Analysis of the Impact of Exports, Taxes, and Exchange Rates on Indonesia's Economic Growth
(2020–2024)

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ABSTRACT

The purpose of this study is to determine the impact of exports, taxes, and exchange rates on Indonesia's economic growth. The study used time series data on exports, taxes, and exchange rates for the period from 2020 to 2024. The data analysis methods used included multiple linear regression analysis, t-test, F-test, and coefficient of determination analysis. The results indicate that exports, tax revenues, and the exchange rate have a positive and significant impact on economic growth, both partially and simultaneously. The study concluded that exports, taxes, and exchange rates have a significant positive impact on Indonesia's economic growth. The coefficient of determination analysis shows that exports, taxes, and exchange rates have an impact rate of 50.10% on Indonesia's economic development, while other factors outside the scope of this study account for the remaining 49.90%. For more diverse results, additional macroeconomic variables can also be added which have a greater influence on the analysis of factors influencing Indonesia's economic growth.

Keywords: Economic Growth, Exchange Rates, Exports, Tax Revenue

INTRODUCTION

The political, social, and military conditions of a country are greatly influenced by its economic conditions. Since macroeconomic performance is the main indicator of its success, a country's standard of living is greatly influenced by the macroeconomic policies chosen and implemented by its government (Todaro, 2003:405).

Economic growth measures the achievement of the development of an economy from one period to the next. From one period to another, a country's ability to produce goods and services will increase due to production factors that always experience an increase in quantity and quality. According to Sukirno (2004) in macro analysis, the development of real national income obtained by a country or region can be used as a benchmark for the level of economic growth achieved by the country.

Economic growth is a very important indicator to know and broadcast the results of development carried out by a country, especially in the economic sector (Irdha Anisyah, 2012). The process of economic growth is called Modern Economic Growth. Basically, economic growth is defined as a process of per capita output growth in the long term (Irdha Anisyah, 2012). This means that in the long term, welfare is reflected in the increase in per capita output which simultaneously provides many alternatives in consuming goods and services, and is followed by increasing purchasing power of the community (Adreosso and Callaghan, 2000). Economic growth also has an impact on the process of increasing the production of goods and services in the economic activities of the community. It can be said that growth includes single-dimensional development and is measured by increasing production and income. This means that there is an increase in national income as indicated by the large value of Gross Domestic Product (GDP).

Indonesia's economic development from 2020 to 2024 is still uncertain. The decline in 2020 due to the COVID-19 pandemic was followed by stable growth and recovery, as seen from the largest fluctuation in Indonesia's GDP from 2020 to 2024. Although there was a slight variation in percentage, Indonesia's GDP grew steadily from year to year. Variability of Indonesia's GDP from 2020 to 2024: (1) 2020: The COVID-19 epidemic caused Indonesia's GDP to shrink by -2.07% year to year. (2) In 2021, Indonesia's GDP grew by 3.69% year to year. (3) 2022: Economic growth from year to year was 5.02%. (4) 2023: Economic growth from year to year was 5.05%. (5) 2024: Indonesia's GDP grew by 5.03% year to year.

In terms of exports and tax revenues, both of these factors are very important for a country's economic activities. Imports of capital goods and raw materials needed for the production process that will produce

added value will be covered by foreign exchange obtained from exports. The total added value generated by all economic production units is gross domestic product. Taxes are used to finance development in Indonesia. In addition to exports and tax revenues, the exchange rate also has an impact on economic growth. The growth rate in an open economy is also influenced by the exchange rate. Both the aggregate supply channel (AS), which involves capital creation, and the aggregate demand channel (AD), which involves international trade and investment, show how the exchange rate affects the growth rate (Irdha Anisyah, 2012). This study aims to examine partially and simultaneously how Indonesia's economic development is influenced by exports, tax revenues, and the exchange rate.

METHOD

This study uses a quantitative approach with a series data (Ghozali, 2016): Data includes non-numerical information, including an overview of Indonesia's export patterns, tax revenues, exchange rates, and economic growth, Figures showing Indonesia's economic progress over the past five years (2020–2024) are known as quantitative statistics. The data used in this study comes from secondary data, which is information collected by data collection institutions and shared with the data user community. The data used in this analysis comes from BPS and Bank Indonesia publications on Indonesia's exports, tax revenues, exchange rates, and economic growth over the past five years (2020–2024). The following data collection methods were used in this study: (1) Research that gathers relevant information to offer theoretical basis and analytical techniques for problem solving is known as desk research. (2) Data from publicly accessible sources, such as export figures, tax revenues, currency exchange rates, and Indonesia's economic growth over the past five years (2020–2024), can be collected through documentation.

$$Y = \alpha + b1X1 + b2X2 + b3X3 + e$$

In this study, the hypothesis is examined using multiple regression analysis. This analysis is used to estimate the value of the dependent variable if its value increases or decreases, and to find out whether each independent variable has a positive or negative relationship with the dependent variable. The relationship model between variables will be evaluated using the regression equation.

RESULT AND DISCUSSION
RESULT

The following is the multiple linear regression equation obtained from the SPSS calculation in table 1. The formula is Y = 3.170 + 0.024X1 + 0.136X2 + 0.220X3.
The regression equation above can be interpreted as follows:
1. The constant value, as determined by the multiple linear regression equation above, is 3.170. The constant value indicates that the value of economic growth is 3.170 percent if exports, tax revenues, and the exchange rate are all zero.
2. Based on the export variable regression coefficient of 0.024, assuming related variables such as taxation and exchange rates remain unchanged, then every 1% increase in exports will result in an increase in economic growth of 0.024 percentage points.
3. The regression coefficient of the tax revenue variable is 0.136, meaning that if the export and exchange rate variables do not change, then for every 1% increase in tax revenue, economic growth will increase by 0.136 percentage points.
4. The regression coefficient of the exchange rate variable is 0.220, meaning that if the export and tax variables do not change, then every 1% strengthening of the rupiah exchange rate will drive economic growth by 0.220%.

Table. 1 Statistical Test Results

Variable	B	T	Sig. t
(Constant)	3.170	3.632	0
Exports	24	2.134	22
Tax Revenue	136	2.631	26
Exchange Rate	220	2.113	31

Source: Data processed using SPSS

Partial Regression Coefficient Significance Test (t-Test)
1. It can be concluded that the export variable statistically significantly influences Indonesia's economic development with a calculated t value > t table (2.134 > 2.015) and a variable significance level value of 0.022 < 0.05.
2. The tax revenue variable statistically significantly influences Indonesia's economic development, based on the calculated t value > t table (2.631 > 2.015) and a significance level value of 0.026 < 0.05.
3. By knowing the calculated t value > t table (2.113 > 2.015) and the significance level value of 0.031 < 0.05, it can be concluded that the exchange rate variable has a statistically significant influence on Indonesia's economic development.

Simultaneous Significance Test (F-Test)

The export, tax revenue, and exchange rate variables have an F count value of 6.491 and an F table of 4.757 at a significance level of 5%. It can be concluded that the export, tax revenue, and exchange rate variables simultaneously have a significant influence on Indonesia's economic development because F count> F table (6.491> 4.757) and a significance value of 0.023 <0.05. The research hypothesis is accepted.

Coefficient of Determination (R2)

The adjusted R Square value is 0.501 or 50.10%. This data shows that 50.10% of Indonesia's economic development is influenced by exports, tax revenues, and currency exchange rates, while the remaining 49.90% is influenced by other variables outside the scope of this study.

DISCUSSION

Exports have a positive and significant influence on a country's economic growth. Increasing exports can drive economic growth in several ways, such as increasing national income, creating jobs, and increasing investment. Thus, exports have a very important role in driving a country's economic growth. The government needs to create a conducive business climate to encourage increased exports and ensure that the benefits of exports can be felt by all levels of society. International trade theories, such as the Heckscher-Ohlin theory, explain that countries tend to export products that utilize cheap and abundant production factors, which in turn will increase economic growth.

Taxes have a dual effect on economic growth. On the one hand, well-managed taxes can encourage growth by increasing state revenues that can be used for infrastructure investment and public services, and to stabilize the economy. On the other hand, taxes that are too high or inefficient can hinder growth by reducing people's purchasing power, reducing investment, and disrupting market efficiency. If tax policies are well designed, taxes can help improve the efficiency of resource allocation, internalize externalities, and improve economic stability. Conversely, poor tax policies can cause economic distortions, reduce productivity, and hinder economic growth. Thus, taxes can be a powerful instrument to encourage economic growth, but they can also be a hindrance if not managed well. Therefore, designing the right tax policy is very important to maximize its benefits for economic growth and public welfare.

The exchange rate is one of the important variables in an open economy because it affects other variables such as prices, interest rates, the balance of payments, and the current account. As explained in Mundell's theory, there is a negative relationship between the exchange rate and economic growth. Changes in the exchange rate can change the relative price of a product to be more expensive or cheaper, so the exchange rate is sometimes used as a tool to increase competitiveness (encourage exports).

CONCLUSIONS

Based on the research results, Indonesia's economic development is significantly and positively influenced by exports, tax revenues, and exchange rates. The analysis of the coefficient of determination, exports, tax revenues, and exchange rates have an impact of 50.10% on Indonesia's economic development, with additional factors outside the scope of this study contributing the remaining 49.90%. influencing policies from factors that influence Indonesia's economic growth include various aspects, including fiscal policy, monetary policy, investment, and human resources. the government needs to take strategic steps in budget management, inflation control, improving the quality of human resources, and developing infrastructure to encourage sustainable economic growth. suggestions in this study so that further researchers can use other research analyses that allow better than the variables used in this study. for more diverse results, additional macroeconomic variables can also be added that have a greater influence on analysis of factors that affect economic growth in indonesia. in addition, this study is limited and only uses three macroeconomic variables that affect economic growth in indonesia, namely export

value, taxes, and the rupiah exchange rate as the main discussion. Besides that,The data period used (2020-2024) is too short for a specific time analysis.

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