



ANALYSIS OF DIRECT AND INDIRECT EXPENDITURES ON POVERTY IN THE SOUTH SULAWESI PROVINCE

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ABSTRACT

This study aims to determine and explain the effect of direct and indirect spending on poverty rates in districts/cities in South Sulawesi in 2018-2020. This study uses secondary data in the form of direct expenditure data, indirect expenditure and poverty rates. The data is taken from the government's official website, namely the Central Bureau of Statistics (BPS). For the purposes of analysis in this study, panel data were used from all regencies/cities in South Sulawesi Province. In processing the data that has been obtained, namely using the EViews application. The method used in this study is the method of data analysis stationary test, correlation test and stranger causality test. The results of this study indicate that first, direct spending has a significant effect on poverty. Second, indirect spending has a significant effect on poverty. Third, direct spending and indirect spending mutually influence each other.

ABSTRACT

Penelitian ini bertujuan mengetahui dan menjelaskan pengaruh belanja langsung dan belanja tidak langsung terhadap tingkat kemiskinan di Kabupaten/Kota di Sulawesi Selatan Tahun 2018 – 2020. Penelitian ini menggunakan data sekunder yang berupa data belanja langsung, belanja tidak langsung dan tingkat kemiskinan. Data tersebut diambil dari situs resmi pemerintah yaitu Badan Pusat Statistik (BPS). Untuk keperluan analisis dalam penelitian ini maka digunakan data panel dari seluruh kabupaten/kota yang ada di Provinsi Sulawesi Selatan. Dalam mengolah data yang telah didapatkan yaitu menggunakan aplikasi Eviws. Metode yang digunakan dalam penelitian ini yaitu metode analisis data uji stasioner, uji korelasi dan uji kausalitas granger. Hasil dari penelitian ini menunjukkan bahwa pertama, belanja langsung berpengaruh signifikan terhadap kemiskinan. Kedua, belanja tidak langsung berpengaruh signifikan terhadap kemiskinan. Ketiga, belanja langsung dan belanja tidak langsung saling mempengaruhi satu sama lain.

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INTRODUCTION

Poverty is a condition in which a country cannot meet its basic needs (Suryawati, 2005). Poverty is not only a matter of lack of money, but also the lack of standards of health, worth living, freedom, self-respect and a sense of respect for others and the dismal future of the nation and state. In measuring poverty standards, they usually make a comparison between a country's income or consumption with several predetermined standards, where they are considered poor if their income is below the set standard (Junaidi and Patra, 2018)..

The problem of poverty has indeed been a problem since ancient times. In general, people used to be poor not because of food, but poor in terms of material facilities. For example, in comparison with modern life, they do not enjoy educational facilities, health services and other conveniences available as in modern times. Poverty is not only experienced by developing countries, but also developed countries, such as the United Kingdom and the United States.

Poverty is a problem that never escapes the attention of the government of a country in any part of the world. Poverty has even become a phenomenal problem in the economic field and has become a reference point for the success of state governments from time to time, especially in developing countries like Indonesia. Poverty itself in developing countries is quite a complicated problem even though several developing countries have succeeded in carrying out development in terms of production and national income (Sartika et al., 2016). The poverty condition of a country or region is also a reflection of the level of welfare of the population living in that country/region (Christianto, 2013). Indonesia is one of the developing countries and poverty is a problem that is still a concern.

The problem of poverty that occurs in developing countries, for example Indonesia, spreads throughout the region from hamlets in the highlands, forest edge communities, poor small villages, fishing communities or urban slum areas (Tisniwati, 2012). One of the causes of poverty in Indonesia is the uneven distribution of income that occurs between regions and groups of people so that the gap between the rich and the poor in Indonesia is widening. In addition, the poverty rate occurs due to low per capita income, low per capita income due to low investment.

From year to year the government has always carried out countermeasures in overcoming poverty, but the poverty rate in Indonesia has not decreased significantly. To reduce the level of poverty in Indonesia, it is necessary to know what are the factors that influence the level of poverty in Indonesia. So that the government can determine effective policies to reduce poverty in Indonesia.

One way that the government has done in alleviating poverty is through direct and indirect spending which are government intervention tools that are considered the most effective compared to other interventions from the government. A good expenditure allocation is certainly expected to improve the welfare of its people (Kaat, 2019). The government in the Regency/City of South Sulawesi Province is one of the provinces that implements its budget policy while still referring to the existing provisions regarding regional management.

RESEARCH METHODS

Object of research

The objects in this research are direct spending, indirect spending and the poverty rate in the district/municipal government of South Sulawesi Province in 2018-2020.

Population and Sample

The population and sample in this research are all districts/cities in South Sulawesi Province. The reason for selecting the sample is because the regions in South Sulawesi have different economic characteristics.

Data types and sources

The type of data used is quantitative data, namely the annual Regional Expenditure Budget (APBD) data published through the Central Statistics Agency (BPS). The data source used is secondary data obtained at <http://www.bps.go.id> containing data on direct spending, indirect spending and poverty levels.

Variable Measurement

In this research, the variables are categorized into two, namely the dependent variable and the independent variable. Where the dependent variable is direct spending and indirect spending. The independent variable is poverty.

Data analysis method

Stationary Test

The most important thing in this research is to test the data whether the data is available or not. The data will be said to be stationary if the variance and average are constant during the study period. Data that is not stationary will result in poor data to be estimated (Widarjono, 2009). In the stationary test used in this study using the unit root test.

This test is carried out to see certain coefficients of the autoregressive model which are estimated to have a value of one or not. The first step is to estimate the autoregressive model of each variable used (M. Anwar et al., 2020; Siagian, 2003). This test was developed by David Dickey and Wayne Fuller so it is known as the Augmented Dickey-Fuller (ADF Test).

Correlation Test

Correlation is a way to find a relationship between two variables in which one of the shapes and sizes has several variables in the relationship using the word positive correlation. According to the Big Indonesian Dictionary (KBBI) correlation is a reciprocal or causal relationship. Meanwhile, in mathematics correlation is a measure of how closely two variables change in relation to one another. Correlation research is a study that involves collecting data to determine whether or not there is a relationship between two or more variables (Sukardi, 2009: 166).

In statistics, correlation tests are divided into 9 types, namely: person product correlation (r), ratio correlation (y), spearman rank or rho correlation (r_s or p), biserial correlation (r_b), point biserial correlation (r_{pb}), correlation phi (ϕ), tetrachoric correlation (r_t), contingency correlation (C) and Kendall's tau correlation (τ) (Junaidi et al., 2021; Lind, 2008).

Granger Causality Test

The Granger causality test is a statistical hypothesis test to determine whether one time series is useful in predicting another (Granger, 1969). In general, regression shows a correlational relationship between variables, but Clive Granger argues that causality in economics can be tested by measuring the ability to predict the future value of a time series using the previous value of another time series. Econometricians claim that Granger's test only finds "predictive causality".

Granger causality is a test used to see the causal or reciprocal relationship between two research variables (Roman, 2020). Research on the co-integration Granger causality test was first conducted by Mbani (2018).

RESULTS AND DISCUSSION

RESULTS

Stationary Test

Table 1. Stationary Test

Variables	ADF	Prob**
Direct expenditure	17.5560	0.0000
Indirect expenditure	29.5715	0.0000
Poverty	23.7043	0.0006

The stationary test can be carried out using the Augmented Dickey-Fuller method or the ADF test, the stationary test is carried out on each variable from the data. The purpose of the stationary test is to see the stationarity of the data to be analyzed. The variable will be said to be stationary if the variable has a prob value $< \alpha = (0.05)$. From the test results in the table it shows that each variable is stated to be stationary because the prob value $< \alpha = (0.05)$. The table above states that the variables of direct expenditure, indirect expenditure and the poverty rate have a test value of < 0.05 , which means that the three variables are stationary.

Correlation Test

Table 2. Correlation Test

Variables	Direct expenditure	Indirect expenditure	Poverty
Direct expenditure	1		
Indirect expenditure	0.634	1	
Poverty	0.548	0.867	1

The table above shows the magnitude of the value of the correlation test results, if 0 then it means there is no correlation at all, while if the correlation is 1 it means there is a perfect correlation. This shows that if the correlation value is close to 1 or -1, the relationship between the two variables is getting stronger. Conversely, the relationship between variables is said to be getting weaker if the correlation value is close to 0. There are no specific determinations in determining the level of correlation. However, we can use the following as a guideline that if the correlation number is > 0.5 then it indicates a fairly strong correlation, and vice versa if the correlation is < 0.5 then it indicates a weak correlation. In the table there are variables of direct spending, indirect spending and the poverty rate with a correlation value of > 0.5 . With this it can be stated that the relationship between variables has a fairly strong relationship because the correlation value is > 0.5 .

Granger Causality Test

Table 3. Granger Causality Test

Variabel	F-Statistic	Prob
Indirect expenditure >>> Direct expenditure	0.370	0.691
Direct expenditure >>> Indirect expenditure	0.799	0.454
Poverty >>> Direct expenditure	1.596	0.211
Direct expenditure >>> Poverty	0.660	0.520
Poverty >>> Indirect expenditure	0.467	0.630
Indirect expenditure >>> Poverty	0.912	0.407

The Grange Causality Test (Granger Causality Test) was conducted to see whether the variables of direct expenditure, indirect expenditure and poverty level have a reciprocal relationship between variables. In other words, does one variable have a significant causal relationship with other variables? Whether there is a relationship to the variable can be seen from the probability value of each causality test which is then compared with $\alpha = 10\%$. If the prob value in the results obtained exceeds the predetermined α value then it is stated that they do not affect each other.

The table above shows the results of the Granger causality test between variables, where the test shows that indirect spending does not affect direct spending because the probability value of the F-statistic $> \alpha = 10\%$ ($0.6917 > 0.1$). Furthermore, testing direct spending and indirect spending shows that direct spending does not affect indirect spending because the prob value of the F-statistic $> \alpha = 10\%$ ($0.4545 > 0.1$). Likewise the test results which later showed that the variables did not mutually influence each other because the prob value of the F-statistic was $> \alpha = 10\%$.

DISCUSSION

In conducting the research "Analysis of the Influence of Direct and Indirect Expenditures on Poverty Levels in Districts/Cities of South Sulawesi", the first thing to do is to look for data related to this research. The data is taken from the government's official website, the Central Bureau of Statistics (BPS). The data taken is data on direct spending, indirect spending and poverty rates for South Sulawesi Regency/City from 2018-2020. After getting the data, then perform data analysis using the Eviews application. In conducting data analysis several data analysis tests were carried out including: stationary test, correlation test and Granger causality test.

Stationary test, this test is carried out using the ADF method, the variable will be said to be stationary if the prob value < 0.05 . The results obtained from this test state that the direct expenditure variable has a prob value of $0.0000 < 0.05$. Indirect spending variable with a prob value of $0.0000 < 0.05$. Poverty level variable with a prob value of $0.0006 < 0.05$. From the results of the data analysis test it can be stated that the three variables are stationary with each other. That is, the three variables influence each other.

Correlation test, this test aims to find out whether there is a relationship between variables and how strong the relationship between these variables is. The variable will be declared correlation if the value resulting from the analysis is more than 0.5. From the results of the correlation test that has been carried out, correlation results have been obtained from the variables of direct expenditure, indirect expenditure and the poverty rate in the Regency/City of South Sulawesi from 2018-2019. Where in the results of the analysis test results in a correlation value of more than 0.5. That is, the three variables have a high degree of correlation or can be said to be interconnected.

Granger causality test, this test aims to determine the existence of a reciprocal relationship between variables. After conducting analysis tests on the variables of direct spending, indirect spending and poverty rates in the South Sulawesi District/City from 2018-2019, the results were different from the previous analysis test. Where in the stationary analysis test and correlation analysis test states that there is a relationship that influences each other between variables. Whereas the results obtained from the Granger causality test stated that there was no reciprocal relationship between variables. Due to the provisions of the Granger causality test, the variable is declared to have a reciprocal relationship if the prob value of the F-statistic is > 0.1 . In the test results on the three variables, the prob value of the F-statistic was > 0.1 , it was stated that these variables did not have a reciprocal relationship or did not influence each other.

CONCLUSION AND SUGGESTIONS

Based on the results of the research and discussion that has been carried out, it can be concluded that direct spending, indirect spending and the level of poverty in the Regency/City of South Sulawesi influence each other. This conclusion is drawn from the results of data analysis tests that have been done before. The stationary test states that the three variables influence each other. Likewise, the correlation test states that the three variables have a high degree of correlation. Whereas in the Granger causality test it states that the three variables do not influence each other.

This research is only limited to district/city governments in South Sulawesi Province so that the generalization of research results and discussion is not applicable to provinces in Indonesia. It is hoped that future research will be able to expand and add research samples with a longer observation period in order to produce more comprehensive and accurate data.

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