

ABSTRACT

As a developing country, Indonesia focuses on increasing economic growth to achieve sustainable development. Digital transformation has become one of the sources of innovation in driving productivity and efficiency to support economic growth. Although the literature highlights the positive impact of digitalization and FDI on economic growth, data in Indonesia shows inconsistencies. In addition, the effectiveness of FDI also depends on the quality of human resources. So the purpose of this study is to analyze the effect of digitalization, foreign investment, and human capital on economic performance as reflected in GRDP per capita and economic growth, as well as the moderating role of human capital in the impact of digitalization and foreign investment on economic performance. The sample of this study is 34 provinces in Indonesia from 2014-2023. This study uses static and dynamic panel data methods - the Generalized Method of Moments (GMM) and Dynamic Threshold regression methods to analyze data in depth and identify the optimal point that must be achieved to maximize its impact in driving economic growth. The expected results of study are that digitalization, foreign direct investment, and human capital effect economic growth. The research results imply that the government and decision makers can design programs to support increased digitalization and human capital development, so that this will create a conducive business environment, increase Indonesia's competitiveness, and attract foreign direct investment as part of a sustainable economic development strategy in Indonesia.

Keywords: *Digitalization, Foreign Direct Investment, Human Capital, Economic Growth*