The Influence of Government Investment, Private Investment, Human Capital, and Social Capital on the Public Welfare through Economic GrowthIn Central Kalimantan Province

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ABSTRACT :*The role of the government in issuing fiscal policies is considered as one of the solutions to improve the public welfare, both directly and indirectly through macroeconomic indicators such as economic growth, open employment opportunities, and job opportunities. Regional development policies through the Regional Revenue and Expenditure Budget, is constitute a real opportunity for local governments to utilize their authority in developing development capacity and regional economies so as to improve public welfare. The research variables consisted of government investment (X1), private investment (X2), human capital (X3), social capital (X4), economic growth (Z), and public welfare (Y). Analysis of the influence between variables is based on data from 14 districts / cities in Central Kalimantan Province, period 2015-2017. The hypothesis is tested using the Partial Least Square (PLS). The results of hypothesis testing indicate that government investment, human capital, and social capital have a positive effect on public welfare, while private investment does not affect the public welfare. Private investment does not affect the public welfare, indicating that the greater the private investment is not able to give a large impact on improving the public welfare, because private investment prioritizes profits from capital that has been spent (profit motive). The results of hypothesis testing also indicate economic growth has an effect on the public welfare, the higher the economic growth, the public welfare will also increase.*

KEYWORDS -*economic growth,government investment, human capital,private investment, public welfare, social capital.*

I. INTRODUCTION

Economic development is defined as a change that occurs continuously through a series of process combinations, in order to achieve something better, namely an increase in per capita income that continues in the long term. The purpose of economic development is to increase real national income, also to increase productivity (Bawuno et al., 2015). Economic development is a process that causes an increase in the real income per capita of a country's population in the long run accompanied by improvements in the institutional system. Economic development also needs to be seen as a process of increase in per capita income, because the increase reflects additional income and an improvement in the public economic welfare (Arsyad, 2010: 11-12). Indicators that can be used to see the success of development in an area, one of which is by increasing economic growth.

According to data from the BPS, gross domestic product (GDP or Indonesia's economic growth in 2017 reached 5.07 percent). This figure is the highest economic growth rate since 2014, as shown in Figure 1.1 below.

According to the Head of BPS, the economic growth rate in 2017 was lower than the target set at 5.2 percent. The Head of BPS added that the source of Indonesia's economic growth in 2017 was the processing industry, which was 0.91 percent, then the construction sector was 0.67 percent, trade was 0.59 percent, and agriculture was 0.49 percent (Setiawan, 2018). Based on the growth theory of Harrod-Domar (Jhingan, 2013: 229), investment has a key role in economic growth, namely creating income and enlarging economic production capacity by increasing capital stock.
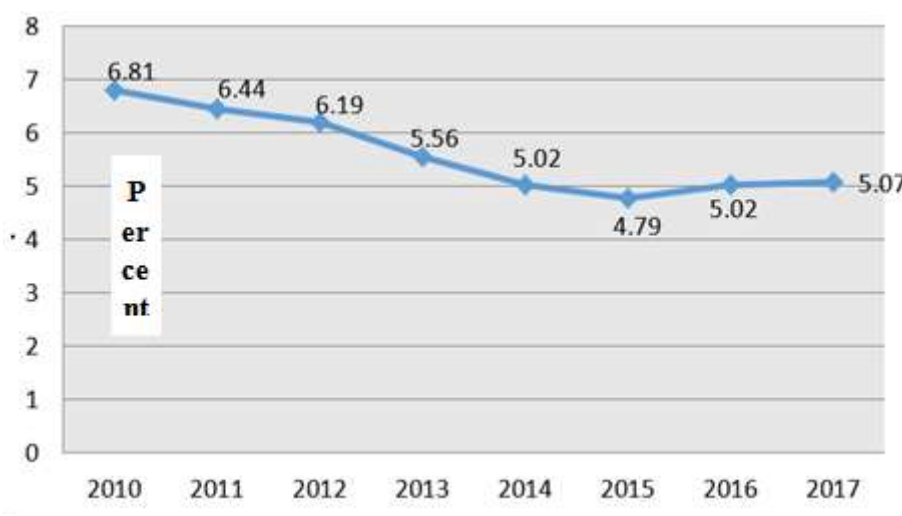
Indonesia Economic Growth Rate 2010-2017

Figure 1.1 Indonesia's Economic Growth in 2010-2017

Source: BPS, 2017

Capital in the broad sense according to World Bank (2001) in Abbas (2010), includes physical capital, human capital, and natural capital. These three capital are important factors that influence economic growth. Economic growth achieved is highly dependent on increasing capital formation in a broad sense, physical capital, human capital, and natural capital.

The formation of human capital is a process of obtaining and increasing the number of people who have expertise, education, and a decisive experience for economic and political development in a country. The formation of human capital is associated with investment in humans and its development as a creative and productive source (Jhingan, 2013). One of the human capital that can increase the value of production in the economy is education. Workers who have high education and skills tend to have higher incomes than workers with low education and skills. Higher education also provides a tendency for low unemployment rates. Individual workers with higher education have a greater chance of gaining higher income (Affandi and Zulham, 2017). The relationship between human capital and income is proven by Affandi and Zulham (2017), human capital can be measured through the education budget, which can have a positive effect on regional gross domestic product.

Social capital is the most important resource in people's lives, because this capital is a form of relationship to the outside world, both formal and informal to solve various problems that exist in society, including problems of food needs. Social capital is also a form of social and economic networks in society that occur between individuals and groups in the form of mutual benefits (Suandi, 2014).

Putnam in his theory of social capital says that social capital is productive, allows the achievement of certain goals, which without its contribution, goals will not be achieved. This is in line with Simmel's statement which says that modern humans have made money as the main goal, so it can be concluded that social capital is used as one of the capital for businesses to get greater economic benefits.

The relationship between Economic Growth and Public Welfare is that if economic growth is good then the income level of the community will also increase, so that the increase in income will make the community able to meet their needs better, this shows that public welfare begins to increase, if community income increases and unemployment reduced, the crime will automatically decrease, the demonstration due to government policy dissatisfaction will also decrease.

Regional development policies outlined in regional financial policies through APBD constitute a real opportunity for regional governments to utilize their authority in developing regional development and economy so as to improve the public welfare. The APBD policy is an illustration of the seriousness of the regional government in improving public services to improve the pubic welfare. In the aspect of regional expenditure, expenditure policies must have a large dual effect on the economic activities of the community, through programs funded.

If observed from year to year, the allocation of capital expenditure in the district / city APBD in Central Kalimantan Province, during the period 2015-2017, varies from one region to another. These changes are related to regional development policies that are applied to each region. Development of allocation of capital expenditure and expenditure of district / city governments in Central Kalimantan Province, during the period

2015-2017. Shows fluctuations such as the Kotawaringin regency east of 2015 capital expenditure of Rp.427,130,499,630 and in 2017 decreased to Rp.256,085,596,304.00. In contrast to the average total regional expenditure which has increased every year, namely in 2015 amounting to Rp.1,501,156,061,790 increased to Rp 1,631,408,233,080.00 in 2017.

This fact shows that the average allocation of capital expenditure for regencies / cities in Central Kalimantan Province has decreased from total regional expenditure. This condition shows that government spending is still dominated by routine expenditure (employee expenditure). Even though the proportion of capital expenditure is relatively small and has a tendency to decline from year to year to total regional expenditure, because the allocation is greater for routine personnel expenditure to finance the wheels of government, it is hoped that the allocation of capital expenditure can still fund local government programs that can increase the wheel of the economy so that it has an impact on increasing regional economic growth.

If we observe the economic development of regencies / cities in Central Kalimantan Province during the 2014-2017 period, the average economic growth shows an increasing trend from 2014 to 2017. The development of the average economic growth of regencies / cities in Central Kalimantan Province during the 2014 period - 2017 can be seen in Table 1.2.

Table 1.2.GDRP Growth Rate by Regency / City
Central Kalimantan Province, 2014-2017

No.	Regency/ City	2014	2015	2016	2017
1.	Kotawaringin Barat	6,90	7,32	5,85	6,88
2.	KotawaringinTimur	7,37	7,66	7,93	7,99
3.	Kapuas	7,00	7,27	7,29	7,62
4.	Barito Selatan	5,31	5,54	5,62	5,84
5.	Barito Utara	4,20	5,29	5,48	6,01
6.	Sukamara	6,05	6,01	6,18	6,27
7.	Lamandau	6,98	6,76	6,70	6,68
8.	Seruyan	5,31	5,17	5,02	5,15
9.	Katingan	6,55	6,53	6,54	6,56
10.	PulangPisau	7,23	7,71	6,06	5,86
11.	Gunung Mas	6,41	6,96	7,00	6,93
12.	Barito Timur	5,25	5,25	5,16	5,50
13.	Murung Raya	5,85	6,88	5,71	5,82
14.	Palangka Raya	6,96	7,19	6,92	6,96

In fact, the economic growth rate of regencies / cities in Central Kalimantan Province during the 2014-2017 period showed fluctuating growth, but on average experienced an increase. In 2014 the regency / city economic growth rate in Central Kalimantan Province was 6.24 percent, increasing to 6.54 percent in 2015, and decreasing again to 6.25 in 2016, and in 2017 increasing to 6, 43 percent. So that the average economic growth of regencies / cities in Central Kalimantan Province for four years is 6.37 percent.

Looking at the economic growth performance of the regencies / cities in Central Kalimantan Province, it is expected to have a positive impact on improving the level of welfare of the local people, both directly and indirectly through the opening of employment and business opportunities for the community, so as to improve the public welfare in the area.

II. LITERATURE REVIEW
2.1 Development Economic Theory
Everyone can interpret the terms of development differently according to their own tastes, so that the definition of economic development is also many and different (Todaro and Smith, 2006: 19). The complexity of development causes no single development theory to be applied to a country. The existing development theory is very dominated by western economists. Since the birth of Adam Smith's growth theory, growth theory has continued to develop until the emergence of new theories such as the New Economic Geographic theory and New Growth Theory (Kuncoro, 2006: 45-72).

The development process is basically not just an economic phenomenon. Development is not only shown by the achievements of economic growth achieved by a country, but more than that, development has a broad perspective. The social dimension which is often overlooked in the approach of economic growth,

actually gets a strategic place for the development process. In the development process, in addition to considering aspects of growth and equity, it also considers the impact of economic activities on the social life of the community. More than that, in the development process efforts are made that aim to change the structure of the economy in a better direction. (Kuncoro, 2003: 45).

Implementation of development can have a positive or negative impact. To measure the level of success of development, indicators are needed as a measure of success. Kuncoro (2006: 18) states that development indicators generally consist of (a) economic indicators; (b) social indicators.

Kuncoro (2006: 18) states that the development dimensions and development focus of each region can vary, so economic development can be interpreted as economic progress or an increase in economic welfare. The increase in real income per capita is only a part of the indicators of economic welfare, because economic prosperity contains values about the desired level of income distribution. Furthermore, Kuncoro (2006: l8) adds that economic indicators of development consist of: (a) per capita GNI (Gross National Income); (b) the rate of economic growth; (c) Gross domestic income per capita in Purchasing Power Parity (PPP).

Social indicators are also one indicator to measure the level of success of a country's or regional development. Koncoro (2006: l8) states that those that are included in social indicators in development are:(a) Human Development Index (HDI) and (b) Physical Quality Life Index (PQLI).

Economically, human resources are one of the factors of production, namely as workers whose productivity must be increased, while humans in HDI are more intended as development goals oriented towards improving human welfare. In line with this, Todaro (1995: 65) provides 3 notes on HDI, namely: (a) the formation of HDI partly driven by political strategies designed for health and education development; (b) the three indicators are good indicators but not ideal; (c) the value of HDI in a country may not be profitable because it shifts the focus from the problem of inequality in the country.

2.2 Economic Growth Theory

Boediono (in Tarigan 2006: 46) states that economic growth is the process of increasing output per capita in the long run. The percentage increase in output must be higher than the percentage increase in population and there is a tendency in the long term that growth will continue. Sjahrir (in Kuncoro, 2006: 11) states that growth is not synonymous with development. High economic growth for developing countries exceeds at least developed countries at their development stage, but is accompanied by other problems such as unemployment, poverty, unequal income distribution, and structural imbalances.

According to Tarigan (2006: 46), regional economic growth is the increase in income of the community as a whole within the region. The income increase of the community in question includes an increase in added value, and calculation of regional income made at current prices. Furthermore Arsyad (2005: l39) argues that regional economic growth is measured by analyzing changes in aggregate work in a sectorial manner compared to changes in the same sector in the economy as a reference.

Based on the description above, it can be concluded that economic growth is a process of increasing per capita income in a country in the long run. The increase in per capita income was followed by an increase in output which was higher than the percentage increase in population. Furthermore, regional economic growth is the income increase of the community as a whole and can be measured by analyzing changes in aggregate work in a sectorial manner. This goal can be realized by a combination of strategies such as increasing employment opportunities through investment in human capital, attention to small farmers, the informal sector and small economic entrepreneurs.

2.3 Governmentand Private Investment

Development experts have long argued that investment has an impact on the growth of per capita income. This implies that an investment will have an impact on development which will be determined by which sectors or fields in the investment are carried out, and their respective portions in the overall investment nationally. Seeing its existence, investment can be divided into two, namely: Private Investment and Government Investment. In terms of objectives, these two types of investments have different objectives. Private investment in general is profit oriented and government investment is generally social oriented.

Government investment is investment made by the government (both the central government and local government) in the context of providing public goods to serve and create prosperity for the people and does not aim to make a profit, while private investment is an investment made by the private sector that prioritizes profit from the capital that has been spent (Setyopurwanto, 2013).

The capital needed to meet investment needs can be obtained through the following policies: (1)Encouraging increased private sector voluntary savings, (2)Fiscal policy by increasing tax revenues, (3)Foreign financial policy, through the use of foreign aid, and (4) Deficit budget policy.If domestic capital does not adequately meet investment needs, foreign capital can be used. For Indonesia, foreign capital is a

complement to domestic capital. Foreign capital may operate in Indonesia on projects that cannot be financed and carried out by domestic capital.

2.4 Human Capital

Humans are the most important factors that influence development, so Theodore W. Schultz pioneered that human resources are calculated as a separate capital in economics. Schultz in Setyopurwanto (2013) has the opinion that investment in human resources is able to improve the quality of these resources to be more productive, so that it will create increased welfare.

Based on the description, it can be said that human capital is human resources that can master technology. The ability to master technology is called the quality of human resources from non-physical aspects, while human capital concerning aspects of quantity is related to the amount of human resources themselves or the population. In addition, to improve the quality of physical human resources, it can be done through health and nutrition programs, while for improving the quality of non-physical human resources, it can be done through education and training.

2.5 Social Capital

Bourdieu (1986) defines social capital as a resource that belongs to a person or group of people by utilizing networks, or institutional relationships that recognize each other among members involved in it. From this definition there are two things that need attention in understanding social capital, namely: first, the resources a person has are related to membership in groups and social networks. The amount of social capital a person has depends on the ability of the person to mobilize relationships and networks in groups or with other people outside the group. Second, the quality of relationships between actors is more important than relationships in groups (Bourdieu 1986). Bourdieu sees that social networks are not natural, but are formed through investment strategies that are oriented towards institutionalizing group relations that can be used as a source of profit.

Based on the description above, it can be said that social capital in the physical sense includes perceptions of access to services including: employment, income, education, housing, health, transportation and social security. Social capital from the aspect of value includes religious, moral and professional code. Furthermore, social capital from the economic aspect can be in the form of goods or objects that are invested.

2.6 Public Welfare

Welfare economics is one branch of normative economics. The subject matter of welfare economics is related to the question of what is bad and what is good. The field of study is very different from the field of study of the branch of positive economics. Such as labor economics, economic history, international trade, monetary and macroeconomic. Every positive economics tries to explain various empirical phenomena (Feldman: 2008).

Based on this understanding, it can be concluded that welfare economics discusses how ultimately economic activity can run optimally. The welfare economy in the language will also think about the principle of justice for all levels of society. This study directs economic activities that will have a positive impact on economic actors. In a broader sense, the discussion in welfare economics is a discussion that cannot be separated from the context of social science.

Based on the theoretical study that has been described, we formulate a conceptual framework as shown in Figure 2.1.
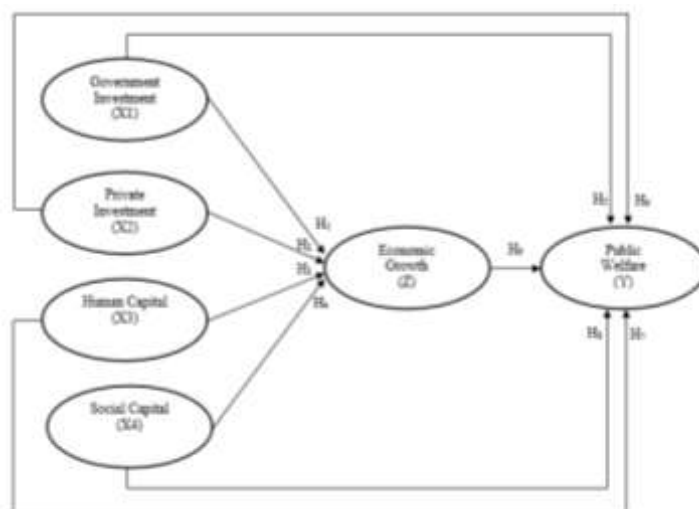
Figure 1.2 Conceptual Framework

The conceptual framework is created to describe the relationship between research variables based on theoretical studies and empirical studies that have been described previously, namely regarding the influence of government investment, private investment, human capital and social capital on the welfare of society through economic growth.

2.7 Research Hypothesis
Based on the theoretical studyand conceptual framework, as shown in Figure 2.1, we propose nine hypotheses as follows:
1. Government investment influences economic growth in the District / City of Central Kalimantan Province.
2. Private investment influences economic growth in the District / City of Central Kalimantan Province.
3. Human Capital influences economic growth in the District / City of Central Kalimantan Province.
4. Social Capital influences economic growth in the District / City of Central Kalimantan Province.
5. Government investment influences the public welfare in the District / City of Central Kalimantan Province.
6. Private investment influences the public welfare in the District / City of Central Kalimantan Province.
7. Human Capital influences the public welfare in the District / City of Central Kalimantan Province.
8. Social Capital influences the public welfare in the District / City of Central Kalimantan Province.
9. Economic growth influences the public welfare in the District / City of Central Kalimantan Province.

III. RESEARCH METHODOLOGY
3.1 Research Population and Samples
The population in this study were all districts / cities in Central Kalimantan province, which numbered 14 regions. All districts / cities that are members of the population are used as research samples. Thus the number of samples is 14 regions as well.Data analyzed using secondary data, which was obtained from the Central Statistics Agency of Central Kalimantan Province.The secondary data analyzed is panel data from 14 districts / cities in the period 2015-2017, so that the number is 42 observation data.

3.2Data Analysis Method
The data analysis method collected was analyzed statistically using Structural Equation Model (SEM) analysis with concepts and applications using Analysis of Moment Strucues (AMOS) program version 21.

IV. RESULTS AND DISCUSSION
Descriptive statistics are used to describe the data on each research variable. The purpose of the descriptive analysis in this study is to describe research data, including variables of government investment, private investment, human capital, social capital, economic growth, and public welfare. Data on each variable will be described with several statistics, namely the minimum, maximum, and average values.

The evaluation results of the outer model in stage three step. <u>First</u>, based on the convergent validity test, discriminant validity test, and composite reliability test, showed that there were five indicators that were invalid so they also had an impact on the low level of variable reliability. The five invalid indicators are X3.1, X3.2, X3.7, X4.5, and Y.2. Thus the five indicators are then excluded from the model, and then the model is re-analyzed (stage II) without including the five invalid indicators.<u>Second</u>, the evaluation results of the outer model

in stage II based on the convergent validity test, discriminant validity test, and composite reliability test, showed that there was still one indicator that was invalid so it also had an impact on the low level of variable reliability. The invalid indicator is X3.6, and then the indicator is removed from the model, and then the model is re-analyzed (stage III) without including the invalid indicator.Third, evaluation of the outer model in stage III was also conducted to determine the validity and reliability of the indicators and constructs used. Validity is measured through convergent validity and discriminant validity, while reliability is measured through composite reliability.

Convergent validity in PLS with reflective indicators is assessed based on the outer loading. The rule of thumb used for convergent validity is outer loading> 0.50 and average variance extracted (AVE)> 0.50 (Chin, 1995 in Jogiyanto and Abdillah, 2014: 60). Indicators said to be valid can also be assessed from the value of T-statistics, provided that the T-statistics value is more than 1.96, the indicator is said to be valid. Table 4.1 presents the value of outer loading in third step for each indicator in the variables of government investment, private investment, human capital, social capital, economic growth, and public welfare.

Table 4.1
Outer Loading Value (Step III)

Variables	Indicator	Outer Loading	T-Statistics	Note
Government Investment (X1)	X1.1	0,886	19,851	Valid
	X1.2	0,697	6,656	Valid
Private Investment (X2)	X2.1	0,862	21,655	Valid
	X2.2	0,982	177,714	Valid
Human Capital (X3)	X3.3	0,615	4,770	Valid
	X3.4	0,856	13,626	Valid
	X3.5	0,928	38,768	Valid
Social Capital (X4)	X4.1	0,817	28,470	Valid
	X4.2	0,816	12,708	Valid
	X4.3	0,537	3,549	Valid
	X4.4	0,807	12,809	Valid
Economic Growth (Z)	Z.1	0,945	73,460	Valid
	Z.2	0,958	111,628	Valid
Public Welfare (Y)	Y.1	0,802	14,015	Valid
	Y.3	0,845	21,527	Valid

Based on the evaluation of convergent validity in third step, it is known that all indicators in the research variable already have an outer loading value greater than 0.50 and the T-statistics value is greater than 1.96, so that all indicators are concluded to be valid in measuring each research variable and fulfilling convergent validity so that it can be used for further analysis.

In addition to using outer loading and the value of T-statistics, testing for convergent validity can also be done by looking at the value of Average Variance Extracted (AVE). The AVE value for each government investment construct, private investment, human capital, social capital, economic growth, and public welfare are presented in Table 4.2.

Table 4.2
AVE in Outer Model Step III

Variables	AVE
Government Investment (X1)	0,636
Private Investment (X2)	0,853
Human Capital (X3)	0,657
Social Capital (X4)	0,568
Economic Growth (Z)	0,905
Public Welfare (Y)	0,679

Based on the AVE value, all latent constructs / variables already have AVE values above 0.50, so the indicators in all constructs are concluded to be valid in measuring latent variables and qualify convergent validity requirements.

Discriminant validity is seen based on the cross loading value for each indicator in the construct formed. An indicator is said to fulfill discriminant validity if the indicator has a greater cross loading value on the construct formed, compared to other constructs. The results of testing discriminant validity through cross loading calculations are presented in Table 4.3.

Table 4.3
Cross Loading Value in Outer Model Step III

Indicator	Government Investment (X1)	Private Investment (X2)	Human Capital (X3)	Social Capital (X4)	Economic Growth (Z)	Public Welfare (Y)	Note
X1.1	**0,886**	0,164	0,099	0,135	0,244	0,316	Valid
X1.2	**0,697**	0,227	-0,206	0,137	0,364	-0,002	Valid
X2.1	0,072	**0,862**	0,013	0,569	0,306	0,035	Valid
X2.2	0,277	**0,982**	0,191	0,508	0,512	0,392	Valid
X3.3	0,128	0,261	**0,615**	-0,254	0,081	0,152	Valid
X3.4	-0,109	-0,008	**0,856**	0,031	0,213	0,397	Valid
X3.5	0,012	0,219	**0,928**	-0,025	0,272	0,280	Valid
X4.1	0,255	0,496	-0,059	**0,817**	0,548	0,202	Valid
X4.2	-0,006	0,458	0,040	**0,816**	0,175	0,394	Valid
X4.3	0,067	0,411	-0,380	**0,537**	0,052	-0,110	Valid
X4.4	0,114	0,385	-0,135	**0,807**	0,307	0,190	Valid
Z.1	0,384	0,412	0,242	0,328	**0,945**	0,376	Valid
Z.2	0,304	0,497	0,241	0,527	**0,958**	0,406	Valid
Y.1	0,285	0,046	0,368	0,166	0,419	**0,802**	Valid
Y.3	0,112	0,443	0,244	0,366	0,268	**0,845**	Valid

Based on Table 4.3. it is known that all indicators have a cross loading value that is generally high in the variables formed and low on other variables, so it is concluded that all indicators are valid in forming the construct.

Another method that can be used to determine discriminant validity is to compare the values of the roots of average variance extracted (AVE) on each variable with a correlation value that involves these variables with other variables in the model. If the value of the root AVE is greater than the value of the correlations that occur, then the variable can be said to be variable fulfilling discriminant validity. Next is discriminant validity testing using the AVE root comparison with correlation values between variable.

Table 4.4.
Discriminant Validity with AVE Root (Outer Model Step III)

Variables	AVE root	Correlations					
			X1	X2	X3	X4	Z	Y
Government Investment (X1)	0,797	X1	1					
Private Investment (X2)	0,924	X2	0,233	1				
Human Capital (X3)	0,811	X3	-0,026	0,150	1			
Social Capital (X4)	0,754	X4	0,167	0,553	-0,046	1		
Economic Growth (Z)	0,951	Z	0,358	0,481	0,254	0,456	1	
Public Welfare (Y)	0,824	Y	0,235	0,310	0,367	0,329	0,412	1

Table 4.4 shows all variables have a greater AVE root value if the value is compared with the correlation value between variables, so it can be concluded that all variables have good discriminant validity.

Reliability testing in PLS can use two methods, namely cronbach's alpha and composite reliability. Cronbach's alpha measures the lower limit of reliability values while composite reliability measures the true value of the reliability of a construct (Chin and Gopal, 1995 in Salisbury, et al., 2002). Composite reliability is considered better in estimating the internal consistency of a construct (Werts et al., 1974 in Salisbury et al., 2002). The rule of thumb, cronbach alpha and composite reliability values must be greater than 0.70, even though the value of 0.60 is still acceptable (Hair et al., 2010 in Jogiyanto and Abdillah, 2014: 62).

The following are the results of the calculation of Cronbach alpha and composite reliability in evaluating the outer model of the variables of government investment, private investment, human capital, social capital, economic growth, and public welfare.

Table 4.5
Composite Reliability Step III

Variables	Composite Reliability	Cronbachs Alpha	Note
Government Investment (X1)	0,775	0,644	Reliable
Private Investment (X2)	0,920	0,856	Reliable
Human Capital (X3)	0,848	0,728	Reliable
Social Capital (X4)	0,837	0,750	Reliable
Economic Growth (Z)	0,950	0,788	Reliable
Public Welfare (Y)	0,809	0,896	Reliable

Based on Table 4.5, it can be seen that all variables have composite reliability and cronbach alpha values greater than 0.70, so it is concluded that all variables are reliable / reliable, and there are 1 variable below 0.70 but still above 0.60, and according to Hair et theory al. in Jogiyanto and Abdillah (2014: 62) this condition is still acceptable.

The evaluation results of the outer model in stage III are based on convergent validity, discriminant validity, and composite reliability testing, showing all valid indicators so that they also have an impact on the level of reliability of the variables that can be accepted, so it is concluded evaluation of the outer model is enough in stage III and then the inner model is evaluated.

4.1 Inner Model Evaluation

The inner model in PLS is evaluated using R-square for the dependent construct, and the value of the path coefficient or t-value (t-statistics) for the test of significance between constructs. The higher the R-square value means the better the prediction of the proposed model. The score for the path or inner model coefficient indicated by the value of t-statistics must be above 1.96 for testing hypotheses on alpha (level of research error) of 5% (Jogiyanto and Abdillah, 2014: 63).

4.1.1 R-square

Based on data processing with PLS, the determination coefficient (R-square) is generated as follows:

Table 4.6. R-square

Variables	R Square
Government Investment (X1)	-
Private Investment (X2)	-
Human Capital (X3)	-
Social Capital (X4)	-
Economic Growth (Z)	0,307
Public Welfare (Y)	0,398

The goodness of fit in the PLS model can be known from the value of R2. The higher R2, the model can be said to be more fit with the data. The R-square value of the economic growth variable is 0.307, which means that the influence of government investment, private investment, human capital, and social capital on economic growth is 30.7%. While the R-square value in the variable public welfare is 0.398, which means the magnitude of the influence of government investment, private investment, human capital, social capital, and economic growth on the welfare of society is 39.8%.

In the PLS model, the assessment of goodness of fit is known from the value of Q^2. The value of Q^2 has the same meaning as the coefficient of determination (R-Square) in the regression analysis, where the higher the R-Square, the model can be said to be more fit with the data. From Table 4.6 the Q^2 value can be calculated as follows:

$Q^2 = 1 - (1 - 0,307) \times (1 - 0,398) = 0,583$

From the calculation results, it is known that the Q2 value is 0.583, meaning that the magnitude of the diversity of the data that can be explained by the structural model developed in this study is 58.3%. Based on these results, the structural model in the study has a good fit.

4.1.2 Effect Coefficients

The strength of influence between variables (constructs) can be analyzed through coefficients on all paths. The following are the results of the estimated coefficient of influence between variables using PLS:

Table 4.7 Coefficient value

Effect between variables			Original Sample (O)
Government Investment (X1)	→	Economic Growth (Z)	0,264
Private Investment (X2)	→	Economic Growth (Z)	0,214
Human Capital (X3)	→	Economic Growth (Z)	0,242
Social Capital (X4)	→	Economic Growth (Z)	0,305
Government Investment (X1)	→	Public Welfare (Y)	0,143
Private Investment (X2)	→	Public Welfare (Y)	0,018
Human Capital (X3)	→	Public Welfare (Y)	0,339
Social Capital (X4)	→	Public Welfare (Y)	0,240
Economic Growth (Z)	→	Public Welfare (Y)	0,156

Explanations
1. The variable that most influences economic growth is social capital because it has the largest coefficient of influence, which is equal to 0.305. Next is government investment (0.264), human capital (0.242), and private investment (0.214).
2. The variable that most influences the welfare of society is human capital because it has the greatest coefficient of influence, which is equal to 0.339. Next are social capital (0.240), economic growth (0.156), government investment (0.143), and private investment (0.018).

4.2 Hypothesis Testing Results

Based on the results of the analysis of the effect coefficient between variables, the next step is to test the hypothesis by using t-statistical values.Parameters of whether or not there are partial effects can be known from the value of t-statistics, with the provision that through the ratio t-statistics> 1.96 then there is the influence of exogenous variables on endogenous variables or endogenous variables on endogenous variables. Conversely, if t-statistics is <1.96, there is no influence of exogenous variables on endogenous variables or endogenous variables on endogenous variables.Considering these criteria, in Table 4.8 are presented the results of T-Hypothesis Testing with Inner Weight.

Table 4.8Hypothesis Testing with Inner Weight

Hyp.	Effect between variables			Coef.	T-stat.	Note
H1	Government Investment(X1)	→	Economic Growth (Z)	0,264	3,859	Significant
H2	Private Investment (X2)	→	Economic Growth (Z)	0,214	2,808	Significant
H3	Human Capital (X3)	→	Economic Growth (Z)	0,242	3,756	Significant
H4	Social Capital (X4)	→	Economic Growth (Z)	0,305	5,362	Significant
H5	Government Investment (X1)	→	Public Welfare (Y)	0,143	2,158	Significant
H6	Private Investment (X2)	→	Public Welfare (Y)	0,018	0,204	Not significant
H7	Human Capital (X3)	→	Public Welfare (Y)	0,339	6,888	Significant
H8	Social Capital (X4)	→	Public Welfare (Y)	0,240	2,127	Significant
H9	Economic Growth (Z)	→	Public Welfare (Y)	0,156	2,407	Significant

Based on Table 4.8 it appears that out of 9 hypotheses there are 8 significant hypotheses and 1 hypothesis is not significant. The insignificant hypothesis is the effect of government investment on people's welfare.

V. CONCLUSION AND RECOMMENDATION

Based on the results of data analysis and discussion that has been described previously, it can be concluded: (1)government investment has a significant effect on economic growth in regencies / cities in Central Kalimantan province, (2)private investment has a significant effect on economic growth in regencies / cities in Central Kalimantan province, (3)human capital has a significant effect on economic growth in regencies / cities in Central Kalimantan province, (4)social capital has a significant effect on economic growth in regencies/ cities in Central Kalimantan, (5)government investment has a significant effect on the public welfare in regencies / cities in Central Kalimantan province, (6)private investment has no significant effect on the public welfare in regencies / cities in Central Kalimantan province, (7)human capital has a significant effect on the public welfare in regencies / cities in Central Kalimantan province, (8)social capital has a significant effect on the public welfare in regencies / cities in Central Kalimantan province, and (9)economic growth has a significant effect on the public welfare in regencies / cities in Central Kalimantan province.

Based on the results of data analysis and discussion, recommendations are proposed as follows: (1) the regional government of Central Kalimantan should prioritize policies on the development of human capital and social capital to further enhance economic growth and prosperity of the people to increase regional competitiveness, (2) each region has advantages and has weaknesses, therefore local governments should understand in depth the location of the advantages of their regions to be further developed and weaknesses to be overcome with appropriate development policies and strategies, and (3) for further researchers it is recommended to examine the influence of government policy variables that have not been accommodated in this study, as well as the use of primary data in addition to secondary data for various indicators that are not yet available in the publication of the Central Statistics Agency.

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