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Private Investment, Local Government Investment, Village Budget and Economic Growth

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Abstract: This study's objective is to determine whether government investment, private investment, and village fund budgets have an impact on economic growth in the West Kalimantan district. The target population in this study were 12 districts in West Kalimantan, namely Bengkayang, Sambas, Landak, Mempawah, Kubu Raya, Sanggau, Sekadau, Sintang, Ketapang, North Kayong, Melawi and Kapuas Hulu districts. The data used in this study are GRDP from BPS, government investment in the form of regional capital expenditures, village funds from the Ministry of Finance of the Republic of Indonesia, and private investment in the form of domestic private investment in each district from the Investment Coordinating Board. This study investigates the topic using quantitative approaches with panel data and verifying the research model with multiple linear regression analysis. The results of the hypothesis test reveal that district government investment in the province of West Kalimantan has no effect on economic growth, and neither does private investment. The relationship between government investment and village funds has no effect (moderation predictor) on economic growth, and neither does the connection between private investment and village funds (moderation predictor). So that economic planning can be accurate, it is planned those future studies will include all parts of Indonesia.

Keywords: Government investment, private investment, village fund budget, economic growth.

Introduction

One of the mechanisms through which local governments and their communities manage existing resources and form partnerships with the private sector to create new jobs and boost economic growth in a region is economic development. There are three sectors that influence national output in a closed economy: the household sector, the private or corporate sector, and the government sector. In terms of economic activity, these three sectors are interdependent. The household sector profits from the selling of its production factors. The private sector generates revenue through the sale of goods and services on the market. With this money, the household sector will be paid back for the use of production factors in its production operations (Malini & Nilam, 2022; Putra, 2021; Satibi & Satibi, 2019)

The primary challenge in regional development is the emphasis on development policies based on the particularities of the region in question (endogenous development) by utilizing the human, institutional, and physical resources available locally (regional). This way of thinking makes us want to include regional projects in the development process so that we can create new jobs and boost economic activity. The process of increasing the production of products and services in a community's economic activity is also related to economic growth. It can be claimed that growth is a unidimensional phenomenon and is measured by production and revenue growth. In this instance, it indicates a rise in national revenue, as evidenced by the value of Gross Domestic Product (GDP) (Suhendra & Malini, n.d.). Since 1969, Indonesia, as a developing nation, has aggressively pursued sustainable, planned, and steady development, without disregarding efforts at equity and stability (Kis-Katos & Sjahrir, 2013; Wulandari et al., 2018). In the province of West Kalimantan, which is comprised of 12 regencies and two cities, the natural beauty, particularly in hilly and coastal regions, is outstanding. This has become one of the provinces of West Kalimantan's sources of revenue (Malini et al., n.d.). When a region's potential is optimally leveraged, it creates prospects for substantial foreign and domestic investment capital flows. Thus, increased capital flows into the province of West Kalimantan will accelerate economic growth.

Province of West Kalimantan's economic growth has fluctuated. In 2017, West Kalimantan Province's economic growth rate reached 5.17 percent; in 2018, it fell to 5.07 percent; in 2019, it rose to 4.09 percent; in 2020, it fell to -1.82 percent; and in 2021, it increased by 1.14 percent. In the past five years, West Kalimantan Province's economic growth has consistently accelerated from year to year. The COVID-19 epidemic caused a -1.82 percent decrease in West Kalimantan Province's economic growth in 2020. The COVID-19 pandemic has had a significant impact on nearly all nations, including Indonesia. The impact is not limited to a single domain but is felt across nearly all existing activities. Investment is a cause for concern with the emergence of the Corona virus. There is no doubt that the number of restrictions in a country has an effect on economic (Bethencourt & Kunze, 2019; Kim et al., 2014; Malini, 2021d; Tambunan, 2005). Investment comprises both domestic and international investment.

Private sector investment and government investment exist in the regions. Private investment can take both domestic and international (foreign) forms. The government invests in public goods that enhance economic growth and public welfare. In addition to investment, capital expenditure affects economic growth. Capital expenditures are government expenditures that can promote economic growth. It can be seen that the government has a role in the allocation function, which can provide information on how to use the composition of public goods, and a distribution function that can ensure equity and justice in the distribution of wealth. The function of income and stabilization in economic policy adjustment Private investment factors (PMA and PMDN) and government investment variables, in this example, represented by capital expenditures, are variables that can synergize to increase regional economic growth. The economic growth of private investment and capital expenditures in West Kalimantan changes based on the province's existing data. Based on what was said above, West Kalimantan Province can provide optimal allocation, distribution, and stability functions in response to current private investment and government capital expenditures. In addition to government investment, which is represented by capital expenditures, the allocation of village funds granted annually by the central government through the State Revenue and Expenditure Budget can contribute to economic growth in the region (APBN). The Village Fund Allocation (ADD) is a government-distributed fund that assists villages with economic and infrastructure development (Malini, 2019; Nasir, 2022; Teh & De Bondt, 1997).

The issue that arises in this study is the extent to which Government Investment, Private Investment, and Village Fund Budget contribute to regional economic growth. As stated in (Lin & Sosin, 2001) research, private investment and government spending have a significant effect on economic growth and poverty. Thus, the study of how private investment, local government investment, village budget and economic growth becoming significant and important.

Literature Review

Capital expenditures are incurred in the context of capital formation for the purpose of adding to fixed assets or other assets that give benefits for more than one accounting period, including maintenance costs that maintain or extend the useful life, enhance the capacity and quality of assets. in the form of land, equipment and machinery, buildings and structures, roads, irrigation and network systems, and other fixed assets. The sole value assigned to the purchase, procurement, or construction of tangible fixed assets budgeted in Capital Expenditures is the asset's purchase or construction price. Fixed assets acquired through capital expenditures are the primary requirement for local governments to provide public services. Budget for Capital Expenditures in the APBD to acquire fixed assets. This budget for capital expenditures is based on the requirement for facilities and infrastructure, both for

the efficient execution of government responsibilities and for public facilities. Most local governments buy fixed assets once a year, based on their budget priorities and public services that will have a long-term financial impact (Faraglia et al., 2013; Lamba et al., 2020; Malini, 2021c).

Government investment is the utilization of the government's budget to finance long-term operations. Government investment is directed toward the construction of assets (capital stock) in the future, which is anticipated to provide a larger and more durable multiplier effect. One of the things that can stimulate a nation's economic growth is investment. The wellbeing, employment opportunities, productivity, and income distribution of a nation will increase as its economy expands. In addition to preparing the economy for subsequent stages of development, economic expansion is crucial. All economic sectors contribute to economic development by producing goods and services. For these operations, it is necessary to construct factories, office buildings, machinery and production equipment, research and development institutes, transportation and communication equipment, and numerous others. Investment funds are required to obtain all of the above (Aschauer, 1990; Malini, 2021b)

Provincial APBDs offer government investment indicator information. Government expenditures include Regional Government Equity Participation as a kind of government investment. According to Tarigan, gross regional domestic product is the amount of gross value added resulting from all economic sectors in the region. Gross value added refers to the production value (output) minus the intermediate cost (intermediate cost), which is the added value of the gross component. includes income factors (wages, salaries, interest, land rent, and profits), depreciation, and net indirect (Aobdia et al., 2018).

According to (Hammami & Boujelbene, 2015) , economic growth is the development of economic activities that leads to a rise in the production of products and services and the prosperity of a community. Economic growth is defined as an increase in gross domestic product (GDP) / gross national product (GNP), regardless of whether the increase is greater or less than the population growth rate or whether changes in economic structure occur or not (Wulandari et al., 2018).

In this study, economic growth is defined as the development of economic activity that causes the quantity of goods and services produced by a community to increase constantly and is characterized by an increase in gross regional domestic product (GRDP) in a region over a given time period. In this study, the gross regional domestic product (GRDP) at current prices is used to figure out the rate of economic growth (Malini & Jais, 2014; Wiryawan & Otchia, 2022).

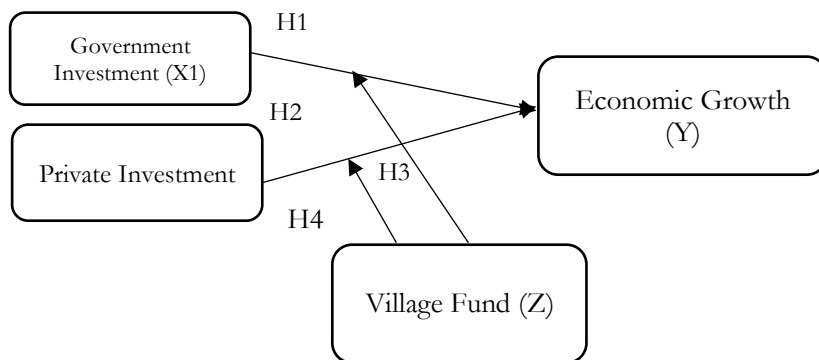
In the process of production growth, human resources play a passive role. In other words, a society's population will adapt to its work demands. In the meantime, according to Smith, capital stock is a component of production that actively determines the level of output. It

plays a crucial function in the expansion of output (Suhendra & Malini, n.d.). Up to the "maximum limit" of natural resources, the amount and rate of growth in output depend on the growth rate of the capital stock. According to Adam Smith, the population will rise if the prevailing wage level is higher than the subsistence wage level, i.e. if the prevailing wage level is more than the level of wages required for subsistence. If the pay rate exceeds subsistence, people will marry at a younger age, the death rate will decline, and the birth rate would rise. Alternatively, if the prevalent wage rate is less than the subsistence wage level, the population will decline. Adam Smith asserted that the prevailing pay rate is determined by the attraction between the forces of labor demand and labor supply. When the demand for labor exceeds the quantity of available work, wages are high and climb. In the meantime, the stock of capital and the amount of public output influence the demand for labor (Kennedy et al., 2019; Malini, 2021a; Syadullah & Setyawan, 2021)

Conceptual framework

Based on the literature study and the problems to be investigated, the authors attempt to identify the influence of government investment and private investment on economic growth, with the village fund budget of the Regency Government in West Kalimantan Province serving as the moderating variable. The structure of this study is depicted in the following diagram:

Figure 1. Conceptual Framework



Influence Between Research Variables

a. Independent Variable (Independent Variable)

The independent variable (X1) is Government Investment, and (X2) Private Investment.

- b. The dependent variable or the dependent variable (Y), which is a variable that is influenced by the independent variable. The dependent variable in this study is Economic Growth, with the proxy: GRDP prices apply as the dependent variable.
- c. Moderating Variables
Moderating variable, namely the variable that moderates or directs the influence of the independent variable on the dependent variable. The moderating variable in this study is the Village Fund Budget (Z) which moderates the effect of Government Investment and Private Investment on economic growth of the independent and dependent variables

Research Hypothesis

Government Investment and Economic Expansion

Investments from both the public and private sectors are required to improve national output. This investment activity will help bring the level of production up to the best level and add to the level of output.

The availability of infrastructure sponsored by government capital expenditures, such as road building, electricity, sewage, irrigation, telecommunications, and others, reflects government investment activity. A study by Buana, Saragih, and Aritonang (2018) suggests that government spending has an effect on economic growth, and research by Pambudy and Syairozi (2019) verifies that capital spending has a large positive effect on economic growth. Based on what has been said so far, the following is a proposed theory about how government spending affects economic growth:

H1 : Government investment contributes positively to economic growth.

Private Investment's Impact on Economic Expansion

A favorable investment climate (infrastructure) will boost the region's attractiveness as an investment destination for the private sector, from farmers and microentrepreneurs to local manufacturers and multinational corporations. These companies' investments in innovative concepts and infrastructure bolster the basis of economic growth and prosperity. (World Bank (2004):2) Research evidence provided by Arini S. and Kusuma (2019) The positive association between economic growth and private investment is bolstered by Wahyuningsih's (2009) finding that private investment has a favorable and significant effect on economic growth. Based on the preceding description, the proposed hypothesis for the effect of private investment on economic growth is as follows:

H2 :Private investment positively affects economic expansion.

The Village Fund Budget (ADD) modifies the relationship between private investment and economic growth. To get village autonomy, it is necessary to create a village government system that can organize, manage, find, and use all the community's potential (Gumilang,

2019). Utilizing village money emphasizes the view that village funds may foster equitable economic growth with the assistance of central and local governments. To keep the village economy going, it is important to work with businesses to do things in the village. Empirical Proof of Pambudy and Syairizi's Research (2019) There is a correlation between private investment and economic expansion. Given what has been said so far, the following is the proposed hypothesis to study how private investment affects economic growth with the Village Fund Budget as the moderator:

H3: ADD enhances private investment's impact on economic growth.

The Village Fund Budget (ADD) mitigates the impact of government spending on economic growth. Village funds are budgets allocated to villages by the government. The source of ADD is regional tax revenue sharing and central and regional financial balancing monies received by the regions. The Law No. 6 of 2014 regarding Villages governs the basic policy of village funds. According to the law, the central government must provide 10% of the monies transferred to the regions, excluding the district/city government's transfer funds, to the village fund (Baharudin, 2017). One of the most important things that determines how well rural autonomy works is how village money is spent. People think that regions, especially villages, will be able to move forward and have more economic growth if ADD is distributed in a sustainable way. In contrast to the research of Mamonto, Rotinsulu, and Tolosang (2020), which concludes that Village Fund Allocation and Economic Growth do not have a significant effect on Poverty Level and Economic Growth, Dewi, Suharsono, and Suwendra (2019) provide empirical evidence that the use of village funds to improve public services is extremely beneficial for the community. The proposed hypothesis that the relationship of ADD and government investment has a beneficial influence on economic growth is as follows, given the preceding description:

H4: ADD strengthens government investment's effect on economic growth.

Metodologi

This study is quantitative in nature. Statistical techniques or other methods for evaluating measures (estimates) are used in quantitative research, which is defined as research that produces results that can be derived using statistical techniques or other methods for evaluating measures (estimates) (2017). In essence, it generates numerical analytic findings (numbers) that will be processed using statistical methods. Panel data are observations acquired from the same unit of observation across time.

Economic growth data from BPS and private investment data from the Investment Coordinating Board's website www.bkpm.go.id and BPS were used, as well as data from the Ministry of Finance's DJPK website on Government Investment and Village Fund Budgets

(ADD). This analysis uses panel data for the years 2017 to 2021. These are secondary data from multiple sources, such as the findings of economic growth publications from the BPS and private investment data from the Investment Coordinating Board and the Ministry of Finance's DJPK website.

The opinion above is incorrect because the author's reference to establish the population is incorrect. Twelve districts in the province of West Kalimantan will serve as the research population. The sample represents a portion of the population the researcher wants to examine. According to Sugiono (2017), the sample is representative of the population's size and features. so that the sample is representative of the existing population and sampling using a particular method is based on existing factors. The author used a purposive sampling method for this sampling strategy. In order to assist research, the authors establish the features employed in this study based on the aforementioned knowledge. Data on the economic growth of districts in the province of West Kalimantan published by BPS from 2017 to 2021 provides one example. Private Investment, Government Investment, and Village Fund Budget Information published by the Investment Coordinating Board and the Ministry of Finance of the Republic of Indonesia for the years 2017 to 2021 The sample was selected to be representative of the population. There are sixty panels of data included in this study (12 districts x 5 years). According to Arikunto (2006), "if the topic is fewer than one hundred, it is best to take everyone so that the research is representative of the population"; nevertheless, if the subject is large, it can be taken between 10 and 15 percent, 15 to 25 percent, or more.

Table 1. **Variable and Definition**

Variable	Variable type	Variabel definition
Government Investment	Independent (X ¹)	Realization of Government Investment through capital expenditures (Rp) obtained from the publication of DJPK Ministry of Finance of the Republic of Indonesia from 2017 - 2021 in the form of figures
Private Investment	Independent (X ²)	Private Investment Realization (Rp) obtained from the publication of the Investment Coordinating Board (BKPM) and BPS from 2017 - 2021 in numerical form
Village Fund Budget	Moderator (Z)	Realization of Village Funds (Rp)

Economic Growth	Dependent (Y)	obtained from the publication of DJPK of the Ministry of Finance of the Republic of Indonesia from 2017 - 2021 in the form of numbers The index obtained from BPS publications from 2017 - 2021 is in the form of a percentage converted in the form of a number
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Multiple Regression Analysis

Multiple regression analysis will be carried out if the number of independent variables is at least two. The regression equation in this study without moderation is:

$$PE_{it} = a + b_1 IP_{it} + b_2 IS_{it} + e_{it}$$

Remarks:

PE	= Economic Growth
IS	= Private Investment
IP	= Government Investment
e	= residual
a	= constanta
b ₁ sampai b ₂	= coeeficient regression

Panel Data Regression Estimation Method

In panel data regression analysis, there are three approaches to the assessment, namely the common the effect model, fixed effect and random effect.

1) Common Effect Model

The common effect model is assumed that there is no difference in the value of the intercept and the slope of the regression results both on the basis of differences between individuals and between time. The parameter estimation method in the common effect model used the Ordinary Least Square (OLS) method. In general, the equation for the common effects model is written as follows:

$$Y_{it} = \beta_0 + \sum_{k=1} \beta_k X_{kit} + u_{it}$$

Remarks:

Y_{it}	= Respon variable on unit observation from-i and to ke-t
X_{kit}	= Variable value k for cross section -i and year-t
β_k	= Slope Coeeficient
β_0	= Regression Model Intercept

K = Free Variable Model
 N = Observation
 T = Year Period
 u_{it} = Unit observation

2) Fixed Effect Model

The method with panel data regression estimation in the fixed effect model uses the technique of adding a dummy variable or Least Square Dummy Variable (LSDV). There are two conjectures contained in the fixed effect model, namely as follows:

The slope is constant but the intercept varies between individual units.

$$Y_{it} = \beta_{0i} + \sum_{k=1} \beta_k X_{kit} + u_{it}$$

for $i = 1, 2, \dots, N; t = 1, 2, \dots, T; k = 1, 2, \dots, K$

The slope is constant but the intercept varies between individuals and between time periods.

$$Y_{it} = \beta_{0it} + \sum_{k=1} \beta_k X_{kit} + u_{it}$$

For $i = 1, 2, \dots, N; t = 1, 2, \dots, T; k = 1, 2, \dots, K$

3) Random Effect Model

If in the fixed effect the differences between individuals and time are reflected through the intercept, then the random effect is accommodated through error. The panel data regression assumption method in the random effects model uses the Generalized Least Square (GLS) method. There are two assumptions in the random effect, namely as follows:

$$\text{Intersep and slope } Y_{it} = \beta_{0i} + \sum_{k=1} \beta_k X_{kit} + u_{it}$$

for $i = 1, 2, \dots, N; t = 1, 2, \dots, T; k = 1, 2, \dots, K$

The intercept and slope differ between individuals and over time.

$$Y_{it} = \beta_{0it} + \sum_{k=1}^K \beta_k X_{kit} + u_{it}$$

for $i = 1, 2, \dots, N; t = 1, 2, \dots, T; k = 1, 2, \dots, K$

Panel Data Regression Model Selection

Determination of the most appropriate panel data regression model among the Common Effect, Fixed Effect and Random Effect models consists of several tests, namely:

1) Test Chow

The Chow test was conducted to decide whether the common effect model was better to use than the fixed effect method.

2) Random Effect Significance Test

The random effect significance test was conducted to decide whether the model with the random effects approach was better to use than the common effect model.

3) Hausman test

Hausman test was conducted to determine whether the fixed effect model is better to use than the random effect model.

4) Pagan Breusch Test

The Breusch Pagan test was conducted to assess whether there was an individual effect, time or both in the fixed effect and random effect models.

Moderating Regresion Analysis

Economic growth as the dependent variable is first tested separately with the following equation:

$$PE_{it} = a + b_1 DD_{it} + e_{it}$$

Remarks:

PE = Economic Growth

a = konstanta

$b_1 DD$ = Regression Coefficient

e = residual

Then the Village Fund (DD) as a reinforcement of the relationship between the independent variable and the dependent variable, the Village Fund (DD) cannot stand alone in this study, but becomes an addition to IP, IS (independent variable) and PE (dependent variable), so that it becomes a reinforcing variable for IS, IP (independent Variable), then the X2 variable must be attached to the IP and IS variables. If it is added, new variables appear, namely the multiplication variable between IP (independent variable) and DD (moderating variable), and multiplication between IS (independent variable) and DD (moderating variable) so that this coefficient increases its effect on the dependent variable. The model for a moderating variable is:

$$PE_{it} = a + b_1 IS_{it} + b_2 IP_{it} + b_3 DD_{it} + b_4 DD*IP_{it} + b_5 DD*IS_{it} + e_{it}$$

Remarks:

PE = Economic Growth

DD = Village Fund

IS = Private Investment

IP = Government Investment

$DD*IP$ = Interaction between Village Fund DD and Government Investment

$DD*IS$ = Interaction between village fund and private Investment

e = residual

a = konstanta

b_1 until b_5 = Coefficient Regression

In the equation above, it is clearly seen that DD is an amplifier for the IP and IS variables on the relationship to the PE variable, but DD must also be an independent variable in the model. If hypothesis testing is carried out on the model coefficients, there will be several alternatives which are shown in the following table below:

Table 2. **Test Results and Moderation Type**

No	Hasil Uji	Jenis Moderasi
1.	If the effect of Z on Y at the first output is not significant and the interaction effect (Z*X1 and Z*X2) on the second output is significant	<i>Pure Moderator</i>
2.	If the effect of Z on Y at the first output and the interaction effect (Z*X1 and Z*X2) on the second output are both significant.	<i>Quasi Moderator</i>
3.	If the effect of Z on Y at the first output is significant and the interaction effect (Z*X1 and Z*X2) on the second output is not significant.	<i>Predictor Moderasi Variabel</i>
4.	If the effect of Z on Y at the first output and the interaction effect (Z*X1 and Z*X2) on the second output, none of them is significant.	<i>Homologiser Moderator</i> (The variable in question has the potential to be a moderating variable).

The hypothesis in the research to be tested is formulated into a statistical hypothesis as follows:

$$F = \frac{R^2/k}{(1 - k^2)/(n - k - 1)}$$

Remarks:

F = F Test

n = Sample number

k = Eksogen Variable

R² = Coefficient Determination

Moderation regression means whether the individual independent variable has a significant effect or there is no dependent variable. The hypothesis test used is the t test. The t-test was

conducted to determine the significant level of the independent variable individually on the dependent variable :

$$T = \frac{r\sqrt{n-2}}{r\sqrt{1-r^2}}$$

Remarks:

t = t test

r = Defined partial correlation

n = Sample

The significance is 5% ($\alpha = 0.05$), with a 95% confidence level of degree (dk) = $n-k-1$. This number was chosen to represent the variable test and is the level of significance that is often used in research. The rules of significance test using the EVIEWS program are:

- If the significance value of $t < 0.05$, then H_0 is rejected, meaning that there is a significant effect between one independent variable on the dependent variable.
- If the significance value of $t > 0.05$, then H_0 is accepted, meaning that there is no significant effect between one independent variable on the dependent variable

Result and Discussion

The general description of respondents is a description of general data related to this research from 12 (twelve) district governments in West Kalimantan Province. The general description of the research object is as follows:

Table 3. Overview of District Government Investment Growth in West Kalimantan Province in 2017 – 2021

	Government Investment					Average (%)
	2017	2018	2019	2020	2021	
Bengkayang	-0.059	-68.86%	-5.10%	-48.81%	11.37%	-23.45%
Sambas	-0.026	-11.47%	15.66%	-42.97%	21.39%	-4.00%
Landak	0.027	-10.71%	-15.56%	5.72%	-29.66%	-9.49%
Kapuas						
Hulu	-0.421	0.06%	11.74%	-50.01%	28.10%	-10.44%
Sekadau	-0.126	-6.24%	-19.07%	11.95%	-37.97%	-12.79%
Sanggau	-0.034	-21.73%	15.20%	-64.84%	-0.53%	-15.07%
Sintang	-0.017	-29.58%	11.26%	-25.43%	-10.50%	-11.19%
Ketapang	0.492	26.27%	11.16%	-64.14%	-9.17%	2.65%
Kubu Raya	-0.174	18.95%	-53.71%	-46.48%	35.42%	-12.65%
Kayong						
Utara	0.103	-53.59%	-7.40%	1.83%	1.67%	-9.44%
Mempawah	-0.853	-24.79%	4.69%	-11.03%	5.58%	-22.17%

Melawi	0.108	-106.43%	35.90%	-81.34%	14.06%	-25.41%
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From table 3 above, it is found that the average investment value of district governments in the form of capital expenditures has all decreased. Local government investment that experienced the biggest decline was Melawi Regency (-25.41%), and the smallest was Ketapang Regency (2.65%).

Table 4. Overview of Private Investment Growth in Districts in West Kalimantan Province in 2017 – 2021

	Private Investment					Rata2 (%)
	2017	2018	2019	2020	2021	
Bengkayang	97.09%	-3221.37%	57.10%	65.34%	-125.48%	-625.46%
Sambas	65.52%	-224.63%	11.23%	-17.99%	-40.78%	-41.33%
Landak	90.86%	-295.49%	-574.95%	-43.54%	74.41%	-149.74%
Kapuas Hulu	99.13%	-1667.34%	-1.06%	50.08%	-105.45%	-324.93%
Sekadau	81.51%	-116.86%	-43.60%	-167.86%	15.13%	-46.34%
Sanggau	84.69%	-1141.78%	36.43%	-193.00%	-7.47%	-244.22%
Sintang	97.80%	-834.21%	68.58%	-387.07%	9.94%	-208.99%
Ketapang	71.66%	-948.87%	10.10%	7.34%	43.76%	-163.20%
Kubu Raya	89.09%	-337.54%	-32.25%	-64.68%	53.02%	-58.47%
Kayong Utara	100.00%	0.00%	100.00%	0.00%	100.00%	60.00%
Mempawah	96.70%	-1599.42%	7.01%	91.54%	14.98%	-277.84%
Melawi	- 140.92%	-107.74%	94.84%	-1174.69%	-34.32%	-272.56%

From table 4 above, it is obtained data that private investment, only one district with an average value of increasing growth, namely North Kayong (60.00%), while 11 other districts experienced a decline, with Bengkayang Regency experiencing the most significant decline (-625.46 %).

Table 5. Overview of Village Fund Budget Growth in District Governments in West Kalimantan Province in 2017 – 2021

	Village Fund					Average (%)
	2017	2018	2019	2020	2021	
Bengkayang	21.67%	-4.70%	12.78%	2.68%	2.53%	6.99%
Sambas	21.76%	11.37%	15.68%	-1.12%	-0.12%	9.51%
Landak	21.67%	16.92%	16.84%	-0.73%	1.08%	11.15%
Kapuas Hulu	21.49%	4.60%	14.48%	1.35%	1.34%	8.65%

Sekadau	21.72%	-3.29%	17.92%	0.00%	4.37%	8.15%
Sanggau	21.58%	-1.21%	14.27%	1.68%	3.99%	8.06%
Sintang	31.22%	0.15%	12.93%	2.90%	-0.02%	9.44%
Ketapang	20.57%	6.63%	15.06%	1.95%	2.48%	9.34%
Kubu Raya	21.48%	10.88%	16.20%	1.15%	2.55%	10.45%
Kayong Utara	21.73%	2.99%	17.11%	5.56%	5.79%	10.64%
Mempawah	22.39%	7.08%	17.01%	0.05%	4.20%	10.15%
Melawi	20.44%	-1.53%	14.17%	2.34%	2.07%	7.50%

From table 5 above, data shows that the average village fund budget from 12 districts in West Kalimantan Province has all increased. Landak Regency experienced the largest growth (11.15%), and Bengkayang Regency experienced the smallest growth (6.99%).

**Table 6. Overview of Economic Growth (GDP at Current Prices)
in Districts in West Kalimantan Province in 2017 – 2021**

	Economic Growth (PDRB)					Average (%)
	2017	2018	2019	2020	2021	
Bengkayang	9.01%	7.62%	7.46%	0.32%	6.93%	6.27%
Sambas	8.46%	7.78%	7.53%	0.68%	7.27%	6.34%
Landak	8.59%	8.11%	7.51%	1.79%	7.53%	6.71%
Kapuas Hulu	9.63%	7.95%	7.63%	0.66%	7.21%	6.62%
Sekadau	9.54%	9.26%	8.95%	2.08%	7.91%	7.54%
Sanggau	8.44%	6.74%	5.43%	3.83%	8.11%	6.51%
Sintang	8.80%	8.27%	8.79%	0.20%	6.59%	6.53%
Ketapang	11.00%	10.02%	9.05%	2.20%	9.08%	8.27%
Kubu Raya	10.83%	10.03%	9.49%	-0.60%	7.37%	7.42%
Kayong Utara	9.68%	8.07%	8.15%	1.75%	7.21%	6.97%
Mempawah	9.31%	8.35%	8.37%	2.89%	5.94%	6.97%
Melawi	8.08%	8.05%	7.84%	1.69%	7.01%	6.53%

From table 6 above, data shows that the economic growth of 12 districts in West Kalimantan Province all increased. Ketapang Regency experienced the largest growth (8.27%), and Bengkayang Regency experienced the smallest growth (6.27%).

Table 7. Descriptive statistics (In Billion Rupiah)

Variable	Lowest	Highest	Average
Government Investment	121,35	696,90	270,61
Private Investment	0,00	880,00	100,19

Village Fund	3,49	31,23	13,34
Economic Growth (PDRB)	38,67	348,60	156,29

Source: Data Analysis for 2017-2021 using SPSS

From table 7 above, data shows that the government investment variable has the lowest value of 121.35, and the highest value of 696.90, with an average value of 270.61. The private investment variable has the lowest value of 0.00, and the highest value of 880.00, with an average value of 100.19. The village fund budget variable has the lowest score of 3.49, and the highest value of 31.23, with an average value of 13.34. The economic growth variable (GRDP) has the lowest value of 38.67, and the highest value of 348.60, with an average value of 156.29.

Data Analysis

Estimating Regression with Panel Data

In this study, the processing of data analysis techniques used the Analysis method Panel regression using the Least Square method which can explain statistical assumptions so that it can be used as a superior method in regression analysis and can estimate the description of each research variable according to the data that has been obtained. There are several approaches to the method used in estimating the regression model with panel data, namely the Common Effect Test model, Fixed Effect Test, and Random Effect Test which will select the best one used in analyzing the effect of each independent variable on the dependent variable. This method is also assisted by using Logritma to reduce the residual value so that the data obtained is more stationary. The following are the results of each test of panel data regression.

a. Common Effect Model

Table 8. **Common Effect**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4294.103	2547.480	1.685628	0.0974
X1	0.021643	0.011294	1.916414	0.0604
X2	-0.132059	0.470544	-0.280653	0.7800
Z	0.021596	0.014946	1.444910	0.1541
R-squared	0.217023	Mean dependent var		13337.61
Adjusted R-squared	0.175078	S.D. dependent var		8099.711
S.E. of regression	7356.581	Akaike info criterion		20.70892
Sum squared resid	3.03E+09	Schwarz criterion		20.84854
Log likelihood	-617.2676	Hannan-Quinn criter.		20.76353
F-statistic	5.173964	Durbin-Watson stat		1.568627
Prob(F-statistic)	0.003162			

This model is a technique of combining panel data in OLS which is commonly called Common Effect estimation. The technique focuses on individual and time measurements. It is estimated that the rate of economic growth and the independent variable at the same time.

b. Fixed Effect Model

Table 9 **Testing Fixed Effect Model**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2357.012	2682.087	0.878798	0.3836
X1	0.036146	0.013148	2.749165	0.0082
X2	0.492547	0.628208	0.784052	0.4366
Z	0.003171	0.017060	0.185897	0.8532
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.285771	Mean dependent var	13337.61	
Adjusted R-squared	0.189625	S.D. dependent var	8099.711	
S.E. of regression	7291.429	Akaike info criterion	20.75035	
Sum squared resid	2.76E+09	Schwarz criterion	21.02960	
Log likelihood	-614.5106	Hannan-Quinn criter.	20.85958	
F-statistic	2.972251	Durbin-Watson stat	1.785602	
Prob(F-statistic)	0.010659			

Fixed Effect technique is a model that uses dummy variables to find differences in intercepts. Fixed Effect explanation is that there is a difference in the intercept in the place variable but the intercept is the same across time (Time Intervariant). Thus, this technique assumes that the regression coefficient (slope) remains constant between place and time data.

c. *Random Effect Model*

Table 10. **Testing the Random Effect Model**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4294.103	2524.919	1.700689	0.0945
X1	0.021643	0.011194	1.933538	0.0582

X2	-0.132059	0.466377	-0.283160	0.7781
Z	0.021596	0.014814	1.457821	0.1505
Effects Specification				
			S.D.	Rho
Cross-section random			0.000000	0.0000
Idiosyncratic random			7291.429	1.0000
Weighted Statistics				
R-squared	0.217023	Mean dependent var		13337.61
Adjusted R-squared	0.175078	S.D. dependent var		8099.711
S.E. of regression	7356.581	Sum squared resid		3.03E+09
F-statistic	5.173964	Durbin-Watson stat		1.568627
Prob(F-statistic)	0.003162			
Unweighted Statistics				
R-squared	0.217023	Mean dependent var		13337.61
Sum squared resid	3.03E+09	Durbin-Watson stat		1.568627

Random Effect Technique is a technique that is inserted into the variable dummy in fixed effects which aims to find out about what is not yet known in fact. However, it will result in a decrease in the degree of freedom which in turn reduces the efficiency of the parameter. This problem can be solved by using the error terms as a random effect method.

Table 11. Random Effect Model IP, IS, ADD terhadap PE

c	Coefficient	Std. Error	t-Statistic	Prob.
C	2357.011	2682.086	0.878797	0.383553
X1	0.036146	0.013148	2.749164	0.008196
X2	0.492547	0.628207	0.784051	0.436566
Z	0.003171	0.017060	0.185896	0.853248
Effects Specification				
Cross-section fixed (dummy variables)				

R-squared	0.285770	Mean dependent var	13337.61
Adjusted R-squared	0.189624	S.D. dependent var	8099.711
S.E. of regression	7291.429	Akaike info criterion	20.75035
	276457698		
Sum squared resid	6.422742	Schwarz criterion	21.02959
Log likelihood	-614.5105	Hannan-Quinn criter.	20.85958
F-statistic	2.972251	Durbin-Watson stat	1.785601
Prob(F-statistic)	0.010659		

Based on table 11. the results of the Random Effects model test can be written down the regression formula through the following equation:

$$KK_{it} = 2357.011 + 0.036146 IP + 0.492547 IS + 0.003171 ADD$$

Validating Hypotheses

Validating Hypotheses, I

Multiple linear regression analysis was used to test the hypothesis at a significance level of = 0.05. The next step is to test the hypothesis, which follows the testing of the classical assumptions and the conclusion that the model can be used to test multiple regression analysis. Government Investment and Private Investment have a strong beneficial effect on economic growth; this is the hypothesis to be investigated.

Discussion

Government investment had no effect on economic growth ($t = 1.9335382$; Sig. = $1.9335382 > 0.05$), hence H_0 is accepted and H_1 is rejected. This shows that West Kalimantan's district government's capital expenditures can't boost the economy. This is compatible with Arini's (2019) research, but not with Watson's (2015), Aminah's (2016), and Syairozi's (2019) research. This study found that West Kalimantan's district administration cannot stimulate the regional economy through capital spending. This can be affected by capital investments not being completely realized and their planned output not directly affecting the community. Private investment affects economic growth ($t = -0.2831603$, Sig. = $-0.2831603 > 0.05$), rejecting H_0 and accepting H_1 .

This study found that private investment can affect the regional economy, even when the amount is tiny and tends to decline. This means we can't rely just on the government to advance the regional economy; we also need the private sector's help. As seen by the value ($t = -0.768180$, Sig. Village funds predict moderating variables, notably the first significant output and interaction effect (Z^*X_1 and Z^*X_2). It's caused by a lot of problems, including

village officials not knowing how to spend village finances according to the regulations, especially when it comes to BUMDes capital participation. Many village leaders don't know how to divide BUMDes money. According to Regulation Number 13 of 2020 Concerning the Priority for Use of Village Funds in 2021, village funds can be used to finance village development and rural community empowerment projects and activities. Test result moderates independent and dependent variables. Pure moderating variables interact with independent variables but aren't independent. Private investment and village funds had little effect on economic growth ($t = 0.3822$, Sig. Private investment in West Kalimantan hasn't boosted economic growth since village development hasn't collaborated with business. Private investors haven't been maximally managed by the government, especially in villages, so in this interaction, the existence of village funds on the effect of government investment on economic growth is a variable moderation predictor, with the first output being significant and the interaction effect ($Z \times X1$ and $Z \times X2$) on the second output being significant.

Conclusion

The following conclusions can be taken from private investment, regional government investment, village fund budgets, and economic growth in West Kalimantan regency governments: The first hypothesis is untrue since government capital spending hasn't affected West Kalimantan's economic growth. Private investment accelerates economic expansion. This indicates that private investment spurs economic expansion. Economic growth is unaffected by village finances or government investment. Investment stimulates economic expansion. According to the findings, the West Kalimantan Province's government investment, backed by village finances, might not have an impact on the local economy. As a result, the third hypothesis is disproved, and in this interaction, village funds only act as a variable moderation predictor. The fourth hypothesis—that private investment and community funds have an impact on economic growth—was put to the test. This experiment demonstrates that private investment and local.

To promote private investment, West Kalimantan should reduce bureaucracy. The national government should keep enforcing budgetary policies for village funds since they boost regional economies. Both theoretical and practical ramifications flow from this investigation. Theoretical ramifications result from its contribution to theories about village fund budgeting, private investment, and public investment. Budgets for public, private, and village funds are influenced by research to boost the regional economy. We should be better able to comprehend how budgets for public, private, and local funds affect economic growth thanks to this research. Independent factors that influence economic growth include private investment, public investment, and the relationship between public investment and village fund budgets. Although not all independent variables have an impact on economic growth, this study cannot make the connection stronger.

In particular, when it comes to investments and the budget for village finances, this study should provide local governments with suggestions for how to strengthen the economy. The district's senior administration can review factors that support economic growth with the help of this research. The outcomes of the study could be impacted by various circumstances. This comprises: All of Indonesia will be included in future studies to ensure proper economic planning. Why government investment, particularly a higher share, isn't helping the West Kalimantan district's economy can be the main topic of this study. for additional research on district government financial slack, organizational commitment, job-relevant information, information asymmetry, locus of control, and other related topics.

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