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ANALYSIS OF DOMESTIC
INVESTMENT AND THE LEVEL
OF COMMUNITY WELFARE
IN PAPUA PROVINCE

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Abstract. This research aimed to emphasize and know the effect of investment in the local on: 1) the Unemployment Rate; 2) Poverty Level; 3) Regional Income Level; 4. a) the influence of Domestic Investment directly on the Prosperity Level; b) the influence of poverty level; c) poverty, and d) the regional income on the Level of Community Welfare which located in the Papua Province. Analysis that used to reaches the aim is; Analysis of Inferential Path Statistics.

The result research shows that; 1) there is an inverse effect of the value of Domestic Investment on the Unemployment Rate; 2) There is a unidirectional influence from Domestic Investment on the Poverty Level; 3) There is a unidirectional influence from Domestic Investment on the High Regional Income; 4) The Influence of Variables on Welfare as follows: a) there is no significant influence of Domestic Investment directly on the Community Prosperity; b) There is an inverse effect from the Unemployment Level on the Level of Community Welfare; c) There is an inverse effect from the Poverty Level on the Level of Community Welfare; d) There is a unidirectional from the Regional Income Level on the Level of Community Welfare is inversely proportional.

Keywords: Level of Community Welfare, Domestic Investment, Community Welfare, Regional Income Level.

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АНАЛІЗ ВНУТРІШНІХ ІНВЕСТИЦІЙ
ТА РІВНЯ ДОБРОБУТУ ГРОМАД
У ПРОВІНЦІІ ПАПУА

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Анотація. Метою цього дослідження є підкреслення та вимірювання впливу інвестицій на місцевому рівні на: 1) рівень безробіття, 2) рівень бідності; 3) рівень регіонального доходу; 4. а) вплив внутрішніх інвестицій безпосередньо на рівень добробуту; б) вплив рівня бідності; в) бідності та; г) регіонального доходу на рівень добробуту громади, який знаходиться в провінції Папуа. У роботі використовуються методи інференційної статистики.

Результати досліджень показують, що: 1) спостерігається зворотний вплив величини внутрішніх інвестицій на рівень безробіття; 2) існує односпрямований вплив внутрішніх інвестицій на рівень бідності; 3) існує односпрямований вплив внутрішніх інвестицій на високий регіональний дохід; 4) вплив змінних на добробут: а) немає суттєвого впливу внутрішніх інвестицій безпосередньо на процвітання громади; б) існує зворотний ефект від рівня безробіття на рівні добробуту громади; в) існує зворотний ефект від рівня бідності на рівень добробуту громади; г) існує обернено пропорційний односпрямований вплив рівня регіонального доходу на рівень добробуту громади.

Ключові слова: рівень добробуту громад, внутрішні інвестиції, добробут суспільства, регіональний рівень доходу.

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АНАЛИЗ ВНУТРЕННИХ ИНВЕСТИЦИЙ И УРОВНЯ БЛАГОСОСТОЯНИЯ ОБЩЕСТВА В ПРОВИНЦИИ ПАПУА

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Аннотация. Целью настоящего исследования является подчеркивание и измерение влияния инвестиций на местном уровне на: 1) уровень безработицы; 2) уровень бедности; 3) уровень регионального дохода; 4. а) влияние внутренних инвестиций непосредственно на уровень благосостояния; б) влияние уровня бедности; в) бедности; г) регионального дохода на уровень благосостояния общества, находящегося в провинции Папуа. В работе используются методы инференционной статистики.

Результаты исследований показывают, что: 1) наблюдается обратное влияние величины внутренних инвестиций на уровень безработицы; 2) существует однонаправленное влияние внутренних инвестиций на уровень бедности; 3) существует однонаправленное влияние внутренних инвестиций на высокий региональный доход; 4) влияние переменных на благосостояние: а) нет существенного влияния внутренних инвестиций непосредственно на процветание общества; б) существует обратный эффект от уровня безработицы на уровне благосостояния общества; в) существует обратный эффект от уровня бедности на уровень благосостояния общества; г) существует обратно пропорционален однонаправленное влияние уровня регионального дохода на уровень благосостояния общества.

Ключевые слова: уровень благосостояния общества, внутренние инвестиции, благосостояние общества, региональный уровень дохода.

Problem statement. From looking at investment in Papua province that is not very encouraging because it often fluctuates, which generally has only a slight increase and sometimes in a stagnant position. While, theoretically, high investment will create job opportu-

nities, the improvement of economic growth, increase per capita, reduce unemployment and poverty, and can push the encourage increasing regional income which in turn will improve welfare (Eriyanto, 2001; Hasriani, 2017; Ridwan, 2018). But, in the fact unemploy-

ment and poverty which in the Papua province is never decreased. Data from the (Badan Pusat Statistik, 2018) shows that; the number of poor people in the province of Papua on March 2018 as much as 289,230 inhabitants (25,05%). Likewise, in theory, there are quite a lot of economic problems that can be resolved or fixed with a high investment such as; creating the employment opportunity, improvement of economic growth, increase per capita (Eriyanto, 2001; Hasriani, 2017; Ridwan, 2018).

From the results of the researcher's observations that; it is many researcher which emphasize related the employment opportunity, economic growth and per capita which related with the investment, but not many seeing related to decreases the unemployment, decreases poor and increase local income related with investment, while this is become the serious problem in the province of Papua.

The purpose of this study based on the background which explained above as follows: a. to emphasize and know the effect of domestic investment on the unemployment rate, poverty level and local income level in Papua province. b. To emphasize and know the effect of domestic investment, the poverty level and local income on the community prosperity level which in the Province of Papua.

Review of the last research and publications. Growth Theory. In the dictionary of Indonesia, the understanding of growth is a change from a situation, condition, or situations that are less good, less/high, getting better, or more/higher. To expertise the growth theory, so it is used the Endogen growth

theory from Solow as the grand theory in this study.

By (Dernburg, 2010), said that; Robert Solow develop the theory related with the growth which is endogen in the last of 1980 and early 1990, theory in the Endogen growth which centered to the accumulated capital and related with the savings rate. This analysis started with supposes that; in the growth process there is no technological process. Thus, so the economic will reaches the long term level from output and capital which called as balance point.

Through the theory above, so it is clearly that; capital is a main factor in the economic growth process to reaches the community welfare and that is what is commonly called investment.

Investment Theory. The general understanding from investment is; as purchasing (which also means production), both on the against physical assets, such as; build the railroads, industry, various kinds of businesses, the opening the land and so on, or financial assets (financial) such as purchasing securities or other financial forms or paper assets. The example, someone is purchasing stock or obligations.

In (Suparmoko, 2012), said that Investment is all forms of wealth that can be used directly or indirectly in the production process to increase output. Especially, it can be said that the investment consists of goods that are made for production use in future societies.

According to *Simarmata (2004)* in (Halim, 2001), that; if the investment can be seen from who is implemented, so the investment can be divided into two categories, which is;

a. Domestic investment which is; investment who implemented by residents in the country itself.

b. Foreign investment which is; investment which implemented or invested by residents from abroad.

Then, according to (Fisher, 2018), that; investment can be divided into three parts or component which is;

a. Fixed investment for the business world which is the expenditures intended for the construction of new factories or buildings, the purchase of new production equipment and machinery.

b. Residential investment, which is mostly in the form of housing investment.

c. Inventory investment, namely; Expenditures are intended to increase inventory stock.

According to Sinarmata, nor Fisher, both are stated that; all investment used to obtain the profit of the economic growth; it is individual or institutional, which ultimately leads to an increase in people's welfare.

Unemployment Theory. According to (Lamba, Novan, Lamba, & Patma, 2020; Mustafa, 2018), that; unemployment is a people who including in the workforce (15 into 64 years) which seeking for job and not yet obtained. Next, it is said unemployment causes because the total of workforce or job seekers are not proportional to the number of existing jobs and able to absorb them. The indicator commonly used to measure unemployment is the Open Unemployment Rate (TPT).

There are several types of unemployment according to (Todaro & Smith, 2004), which is:

a. Open Unemployment is a workforce that really does not have a job. For

example someone who has just finished his studies, and wants to work but has not yet has gotten it.

b. Underemployed is a workforce who does not work optimally, or workers who work less than 35 hours a week, for example farmers who are unemployed when the harvest ends.

c. Hidden unemployment is a workforce who does not work optimally because they do not get a job that is in accordance with their talents and abilities, so they are unable to provide optimal productivity. Like a forestry scholar who was forced to work in the fisheries sector.

Unemployment that occurs continuously in a country will cause the decreases of level of prosperity and welfare of the country. It will causes bad psychological effect on the unemployment and their family, which in the end will causes political, security and social turmoil so as to disrupt economic growth and community welfare.

According to (Todaro & Smith, 2004), that; it found several factors which can affect to the unemployment rate, as it explained below:

a. Employment (Employment Opportunity). The more jobs available, the less unemployed work force will be.

b. Wage rate; where the level of wages has a very big influence on labor conditions, because not a few of the workforce does not want to work causes the mismatch of the existing wage levels.

c. Technology with the use of appropriate technology in large numbers, it will be able to reduce the demand for labor so that it will create or increase the number of unemployed.

d. Capital facilities; capital facilities influencing the demand for labor through two sides. The substitutive influence, where adding the capital will reduce the demand for labor. The Complementary effects, where the increase in capital will require more labor to manage the available capital. Therefore, if you want to reduce unemployment, a large amount of investment is needed.

e. Economic Structure; changes in the economic structure cause a decrease in demand for labor, which in turn will increase unemployment.

Theory Related Regional Income. According to Article 6 Constitutions Number 32 of 2004 locally-generated revenue comes from:

- a. Result of local taxes.
- b. Result of regional retributions.
- c. Result of regional owned companies and the results of separated regional wealth management
- d. Revenue from government agencies and/or other legal regional income.

According to (Suparmoko, 2012), that; Article 6 Constitutions of 2004 related to the regional own revenues can be explained as below: the Regional Taxes is the can be forced to Local taxes are contributions that can be imposed on taxpayers by the government with remuneration that cannot be appointed directly. In essence, taxes have two main functions, namely as a source of state revenue and as a tool to regulate.

According to (Mardiasmo, 2000), defined that the regional taxes as a taxes which local taxes based on the taxes regulation which stipulated by the region for the interest of the area's household financing. According to Constitutions Number 34 of 2000 regional taxes next

is called as taxes; Compulsory contributions made by individuals or regional heads without equal direct compensation, which can be enforced based on the prevailing laws and regulations, which are used to finance regional government administration and regional development.

It is found many limitations related to taxes which sated by expert, but basically the content is almost same which is; Tax is the payment of contributions by the people to the government which can be enforced without compensation for services that can be directly appointed (Lamba et al., 2020; Suparmoko, 2012).

Poverty Theory. Poverty is one of the important sizes to assess and know the level of welfare of a region. Such as argued by (Suryahadi & Sumarto, 2011), that; poverty level of an area commonly used to measure the welfare level of a region. This is causes until the poverty become one of the main theme has become one of the main themes of development. The successes and failures of development to achieve people's welfare are often measured by changes in poverty levels.

While (DARWANTO & YUSTI-KASARI, 2007), argued that; from economic aspect, poverty is the gap between weak purchasing power (positive) and the desire to meet basic needs (normative). From the social aspect, poverty indicates the potential of low potential for community development. While from the political aspects, poverty is related with the low community independence.

Definitions of poverty according to (Bappenas, 2004), point that; the condition where someone or group of

people is unable to fulfill the basic right to maintain and develop a dignified life. Where the basic right to maintain and develop life, which can be seen from:

1. Fulfillment of food needs.
2. Availability of health, education, work, housing, water, defense, natural resource and environment.
3. Ensuring a sense of security from treatment or threats of violence.
4. Availability of chance to participate in the political social life.

Society Welfare Theory. According to (Todaro & Smith, 2004), that Community welfare can also be interpreted as the level of aggregate satisfaction in a society. Thus, the welfare level can be formulated with the equation as below:

$$W = W(Y, I, P) \quad (1)$$

where Y – is the assets income and related to positive with prosperity;

I – is Inequality that is negatively related W and P is absolute poverty.

The third component has the different significance and needs to determine the third elements to get a comprehensive assessment of the welfare in the country.

While the meaning of social prosperity according to (Whitaker & Fede-

rico, 2007) is a system of a country related to the benefit and service to help society in order to obtain social, economic, and educational and health needs which are important for the survival of the community. The lack of someone ability means unable to reaches the certain function so, it becomes less prosperous. United Nations development program (UNDP) starts from 1990 has arranged an indicator of human prosperity which can be shows the development of human based on the average life expectancy, average length of schooling, literacy rate, and overall well-being.

From several opinion above, so in this study in general welfare can be interpreted; as part of someone ability level in fulfilling the primary need (basic needs) in the form of clothing, food, shelter, education and health. As the accessibility level of someone in production factors owners, which is can be use in a production process and compensation from the use of production factors. The higher a person is able to increase the use of the production factors that he controls, the higher the level of welfare he achieves. Likewise, on the other hand, people become poor because they do not have broad access to the production factors even though the production factor is itself.

Figure 1. Conceptual framework

Source: Researcher Concepts, 2019

Research Method

1. Population and sample. Population in this research is there are 27 regency level II governments in Papua province. Sample in this research is the same with population, which is often called as saturated sample. Each district will be interviewed by 4 people who are considered to know exactly the condition and development of the economy, 2 (two) from the economy office, and 2 (two) community leaders.

2. Type and Sources of Research Data

a. Secondary data. Secondary data that used is arranged in the form of panel and the combination between cross section data from 27 region which in the Papua, with the time series data is in the form of 2015 and 2018. Data that used sourced from; Central Bureau of Statistics (BPS), Regional Revenue Service (DISPENDA), Investment Coordinating Board (BKPM), and Regional Planning Agency Bappeda).

b. Primary data. Except from the secondary data, so the primary data also needs with interview as much as 108

peoples, it taken as much as 4 peoples of each district. Primary data which needed not to be included in statistical analysis but will be used in descriptive analysis, to strengthen existing statistical analysis data.

3. Data analysis Method. Data analysis method that used in this research is analysis path which often called as inferential statistical analysis.

Analysis Path Related the Effect between Variables

Equation Analysis of the Effect of Domestic Investment (X) On the Unemployment Rate (Y₁)

Before this analysis implemented, it found that several assumption must fulfills as the basic of the analysis path which is: 1) normality assumption; 2) homogeneity assumption; 3) linearity assumption.

Because the third has been test and already fulfills; so thus this analysis can continue to the Estimation of Path Equation which illustrates the effect of Domestic investment (X) through unemployment rate (Y₁), such as in the table below:

Table 1

*Result of Path Equation of Domestic Investment Influence (X)
on Unemployment Rate (Y₁)*

Independent Variable	Beta	T _{count}	Sig t
Domestic Investment (X)	-0,301	-2,348	0,023
$R^2 = -0,238$ $t_{table} = 2,008$ Dependent Variable = Unemployment Rate (Y ₁)			

Source: Own Study, 2019

Through table above, can be known that; R^2 value as much -0,238 or 23,8%, which means that; the magnitude of the Unemployment Rate (Y_1) can be influenced as 23,8% by Domestic Investment (X), while the rest as much as 76,2% influenced by the other factors which incomplete. Based on the analysis above so obtained an equation as follows:

$$ZY_1 = -0,301 ZX + e_1. \quad (2)$$

Furthermore, the magnitude of the path coefficient is obtained from the beta coefficient of the Path results of Domestic Investment (X) and Unemployment (Y_1) of -0,301, with t_{count} value as much as -2,348 and Sig t as much as 0,023. Because $t_{count} > t_{table}$ (2,348 > 2,008) and Sig t < 0,05 (0,023 < 0,05), it

can be concluded that; there is an effect of Domestic Investment on Unemployment. The coefficient is negative (-0,301) means that; There is an inversely proportional relationship. This means that the higher the value of Domestic Investment will affect the lower the Unemployment Rate. Thus it can be said that: The higher the value of domestic investment, the lower the Unemployment Rate.

The Effects of Domestic Investments (X) through Poverty Level (Y_2).

Therefore, because the third assumption has been tested and fulfills, so continue to the prediction path, such as in the table below:

Table 2

Result of Path Influence of Domestic Investment (X) on Poverty Level (Y_2)

Independent Variable	Beta	T_{count}	Sig t
Domestic Investment (X)	-0,307	-2,409	0,020
$R^2 = 0,246$ $t_{table} = 2,008$ Dependent Variable = Poverty Rate (Y_2)			

Source: Own Study, 2019

From the R^2 value obtained as much as 0,246 or 24,6% means that; the existence of Poverty Level (Y_2) which will be influenced as much as 24,6% by the existence of Domestic Investment Level (X), meanwhile the rest is 75,4% influenced by the other factor which not analyzed in this research. Based on the analysis above so it obtained the formula of equation as follows:

$$QY_1 = -0,307 QX + e_1. \quad (3)$$

Then, the magnitude of the path coefficient which obtain from Path result beta coefficient between Domestic Investment Variable (X) and the Poverty Level Variable (Y_2) of -0,307 with the t_{count} value as much as -2,409 and Sig t is 0,020/ because, $t_{count} > t_{table}$ (2,409 > 2,008) and Sig t < 0,05 (0,020 < 0,05), so it can be concluded that; it found that the effect of Domestic Investment of the Poverty Level. The coefficient is negative (-0,307) contains that it found the inversely proportional relationship between variable X and

variable Y_2 . Which means that the higher Domestic Investment in Papua Province, so it influencing the decreased Poverty Level. Thus, it can be said that; the higher Domestic Investment value will causing the decrease of poverty level.

The Effect of Domestic Investment (X) On the Regional Income (Y_3)

Therefore, the third assumption has tested and fulfills, so it continue to the prediction path, such as in the table below:

Table 3

Result of Path Influence of Domestic Investment (X) on Regional Income (Y_3)

Independent Variable	Beta	T_{count}	Sig t
Domestic Investment (X)	0,301	2,348	0,023
$R^2 = 0,239$ $t_{table} = 2,008$ Dependent Variable = Regional Income (Y_3)			

Source: Own Study, 2019

From the table above it known that R^2 value is 0,239 or 23,9% which means that the regional income level influenced as much as 23,9% by the domestic investment, meanwhile the rest 76,1% influenced by the other factors which not analyzed in this research. With the equation as follows:

$$QY_3 = 0,301 QX + e_1 \quad (4)$$

Then, the coefficient path obtained from Path result beta coefficient between Domestic Investment variable (X) and Regional Income variable (Y_3) as much as 0,301, with the t_{count} value of 2,348 and Sig t of 0,023. Because, $t_{count} > t_{table}$ ($2,348 > 2,008$) and Sig t $< 0,05$ ($0,023 < 0,05$), so it can be concluded that; it found the effect

Domestic Investment variable on the regional income variable, and because of the positive coefficient path (0,301), so this is indicates that the relation is direct relation. Thus, it means that; the higher domestic value so it will influence the increase regional income or it can be said that; the higher domestic investment value will causes the higher regional income.

Path Analysis of the Equation of the Effect of Domestic Investment (X), Unemployment (Y_1), Poverty (Y_2) and Regional Income (Y_3) on Welfare (Z)

Because the third assumption above has been analyzed and fulfills, thus it can be continue for the path prediction such as in the table below that the path count result.

Table 4

Result of Path Influence of Domestic Investment (X), Unemployment (Y₁), Poverty (Y₂) and Regional Income (Y₃) on the Prosperity (Y₄)

Independent Variable	Beta	T _{count}	Sig t
Domestic Investment (X)	0,001	0,006	0,995
Unemployment Rate (Y ₁)	-0,338	-2,817	0,007
Poverty Level (Y ₂)	-0,320	-2,661	0,011
Regional Income (Y ₃)	0,333	2,787	0,008
R ² = 0,483 t _{table} = 2,011 Dependent Variable = Community Prosperity (Z)			

Source: Own Study, 2019

From the R² value as much 0,483 or 48,3% means that; Level of Community Welfare which influenced by the Domestic Investment, Unemployment Rate, the Poverty Level, and the regional income as much as 48,3% while the rest as much as 51,7% influenced by the other variables which not analyzed in this research. Thus, it obtained creates the equation as follows:

$$QZ = 0,001 QX_1 + 0,009 QX - 0,338 QY_1 - 0,320 QY_2 + 0,333 QY_3 + e_1 \quad (4)$$

Then the coefficient path obtained from Path result beta coefficient between the Domestic Investment (X) and the Community Welfare (Z) as much as 0,001, with t_{count} value is 0,006 and Sig t of 0,995. Because, t_{count} < t_{table} (0,006 < 2,011) and Sig t > 0,05 (0,995 > 0,05) so it can be concluded that; there is no effect of the Domestic Investment on the Community Welfare. it means that the low Domestic Investment, there is no direct influenced on the lower Community Welfare. Thus, it can be said that; therefore the Domestic Investment value is high, directly not causes the higher Community Welfare level.

The high of coefficient path which obtained from the Path result beta coefficient, between the Unemployment Rate and the Community Welfare level as much as -0,338, with the t_{count} value of -2,817 and Sig t of 0,007. Because t_{count} > t_{table} (2,817 > 2,011) and Sig t < 0,05 (0,007 < 0,05), so this can be concluded that; there is no effect of Unemployment Rate on the Community Welfare level, but negative coefficient path (-0,338), so this indicates that; there is an inversely proportional relationship between Unemployment Rate with Community Welfare level, so it causes the lower Community Welfare level in the Papua Province.

The coefficient path obtained from Path result beta coefficient, between Poverty Level and Community Welfare level as much as -0,320, with t_{count} value of -2,661 and Sig t of 0,011 because t_{count} > t_{table} (2,61 > 2,11) and Sig t < 0,5 (0,1 < 0,5), thus it can be concluded that; because the negative coefficient path, so this can indicates that; there is the effect of the poverty level on the Community Welfare level is inversely proportional. It means that the

higher poverty level, so it will decrease the Community Welfare level.

Coefficient path obtained from Path result beta coefficient, between the regional income level and the community prosperity level (Z) as 0,333, with t_{count} value is 2,787 and Sig t is 0,008. Moreover, $t_{\text{count}} > t_{\text{table}}$ ($2,787 > 2,011$) and Sig t $< 0,05$ ($0,008 < 0,05$), so it can be concluded that; there is the effect of the Regional Income Level on the Community Welfare level and because the positive coefficient path, so

it can be indicated that is the unidirectional relationship. It means that; the higher Regional Income Level, so it will cause the increase the Community Welfare level in the Papua Province.

Whole Path Analysis. The path analysis result relationship between the entire variables or the Domestic Investment variable (X), the Unemployment Rate (Y_1), the poverty level (Y_2), and the regional income level (Y_3) on the Community Welfare level (Z), it can be seen through the figure above:

Figure 2. The path analysis result relationship

Source: Own Study, 2019

Note: The red line represents an insignificant relationship, and black represents a significant relationship.

To know the suitability of the model presented from the results of the Total Determination Coefficient test

$$R^2_{\text{total}} = 1 - (1 - R^2_1) (1 - R^2_2) (1 - R^2_3) (1 - R^2_4)$$

Based on the path analysis to the fourth equation before obtained the result that:

1. In the first equation, the R^2_1 value is 0,238 or 23,8%, which can be interpreted as; the state of the Unemployment Rate can be affected by 23,8% by the condition of the Domestic Investment Level, while the remaining 76,2%

(R^2_{total}), so obtained the analysis with the equation as follows:

is influenced by other factors, which are not analyzed in this study.

2. In the second equation obtained the R^2_2 as much as 0,246 or 24,6%, means that; the poverty condition can be influenced of 24,6% by the Domestic Investment level, while the rest is 75,4% influenced by the other factors which are not analyzed in this study.

3. In the third equation obtained that R^2_3 as much as 0,239 or 23,9% which means that; the condition of Regional Income Level can influenced of 23,9% by the Domestic Investment level, while the rest is 76,1% influenced by the other factors which are not analyzed in this research.

4. In the fourth equation obtained the R^2_4 as much as 0,483 or 48,3% which means that; the Community Wel-

fare level can be influenced simultaneously of 48,3% by the Domestic Investment condition, the Unemployment Rate, the Poverty Level and the Regional Income Level while the rest is 51,7% influenced by the other factors which are not analyzed in this research.

From the analysis result above, obtained the total determination coefficient equation as follows:

$$R^2_{\text{total}} = 1 - (1 - 0,238) (1 - 0,246) (1 - 0,239) (1 - 0,483) = 0,774 = 77,4\%$$

The relationship of causal between variable in the path diagram obtained the total determination coefficient as much as 0,774 or 77,4%. So, the information which included in the data is 77,4% can be explained by the path model. Referred to the Hair and Ringle guide (2011), so the model which obtained has been exceeding 75% which include in the good model category. Thus, the path analysis result has been in accordance (fulfilling *goodness of fit*).

This analysis result shows that; Domestic Investment significant influenced on the Unemployment Rate, Poverty Level or regional income, but it is

not significant influenced on the Community Welfare.

In the other side, the Unemployment Rate, Poverty Level, or the Regional Income Level also influencing significant on the Community Welfare Level.

The path analysis, except as the direct test such as explained before, in this path is also known that there is no indirect effect.

The indirect effect is the result of multiplying the two indirect effects. The indirect effect stated significant if both the direct effect which created significant. Thus, the indirect effect served as below:

Table 5

Indirect Effect of Analysis Path

Indirect Effect	Direct Effect Coefficient		Indirect Effect Coefficient	Information
$X \rightarrow Y_1 \rightarrow Z$	$X \rightarrow Y_1 = -0,301^*$	$Y_1 \rightarrow Z = -0,338^*$	0,102	Significant
$X \rightarrow Y_2 \rightarrow Z$	$X \rightarrow Y_2 = -0,307^*$	$Y_2 \rightarrow Z = -0,320^*$	0,098	Significant
$X \rightarrow Y_3 \rightarrow Z$	$X \rightarrow Y_3 = 0,301^*$	$Y_3 \rightarrow Z = 0,333^*$	0,100	Significant

Source: Primary Data Processed, 2019

Note: sign * indicates significant at a 5% error rate

Based on the table above, so the indirect test result simultaneously significant which can be explained below:

1. Because the indirect influenced between Domestic Investment Level on the Community Prosperity Level through the Unemployment Rate, obtained the indirect coefficient as much as 0,102 or the direct influence (X to Y_1 and Y_1 to Z) the result is both significant with negative sign, so it can be concluded that; there is indirect significant influenced between Domestic Investment on the Community Prosperity Level through the Unemployment Rate. Means that; the higher value of Domestic Investment Level which in the Papua province, so it will causes the increases Community Welfare, if the Unemployment Rate also decreases.

2. Because from the indirect influence between the Domestic Investment on the community Prosperity Rate through the Poverty Level obtained indirect influenced of 0,098 or the direct influence (X to Y_2 and Y_2 to Y_4) both the result is significant with negative signs, so it can be concluded that; there is indirect significant influence between the Domestic Investment Level on the Community Welfare Level through Poverty Level. Means that; the high Domestic Investment Level which in the Papua province, so it will causes the higher Community Prosperity, if the Poverty Level also decreases.

3. Because from the indirect influence between Domestic Investment Level on the Community Welfare Level through the Regional Income Level obtained indirect coefficient as much as 0,100 or direct influence (X to Y_3 and Y_3 to Z) the result of both is significant with positive signs, so it can be

concluded that; there is indirect significant influence between the Regional Income Level. Means that; the higher Domestic Investment in the Papua Province, so it will causes the higher Community Welfare if the Regional Income also increases.

Conclusion and suggestion

Conclusion

1. The higher Domestic Investment will influence the lower Unemployment Rate. Thus, it can be said that; the higher Domestic Investment Value, so it will causes the lower unemployment level in the Papua Province.

2. The higher domestic value in the Papua province, so it will influence the Lower Poverty Level, thus it can be said that; the higher Domestic Investment value, so it causes the lower Poverty Level in the Papua Province.

3. The higher Domestic Investment Level, so it influencing the higher Regional Income. Thus, it can be said that; the higher Domestic Investment Value, so it will causes the higher Regional Income in the Papua province.

4. The influence of direct variables on the prosperity

a. There is effect of Domestic Investment on the Community Welfare Variable. Means; although the Domestic Investment Value is high/improvement, then it will not directly result in a higher level of Community Welfare in the province of Papua.

b. There is the effect of the Unemployment Rate variable on the variable of Community Welfare Level, because the coefficient path is negative. Means; the lower Unemployment Rate,

so it will cause the higher Community Welfare in the Papua province.

c. There is the effect of Poverty Level variable on the Community Welfare Level because the coefficient path is negative. Means; the Lower Poverty Level, so it will cause the higher Community Welfare in the Papua province.

d. There is an effect of the regional income level variable on the Community Welfare Level, and it is because the coefficient path is positive, so it can indicate that the relationship between the Local Income Level variable and the Community Welfare Level variable is a unidirectional relationship. The meaning is; the higher the level of regional income, the higher the welfare of the people in Papua province.

5. The effect of the domestic investment on the community prosperity

a. The higher the value of the Domestic Investment Level in Papua province, the higher the Welfare of the Community, if the Unemployment Rate also decreases.

b. The higher the value of Domestic Investment in Papua province, the higher the Welfare of the Community, if the Poverty Level also decreases.

c. The higher the value of Domestic Investment in Papua province, the higher the Welfare of the Community if Regional Income also increases.

Suggestion. It suggests if want to increase the community prosperity level in the Papua province, so it needs to gives the chance for domestic investor, provide convenience to them, because with improving the investment in the Papua province will gives the benefit to:

a. Opening up opportunities to open new businesses, of course it will needs the new employee, it cause the demand of employee will increases, so this can be reducing the unemployment level which in the Papua province.

b. With opening up the new business, so it will opening the opportunity to make an effort, so it will open the opportunity to society to finding the income or added their opinion. Thus, so the poverty level in the Papua province will be reduced.

c. With the opening of new business, so this will opening the chance for government of Papua province to improve the opinion to sector of taxes and distribution, so entire regional income can be increases.

And after unemployment can reduce, the poverty can reduces, and the regional income can be improves, so then by itself the value of the welfare level of the people in the province of Papua will be increased.

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