

Mengikuti konferensi Internasional the 3rd ICEBAST
(International Conference on Economic, Business and Accounting Studies)

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Bukti korespondensi dengan Panitia Konferensi Internasional ICEBAST

This screenshot shows an email from ICEBAST FebUnej (icebast.feb.unej@gmail.com) to muzdalifah.feb. The email is dated Wednesday, November 22, 2017, at 1:17 PM. The subject is "Dear Colleague". The body of the email contains the following text:

Thank you for your interest at The 3rd International Conference on Economics, Business, and Accounting Studies "Social Cohesion, Public Policy Reformation, and Market Integration towards Inclusive Global Economy", to be held on November 24th-25th, 2017 in Faculty of Economics and Business University of Jember.

ICEBAST Committee announced plan to hold the conference venue on November 24th, 2017 as before that the venue will be held in Multimedia Room Faculty of Economic and Business Universitas Jember, it will be take place in Soetardjo Building Universitas Jember from 01.30 pm – 04.00 pm. **The committee will not provide launch at that time.**

Thank you for your interest, and we look forward to working with you on a successful conference. If you have any query, please do not hesitate to contact us.

Jember, November 22th, 2017
Sincerely Yours
Hadi Paramu, M.B.A, Ph.D

This screenshot shows the same email from ICEBAST FebUnej (icebast.feb.unej@gmail.com) to muzdalifah.feb, dated Wednesday, November 22, 2017, at 1:17 PM. The subject is "Dear Colleague". The body of the email contains the following text:

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Jember, November 22th, 2017 Sincerely Yours Hadi Paramu, M.B.A, Ph.D Chair of Committee

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Icebast FebUnej <icebast.feb.unej@gmail.com> to Muzdalifah

Nov 20, 2017, 3:02 PM

Dear Colleague

We inform that your full paper has been received. we would like to thank you for participating in The 3rd International Conference on Economics, Business and Accounting Studies 2017 (ICEBAST 2017). We invite you formally in The 3rd ICEBAST to be held on November 24th-25th, 2017 in Faculty of Economics and Business, University of Jember. We also remind that all authors presenting their work in an oral session are required to prepare a Power Point Presentation (PPT) of their paper and are expected to send to the committee no later than November 22th, 2017.

Previously, we are requesting to complete the administration for those who have not yet send:

- Student Identity Card (for students)
- Registration Form
- Proof of payment

Thank you for your interest, and we look forward to working with you on a successful conference. If you have any query, please do not hesitate to contact us.

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- Moved 2019-02-0... 26

Icebast FebUnej <icebast.feb.unej@gmail.com> to Muzdalifah

Tue, Oct 31, 2017, 3:51 PM

Dear Muzdalifah

Thank you very much for your concerns About The 3rd International Conference on Economics, Business and Accounting Studies 2017 (The 3rd ICEBAST 2017).

Hereby we attached the letter of acceptance and registration form again. Please download full paper guideline in official website of The 3rd ICEBAST 2017 (<http://conference.unej.ac.id/index.php/ICEBAST2017>) and send your paper by email: icebast.feb.unej@gmail.com

The ICEBAST Committee reminder to confirm your attendance at the 3rd ICEBAST 2017 to us due to by October 31th, 2017 at 11.59 pm and you will be able to submit your full paper to us by November 13th, 2017 then that you will be able to present your paper during The 3rd International Conference on Economics, Business, and Accounting Studies on November 24th-25th, 2017.

Thank you for your interest, and we look forward to working with you on a successful conference. If you have any query, please do not hesitate to contact us.

Sincerely Yours,
The 3rd ICEBAST 2017 Committee

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The 3rd International Conference on Economics, Business, and Accounting Studies (ICEBAST) 2017

November 24th – 25th, 2017, Faculty of Economics and Business-University of Jember, INDONESIA

Official Website: <http://conference.unej.ac.id//index.php/ICEBAST/2017>

Subject: Notification of Abstract Acceptance

Abstract ID: **220**

Title of Paper: **The Impact of Capital Expenditure, Investment, and Labor Force on Economic Growth In South Kalimantan**

Dear **Muzdalifah**

Thank you for submitting your abstract for presentation at The 3rd International Conference on Economics, Business, and Accounting Studies “Social Cohesion, Public Policy Reformation, and Market Integration towards Inclusive Global Economy”, to be held on November 24th-25th, 2017 in Faculty of Economics and Business University of Jember.

We are pleased to inform you that your paper based on your abstract has been **accepted for oral presentation** at The 3rd International Conference on Economics, Business, and Accounting Studies. Congratulations. Please save this message for reference.

The ICEBAST Committee needs to have confirmation from you that you will be able to submit your full paper to us by November 13th, 2017 and that you will be able to present your paper during The 3rd International Conference on Economics, Business, and Accounting Studies on November 24th-25th, 2017. Please find the full paper guideline in the attachment and send your paper by email: icebast.feb.unej@gmail.com. We need your confirmation that you will attend the conference to present your paper, notifying us as soon as possible, and no later than October 31st, 2017. All authors presenting their work in an oral session are required to prepare a Power Point presentation of their paper to last approximately 15 minutes. Powerpoint presentations should reach the ICEBAST Conference no later than November 13th, 2017.

Please note that you must be registered, with fees paid, please kindly to fill the registration form, and you must make your presentation at the conference in order to have your paper published in the online proceedings. Selected best papers will be submitted with special attention to our journals partners.

Thank you for your interest, and we look forward to working with you on a successful conference. If you have any query, please do not hesitate to contact us.

Jember, October 30th, 2017



Hadi Paramu, M.B.A, Ph.D
Chair of Committee

THE 3rd INTERNATIONAL CONFERENCE
ON ECONOMICS, BUSINESS AND ACCOUNTING STUDIES



The 3rd International Conference on Economics, Business, and Accounting Studies (ICEBAST) 2017

November 24th – 25th, 2017, Faculty of Economics and Business-University of Jember, INDONESIA

Official Website: <http://conference.unej.ac.id//index.php/ICEBAST/2017>

Please save this information for reference.

Programme Schedule

1. Conference date November 24th-25th, 2017
2. Pre Conference on November 23rd, 2017 (please kindly to fill the registration form)
Material Course:
 - a. The Experimental Method
 - b. Forecasting and Dynamic Panel Model
 - c. Training of International Journal Submission
3. Field Trip : Tour Baluran National Park (note: optional)

PROCEEDING



Faculty of Economics and Business
Universitas Jember



THE **3rd** INTERNATIONAL CONFERENCE ON ECONOMICS, BUSINESS, AND ACCOUNTING STUDIES



**Social Cohesion, Public Policy Reformation,
and Market Integration
towards Inclusive Global Economy**

November 24th-25th, 2017

Faculty of Economics and Business Universitas Jember
Jember-East Java Indonesia

Published by: UPT Penerbitan Universitas Jember

The 3rd International Conference on Economics, Business, and Accounting Studies

“Social Cohesion, Public Policy Reformation, and Market Integration towards Inclusive Global Economy”

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Foreword



“Selamat Datang”

On behalf of Faculty of Economics and Business Universitas Jember, it is great pleasure to welcome you to Jember, Indonesia, for The 3rd International Conference on Economics, Business and Accounting Studies (ICEBAST) with the main theme “Social Cohesion, Public Policy Reformation, and Market Integration towards Inclusive Global Economy”, in November 24th-25th, 2017.

The 3rd ICEBAST has become a regular agenda every year and commemorating the 53rd anniversary of Universitas Jember as one of the national and international reputable universities in contributing academic thinking as our motto “tradition of excellence”. Faculty of

Economics and Business Universitas Jember through The 3RDICEBAST becomes an important part in developing economic dynamics by exploring in depth various issues, problems and policies in global economic challenge. Globalization provides a challenge for countries in the world to respond in changing global economy dynamics. This change not only happens to the goods and services mobility but also to the unlimited mobility of human beings that brings logical consequences in the constellation of a country’s economy. Therefore, many countries are transforming not only economic but also socio-cultural, security, and political system. The classic problems that still occur in the development process such as inequality, social cohesion, socio-economic impacts of population pressure, climate change, rapidly changing technology and other development issues that it gives importance of policy instruments and implementation synergies to achieve improved welfare. Therefore, in this event, together with policy makers, academicians, business managers, researchers, and students, we would like to discuss and explore in depth the ways in facing the future challenges, especially the ASEAN Economic Community (AEC).

Finally, I gratefully thanks to the committee for having made this conference successfully and for the work well done. To all sponsors, I would like to thank for your support in making this conference has become realized. Thank you for coming in this conference for all participants. I wish that you will enjoy this program and enjoy your time in Jember.

Best Wishes,

Dr. Muhammad Miqdad, S.E, M.M, Ak.CA
Dean of Faculty of Economics and Business University of Jember

Preface



By giving thanks to Allah SWT, the 3rd International Conference on Economics, Business, and Accounting Studies (ICEBAST) themed "Social Cohesion, Public Policy Reformation, and Market Integration towards Inclusive Global Economy" can be held on 24-25 November 2017. This conference is motivated by the phenomenon of macro-economic growth trend in various countries, including in emerging market countries, which is accompanied by various inequality in the micro-economic level, either related to inequality of development or social interaction. The conference aims to get ideas, policy formulations, and synergies towards the inclusive global economy, both in the scope of economics, business, and accounting.

The conference invited keynote speaker and speakers from government, policy makers, academics, and practitioners to discuss the theme of the seminar. Keynote speaker in this conference was Prof. Dr. Mardiasmo, MBA., Akt (Vice Minister of Finance of Republic of Indonesia), Ryan Rizaldy (Deputy Director of Payment System Policy & Oversight Department, Bank Indonesia). Invited speakers were Maude Marie O Bietlot, Ph.D (Researcher and Consultant at University of Ottawa, Canada), Dr. Samsul Widodo, MA. (Directorate General for Development of Rural Areas, Ministry of Village, Development of Disadvantaged Regions, and Transmigration of Republic of Indonesia), Teguh Dartanto, Ph.D (Head of Poverty and Social Protection, Institute for Economic and Social Research, Universitas Indonesia), Dr. Sugeng (Deputy Governor of Bank Indonesia), Himawan Kusprianto (Assistant Director of Payment System Policy & Oversight Department, Bank Indonesia), Yunus Mulia (Area Head of Bank Mandiri Jember), and Mohamad Ikhsan Modjo, Ph.D (Technical Advisor for Innovative Financing at United Nations Development Programs/UNDP, Jakarta). In addition, 145 papers from academics including students were presented in this conference. The conference was attended by speakers and presenters from Indonesia, Latin America, Philippines, and Thailand.

On this occasion, the committee conveys a thank to various parties, namely:

- a. Rector of University of Jember and Dean of the Faculty of Economics and Business, University of Jember for facilitating this conference;
- b. All the committee members, reviewers, and students that have organized this event well;
- c. All presenters who have contributed and shared ideas relevant to the theme and sub-themes of this conference; and
- d. All the participants and sponsors who have participated in this conference.

Finally, the committee hopes that conference can contribute significantly to the development of economics, business, and accounting studies. Suggestions and constructive criticism are desirable for the improvement of the next-series conference in the future.

Jember, November 24th, 2017

Hadi Paramu, S.E., MBA., Ph.D
Chairman of the Organizing Committee



About the Conference

Over the past three decades, globalization has significantly accelerated the dynamic of the global economy and even borderless countries. The dynamic global economy occurs not only in the flow of trade of goods and services but also in the investment, business, financial system, human capital and social mobility, as well as technology. These rapidly growing activities are providing new opportunities to engage in an inclusive global economy.

However, many developed countries are experiencing slow economic growth. It is reflected in their weak output and investment, which can decrease productivity, innovation, and competitiveness in the global market. While the economy is growing in emerging countries, they are also facing the inequality in development, social cohesion, demographic pressure, climate change, and technology. Consequently, this brings new challenges to improve the instrument of policy, to maximize the synergies to face globalization, and to achieve greater prosperity.

Hence, it is important and relevant to explore issues, problems, and policies in global economic challenges. The 3rd International Conference on Economics, Business, and Accounting Studies (ICEBAST) invites the policy makers, academicians, business managers, researchers, and students to discuss and to explore in depth the ways to achieve inclusive global economy. We invite papers with the theme of "Social Cohesion and Business Innovation towards Inclusive Global Economy". The papers may include the following sub-themes, though not limited to them.

Sub-themes of the conference:

1. Government and economic resiliency and accountability
2. Agriculture economics
3. Environmental and sustainable economic development
4. Industrial economics and social welfare
5. Infrastructure and tourism
6. Corruption and economic crime
7. Financial inclusion (financial institution, accounting, taxes)
8. Financial technology
9. Business strategy, innovation, and entrepreneurship
10. Macprudential and microprudential (financial system stability)
11. Human capital development
12. Business analytic and management accounting in digital world
13. International trade, investment, and economic integration
14. Islamic economics

The Committee

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Drs. Marmono Singgih, M.Si

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Hospitality

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Dr. Regina Niken W., S.E., M.Si

Committee Members

Dr. Sebastiana Viphindrartin, M.Kes

Dr. Handriyono, M.Si

Dr. Yosefa Sayekti, S.E., M.Com

The Speakers



Keynote Speaker:
Prof. Dr. Mardiasmo, MBA., Akt
Vice Minister of Finance of Republic of Indonesia

Invited Speakers:



Ryan Rizaldy
Deputy Director of Payment System Policy & Oversight Department,
Bank Indonesia

Drs. Samsul Widodo, MA.
Directorate General for Development of Rural Areas,
Ministry of Village, Development of Disadvantaged Regions, and Transmigration
of Republic of Indonesia



Teguh Dartanto, Ph.D
Head of Poverty and Social Protection,
Institute for Economic and Social Research, Universitas Indonesia



Maude Marie O Biettlot, Ph.D

Researcher and Consultant at University of Ottawa, Canada
Consultant for United Nations Development Programs (UNDP) on the implementation of an integrated policy



Himawan Kusprianto

Assistant Director of Payment System Policy & Oversight Department,
Bank Indonesia



Yunus Mulia

Area Head of Bank Mandiri Jember



Mohamad Ikhsan Modjo, Ph.D.

Technical Advisor for Innovative Financing at United Nations Development
Programs (UNDP), Jakarta

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Sandra Iriawan Error! Bookmark not defined.

Sharia Fraud Model: the Fraud in The Circle of Faith

Abd. Mujib Error! Bookmark not defined.

THE IMPACT OF CAPITAL EXPENDITURE, INVESTMENT, AND LABOR FORCE ON ECONOMIC GROWTH IN SOUTH KALIMANTAN

Muzdalifah* and Syahrituah Siregar

Faculty of Economics and Business, Universitas Lambung Mangkurat, Banjarmasin 70125 Indonesia

**Corresponding author. Tel.: +62811518848. E-mail address: muzdalifah.feb@unlam.ac.id.*

Abstract

This study aims to analyze the influence of capital expenditure, investment, and labor force on the economic growth of regencies / cities in South Kalimantan. Approach in this research use explanatory research method. The analysis technique used is panel data regression with Fixed Effect Model (FEM). The results show that only the variable of the labor force significantly affects economic growth with a meaningful negative relationship that if an increase in economic growth will cause the total labor force to decline. The highest Individual Intercept is in Banjarmasin City, Banjar District, Hulu Sungai Tengah, whereas. Intercept Individual is lowest in Barito Kuala, Tapin and Hulu Sungai Selatan regencies, meaning that if the variable of Capital Expenditure, Private Investment and Labor is considered Constant, the highest Economic Growth occurs in Banjarmasin City followed by Banjar and Hulu Sungai Tengah Regency, while Growth Lowest economy in Barito Kuala District, Tapin and Hulu Sungai Selatan

Keywords: Economic Growth, Capital Expenditure, Investment, Labor Force

INTRODUCTION

Decentralization according to Law Number 32 Year 2004 regarding Regional Government in article 1, paragraph 7, is the transfer of authority of government by the central government to autonomous regions to regulate and manage government affairs within the system of the Unitary State of the Republic of Indonesia. The authority granted to local governments is to exercise the broadest possible autonomy to regulate and administer its own governmental affairs on the basis of autonomy and assistance tasks, except for matters involving foreign affairs, defense, security, judiciary, monetary and fiscal affairs, and religion [1].

Economic growth narrowly can be interpreted with the increase of total production of a region. In addition, economic growth can be interpreted as an increase in income per capita and the increase of people's welfare. Economic growth will never be separated from the role of economic actors, namely the government that acts with public and fiscal policy instruments, private sector that play a role in the development of investment and the community itself that can serve as inputs of production factors and guarantee the creation of markets in the economy. The source of investment for development can come from government budget where in local government it is called as APBD as a public investment. In addition, the private sector in the economic development also contributed positively, namely by making an investment known as private investment.

South Kalimantan as one of the provinces in Indonesia faces a threat in terms of growth in recent years. This is reflected in the growth rate of Gross Regional Domestic Product (PDRB), when viewed from the pattern that keeps decreasing since 2015. In the national level, the trend is increasing while in South Kalimantan Province it shows a declining trend. Meanwhile, the allocation of funds in APBD districts/cities for capital expenditure has increased from year to year, as well as the Labor Force, as well as the development of Private Investment is relatively developed with uneven patterns between districts/cities and tend to fluctuate.

Keynes's analysis shows the importance of the role of aggregate spending on the amount of goods and services that the enterprise sector will produce in determining the level of economic activity. Keynes's analysis is more concerned with the demand aspect, which is analyzing the role of the demand of various groups of society in determining the economic activity to be achieved in an economy, the demand is the effective demand of demand accompanied by the ability to pay for goods and services requested [2]

Keynes divides aggregate demand for two types of expenditures: household consumption and capital investment by entrepreneurs; in its development aggregate expenditure can be differentiated to four components of household consumption, corporate investment, government spending, and exports. Government expenditure is an activity related to the function of the government to regulate economic activity but can also affect the level of aggregate spending in the economy, due to market imperfection, the school of neutrality until New Keynes believes that government policy is still needed to stabilize the economy [2]

Government spending has a theoretical basis that can be seen from the identity of the national income balance that is $Y = C + I + G + (X-M)$ which is a legitimate source of Keynesian view of the relevance of government intervention in the economy. From the above equation it can be observed that the increase or decrease in

government expenditure will increase or decrease the national income. Many considerations underlie the government's decision to regulate its spending. Government routine spending is used for unproductive expenditure and leads to consumption while capital expenditure is more investment-intensive. [2]

The relationship between economic growth and government spending in economic development theory is mentioned, that economic growth and government expenditure have a positive reciprocal relationship. Wagner mentions that in an economy if economic growth increases then government spending will also increase [3], where the analogy to Wagner's Law is that with increasing economic growth the need for public goods supply will also increase so that financing is required through government revenue ultimately government spending will also increase or can be interpreted high economic growth will also reflect the amount of government spending funds to finance the needs of government services. The Keynesian school supports that opinion, with increasing government spending will encourage an increase in demand for goods and services in an aggregate, thereby promoting economic growth.

In the theory of endogenous growth, government spending has a role in economic growth with the assumption that government expenditure implications are for productive activities such as infrastructure spending. Shopping that is productive and in direct contact with the public interest will be able to stimulate the economy. For example, infrastructure development will encourage investment, with economic investment expanding and creating new jobs that will absorb unemployment and reduce poverty. In the late 1960s, many developing countries began to realize that economic growth is not synonymous with economic development. High economic growth, at least beyond the developed countries in the early stages of development, can be achieved but accompanied with issues such as unemployment, poverty, lame income distribution, structural balance. This reinforces the belief that economic growth is a necessary but not sufficient condition for the development process [4].

Economic growth is a process of increasing per capita output in the long term. The definition includes three aspects, namely: process, output per capita and long term. Economic growth is a process, not an economic picture at a time. Reflect the dynamic aspect of an economy, ie see how an economy develops or changes over time. Economic growth is associated with an increase in per capita output. In this case it is related to the total output (GDP) and the population, because the output per capita is the total output divided by the total population. So the process of increasing per capita output must be analyzed by looking at what happens with total output on the one hand, and the population on the other. In other words, economic growth includes the growth of total GDP and population growth. The third aspect of the definition of economic growth is the perspective of the timeframe of an economy being said to be growing if it is long enough (10, 20 or 50 years, or even longer) to increase output per capita. Of course in that time there could be a decline in output per capita, due to crop failure, for example, but if in the long term the per capita output shows an ascending trend then we can say that economic growth occurs. [5]

Theories about the growing percentage of government spending on GNP. Wagner states in an economy if per-capita income increases, relative government spending will also increase. According to Wagner there are five things that cause government spending to always increase, namely: demands for increased security and defense protection, increase in income levels, urbanization that accompanies economic growth, demographic development, and bureaucratic inefficiencies that accompany government development [3].

Peacock and Wiseman's theory is based on a view that the government is always trying to enlarge its expenditure by relying on tax revenue, whereas people do not like to pay bigger taxes. [3] states the following: economic developments lead to increased taxation even though tax rates do not change, and increased tax revenues leads to increased government spending. Increased government spending from year to year describes the government's activities are increasing. By allocating funds appropriately, the efficiency of government spending can be increased so that national production is expected to increase.

Based on the background and some relevant theoretical reviews, the research problem is formulated as follows: How the influence of variables, private investment capital expenditure, and the amount of labor force to increase economic growth District/ City in South Kalimantan Province, What variable dominant influence economic growth Districts / City in the province of South Kalimantan, and how the individual intercept in each districts/city in South Kalimantan Province..

METHODS

In this research the researcher will analyze the factors influencing economic growth in South Kalimantan Province. The research uses approach explanatory research method that explains the influence of capital expenditure, private investment and labor force Districts/City in South Kalimantan Province to the growth of economist. The type of data used is secondary data in the form of panel data that is a combination of time series and cross-sections covering capital expenditures, private investment, and labor force, Gross Regional Domestic

Bruto to calculate economic growth, Districts/City in South Kalimantan province obtained from agencies and the official website of BPS Central and South Kalimantan Province, as well as financial bureau of South Kalimantan Provincial Secretariat

The Research Variables consist of Economic Growth (GRO) which is a percentage figure that describes the growth of gross regional domestic product of Kab / Kota in constant price year t year t-1, Total Private Investment (INV) is Total Private Investment (PMA and PMDN) in each District / City in South Kalimantan Province, Capital Expenditure (BM) is the capital expenditure incurred by the Realization of Districts/City APBD in South Kalimantan, Total labor Force (AK) is Number of population above 15 years old in respective districts / municipalities in the province of South Kalimantan.

The analytical method used in this research is regression analysis of panel data, panel data is data which is structured time unit as well as cross section, this data has advantage because robust to some type of violation of assumption Gauss Markov namely heterokedastisitas and normality [6] to know the magnitude of the effect of a variable changes to other variables. Data processing is done with Eviews version 8 program with the following equation:

$$PE = \alpha + \beta_1 BM_{it} + \beta_2 INV_{it} + \beta_3 AK_{it} + \varepsilon_{it} \dots\dots\dots (1)$$

Note:

Letter i is a districts/cities in South Kalimantan Province and the letter t is time period, independent variable which is independent variable consists of several variables, namely capital expenditure (BM), PMA and PMDN (INV), and labor force (AK) which started from 2005-2015 covering 13 districts/cities thus there are 143 observations for 11 years. Based on equation 1 can be explained as follows:.

- GRO = Economic Growth
- BM = Capital Expenditure
- INV = Total Investment
- AK = Amount of Labor Force
- ε_{it} = random error
- α = intercept which implies endowment of economic growth of each Districts/City
- β_i = parameter coefficient of economic growth model

FINDINGS AND ARGUMENT

The Effect of Capital Expenditure, Private Investment, and Labor For Economic Growth based on processed eviews 8, based on the best FEM Hausman test model, where based on this model it is known that R2 value of 0.423575 means that simultaneously economic growth can be explained by variables free consisting of Private Investment, Capital Expenditure and Labor Force of 42.35% while the remaining 57.65% influenced by other factors outside the model. The regression equation of panel data generated is as follows:

$$GRO = 8.00360896827 + 8.93446658214e-08*INV + 1.51949419071e-09*BM - 2.19657357049e-05*AK + [CX=F, PER=F]$$

(0,7539) (0,5829) (0,0514)

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if seen only partially variable Labor Force significantly affect the economic growth of the Regency / City in South Kalimantan Province with a negative relationship. This negative relationship means that if there is an increase in economic growth of 1% will reduce the number of force 0,0000220 person.

Against the old debate about the use of fiscal policy to stabilize the economy and encourage economic growth [7]. A key issue in the debate relates to the effectiveness of public spending to boost economic growth. The neo-classical view that in extreme positions denies the use of fiscal policy to regulate the economy even during the economic crisis, and those who emphasize the efficiency of fiscal policy to stabilize economic fluctuations and stimulate growth. There is consensus about the short-term impact of fiscal policy on the economy. Temporary fiscal policies may increase or decrease national income or counter macroeconomic disturbances that should affect national output. The Cobb-Douglas Solow model is added to public capital as a factor. Government spending is used as a proxy for public capital which is then broken down by the sector. It helps us to investigate the impact of each sector on economic growth. This decomposition in three expenditure streams: (i) spending on building human capital through public spending on education and health; (ii) expenditure on buildings; spending on public infrastructure on transportation and communications, social services and others; and (iii) administrative expenditures required for government functions. Regression results indicate that in short-term public

expenditures does not affect growth. However, Cointegration and VECM show that there is a long-term relationship between public spending and growth

MuritalaTaiwo and Taiwo Abayomi research, trying to empirically test the trend and the effect of government spending on real GDP growth rate in Nigeria last decade (1970-2008) using econometric model of Ordinary Least Square (OLS) technique. The findings indicate that there is a positive relationship between real GDP and capital spending. It can therefore be recommended that the Government should promote efficiency in the allocation of development resources through an emphasis on private sector participation and privatization \ commercialization [8].

Table 1 Effect of Private Investment, Capital Expenditure and Labor Force on Economic Growth Districts/City in South Kalimantan Province

Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	8.003609	1.631161	4.906694	0.0000
INV	8.93E-08	2.84E-07	0.314256	0.7539
BM	1.52E-09	2.76E-09	0.550778	0.5829
AK	-2.20E-05	1.12E-05	-1.968769	0.0514
R-squared	0.423575	Mean dependent var		5.233586
Adjusted R-squared	0.298265	S.D. dependent var		2.017254
S.E. of regression	1.689845	Akaike info criterion		4.052118
Sum squared resid	328.3914	Schwarz criterion		4.595861
Log likelihood	-259.6743	Hannan-Quinn criter.		4.273076
F-statistic	3.380223	Durbin-Watson stat		1.418973
Prob(F-statistic)	0.000005			

Source: Processed Eviews

As in the previous two studies, the majority of studies support the hypothesis that state expenditures, in particular the education and infrastructure sectors have a positive correlation with economic growth (Gray, Cherry, 2007). This research is generally conducted on OECD countries differing from developing countries because they have state institutions that are relatively more advanced in terms of technology, human resource capability, transparency and accountability (Simane, Trecery, 2007) in [9], so it is reasonable that in this study the results are different from research findings in other countries. Conditions in the districts / municipalities of South Kalimantan Province is one of them is because the role of capital expenditure in the Regency / City in South Kalimantan Province is relatively small compared to personnel spending as well as research in some other areas also have the same tendency because most of the portion of local spending is for employee expenditure so that it is less productive and does not give big multiplier effect to regional economic growth, besides private investment also with relatively same condition with relatively small amount in almost all Districts/City. data processing with Eviews can be seen in tables 1.

In panel data regression with Fixed Effects Model (FEM) will result in individual value added with intercept value, so that the intercept value of each Regency / City in this study will be different, the bigger the individual effect will the greater the intercept, in other words if assumed that the independent variable in the research is considered constant (there is no effect) then the higher the individual effect then the Individual Intercept is greater, Eviews processed products about Intercept, Individual effect, and Individual Intercept for District/City can be seen in table 2. The highest Individual Intercept is in Banjarmasin City, Districts Banjar, Hulu Sungai Tengah, while Individual Intercept is the lowest in Barito Kuala, Tapin and Hulu Sungai Selatan regencies. This indicates that if the variable of Capital Expenditure, Private Investment and Labor Force is considered Constant, the highest Economic Growth in Banjarmasin is followed by Banjar and Hulu Sungai Tengah Regency while Economic Growth is lowest in Barito Kuala, Tapin and Hulu Sungai Selatan Regencies.

The implications of research results for districts / municipalities in South Kalimantan Province are that economic growth leads to a decrease in the number of jobs, the local government should pay attention to whether the reduction in the number of labor force due to the increase of school-aged children as a result of the government's 9-year compulsory education program, and the occurrence of economic growth is followed by an increase in household opinion so that the school age becomes longer or reaches 12 years and even more. For districts with the lowest intercept means that it is very important to increase the influence of other variables outside the model in order to increase economic growth, such as creating conditions that support the growth of industries in the area with the provision of infrastructure and ease of licensing to establish business.,

Table 2 Intercept, Effect Individual and Individual Intercept Districts/City in South Kalimantan Province

No	Kabupaten/Kota	Intercept	Individual Effect	Intercept Individual
1	Kab. Tanah Laut	8.0036	0.338655	8.342255
2	Kab. Kota Baru	8.0036	0.246833	8.250433
3	Kab. Banjar	8.0036	2.57658	10.58018
4	Kab. Barito Kuala	8.0036	-3.2238	4.7798
5	Kab. Tapin	8.0036	-0.89523	7.10837
6	Kab. Hulu Sungai Selatan	8.0036	-0.71401	7.28959
7	Kab. Hulu Sungai Tengah	8.0036	0.628239	8.631839
8	Kab. Hulu Sungai Utara	8.0036	-0.38815	7.61545
9	Kab. Tabalong	8.0036	-0.09526	7.90834
10	Kab. Tanah Bumbu	8.0036	-0.48797	7.51563
11	Kab. Balangan	8.0036	-1.39445	6.60915
12	Kota Banjarmasin	8.0036	4.080864	12.084464
13	Kota Banjar Baru	8.0036	-0.50808	7.49552

Source: Processed Eviews

CONCLUSION

Based on the findings of this study, it can be concluded that the variables of capital expenditure, private investment and labor force together significantly influence the economic growth of the District/City in South Kalimantan Province, although the effect is relatively small as below 50%, partially the significant labor force variable influences the economic growth of the District/City in South Kalimantan Province, the highest Individual Intercept occurs in Banjarmasin, Banjar, Hulu Sungai Tengah, while the Individual Intercept is the lowest in Barito Kuala, Tapin and Hulu Sungai Selatan regencies. This indicates that if the variable of Capital Expenditure, Private Investment and Labor force is considered Constant, the highest Economic Growth occurs in Banjarmasin City followed by Banjar and Hulu Sungai Tengah District while Economic Growth is lowest in Barito Kuala, Tapin and Hulu Sungai Selatan Regency

The results of this study can explain the effect of variable capital expenditure, private investment, and the overall labor force on economic growth, indicating that the independent variables in the research can not stand alone but must synergize with each other, in order to achieve economic growth, and the attention of the policy makers and should synergize as well to mobilize all the variables as a whole meaning not only to find sources of funds both from within and outside the country to increase investment, but it is very important to maintain and improve infrastructure, improve and prepare the labor force through increased knowledge with formal and non-formal education, so that later can be absorbed by the labor market.

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The impact of capital

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THE IMPACT OF CAPITAL EXPENDITURE, INVESTMENT, AND LABOR FORCE ON ECONOMIC GROWTH IN SOUTH KALIMANTAN

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Abstract

This study aims to analyze the influence of capital expenditure, investment, and labor force on the economic growth of regencies / cities in South Kalimantan. Approach in this research use explanatory research method. The analysis technique used is panel data regression with Fixed Effect Model (FEM). The results show that only the variable of the labor force significantly affects economic growth with a meaningful negative relationship that if an increase in economic growth will cause the total labor force to decline. The highest Individual Intercept is in Banjarmasin City, Banjar District, Hulu Sungai Tengah, whereas. Intercept Individual is lowest in Barito Kuala, Tapin and Hulu Sungai Selatan regencies, meaning that if the variable of Capital Expenditure, Private Investment and Labor is considered Constant, the highest Economic Growth occurs in Banjarmasin City followed by Banjar and Hulu Sungai Tengah Regency, while Growth Lowest economy in Barito Kuala District, Tapin and Hulu Sungai Selatan

Keywords: Economic Growth, Capital Expenditure, Investment, Labor Force

INTRODUCTION

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Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	8.003609	1.631161	4.906694	0.0000
INV	8.93E-08	2.84E-07	0.314256	0.7539
BM	1.52E-09	2.76E-09	0.550778	0.5829
AK	-2.20E-05	1.12E-05	-1.968769	0.0514
R-squared	0.423575	Mean dependent var		5.233586
Adjusted R-squared	0.298265	S.D. dependent var		2.017254
S.E. of regression	1.689845	Akaike info criterion		4.052118
Sum squared resid	328.3914	Schwarz criterion		4.595861
Log likelihood	-259.6743	Hannan-Quinn criter.		4.273076
F-statistic	3.380223	Durbin-Watson stat		1.418973
Prob(F-statistic)	0.000005			

Source: Processed Eviews

As in the previous two studies, the majority of studies support the hypothesis that state expenditures, in particular the education and infrastructure sectors have a positive correlation with economic growth (Gray, Cherry, 2007). This research is generally conducted on OECD countries differing from developing countries because they have state institutions that are relatively more advanced in terms of technology, human resource capability, transparency and accountability (Simane, Trecery, 2007) in [9], so it is reasonable that in this study the results are different from research findings in other countries. Conditions in the districts / municipalities of South Kalimantan Province is one of them is because the role of capital expenditure in the Regency / City in South Kalimantan Province is relatively small compared to personnel spending as well as research in some other areas also have the same tendency because most of the portion of local spending is for employee expenditure so that it is less productive and does not give big multiplier effect to regional economic growth, besides private investment also with relatively same condition with relatively small amount in almost all Districts/City. data processing with Eviews can be seen in tables 1.

In panel data regression with Fixed Effects Model (FEM) will result in individual value added with intercept value, so that the intercept value of each Regency / City in this study will be different, the bigger the individual effect will the greater the intercept, in other words if assumed that the independent variable in the research is considered constant (there is no effect) then the higher the individual effect then the Individual Intercept is greater, Eviews processed products about Intercept, Individual effect, and Individual Intercept for District/City can be seen in table 2. The highest Individual Intercept is in Banjarmasin City, Districts Banjar, Hulu Sungai Tengah, while Individual Intercept is the lowest in Barito Kuala, Tapin and Hulu Sungai Selatan regencies. This indicates that if the variable of Capital Expenditure, Private Investment and Labor Force is considered Constant, the highest Economic Growth in Banjarmasin is followed by Banjar and Hulu Sungai Tengah Regency while Economic Growth is lowest in Barito Kuala, Tapin and Hulu Sungai Selatan Regencies.

The implications of research results for districts / municipalities in South Kalimantan Province are that economic growth leads to a decrease in the number of jobs, the local government should pay attention to whether the reduction in the number of labor force due to the increase of school-aged children as a result of the government's 9-year compulsory education program, and the occurrence of economic growth is followed by an increase in household opinion so that the school age becomes longer or reaches 12 years and even more. For districts with the lowest intercept means that it is very important to increase the influence of other variables outside the model in order to increase economic growth, such as creating conditions that support the growth of industries in the area with the provision of infrastructure and ease of licensing to establish business.,

Table 2 Intercept, Effect Individual and Individual Intercept Districts/City in South Kalimantan Province

No	Kabupaten/Kota	Intercept	Individual Effect	Intercept Individual
1	Kab. Tanah Laut	8.0036	0.338655	8.342255
2	Kab. Kota Baru	8.0036	0.246833	8.250433
3	Kab. Banjar	8.0036	2.57658	10.58018
4	Kab. Barito Kuala	8.0036	-3.2238	4.7798
5	Kab. Tapin	8.0036	-0.89523	7.10837
6	Kab. Hulu Sungai Selatan	8.0036	-0.71401	7.28959
7	Kab. Hulu Sungai Tengah	8.0036	0.628239	8.631839
8	Kab. Hulu Sungai Utara	8.0036	-0.38815	7.61545
9	Kab. Tabalong	8.0036	-0.09526	7.90834
10	Kab. Tanah Bumbu	8.0036	-0.48797	7.51563
11	Kab. Balangan	8.0036	-1.39445	6.60915
12	Kota Banjarmasin	8.0036	4.080864	12.084464
13	Kota Banjar Baru	8.0036	-0.50808	7.49552

Source: Processed Eviews

CONCLUSION

Based on the findings of this study, it can be concluded that the variables of capital expenditure, private investment and labor force together significantly influence the economic growth of the District/City in South Kalimantan Province, although the effect is relatively small as below 50%, partially the significant labor force variable influences the economic growth of the District/City in South Kalimantan Province, the highest Individual Intercept occurs in Banjarmasin, Banjar, Hulu Sungai Tengah, while the Individual Intercept is the lowest in Barito Kuala, Tapin and Hulu Sungai Selatan regencies. This indicates that if the variable of Capital Expenditure, Private Investment and Labor force is considered Constant, the highest Economic Growth occurs in Banjarmasin City followed by Banjar and Hulu Sungai Tengah District while Economic Growth is lowest in Barito Kuala, Tapin and Hulu Sungai Selatan Regency

The results of this study can explain the effect of variable capital expenditure, private investment, and the overall labor force on economic growth, indicating that the independent variables in the research can not stand alone but must synergize with each other, in order to achieve economic growth, and the attention of the policy makers and should synergize as well to mobilize all the variables as a whole meaning not only to find sources of funds both from within and outside the country to increase investment, but it is very important to maintain and improve infrastructure, improve and prepare the labor force through increased knowledge with formal and non-formal education, so that later can be absorbed by the labor market.

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