

# The Influence of Infrastructure, Investment and Economic Growth on the Welfare of the Community through Employment Opportunities in North Sumatra Province

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## ABSTRACT

This study aims to examine and analyze the influence of infrastructure, investment and economic growth on people's welfare through employment opportunities in North Sumatra Province. The type of data used in this study is the type of quantitative data while the source of data used in this study is secondary. This study uses data path analysis (path analysis), which uses the data time series for 31 years, ie from 1990 up to 2020. The data analysis method used in this research is multiple linear regression analysis (Multiple Regression Analysis) and path analysis (Path Analysis). The results of the research based on the path analysis method show that, the infrastructure variable has a positive and insignificant effect on employment opportunities, the investment variable has a negative and insignificant effect on employment opportunities, the economic growth variable is positive and significant on employment opportunities, the infrastructure variable has a positive and significant impact on people's welfare, the investment variable has a positive and significant effect on the welfare of the community, the variable of economic growth has a positive and insignificant effect on the welfare of the community, the employment opportunity variable has a positive and significant impact on the welfare of the community.

**Keywords:** *Infrastructure, Investment, Economic Growth, Job Opportunities, Community Welfare.*

## INTRODUCTION

Indonesia is a developing country that must have the determination and intention to learn from developed countries. With that Indonesia must catch up from developed countries by doing sustainable development. Economic development that occurs in developed and developing regions has the same goal that is to create community welfare, which is seen from expanding employment opportunities, reducing unemployment, poverty, or inequality. Where the welfare of the community is the fulfillment of the material, spiritual, and social needs of the country's population in order to live properly and be able to develop themselves, so as to carry out their social and economic functions (BPS 2018).

Development aims to increase per capita income to accelerate economic growth. As economic development according to Kuncoro (Ferdy Posumah, 2015) is the process of creating an environment by the community that affects the results of economic indicators such as increased employment opportunities and

economic growth. To achieve such a success, a region must have the availability of adequate and equitable infrastructure, so that it can attract investors to invest both in the region and outside the region to be able to absorb labor. Employment opportunities do not directly affect the per capita income of a society that describes the level of community welfare.

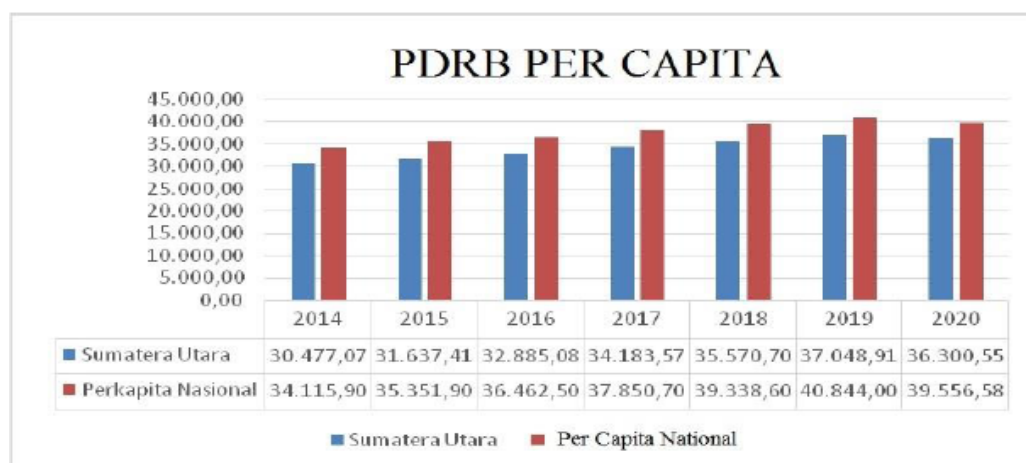
Per capita income is often used as an indicator of development in addition to distinguishing the level of economic progress between developed and developing countries. The increase in per capita income of the community can also increase the purchasing power of the community on goods and services, especially on basic human needs, among others, clothing and food so as to provide welfare for the community. According to Adji, Wahyu (2007) et al, Said That per capita income also has several benefits including as an indicator of state welfare, the standard of growth of State prosperity, as a guideline for the government in making an economic policy, comparing the level of prosperity between countries.

Regional income is the level (magnitude) of people's income in the analysis area. Analyzing a region or talking about regional development is not possible apart from discussing the income level of

the region and the average income of the people in the region. Regional development must be related to the increase in community income in the region, which is meant is the average income (income per capita) of the community (Tarigan, 2005).

According to Todaro (2003), GDP per capita is a measure of development progress. Development aims to increase people's income so that income growth becomes a benchmark for development progress. It is undeniable, Indonesia also takes part in the effort towards developed countries, by increasing per capita income that can equally improve the welfare of the community.

The same issue is also the focus of attention of the government and the community in North Sumatra. During the period 2014-2020 per capita income in North Sumatra province tends to increase, but there is a decline in 2020 along with Indonesia's per capita income has decreased, but North Sumatra's per capita income is lower than the National per capita income. Income support from the agricultural sector and the processing industry, as well as the trade sector affect the increase in per capita income. Here can be seen a comparison of per capita income conditions in Indonesia and North Sumatra.



Source: BPS North Sumatra publication, processed

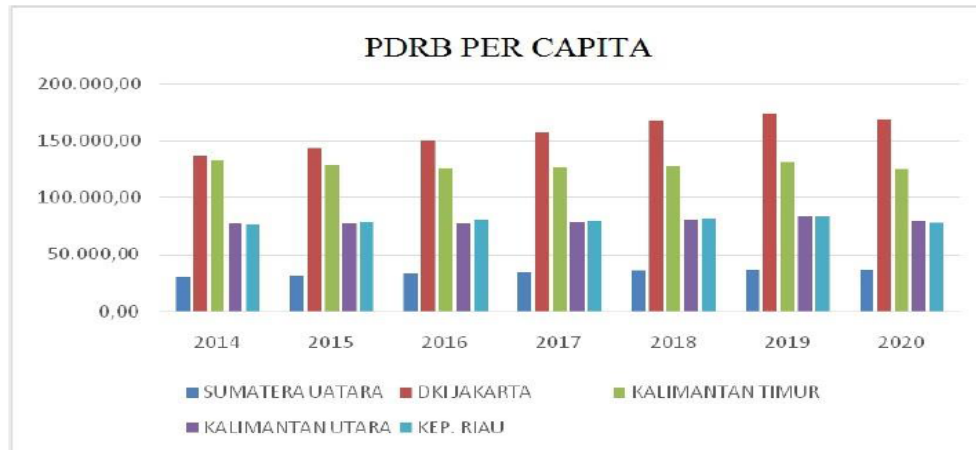
Figure 1: Comparison of Gross Regional Domestic Product per capita on the constant price (thousand Rupiah) of Indonesia and North Sumatra in 2014-2020

Figure 1 shows that the average per capita income of North Sumatra of

34,014.76 thousand rupiah is still lower than the average per capita income of Indonesia

of 37,645. 74 thousand rupiah, so the difference from the per capita income of North Sumatra and per capita income of Indonesia of 3,630. 98 thousand rupiah. If you compare the per capita income of North

Sumatra with the provinces of DKI Jakarta, East Kalimantan, North Kalimantan, Kep. Riau, still lower for per capita income in North Sumatra can be seen from Figure 2 below.



Source: BPS publication, processed

Figure 2: Comparison of GDP Per capita in North Sumatra province, Dki Jakarta, East Kalimantan, North Kalimantan, Riau Province in 2014-2020

Figure 2 shows that the average per capita income for North Sumatra of 34,014.76 thousand rupiah is still lower when compared to some provinces with the top per capita income such as DKI Jakarta with an average per capita income of 156,685. 54 thousand rupiah, East Kalimantan of 128,072. 11 thousand rupiah, North Kalimantan of 78,789. 74 thousand rupiah, Kep. Riau amounted to 79.613, 34 thousand rupiah. Therefore, the Government of North Sumatra should focus more on improving its per capita income by looking at several dominant factors with high and low per capita income.

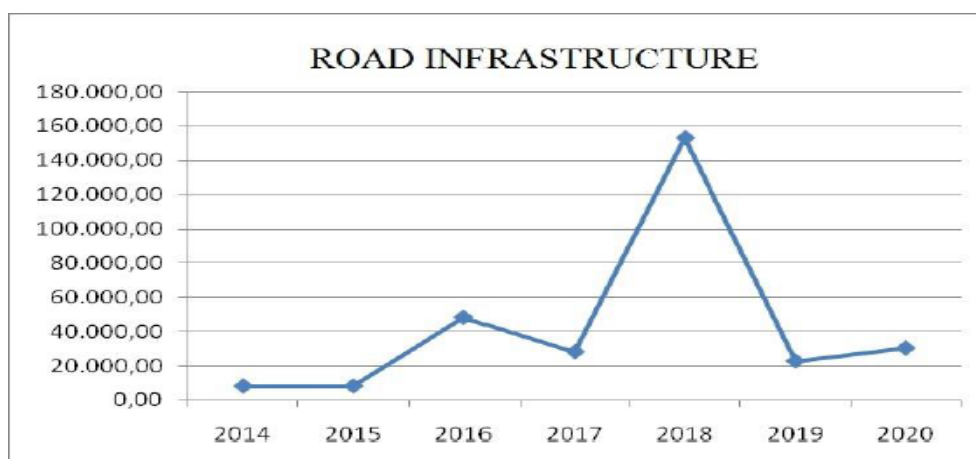
The factors that affect the high and low per capita income are infrastructure, investment and economic growth. According to Todaro (2006), said that, the poor have low income and living standards, which can be seen from the low conditions of Health, Nutrition and education that can reduce productivity and cause slow growth of the economy. The availability of infrastructure will also accelerate the equitable distribution of development through infrastructure development tailored to the needs of each and between regions so as to encourage new investment, new jobs

and increase income and welfare of the community (Suroso, 2015).

Infrastructure development is very necessary in carrying out the process of economic growth, because it can encourage economic growth that can create jobs, increase per capita income and can reduce the level of poverty. The World Bank (in Wahyuni, 2009) defines economic infrastructure, is a physical asset needed to support economic activity in both production and final consumption, including public utilities (power, telecommunications, drinking water, sanitation and gas), public work (roads, dams, canals, irrigation canals and drinase) as well as the transportation sector (roads, railways, port transport, airports and sebaigainya). According to Tatan Sukwika (2018), infrastructure improvements increase investment and economic growth, because investment can increase employment. Infrastructure development can help move the real sector, absorb Labor, increase public and government consumption, and can move production activities. Sukirno (2012) mentioned that prosperity is determined by facilities to obtain electricity and clean drinking water, available educational

facilities and health facilities as well as housing conditions of the poor and the level of infrastructure development achieved. The availability of such infrastructure can improve the economy and welfare of the community in a region. According to Grigg in Kodoatie (2003), that the infrastructure system can be defined as the basic facilities or structures, equipment, installations that

are built and needed for the functioning of the social system and the economic system of society. The state of infrastructure in North Sumatra province where viewed from the road infrastructure of the data in the Central Statistics Agency (BPS) during the period of 7 years fluctuated. More details can be seen from figure 3 below.



Source: BPS publication, processed  
Figure 3: road length by Status, Surface Type, and Condition year 2014-2020

Based on Figure 3 shows the road infrastructure is experiencing fluctuations. Where the road has improved in 2016 by 48,177.82 km from the previous 8,100.19 km in 2015. And experienced a fairly high improvement in 2018 of 153,026.77 km from the previous year of 28,075.83 km in 2017. And in 2019 it decreased by 22,620.16 km and in 2020 it increased by 30,200.05 km. With a fluctuating development is a development process that has not been stable. In this study, researchers see from road infrastructure because roads play an important role in the progress of a nation. Road infrastructure is one of the important aspects. Good road infrastructure in an area will be able to encourage economic improvement of the area because, the availability of infrastructure can expand the flow in the economy in order to expand as widely as possible.

Infrastructure is one part of physical capital, if a country has more equipment and infrastructure, then the country has a greater

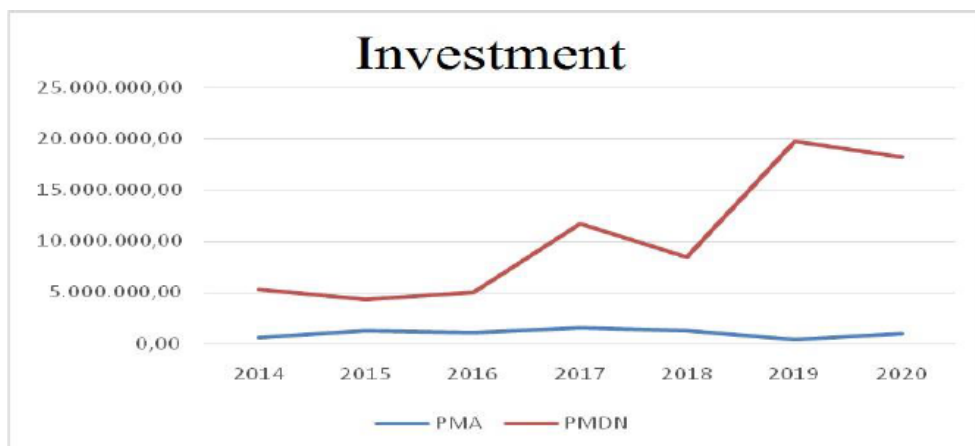
production capacity (Case and Fair, 2007). Road infrastructure as one of the unemployed infrastructure plays a role in stimulating economic growth because the availability of roads will minimize complementary capital so that the production and distribution process will be more efficient. Ikhsan (2004), suggests that highway infrastructure will affect variable costs and fixed costs. If infrastructure is to be built by the private sector itself, then the cost will increase significantly and cause the cost of entry for an economic activity to be expensive so that economic activities that actually potentially have a competitive advantage can not be realized because of infrastructure.

Road infrastructure development in the short term will create jobs in the construction sector in the medium and long term will support the improvement of efficiency and productivity of related economic sectors, so that road infrastructure development can be considered as a strategy to encourage the improvement of the quality

of education, economic growth, improvement of quality of life and increased mobility of goods. Road infrastructure is one of the main programs of the government as a basic structure in the arrangement of environmental elements, with the land transportation facilities, the economic growth increases, and the increase in cases of community service runs smoothly.

Another factor that affects income is investment, the investment is good it will attract investors to invest. A good investment will create good employment opportunities that have an impact on improving per capita income and economic growth. With the increase in the activities of an investment or investment in foreign and domestic capital is expected to have an impact on the welfare of the community. With the investment will be able to absorb

labor so that it will have an impact on reducing unemployment and people are able to get income to meet their needs. Jened (2016) provides an understanding of investment (investment) enforcement that obtains wealth or other assets to generate income. Capital stock or investment is an important factor to determine economic growth, national income and also economic development. The existence of investment can be able to absorb new production factors with the aim of creating new jobs or employment opportunities in the hope of reducing unemployment. The state of foreign investment (PMA) and also domestic investment (PMDN) in North Sumatra province according to data in the Central Statistics Agency (bps) during the period of 7 years also fluctuated. More clearly can be seen from Figure 4 below.



Source: BPS North Sumatra publication, processed

Figure 4: number of projects & investments foreign investment projects (PMA) and (PMDN) (million Rupiah) according to realization in 2014-2020

Based on Figure 4 shows that PMA has fluctuated, where PMA has increased by 1,246,096.20 million in 2015 from 550,835.10 million in 2014, in 2016 decreased by 1,057,989.14 million, increased by 1,514,942.90 million in 2017 and also decreased by 1,227,609.40 million in 2018, increased by amounted to 974,762.72 million in 2020. On the other hand for PMDN decreased in 2015 by 4,287,417.30 million from 5,231,905.85 million in 2014, in 2016 an increase of 4,954,829.29 million, in 2018 a decrease of 8,371,820.30 million and an increase of 19,748,995.10 million in 2019, and decreased again in

2020 amounted to 18,189,528.40 million. This shows that the Provincial Government of North Sumatra has not been optimal in the effort to attract investors who can deceive the economic potential in the region. With the fluctuation will affect the welfare of the community in the field of investment. As for the incoming investment in Indonesia, for PMDN amounted to 108 trillion or 49.2% of the total investment, while PMA amounted to 111.7 trillion or 50.8% of the total investment. A lot of investment into the North Sumatra region is more investment in PMDN compared with PMA investment, where there are five

sectors that contribute the largest in PMA and PMDN investment in North Sumatra, namely the electricity, gas, and water sectors, housing, mining, food industry, services, metal industry and plantations, and the most dominant sector is manufacturing.

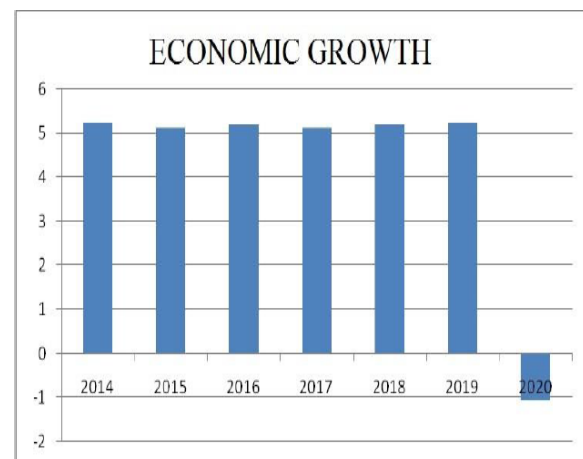
Capital increase plays an important role in improving the economy, the government must pay attention and strive to improve the economy by making good investments, both government and private will be directed to the productive economy by emphasizing both foreign investment and domestic capital investment. In the fact that investment is an important component in national income and economic growth (Adnan, 2010). According to (Mankiw, 2003) investment is a way that can be done by the government to increase economic growth and for the long term to raise people's living standards.

Another factor that affects GRDP in all regions of Indonesia is the working population. Increasing employment opportunities for the community can increase community income. According to Todaro (2000), the growth of the labor force is traditionally considered as one of the positive factors that spur economic growth, a larger number of labor means that it will increase the level of production.

Economists believe that the debate is a form of pursuing economic backwardness by increasing the rate of economic growth (GDP growth) as high as possible so as to pass the population growth rate in a way that is able to increase per capita income that will make the welfare of the community. Economic growth is an indicator to see the success of an ongoing development and will determine the next development. The higher the rate of economic growth will show good economic activity such as production, consumption, investment and trade that have an impact on the absorption of labor for the community and can improve welfare.

The level of public welfare can be seen from economic growth, economic growth is also a benchmark to see the extent

of economic development of a country. Economic growth is the economic condition of a country that is sustainable to get better in a certain period of time. High economic growth can open employment opportunities for the community so as to increase income and people are able to meet the needs of life. Where it is said (Sulistiawati, 2012) effective human resources is a prerequisite for the achievement of economic growth and community welfare. Where the state of economic growth rate in the province of North Sumatra according to data in the Central Statistics Agency (bps) during the period of 7 years experienced fluctuations. More details can be seen in Figure 5 below:

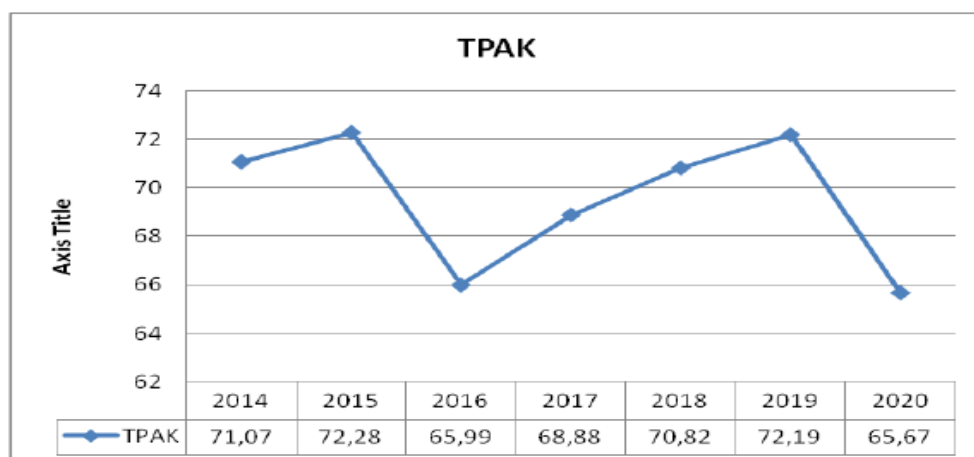


Source: BPS North Sumatra publication, processed

Figure 5: economic growth rate on constant prices in North Sumatra province (percent) in 2014-2020

Based on Figure 5, the economic growth rate experienced fluctuation, which decreased by 5.1% in 2015 from 5.23% in 2014, increased by 5.22% in 2019, and also decreased by -1.07% in 2020. If economic growth is good then development in a country is successful and creates prosperity. According to Todoro (2000) if greater growth will enlarge the size of the domestic market.

Public welfare can also be seen with employment opportunities, which is seen with the number of people who work, the level of labor force participation in North Sumatra province according to data in the Central Statistics Agency (BPS) for a period of 7 years experienced fluctuations. More details can be seen in Figure 6 below:



Source: BPS North Sumatra publication

Figure 6: labor force participation rate (TPAK) in North Sumatra province (percent) in 2014-2020

Based on Figure 6, TPAK data has fluctuated, where a decrease of 65.99% in 2016 from 72.28% in 2015, and a decrease of 72.19% in 2019 to 2020 decreased by 65.67%. Sukirno (2000) provides an understanding of employment opportunities as a situation where all workers who want to work at a wage level will easily get a job. According to Todoru (2000) a larger number of workers will add productive labor. Under these conditions, if productive work can be absorbed on the available employment opportunities, it will be problematic if Labor growth exceeds the available employment opportunities that will create unemployment that affects the welfare of the community. According to research Yasa I komang Oka Artana and Sudarsana Arka (2015), increasing an economic growth will affect the increase in people's income, with an increase in income occurs, the ability of people to meet a daily need will be better, thus showing that welfare in the form of income began to increase.

Infrastructure, investment, economic growth, Community Welfare and employment opportunities are intertwined with each other. Without high economic growth will cause difficulty for the government to create new jobs that will cause the unemployment rate will increase which will affect the welfare of the community. Studies conducted by Sitompul (2007), Rustiono (2008), Lungungan (2008), and Sodik (2005) found that

regional economic growth was mainly driven by significantly influential investments. This means that high investment will increase economic growth, infrastructure will be better, and further increase the absorption of labor so that the creation of community welfare.

Atmaja (2015), shows that infrastructure has a positive and significant influence on the welfare of the community. Then Novianty et al (2017), investment has a significant positive influence on employment opportunities. Lusi Defianti, et al (2018), economic growth has a positive significant effect on the welfare of the community. However, there are previous studies that contradict, according to Ahmad Yani (2011), investment negatively affects employment opportunities. Yasa I Komang Oka Artana (2015), economic growth negatively affects the welfare of the community through local income. Research (Amriadi et al, 2017) business and investment units have a negative influence on employment.

## LITERATURE REVIEW

### Community Welfare

Community welfare is a situation where people can meet their needs, where people get income and the results of the income are made to meet their needs. However, the level of welfare itself is a relative which is seen from the great satisfaction obtained from the results of consuming its income. Brudeseth (2015)

states welfare as the quality of life satisfaction which aims to measure the position of community members in building life balance including, among others, (a) material welfare, (b) Social Welfare, (c) emotional welfare, (d) security.

### Job Opportunities

Employment Opportunity is defined as participation in development, both in the sense of carrying the burden of development and in the responsibility for the implementation of development or in receiving the results of the development. Employment Opportunity is the absorption of labor that is able to be absorbed by all business fields in a region. The situation in developing countries in recent decades shows that economic development cannot create employment opportunities faster than population growth.

### Infrastructure

Infrastructure is defined as public facilities and infrastructure that can be used by the community. Facilities in general such as public facilities that include roads, electricity, water, bridges, hospitals and others. In economics, infrastructure is a form of public capital formed from investments made by the government (Hapsari, 2011).

### Investment

Investment is the capital used for development in developing countries, investment can also jack developing countries to advance. Investment plays a role in driving the economic life of the nation, because the formation of capital to enlarge production capacity, increase national income, and create new jobs in order to expand employment opportunities. Investment is one of the determinants of whether the development of the national economy in the future will continue to increase or not, so that with various policies issued by the government can help investors and potential investors.

### Economic Growth

Economic growth is one of the most important indicators in analyzing the economic development that occurs in a country. Economic growth indicates the extent to which economic activity will generate additional income for a given period. With the economic growth, it is expected that people's income as the owner of the production factor will also increase. In the process, economic growth is increasing with the existence of a system of division of labor between economic actors. In this case, adam smith views workers as one of the inputs to the production process, (Kuncoro,2010).

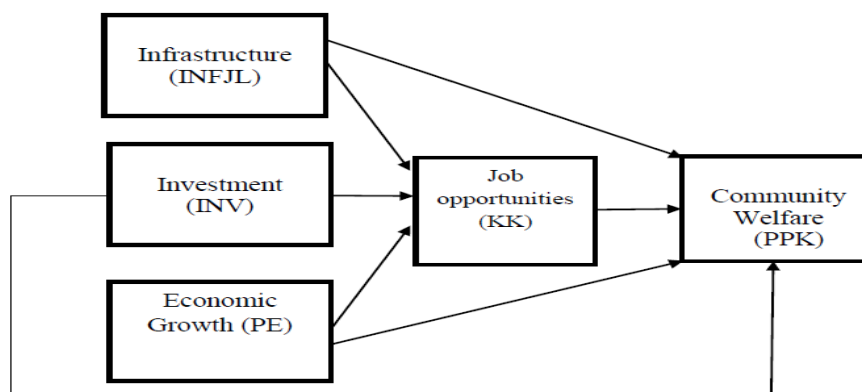


Figure 7. Conceptual Framework

### Hypothesis

Based on the background research and the relationship between variables, then the research hypothesis:

1. Infrastructure has a positive effect on employment opportunities.
2. Investment has a positive effect on employment opportunities.



3. Economic growth has a positive effect on employment opportunities.
4. Infrastructure has a positive effect on the welfare of the community.
5. Investment has a positive effect on the welfare of society.
6. Economic growth has a positive effect on the welfare of society
7. Job opportunities have a positive effect on community health.
8. Infrastructure has a positive effect on the welfare of the community through employment opportunities.
9. Investment has a positive effect on the welfare of the community through employment opportunities.
10. Economic growth has a positive effect on the welfare of the community through employment opportunities.

materials and data related to the subject that the researcher quotes from books and records or historical reports that have been compiled in the archive from the Central Statistics Agency of North Sumatra.

The data analysis technique used by the researcher is path analysis method. To see the influence of infrastructure, investment, and economic growth on the welfare of the community through employment opportunities in North Sumatra province. In this study, many endogenous variables are two variables, namely Community Welfare (Y1) and employment opportunities (Y2). This technique is used to determine the direct influence of independent variables on dependent variables and indirect influence (Indirect) through intervening variables assisted by SPSS 20.

## MATERIAL AND METHODS

This study is an overview and procedures and pengolahan data obtained to provide research results on the hypothesis proposed. This study was conducted with an emphasis on factors that affect the welfare of the community through employment opportunities. Selected observation period from 1990 to 2020, with annual data and geographical scope of North Sumatra province.

The Data in this study is a type of secondary data. Secondary data is documentation with the collection of

## RESULTS

### Statistical Test Results

#### First Structure Test Results

In the first equation (1) described how the influence of infrastructure, investment, and economic growth on employment opportunities. The structural test for the equation will first begin with the t test, then the F test and end with the R2 test. The form of structural equation is as follows:

$$KK = p1\text{LogINFJL} + p2\text{LogINV} + p3\text{PE} + e1$$

Table 1: Partial Test of Job Opportunity Variables

Model		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized Coefficients	Standardized Coefficients			
		B	Std. Error	Beta		
1	(Constant)	82.281	13.866		5.934	.000
	LOG_INFRASTRUCTURE (INFJL)	2.093	1.281	.298	1.633	.114
	LOG_INVESTMENT (INV)	-1.936	1.565	-.246	-1.237	.227
	ECONOMIC GROWTH (PE)	-1.831	.507	.667	-3.614	.001

a. Dependent Variable: JOB OPPORTUNITIES (KK)

Source: SPSS (data processed)

From the results of the regression above, the form of the equation becomes:

$$KK = 0.298 \text{ LogINFJL} - 0.246 \text{ LogINV} + 0.667 \text{ PE}$$

$$t\text{-sig} = (0,114) (0,227) (0,001)$$

The interpretation of the result is:

- a. Infrastructure coefficient = 0.298 and t-sig = 0.114

Based on the results of the structural equation known infrastructure variables (INFJL) positive and insignificant effect on employment opportunities (KK) at the level of confidence 95% indicated by the value of T-sig is smaller than the same as the value of the 0.05 (0.114 > 0.05).

b. Investment coefficient = -0.246 and t-sig = 0.227

Based on the results of the structural equation, the investment variable (INV) has a negative and insignificant effect on employment opportunities (KK) at the level of 95% confidence shown in the value of T-sig is smaller than that of HDMI = 0.05 (0.227 > 0.05).

c. Economic growth coefficient = 0.667 and t-sig = 0.001

Based on the results of the structural equation, economic growth variable (PE) has a positive and significant effect on employment opportunities (KK) at the level of 95% confidence shown in the value of T-sig is smaller than that of HDMI = 0.05 (0.001 < 0.05).

Table 2: Test Simultaneous Variable Employment Opportunities

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	470.264	3	156.755	9.351	.000 <sup>b</sup>
	Residual	452.623	27	16.764		
	<b>Total</b>	<b>922.887</b>	<b>30</b>			
<b>a. Dependent Variable: JOB OPPORTUNITIES (KK)</b>						
<b>b. Predictors: (Constant), ECONOMIC GROWTH (PE), LOG_INFRASTRUCTURE (IN FULL), LOG_INVESTMENT (INV)</b>						

Source: SPSS (data processed)

Table 3: Variable Determinant Coefficient of Employment Opportunity

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.714 <sup>a</sup>	.510	.455	4.09436
<b>a. Predictors: (Constant), ECONOMIC GROWTH (PE), LOG_INFRASTRUCTURE (IN FULL), LOG_INVESTMENT (INV)</b>				
<b>b. Dependent Variable: JOB OPPORTUNITIES (KK)</b>				

Source: SPSS (data processed)

Based on the results of the estimation model in Table 2 above can be informed jointly that the value of infrastructure, investment and economic growth significantly affect employment opportunities at the level of confidence 95% indicated by the value of F-sig is smaller than the same as the value of 0.05 (0.000 < 0.05).

The results of the Test coefficient determinant (R2) is known R value of 0.510 this shows that together the variables of infrastructure, investment and economic growth are able to provide an explanation of variations in employment opportunities by 51.0 percent and the remaining 49 percent are explained by other variables that are not included in the estimation model.

Semestara, for the value of e1 can be found by the formula  $e1 = UTC (1-0, 510) = 0.7$

### Second Structural Test Result

In the second equation (2) will be described how the influence of infrastructure, investment and economic growth on the welfare of the community through employment opportunities. The statistical test for the first equation will begin with the t test, then the F test and finally the R2 test. The form of structural equation is as follows:

$$PPK = p1LogINFJL + p2LogINV + p3PE + p4KK + e2$$

The following will be presented the results of regression of public welfare.

Table 4: Partial Test of Community Welfare Variables

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-6.631	4.634		-1.431	.164
	LOG_INFRASTRUCTURE (INFJL)	-.054	.296	-.033	-.183	.856
	LOG_INVESTMENT (INV)	1.305	.354	.704	3.686	.001
	ECONOMIC GROWTH (PE)	.034	.136	.053	.251	.804
	JOB OPPORTUNITIES (KK)	.058	.042	.245	1.363	.084
<b>a. Dependent Variable: LOG_COMMUNITY WELFARE (PPK)</b>						

Source: SPSS (data processed)

From the results of the regression above, the form of the equation becomes:

$$PPK = -0.033 \text{ LogINFJL} + 0.704 \text{ LogINV} + 0.053 \text{ PE} + 0.245 \text{ KK}$$

$$t\text{-sig} = (0,856) (0,001) (0,804) (0,084)$$

The interpretation of the result is:

- a. Infrastructure coefficient = -0.033 and t-sig = 0.865

Based on the results of the structural equation known infrastructure variables (INFJL) negative and insignificant effect on community health (PPK) at the level of confidence 95% indicated by the value of T-sig is smaller than the same as the value of the same = 0.05 (0.856 > 0.05).

- b. Investment coefficient = 0.704 and t-sig = 0.001

Based on the results of the structural equation, the investment variable (INV) has a positive and significant effect on the welfare of the community (PPK) at the level of 95% confidence shown by

the t-sig value is smaller than that of the variable = 0.05 (0.001 < 0.05)

- c. Economic growth coefficient = 0.053 and t-sig = 0.804

Based on the results of the structural equation, economic growth variable (PE) has a positive and insignificant effect on the welfare of the community (PPK) at the level of 95% confidence shown by the value of T-sig is smaller than that of the variable = 0.005 (0.804 > 0.005).

- d. Coefficient of employment = 0.245 and t-sig = 0.084

Based on the results of the structural equation, it is known that the variable of Employment Opportunity (KK) has a positive and significant effect on public health (PPK) at the level of 95% confidence shown by the t-sig value is smaller than that of the company (0.084 < 0.005).

**Table 5: Simultaneous Test of Community Welfare Variables**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.285	4	7.571	9.318	.000 <sup>b</sup>
	Residual	21.125	26	.813		
	<b>Total</b>	<b>51.410</b>	<b>30</b>			
<b>a. Dependent Variable: LOG_ COMMUNITY WELFARE (PPK)</b>						
<b>b. Predictors: (Constant), EMPLOYMENT OPPORTUNITIES (KK), INVESTMENT LOG_ (INV), LOG_INFRASTRUCTURE (INFJL), ECONOMIC GROWTH (PE)</b>						

Source: SPSS (data processed)

Based on the results of the estimation model in Table 5 above can be informed jointly that the value of infrastructure, investment, economic growth and employment

opportunities significantly affect the welfare of the community at the level of confidence 95% is shown by the value of F-sig is smaller than the rate of 0.05 (0.000 < 0.05).

**Table 6: Coefficient of Determination of Public Welfare Variables**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768 <sup>a</sup>	.589	.526	.90139
<b>a. Predictors: (Constant), JOB OPPORTUNITIES (KK), INVESTMENT LOG_ (INV), LOG_INFRASTRUCTURE (INFJL), ECONOMIC GROWTH (PE)</b>				
<b>b. Dependent Variable: LOG_ COMMUNITY WELFARE (PPK)</b>				

Source: SPSS (data processed)

The value of R<sup>2</sup> or R Square contained in Table 6 Model Summary is 0.589 it shows that the contribution or contribution of the actors of road infrastructure, investment, economic growth and employment opportunities to the welfare of the community is 58.9 percent while, the remaining 41.1 percent is the

contribution of other variables that are not included in this study. Meanwhile, for the value of E<sup>2</sup> = UTC (1-0, 589) = 0.641

### Path Analysis Results

Path analysis is used to determine a pattern of relationships between three or more variables. As for the path coefficient

obtained from the T test results by looking at standardized beta coefficients (Ghozali, 2003). The path coefficient is symbolized by (p) where the value is obtained from the t count test. There are two indicators of Model validity in path analysis, namely the total determinant coefficient and Triming Theory. The total determinant coefficient is the total diversity of data that can be described by the model measured by:

$$KK = 0.298 \text{ LogINFJL} - 0.246 \text{ LogINV} + 0.667 \text{ PE} + e1 \dots \dots \dots (1)$$

$$PPK = -0.033 \text{ LogINFJL} + 0.704 \text{ LogINV} + 0.053 \text{ PE} + 0.245 \text{ KK} + e2 \dots (2)$$

To check the valicity of the model using the coefficient of total determination, the result is as follows:

$$R2m = 1 - (Pe1)^2 - (Pe2)^2$$

$$R2m = 1 - (0,7)^2 - (0,641)^2$$

$$R2m = 0.798$$

**Description:**

R2m: total coefficient of determination  
 e1, e2: standard estimated error value

Based on the calculation of the coefficient of total determination, it is obtained that the diversity of data that can be explained by the model is 79.8 percent or with the information contained in the data of 79.8 percent can be explained in the model, while the remaining 20.2 percent is explained by other variables that are not contained in the model.

Then to calculate the validity of the model in the path analysis, then to see the magnitude of direct influence, indirect influence and total influence of the relationship between exogenous variables and endogenous variables. The influence can be schematically described as follows.

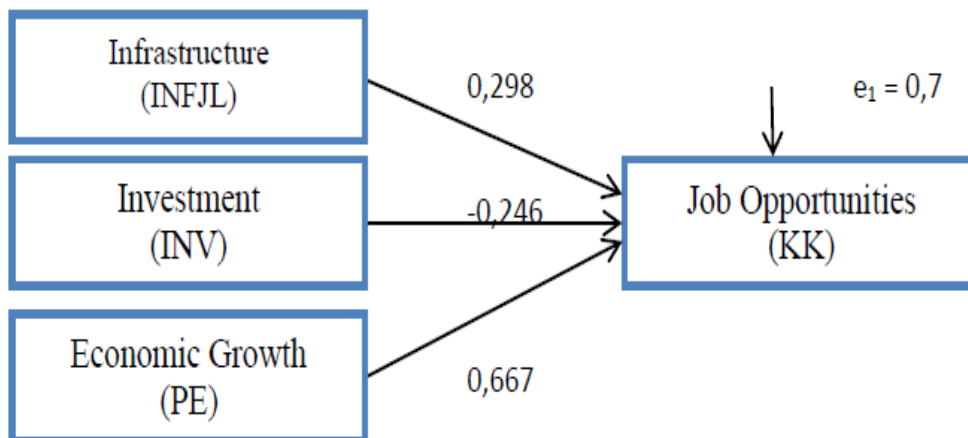


Figure 8: The results of the analysis of the equation I path of infrastructure relations (INFJL), Investment (INV), economic growth (PE) against Job opportunities (KK)

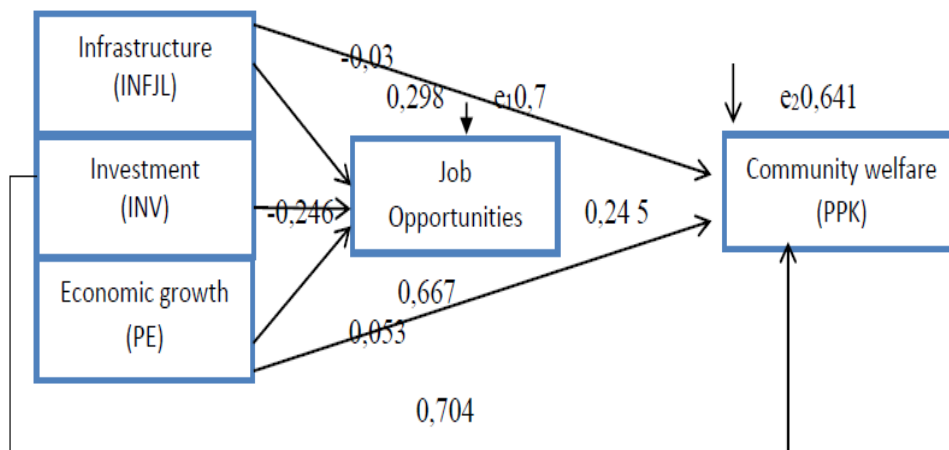


Figure 9: The results of the analysis of the equation II path of infrastructure relations (INFJL), investment (INV), economic growth (PE) to per capita income (PPK) through employment opportunities (KK)

From the picture above can be described as follows:

**a. Direct Effect (Direct Effect)**

- The influence of infrastructure variables (INFJL) on employment opportunities (KK) of 0.298.
- The influence of infrastructure variables (INFJL) on the welfare of the community (PPK) of -0.033.
- The effect of investment variable (INV) on employment opportunities (KK) of -0.246.
- The effect of investment variable (INV) on public welfare (PPK) of 0.704.
- The effect of economic growth variables (PE) on employment opportunities (KK) of 0.667.
- The effect of economic growth variables (PE) on the welfare of the community (PPK) of 0.053.
- Variable effect of employment opportunities (KK) on the welfare of the community (PPK) of 0.245

**b. Indirect Effect (Indirect Effect)**

- The influence of infrastructure variable (INFJL) through employment opportunity variable (KK) on community welfare variable (PPK) is =  $(0.298 \times 0.245) = 0.073$
- The effect of investment variable (INV) through employment opportunity variable (KK) on community welfare variable (PPK) is =  $(-0.246 \times 0.245) = -0.060$
- The effect of economic growth variables (PE) through employment opportunities (KK) on social welfare (PPK) is =  $(0.667 \times 0.245) = 0.163$

**c. Total Effect (Total Effect)**

- The influence of infrastructure variables (INFJL) through employment opportunities variables (KK) on the welfare of the community (PPK) is =  $(0,298 + (-0,033)) = 0,265$
- The effect of investment variables (INV) through employment opportunities (KK) on the welfare of the community (PPK) is =  $(-0.246) + 0.704 = 0.458$

- The effect of economic growth variables (PE) through employment opportunities (KK) on the welfare of the community (PPK) is =  $(0.667 + 0.053) = 0.72$

The results of the analysis of employment opportunities (KK) can mediate infrastructure relations (INFJL), investment (INV), economic growth (PE), to the welfare of the community (PPK) in the province of North Sumatra, namely:

1. Analysis of the influence of infrastructure on employment opportunities

From the above analysis results obtained a significant value of  $0.114 > 0.05$ . So it can be concluded that directly there is no significant influence of infrastructure on employment opportunities.

2. Analysis of the influence of infrastructure on public welfare

From the above analysis results obtained significant value of  $0.856 > 0.05$ . So it can be concluded that directly there is no significant influence of infrastructure on the welfare of the community.

3. Analysis of the effect of investment on employment opportunities

From the above analysis results obtained a significant value of  $0.227 > 0.05$ . So it can be concluded that directly there is no significant effect of investment on employment opportunities.

4. Analysis of the effect of investment on public welfare

From the above analysis results obtained a significant value of  $0.001 < 0.05$ . So it can be concluded that there is directly a significant influence of investment on the welfare of the community.

5. Analysis of the effect of economic growth on employment opportunities

From the above analysis results obtained a significant value of  $0.001 < 0.05$ . So it can be concluded that there is directly a significant influence of economic growth on employment opportunities.

6. Analysis of the effect of economic growth on the welfare of society

From the above analysis results obtained a significant value of  $0.804 > 0.05$ . So it can be concluded that there is directly an insignificant effect of economic growth on the welfare of society.

7. Analysis of the effect of employment opportunities on public welfare

From the analysis results above obtained a significant value of  $0.084 < 0.05$ . So it can be concluded that directly there is a significant influence of employment opportunities on the welfare of the community.

8. Analysis of the influence of infrastructure through employment opportunities on the welfare of the community

The coefficient of indirect effect of infrastructure variable (INFJL) on community welfare variable (PPK) is 0.073, while the coefficient of direct effect of infrastructure variable (INFJL) on community welfare variable (PPK) is -0.033. This means that the indirect influence is greater than the direct influence ( $0.073 > -0.033$ ) so that it can be concluded that employment opportunities have a contribution in influencing the relationship between infrastructure and public welfare.

9. Analysis of the effect of investment through employment opportunities on public welfare

The coefficient of indirect effect of investment variable (INV) on public welfare variable (PPK) is equal to -0.060, while the coefficient of direct effect of investment variable (INV) on public welfare variable (PPK) is equal to 0.704. This means that the indirect influence is smaller than the direct influence ( $-0.060 < 0.704$ ) so that it can be concluded that employment opportunities have a contribution in influencing the relationship between investment and public welfare.

10. Analysis of the effect of economic growth through employment opportunities on public welfare

The coefficient of indirect effect of economic growth variable (PE) on community welfare variable (PPK) is 0.163, while the coefficient of direct effect of economic growth variable (PE) on community welfare variable (PPK) is 0.245. This means that the indirect influence is smaller than the direct influence ( $0.163 < 0.245$ ) so that it can be concluded that employment opportunities have a contribution in influencing the relationship between economic growth and public welfare

## DISCUSSION

### The Impact of Infrastructure on Job Opportunities

Based on the meaning of the standardized coefficient beta value of 0.298 it can be explained that the improvement of infrastructure as much as 1 percent will increase employment opportunities by 0.298 percent, and the value of infrastructure has a positive and insignificant effect on employment opportunities. It can be interpreted that there is an influence of infrastructure on employment opportunities but not yet significant. The situation in North Sumatra province, where road infrastructure is running slowly due to the constraints of various stages of the project, ranging from preparation to implementation, and the improvement of road infrastructure is not in line with the increase in employment opportunities, because it shows a fluctuating situation. Road infrastructure is generally labor-intensive, which absorbs a lot of Labor, namely professionals, operators, production, manual labor, administration, but road infrastructure in North Sumatra has been slow in various projects, thereby reducing the existing workforce. Road infrastructure is disrupted because there are several factors such as the implementation of the creation of drainage channels that serve to reduce water on asphalt that has the potential to damage asphalt and also land problems in North Sumatra that aim to build toll roads, which are constrained by land compensation

problems, because the budget provision is still lacking to solve the problem of compensation. Exemplified infrastructure development tebing tinggi-kuala tanjung already 90 percent, but still constrained by the problem of land compensation. The Government of North Sumatra should pay more attention to infrastructure problems, for example, as well as the development of SEI Mangke KEK which has not been completed due to the completion of infrastructure development such as toll roads, rail access, as well as land prices and gas prices that are not competitive. Where with the construction of SEI MANGKE KEK is projected to attract a total investment of 129 trillion and absorb 83,304 People (source [www.kek.go.id](http://www.kek.go.id)). This research is not in line with Solow's theory which says that there are only various types of capital, where private companies invest in ordinary forms of capital, while governments invest in various forms of public capital, such as roads. And can improve the economy.

The results in this study are in line with research conducted by Irana Ariantika and Ikhsan (2016), on the influence of economic and social infrastructure on the economy of aceh, where the results show that road infrastructure has a positive and insignificant relationship to the city of Aceh. While there are studies that contradict the results of this study such as by Halimmah Tussaudah (2018), where infrastructure has a negative and insignificant effect on job opportunities in the city of Makassar.

### **The Influence of Infrastructure on Public Welfare**

Based on the meaning of the standardized coefficient beta value of -0.033 it can be explained that the increase in infrastructure by 1 percent will reduce the welfare of the community by -0.033 percent, and the value of infrastructure negatively and insignificantly affect the welfare of the community. This means that infrastructure has a negative effect on the level of public

welfare, a negative sign indicates that the improvement of infrastructure carried out by the government has not affected the level of public welfare. Because the road infrastructure in North Sumatra is experiencing less stable conditions such as poor road conditions. North Sumatra province road turns out to be the longest road in Indonesia. However, the level of stability of the road is only 75% below the average road mantapnasional which reached 95% (source Infosumut). Of the 3,050 kilometers (km) of roads that have provincial status in North Sumatra, 750 km of its condition is not stable, which consists of 600 km of heavily damaged roads and 150 km of lightly damaged. With the condition of the road is very long, finally the provincial government (Pemprov) North Sumatra also requires enormous funds to build and maintenance of roads. However, the budget to manage the road is only 400 billion per year. Currently, the North Sumatra provincial government is trying to get funds from the plantation tax that will be used to meet the needs of road budgeting. Especially in pandemic conditions it gets worse. Because the budget is diverted to be used in the fight against Covid-19, so the repair funds are much reduced. This study is in line with the results of research conducted by Meiyora Veriana (2013), about where the impact of the availability of road infrastructure on the welfare of the people in Indonesia in 2009-2011, the results in this study show that road infrastructure has no significant effect on HDI. This research is also contrary to the research conducted by Zupi Andriyani Sagala (2019), road infrastructure has a significant and positive effect on the welfare of the community in North Labuhanbatu. And this study is in accordance with the research conducted by Mohammad Teja, where the results of his research also showed compliance with the results of the hypothesis that states Road infrastructure affect the welfare of the community.

### **Effect of Investment on Job Opportunities**

Based on the meaning of the standardized coefficient beta value of -0.246, it can be explained that an increase in investment by 1 percent will increase employment opportunities by -0.246 percent, and the value of investment has a negative and insignificant effect on employment opportunities. This can be interpreted that investment negatively affects the level of employment opportunities, due to the number of investments that are more capital-intensive than labor-intensive. So that the absorption of labor for now is reduced. Capital-intensive in question is the amount of investment given more used for technology so it does not require labor-intensive (human).

This leads to reduced absorption of Labor. Many investments entered in North Sumatra more investment PMDN amounted to 18,189,528. 40 million rupiah. Some investment sectors that contribute in North Sumatra such as construction of 2,379,064. 70 million rupiah, housing of 2,088,557.10 million rupiah, metal industry of 387,471. 80 million rupiah, plantation of 301,823. 10 million rupiah, mining of 301,599. 50 million rupiah (source bps North Sumatra). Employment in North Sumatra was reduced due to Covid-19, especially in 2020, the number of unemployed was 59,000 people, due to some companies experiencing reduced working hours and termination of contracts. And some companies are investing more into capital-intensive or leading to technology. Labor-intensive investment is shrinking, the majority of entrepreneurs prefer to invest in a number of service sectors, such as telecommunications, warehousing, transportation and capital-intensive property or housing. Especially during the pandemic, the sector that is widely used in the telecommunications sector is growing rapidly. The relationship is also with digital society, such as e-commerce, fintech, and others. The service sector is most in demand among domestic

investors. The data showed that the realization of domestic investment (PMDN) from sektor jasa reached Rp 135.2 trillion, or equal to 65.3% of the total PMDN worth Rp 207 trillion (BKPM data source).

This study is not in line with the theory Sukirno (2007), investment activities will make people continue to increase economic activity and also employment opportunities, increase national income, so as to improve the level of prosperity in society. This study is in line with research conducted by Muhammad Fadli (2017), where the influence of domestic investment on employment opportunities in Central Java, where the results of domestic investment negatively and insignificantly affect employment opportunities, this research is also supported by research conducted by Bayu Dwi Dharma (2015), investment has no significant effect with the increase in the number of job opportunities in Samarinda city. While this study is also contrary to the research conducted by Sulistiawati (2012), with significant investment results and has a positive relationship to the employment in the province of Indonesia. Where the increase in investment will be followed by an increase in the absorption of provincial labor in Indonesia.

### **The Effect of Investment on Public Welfare**

Based on the meaning of the standardized coefficient beta value of 0.704 it can be explained that an increase in investment by 1 percent will improve the welfare of the community by 0.704 percent, and the value of investment has a positive and significant effect on the welfare of the community. According to Sukirno (2000), investment activities carried out by the community will continuously increase economic activity and employment opportunities, increase national income and the level of community prosperity. The role that comes from three functions in the activities of an investment, namely: 1) investment is one component of aggregate



enforcement, so that the increase in investment will increase aggregate demand, 2) the increase in capital goods as a result of investment that will increase production capacity, 3) investment is always followed by technological developments. According to neo classical theory, direct investment has a contribution, especially in developing countries to improve the level of Public Health.

The results of this study are in line with research conducted by Nugroho (2016), which states that with the investment made by the government or the private sector can increase the development of each region is growing as well so that it can be created new jobs to absorb labor. Thus, the distribution of income will be evenly distributed and the welfare of the community will be achieved. Investment activities can also affect economic activities and employment opportunities so that it will increase national income which ultimately improves the welfare of the community. This study is also contrary to the research conducted by Nur Alfiatus Sholeha (2014), the results showed that foreign investment and domestic investment negatively affect the welfare of the community.

### **The Effect of Economic Growth on Employment Opportunities**

Based on the meaning of the standardized coefficient value  $\beta = 0.667$  it can be explained that the increase in economic growth as much as 1 percent will increase employment opportunities by 0.667 percent, and the value of economic growth has a positive and significant effect on employment opportunities. This can be interpreted as economic growth and employment opportunities are a positive correlation, but for the size of the influence of economic growth on the increase in employment opportunities it is determined by technological factors and also the Labor used. In the classical theory of Adam Smith any increase in economic growth is expected to absorb labor, so as to reduce the number of unemployed. The better the

economic growth of a country, the higher the number of employment opportunities will be. This study is also supported by The Theory of Todaro (2000) states that growth depends on three important factors, namely the quantity and quality of Labor, the addition of capital goods and the absorption of technology.

The results of this study are supported by research conducted by Afiat Nur Muhammad (2017), where the results of economic growth have a significant positive influence on employment opportunities. With the occurrence of economic growth will move other sectors so that from the production side will require labor to carry out production activities. A common view holds that the rate of economic growth is positively correlated with the rate of employment depletion. And also this study is in line with Nindya Eka Sobita and I Wayan Suparta (2008) on economic growth and employment in Lampung province. The results of this study show that real GDP has a significant effect on the absorption of labor force. This research is also contrary to the research conducted by Bayu Dwi Dharma (2015), economic growth has no significant effect on employment opportunities in Samarinda city.

### **The Effect of Economic Growth on The Welfare of Society**

Based on the meaning of the value coefficient standardized coefficient  $\beta = 0.053$  can be explained that the increase in economic growth as much as 1 percent will improve the welfare of the community by 0.053 percent, and the value of economic growth has a positive and insignificant effect on the welfare of the community. This means that the variable of economic growth has no significant effect on the welfare of the community, where some policies have not experienced equitable distribution still in certain areas that occur partumbuhan, considering there are 5,417 villages in North Sumatra which is now not fully maximized management, here the government should

pay more attention to the problem of economic growth, as in allocating resources that can be realized through the allocation of government spending on fulfilling various basic needs such as improving infrastructure conditions. This research is contrary to the research put forward Munir (2008), that economic growth in addition to increasing output, goods and services to meet the needs of life is increasing, is also very necessary to improve the standard of life and quality of life of the community.

This study is in line with research conducted by Fitriyatus Sholihah (2017), economic growth on Community Health, where the results of economic growth have a positive and insignificant effect on community health. This study is also supported by research conducted by Rini Sulistiawati (2012), on the effect of investment on economic growth and employment and welfare of the community in the provinces in Indonesia, the results of which show that economic growth is not significant to the welfare of the community. This study is also contrary to research conducted by Mirza (2012) the increasing economic growth, the higher the growth of per capita output and increase the purchasing power of the community. The high purchasing power of the community will improve the health of the community. And research conducted by Bambang Syahputra (2012), where economic growth has a positive and significant effect on the welfare of the community.

### **The Effect of Employment Opportunities on Public Welfare**

Based on the meaning of the value coefficient standardized coefficient beta of 0.245 can be explained that the increase in employment opportunities as much as 1 percent will improve the welfare of the community by 0.245 percent, and the value of employment opportunities positively and significantly affect the welfare of the community. This means that if job opportunities increase, it will improve the welfare of the community in North Sumatra

province. Where people who work will get income that will be used to meet the needs of life. According to Todaro's theory (2000), a larger amount of Labor will add productive labor, people get income to meet the needs of life.

The results of this study are in line with the research conducted by oleeh Luh Putri Awandari (2016), on the effect of investment, economic growth on the welfare of the community through employment opportunities, where the results of investment, economic growth and employment opportunities have a positive and significant effect on the welfare of the community in Bali province. This study is also contrary to research conducted by Syechalad (2013); employment opportunities negatively affect the welfare of the community.

### **The Influence of Infrastructure Through Employment Opportunities on The Welfare of The Community**

The indirect influence of infrastructure on public welfare is 0.073, while the direct influence of infrastructure on public welfare is -0.033. This means that indirect influence is greater than direct influence. This study shows that there is an indirect influence of infrastructure on the welfare of the community through employment opportunities. With a good infrastructure it will help in the absorption of Labor, because in infrastructure development requires labor so that it will have an impact on the welfare of the community. For example, SEI Mangke KEK infrastructure development that has not been completed due to the completion of infrastructure development such as toll roads, rail access, as well as land prices and gas prices are not competitive. If the government is faster in infrastructure development Sei Mangke KEK, it is estimated that it can attract a total investment of 129 trillion and absorb 83,304 people of Labor (source <https://kek.go.id>).

This study is in line with the research conducted by Mohammad Teja,

where the results showed conformity with the results of the hypothesis that states under the infrastructure affect the welfare of the community. This study is also contrary to the results of research conducted by Meiyora Veriana (2013), where the availability of road infrastructure to the welfare of the community in Indonesia 2009-2011, the results in this study showed that infrastructure has no significant effect on the welfare of the community seen from HDI.

### **The Effect of Investment Through Employment Opportunities on The Welfare of The Community**

The indirect effect of investment on public welfare is 0.060, while the direct effect of investment on public welfare is 0.704. This means that direct influence is greater than indirect influence. This study shows that there is a direct influence of investment on the welfare of the community through employment opportunities. With the investment activities will stimulate the community to conduct economic activities that can create community welfare through employment opportunities. With the investment, it takes Labor to realize the investment, for example, investment in oil palm plantations will directly require labor to manage the land, plant, maintain and require energy to manage it. In economic development requires investment support with investment activities to generate investments that will continue to increase capital stock, then increasing capital stock will increase productivity as well as capacity and quality of production, which in turn can encourage economic growth and increase employment. With the production activities, the creation of employment opportunities so that people's income increases which further increases the demand in the market. According to Sukirno (2007), investment activities will make people continue to improve economic activities and also job opportunities, increase national income, so as to increase the level of prosperity in society. Investment

plays an important role in driving economic life, because in pemebentukan capital enlarge production capacity, raise national income and create new jobs, in this case expand employment opportunities so that it will improve the welfare of the community (Todaro, 2003). This research is in line with research conducted by Nugroho (2016), which states that with the investment made by the government or private sector can increase the development of each region is growing as well so that it can be created new jobs to absorb labor. And this study is also contrary to the research of Nur Alfiatus Sholeha (2014), the results showed that foreign investment and domestic investment have no effect on the welfare of the community.

### **The Effect of Economic Growth Through Employment Opportunities on The Welfare of Society**

The indirect influence of economic growth on the welfare of the community is 0.163, while the direct influence of economic growth on the welfare of the community is 0.245. This means that direct influence is greater than indirect influence. This study shows that there is a direct influence of economic growth on people's welfare through employment opportunities. By increasing economic growth will increase people's income, with the increase in income that occurs, then the ability of people to meet the needs of the better, this shows that welfare in the form of community income began to increase and affect the movement of other sectors, so that in terms of production will require labor in the production process. The government should also pay attention to the creative economy sector, because the concept of creative economy is a part of the new economic era that deceives information, creativity and technology by relying on ideas and knowledge from human resources as the main production factor in its economic activities. The creative economy can help increase economic growth in which there are industries in creating innovation

have high bargaining power in a sustainable economy because individuals have the creativity capital they use to create innovations. Creative economy sector with the highest growth is culinary which amounted to 74.45 percent, craft at 6.86 percent and fashion at 15.56 percent (Source BPS Indonesia). And also if economic growth increases, the absorption of labor increases so that the welfare of the community will be formed. Referring to Keynes's theory in Djupiansyah Genie (2017), that the labor market only follows what happens in the goods market, in this case GRDP will increase the absorption of Labor.

This study is in line with research conducted by Lusi Defianty, et al (2018), economic growth has a significant positive effect on the welfare of the community. Increasing an economic growth will affect the increase in people's income, with an increase in income. This study is also contrary to research conducted by Rini Sulistiawati (2012), on the effect of investment on economic growth and employment and welfare of the community in the provinces in Indonesia, the results of which show that economic growth is not significant to the welfare of the community.

### **Implications**

Based on this study some of the impacts that occur if infrastructure experiencing fluctuation it will affect the welfare of the community where people can not work due to the lack of new jobs, in turn also with investment if investment is experiencing fluctuation it will affect investors to conduct investment activities that will result in the unavailability of new jobs so that people, so for the government should be more attention and should further improve the several factors that affect the welfare of the community such as infrastructure, investment and economic growth in order to create a better community welfare.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **CONCLUSIONS**

Based on the results of the research can be summed up as follows:

1. Infrastructure has a positive and insignificant effect on employment opportunities in North Sumatra province. This proves that the improvement of road infrastructure actually decreases the level of employment opportunities, this is because infrastructure development shows a fluctuating state.
2. Infrastructure has a negative and insignificant effect on the welfare of the people in North Sumatra province. This proves that there is no influence of infrastructure on the health of the community, this is because Road infrastructure leads to unfavorable conditions.
3. Investment has a negative and insignificant effect on employment opportunities in North Sumatra province. This can be interpreted that investment does not affect the level of employment in the province of North Sumatra.
4. Investment has a positive and significant effect on the welfare of the community in North Sumatra province. This proves that the direct influence of increased investment is able to improve the welfare of the people in North Sumatra province.
5. Economic growth has a positive and significant effect on employment opportunities in North Sumatra province. This proves that economic growth is able to increase employment opportunities in North Sumatra province.
6. Economic growth has a positive and insignificant effect on the welfare of the people in North Sumatra province. This proves that economic growth does not affect the health of society, where the increase or decrease in economic growth does not affect the health of society.

7. Job opportunities have a positive and significant effect on the welfare of the community in North Sumatra province. This proves that good job opportunities will improve the welfare of the community in North Sumatra province.
  8. Infrastructure has an indirect effect on the welfare of the community through employment opportunities in North Sumatra province. Which means that indirectly infrastructure has contributed to improving the level of public welfare through employment opportunities in North Sumatra province.
  9. Investment directly affects the welfare of the community through employment opportunities in North Sumatra province. Which means that directly investment has contributed to improving the level of public welfare through employment opportunities in North Sumatra province.
  10. Economic growth directly affects the welfare of the community through employment opportunities in North Sumatra province. Which means that directly economic growth has contributed to improving the level of public welfare through employment opportunities in North Sumatra province.
  11. Employment opportunities still do not mediate independent variables to the welfare of the community, such as investment and economic growth because investment is more towards capital-intensive than labor-intensive and also economic growth has not fully occurred equalization, only certain areas that experience equalization.
2. The government must be faster in infrastructure development Sei Mangke KEK, because by accelerating the development can attract investors and can absorb labor.
  3. This research can be one of the considerations in determining the policy of development and infrastructure development towards a better direction and also the monitoring program in a certain vulnerable time to monitor the condition of the infrastructure so that the existing infrastructure can continue to be maximized in accordance with the role of the infrastructure.
  4. The Government of North Sumatra should conduct a policy of equitable allocation of investment in various sectors of the economy, such as the agricultural sector and small and medium industries in order to further flatten the impact of income between sectors, and provide a greater impact on overall economic performance.
  5. To improve the welfare of the people in North Sumatra, it is necessary to consider the problem of economic growth that must be combined with equitable distribution. Government policy in allocating its resources, can be realized through the allocation of government spending on fulfilling various basic needs such as health, education, Road Condition Improvement.
  6. The government should pay more attention to the creative economy sector, because the creative economy can increase economic growth, in there are industries in creating innovation have high bargaining power in the sustainable economy because individuals have creativity capital that they use to create innovations, and can also absorb labor.

## RECOMMENDATIONS

Suggestions researchers from the research that has been done is as follows:

1. The government should need to review the basic infrastructure policy, and the government needs to improve road conditions so that people are not disturbed by community economic activities in the mobility of sales of

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