

INVESTMENT MULTIPLIER EFFECT OF HAJJ FUNDS ON ECONOMIC GROWTH IN INDONESIA

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Abstract: This study aims to measure the multiplier effect coefficient of investment in Hajj funds by the Hajj Financial Management Agency (BPKH) starting in 2017-2021 on the country's economy. Data was collected from BPKH and Central Statistics Agency (BPS) publications. This type of research is a descriptive quantitative analysis of the economic balance equation, namely $Y = C + I + G$, with the multiplier effect coefficient analysis tool. The results showed that BPKH Investment had a positive effect on economic growth. Still, the Multiplier Value of Hajj fund investment by BPKH showed that the allocation had not demonstrated awareness of the multiplier number in channelling investment instruments. BPKH focused on studying investment instruments that provide returns in increasing the funds of prospective pilgrims so that the results are significant in driving economic growth. Reviewing the mechanisms in channelling investments, such as embracing MSMEs as financing recipients and allocating investment budgets for labour-intensive projects, is necessary.

Keywords: Investment; BPKH; Hajj Fund; Economic growth.

Introduction

The pilgrimage is the fifth pillar of Islam, which is held on nine to ten Dhū al-Hijjah every year. The attention of the Indonesian population on pilgrimage is excellent, which is shown by the most extended Hajj waiting list of 91 years from Pinrang district and the highest quota of prospective pilgrims of 15,956 from East Java district with an average waiting list of 50 years and an allocation of prospective pilgrims of 92,246. This differs from country to country. Others need a waiting list for only a few years, and some do not even need to wait when intending to carry out the pilgrimage.¹

The long waiting list and the large number of pilgrimage quotas in Indonesia each year increase the funds collected,² thus requiring proper management to prevent impairment due to fluctuations in the Rupiah and the impact of inflation. One form of management is through investment that can improve the quality of the implementation of the pilgrimage, efficiency, rationality, and for the benefit of Muslims.³ In addition, investment also has an impact on the development and development of the country's economy.⁴

According to the Constitution of the Republic of Indonesia, No. 34 of 2014, concerning Hajj Financial Management, the Hajj Fund is a deposit fund for the costs of organizing the Hajj, where the funds for the efficiency of collecting the Hajj funds, the endowment fund, as well as the value of benefits controlled by the State in the context of organizing the Hajj and implementation of activity programs for the use of Muslims.⁵

¹ "Waiting List Berhaji," in <https://haji.kemenag.go.id/v4/waiting-list> (2022).

² Rizki Khairun Nisa, "Urgensi Sosialisasi Pendaftaran Ibadah Haji Diusia Muda Sebagai Upaya Pemerintah Menghadapi Waiting List Haji di Indonesia," *Tadbir: Jurnal Manajemen Dakwah*, Vol. 5, No. 1 (March 31, 2020), 78.

³ Ihsan Aziz, "Asas Kebebasan Dalam Berkontrak Menurut Hukum Islam," *Bilancia: Jurnal Studi Ilmu Syariah dan Hukum*, Vol. 13, No. 2 (December 30, 2019), 203.

⁴ Hryhoruk Pavlo, "Trends In Ukraine's Investment Attractiveness in the Context of the Covid-19 Pandemic," *International Journal of Innovative Technologies in Economy* (2021), 1.

⁵ See the Constitution of the Republic of Indonesia No. 34 of 2014, retrieved from <https://www.kemhan.go.id/ppid/wp-content/uploads/sites/2/2016/11/UU-34-Tahun-2014.pdf>.

It can be concluded that Hajj funds are funds deposited by BPIH from people who will carry out the pilgrimage. Hajj funds have several sources of funding, including deposits made by BPIH from prospective Hajj pilgrims; efficiency of implementation; DAU or Community Endowment Fund; value of benefits controlled by the State in the context of organizing Hajj funds; and activity programs targeted for the use of the people.⁶

The Community Endowment Fund is an amount of funds before the enactment of Constitution No. 34 of 2014 which was obtained from the proceeds from the development of the DAU or the remaining operational costs for organizing the pilgrimage, as well as other sources that are lawful and non-binding by statutory provisions. The value of the benefits resulting from the development of DAU is used as a source of funding in activities for the benefit of Muslims to maintain its sustainability. The main DAU is invested in instruments with a low level or profile of risk⁷. Hajj funds, originally from the DAU, were then managed by the Hajj Fund Management Agency, namely BPKH. BPKH is the institution that manages the Hajj funds. Hajj Finance is the entirety of the government's rights and obligations in organizing the Hajj, valued in money due to these rights and responsibilities, originating from the Pilgrims and other legal and non-binding sources.⁸

The Constitution of the Republic of Indonesia No. 34 of 2014 Article 22 regarding the duties of the BPKH in charge of managing Hajj finances, including receipt, development, disbursement, and accountability of Hajj Finance. In this case, BPKH carries out its functions as planning the receipt, development, and expenditure of Hajj finance; implementation of receipt, development, and disbursement of Hajj finance; controlling and supervising the receipt of product and cost of Hajj; and reporting and accountability for the performance of receipt, development, and distribution pilgrimage finance. So BPKH has the authority to

⁶ Ifa Hanifia Senjiati, "Model Pengelolaan Dana Haji di Bank Syariah," *JRAK: Jurnal Riset Akuntansi dan Bisnis*, Vol. 3, No. 2 (2017), 23-32.

⁷ "Sering Salah Persepsi, Ini Beda Dana Haji dan Dana Abadi Umat," in <https://news.detik.com/adv-nhl-detikcom/d-5015485/sering-salah-persepsi-ini-beda-dana-haji--dana-abadi-umat>.

⁸ Senjiati, "Model Pengelolaan Dana Haji."

place and invest in Hajj finances according to Sharia principles, security prudence, and value benefits and cooperate with other institutions in managing Hajj finances (Constitution No. 34 of 2014).

In Consitution No. 34 of 2014, articles 48-52 concerning Hajj financial management, the government has determined to invest Hajj funds in the form of banking products, securities, gold, direct investment, and other investments, taking into account Sharia principles through aspects of security, prudence - care, value of benefits and liquidity that is reported accountable to the supervisory board on a monthly, quarterly, semester and annual basis.

Hajj funds in spending placements or financial investments are carried out after approval from the supervisory board. The supervisory board is one of the organs of the BPKH, besides the implementing agency. Based on the Regulation of the Minister of Religious Affairs (PMA) No. 23 of 2011 concerning the management of Hajj fund management fees for changes to PMA No. 29 of 2013 before the enactment of the Constitution No. 34 of 2014 regarding PPDH or Management and Development of Hajj Funds invests in State Sharia Securities (SBSN), Government Securities (SUN) and time deposits.

According to data from the Hajj Financial Management Agency (BPKH), in April 2022, 163 trillion Hajj funds have been collected.⁹

⁹ "Total Dana Haji," *Kompas.com* (2022), available at <https://nasional.kompas.com/read/2022/05/31/19291901/total-dana-haji-pada-april-22-capai-rp-163-triliun-dikelola-di-mana-saja#:~:text=JAKARTA%2C%20KOMPAS.com%20%2D%20Badan,dikelola%20mencapai%20Rp%20163%20triliun>.

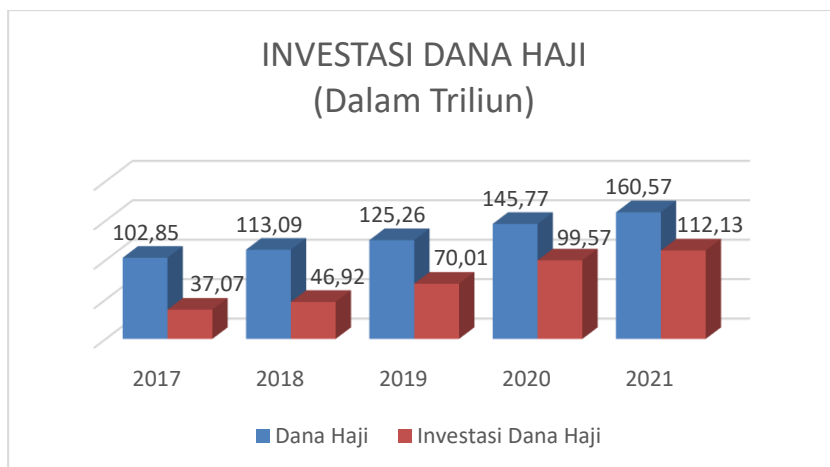


Figure 1. Hajj Fund Investment¹⁰

On the one hand, the amount of funds collected at BPKH can greatly encourage economic growth. On the other hand, it can pose a high risk, so proper investment management is needed to match expectations. Besides, the funds managed by BPKH each year continue to increase, and the amount of investment issued by BPKH, with the hope that the increase in investment disbursed by BPKH will significantly contribute to the country's economic growth.¹¹ Boediono stated that economic growth is related to the rise in the production of goods and services in people's financial activities. In this case, there is an increase in national income as indicated by the Gross Domestic Product (GDP).¹²

The economic basis theory proposed by Kriklas in 1992 concerning economic growth states that export activities are the

¹⁰ Available at <https://bpkh.go.id/laporan-keuangan-bpkh/> (accessed in 2022).

¹¹ Mefi Hukubun, Debby Rotinsulu, and Audie Niode, "Pengaruh Investasi Pemerintah dan Investasi Swasta terhadap Pertumbuhan Ekonomi Dan Dampaknya terhadap Tenaga Kerja Propinsi Sulawesi Utara Tahun 2002-2012," *Jurnal Berkala Ilmiah Efisiensi*, Vol. 15, No. 1 (2015), 1-17.

¹² Citra Ramayani, "Pengaruh Investasi Pemerintah, Investasi Swasta, Inflasi, Eksport, Tenaga Kerja dan Produktivitas Tenaga Kerja Terhadap Pertumbuhan Ekonomi Di Indonesia," *Economica: Journal of Economics and Economic Education*, Vol. 1, No. 2 (May 21, 2015), 203-207.

main engine driving local economic development.¹³ Keynes said that the amount of economic growth was positively correlated with investment. Keynes encouraged the government to increase spending through investment because the government was seen as an independent agent capable of stimulating the economy through public work.¹⁴

Black Law can define investment as “an expenditure to acquire property or assets to produce revenue, a capital outlay.”¹⁵ According to *Kamus Besar Bahasa Indonesia* (KBBI), investment is investing money in a particular company or project to make a profit.¹⁶ According to the Constitution of the Republic of Indonesia, No. 25 of 2007 concerning investment, domestic investment is an investment activity used to conduct business in the territory of Indonesia carried out by domestic investors using existing capital in the country.

Two types of assets can be used in investment vehicles: *Real Assets* (investments made into tangible assets, such as gold, works of art, and real estate) and *Financial Assets* (investments made into financial sectors, such as deposits, stocks, bonds, and mutual funds).

Investment in financial assets can be done directly or indirectly. Direct means that investors indirectly buy the company's financial assets by buying shares of investment companies that already have a portfolio of financial support from other companies. In investment management, two approaches can be taken: passive and active. Active investment is based on the assumption that the capital market makes mistakes in pricing (mispriced). Passive investment is based on the assumption that prices for securities in the market have been determined precisely following the intrigue where the capital market does not make mistakes in pricing.

¹³ Andreas Gkouzou and Manolis Christofakis, “Multiplier Effects under a Disaggregate Economic Base Model: Evidence from Greek Non-Metropolitan Prefectures,” *Journal of Economic Studies*, Vol. 45, No. 2 (May 14, 2018), 383-400.

¹⁴ Rini Sulistiawati, “Pengaruh Investasi terhadap Pertumbuhan Ekonomi dan Penyerapan Tenaga Kerja Serta Kesejahteraan Masyarakat di Provinsi di Indonesia,” *Jurnal Ekonomi Bisnis dan Kewirausahaan*, Vol. 3, No. 1 (2012), 29-51.

¹⁵ Mas Rahmah, *Hukum Investasi*, 1st ed. (Jakarta: Kencana, 2020), 1.

¹⁶ Badan Pengembangan dan Pembinaan Bahasa, *Kamus Besar Bahasa Indonesia* (KBBI) *Daring* (2022), available at <https://kbbi.kemdikbud.go.id/entri/Investasi>.

According to Sadono Sukirno in 1997, investment activities enable people to continue improving economic activities and seize employment opportunities, increasing national income and living standards for people's prosperity. The critical role of investment is: first, investment is an essential component in aggregate expenditure, which results in increased investment, which will increase aggregate demand, employment opportunities, and national income. The second is the increase in capital goods due to increasing production capacity. The third is the investment followed by technological developments.¹⁷

The benefits of Hajj funds managed through investment can benefit pilgrims and other benefits such as encouraging economic growth. This double benefit is called the multiplier effect. See the value of changes in a country's economic growth.¹⁸ The multiplier effect concept will calculate how much impact or influence is caused by changes in investment issued by the government on GDP or Gross Domestic Product (Sukma, 2015, p. 100).

Research conducted by Erni Setiawati shows that the multiplier effect of investment and government spending has a positive value, meaning that investment and government spending have a unidirectional impact on the level of income (GRDP).¹⁹ Research conducted by Clem Nwakoby shows that private-sector investment has a positive and significant influence on the country's economic growth in Nigeria.²⁰ Research conducted by Elizabeth Wangai Njiru shows that infrastructure investment positively

¹⁷ Marchelino J. Purnomo, "Analisis Pengaruh Investasi, Tenaga Kerja, dan Pengeluaran Pemerintah terhadap Pertumbuhan Ekonomi di Sulawesi Utara," *Jurnal Berkala Ilmiah Efisiensi*, Vol. 21, No. 1 (2021), 58-69.

¹⁸ Adetiya Prananda Putra, Tantri Wijayanti, and Jimmi Sandi Prasetyo, "Analisis Dampak Berganda (Multiplier Effect) Objek Wisata Pantai Watu Dodol Banyuwangi," *Journal of Tourism and Creativity*, Vol. 1, No. 2 (July 2017), 141-154.

¹⁹ Erni Setiawati, Rudy Syafariansyah, Lita Furiawan, Karin Setiani, Herdi Nirwany, "Analisis Multiplier Effect Pajak, Investasi dan Pengeluaran Pemerintah terhadap Pertumbuhan Ekonomi Kalimantan Timur," *Ekonomika: Manajemen, Akuntansi dan Perbankan Syariah*, Vol. 8, No. 1 (March, 2019), 1-8.

²⁰ Clem Nwakoby and Alajekwu Udoka Bernard, "Effect of Private Sector Investment on Economic Growth in Nigeria," *NG-Journal of Social Development*, Vol. 5, No. 4 (August 2016), 150-167.

affects economic growth in Kenya.²¹ Research conducted by Muflihul Khair shows that foreign investment has a positive and insignificant effect on economic growth because investment has a negligible impact.²² Research by Miroljub shows that the investment allocation has not yet supported the output or employment formation sectors that can drive economic growth. Awareness of the multiplier number or the multiple benefits of investment has not been the government's primary step in aiming to issue assets.²³

Several previous studies have shown that investment boosts a country's economic growth according to Keynes's theory, which states that the amount of economic growth is positively correlated with investment. Economic actors have a significant impact on economic growth. On the other hand, investment allocation has not boosted economic growth because awareness of the multiplier or multiple benefits of investment has not been the government's foremost step in aiming to issue investment.²⁴

From this situation, this study aims to fill the research gap, that is, that government or private institutions are generally less aware of the value of the multiplier effect or the multiple benefits of investment. In general, the main focus of the purpose of distribution is to get profit. BPKH, in this case, is a Hajj fund financial management institution trying to develop funds collected from prospective Hajj pilgrims so that they do not experience a decrease in value due to inflation and can help the country's economy make the government careful in allocating investments to comply with Constitution No. 34 of 2014 Article 46 point 3 regarding Hajj financial management which has the principle of assessing the usefulness of investment spending. This research will examine whether Hajj fund investment affects Gross Domestic

²¹ Elizabeth Wangai Njiru, Justo Masinde, and Bunde Aggrey Utieno, "Effect of Government Infrastructure Investment on Economic Growth in Kenya," *Journal of Economics and Sustainable Development*, February 2020, 77-86.

²² Muflihul Khair and Bahrul Ulum Rusydi, "Analisis Pengaruh Utang Luar Negeri (Foreign Debt) Dan Penanaman Modal Asing (PMA) Terhadap Nilai Produk Domestik Bruto (PDB) Indonesia," *ECCEs: Economic, Social, and Development Studies*, Vol. 3, No. 1 (2016), 82-100.

²³ Miroljub Labus, "Multipliers and Foreign Direct Investment Impact on Growth," *Ekonomika Preduzeca*, Vol. 67, No. 1-2 (2019), 35-49.

²⁴ Ibid.

Product (GDP) and how significant is the multiplier effect of Hajj investment funds by BPKH on economic growth in Indonesia. This research is vital for BPKH stakeholders in allocating their Hajj investment funds so that they pay more attention to the value of the Multiplier Effect benefits.

The multiplier effect is a process that shows how far national income can provide changes in aggregate spending.²⁵ The multiplier effect is a broad effect resulting from economic activity with a marked increase in income and consumption due to increased national spending.²⁶ Tiebout was the first to acknowledge the relationship engendered by the existence of an economic basis and the Keynesian multiplier that impacts from one sector to another.²⁷ The multiplier effect, also known as the multiplier effect, is an impact action due to extra spending being put into the economy.²⁸ The direct result of investment spending has the most significant impact on GDP, the labor force, and employment.²⁹

The Multiplier Effect is calculated by looking at the marginal propensity to consumption, which can be assumed by the formula $M = 1/(1-MPC) = 1/MPS$ where M is the multiplier, MPC is the marginal propensity to consume, and MPS is the marginal propensity to save.³⁰ The procedure is also used by scientists Robert W. McIntosh and Charles R. Goeldner in the Tourism

²⁵ Putra, Wijayanti, and Prasetyo, "Analisis Dampak Berganda."

²⁶ Neni Puji Artanti, "Multiplier Effect Proyek Strategis Nasional Pembangunan Bandara Kediri," in <https://www.djkn.kemenkeu.go.id/artikel/baca/13957/Multiplier-Effect-Proyek-Strategis-Nasional-Pembangunan-Bandara-Kediri.html> (2021).

²⁷ Gkouzou and Christofakis, "Multiplier Effects under a Disaggregate Economic Base Model."

²⁸ Sergiu Rusu, "Tourism Multiplier Effect," *Journal of Economics and Business Research*, Vol. 17, No. 1 (2011), 70-76, retrieved from https://www.researchgate.net/publication/269630865_Tourism_multiplier_effect.

²⁹ Habibullah Khan, Sock-Yong Phang, and Rex S. Toh, "The Multiplier Effect: Singapore's Hospitality Industry," *Cornell Hospitality Quarterly*, Vol. 36, No. 1 (1995), 64-69.

³⁰ FO Achoja, "Multiplier Effect of Micro Credit Investment Among Small Scale Poultry Agribusiness Entrepreneurs in Delta State, Nigeria," *Tropical Agricultural Research and Extension*, Vol. 15, No. 3 (February 20, 2013), 29-32.

multiplier effect research by S. Rusu to calculate the tourism multiplier.³¹

This study uses descriptive quantitative research. Quantitative research data are shown as numbers obtained from the field.³² This approach analyses the effect of investment in Hajj funds issued by BPKH as the dependent variable on economic growth in Indonesia as an independent variable.

This research utilizes secondary data released from BPS in the form of Indonesia's Gross Domestic Product Data for 2017 to 2021, Indonesia's consumption rate data for 2017 to 2021, Investment Value Data issued by BPKH in 2017 to 2020; and Indonesian government expenditure data for 2017 to 2021.

The sampling technique in this study was saturated sampling. At the same time, the samples used were Indonesia's Gross Domestic Product Data, Indonesia's consumption level data, Investment Value Data issued by the Hajj Financial Management Agency (BPKH), Indonesian government spending data from 2017 to 2021.

The analytical method used is two-stage least square regression with reviews to get perfect results to provide input to the BPKH regarding investment development.³³ The analysis tool used is the multiplier effect coefficient with assumptions and a linear function of the consumption function. The equation is $C = a + bY_d$, which:

- C = Level of consumption (aggregate expenditure)
- Y_d = State Revenue/GDP
- a = Constant (C value if $Y_d = 0$) or called C_0
- B = Coefficient of Y_d

³¹ Rusu, "Tourism Multiplier Effect."

³² Muhammad Ramdhan, *Metode Penelitian* (Surabaya: Cipta Media Nusantara, 2021), 2, retrieved from https://books.google.co.id/books?hl=id&lr=&id=Ntw_EAAAQBAJ&oi=fnd&pg=PR1&dq=metode+kuantitatif+deskriptif&ots=f2qL5Prtav&sig=ApxsCed0uZ-cKxK2Z7Xea03dalY&redir_esc=y#v=onepage&q=metode%20kuantitatif%20deskriptif&f=false.

³³ Mohammad Nur Rianto Al Arif, "Efek Multiplier Zakat Terhadap Pendapatan di Provinsi DKI Jakarta," *Jurnal Al-Iqtishad*, Vol. 1, No. 1 (2009), 1-20, retrieved from https://www.researchgate.net/profile/Mohammad-Al-Arif/publication/283617328_Efek_Multiplier_Zakat_Terhadap_Pendapatan_di_Propinsi_DKI_Jakarta/links/575a315808aed884620b3045/Efek-Multiplier-Zakat-Terhadap-Pendapatan-di-Propinsi-DKI-Jakarta.pdf.

With the investment multiplier formula:³⁴

$$KI = \frac{1}{1-MPC}$$

MPC (Marginal Propensity to Consume) is the marginal propensity to consume, in this case, considering the Indonesian people's income expenditure in a certain period, namely 2017-2021. It can also be defined as the ratio between the increased consumption (ΔC) made with the rise in disposable income (ΔY_d) obtained. C is Indonesian household consumption for a certain period, namely 2017-2021. Y is the total income of Indonesia's GDP or Gross Domestic Product for a certain period, namely 2017-2021.³⁵

The Investment of Hajj Funds

The analytical tool used in this study is the multiplier effect coefficient of the investment that has been issued by BPKH for five years as a financial management institution for Hajj funds from 2017 to 2021 on Indonesia's economic growth. So, it is necessary to make assumptions and a linear consumption function, namely the equation $C = a + bY$. It can be explained that:

C = level of consumption (aggregate expenditure)

Y_d = State Revenue/GDP

a = Constant (C value if $Y_d = 0$) or called C_0

b = Coefficient of Y_d

Table 1. Consumption function management data (regression).

No	Year	Consumption	Investment	Government Spending	GDP
		in Million Rp	in Million Rp	in Million Rp	in Million Rp
1	2017	7,579	37,071,308	2,007,351	13,741

³⁴ Setiawati and Syafariansyah, "Analisis Multiplier Effect Pajak."

³⁵ Tassha Ghiska and Sylvia V. Ranita, "Analisis Marginal Propensity to Consume Sumatera Utara," *Jurnal Bisnis Administrasi*, Vol. 2, No. 02 (2013), 76-81.

2	2018	8,235	46,920,915	2,213,117	14,981
3	2019	8,907	70018135	1,832,950	16,039
4	2020	8,896	99,575,161	2,309,287	15,773
5	2021	9,254	112,134,853	1,926,964	16,954

Classic Assumption Test

The classical assumption test is used to determine the accuracy of the research results by using the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test as a condition for continuing multiple linear regression. Analysis determines the relationship of one or more variables, which can be tested by hypothesis testing with the F test (simultaneous) and the t-test (partial). The results of the Jarque Bera test show $0.683155 > \alpha = 5\%$, so it can be said that the data is typically distributed. The multicollinearity test can be seen at the VIF value > 10 , so it can be concluded that there is no multicollinearity problem. The heteroscedasticity test can be seen in the Prob value. Chi-square (3) on Obs*Squared is $0.2125 > 0.05$, so there is no problem with the assumption of non-heteroscedasticity or homoscedasticity.

Multiple Regression Analysis

Table 2. GDP Variable Empirical Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.86E+09	5.75E+09	0.323556	0.8008
X1	1.716553	0.656774	2.613612	0.2326
X2	9.82E-12	1.33E-10	0.073718	0.9532
X3	-0.560832	0.922079	-0.608226	0.6521
R-squared	0.980465	Mean dependent var		1.55E+10
Adjusted R-squared	0.921861	S.D. dependent var		1.21E+09
S.E. of regression	3.38E+08	Akaike info criterion		42.10454
Sum squared resid	1.14E+17	Schwarz criterion		41.79210
Log likelihood	-101.2614	Hannan-Quinn criter		41.26596
F-statistic	16.73035	Durbin-Watson stat		2.384107
Prob(F-statistic)	0.177375			

Regression analysis was performed to determine the effect of consumption (X1), investment (X2), government spending (X3) and GDP (Y). Testing this independent variable can be written as $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$. The regression results are Y

$= 1.86 + 1.716553 X_1 - 9.82 X_2 - 0.560832 X_3$. From the results of the multiple regression equation it can be explained as follows:

First, the constant value is 1.86. This shows that if the variable Consumption (X_1), Investment (X_2), and Government Expenditure (X_3) has a zero value, then GDP (Y) is 1.86.

Second, the consumption regression coefficient (X_1) value is 1.716553. This indicates that if the consumption value (X_1) increases by 1 unit or 100%, the GDP variable (Y) value will increase by 1.716553, assuming the other independent variables are constant. Given this positive influence, consumption (X_1) and GDP (Y) show a unidirectional relationship. Suppose the consumption variable (X_1) increases, and then GDP (Y) increases. Conversely, if the consumption variable (X_1) decreases, GDP (Y) also decreases.

Third, the investment regression coefficient (X_2) value is 9.82. This indicates that if the investment value (X_2) increases by 1 unit or 100%, the GDP variable (Y) value will increase by 9.82, assuming the other independent variables are constant. With this positive influence, investment (X_2) and GDP (Y) show a unidirectional relationship. Suppose the Investment variable (X_2) increases, then GDP (Y) increases. Conversely, if the investment variable (X_2) decreases, GDP (Y) decreases.

Fourth, the regression coefficient value for government expenditure (X_3) is 0.560832. This indicates that if the value of government expenditure (X_3) increases by 1 unit or 100%, the GDP variable (Y) value will decrease by 0.560832, assuming the other independent variables are constant. Given this negative influence, government spending (X_3) and GDP (Y) show an opposite relationship. If the variable government spending (X_3) increases, then GDP (Y) decreases. Likewise, if the variable government expenditure (X_3) decreases, GDP (Y) increases.

Hypothesis T-Test

The T-test is used to determine the partial effect of the independent variable on the dependent variable by looking at the probability value of the T statistical test table. Based on the T-test, Table 1 shows that the Prob. BPKH investment of $0.9532 > 0.05$; thus, H_a is rejected, and H_0 is accepted, which means BPKH

investment has no significant influence on economic growth in Indonesia.

Table 3. Marginal Propensity to Consume (MPC).

No	Year	Consumption	GDP	MPC
		in Million Rp	in Million Rp	in Million Rp
1	2017	7,579	13,741	0.53
2	2018	8,235	14,981	0.64
3	2019	8,907	16,039	0.04
4	2020	8,896	15,773	0.30
5	2021	9,254	16,954	0.45

The results of the data processing above show that the average MPC value from 2017-2021 is 0.40, per what Keynes conveyed that public consumption expenditure depends on income levels, and the MPC is between zero and one or $0 < \text{MPC} < 1$. It can be concluded through the equation of the linear function of consumption, namely $C = 1.86 + 0.40 Y$. From this equation, it can be seen that each additional income (GDP) is Rp. 1 billion, increasing household consumption expenditure by 400 million. Meanwhile, the MPS is $1 - \text{MPC}$, namely $1 - 0.40 = 0.60$, meaning that each additional income (GDP) of 1 billion will increase savings of Rp. 600 million.

The consumption of the Indonesian people is still relatively large compared to their savings, so with high public consumption, they are still wide open to doing business to meet their consumption needs. This follows the theory put forward by Dusenberry that to maintain a high level of consumption, one must be forced to reduce the size of one's savings.

Investment Multiplier

Formula:

KI :

1

1 - MPC

KI :

1

1 - 0.40

=

1

0.60

= 1.66

The meaning of the investment multiplier or investment spending multiplier is the same as the Hajj fund investment multiplier by BPKH of 1.66, which means an increase or increase in investment spending of Rp. 1 will affect or cause an increase in state aggregate spending ($Y=GDP$) of 1.66. For example, if the investment increases by Rp. 1 billion, it will affect or cause an increase in GDP of 1,660,000,000.-.

Investment is capital issued in the form of financial and capital goods, which is a way of developing a business to generate maximum profits. Without investment spending, it will be impossible for companies to develop because investment plays a vital role in economic development, so it can accelerate positive economic growth and increase rapidly.

The Influence of the Investment Issued by BPKH

Based on data processing in this study, it was found that the regression coefficient value of BPKH Investment was 9.82, indicating that the Investment value had a positive effect on economic growth. BPKH's investment showed a unidirectional relationship with the country's economic development; if the investment issued by BPKH was increased, it would increase its economic growth. In contrast, if the investment given by BPKH is reduced, it will reduce the country's economic growth. The BPKH's investment Probability value of 0.9532 is more significant than 0.05, which means that the investment issued by BPKH has no considerable influence on economic growth in Indonesia.³⁶ Another study by Clem Nwakoby, who stated in his article entitled *Effect Of Private Sector Investment On Economic Growth In Nigeria* that private sector investment will help increase GDP in Nigeria.³⁷ Another study by Muflihul Khair shows that foreign investment has a positive and insignificant effect on economic growth because investment positively influences small ones.³⁸ This is supported by adherents of the dependency theory, such as Paul Baran, Cardoso, Prebisch, dos Santos, and Gunder Frank, that

³⁶ Njiru, Masinde, and Utieno, "Effect of Government Infrastructure Investment."

³⁷ Nwakoby and Bernard, "Effect of Private Sector Investment on Economic Growth in Nigeria."

³⁸ Khair and Rusydi, "Analisis Pengaruh Utang Luar Negeri (Foreign Debt)."

investment only has a negligible effect on economic growth due to a less conducive investment climate, for example, regulations that have not been consistent and business certainty that has not been guaranteed and is not appropriately realized, which resulted in less than optimal economic growth.³⁹

Some of the previous studies above have supported this research. It can be concluded that investments issued by the government or the private sector, in this case, the Hajj Financial Management Agency, can encourage economic growth through investment spending through collected funds for prospective pilgrims so that the results of the investment issued by BPKH significant in driving economic growth, it is necessary to review the investment instruments that BPKH has carried out through the establishment of regulations on devices that are safe and get high profits, considering that the funds distributed are funds entrusted by prospective pilgrims which cannot be reduced. Apart from that, it can also start embracing MSMEs as recipients of capital financing for investment expenditures by BPKH, considering that MSMEs are one of the crucial pillars of economic growth. This distribution to MSMEs is also carried out in Nigeria by researcher Achoja. In his study, Achoja states that capital injections to poultry farmers increase consumption by 62%, which was previously only 14%, where the multiplier figure reached 72% greater than before the provision of capital distribution through micro credit so that the government was encouraged to facilitate the distribution of micro credit so that the economy grew.⁴⁰

In addition, it can allocate investment and expenditure budgets for labor-intensive projects that absorb a lot of jobs. So that unemployment can decrease, income can increase, purchasing power increases, and ultimately, it will affect national income in general.⁴¹ Investment development from an Islamic economic perspective is highly recommended to stimulate the country's economy and prevent the decline in currency value due to being

³⁹ Rahmat Arsyad, "Pengaruh Utang Luar Negeri dan Penanaman Modal Asing Indonesia terhadap Produk Domestik Regional Bruto Kota Makassar Tahun 2007-2011" (Undergraduate Thesis--Universitas Islam Negeri Alauddin Makassar, 2013), 98.

⁴⁰ Achoja, "Multiplier Effect of Micro Credit Investment."

⁴¹ Setiawati and Syafariansyah, "Analisis Multiplier Effect Pajak."

stored for too long. Regardless of its form, investment in Islam, if you experience profits or losses, can be shared by both parties per the agreed contract as long as the investment can provide benefits.

BPKH Investment Multiplier Effect on Economic Growth in Indonesia

The investment multiplier or the multiplier figure for investment spending on Hajj funds by BPKH is 1.66, which means an increase or increase in investment spending of Rp. 1 will affect or cause an increase in state aggregate spending ($Y=GDP$) of 1.66. For example, if the investment increases by Rp. 1 billion, it will affect or cause an increase in GDP of 1,660,000,000, - or 66%. Researchers from Serbia Miroljub Labus, support this study's results. In his work, he entitled *Multipliers and Foreign Direct Investment Impact On Growth*, which states that the investment allocation has not yet supported the output or job formation sectors that can drive economic growth.⁴² In addition, the Multiplier Effect is one measure of the success of a project in which aggregate spending can provide changes in economic development.⁴³

This study concludes that BPKH, in channeling investments, has not mentioned how multiple impacts or multiple benefits on investment instruments are applied to economic growth. BPKH focuses on examining investment instruments that provide returns that can increase the funds of prospective pilgrims. BPKH, in developing investments, should not only focus on profits or yields but on the value of other benefits for economic growth.

Conclusion

The regression coefficient value of BPKH Investment has a positive effect on economic growth, so the government must increase investment through Hajj funds by BPKH so that the country's economic growth increases. Meanwhile, the value of the investment multiplier or the multiplier number of investment expenses for Hajj funds by BPKH shows that the investment allocation has not demonstrated awareness of the multiplier number in distributing investment instruments. BPKH focuses on

⁴² Labus, "Multipliers and Foreign Direct Investment Impact on Growth."

⁴³ Wijayanti, "Analisis Dampak Berganda."

studying investment instruments that provide returns in increasing the funds of prospective pilgrims so that the results are significant in encouraging economic growth. Reviewing the mechanisms in channeling investments, such as embracing MSMEs as financing recipients and allocating investment budgets for labor-intensive projects, is necessary.

For the results of the investment issued by BPKH to be significant in driving economic growth, it is necessary to review the investment instruments that have been carried out by BPKH through the establishment of safe and high-profit instrument regulations, considering that the funds distributed are funds entrusted by prospective pilgrims which cannot be reduced. Apart from that, you can also start embracing MSMEs as recipients of capital financing for investment expenditure by BPKH, bearing in mind that MSMEs are one of the crucial pillars of economic growth besides being able to allocate investment and spending budgets on labor-intensive projects that absorb a lot of jobs. So that unemployment can be reduced, income can increase, and purchasing power can increase.

This research only examines the Hajj funds collected at BPKH channeled through investment, which is calculated by the multiplier effect coefficient value, so it is constrained to expand. The next researcher's suggestion is to examine more deeply the distribution of collected Hajj funds in the form of investment instruments that are profitable and safe so that the funds for prospective pilgrims do not experience a decrease in currency value and contribute to boosting the country's economy.

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