

The effect of investment, government expenditure and economic growth on community welfare

Desak Nyoman Ayu Melayanti¹, I Gusti Bagus Indrajaya²

¹Faculty of Economics and Business, Udayana University, Bali, Indonesia

²Faculty of Economics and Business, Udayana University, Bali, Indonesia

ABSTRACT: Welfare is a reflection of the development success in an area which can be measured with human development index (HDI). In reality, there has never been an equal distribution of the welfare of the people, including in Bali Province, this will not be separated from the influence of investment, government expenditure and economic growth in the area. Realization of investment in each region that is not evenly distributed and the allocation of government expenditure that is not well targeted has resulted in disparities in welfare between districts / cities. This study aims to analyze the effect of investment, government expenditure and economic growth simultaneously and partially on people's welfare. The data used in this study are secondary data from 2014-2019 which were obtained from the Central Bureau of Statistics and the Directorate General of Fiscal Balance. The method of collection was carried out by means of non-participant observation, then the data was processed using multiple linear regression analysis techniques. The test results with SPSS show that investment, government expenditure, and economic growth simultaneously have a significant effect on people's welfare. Government expenditure and economic growth partially have a positive and significant effect on people's welfare. Meanwhile, investment partially has a positive but insignificant effect on people's welfare. Based on the results of the research, it can be suggested that the government can improve regulations related to the ease of licensing and equitable distribution of infrastructure development in each district/city. Optimizing the expenditure function in the fields of human development such as health and education so that the benefits can be felt directly by the community.

Keywords - community welfare, investment, economic growth, government spending.

I. INTRODUCTION

Indonesia is one of the largest archipelagic countries in the world, based on the 2015-2045 population projection from the 2015 Inter-Census Population Survey (SUPAS), Indonesia's population reaches 269.6 million in 2020, spread from Sabang to Merauke. Each region has different potentials or resources, so it requires different efforts in developing the region. Regional development is a process of local governments and their communities that can manage the resources or potentials that exist in their respective regions, and form cooperation with the private sector so that it will create new jobs and can stimulate developments in carrying out economic activities or economic growth in the region. (Pratama Suda and Utama Suyana, 2019).

Economic development in Indonesia is an effort made by the government in developing human beings as a whole. Each region in carrying out its development expects high economic growth accompanied by equity, so that it will improve the quality of life of its people. The success of an area's economic development can be seen from the level of social welfare marked by increased consumption which is the impact of increased income.

Community welfare is the third goal of sustainable development goals (SDGs) which can reflect the success of development carried out by the government (Wiriana & Kartika, 2020). A region has a high economic output, but the level of welfare of the people in that area may be low. The problems of social welfare that are developing today show that there are some citizens who have not independently fulfilled their basic needs and live in poverty (Hukom, 2014).

In fact, in the field there has never been an equal distribution of the level of social welfare due to several reasons, including internal problems such as human gaps, regional disparities and economic disparities, while external problems such as competition between regions, both regional and national. This problem is still a problem in almost all areas of the Unitary State of the Republic of Indonesia (NKRI), including in the Province of Bali.

Bali is one of the provinces with the second highest economic growth after the capital city of Jakarta. The high rate of economic growth cannot guarantee equitable welfare in every region. Tachiwou (2011) states that infrastructure is a key element in realizing sustainable economic growth and sustainable development and achieving the Millennium Development Goals (MDGs). So far, physical investment (infrastructure) in Bali cannot be separated from the influence of the tourism sector, which is the center of the economy in the area (Omri, 2014). Thus, investment sources are needed that can improve the tourism sector in Bali, both from the government in the form of APBD and from the private sector, namely Foreign Investment (PMA) and Domestic Investment (PMDN).

The development of tourism can encourage and accelerate the economic growth of a region or country and can improve the welfare of the community, including in the Province of Bali (Sari et al., 2020). This is because the tourism sector in Bali Province plays a major role in providing job opportunities so that it can boost GDP, with an increase in GRDP it will be followed by an increase in overall economic growth. Thus the government's efforts in real human development can be achieved.

The human development aspect is an indicator in determining the progress of an area (Dianaputra and Aswitari, 2017). The human development index (HDI) can be used to "measure" the success of development in an area and become a benchmark in assessing the level of community welfare (Kencana, 2019). Human development index data in Bali Province can be seen in Table 1.

Table 1. Human Development Index in District/Cities in Bali Province, Indonesia

District/Cities	Years						
	2013	2014	2015	2016	2017	2018	2019
Jembrana	68.39	68.67	69.66	70.38	70.72	71.65	72.35
Tabanan	72.31	72.68	73.54	74.19	74.86	75.45	76.16
Badung	77.63	77.98	78.86	79.80	80.54	80.87	81.59
Gianyar	74.00	74.29	75.03	75.70	76.09	76.61	77.14
Klungkung	68.08	68.30	68.98	69.31	70.13	70.90	71.71
Bangli	65.47	65.75	66.24	67.03	68.24	68.96	69.35
Karangasem	63.70	64.01	64.68	65.23	65.57	66.49	67.34
Buleleng	68.83	69.19	70.03	70.65	71.11	71.70	72.30
Denpasar	81.32	81.65	82.24	82.58	83.01	83.30	83.68
Total	72.09	72.48	73.27	73.65	74.30	74.77	75.38

Source: Indonesian Central Bureau of Statistics, 2020

Based on Table 1, it can be seen that the highest level of human development was achieved by Denpasar City, while the district with the lowest human development index was Karangasem Regency. HDI in districts / cities in 2013-2019 continues to increase. Until now, inequality between regions has become a top priority in policies and interests of the government and society (Irawan, 2015). The human development index (HDI) of Bali as a whole continues to increase, but the significant difference in the number of human development index (HDI) between districts / cities in Bali Province is an important problem to overcome (Nina and Rustariyuni, 2018). Policies to promote economic growth require special interventions that can support the poor, because macroeconomic stability, politics and good governance are prerequisites for poverty alleviation Steiner (2005).

The welfare of the people in an area cannot be separated from several factors, namely economic growth, investment and government spending. Todaro (2000) said, although the rate of economic growth cannot automatically provide answers to various kinds of welfare problems, it is still an important element of any realistic development program that is deliberately designed to alleviate poverty. Meanwhile, investment and government expenditure are factors that can encourage economic growth in an area.

The main objective of development is to create social welfare and community welfare, which can be seen from the increased economic growth and even distribution of income (Arsyad, 2010: 11). Economic growth is one of the most important indicators in analyzing the results of economic development that has been implemented by a country or a region. The rate of economic growth can show how high economic activity can increase people's income or welfare in a certain period (Romi et al, 2019). However, good economic growth in a country will not be meaningful if it is not balanced with equal income distribution (Margareni et al, 2016).

Government expenditure as a fiscal policy instrument is one of the sources of economic growth (Ahmad and Latri, 2008). Regional governments in carrying out development and managing their households should have their own financial resources so that they are not dependent on the central government. According to Suhartanto and Kusdibyo (2005), the readiness of local governments and their agencies is not only about the readiness of natural resource management, but also how Local governments take policies that are able to

encourage economic activity in an area so that they are able to attract investment because in essence investment is the beginning of economic development activities.

Business activities that develop can be a source of regional income derived from taxes. As for the general public, the success of attracting such investment will absorb jobs and of course improve the welfare of the community. So investment is one of the pillars of economic growth (Sajafii, 2009). Investment can be a starting point for the success and sustainability of development in the future because it can absorb labor, so that it can open up new competent and quality job opportunities for the community which in turn will have an impact on increasing people's income (Kirya & Yudiaatmaja, 2015).

A country needs an increase in investment activities, both in the form of accumulated domestic and foreign capital, which will be a driving factor in running the economic engine to safeguard sustainable growth (Wiagustini et al., 2017). Investment is a strong link between economic growth and poverty reduction, thus it can be said that investment encourages the improvement of people's welfare (Ocaya et al, 2012).

The increasing welfare of the people in Bali Province will not be separated from the investment. The increase in domestic or foreign investment or investment activities in an area will have an impact on the welfare of the community, where this investment activity can absorb a lot of labor and reduce unemployment, so that people have income to meet their daily needs (Candraningrat et al., 2021). Royan, et al., (2015) stated that people who were previously unemployed will get jobs and income through investment activities. Along with the increase in income, the people's purchasing power which is part of the HDI component will also increase.

The problem faced regarding investment in Bali Province is the imbalance of development activities between regions and between sectors. Development imbalances are evident in investment activities in each district / city. The most prominent investments in Bali are mostly centered in Denpasar, Badung, Gianyar and Tabanan. This is inseparable from the influence of the tourism sector which is the backbone of economic growth in Bali, but from 9 regencies and cities, only a few regions enjoy the results of Bali tourism, resulting in differences in the level of welfare between regions.

Regional finance in the regional expenditure budget is an allocation of regional resources and media used to evaluate the achievements of local governments in financing regional development for the public interest and is accounted for so as to encourage regional development for the welfare of the community (Askam, 2008). The economy is considered the most effective. High economic growth in a region is inseparable from high levels of government expenditure, so this is where regional autonomy plays a role in managing the potential contained in the region.

Local governments are free in planning regional financial management that can encourage regional progress (Pratama & Utama, 2019). In measuring the level of effectiveness of government expenditure, it can reach the amount of economic growth that can be achieved. Government expenditure is closely related to the regional revenue and expenditure budget (APBD), which will directly affect regional revenues and regional financing, so that it will directly affect economic growth. Thus it can be said that the allocation of the budget that is right on target is an important thing to pay attention to.

The allocation of government expenditure is getting bigger in the productive sector in order to increase production and economic activities, meaning that the more funding is made by the government to encourage economic activity, the higher the production output which can encourage growth Policies for the distribution of government expenditures that are right on target and the direction of investment in areas that have the potential to open up job opportunities are needed to improve the welfare of the community. Public spending for capital is an investment that can stimulate economic growth (Butkiewicz and Yanikkaya, 2011). However, the problem occurs when the allocation of government expenditures issued through public spending does not touch the public, this is due to an imbalance in the distribution of district / city government expenditure allocations.

Based on the description above, the objectives of this study are 1) To identify and analyze the effect of investment, government expenditure and economic growth simultaneously on the welfare of the people in the regencies / cities of Bali Province, 2) To determine and analyze the effect of investment, government expenditure and partial economic growth. on the welfare of the community in the regency / city of Bali Province.

II. LITERATURE REVIEW AND HYPOTHESES

The concept of this research analyzes the effect of investment, government expenditure and economic growth on the welfare of the people in the regencies / cities of Bali Province. Investment is one of the pillars of economic growth, so the rate of economic growth of a country / region cannot be separated from the level of investment. The source of private investment is foreign investment (PMA) and domestic investment (PMDN), while the source of investment from the government is the APBD which reflects the level of government expenditure on an area.

According to Pratiwi (2019) investment can be said to have a multiplier effect on increasing welfare as measured by an increase in income. Fosu (2010) states that high unemployment investment will decrease, if the

unemployment rate is low it will be directly proportional to reducing poverty or increasing welfare. Research conducted by Riza (2016) states that investment has a positive and significant effect on welfare. Wihardjo (2014) states that there is a positive relationship between foreign investment or investment and the welfare of the people in Indonesia. Another study by Suciati, et al. (2015) stated that investment had a positive and significant effect on the welfare of the people in the regency / city of Bali Province in 2007-2012, investment made by the government through direct spending has been able to increase economic activities that can absorb labor so that it can improve people's welfare.

Musgrave & Rostow allocate government expenditure to support economic activities through the development of road infrastructure, health, education and other basic services. Public investment is directed at accelerating the welfare of the community. This theory is in line with the results of research from Santoso, Hamza and Syechalad (2013) that state government expenditure has a significant effect on HDI. According to research results from Pratiwi (2019), government expenditure has a positive effect on people's welfare. This shows that there is a direct relationship between government expenditure and the welfare of the people in Bali Province, so that an increase in government expenditure will increase the welfare of the community. The results of the research by Imelda Sope, et al. (2019) show that the variable government expenditure in the education and health sectors together is able to have a positive influence on HDI in North Sulawesi Province.

According to the results of research from Sari, et al. (2020), the variable of economic growth has a positive and significant effect on the variable of social welfare in Java. This research is in accordance with the theory and statistically significant. Likewise, the research results of Rizki Afri Mulia and Nika Saputra (2020) Gross Regional Domestic Product (PDRB) have a positive and significant effect on the welfare of the people in Padang City. The results of this study are in line with the research conducted by Sari et al. (2020) with the results of the research that partially, the GDP Per Capita variable has a positive and significant effect on community welfare. Strengthened by the results of the analysis (Pradnyadewi & Purbadharmaja, 2017). The findings in this study state that economic growth (PE) has a significant effect on the high value of the quality of human resources or HDI.

Based on the main problem and literature review described, a hypothesis can be formulated to be tested in this study, namely as follows:

- 1) Investment, government expenditure and economic growth simultaneously affect the welfare of the people in the regency / city of Bali Province.
- 2) Investment, government expenditure, and economic growth partially have a positive effect on the welfare of the people in the regency / city of Bali Province.

III. RESEARCH METHOD

This research is in the form of an associative quantitative which reveals the positive and negative effects or relationships between the variables that are asked in numbers. The location of this research was conducted in the regencies / cities of Bali Province because there is an imbalance in HDI achievement between districts / cities in Bali Province. The data used in this research is secondary data with panel data type. In this study, the cross section data used were 9 districts / cities in Bali Province, while the time series data used were annual data from 2014-2019 (6 years). So the number of observations in this study is as many as fifty-four observations. The data collection technique in this research is the Non-Participant Observation method. Secondary data used in this study were obtained from the Central Bureau of Statistics of Bali Province, Directorate General of Fiscal Balance.

The analysis technique used in this research is multiple linear regression. Later, statistical tools will be used to analyze data calculations, with the help of SPSS (Statistical Product and Service Solutions) 24.0 software. This analysis is used to determine the dependence of a dependent variable (Y) with three independent variables, namely X1, X2, and X3. The basic equation for multiple linear regression is Population Regression Function (PRF), as described by Nata Wirawan (2002) as follows:

$$\text{Ln}Y = \alpha + \beta_1 \text{Ln}X_1 + \beta_2 \text{Ln}X_2 + \beta_3 X_3 + \mu \quad (1)$$

Which:

LnY	= community welfare
LnX ₁	= investment
LnX ₂	= government expenditure
X ₃	= economic growth
α	= constant
β ₁ , β ₂ , β ₃ , β _i	= regression coefficient of X ₁ , X ₂ , X ₃
μ _i	= confounding variable

To support multiple linear regression, the classic assumption test is first carried out as a regression requirement. In this study using parametric statistics with the Best Linear Unbias Estimator (BLUE) model to

obtain an efficient and unbiased check value or BLUE from a multiple linear analysis equation, it is necessary to test the classical assumptions as follows:

The normality test is used to test whether the residual value of the regression model is made to experience a normal distribution or not. A good regression model is to have a normal or near normal residual distribution. Generally, regression with normally distributed residuals will be obtained from the dependent variable, the independent variable, and both have a normal distribution or not. The method used is the Komogorov Sminarnov test. If sig (2-tailed) > level of significant ($\alpha = 5\%$), it can be said that the residuals are normally distributed. However, sig (2-tailed) < level of significant ($\alpha = 5\%$), then the residuals are not normally distributed (Suyana, 2012: 89).

Multicollinearity is the absence of a linear relationship between the independent variables and a regression model. Multicollinearity test aims to test whether the regression model found a correlation between independent variables. A good regression model should not have a correlation between the independent variables. To detect whether there is a correlation between independent variables, it can be seen from the tolerance value and the variance inflation factor (VIF) value. If the tolerance value is more than 0.10 or VIF is less than 10, then there is no multicollinearity (Suyana, 2012: 94).

Autocorrelation generally occurs in time series data. This is because observations in time series data follow a natural order between times so that consecutive observations contain intercorrelation, especially if the time span between consecutive observations is a short time span, such as the day, week or month of Gujarati (2012). The term autocorrelation is the correlation between members of a series of observations ordered by time. In relation to the OLS assumption, autocorrelation is the correlation between one disturbance variable and another disturbance variable.

Heteroscedasticity test is used to test whether in the regression model there is an inequality of variants from the residuals of one observation to another. When the regression does not contain heteroscedasticity symptoms or has a homogeneous variant, it is said to be a good regression model (Suyana, 2012: 95). The way to find out heteroscedasticity or not is by looking at the plot graph between the predicted value of the dependent variable, namely ZPRED and its residual SREID. Heteroscedasticity does not occur, that is, if there are no clear patterns, and the point spreads above and below the number 0 on the Y axis. If the regression model contains heteroscedasticity symptoms, it will give deviant prediction results. To detect the presence or absence of heteroscedasticity can be done by using the Glejer test.

Simultaneous significance test can be done by using the F test (F-test) to determine the effect of the independent variables that are included in the study to have a simultaneous influence on the dependent variable. The F test is used to determine the feasibility of multiple linear regression models as an analytical tool that tests the effect of independent variables on the dependent variable.

The t test is used to determine the effect of each independent variable partially on the dependent variable. To see the significant effect of the independent variable partially on the dependent variable by assuming other variables are constant. In testing the hypothesis, the value of the t-count must be compared with the t-table at a certain degree of confidence.

IV. RESULT AND DISCUSSION

The results and discussion are described as follows.

Table 2. Multiple Linear Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-130.745	33.039		-3.957	0.000
	Ln(Investment)	0.559	0.344	0.174	1.628	0.110
	Ln(Government Expenditure)	6.478	1.274	0.559	5.087	0.000
	Economic Growth	2.366	1.146	0.205	2.065	0.044

a. Dependent Variable: Community Welfare

Based on the results of data processing with the help of SPSS, a regression model can be compiled as follows:

$$\hat{Y} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \dots + \beta_i X_i + e$$

$$\hat{Y} = -130.745 + 0.559 (X_1) + 6.478 (X_2) + 2.366 (X_3)$$

$$SE = (0.344) \quad (1.274) \quad (1.146)$$

$$t_{table} = 1.628 \quad 5.087 \quad 2.065$$

$$Sig = 0.110 \quad 0.000 \quad 0.044$$

$$F = 19.855$$

Sig F = 0.000
 $R^2 = 0.544$ df= 50

The normality test in a study aims to test whether the residuals are normally distributed or not, so in this study using the One-Sample Kolmogorov-Smirnov Test statistic which can be seen from the sig (2-tailed) value of Table 3.

Table 3. Normality Test

		Unstandardized Residual
N		54
Normal Parameters ^{a,b}	Mean	0.000
	Std. Deviation	3.729
Most Extreme Differences	Absolute	0.070
	Positive	0.070
	Negative	-0.070
Test Statistic		0.070
Asymp. Sig. (2-tailed)		0.200 ^{c,d}

Based on Table 3. Asymp value. Sig. (2-tailed) is 0.200 and significant at 0.05, this means that the data is normally distributed, because it is greater than $\alpha = 5\%$.

The multicollinearity test aims to test whether the regression model finds a correlation between the independent variables. Multicollinearity can be seen from a tolerance value of more than 10% (0.1) or a Variance Inflation Factor (VIF) less than 10. Based on the results of SPSS data processing, it can be seen in Table 4.

Table 4. Multicollinearity Test Result

Model		Collinearity Statistics	
		Tolerance	VIF
1	Ln(Investment)	,800	1,250
	Ln(Government Expenditure)	,755	1,325
	Economic Growth	,926	1,080

Based on the regression results above, the VIF value for the investment variable, government expenditure and economic growth is smaller than 10 as well as the tolerance value greater than 0.1. Thus, it can be concluded that this study does not experience multicollinearity.

Autocorrelation can be seen in the results of regression analysis with the help of the SPSS program where there is a value that is used as a benchmark for autocorrelation, namely the Durbin-Watson (DW) test value.

Table 5. Durbin-Watson Test Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.737 ^a	0.544	0.516	3.83982	1.737

From the calculation, it is found that $du (1.68) < 4-du (2.32)$ which states that H_0 is rejected, it means that it can be concluded that there is no autocorrelation found in the model.

Heteroscedasticity test aims to test whether in the regression model there is an unequal variant of the residuals from one observation to another. One way to detect heteroscedasticity is by using the Glejser test, which is performed by regressing the absolute residual volume of the dependent variable (residual absolute value), so there is no heteroscedasticity. The test results can be seen in Table 6.

Table 6. Heteroscedasticity Test Result

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	24.364	3	8.121	1.520	0.221 ^b
Residual	267.107	50	5.342		
Total	291.471	53			

Therefore, $F_{test} (1.520) < F_{table} (2.79)$, this means that the independent variables studied did not have a significant effect on the absolute residual value at $\alpha = 5\%$. Thus the model made does not contain heteroscedasticity symptoms, or has a homogeneous variant, it can be said that the model is feasible to predict.

To test the significance of the effect of the independent variables, namely investment, government expenditure and economic growth simultaneously or simultaneously, a significant effect on the dependent variable, namely public welfare, the F test is used. and H1 is accepted, which means that investment, government expenditure, and economic growth simultaneously have a significant effect on the welfare of the people of Bali Province. With a determination coefficient of 0.544, it can be interpreted that 54.4 percent of the ups and downs of the welfare of the people in Bali Province are influenced by variations in investment, government expenditure, and economic growth, the remaining 45.6 percent is influenced by other variables outside the model.

The t test aims to determine the effect of the independent variable partially on the dependent variable with the assumption that the other independent variables are considered constant. Therefore, $t_{test} = 1.628 < t_{table} = 1.675$, then H0 is accepted and H1 is rejected, meaning that investment partially does not have a significant effect on the welfare of the people in Bali Province. The value of $b1 = 0.559$ means that every one million increase in investment will increase the welfare of the community by 0.559 percent, thus it can be concluded that the ups and downs in the level of investment in Bali Province have no effect on the welfare of the community. Based on data from 2014-2019, the investment rate from year to year is very contractionary. There are several factors that can determine the interest of investors to invest in an area other than the potential for attractive natural resources, namely the environmental conditions such as infrastructure, education and the corruption rate of a region (Lindblad, 2015). In addition, the investment pattern in Bali is mostly in the tertiary sector rather than the primary and secondary sectors, so that the multiplier effect does not touch the public.

Because $t_{test} = 5.087 > t_{table} = 1.675$, then H₀ is rejected and H₁ is accepted, meaning that partially government expenditure has a positive and significant effect on the welfare of the people in Bali Province. The value of $b1 = 6.478$, if government expenditure increases by one trillion, the welfare of the people will increase by 6.478 percent with the assumption that other variables are constant, which means that the higher the government expenditure, the higher the level of community welfare in Bali Province. Accelerating the realization of capital expenditures for the APBD at the provincial and district / city levels also has the potential to boost the performance of the investment component. This is in line with Musgrave & Rostow's theory, which assumes that government expenditure is used to support economic activities through the development of road infrastructure, health, education and other basic services.

Therefore, $t_{test} = 2.065 > t_{table} = 1.675$ then H0 is rejected and H1 is accepted, it means that economic growth has a partially positive effect on the welfare of the people in the Regency / City of Bali Province. The value of $b3 = 2.366$ means that if the economic growth increases by one percent, the people's welfare will increase by 2.366 percent, thus it can be concluded that the higher the level of economic growth, it will increase the welfare of the people in Bali Province. The results of this study are in line with the research conducted by Sari et al., (2020) with the results of the research that partially, the GDP Per Capita variable has a positive and significant effect on community welfare. Reinforced by the results of the analysis (Pradnyadewi & Purbadharmaja, 2017), the findings in this study state that economic growth (PE) has a significant effect on the high value of the quality of human resources or HDI.

The independent variable that has a dominant effect on job opportunities in the Regency / City of Bali Province can be seen from the absolute value of Standardized Coefficient Beta. The highest Standardized Coefficient Beta value is shown in Table 7.

Table 7. Standardized Coefficient Beta Test Result

Model		Standardized Coefficients
		Beta
	(Constant)	
	Ln(Investment)	0.174
	Ln(Government Expenditure)	0.559
	Economic Growth	0.205

Table 7. shows that the highest value of Standardized Coefficient Beta is government expenditure of 0.559. These results indicate that the government expenditure variable is the dominant variable that affects the welfare of the community in the Regency / City of Bali Province. Partial investment does not have a significant effect on the welfare of the people in the Regency / City of Bali Province. This result is in accordance with Awandari's research, Putri 2016, investment can be said to have no significant effect on the welfare of the people in Bali Province, this can happen if existing investment activities are portfolio investments that only involve financial assets, such as bonds and stocks, so that there is no absorption of work, the community has no income.

This is also reinforced by the results of research from Sari et al. (2020) entitled Analysis of the Effect of Inflation and Investment on Economic Growth and Public Welfare in Java Island in 2006-2016, stating that

investment has a negative and insignificant effect on the welfare of the people in Java. The results of this study contradict the classical theory, which states that investment is an expenditure intended to increase the community's ability to increase production so that it can increase the number of means of production and ultimately increase the welfare of the community.

Government expenditure partially has a positive and significant effect on the welfare of the community in the Regency / City of Bali Province. This research is reinforced by Sugiarto, Hamza and Syechalad (2013) saying that government expenditure has a significant effect on HDI. According to research results from Pratiwi (2019), government expenditure has a positive effect on people's welfare.

Musgrave & Rostow allocate government expenditure to support economic activities through the development of road infrastructure, health, education and other basic services. On another dimension, the private sector is still given sufficient space to actively invest in encouraging economic development. Public investment is directed at accelerating the welfare of the community. Adam Smith said that government expenditure plays an important role in advancing the welfare of the community to create and maintain public service agencies in order to provide optimal services according to the established minimum service standards.

Economic growth partially has a positive and significant effect on the welfare of the people in the Regency / City of Bali Province. Reinforced by the research results of Rizki Afri Mulia and Nika Saputra (2020), Gross Regional Domestic Product (PDRB) has a positive and significant effect on the welfare of the people in Padang City. Economic growth has a positive and significant effect on people's welfare. A positive sign means that an increase in the rate of economic growth will be accompanied by an increase in the welfare of the people in the provinces in Indonesia (Sulistiawati, 2012).

V. CONCLUSION

Investment, government expenditure and economic growth simultaneously have a significant effect on community welfare in the Regency / City of Bali Province. Investment partially has a positive but insignificant effect on people's welfare, while government expenditure and economic growth partially have a positive and significant effect on the welfare of the community in the Regency / City of Bali Province.

It is hoped that the Provincial Government of Bali can improve regulations related to the ease of the licensing process and strive for equitable distribution of infrastructure development in each Regency / City. Harmonious collaboration between the government, the private sector and the public is also very important to create a good investment climate so that investors do not hesitate to invest. The government should conduct a survey, especially to areas with low investment levels, to find out the potential that exists in these areas so that the policies taken are right on target. Efforts to promote investment in the primary and tertiary sectors are also very important so that the multiplier impact of these investments can be felt even more by local communities. In addition, by encouraging investment in the primary and secondary sectors, it can prevent Bali Province's dependence on tertiary investment, in this case the tourism sector.

The government must be able to play its role in regulating the level of allocation of the use of resources and distribution of income so that it is right on target. A deeper study of the development of infrastructure or other public facilities so as not to prioritize the interests of investors only, but to actually provide benefits for the local community. Optimizing the expenditure function in the fields of human development such as health and education so that the benefits can be felt directly by the community. Thus, it is hoped that the amount of funds issued by the government will also have a big impact on the welfare of the community.

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