THE EFFECT OF SPECIAL AUTONOMY FUNDS, REGIONAL ORIGINAL REVENUE AND LOCAL GOVERNMENT EXPENDITURES ON WELFARE IN PAPUA PROVINCE

Fadhil Firmansyah[1], Saparuddin Mukhtar[2], Karuniana Dianta Arfiando Sebayang[3]
[1,2,3]Fakultas Ekonomi, Universitas Negeri Jakarta, Indonesia
Email: *fadhilfirmansyah19@gmail.com*[1]

Abstract
This study examines the effect of the Special Autonomy Fund, PAD and Government Expenditures on the Welfare of 19 Regencies/Cities in Papua Province with the Human Development Index as a reference for their welfare. This approach to research employs descriptive quantitative techniques based on correlation. Panel data from 2015-2021 and a cross-section of 19 regencies/cities in Papua Province gathered using document data collection techniques were used to compile the data for this study. To analyze the data in this study using multiple regression analysis with the help of the Econometric application Views (Eviews 10). The results of this study indicate that the Special Autonomy Fund variable significantly negatively affects the Human Development Index.
Meanwhile, the Regional Original Income variable has a positive and insignificant effect on the Human Development Index. Next, the Regional Government Expenditure variable has a significant positive effect on the Human Development Index. Simultaneously, all variables positively and significantly affect the Human Development Index in Papua Province. For R2 in this study, the independent variable could explain the dependent variable of 97.27% and the remaining 2.73% was influenced by other factors.
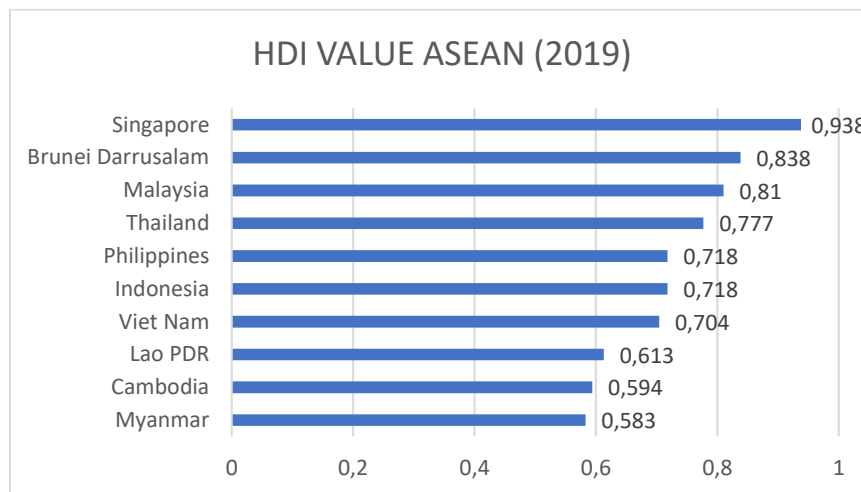***Keywords:*** *Special Autonomy Fund, PAD, Government Expenditure, HDI, Welfare*

INTRODUCTION

Along with the development of the times and technology towards the modern era, every country needs good human resources to compete in these developments. The state also aims to make its people prosperous in fulfilling this competition. The welfare of the community depends on the community's quality of life. After that, it also affects the quality of human resources in a country, which can be seen from the Human Development Index indicator. In line with what was conveyed (Fretes, 2017), one of the nation's goals is in line with UNDP's assertion, which underlines that the main goal of development is human welfare.

The Human Development Index is a development concept that can be interpreted as a process or effort to make changes for the better following state goals.

The issue related to the use of the Human Development Index as a benchmark for welfare is strengthened by (Dervis & Klugman, 2011), who stated that the Human Development Index was an early pioneer in multidimensional measurement and was quite popular from the start. Countries can use the Human Development Index to measure development or other dimensions that are still related to it (UNDP, 2020). It shows that the Human Development Index can be used as a regional benchmark for development.

Gambar 1 HDI VALUE ASEAN

Source: UNDP, data processed by researchers

When viewed from the level of the Human Development Index in the ASEAN (Association of Southeast Asian Nations) region, Indonesia ranks fifth out of a total of 10 countries that are members of ASEAN together with the Philippines, with a Human Development Index of 0.718 in 2019. It has been good but needs improvement because we still need to catch up to Indonesia's close neighbours, Malaysia and Singapore. If you look at the development of the Human Development Index in Papua Province, in 2019, it was 60.84, then decreased in 2020 to 60.44 and increased again in 2021 but still below 2019.

The factors driving the development of the Human Development Index in each region may vary. As is the case with research conducted by (Juliarini & Hatmoko, 2020) argued that a high regional income does not always make the Human Development Index high. Therefore, if a region is still not independent in income, then the Central Government has a role to play in helping the region.

One of the central government's steps to assist local governments, especially the Papua Province, is to allocate the Special Autonomy Fund. Since the Special Autonomy Law was passed for the Province of Papua Number 21 of 2001, the Special Autonomy Fund in Papua Province has been operational for the full twenty years, from 2001 until 2021. Originally set, the deadline was for 2022. On the other hand, according to Law Number 2 of 2021, the second amendment Law Number 21 of 2001, special autonomy for the province of Papua, has been extended until 2041.

In addition to the Special Autonomy Fund, the Regional Original Revenue must also consider. Regional Original Income may vary from one region to another. It is because each region chooses different potentials and developments, but the regional government's efforts in carrying out public services still need to be improved. This income is also often used as a benchmark for the level of progress of a region, and this is because, with the high Regional Original Income received by a region, the level of dependence on the central government in the context of its APBN funding will decrease (Anggoro, 2017).

Government spending can be a factor that can increase the Human Development Index in an area. As stated (Palayukan, 2019), One of the important aspects of efforts to increase the Human Development Index is that the government budget, especially government spending on the public and social sectors, is a pathway that can link government spending with human development. Therefore, the government's priorities in allocating the expenditure budget can greatly determine the development and development aspects of the area.

Judging from some of the facts and studies that have been presented based on the existing problems, researchers are interested in researching the Special Autonomy Fund, Regional Original Income, and Regional Government Expenditures and how they affect the Human Development Index in Papua Province.

LITERATURE REVIEW

Human Development Index

The United Nations Development Program (UNDP) explains the meaning of human development as the process of expanding and opening up more options for people to plan their development direction according to their diverse values rather than just specifying one particular path (UNDP, 2020). To measure the level of welfare between regions and countries, we can see that the human development index is a very useful tool to measure (Todaro, 2003). UNDP determined that three dimensions were used to form the HDI in 1990 through the Human Development Report 1990. The quality of human life is described through the three dimensions that have been determined, and until now, there is still no change or change (UNDP, 1990), that is, a long and healthy life, knowledge and a decent standard of living.

Special Autonomy Fund

The Special Autonomy Fund is a fund provided by the central government to regions that receive the Special Autonomy Fund intending to spur catch-up in development in that region compared to other regions. The Special Autonomy Fund for Papua Province is regulated by the Law of the Republic of Indonesia Year 2001. Theoretically, Yudho et al. (2005) The concept of regional autonomy itself or what can be called local autonomy, is essentially the autonomy of the local community through institutions by the government, the private sector and civil society to be managed synergistically with the aim of mutual welfare. At the same time, special autonomy is a special authority given to the Papuan people to regulate and manage their needs or interests based on the rights and aspirations of the Papuan people. The implementation of this policy is a form of asymmetric decentralization, also called asymmetric autonomy. According to Peter Harris and Ben Reilly, with the stipulation of asymmetric decentralization, certain areas selected in a country are given special rights or powers that are not granted to other regions.

Regional Original Income (PAD)

Regional Original Revenue is a source of income the region receives from economic activities based on applicable regulations. PAD is also the main regional source used to finance regional expenditures in the form of regional levies, regional tax revenues, revenue from separated regional management, and other legitimate PAD. (Adiputra et al., 2015). According to Peacock and Wiseman's theory, economic development is the cause of increased tax collection even though the tax rate itself does not change; and the increase in tax revenue to the government causes government spending also to increase (Mangkoesoebroto, 2018). The increase in expenditure requires an ideal source of income. According to Dinata (2013), Regional Original Income should ideally be used as the main source of revenue for the area because other sources of income can fluctuate and tend to be outside the control of regional authorities.

Local Government Expenditure

Government Expenditure means a set of products produced by the government which contains government choices or decisions regarding the provision of public goods and services for the community (Suindyah D, 2018). In Wagner Law's theory, if an area's economic growth level is higher, then government spending will also increase. It is due to efforts to improve the community's welfare; in realizing this, some pressures must be faced (Hanifah et al., 2017).

METHOD

The research method used in this research is descriptive quantitative research through correlational research. The data analysis technique used is multiple linear regression using reviews ten software. This type of research is quantitative in the form of data containing numbers. The type of secondary data used in this study. The data used in this study is a combined panel data between the 2015-2021 time series and the cross-section of 19 districts/cities in Papua Province. This study has three variables that become the object of research. The dependent variable is welfare (Y). Meanwhile, the independent variables are the Special Autonomy Fund (X1), Regional Original Income (X2), and Regional Government Expenditures (X3).

RESULTS AND DISCUSSION

This study was conducted to determine how much influence the variables of the Special Autonomy Fund, Regional Original Income and Provincial Government Expenditures have on the Human Development Index in Papua Province. In this study, the data passed several tests to determine the relationship between the variables studied. The test results using Eviews 10 are as follows:

Normality test

Based on the output, the normality test conducted by the researcher resulted in a Jarque-Bera probability value of 0.775957, greater than the probability of 0.05. So, it can conclude that the residuals are normally distributed in the model fulfilled.

Multicollinearity test

Based on the output, the correlation matrix value between independent variables (Special Autonomy Fund, Regional Original Revenue and Regional Government Expenditure) is at most 0.8. The multicollinearity test criteria can be said to be free from multicollinearity symptoms if the correlation matrix value between independent variables is less than 0.8 (Gujarati, 2007).

Heteroscedasticity Test

Based on the output, the test results show that the probability value of the independent variable is greater than 0.05, so it can be concluded that there is no heteroscedasticity symptom.

Multiple Linear Regression Test

Table 1 Multiple Linear Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.314191	0.386122	8.583280	0.0000
OTSUS	-0.016755	0.005882	-2.848797	0.0052
PAD	0.004288	0.002728	1.571879	0.1188
LGE	0.046112	0.014835	3.108347	0.0024
R-squared	0.972739			
Adjusted R-squared	0.967581			
F-statistic	188.6045			
Prob(F-statistic)	0.000000			

Source: Output Eviews 10

After processing the data, the results are as follows. The regression equation of this study is $y = 3.314191 - 0.016755 \text{ Log } (X_1) + 0.004288 \text{ Log } (X_2) + 0.046112 \text{ Log } (X_3)$. Based on the results of the regression equation, it can be concluded as follows:

- If the Special Autonomy Fund, Regional Original Income, and Government Expenditures are constant at 0, Y (IPM) is 3.314191.
- If X1 (Special Autonomy Fund) increases by 1%, Y (IPM) will decrease by 0.016755%.
- If X2 (Regional Original Income) increases by 1%, Y (IPM) increases by 0.004288%.
- If X3 (Government Expenditure) increases by 1%, Y (IPM) will increase by 0.046112%.

The results of hypothesis testing using the panel data method between the Special Autonomy Fund and the HDI in Papua Province have a probability value of 0.0052.

The smaller than the alpha significance of 0.05 means that the Special Autonomy Fund variable is significantly related to HDI in Papua Province because it is statistically proven. A negative value in the t-count means that the effect of the Special Autonomy Fund is negative on the HDI, meaning that if the Special Autonomy Fund decreases, the HDI will increase. Regarding the negative relationship between the Special Autonomy Fund and HDI, according to Todaro and Smith's theory, public expenditure for human development through the provision of basic services will greatly impact the quality of human capital in the future. Human capital is a productive investment in people that includes skills, ideas, abilities and knowledge. Public services have an impact on the quality of human development. If the allocation of expenditure for the public is not on target, then the expenditure will affect human development in the future. It will be very small and even decrease (Arispen & Dewi, 2021). The Special Autonomy Fund harms the HDI because the Special Autonomy Fund is allocated more for physical development than non-physical development, which directly impacts the HDI, such as health, education, or programs that can improve the quality of human life. The results of this study are supported by previous research by (Isnadi & Fikriah, 2019) and (Arispen & Dewi, 2021).

The results of hypothesis testing using the panel data method between Regional Original Income and HDI in Papua Province have a probability value of 0.1188, which is greater than the significance of alpha 0.05.

It means that the Regional Original Income variable is not significantly related to HDI in Papua Province because it is statistically proven. A positive value on the t-count means that the effect of Regional Original Income is in the same direction as the HDI, meaning that if the Regional Original Income increases, the HDI will increase. The smaller contribution of PAD to the APBD, the greater the dependence of the regional government on the central government. However, it is also necessary to consider increasing PAD so that there will be no trade-offs where the desire to increase PAD by making policies through local regulations of taxes and levies, regardless of local capacity, will burden the community. It is in line with Peacock and Wiseman's theory that increasing government tax revenues causes government spending to increase (Mangkoesoebroto, 2018). Next, according to Fretes (2017), without these financial sources, the regions will experience difficulties carrying out community services and development effectively and efficiently. It shows that if PAD has not been able to become the main source for an area, then the impact resulting from PAD is less than optimal. The results of this study are

supported by previous research (Harliyani & Haryadi, 2016), (Williantara & Budiasih, 2016), (Budi, 2017), and (Fadhly, 2018).

The results of hypothesis testing using the panel data method between Local Government Expenditures on HDI in Papua Province have a probability value of 0.0024, which is smaller than the alpha significance of 0.05.

The Government Expenditure variable is significantly related to HDI in Papua Province because it is statistically proven. A positive value in the t-count means that the influence of local government spending is in the same direction as the HDI, meaning that if local government spending increases, the HDI will increase. Regional government spending plays an important role in improving the welfare of the people in the area. Wagner Law's theory supports that government spending will also increase if an area's economic growth level is higher. It is due to efforts to improve the community's welfare; in realizing this, some pressures must be faced (Hanifah et al., 2017). The results of this study are supported by previous research by (Astri et al., 2013), (Zulyanto, 2018) and (Mariani, 2011).

Based on the F-statistic probability value of 0.000000. It is calculated with a 95% confidence level and an alpha of 0.05. it can see that the probability value is less than 0.05, meaning that the three independent variables simultaneously influence the dependent variable. Based on the degree of freedom, the results obtained for the F table are 2.68. So it can conclude that the F-statistic value of 188.6045 is greater than the F table of 2.68. Indicates that the test model used in this study is feasible to use. Next, on the Coefficient of Determination, R Square is found to be 0.972739 while the Adjust R Square value is 0.967581. R Square value of 0.972739 means that the independent variable can explain the dependent variable of 97.27%, and the remaining 2.73% is influenced by other factors. In this research, the Adjust R Square value is 0.967581. shows that the dependent variable HDI can be explained by the independent variables, namely the Special Autonomy Fund, Local Revenue and Government Expenditures of 96.75%. At the same time, the remaining 3.25% is influenced by other factors outside the model.

CONCLUSION

According to the output of research that has been completed by researchers regarding the effect of the Special Autonomy Fund, Regional Original Income and Regional Government Expenditures on the Human Development Index in Papua Province, it can conclude;

This study shows that the Special Autonomy Fund variable significantly negatively affects the Human Development Index. Meanwhile, the Regional Original Income variable has a positive and insignificant effect on the Human Development Index. Next, the Regional Government Expenditure variable has a significant positive effect on the Human Development Index. Simultaneously all variables have a positive and significant effect on the Human Development Index in Papua Province.

RECOMMENDATION

For the next researcher who wants to conduct research related to the Human Development Index, it is necessary first to take a deeper look at the object of the area to be studied to ensure the availability of research information. And use other variables and the latest data to enrich the research results that are more developed and useful.

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