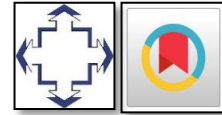


Analysis of Government Funding Performance on Economic Growth and Human Development Index in Indonesia



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ABSTRACT

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Economic growth shows the extent to which economic activity will generate additional public income in a certain period, that is, an economy is said to experience growth if the real income of the community in a certain year is greater than the real income of the community in the previous year. Economic growth is the most important factor in development that determines the success of the development of a region/region which is measured based on the high or low levels of economic growth achieved. This study aims to analyze the effect of General Allocation Funds (DAU), Special Allocation Funds (DAK) and Revenue Sharing Funds (DBH) on Economic Growth and Human Development Index (IPM). The object of research was carried out in South Halmahera Regency in 2012-2021 using the multiple linear regression analysis testing method. The results show that the influence of the General Allocation Fund, the Special Allocation Fund and the Profit Sharing Fund simultaneously influence Economic Growth with the Human Development Index in South Halmahera Regency. While the results of partial testing, the influence of General Allocation Funds, Special Allocation Funds and Profit Sharing Funds also affect Economic Growth with the Human Development Index in South Halmahera Regency. This indicates that the greater the regional potential revenue, it will be able to increase the achievement of Economic Growth and the Human Development Index.

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1. Introduction

GRDP is the total added value generated by all business units in a certain area or the total value of final goods and services produced by all economic units during a certain period. This government spending policy is part of fiscal policy as a form of government intervention in the economy. The functions carried out by the government can be carried out with fiscal policy with one of the emphasis being through government spending or expenditure policies. From here, the government through its policies can spend in order to obtain goods and services to meet public needs through the mechanism of government procurement of goods and services.

Similar research was conducted by Zahri MS (2017); Yasser (2015) from 2010 to 2016, regional financial capacity sourced from local revenue was not fully reliable in supporting the Jambi Province Revenue and Expenditure Budget, as its contribution was still relatively low, namely an average of 34.13 percent per year. Jambi Province's economic growth in the same period grew by 6.28 percent per year. Government spending has a significant and positive effect on Jambi Province's Economic Growth. The conclusion is that an increase in local government spending will encourage an increase in the economic growth of the region concerned (Zahri, 2017). Based on the background description above, the authors will discuss it further in the form of a proposal with the title: "The Influence of DAU, DAK and DBH on Economic Growth and Human Development Index in South Halmahera Regency".

The development of the GRDP value of South Halmahera Regency shows a significant development and tends to increase from year to year. In 2020, the GRDP at current prices for South Halmahera Regency will reach 8,699 billion rupiahs or 8.70 trillion rupiahs. Compared to 2019, this GRDP figure has increased significantly, namely around 1.4 trillion rupiah. Whereas GRDP at constant prices reached 5.671 billion rupiahs, an increase of around 792 billion rupiahs or grew by 16.22 percent from 2019. For the last three years South Halmahera Regency has been in second place with a contribution of 20% to the economy of North Maluku Province. This illustrates that the economic potential of South Halmahera Regency is quite large. In general, economic growth can be said to be an increase in the long-term capacity of the country concerned to provide various economic goods to its population. Economic growth is a process of changing the condition of a country's economy on an ongoing basis towards a better condition for a certain period. Economic growth can also be interpreted as a process of increasing the production capacity of an economy which is manifested in the form of an increase in national income.

Based on constant 2010 prices, South Halmahera's GRDP value in 2020 has increased. This increase was influenced by increased production in all business fields that were free from the effects of inflation. South Halmahera's GRDP value in 2020 is based on prices that during 2020 there was an economic growth of 16.22%. Economic growth in 2019 increased when compared to economic growth in the previous year which reached 12.46%. Prior to 2017, the economy of South Halmahera district grew in the range of 5 to 6%. Then in 2017 the economic growth of South Halmahera Regency increased rapidly to 16.15%. This is due to the commencement of a nickel smelter on the island of Obi. This growth value is simultaneously the highest growth value until 2019. In 2020, Halmahera Sletan Regency's GRDP growth again reaches the highest value, namely 16.22%. In 2018, economic growth in South Halmahera Regency also reached a high rate of 15.38%.

The allocation of DAU and DAK in 2012 to 2021 has an average increase every year. however, for physical DAK, it decreased by 41% in 2017 with a realization of 95%, this was because the realization of physical DAK in the previous year was not optimal, with the presentation achievement of physical DAK realization in 2016 only reaching 77.74% so that the silpa of physical DAK was quite large and also at in 2020 it decreased by 11.15% with a

realization of 99.22% this was due to the co-19 pandemic. Meanwhile, the DAU decreased in 2020 by 8.92% with a realization of 99.22% because in 2020 there was a refocusing of the budget due to the co-19 pandemic. Realization varies every year, it is undeniable that it will result in inequality of economic growth and development in each region. The allocation of DAU and DAK in South Halmahera Regency which tends to increase has not had an impact on economic growth in the area. This study aims to determine the effect of government spending originating from the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Revenue Sharing Fund (DBH) to have a positive effect on the Human Development Index through Economic Growth in South Halmahera Regency.

2. Literature Review

Mangkoesoebroto & Goto (2003) says, in any country there is always government interference or intervention in the economy. In the economy in modern times, the role of government can be classified into three major groups. Special allocation funds (DAK) are one of the mechanisms for transferring funds from the Central Government to the regions which aim, among other things, to increase the provision of regional physical facilities and infrastructure according to national priorities and reduce disparities in growth rates between regions and services between sectors (Iskandar & Subekan in Shadrina & Putri (2021)). DAK plays an important role in the dynamics of the development of basic service facilities and infrastructure in the regions because in accordance with the principles of decentralization, responsibility and accountability for the provision of basic community services have been transferred to local governments (Ikhlas, 2011).

DAK is a fund allocated from the APBN to certain regions to finance special needs which are regional affairs as well as national priorities, including: the needs of transmigration areas, the need for several types of investment or infrastructure, the construction of roads in remote areas, primary irrigation canals, etc. According to the new laws and regulations for autonomous regions, namely Law Number 32 of 2004 (Indonesia, 2004a) and Law Number 33 of 2004 (Indonesia, 2004b), regions that receive DAK must provide matching funds of at least 10% from the DAK that is transferred to the region, and this counterpart fund must be budgeted in the regional budget (APBD).

DAU plays a role in horizontal equalization, namely by closing the fiscal gap between the fiscal needs and the economic potential of the regions. DAU is often called unconditional grants because it is a type of transfer between levels of government that is not tied to a specific spending program. According to Law no. 25 of 1999, the allocation of DAU to a region is determined based on two factors, namely economic potential and regional needs. Regional needs (fiscal needs) are reflected by population, area size, geographical conditions, and community income levels. The economic potential is reflected, among other things, by the revenue potential of the local government (fiscal capacity), such as from industrial products and natural resources, human resources and GRDP.

According to Kusmiyati (2015) Economic inequality between one province and another cannot be avoided with the existence of fiscal decentralization, caused by the lack of tax sources and natural resources that cannot be explored by the regional government. The central government took the initiative to provide subsidies in the form of DAU to the regions to tackle this inequality. Regions with a higher poverty rate will be given a larger DAU than rich regions and vice versa. In addition, to reduce the imbalance in financing needs and tax assignments between the center and the regions, this has been overcome with a profit-sharing policy and a minimum DAU of 26% of Domestic Revenue.

DAU will provide certainty for regions in obtaining sources of financing to finance expenditure needs which are the responsibility of each region. DAU is awarded based on fiscal gaps and basic allocations. The fiscal gap is the regional needs reduced by the regional fiscal capacity, the regional needs are calculated based on the variables stipulated by law while the calculation of fiscal capacity is based on Regional Original Revenue (PAD) and Revenue Sharing Funds received by the region. While the Basic Allocation is calculated based on regional civil servant salaries. Sirait & Siregar in Siregar & Zebua (2021) says that fiscal needs can be interpreted as regional needs to finance all regional expenditures in order to carry out regional functions/authorities in providing public services. Each region that has a larger fiscal capacity than fiscal needs can receive a reduction in the DAU, and/or not receive it at all in the following year. The General Allocation Fund (DAU) remains a major part of the national budget and is also the main source of local government budgets. The DAU provided by the central government is a block grant, meaning that the allocation of DAU is the full authority of the regional government. The flexibility in using DAU is an alternative source of financing for capital expenditures. An increasing DAU will provide greater opportunities for increasing the allocation of capital expenditure (Yasser, 2015) .

When viewed from an economic perspective, the elimination of the DAU for several regions will have an impact on development and regional economic growth in those areas and will ultimately disrupt national economic growth. This deletion will have a negative impact on regional financial stability. This disrupted regional financial stability will impact on the implementation of local government programs in the context of improving people's welfare which will also be disrupted. Another impact is the disruption of local government programs aimed at improving public services/infrastructure which can be a driver of regional and national economic growth. It is also feared that the elimination of the DAU will disrupt the investment climate because it will increase investment costs due to the imposition of high local taxes Sirait & Siregar in Siregar & Zebua (2021) . Definition of revenue sharing funds: "Production Sharing Funds (DBH) are funds originating from APBN revenues allocated to regional governments based on percentage figures to fund regional needs in the context of implementing decentralization." Based on the above understanding, the authors can conclude that the Revenue Sharing Fund (DBH) is a fund originating from State Budget revenue and Expenditure Revenue that is used to meet regional needs in the implementation of decentralization so as to create equity in each region. Revenue Sharing Funds are funds originating from APBN revenues allocated to regions based on percentage figures to fund regional needs in the context of implementing decentralization (UU No.33 of 2004, Concerning Financial Balance between the Central Government and Regional Governments). This Revenue Sharing Fund is a fund provided by the central government by taking into account the potential of producing regions based on certain percentage figures to fund regional needs in the context of implementing decentralization.

According to Sukirno (2001) , economic growth means the development of activities in the economy which causes the goods and services produced in society to increase and the prosperity of society to increase. The problem of economic growth can be seen as a long-term macroeconomic problem from one period to another. 1 Meanwhile, according to (Arsyad & Sodik, 2014) , Economic growth is defined as an increase in gross domestic product (GDP)/ gross national product (GNP) regardless of whether the increase is greater or less than the rate of population growth, or whether changes in the economic structure occur or not (Sukirno, 2001) . Meanwhile, according to Hasyim (2017) , Economic growth can be interpreted as a process of changing the economic condition of a country on an ongoing basis towards a better condition for a certain period. There are three basic components needed in the economic

growth of a nation, the continuous increase in the supply of goods, advanced technology as the main factor that determines the degree of growth in providing a variety of goods to the population, the use of technology widely and efficiently requires adjustments in the institutional and ideological fields, so that the innovations produced by human science and technology can be utilized appropriately (Hasyim, 2017).

According to classical economists, there are four factors that affect economic growth, namely population, total stock of capital goods, land area and natural resources, and the level of technology used. Although economic growth depends on many factors, classical economists pay attention to the effects of population growth (Sukirno, 2001).

The assumptions of the Solow model include (Rahardja & Manurung, 2008) that is, the level of technology is considered constant (no technological progress), The rate of depreciation is assumed to be constant, There is no foreign trade or flow in and out of capital goods, There is no government sector, To simplify the analysis, the assumption can be added that all residents work, so the total population total manpower. Then Schumpeter's theory Schumpeter's theory emphasizes the importance of the role of entrepreneurs in creating economic growth. These innovations include introducing new goods, increasing efficiency in producing goods, expanding the market for goods to new markets, developing new sources of raw materials and making changes in the company's organization with the aim of increasing efficiency (Rahardja & Manurung, 2008). Harrod's theory - Domar According to Harrod-Domar's theory of economic growth, there are several assumptions, namely (Arsyad, 2015)s.

Sector economic growth theory, this theory was developed based on Clark Fisher's hypothesis which suggests that an increase in per capita income will be accompanied by a decrease in the proportion of resources used in the agricultural sector (primary sector) and an increase in the manufacturing industry sector (sector secondary) and then in the service industry (tertiary sector). The rate of growth in the sector that is experiencing change (lift sector). Considered as the main determinant of the development of a region (Rahardjo, 2005)

Government spending is regional spending that benefits from one budget and will add regional assets or wealth and will then add routine spending such as maintenance costs to the general administration spending group (Kuswulandari, 2016). In the government expenditure instrument there is an allocation of capital expenditure which is referred to as a component of development expenditure in regional expenditure allocated by the regional government to fund development activities aimed at the benefit of the community. Activities In the government expenditure instrument there is an allocation of capital expenditure which is referred to as a component of development expenditure in regional expenditures allocated by the regional government to fund development activities aimed at the benefit of the community. (Kuswulandari, 2016). Government spending is part of fiscal policy, which is a government action to regulate the course of the economy by determining the amount of revenue for the national and regional/regional budgets (Sukirno, 2000).

The opinion expressed by Husen & Runtunuwu (2021), economists in North Maluku Province amounted to increase in general allocation funds 0.364. This means that regional orders are not always causing regional fiscal capacity to increase depending on balance and funds so that it has an impact on regional growth that is able to maximize original income economy. General allocation fund balance the region (PAD) finances development is a consequence of authority economy in the area. Growth Average central government to local government. North Maluku Province's economy during 2010-2020 was 3.3%.

In this study, it will be analyzed how the influence of DAK and DAU on Economic Growth partially and simultaneously. Schematically, the framework can be seen below:

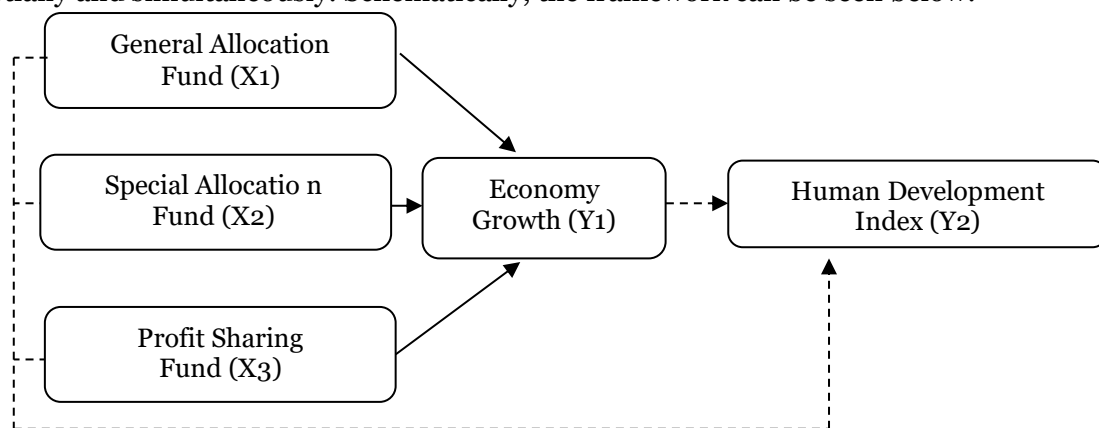


Figure 1. Framework of Thinking

Based on the formulation of the problem, the hypothesis in this study is:

- a. It is suspected that the General Allocation Fund (DAU) has an effect positive and significant on the Human Development Index Through Economic Growth in South Halmahera Regency.
- b. It is suspected that the Special Allocation Fund (DAK) has an effect positive and significant on the Human Development Index Through Economic Growth in South Halmahera Regency.
- c. Profit Sharing Fund (DBH) has an effect positive and significant on the Human Development Index Through Economic Growth in South Halmahera Regency.
- d. Allegedly the General Allocation Fund (DAU), the Special Allocation Fund (DAK), and the Revenue Sharing Fund (DBH) have an effect positive and significant on the Human Development Index through Economic Growth in South Halmahera Regency.

3. Research Method

This research took place in Labuha City, South Halmahera Regency through the official website of the Central Statistics Agency, South Halmahera BPKAD Office and other related agencies. The reason for selecting the website is to have complete data needed to conduct research. The time used by researchers for this study was carried out for 2 months. The data used in this research is secondary data taken from the South Halmahera Central Statistics Agency (BPS) and other literature related to this research, while the data used is General Allocation Fund (DAU) data, Special Allocation Fund (DAK) data Profit Sharing (DBH), Human Development Index and South Halmahera economic growth at constant prices from 2012-2021.

This study uses quantitative and qualitative data types obtained through secondary data sources. Rahyuda et al. (2004) states that quantitative data is data in the form of numbers or qualitative data that is calculated by scoring, while qualitative data is data expressed in the form of words, sentences, pictures. Quantitative data in this study are APBD Realization Reports and tables of the Human Development Index (IPM) for the entire South Halmahera Regency in 2012 -2021, while the qualitative data includes several previous studies that can support the results of the analysis.

There are several statistical analysis techniques that can be used to analyze data. The purpose of this analysis is to get relevant information contained in the data and use the results to solve a problem. To achieve the objectives in this study, multiple linear regression analysis

was used (Ghozali, 2013). This type of research is a quantitative research using a descriptive correlational method which describes a relationship or influence between the variables in the study, namely the influence of DAK, DAU, DBH on economic growth and the Human Development Index in South Halmahera Regency. Before the linear regression analysis is carried out, the classical assumption test is carried out first to ascertain whether the regression model to be used has no problems with normality, multicollinearity and heteroscedasticity. If fulfilled, the analysis model is feasible to use.

Descriptive statistics are statistics that are used to analyze data by describing or describing the data that has been collected as it is without intending to make generally accepted conclusions or generalizations (Sugiyono, 2015). Descriptive statistics provide an overview or description of a data seen from the average value (mean), standard deviation, maximum and minimum of the variables used in the study.

This study uses a multiple linear regression model as an analytical tool, so it must first pass the classical assumption test so that the assumptions in the regression are met. The classical assumption test aims to test and determine the feasibility of the regression model used in research (Ghozali, 2016). The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution or not. Data that is good and suitable for use in research is that which has a normal distribution. This test is done by looking at the spread of data (points) on the diagonal axis or graph.

If the data spreads around the diagonal line and follows the direction of the diagonal line, then the regression model meets the normality assumption. If the data spreads away from the diagonal line and or does not follow the direction of the diagonal line, then the regression model does not meet the normality assumption (Ghozali, 2016). The basis for decision making with the normal probability-plot (P-plot) graphic analysis is (Ghozali, 2016). If the points spread around the diagonal line and follow the direction of the diagonal line, then the regression model meets the assumption of normality. Ghozali (2016) said the basis for making a statistical test decision with One-Sample-Kolmogorov-Smirnov (1-Sample-KS) is: if the Asymp. Sig. (2-tailed) < 0.05 then H_0 is rejected, this means that the residual data is not normally distributed. If the Asymp. Sig. (2-tailed) > 0.05 then H_0 is accepted, this means that the residual data is normally distributed.

The multicollinearity test aims to test whether the regression model found a correlation between the independent (independent) variables. A good regression model should not have a correlation between the independent variables. If the independent variables are correlated, then this variable is not orthogonal. The orthogonal variable is the independent variable whose correlation value among the independent variables is equal to zero. To detect the existence of multicollinearity by making a hypothesis: Tolerance value < 0.10 or VIF > 10, multicollinearity occurs. Meanwhile, the Tolerance value > 0.10 or VIF < 10, there is no multicollinearity (Ghozali, 2016).

The heteroscedasticity test aims to test whether there is an unequal variance from the residual one observation to another. The regression model that meets the requirements is homoscedasticity or does not occur heteroscedasticity. The heteroscedasticity test uses the Glesjer test. If the significant probability of each independent variable is > 0.05, it can be concluded that there is no heteroscedasticity in the regression model (Ghozali, 2016). This test is carried out by regressing the independent variables to their residual absolute values.

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding errors in period t and the confounding errors in the $t-1$ (previous) period. If there is a correlation, then there is called an autocorrelation problem. Autocorrelation arises because successive observations over time are related to one another.

A good regression model is a regression that is free from autocorrelation. The autocorrelation test in this study used the Durbin Watson Test (Ghozali, 2016).

Multiple linear regression method to analyze the effect of the independent variables on the dependent variable. Multiple regression analysis is intended to examine the effect of several independent variables on the dependent variable. To test the first hypothesis, namely wanting to know the effect of infrastructure on economic growth. With a multiple linear regression equation model (Gujarathi, 1995).

$$Y_1 = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon_t \dots\dots\dots (1)$$

$$Y_2 = \alpha + \beta_1X_1 \dots\dots\dots (2)$$

The value of the coefficient of determination is between zero and one. A small R² value means that the ability of the independent variables to explain the variation in the dependent variable is very limited. Meanwhile, a value close to one means that the independent variable provides almost all the information needed to predict the variation of the dependent variable (Ghozali, 2016). To find out to what extent the independent variables (general allocation funds, special allocation funds, and revenue sharing funds) used are able to explain together the dependent variable (human development index with economic growth). This test uses the F-count distribution test. Hypothesis testing is carried out in the following way (Ghozali, 2016). The t test basically shows how far the influence of one independent variable individually explains the variation of the dependent variable. Partial regression testing is intended to determine whether the independent variables individually have an influence on the dependent variable assuming the other variables are constant. Hypothesis testing is done in the following way (Ghozali, 2016). In this study there are three independent variables and two dependent variables. Independent variables consist of DAU, DAK and DBH. While the dependent variable is the Human Development Index and Economic Growth.

4. Results and Discussion

The effect of general allocation funds on the human development index

In the regression test above, there are 5 variables over a period of 10 years (2012-2021), so that the output value is expected to be presented with the measures described in the previous test to be presented as follows, namely, the General Allocation Fund (DAU) has a positive effect and significant to the Human Development Index in South Halmahera Regency. The regression coefficient is 0.058 and the significance value of the research results is 0.131 with a degree of confidence of 95%. In line with research conducted by Arifin & Azizah, (2022) shows that DAK has an effect on HDI, while DAU and DBH have no effect on HDI. Furthermore, DAU has an effect on HDI through Capital Expenditure, while DAK and DBH have no effect on HDI through Capital Expenditure. Furthermore, research conducted by Fretes, (2017), shows that the results of research estimation show that the ratio of DAK and PAD to capital expenditure and economic growth has a positive and significant effect on HDI while the DAU variable has a significant negative effect. The DBH to capital expenditure ratio is the only variable that has no significant effect on HDI.

In line with the research conducted by Dana et al., (2019), conveying that the research results obtained the General Allocation Fund (DAU) obtained a sig. 0.945 is greater than 0.05, which means that it partially does not have a significant effect on the HDI variable. The Special Allocation Fund (DAK) obtained a sig. 0.880 is greater than 0.05, which means that it partially has no significant effect on the HDI variable. The General Allocation Fund (DAU) obtained a sig. 0.000 is less than 0.05) means that it partially has a significant effect on the poverty variable. This is not in line with the research conducted by Patadang et al., (2021), which shows

that the results of the Regional Original Income study do not have a significant effect on the Human Development Index. Profit Sharing Funds have a significant effect on the Human Development Index. The General Allocation Fund does not have a significant effect on the Human Development Index. The Special Allocation Fund does not have a significant effect on the Human Development Index.

The effect of special allocation funds on the human development index

The test results can be seen that the Special Allocation Fund (DAK) has a positive and significant effect on the Human Development Index in South Halmahera Regency. The regression coefficient is 0.029 and the significance value of the research results is 0.190 with a degree of confidence of 95%. This means that the more special allocation funds needed by the South Halmahera Regency area, the human development index will also increase. This problem is indicated because the use of special allocation funds is not maximized only for certain purposes for regions that are used for other needs, but for certain needs that are specific to regional interests.

Different research conducted by Nashshar, (2022), the results obtained show that: (1) DAK has a significant positive effect on capital expenditure; (2) capital expenditure has a significant positive effect on HDI; (3) DAK has a significant negative effect on HDI; and (4) DAK has a significantly positive indirect effect on HDI through capital expenditure. Furthermore, research conducted by Badruzaman et al., (2019), states that the results of this analysis show that Revenue Sharing Funds, General Allocation Funds, Special Allocation Funds and Human Development fluctuate up and down every year. Based on the results of research and data processing results show that: (1) Revenue Sharing Funds partially have no significant negative effect on human development, general allocation funds partially have a significant positive effect on human development, and special allocation funds partially have a significant positive effect on human development, (2) Profit sharing funds, general allocation funds and special allocation funds jointly have a significant positive effect on human development in several regencies/cities in West Java Province in 2014-2019.

Research conducted by Riva, (2018) with the results of this study concluded that the general allocation fund, special allocation fund and profit sharing fund simultaneously affect the Human Development Index. The results are consistent with the research hypothesis. General allocation funds, special allocation funds and profit sharing funds do not have a partial effect on the human development index. The results are consistent with the research hypothesis. While research is not in line with that conducted by Noviasari, (2017), analysis of the effect of general allocation funds, special allocation funds, and regional original income on district/city GDP in Central Java province in 2009–2012. The results of the hypotheses proposed in this study, there is one variable that has a significant effect, and two have no significant impact. The general allocation fund has a negative and significant effect on the regency/municipal GRDP, the special allocation fund has a positive and insignificant effect on the regency/municipal GRDP, and local own revenue has a positive and not significant effect.

Effect of profit sharing funds on the human development index

The test results show that the influence of profit sharing funds on the human development index has a positive relationship. This means that an increase in revenue-sharing funds can increase the human development index number in the South Halmahera Regency area, because with an increase in government revenue-sharing funds, the level of regional needs for financing community infrastructure can be fulfilled. The value of the regression coefficient for revenue sharing is 0.05, which is significant 0.392, indicating that every Rp.

100 (in millions) revenue sharing revenue increases, it will affect the increase in the human development index by Rp. 100 (in millions). The results of regression testing of profit sharing funds have a positive and significant effect on the index at the 95% confidence level ($\alpha = 5\%$). the increase in receipt of profit sharing funds, the human development index in South Halmahera Regency is increasing.

In contrast to research conducted by D. Dana et al., (2022) shows that simultaneously the variables of special autonomy funds, profit-sharing funds, general allocation funds, special allocation funds, and capital expenditure have a positive effect on the human development index. Then the capital expenditure variable is not significant in moderating the effect of special autonomy funds and general allocation funds on the human development index. Research conducted by Melgiana et al., (2020) with the results of the research showing that regional original income has a significant positive effect on the human development index, the general allocation fund and the special allocation fund have no effect on the human development index. Local own revenue and special allocation funds have a significant positive effect; on capital expenditure while the general allocation fund has a significant negative effect on expenditure/capital local original revenue, the general allocation fund and the special allocation fund have no effect on the human development index through capital expenditure.

In line with the research conducted by Maria et al., (2021), the results of the research found that the general allocation fund and the special allocation fund partially had a positive influence on human development on the island of Borneo. Meanwhile, the revenue sharing fund has no effect on human development on the island of Kalimantan. This is because the Kalimantan Island revenue sharing fund experienced a significant decline in 2014-2016 and the use of revenue sharing funds from natural resources was limited by regulations regarding environmental sustainability. Simultaneously, balancing funds, namely the general allocation fund, the special allocation fund, and the profit sharing fund have an influence on human development on the island of Kalimantan. This research found that the implementation of decentralization in Indonesia made local governments tend to rely on balancing funds to finance human development programs in the regions.

The effect of economic growth on the human development index

The results of the analysis can be explained that the variable economic growth has a significant relationship as is known, in the regression test above it can be explained that the results of economic growth have a positive and significant effect on the Human Development Index in South Halmahera Regency. With a regression coefficient of 0.008 and a significance value of 0.519 with a degree of confidence of 95%. It can be seen that simultaneous testing can affect the human development index variable with a significant value of 0.08 0.519, indicating that every economic growth increases 100% (in percent) it will affect the increase in the human development index by 5.19 (in percent). The results of the economic growth regression test have a positive and significant effect on the human development index at the 95% confidence level ($\alpha = 5\%$), increasing economic growth means that the human development index in South Halmahera Regency is increasing. This research is in line with what was done by Aini, (2017). Shows that economic growth has a positive and significant effect on the fiscal capacity variable. Economic growth directly has a positive but not significant effect on the human development index. However, indirectly economic growth has a positive and significant effect on the human development index through fiscal capacity. Then research was conducted by Garnella et al., (2020). The influence of economic growth, Human Development Index (HDI) and poverty on open unemployment rates in Aceh Province. The results of the study show that economic growth, the human development index has a negative and significant effect on the open

unemployment rate in Aceh Province. And poverty has a negative but not significant effect on the open unemployment rate in Aceh Province. Furthermore, according to research conducted by Irawan, (2022). The Influence of economic growth on the human development index in South Sumatra Province in 2016-2020. The results of the test for the coefficient of determination show that the dependent variable can be explained by 32.58% of the independent variables and the remaining 67.42% is explained by other factors outside this model.

5. Conclusion

The results of data analysis and discussion on the results of research by empirical testing of the first equation prove that economic growth and human development index are influenced by general allocation funds, special allocation funds and revenue sharing funds. From the results of this study, it shows that the general allocation fund, special allocation fund and revenue sharing fund have a significant effect on the human development index. In the regression testing model, the effect of general allocation funds, special allocation funds and revenue sharing funds on the human development index seen from the DAU variable is higher than the special allocation funds and profit sharing funds with economic growth. This indication shows a positive and significant value for the economic growth of the regional government to reduce the human development index in South Hamahera Regency. By Simultaneous test and partial test of the first equation (1), DAU, DAK and DBH have a negative and significant effect on economic growth. This means that DAU, DAK, and DBH revenues are quite large, in fact they do not have an impact on increasing economic growth in South Halmahera Regency. By partial test and simultaneous test second equation (2), DAU, DAK, DBH and PE have a positive and significant effect on the human development index in South Halmahera Regency. This means that DAU, DAK, and DBH revenues with a relatively small increase in PE actually have an impact on increasing the human development index in South Halmahera Regency. The results of this study prove that the relationship between the variables of general allocation funds, special allocation funds and revenue sharing funds has an effect on economic growth with the human development index.

The regional government of South Halmahera Regency is expected to be able to maximize regional revenues to be used in regional management which will have a direct impact on economic growth and the human development index. Then the Regional Government also needs to pay attention to the allocation of revenues that must be issued by the regional government while still considering the positive and negative impacts on DAU, DAK and DBH as well as their impact on Economic Growth and the Human Development Index. Furthermore, it is hoped that local governments can see how much the allocation of regional revenues can increase and assist in achieving the Human Development Index in terms of regional economic growth and for future researchers, it is hoped that they will be able to carry out research development by adding years of research using the latest data. as well as adding variables related to regional revenues and related to the components of Economic Growth and the Human Development Index.

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