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The influence of macroeconomics, banking performance, investment and international trade on public welfare with economic growth variables as intervening variables in G-20 countries

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Abstract: Social welfare can be interpreted as a condition that shows a state of community life that can be seen from the standard of living of the community while what is meant by social welfare is a state of fulfillment of basic needs that can be seen from a decent house, the fulfillment of clothing and food, education, and health, or it can also be said that social welfare is a state in which a person is able to maximize his utility at a certain budget limit level and a condition in which physical and spiritual needs are met. The G-20 was formed because the international community was disappointed with the failure of the Group of Seven (G7) to find solutions to the global economic problems faced at that time . The need to improve banking performance, as well as increase capital with an adequate level of capital because it has a positive effect on Economic Growth but does not significantly have a positive effect on Social Welfare. And foreign direct investment (FDI) needs to be encouraged by G-20 countries to increase FDI so that it can provide new resources and technology, encourage economic growth because it has a positive effect, Investment does not significantly have a positive effect on improving social welfare. The international trade variable, measured by goods exports (X_4) and economic growth, measured by GDP growth (Y1) have a significant influence on GDP per capita growth (Y2) as an indicator of Public Welfare in G20 countries. This shows that increasing exports of goods can drive economic growth and public welfare in G20 countries. Through a deeper understanding of the factors that influence public welfare in G20 countries, more effective economic policies can be designed and implemented.

Keywords: *G-20 Countries, GDP per capita, International trade.*

1. Introduction

Economy global weaken in middle emergence risks negative. Three factor main Which burdensome prospects growth global: (i) high and widespread inflation requires tightening of monetary policy in many large countries; (ii) momentum growth in *China* still weak in middle lockdown consequence pandemic And worsening crisis market property; And (iii) invasion *Russia* to *Ukraine* And sanctions- sanctions Which related has contribute to continuation disturbance supply, increasing vulnerability food, And concern will energy especially in Europe amidst a sharp reduction in *Russian gas supplies. At the same time, increasing* pressure fragmentation global possibility big will destroy part benefit from improvement globalization during a number of decade. Plus Again with gathering risks negative.

A worsening energy crisis in Europe would hurt growth and raise inflation. Prolonged high inflation may require a larger-than-expected interest rate hike, further tightening of financial conditions global, And improvement risk crisis debt country for countries Which prone to. Incident weather bad Which the more critical will Keep going hinder growth in all over world. Reducing inflation is a top policy priority, as is tackling rising debt at the same time. protect group Which most prone to. Survival various shock side supply global Also need policy Which more strict For facilitate adjustment to condition world Which new.

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Policy monetary estimated will Keep going tightened in part big country G-20, although level tightening the depends in each country. When inflation is still high and the labor market is tight, a higher interest rate is needed. high. In some cases where there is no inflationary pressure and signs of overheating, the central bank can be more cautious. And take attitude Which more expansive. In all country, communication Which Be careful very important, especially in middle height uncertainty. Policy fiscal need tightened in Lots country For overcome vulnerability debt And avoid effort policy monetary For reduce inflation. Support Which targeted For group prone to struggle oppose surge inflation And price energy must balanced with savings in sector other. Recovery Which strong, sustainable, balanced, And inclusive need action together from G-20. G-20 play role important in guard And increase connection trading And investment global. Ensure peace in Ukraine very much important. On moment Which The same, G-20 can take action For overcome challenge global And help prevent fragmentation more carry on. More open, stable, And transparent trading based on rule will help overcome lack goods global. Strengthen resilience chain mark global will help protect to shock in time front.

Recovery Which stand long need action multilateral in field climate, debt, taxation, And pandemic readiness. Package policy Which effective very important For reach objective climate based on Agreement Paris. Besides That, required progress Which more big in effort overcome improvement level debt in middle crisis This cost loan Which tall in a number of country emerging market And earning low Which prone to, including with strengthen Framework Work General G-20 For Treatment Debt. Implementation agreement taxation international must accelerated. Action multilateral must Keep going continue progress Which achieved in preparedness face pandemic. *Countries part* And *China* have impact big to growth global on year 2022 (Figure 2, panel adjacent left). Activity economy Also weaken in *Union Europe* (after strong quarter second). Although there is a number of growth Which slow down after resurrection beginning from recession pandemic Which critical No can avoided, There is two factors addition Which burdensome production global year This And will Keep going affect it

1.1. Inflation is Still Very Taller and Wider

Spike price consumer Which started year Then further increase in 2022, resulting in inflation rates exceeding central bank targets in most big country G-20. With a number of exception, including *China* Which inflation Still low, inflation general has approach or beyond level two digit in a number of country. Temporary part big increase inflation in *area euro* Keep going occurred explained by food and energy price inflation, but inflation *euro area* increased to 9.9 percent on month September—the highest level in *euro area history*. Overall, in many countries, inflation has increased exceeding food and energy prices and causing increase in core goods and services inflation, and inflation expectations short-term inflation has risen above the central bank's inflation target (Figure 3). Although wages have not kept pace with inflation, increasing tightness in the labor market may have contributed to imbalance supply-demand And furthermore give pressure on price consumer (for example, *Australia* , *Canada and England)*

1.2. Public And economy Which most prone to possibility big will Keep going caught impact most critical.

More severe losses in output and employment are often associated with greater increases in inequality. large, because the losses due to recession tend to fall more heavily on the most vulnerable groups. This is consistent with only part recovery market power Work from pandemic in a number of country develop (for example, *Indonesia*, *South Africa)*. The most vulnerable groups face the adverse impacts of additional shocks, Good in context moment This and also in term intermediate. Union Nations estimate that 75 million person will life in poverty extreme compared to estimation before pandemic This

Amid global uncertainty that is putting pressure on economic recovery global, fundamental economy Indonesia still awake its performance Which very good. Although International Monetary Fund (IMF) lower prediction economy world from 3.6% become 3.2% on July 2022, projection growth economy

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Indonesia Still very tall in number 5.3%. Performance IHSG is also quite good at dealing with global pressures and declines global market index, with the JCI recording a return of 6% (ytd) in 6,982.5 on 10 October 2022. Although happen shock, indicator Indonesia's external remains quite solid. Indonesia's *Volatility Index* is at range of 30.49, still within the indication value of 30. *Exchange index level Market Pressure* (EMP) as of September 2022 is 1.06, still below *level one barrier* 1.78. Similarly, Indonesia's CDS ratio is lower compared to Mexico, Türkiye, Brazil, And South Africa (Coordinating Ministry for economy, 2022).

G20 or *Group of Twenty* is the main forum for cooperation economy international Which consisting of countries with economy big in world consists of from 19 country and 1 institution Union Europe.G20 is representation more from 60% population earth, 75% trading global, And 80% GDP world. Member G20 consists of from South Africa, United States, Saudi Arabia, Argentina, Australia, Brazil, India, Indonesia, English, Italy, Japan, German, Canada, Mexico, Republic Korea, Russia, France, China, Türkiye, And Union Europe (Dahlan, 2022). Group of Twenty (G20), is a group of countries whose composition its membership seen as a balance between efficiency and representation. The IMF categorizes the membership of G20 member countries into in 4 category Table 1.

Table 1.
Category country member G20.

No	Category	Country
1	Advanced surplus countries	Germany, Japan, South Korea
2	Advanced deficit countries	Australia, Canada France, Italy, UK, US, plus Euro area countries (except Germany)
3	Emerging surplus countries	Argentina, China Indonesia
4	Emerging deficit countries	Brazil, India, Mexico, South Africa, Türkiye and non-Euro EU countries
5	Major oil exporters:	Russia, Saudi Arabia

Public welfare can interpreted as a condition Which show a condition life public Which can seen from standard life society. Michael P. Todaro and Stephen C. Smith, in " *Community Development Economy* ", explain that Which meant with welfare public is a condition fulfillment need base Which seen from a decent house, the need for clothing is met and food, education, and health. Or you can it is also said that social welfare is a condition in which a person is able to maximize its utility on level limit budget certain And condition in where is it sufficient? need physical And spiritual. Indicator Welfare Public is a matter Which can provide instructions or information. Indicators of community welfare is a measure of the community's achievement where the community can it is said prosperous or No. In general general, a number of matter Which can used as indicator in determine welfare publicis : Public it is said prosperous if :

a) Income public.
b) Education.
c) Health.

Based on the level of dependency from the dimension of the community's standard of living, then the level welfare public can differentiated into the One system well-being and two subsystems, namely: 1) social subsystem; and 2) subsystem economy, with a number of factor in among others welfare man, welfare social, consumption, level poverty,and economic activity (World Bank: Santamarina et al., 2004). In the countries country proceed, like Canada using 19 quality of life indicators society (quality) of life) Which spread to in four subsystems, namely:

1) Indicator economy: a) GDP per capita, b) income per capita, c) innovation, d) employment, e) literacy; and f) education level;
2) Health indicators: a) life expectancy, b) health status, c) level of infant mortality rate (IMR), and d) physical activity;

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3) Environmental indicators: a) quality air, b) quality water, c) biodiversity, And d) environment Which Healthy;And
4) Indicators of public safety and security: a) voluntary, b) diversity, c) participating in cultural activities, d) participating in activity political, And e) security And safety (Sharpe, 2004).

Table 2.
Development of economic growth in G-20 countries.

No.	Country name	Country code	2018	2019	2020	2021	2022
1	Argentina	ARG	- 2.62	- 2.00	- 9.94	10.40	5.24
2	Australia	AUS	2.88	2.17	- 0.05	2.24	3.62
3	Brazil	BRA	1.78	1.22	- 3.28	4.99	2.90
4	Canada	CAN	2.78	1.89	- 5.07	5.01	3.40
5	China	CHN	6.75	5.95	2.24	8.45	2.99
6	France	FRA	1.87	1.84	- 7.78	6.82	2.56
7	Germany	DEU	0.98	1.06	- 3.70	2.63	1.79
8	India	IND	6.45	3.87	- 5.83	9.05	7.00
9	Indonesia	IDN	5.17	5.02	- 2.07	3.70	5.31
10	Italy	ITA	0.93	0.48	- 8.98	6.99	3.67
11	Japan	Japan	0.64	- 0.40	- 4.28	2.14	1.03
12	Korea, Rep.	COR	2.91	2.24	- 0.71	4.15	2.56
13	Mexico	MEX	2.19	- 0.20	- 7.99	4.72	3.06
14	Russian	RUS	2.81	2.20	- 2.65	5.61	- 2.07
15	Saudi Arabia	SAU	2.76	0.83	- 4.34	3.92	8.74
16	South Africa	ZAF	1.52	0.30	- 6.34	4.91	2.04
17	Turkey	TOUR	2.98	0.78	1.94	11.35	5.57
18	United Kingdom	GBR	1.71	1.60	- 11.03	7.60	4.10
19	United States	USA	2.95	2.29	- 2.77	5.95	2.06
20	European Union	EUU	2.07	1.81	-5.67	5.47	3.54

Source: World bank.org.

Table 2 above shows that economic growth is very fluctuating from all G-20 member countries. Indicators that show almost 90% growth country member G-20 experience decline even negative, namely in 2020 when the Covid-19 pandemic occurred and countries that experienced a drastic decline in economic growth, namely country English (-11.03%). From 20 country only two country Which economic growth, although decreasing, is still positive, namely the country China (+2.24%) and Turkey (+1.94%). While in other years development pattern from growth economy country G-20 relatively Good. Economic growth is one of the important indicators for measure success a country in increase welfare its people.

2. Theoritical Review

2.1. Theory Finance International

International finance theory involves the study of financial issues. that occur at the international level, including the movement of capital between countries, trading international, policy mark swap, And cooperation finance between countries. In the context of G-20 cooperation, this theory is important because These countries have a central role in the global economy and responsible answer in guard stability economy global. One of the significant aspects in international financial theory is financial integration. Financial integration refers to the relationships and interactions between financial markets in different countries.

Cooperation, integration finance can give contribution to growth economy and trade international,

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and strengthen system stability global finance. G-20 countries can work together to build infrastructure finance, remove obstacle trading, and facilitate smoother capital flows. In addition, policy cooperation Monetary is also an important aspect of international financial theory. Monetary policy coordination among the G-20 countries could help in managing currency stability, overcome exchange rate fluctuations excessive, and reduce impact negative to trading international. Through dialogue And coordination in policy monetary, country- G-20 countries can reach an agreement on tribes flower, policy liquidity, And steps other For guard stability economy global.

In context cooperation G-20, theory This give understanding broader view of how countries are interrelated in various aspects finance and how cooperation can improve economic stability global. One of the important aspects in international financial theory is integration finance. Integration finance referring to on connectedness And interaction between financial markets in various countries. In cooperation between country G-20, integration finance can contribute on growth economy and trade international, and strengthen system stability finance global. Countries G-20 can Work The same in developing financial infrastructure, removing trade barriers, and facilitate smoother capital flows. Financial integration can affect trade international. When countries integrated in a way finance, flow capital Which more fluent can facilitate investment in sectors productive And expand capacity production. Matter This can increase trading international Because countries can import And export goods And service with more efficient. In in the context of the G-20, cooperation between countries in facilitating capital flows and removing trade barriers can drive economic growth global.

2.2. Growth Economy

Economic growth is defined as the development of activities in economy that causes goods and services to be produced in The community grew and the prosperity of the community increased ((Bishop, 2009); (Dodge, 2012)). So economic growth measures the achievement of development of an economy. From one period to another, ability a country For produce goods And service will increase.This increased ability is caused by additional factors production both in quantity and quality. Investment will increase goods capital and technology used are also increasingly developing. In addition power Work increase as consequence development resident along withincreasing their education and skills. According to (Arsyad, 2010) and (Dodge, 2012), economic growth is defined as an increase in output Domestic Gross/Revenue National Gross without look at whether increase the more big or more small from level growth resident or whether change structure economy happen or No. Growth economy is Wrong One indicator important use analyzing the economic development that occurs in a country, growth (*growth*) No identical with development (*development*). Growth economy only take notes improvement production goods And service in a way National, whereas development dimensional more wide. Growth economy interpreted Also as improvement *output* Public Which due to by the more the amount factor production Which used in production process without There is change of ways or that technology Alone. Economic growth indicators do not only measure the growth rate *output* in an economy, but actually also provides an indication of the extent to which economic activity is occurring in a period certain has produce income for Public.

According to (Todaro, 2004), growth economy is increase capacity in term long from country Which concerned forprovide various goods economy to its population. Ascensioncapacity That Alone determined or it is possible by existence progress oradjustments technology,institutional (institutional), And ideological to various demands condition Which There is. Process growth economy influenced by two factor, that is factor economy And factor non-economy. Factor economy in the form of source natural, source Power man, accumulation of capital, organization, technological progress, division of labor, and scale production. Factor non-economic in the form of factor social, culture And political together economic factors mutually influence economic progress. Economic growth on basically interpreted as a process Where Product Domestic Gross real per chapter increase in a way continously through increase productivity per capita. Target in the form of increasenational income And income real per chapter is objective main Which need achieved through provision And mobilization sources

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production.

When measured based on unit levelgrowth *Gross National Products* (GNP), matter the The same with addition level savings domestic, Which on its turn will increase capital -*labor ratios* and income per chapter countries develop Which on generally poor capital. Definition the growth that other is growth economy happen when There is increase in output per capita. Growth economy describe upgrade life measured with output real per person. Whereas Adam Smith in his bookWhich titled *An Inguiry into the Nature and Causes of the Wealth Nations* , analyzes the causes of economic growth and factorsWhich determine economic growth. Besides Adam Smith, there is a number of expert economy classic other Which discuss about growth economy, like Malthus, Ricardo And Mill. For exampleTheory Innovation Schum P e eter emphasize on factor innovation businessman or *entrepreneur* as motor the mover growth economy capitalistic. Dynamics competition will push matter This. Model Harror-Domar growth emphasizes the concept of growth rate natural. Besides quantity factor production power Work taken into account Also increase efficiency Because education And exercise. Model This can determine how much savings or investment is needed to maintain the natural rate of economic growth, namely the figurerate growth economy natural multiplied with ratio *capital- output* economic development from time to timeto time Which more nature dynamic, output per capita to hook total output aspect (GDP) and population aspect, while the long term length shows the tendency of economic change in a certain period of time that pushed by process internal economy (*self) generating*). Growth economy Also interpreted in a way simple as increase output total (GDP) in term long without looking at whether the increase is smaller or larger than the rate population growth or whether it is followed by structural growth economy or not (Sukirno, 1985). Theory of economic growth explains the factors that determine economic growth and How relatedness between factors the so that happen growth process. There are many theories of economic growth however No One theory even Which comprehensive Which can become standard Which standard, because each theory own peculiarity own according to with background behind theory the.

According to theory This, growth economy depends to increasing the provision of production factors (population, labor) And accumulation capital) And level progress technology. In his research, Solow (1957) said that the role of progress technology in in growth economy is very tall. This theoretical view is based on the assumption of classical analysis, namely economy Which still experience *full employment* and capacity equipment capital will still fully used throughout time. So it can be said to what extent the economy will develop, depends on increase resident, accumulation capital And technology. On side Which other, theory This Also using assumptions that ratio capital-output (COR) may experience changes or nature dynamic. So can said to create a number of output certain, can used amount capital Which different withlabor assistance, the amount of which also varies according to Which needed (Arsyad, 2004).

In general, the picture of the economic growth process is put forward by Solow-Swan based on the following assumptions (Boediono, 2009):

1. Power Work (or resident), L, grow with rate certain for example p per year.
2. The existence of function production Q = f (KL) Which applicable every period.
3. The existence of trend save (*propensity to save*) by the society that stated as a proportion (S) certain from output (q)(). Savings Public S = sQ ; when Q go on, S Also go on, And down when Q down.

All savings community invested in model neo classic No Again in question about balance S And I with say other, problem Which concerning *warranted rate of growth* (borrowing Harrord's term) Domar)

$$S = I = \Delta K$$

No Again relevant. Process growth in model neo classic always meets *the warranted rate of growth requirements* .

2.3. Management Finance International

International financial management is an investigation and methodology finance finance that takes into account differences and complexities Which happen Because exchange cross limit (Wardhana, et

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al, 2018; Madura, 2020; Doszhan, Nurmaganbetova, The Pooja, Yessenova, Omar, And Sabidullina, 2020). Financial management international associated with decision investment And financing Which faced by management company multinational because of activity operation business they is atin context international Where decision investment And funding involving evaluation current cash time front Which No Certain (Ross, 2004; Sethi,Sahoo, And Dear, 2013; Eun, Resnick, et al, 2020) Management financeinternational is different from domestic financial management (Sethi, Sahoo, and Sucharita, 2013; Wardhana, et al, 2018; Fatehi and Choi, 2018; Eun, Resnick, et al, 2020) where in international financial management it willface things as following:

a. Scale operation in all over world make need information become morebig good related financial information, accounting information, information condition economy, information technology information, And other and so on
b. Need communication, planning, control and coordination become bigger with related parties such as the government local (tax regulations, foreign investment regulations, reporting regulations)finance and audit, And other etc.), between office representative companies spread across different countries, different customers in various country, And other and so on
c. Fluctuation mark eye Money country local that different in various countrywhere multinational companies operate in line with changes development economy, finance, culture, social, And political in country concerned where the company must adapt and haverule Which different for every its operation.
d. The problem of measuring performance, especially financial performance, is complex.influenced by condition Which different from every child company multinational located all over the world where the terms and conditions finance bow down to change Which continously so that present opportunity and risk new.
e. The right balance between centralization and decentralization of strategies, policy And operation specifically finance more difficult achieved inmultinational company Which operate in a way international.

2.4. Structure System Banking

A country's banking is influenced by two factors The main factors are Economic Factors and Legal Factors. Banking System is subsystem from institution finance. Every Country ownuniqueness in system the banking Because system That set up based on the laws and regulations of the Government of each Country.On the way to globalization in the field trade and finance has push the holding of deregulation in market finance, to adapt it to the developments that have occurred happen market finance international.

2.5. Business Banking

In general, the types of banking business risks can be divided as follows: following:

a) Credit
b) Economy
c) Change Policy Government
d) Liquidity
e) Operational
f) Competition
g) No Adequacy Capital
h) Currency Foreign
i) Technology

2.6. Macro Economy

a very severe economic crisis that has a huge impact in the joints of the national and global economy, including many layoffs, high inflation, and also a decline people's purchasing power, negative

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economic growth. Problems- The above problems are the main topics in economics Macroeconomics discusses these conditions both from a theoretical perspective or practical (policy). Practically, it could be a solution model problem crisis the No everything use theory macro in full, but more or less using approaches The macroeconomics theoretical approach is very closely related to the level of labor absorption, national production (national income), inflation, and growth economy. Whereas approach policy very related how to reduce unemployment, reduce high inflation, and How increase growth economy.

We Study macroeconomics from the sizes statistics Which There is including national income, unemployment rate, and inflation. Data- The data is generally available at the Central Bureau of Statistics. The main obstacle Study economy macro is complexity problem economy macro, and sometimes it's hard to illustrate it in the context of the scope small (micro) including:

2.6.1. Theory Inflation (INF)

Inflation is often defined as a tendency for prices to rise. general And Keep going continuously, in time And place certain ((Nopirin, 2011);(Budiono, 2014)). Its existence often interpreted as Wrong One problem main in economy country, besides unemployment And imbalance balance sheet payment. However thus, although becomeone of the big problems in the economy, most experts agree thatimpact positive inflation will maximum with level inflation Which rather low, ranging between 5% - 6% per year. In other words, the inflation rate which is lacking or more than that number, will have a tendency give impact negative for economy.

2.6.2. Impact Negative from Inflation

1) Inflation will cause a decrease in people's real income who have a fixed income. Because with a relatively stable income still, they can't adjust its income to the increase price Which due to Because inflation. On the contrary, for they Which own dynamic income (traders and entrepreneurs for example), often get benefit from existence increase price the, with method adjust price sell the product. Thus the income they get will automatically be adjusted, and not infrequently with percentage Which more big. In the the explanation, (Nopirin, 2011), call this first impact the effect on income (*equity effect*).
2) inflation can cause the descent mark real riches The cash-based society, in other words the exchange value of the cash become more small, Because in a way nominal must face price commodityper the unit that higher than before. On the contrary, they Which Lots own riches in form assets fixed/asset non-liquid (upper middle class), actually benefit from the increase in prices Thus, inflation will create a gap in the gap that the more wide.
3) Inflation can lower savings value Public, so that Public will tend choose invest the funds in better assets. With this trend, the banking world will experience difficulty liquidity, And as Wrong One source acquisition fundsfor sector real, matter This Of course No profitable.
4) Inflation will cause rate growth economy Indonesia become hampered. As example, in sector trade outside country, Indonesian export commodities are becoming less competitive with foreign commodities similar in market world. With say other, decline production will happen, Good for export-oriented products and products for the domestic market. This is very dangerous because it can trigger an increase in unemployment in a country (Khalwaty, 2000).

a. Reason the occurrence Inflation

In theory, the emergence of inflation can due to several things. According to (Reksoprayitno, 2000), inflation can arise from various causes. due to increasing public demand *(demand pull inflation)* , Because pressure the rise cost production *(cost push inflation)*, as well as Because both of them *(mixed inflation)*.

2.6.2.1. Demand Pull Inflation

For get description How inflation happen consequence from encouragement improvement request This, can be noticed image 1 following:

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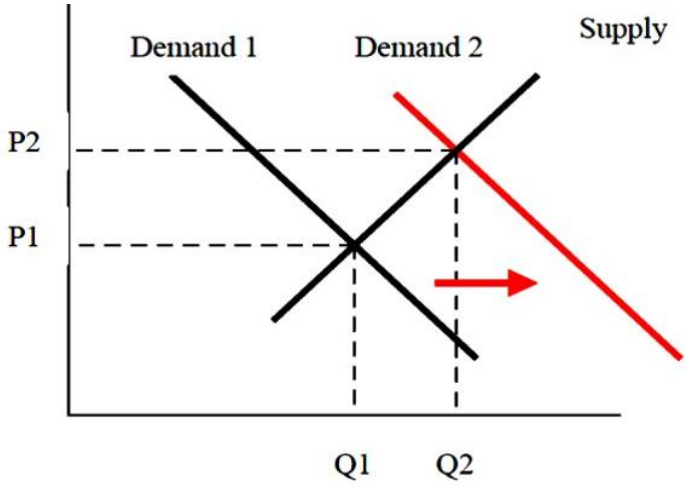

Figure 1.
Process ascension price (Inflation) because *demand pull.*

In the Figure above it can be seen that, as has often been explained, Because Amount Money Circulating (JUB) increase, request Public to consume will tend to increase, and this increase will shift curve request to right (Demand) 2), so that although production And request go on from Q1 to Q2, However price will go on from P1to P2, so that when This happen on all goods will cause inflation.

2.6.2.2. Cost Push Inflation.

Meanwhile, the process of inflation occurs due to the push of production costs,can explained with use Figure 2 following This.

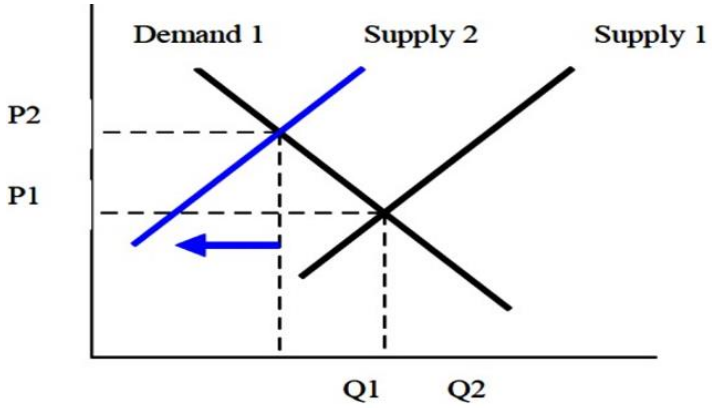

Figure 2.
Ascension process price (Inflation) because *cost push.*

From Figure 2.2 it can be seen that the price increase (from P1 to P2) occurred due to increasing production costs, which encourages manufacturers to reduce amount its production (line Supply 1 shift to left going to Supply 2), the result amount production reduce And rising price from P1 to P2. If you pay attention, the impact of this price increase is worse than the process that... Because Demand Pull, Because besides increase price, amount production Also reduce, so that besides must bear increase price, Public Also experience difficulty in get product. Although in general has been explained above, the

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following will be explained in more detail about the occurrence of inflation. Several models that can used For explain the occurrence inflation among others is:

a) Model Keynesian,
b) Model Expectation,
c) Model Monetarist,
d) Model Leadership-Salary,
e) Model Structuralist, And
f) Model Neostructuralist.

Four model Which mentioned First, Lots used For examines the problem of inflation in developed countries, while the last two models Lots used For researching problem inflation in country develop, whereas model monetarist is widely used in both developed and developing countries. develop.

a) Model Keynesian
b) Model Expectation
c) Model Monetarist
d) Model Leadership-Salary
e) Model Structuralist

2.7. Understanding Trading International

Trading is factor important use stimulate growth economy. Trading enlarge capacity consumption a country, increase output world, as well as serve access to sources Power Which rare And markets international Which potential for various products, the results of which are the main supply Which If No available countries poor No will capable develop activity And life economy national. This international trade is carried out through export and import activities. Export is the activity of selling goods and services from within the country to abroad. country. Import is the activity of buying goods and services from abroad. country to in country. With do trading international through activity export import, country proceed will to obtain ingredientsraw materials needed by the industry and at the same time can sell its products to countries develop. Temporary That, country develop can export results production in country so that to obtain foreign exchange.

Trade or exchange can be interpreted as the process of exchanging exchange Which based on on will voluntary from each party. Each party must have freedom For determine profit loss from the exchange, from the perspective of interest each And Then determine whether He Want to do exchange or No (Budiono, 2014). Main problem Which faced by the international economy, namely scarcity of products and product *choice* problems *(* Hady, 2009). The problem of scarcity and choice of products arises because of the existence of demand *for* needs *and* wants man Which its nature No limited (*rising demand*) And offer (*supply*) from source Power (*resources*) Which its nature limited. The problem economy the can become nature international Because existence request Which originate from in or outside country.

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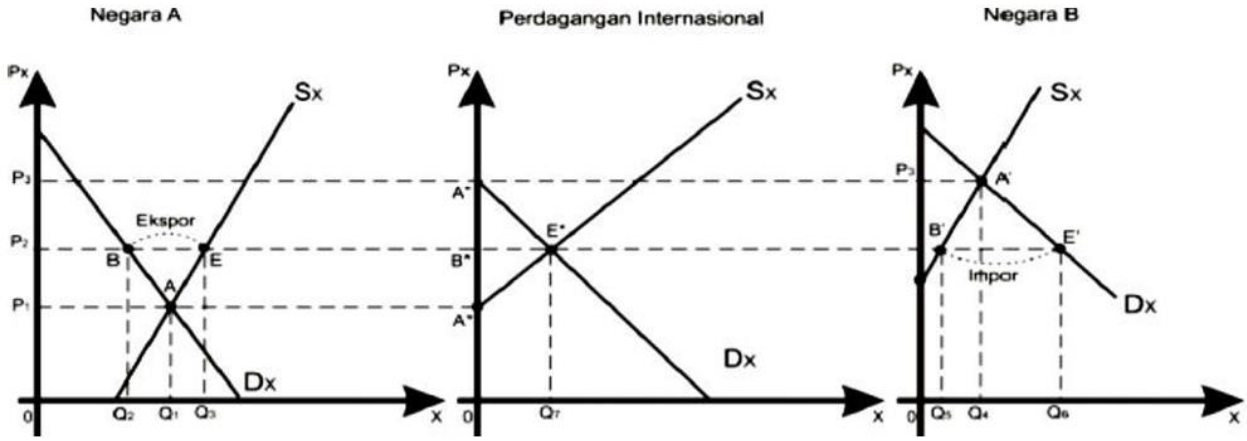

Figure 3.
Mechanism the occurrence trading international.
Source: Salvatore, 1997.

Figure 3 shows that without trade, countries A will produce and consume at Q1 at price P1. Likewise with country B, without any trade, supply and demand country B will reach equilibrium in Q4 with a price level of P3. International trade occurs between the two countries, and country A will exporting commodity X to country B if the domestic price of commodity Xbefore trade in country B is higher than the domestic price commodity X before trading in country A. Trade international Which happen between country A And country B will cause price relatively commodity X is at between P1 And P3. If price Which applicable is P2, so P1 country A is at in lower pricethat applies. Country A will produce more commodity X than at the domestic consumption level, so that it can be exported to country B. Meanwhile in country B, P3 is above the prevailing price so country B will experience improvement request. Improvement request cause request more tall compared to with production domestic. On trading international country B import commodity X from country A is equal to the quantity of exports offered by country A.

2.7.1. Theory Trading International

According to (Amir MS, 2010) when compared with the implementation trading in in country, trading international very much complicated and complex. This complexity is caused by, among other things, the existence ofboundaries political and statehood Which can hinder trading, for example as is customs, rates, or quota goods import. In addition, other difficulties arise due to differences culture, language, currency, measures and weights, and laws in trading. Basically there are two theories that explain about the emergence of trade international.

2.7.2. Factor The Pusher Trading International

There is a number of factor Which push all country in world conducting foreign trade. These driving factors consists of on things following This:

a) Difference Source Power Natural Which Owned.
b) Technology
c) Savings Production cost
d) Difference Appetite

2.7.3. Benefit Trading International

The following a number of benefit from trading international.

a) Increase Connection Friendship Between countries

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b) Need Every Country can Sufficient
c) Push Activity Production Goods in a way Maximum
d) Push Progress Science and Technology
e) Every Country can Stage Specialization Production
f) Expand Field Work

Every country always want trading Which done between countries can running smoothly. However, sometimes activities trading between countries Also experience a number of obstacle.

2.7.3. Policy Trading International

Policy Which enforced on trading international, aims to protect industry in country. In trade international, import/export activities. This is a very important factorin push growth economy. Export is source foreign exchangewhich is needed by every open economy country because exports can spread to various regions of the country allowing for increased production Which push growth economy (Nopiana et et al., 2022), Because can expected to make a significant contribution to this growth and the country's economic stability. Meanwhile, through imports, the country can meet domestic needs that cannot be produced domestically country, so that the prices of goods and services become cheaper. Activity export own benefit or various profit for Which Doing it There are several benefits or advantages that can be obtained with do or that encourage activities export between other:

Expand market for product export is Wrong One method for market Indonesian products to outside country. Increase the country's foreign exchange, to sell goods to public abroad, so that this transaction can increase the demand for foreign exchange country. Policy to protect domestic goods from competition goods import called protection. Protection in trading international consists of tariff policies, quotas, import bans, subsidies, and dumping.

1) Rates
2) Quota
3) Prohibition Import
4) Subsidy
5) Dumping

2.8. Theory Investment

Investment is placement a number of funds with hope can maintain, increase value, or provide positive *returns (Sutha, 2000)*. Investment is planting Money with hope get results And mark add (Webster, 1999). According to Lypsey (1997), investment is an expenditure goods that are not consumed currently, based on the time period, investment divided become three among them is investment term short, medium-term investment, and long-term investment. Investment is commitment of a certain amount of funds in a period to obtain income expected in time Which will come as unit compensation. Unit Which invested includes the time used, the expected inflation rate And uncertainty time upcoming. According to Sumanto (2006), investment is commitment a number of funds a period For get expected future income as compensation for the unit Which invested. Whereas Husnan in Anoraga And Pakarti (2006) define investment as the use of money with the intention of obtaining income. Investment is the investment of capital in a company, withthe aim is to increase the wealth of a corporation or company. Investments also defined as goods purchased by individuals or companiesFor increase their capital stock (Mankiw, 2000).

3. Research Methods

3.1.SEM Analysis

According to Solimun, et al., (2017) SEM analysis is a representation of the system which is studied so that it can explain the behavior of the system approaching conditions real. An explanation of structural equation modeling will be easier understood with use illustration as

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following:

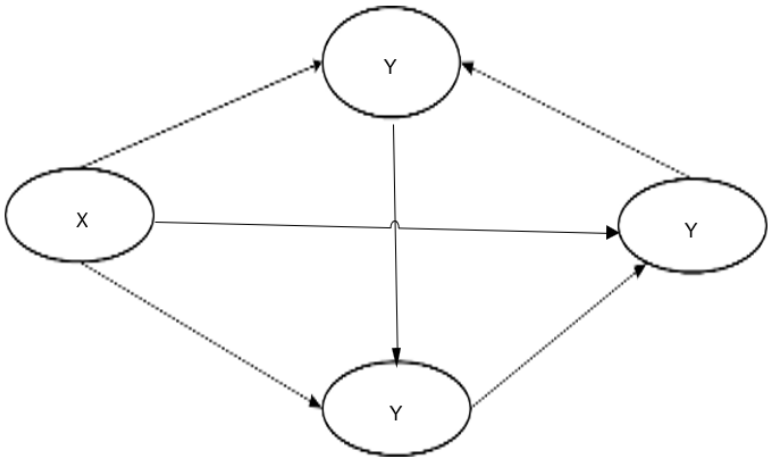

Figure 4.
Illustration model with variables latent.

Model the when stated in form equality, will in the form ofsystem equality as following:

$$Y_1 = \beta_{01} + \beta_{11}X + \beta_{12}Y_3 + \varepsilon_1 \quad (1)$$

$$Y_2 = \beta_{02} + \beta_{21}X + \beta_{22}Y_1 + \varepsilon_2 \quad (2)$$

$$Y_3 = \beta_{03} + \beta_{31}X + \beta_{32}Y_2 + \varepsilon_3 \quad (3)$$

Completion the completed in a way simultaneously or simultaneous, so that called a system of simultaneous equations. The solution is carried out starting with parameter estimation, hypothesis testing and interpretation. In the figure, X is called the exogenous variable and the variable Y_1 is a variable endogenous. Endogenous variables have a position in the system of equations which is variable Which is at on ethnic group adjacent left and its value determined in in model, whereas variable exogenous is variable Which its value setin outside model.

Analysis WarpPLS become development from analysis PLS. PLSdeveloped as alternative For study with base theory Which weakor indicator Which No fulfil model measurement reflective, so that nature formative (Solimun, 2010). PLS can do modeling structural use indicator nature reflective and also formative. PLS Also canapplied on all scale data, No need Lots assumptions, And canused on size sample small and also big. PLS besides can usedas confirmation theory (test hypothesis), Also can used For buildrelationships for which there is no theoretical basis (to conduct propositional testing). Analysis WarpPLS is analysis Which powerful because of analysis WarpPLS is development from analysis PLS, so that things in onAlso applicable on analysis WarpPLS (Solimun, 2010). PLS called as SEM Which based on variants. If there is a problem with runway theory Which weak, so PLS is approach Which more appropriate For doprediction. Focus analysis on approach PLS shift from estimate And estimationparameter become validity And prediction accuracy based on on shiftanalysis as well as estimation parameter model become estimator parameter Whichrelevant. There is two characteristic indicator on analysis PLS, that is indicator reflective And indicator formative. When model structural Which will analyzed have characteristicWhich No recursive And variable latent own indicator Which have characteristic Which formative, reflective, or mixture, determined Wrong One method Which appropriate applied, that is WarpPLS (Solimun et al., 2017). WarpPLS is A method and software developed by Ned Kock to perform analysis on model SEM Which based on Variants or PLS .

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3.2. Assumptions in SEM with Approach WarpPLS

Assumptions in SEM with approach WarpPLS The same with PLS assumptions, but according to Solimun et al. (2017), WarpPLS analysis does not requires assumptions about data distribution, that is, it does not require data assumptions normally distributed. That matter has been fulfilled on testing process hypothesis involving resampling approach. Resampling sample that used at least 100 makes the Central Limit Theorem fulfilled, that is the more big sample, statistics will approaching distribution normal. Analysis SEM with the WarpPLS approach Also can used on structural model with latent variables that have indicators reflective and formative. In addition, according to Istiqomah & Pratiwi (2018), on WarpPLS model structural can of an unnatural nature recursive.

Model structural on WarpPLS consists of from two matter, that is :

1) *1. Outer Model* is obtained data variable latent Whichsourced from the indicator
2) *Inner Model* is model connection between variable latent, There is Whichnature recursive And No recursive.

3.3. Modeling WarpPLS

In analysis WarpPLS there is three algorithm, that is algorithm parameter estimation *outer model*, *inner model* and testing algorithm hypothesis. Each algorithm explained as following This :

Parameter estimation algorithm *outer model* , is basically process calculation For produce data variable latent Which sourced from item data, indicators or dimensions. In the program WarpPLS is available 5 algorithms *outer model*, covering :

a. PLS Regression, that is inner model No influence outer model
b. PLS Model M or "MIMIC" or "mixed" that is inner model influence outer model
c. PLS Mode A, For model indicator reflective
d. PLS Mode B, For model formative indicators
e. Robust Path Analysis, namely latent variable data in the form of average scoresindicator

simple *inner model* parameter estimation algorithm is method And process calculation coefficient track, that is coefficient influenceexplanatory or predictor variables for the response or dependent variable. On software WarpPLS algorithm This covering :

a. Linear, model connection between variable latent is linear
b. Warp2, connection between variable latent shaped curve U
c. Warp3, connection between variable latent shaped curve S
d. Testing hypothesis on WarpPLS use algorithm *Resampling* begins with parameter estimation, calculation variance and *p-value.*

4. Research Result

4.1. Model Fit and Quality Indices model WarpPLS

Before interpreting the results of the hypothesis testing, the model must have *Goodness of Fit* . There are 10 (ten) sizes of *Fit Models* and *Quality Indices* in analysis WarpPLS For measure quality model structural(Solimun *et al* ., 2017). The complete *Goodness of Fitz can be seen in the analysis* WarpPLS in Attachment 5, in a way summary summarized in the Table 3.

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Table 3.
Model fit and quality indices.

No.	Fit model/ Quality index	Value	Fit criteria	Results
1	Average path coefficient	APC = 0.255 P < 0.001	P < 0.05	Significant
2	Average R- squared	ARS = 0.597 P < 0.001	P < 0.05	Significant
3	Average adjusted R-squared	AARS = 0.582 P < 0.001	P < 0.05	Significant
4	Average VIF block	AVIF = 1,774	acceptable if AVIF ≤ 5 ideal if AVIF ≤ 3.30	Ideal
5	Average full collinearity VIF	AFVIF = 1.683	acceptable if AFVIF ≤ 5 ideal if AFVIF ≤ 3.30	Ideal
6	GoF Tenenhaus	GoF = 0.773	small if GoF ≥ 0.10 medium if GoF ≥ 0.25 large if GoF ≥ 0.36	Big
7	Sympson's paradox ratio	SPR = 1,000	acceptable if SPR ≥ 0.70 ideal if SPR = 1	Ideal
8	R-squared contribution ratio	RSCR = 1,000	acceptable if RSCR ≥ 0.90 ideal RSCR = 1	Ideal
9	Statistical suppression ratio	SSR = 1,000	acceptable if SSR ≥ 0.70	Acceptable
10	Nonlinear bivariate causality direction ratio	NLBCDR = 1,000	acceptable if NLBCDR ≥ 0.70	Acceptable

Source: Data Primary Processed, 2024.

Goodness of Fit is intended to see the index and size the goodness of fit of the analysis model is related to the phenomenon being studied. Table 5.14shows that the model is *a fit*, namely all model *fit* and *quality indices* is fulfilled. Thus the model is said to be good and can be used to explain phenomena (systems) which is studied and can used for testing hypothesis.

4.2. Outer Model

Mark weight indicator (*Indicator weights)* or load indicator (*Indicator loading*) show strong and weakness indicator as latent variable meter. Indicators with large weights/loads indicate that indicator the own ability Which strong in reflect variable. Variables Macro Economy (X1) own One indicator Which enter to in model, that is *inflation, consumer prices annual* .The following table presents *the indicator weights* values for the indicators from variable Macro Economy (X1)

Table 4.
Values *loading indicator* variables macro economy (X1).

Indicator	Indicator model	Load n factor	P value	Information
Inflation, consumer prices annual (X1.1)	Reflective	1,000	<0.001	*Inflation, consumer annual prices* (X1.1)reflect Inflation

Source: Data Primary Processed, 2024.

4.2.1. Variables Macro Economy (X1)

Indicator on measurement variable Macro Economy (X1) is *Inflation, consumer prices annual* , obtained weight as big as 1,000 And *p-value* of <0.001, because *the p-value* is less than 0.05, it is

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significant. With thus indicator *Inflation, consumer prices annual* is significant as Macroeconomic gauge (X1). This means the high and low levels of Macroeconomic (X1) determined by tall low *Inflation, consumer prices annual.*

4.2.2. Variables Performance Banking (X2)

Variables Performance Banking (X2) consist of One indicator Which enter to in model, namely *Bank Capital to Assets Ratio.* Following servedTable 5.16 *Loading indicator values* against performance variable indicators Banking (X2).

Table 5.
Mark *indicator loading* variables performance banking.

Indicator	Indicator model	Load n factor	P value	Information
Bank capital to assets ratio (X2.1)	Reflective	1,000	<0.001	Bank Capital to Assets Ratio (X2.1) reflects Bank performance is dominant

Source: Data Primary Processed, 2024.

The indicators for measuring the Banking Performance variable (X2) are *Bank Capital to Assets Ratio* , obtained a weight of 1,000 and *p-value* of <0.001, because *the p-value* is less than 0.05, it is significant. With Thus the *Bank Capital to Assets Ratio indicator* is significant as Banking Performance Meter (X2). This means the high and low Bank Performance (X2) is determined by the high or low *Bank Capital to Assets Ratio.* tall.

4.2.3. Variables Investment (X3)

Experience variable (X3) consists of *Foreign Direct Investment, Net Inflows.* Following served table 5.17 mark *indicator loading* to indicator from variable Investment (X3).

Table 6.
Values indicator loading variables experience.

Indicator	Model indicator	Load factor	P value	Information
Foreign direct investment, net inflows (X3.1)	Reflective	1,000	<0.001	Foreign direct investment, net inflows (X3.1) reflect Investment in a way dominant

Source: Data Primary Processed, 2024.

The indicator for measuring the Investment variable (X3) is *Foreign Direct Investment, Net Inflows* , obtained a weight of 1,000 and p-value of <0.001, because the p-value is less than 0.05, it is significant. With Thus, the *Foreign Direct Investment indicator, Net Inflows* is significantas gauge Investment (X3). It means, tall low strategic Investment (X3) is determined by the level of *Foreign Direct Investment, Net Inflows.*

4.2.4. Variables Trading International (X4)

International Trade Variable (X4) consists of *Goods exports* in the model. The following table presents 8 values *of loading indicators* against indicators from variable Trading International (X4).

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Table 7.
Indicator values *loading* variables trading international.

Indicator	Model indicator	Load factor	P value	Information
Goods exports(X4.1)	Reflective	1,000	<0.001	*Goods exports* (X4.1) reflect Trading International in a way dominant

Indicators for measuring the International Trade variable (X4) is *Goods exports* , obtained weight as big as 1,000 And *p-value* as big as

<0.001, because *the p-value* is less than 0.05 then it is significant. Thus *Goods exports* indicator is significant as a measure of Trade International (X4). It means, tall low Trading International (X4) determined by tall low *Goods exports.*

4.2.5. Variables Growth Economy (Y1)

Economic Growth Variable (Y1) consists of *GDP growth* which enter into the model. The following table presents *the indicator weights values* to indicator from variable Growth Economy (Y1).

Table 8.
Values *indicator weights* variables growth economy.

Indicator	Model indicator	Weight	P value	Information
GDP Growth (Y1.1)	Formative	1,000	<0.001	*GDP Growth* (Y1.1) to form Growth Economy in a way dominant

Indicator on measurement variable Growth Economy (Y1) is *GDP Growth*, obtained weight as big as 1,000 And *p-value* as big as <0.001, because *p-value* not enough from 0.05 then significant. With thus indicator *GDP Growth* is significant as a measure of Economic Growth (Y1). It means, tall low Growth Economy (Y1) is determined bytall low *GDP Growth.*

4.2.6. Variables Welfare Public (Y2)

The Social Welfare variable (Y2) consists of *GDP per capita growth* Which enter to in model. Following presented in a table 5.20 mark *indicator weights* on indicators of the Community Welfare variable(Y2).

Table 9.
Values *indicator weights* variables *sustainability.*

Indicator	Model indicator	Weight	P value	Information
GDP per chapter growth (Y2.1)	Formative	1,000	<0.001	GDP per capital growth(Y2.1) to form WelfarePublic in a way dominant

Indicator First on measurement variable *Sustainability* (Y3) isgrowth in the number of transactions, obtained a weight of 0.408 and *p-value* of <0.001, because *the p-value* is less than 0.05, it is significant. With Thus the growth indicator of the number of transactions is significant as *Sustainability* gauge (Y3). This means the high and low levels *of Sustainability* (Y3) determined by tall low growth amount transaction.

4.3. Inner Model

Study This involving 16 hypothesis influence direct and 1 moderation hypothesis. Hypothesis

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testing is done by looking at mark *p- value* . Hypothesis accepted (states significant influence between variables) if *the p-value* is less than the real level of 0.05. Hypothesis testing results in this study are presented in Table 5.34 below. In addition, the results hypothesis testing graphically also loaded on Figure 5.33.

Table 10.
Results test hypothesis influence direct and moderation.

No.	Influence between variables	Coefficient track	p-value	Conclusion
H1	Macroeconomics (X1) → Economic growth (Y1)	0.290	<0.001	Significant
H2	Macroeconomics (X1) → Social welfare (Y2)	0.097	0.139	Not Significant
H3	Banking performance (X2) → Economic growth (Y1)	0.292	<0.001	Significant
H4	Banking Performance (X2) → Public welfare (Y2)	0.101	0.129	Not Significant
H5	Investment (X3) → Economic growth (Y1)	0.342	<0.001	Significant
H6	Investment (X3) → Social welfare (Y2)	0.125	0.081	Not Significant
H7	International Trade (X4) → Economic growth (Y1)	0.239	0.003	Significant
H8	International trade (X4) → Social welfare (Y2)	0.188	0.017	Significant
H9	Economic growth (Y1) → Social welfare (Y2)	0.624	<0.001	Significant

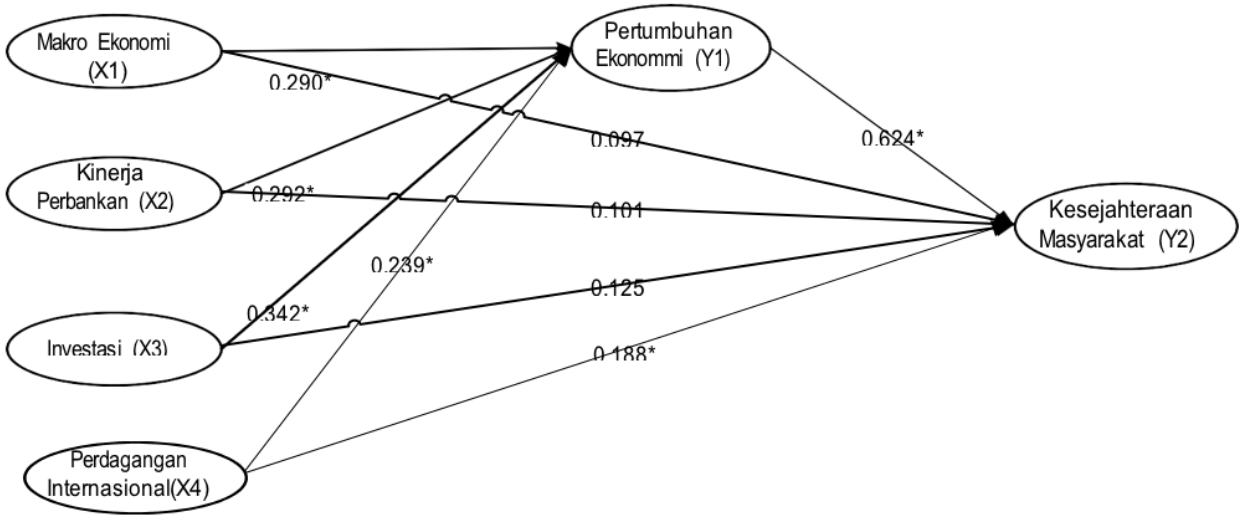

Figure 5.
Model results study.

Based on Table 5.34 and Figure 5. can known influence direct and influence moderation as following:

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Table 11.
Results hypothesis testing influence no direct.

No.	Influence between variables	Coefficient track	p- value	Conclusion
H1	Macroeconomics (X1) → Growth economy (Y1) → Welfare public (Y2)	0.181	0.002	Significant
H2	Performance banking (X2) → Economic Growth (Y1) →Welfare public (Y2)	0.182	0.002	Significant
H3	Investment (X3) → Growth economy (Y1) → Welfarepublic (Y2)	0.213	<0.001	Significant
H4	Trading international (X4) → Economic Growth (Y1) →Welfare public (Y2)	0.149	0.009	Significant

4.3.1. Influence Macro Economy (X1) to Growth Economy (Y1)

Based on Table 5, the direct influence between variables can be seen. as following:

4.3.2. Influence Macro Economy (X1) to Welfare Public (Y2) with through Growth Economy (Y1)

Path coefficients that show the indirect influence of Macroeconomics (X1) towards Community Welfare (Y2) is 0.181. With p-value is smaller than the real level of 0.05, it can be concluded that Economic Growth (Y1) is significant as a mediating variable. However Thus, the positive sign on the path coefficient indicates that there is trend that Macro Economy (X1) influential positive toEconomic Growth (Y1) which then has a positive influence also against Welfare Public (Y2)

4.3.3. The Influence of Banking Performance (X2) on Public welfare (Y2) with through Growth Economy (Y1)

Coefficient track Which show influence No direct Performance Banking (X2) to Welfare Public (Y2) is as big as 0.182.With a p-value that is smaller than the real level of 0.05, it can be concluded that that Growth Economy (Y1) significant as mediating variable. However, positive sign on path coefficient the show that there is a tendency that Banking Performance (X2) has a positive influence on Economic Growth (Y1) which then has an influence positive also against Welfare Public (Y2)

4.3.4. Influence Investment (X3) to Welfare Public (Y2) with through Growth Economy (Y1)

Path coefficient which shows indirect influence Investment (X3) to Welfare Public (Y2) is as big as 0.213. With p- value that is smaller than the real level of 0.05, it can be concluded that Economic Growth (Y1) is significant as a mediating variable. However Thus, the positive sign on the path coefficient indicates that there is trend that Investment (X3) influential positive to Economic Growth (Y1) which then has a positive influence also against Welfare Public (Y2)

4.3.5. Trading International (X4) to Welfare Public (Y2) with through Growth Economy (Y1)

Path coefficient indicating the indirect effect of Trade International (X4) on Community Welfare (Y2) is 0.149. With p-value Which smaller than the actual level 0.05 so can it is concluded that Economic Growth (Y1) is significant as a variable mediator. However thus, sign positive on coefficient track the show that There is trend that Trading International (X4) influential positive to Growth Economy (Y1) Which furthermore give influence positive Also to Welfare Public (Y2).

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