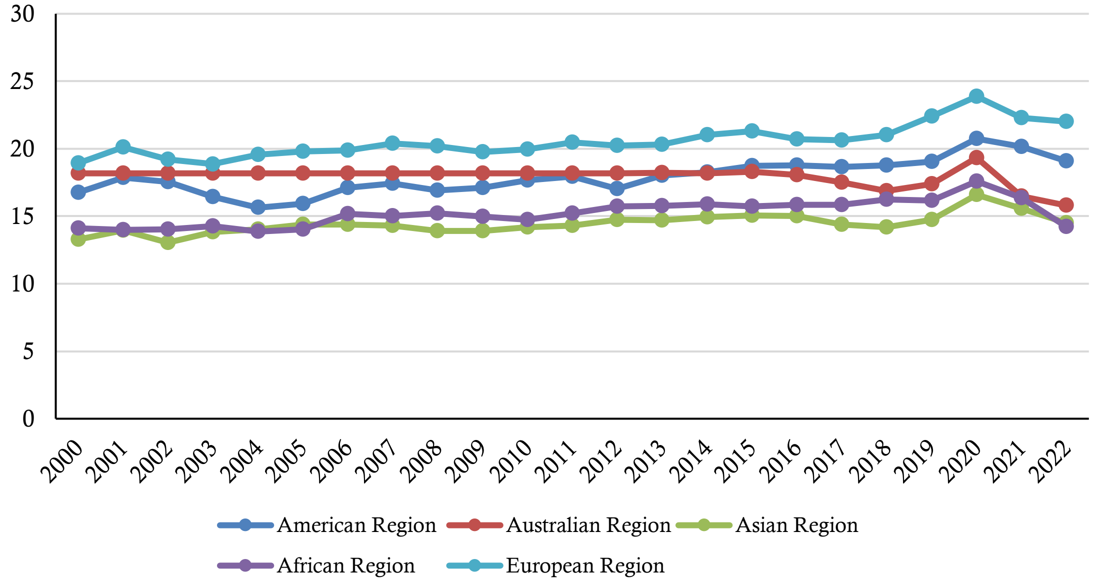
Onifade et al. (2020) stated that to achieve long-term economic stability and adjust to short-term economic fluctuations, the government will tend to implement fiscal policy using government expenditure instruments. Asongu & Jellal (2019) explain that in most low-income countries, access to foreign aid and the existence of grants also have the potential to encourage increased government spending. Meanwhile, Hong & Nadler's (2020) research states that increasing government revenue sources is another factor in improving public spending. In developing countries, fiscal policy through government expenditure instruments drives the economy, especially economic growth. Laiprakobsup's research (2019) found that in developing countries such as Asia, policy transitions do not only focus on tax policy but are also related to the distribution of expenditure oriented towards economic growth. In his research, Laiprakobsup (2019) also stated that non-economic factors such as political aspects are essential factors in equalizing government spending to create good governance democracy and have a positive impact on the country's economy.

State spending carried out by the government in a country, either directly or indirectly, will affect the goods and services production sector. In achieving the target of increasing GDP, the government will regulate the allocation and level of spending so that when the revenue target is insufficient to finance all state spending, it can be implemented using a budget deficit pattern. In this case, there is a theory regarding the relationship between government spending and economic growth, namely Keynes' theory. This theory states that a country's national income growth is determined by the variable’s consumption expenditure, government expenditure, investment, and net exports. Keynes considered that to increase a country's economic growth, increasing consumption and demand for government spending and investment was necessary. According to Keynes, this concept can be carried out by comparing the value of government expenditure (G) to Y so that the contribution of government expenditure to the formation of national income can be known. This turns out to be inversely proportional to the theory put forward by Adolf Wagner, who assumes that government activity in the economy tends to increase. Contrary to Keynes' theory, which assumes that government spending variables will influence economic growth ($G \rightarrow Y$). Wagner stated that economic growth affects the government spending variable ($Y \rightarrow G$).

According to Wagner, when there is an increase in per capita income in a country, this will also influence an increase in state spending. Wagner's Law states that several factors cause an increase in government spending variables, namely increasing security and defense protection, increasing income levels, urbanization, the development of democracy, and bureaucratic inefficiency in government development. The following is a picture of the average economic growth in several world regions from 2000 to 2022 to further analyze government spending in the various areas.

Based on Figure 3, the average government expenditure in the world is highest in Australia and the European region, among other areas. The Australian region has an average government spending value of 21.78% in the 2000-2022 period, while the European region has an average government spending value of 19.24% in the 2000-2022 period. These two regions have an average government expenditure value above the world average, namely 17.90% in the 2000-2022 period. Meanwhile, the other three areas, such as the Americas, Asia, and Africa, can be said to have low average government spending because they are below the world average. The African region has an average value of 17.46%, while the Americas and Asia regions have an average value of 15.99% and 15.01% respectively. This contradicts several previous studies that have stated a positive relationship between government spending variables and economic growth. The government expenditure budget is low in Asia and Africa, and it does not affect the decline in economic growth in these two regions.

Figure 3. World Government Expenditure Data 2000-2022



Source: World Bank, 2022

Research conducted by Chang (2019) stated that there is a long-term relationship between economic growth and government spending for advanced industrial developing countries in Asia except Thailand. This is also supported by research conducted by Salih (2019), which states that government spending growth has a unidirectional relationship with GDP growth in Sudan. However, in this case, other research results by Anugra (2021) state a negative relationship between government spending in the education sector and economic growth in Indonesia. This is also shown by Olulu's (2020) research, which indicates an inverse relationship between government spending in the health sector and economic growth. In this research, it has been found that there are gap phenomena and research gaps in the Asian and African regions, which are the basis for this research due to a discrepancy between theory and previous research and existing data.

RESEARCH METHODS

Based on the background of the problem, problem formulation, and research objectives that have been explained previously, this research will use quantitative research by measuring quantitative data and objective statistics through scientific calculations. This research uses time series and cross-section data using the Eviews software tool to analyze the data. This research will use secondary data, namely data sourced from indirect data. The type of data used in this research is panel data, a combination of time series and cross-section data. This research's cross-section data is from countries in Asia and Africa, including time series data for 2000-2022. The data sources used in this research are secondary data sources sourced from the World Government Index (WGI), World Bank, and Asian Development Bank from 2000-2022. The dependent variable in this research uses economic growth data (%), while the independent variables used in this research are Government Governance (Index Value Unit) and Government Expenditure (% of GDP).

Apart from that, this research also uses secondary data originating from books, journals, and previous research. The methods used in this research are quantitative descriptive analysis and Fully Modified-OLS (FMOLS) panel analysis with the help of Eviews software. This method is used to see the long-term influence of variables X and Y in the PROD model using the Eviews 10 analysis tool. In general, the use of the Fully

Modified-OLS (FMOLS) method will be written using the following equation model:

$$Yit = \alpha it + \beta 0Xit + \beta 1Xit + \beta 2Xit + \mu t \quad (1)$$

Meanwhile, the Fully Modified-OLS (FMOLS) model in this research will be transformed into a logarithmic form as follows:

$$Yit = \alpha it + \beta 1VAit + \beta 2SPit + \beta 3GEFit + \beta 4RQit + \beta 5CCit + \beta 6ROLit + \beta 7GEit + \mu t \quad (2)$$

Notes:

VA :Voice and Accountability
SP :Political stability
GEF :Effectiveness of Government Performance
RQ :Regulatory Quality
CC :Corruption Control Index
ROL :Rule of Law
GE :Government Expenditures
GDP :Economic Growth
α_{it} :Individual effect for each country
β :Independent Variable Coefficient
t_{-i} : Period
μt :Residue

RESULTS AND DISCUSSION

This research will use the Fully Modified Least Squares (FMOLS) method. A stationarity test must be conducted to check the unit root panel for the variables used. It is essential to carry out this test to ensure that the variables used meet the criteria for testing using the Fully Modified Least Squares (FMOLS) method. In this research, we will also carry out a stationary test on each variable to ensure the level of data stationarity and a cointegration test to determine the long-term relationship between the dependent and independent variables. This research aims to determine the long-term influence of the allocative role of government, which is represented by the use of government governance variables and government spending on economic growth in the Asian and African regions. Based on the test results using the FMOLS method, the analysis results for the Asian and African regions are as follows.

Table 1. Results of Regression Analysis for the Asian Region

Variable	Coefficient	Standard Error	t-statistic	Probability
VA	-0,515435	0,552552	-0,932826	0,3513
SP	0,645792	0,345897	1,867006	0,0011
GEF	1,136043	0,643011	1,766756	0,0388
RQ	0,339056	0,741401	2,457317	0,0031
CC	1,800456	0,738079	2,439382	0,0150
ROL	1,922413	0,840272	2,287846	0,0225
GE	0,147904	0,020725	7,136506	0,0000
	R^2		= 0,849065	
	Adjusted R^2		= 0,840343	

Source: Processed Data, 2024.

Table 2. Results of Regression Analysis for the African Region

Variable	Coefficient	Standard Error	t-statistic	Probability
VA	0,286350	0,056073	5,106749	0,0000
SP	0,028420	0,031373	1,905876	0,0027
GEF	-0,003172	0,003551	-0,893164	0,2094
RQ	0,588928	0,086849	6,781037	0,0000
CC	0,230339	0,089345	2,578089	0,0141
ROL	-0,452999	0,067858	-0,675657	0,0670
GE	0,002533	0,004406	2,574859	0,0205
	R^2		=0,934442	
	Adjusted R^2		=0,930439	

Source: Processed Data, 2024

Based on Table 1 and Table 2, the regression results produce the following equation model:

$$GDP^{Asia} = -0{,}515VA^{Asia} + 0{,}646SP^{Asia} + 1{,}136GEF^{Asia} + 0{,}339RQ^{Asia} + 1{,}800CC^{Asia} + 1{,}922ROL^{Asia} + 0{,}148GE^{Asia} + \varepsilon it \quad (3)$$

$$GDP^{Afrika} = 0{,}286VA^{Afrika} + 0{,}028SP^{Afrika} - 0{,}003GEF^{Afrika} + 0{,}589RQ^{Afrika} + 0{,}230CC^{Afrika} - 0{,}453ROL^{Afrika} + 0{,}003GE^{Afrika} + \varepsilon it \quad (4)$$

The Effect of Voice and Accountability on Economic Growth

Based on the regression equation calculations that have been carried out, the voice and accountability variables do not have a significant effect on economic growth. In this research, the voice and accountability variables also have a negative impact on economic growth in the Asian region. In various literature, there are several schools of thought regarding the relationship between voice and accountability variables and economic growth, one of which is regarding the understanding of the conflict perspective put forward by Sirowy (2019) that the implementation of policies in an authoritarian government system will have a more significant influence on increasing economic growth compared to the implementation of policies under a transparent and democratic political system. This occurs because there is a trade-off between policy transparency and economic growth; when a country reaches a higher level of transparency before reaching the target value of economic growth, it may take more work to achieve a higher level of economic growth.

Meanwhile, the results for the voice and accountability variables in the African Region have a probability value of 0.0000, which means that the voice and accountability variables significantly influence the level of economic growth in the African Region. The coefficient value of the voice and accountability variables shows a result of 0.286350, which means that the variables positively influence economic growth. This indicates that if there is a 1% increase in the voice and accountability index variables that reflect community participation and transparency of government policies, it will encourage an increase in economic growth of 0.286350% in the African Region with ceteris paribus assumptions. Indicators of voice and accountability in government governance are essential things that the government must implement as a policymaker because it must show that it has carried out the authority given and achieved the agreed goals and objectives through the effective and efficient use of resources. Apart from that, this research's voice and accountability variables also refer to community participation in government policy decisions and their involvement in government elections, freedom of expression, the right of association, and media independence in a country.

The Effect of Political Stability on Economic Growth

Based on the calculations that have been carried out, the political stability variable produces a probability value of 0.0011, which means that the political stability variable has a significant influence on economic growth because it has a value of <0.05. The political stability variable has a coefficient of 0.645792. This shows that a 1% increase in the political stability index variable index will encourage economic growth of 0.645792% in the Asian region with ceteris paribus assumptions. Political stability in government governance can be understood as a political component used as a basis for building structures and power relationships that aim to increase effectiveness in government.

Meanwhile, for the African Region, the political stability variable has a probability value of 0.0027, which means that the political stability variable significantly influences economic growth in the African Region. The coefficient value on the political stability variable produces a value of 0.028420, which means that there is a positive influence on the economic growth of the

African region. This shows that a 1% increase in the political stability index variable index will encourage economic growth of 0.028420%. In the African region, ceteris paribus is assumed. With the results of this research, political stability has a vital role in increasing economic growth in the African region. Political stability itself is a condition that describes a political situation that is peaceful, stable, and free from criminal or terrorist motives. In theory, when the political stability index in a country increases, the economy in that country will improve. The positive relationship between political stability and economic growth encourages higher efforts from the government because when political stability decreases, this will also promote a decrease in economic growth.

The Effect of Effective Government Performance on Economic Growth

Based on the research results conducted on the government performance effectiveness variable, the probability value produces a value of 0.0388, which means that the government performance effectiveness variable significantly affects economic growth in the Asian region. The research coefficient has a value of 1.136043, which means that the effectiveness of government performance has a positive and significant influence on economic growth. This shows that if there is a 1% increase in the index in the government performance effectiveness index variable, it will encourage an increase in economic growth of 1.136043% in the Asian region with ceteris paribus assumptions. The effectiveness of government performance in government governance indicators describes the government's capacity to take effective policies to encourage sector growth in the private sector. Castiglione (2019) emphasized that government intervention within a limited scope and the legitimacy of property rights and contract enforcement are very important in influencing economic growth.

Meanwhile, the research results in the African Region show that the variable effectiveness of government performance has a negative and insignificant effect on economic growth in the African Region. This happens because the better and more effective the quality of public services in a country, the greater the state expenditure spent on implementing policies and providing services. The public will decrease. So, with reduced government spending or costs incurred in implementing public policies and services, economic growth will also decrease because spending used to implement policies and public services will be less.

The Effect of Regulatory Quality on Economic Growth

Based on the research results, the regulatory quality variable has a probability value of 0.0031, which means that the regulatory quality variable has a significant effect on economic growth in the Asian region. The coefficient result of the regulatory quality variable has a value of 0.339056. This shows that a 1% increase in the regulatory quality index variable index will encourage economic growth of 0.339056% in the Asian region with ceteris paribus assumptions. The existence of reasonable regulations and targeted structural reforms are, of course, essential to support macroeconomic and fiscal policies. This improves national economic performance while adapting to various field changes. The occurrence of changes in social, economic, and technological advances certainly encourages improvements in regulations that are relevant, strong, transparent, and accountable. The results of this research align with research conducted by Florencio (2021), which found that the quality of regulations significantly affects economic growth because it encourages improvements in business administration processes, which will ultimately increase economic growth.

Meanwhile, based on research conducted in the African region, the regulatory quality variable has a probability value of 0.0000, which means that the regulatory quality variable has a significant effect on economic growth. The coefficient value of the regulatory quality variable shows a result of 0.588928, which means there is a positive relationship between regulatory quality and economic growth. This indicates that a 1%

increase in the regulatory quality index variable index will encourage economic growth of 0.588928% in the African Region with ceteris paribus assumptions. This shows that when the regulations in a country are better and more precise, this will also influence the increase in economic growth.

The quality of regulations in a country describes the size or ability of the government to formulate and implement existing policies and regulations. A country with a transparent regulatory system can encourage economic activity actors involved in the production system to always obey and comply with applicable laws to minimize fraud in financial activities. Research conducted by Mira (2018) explains that good regulatory quality in a country will encourage investment due to high levels of productivity and reduced transaction costs. Clear regulations and uncomplicated bureaucracy encourage investment flows into a country, which can be used as capital for national development.

The Effect of Corruption Control on Economic Growth

Based on the research that has been carried out, the results show that the corruption control variable has a probability value of 0.0150, meaning that controlling corruption significantly influences economic growth. The results of the corruption control coefficient have a value of 1.800456. This shows that a 1% increase in the corruption control index variable index will encourage economic growth of 1.800456% in the Asian region with ceteris paribus assumptions. Corruption in a country has a negative impact on financial performance, especially economic growth, due to an increase in transaction and production cost income. The problem of corruption in a country will also reduce consumer, investor, and public confidence, ultimately leading to a decline in institutional quality.

Meanwhile, for the African Region, the corruption control variable significantly influences economic growth in the African Region with a probability value of $0.0141 < 0.05$. The coefficient value for the corruption control variable is 0.230339, which means that controlling corruption positively affects economic growth. This shows that a 1% increase in the corruption control index variable index will encourage economic growth of 0.230339% in the African region with ceteris paribus assumptions. This also means that better control of corruption in a country will reduce the risk of high economic costs so that budget allocations can be allocated evenly. When the government, as the policy maker, takes fair action in providing transparent sanctions and control of corruption, the community will have legal rights and reasonable economic costs without any excess costs due to corruption.

The Effect of the Rule of Law on Economic Growth

Based on the research that has been carried out, the research results of the rule of law variable have a probability result of 0.0225, meaning that the rule of law variable significantly influences economic growth in the Asian region. The coefficient of the rule of law variable has a value of 1.922413. This shows that a 1% increase in the rule of law index variable index will encourage economic growth of 1.922413% in the Asian region with ceteris paribus assumptions. The legal dimension, especially the supremacy of law in government governance, impacts political and economic relations—social funds in a country. Weak institutions in a country may occur due to the absence of optimal regulations and poor law enforcement. The legal system in economic development also plays an important role, for example, in terms of enforcing contracts impartially and safely.

Research in the African region found that the rule of law variable had a negative and insignificant effect on economic growth. A country's legal regulations and economic activities are related and significantly influence various aspects of life. Legal regulations provide a role in the legal framework used in economic activities. Legal regulations can be understood as a collection of rules and principles that regulate human behavior, while economics is related to production, distribution, and consumption activities. The importance of the relationship between legal regulations and economic activity is reflected in various aspects of state life. Excellent and clear rules or regulations in the economic sector can create a stable business environment, increase investment activities, and encourage sustainable economic growth. One of the prerequisites needed to create sustainable economic growth is appropriate regulations.

The Effect of Expenditures on Economic Growth

Based on the research results, the government expenditure variable has a probability of 0.0000, which means that the government expenditure variable has a significant influence on economic growth. The coefficient of the government expenditure variable has a value of 0.147904. This shows that a 1% increase in the government expenditure variable will encourage economic growth of 0.147904% in the Asian region with ceteris paribus assumptions. These results also align with research conducted by Oladele (2017), which states that government spending significantly influences economic growth in several Asian developing countries. The cointegration test results show a positive and significant relationship between government spending and economic growth in the long term. Government spending allocation is one of the variables that play an important role in increasing economic growth, so it is essential to monitor budget allocations so that they can be directed to crucial sectors such as infrastructure development and improvements to the industrial sector in an orderly manner to accelerate economic growth.

Meanwhile, for the African region, the results found that the government expenditure variable has a probability value of 0.0205, which means that the government expenditure variable has a significant effect on economic growth. The coefficient value of the government expenditure variable shows a result of 0.002533, which means a positive relationship exists between government expenditure and economic growth. This indicates that a 1% increase in the government expenditure variable will encourage economic growth of 0.002533% in the African Region with ceteris paribus assumptions. This shows that when there is more government spending in a country, this will also influence an increase in economic growth.

CONCLUSION

The variables of voice and accountability which reflect community participation and transparency of government policies have no effect on economic growth in the Asian region but have a positive and significant influence on economic growth in the African Region, the political stability variable has a positive and significant effect on economic growth in the Asian and African Regions, the government performance effectiveness variable has a positive and significant impact on economic growth in the Asian Region but has no effect on economic growth in the African Region, the regulatory quality variable has an impact positive and significant on economic growth in the Asian and African Regions, The control of corruption variable has a positive and significant effect on economic growth in the Asian and African Regions, The rule of law variable has a positive and significant impact on economic growth in the Asian Region but has no effect on economic growth in the African Region , and government spending variables have a positive and significant impact on economic growth in the Asian and African regions.

The researchers advise the government to continue to include participation in the ongoing community policy-making process. The government should also make efforts to increase the effectiveness of public services and commitment to policy implementation so that existing institutions can run well. In this case, the government should also increase supervision and safeguard the government's administrative and bureaucratic systems by preparing system-based budgets to minimize corruption and improve the effectiveness of government budget allocations.

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