



Analysis Of Village Dau, Dak, And Funds On Inequality Distribution Income And Growth In Indonesia 2015-2018

Yasin R Ismail¹, Muhammad Amir Arham², Sri Indriyani S Dai³

Department of Economic Development, Economic Faculty, Gorontalo State University¹

Faculty of Economics, Gorontalo State University^{2,3}

Abstract. This study aims to analyze (1) the effect of DAU on economic growth, (2) the effect of DAK on economic growth, (3) the effect of income distribution inequality on economic growth, (4) the influence of the Village Fund on income distribution inequality, (5) the effect of growth the economy against inequality of income distribution. The data used were sourced from the Ministry of Finance through the Directorate General of Fiscal Balance and the Indonesian Central Statistics Agency during the 2015-2018 period, the unit of analysis was 33 provinces in Indonesia. This study uses a simultaneous equation regression model with the two stage least square (2SLS) regression technique with the Fixed Effect Model (FEM). The results showed that, (1) general allocation funds have a positive and significant effect on economic growth, which means that any increase in general allocation funds will be followed by an increase in economic growth. (2) special allocation funds have a negative and significant effect on economic growth. This means that any increase in special allocation funds will make economic growth decline. (3) income distribution inequality has a negative and significant effect on economic growth, which means that any increase in income distribution inequality can as much as reduce economic growth. (4) the variable of village funds has a negative and not significant effect on the inequality of income distribution, which means that any increase in village funds will make the income distribution inequality decrease. (5) economic growth variable has a negative and significant effect on inequality of income distribution, which means that any increase in economic growth can reduce inequality of income distribution decreases.

Keywords: DAU, DAK, Village Funds, Economic Growth, Inequality of Income Distribution.

Economic growth in poor countries initially tended to cause high levels of poverty and inequitable distribution of income. But if the poor countries are more advanced, then the problem of poverty and inequality of income distribution will

decrease (Khusnah, 2015). Furthermore. Kuznets explained that disparities in income sharing tended to increase during the early stages of development, only then during the later stages of development did they turn out to be smaller, or in other words

that the economic development process in the initial stages experienced a significant decline in the distribution of income, which has just turned towards a greater equity in the distribution of income at a later stage of development. (Hartini, 2017., Kuncoro, 2006).

With regional autonomy, decentralization has also taken place, both in terms of regional financial management, economic planning and other plans which have all been transferred from the center to the regions. In this decentralization, the regional government was given authority by the central government in making policies for the use of transfers of balancing funds and funds originating from regional revenues or legitimate regional revenues to manage their own regional finances.

All provinces in Indonesia receive balance funds annually. Balancing funds are allocated to districts / cities in their respective provinces whose amounts differ from one another. This difference in the allocation of balancing funds causes an imbalance in economic growth between each Regency / City. However, the balance funds allocated have a positive impact on economic growth in each province as well as the rate of national economic growth which is always increasing every year. This

is evidenced by the national economic growth rate that continues to increase.

The rate of economic growth in Indonesia in 2018 grew to reach 5.17 percent, this figure increased compared to economic growth in 2017 which amounted to 5.07 percent, this increase was driven by all categories of business fields where the highest growth was achieved by Other Service Business Fields that grew 9.22 percent. (Official Gazette of the Statistics, 2018).

Two facts obtained from the 2018 National Statistics Agency data illustrate that economic growth that increases from year to year only affects the national level, not at the regional level. Causing imbalances between regions in Indonesia. It seems clear that growth is not significant enough to correct inequality. This can be seen in the level of inequality in Indonesia according to rural housing as measured by the Gini Ratio in March 2018 yesterday recorded at 0.324, this figure rose by 0.004 compared to the conditions of September 2017 and March 2017 which amounted to 0.320.

One form of commitment from the central government in fiscal decentralization policy is to allocate fiscal transfers to the regions, namely the

Balancing Fund consisting of Tax and Non-Tax Sharing (SDA), General Allocation Funds (DAU), and Special Allocation Funds (DAK). The Balancing Fund as a factor of capital production is used for regional government spending to increase output. Increasing output in the long run can increase economic growth.

The results of Waluyo's research (2007) (in Dodi Chandra et al, 2017) also show that the impact of fiscal decentralization on economic growth in Indonesia is thought to be more dominated by general allocation fund mechanisms that function as regional fiscal administrators so as to encourage regional economic growth.

Likewise with other balancing funds such as the Special Allocation Fund (DAK), which is given to regions in financing special needs that are national priorities. Giving DAK based on fields that are made as national priorities such as education, health, infrastructure etc. Provision of transfer funds is expected to reduce income disparities between regions. But the conditions that occur, the greater inequality in each year. (Adhitya Wardhana et al, 2013).

The stimulus for boosting economic growth and national and regional development is the Village Fund, which is

part of the village development activities. The main objective of development is to create community welfare and public welfare can be seen from the increase in economic growth and the even distribution of income (Arsyad, 2010: 11) in (Yasa, 2015). Development planning has made the village community as the object of development not as the subject of development.

One of the government's programs in supporting village development is to issue Village Funds as a source of village income. As according to Law No. 6 of 2014 concerning villages article 72 states that village funds are one source of village income sourced from the APBN. (Endang Juliana, 2017). However, prior to the Village Fund budget, each village had received a Village Fund Allocation (ADD) but the amount was considered small because the ADD calculation was obtained from the distribution of the balance funds received by the district / city government at least 10% after deducting the Special Allocation Fund.

Villages as autonomous regions that are at the lowest level will automatically become the object of the ongoing fiscal decentralization system obtained from the central government and regional

governments. The village is one of the spearheads of government organizations in achieving success from central government affairs. This is due to the fact that villages are closer to the community so that government programs are delivered faster. (Irma Setianingsih, 2015).

Based on the above background, researchers are interested in conducting research with the title Analysis Of Dau, Dak, Village Funds On Inequality Distribution Income And Growth In Indonesia 2015-2018. This research is expected to be able to make a positive contribution to reducing income inequality in Indonesia in the following years.

METHODS

From the results of data processing for the two models obtained a different R-square value which is 0.8748 for the growth model, which means that 87.48 percent of the variation of changes that occur in endogenous variables can be explained by the three exogenous variables and the inequality model by 0.9049 which means 90, 49 percent of the variations in changes that occur in endogenous variables can be explained by the three exogenous variables. With the R-square values of the two models, each F test statistic value was 19.17

This study includes 5 (five) important components, namely the General Allocation Fund (DAU), the Special Allocation Fund (DAK), the Village Fund, inequality, and growth using 34 data panels representing the Indonesian Province over a period of 4 (four) years lastly, namely 2015 - 2018. The analysis stage used consists of estimating the simultaneous equation regression model using the TSLS (Two-Stage Least Square) method using panel data. The population taken in this study is the entire territory of the Indonesian province, covering 34 (thirty four) provinces.

RESULTS AND DISCUSSION

for the growth model and 27.14 for the inequality model.

Statistical test results also show the calculated F-value obtained from each model is still greater than the F-table value at all levels of significance so that H_0 is rejected. Thus it can be concluded that the DAU, DAK, and GR variables have a significant effect on economic growth in 2015-2018, and for the DD, and EG variables significantly influence the Inequality of income distribution during 2015-2018.

After testing as a whole is done, then partial testing is done for the two equations to determine the effect of each independent variable observed on the dependent variable. For this purpose, the individual regression coefficient is tested using the t test. If the absolute value of t-count obtained is greater than the value of t-table at a certain level of significance and degree of freedom (NT-N-k) then H_0 is rejected.

The analysis found that the regression coefficient for the variable general allocation fund was 0.4957, which means that every increase of every 1 percent would make economic growth increase by 0.4957 percent. then the t test statistic value of 2.64 with a probability value of 0.009. Because the p-value (0.009) $< \alpha = 0.01$ then this means that general allocation funds have a significant effect on economic growth in Indonesia with a 99 percent confidence level.

The analysis found that the regression coefficient for the variable special allocation fund was -0.0522, which means that every 10 percent increase would cause economic growth to decrease by -0.0522 percent. then the t test statistic value of -1.89 with a probability value of 0.061. Because the p-value (0.061) $< \alpha = 0.10$, this

means that special allocation funds have a significant effect on economic growth in Indonesia with a 90 percent confidence level of special allocation funds having a significant effect on economic growth in Indonesia during 2015-2018.

The analysis found that the regression coefficient for the income distribution inequality variable was -4.3886, which means that every 1 percent increase would cause economic growth to decrease by -4.3886 percent. Then the t test statistic value is -3.18 with a probability value of 0.002. Because the p-value (0.002) $< \alpha = 0.01$ then this means that the inequality of income distribution has a significant effect on economic growth in Indonesia with a 99 percent confidence level that the inequality of income distribution has a significant effect on economic growth in Indonesia during 2015-2018.

The analysis found that the regression coefficient for the village fund variable was -0.0020 which means that every increase of every 10 percent would make the income distribution inequality decrease by -0.0020 percent. then the t test statistic value of -1.07 with a probability value of 0.287. Because the p-value (0.410) $> \alpha = 0.1$, this means that village

funds have no significant effect on income distribution inequality in Indonesia with a 90 percent confidence level in village funds having insignificant effect on income distribution inequality during 2015-2018.

The analysis found that the regression coefficient for the village fund variable was -0,0005, which means that every 1 percent increase would cause an inequality in income distribution to decrease by -0,0005 percent. then the t test statistic value of -3.08 with a probability value of 0.002. Because the p-value (0.002) $< \alpha = 0.01$ then this means that economic growth has a significant effect on inequality of income distribution in Indonesia with a 99 percent confidence level of economic growth has a significant effect on inequality of income distribution in Indonesia during 2015-2018.

CONCLUSION

Based on the research results, the following conclusions can be drawn:

1. The General Allocation Fund has a positive impact on economic growth whereby an increase in the general allocation fund will encourage Indonesia's economic growth. Thus the granting of regional autonomy which gives freedom to local governments to make their own financial plans through the transfer of balance funds has shown positive results on economic growth in Indonesia.
2. From the estimation results of special allocation funds do not have a good influence on economic growth. This is because the special allocation funds provided by the central government are less optimized for various activities in sectors related to economic growth, such as the trade industry sector, service sector, and other sectors. This indicates that the increase in special allocation funds has no real effect on economic growth.
3. Inequality does not have a good influence on increasing economic growth, this negative effect implies that increasing income distribution inequality will cause economic growth to decline. This is because there is no equity in economic development, this is seen by the existence of regions that are developed with regions that are underdeveloped or less developed.
4. The allocation of village funds negatively affects the income distribution inequality variable in provinces in Indonesia. Although the effect seems to be very weak, this

indicates that an increase in the allocation of village funds will cause more even distribution of income (the Gini coefficient decreases), whereas a decrease in the allocation of village funds will cause an imbalanced income distribution (the Gini coefficient increases). Therefore, fiscal decentralization which is directed at reducing the Gini ratio has shown improvement in income distribution.

5. Economic growth has a negative and significant effect on inequality in income distribution. Thus increasing the rate of economic growth each year can reduce the imbalance of income distribution in Indonesia. This research is consistent with the hypothesis put forward by Kuznets that the relationship between economic growth and inequality such as U-shaped is reversed where in the initial stages of economic development, income distribution tends to be bad and will increase until the country reaches middle income status (–middle income).

SUGGESTION

1. The government as the power user of the budget as well as the decision maker needs to study carefully the allocation

of the budget that will be issued so that it can boost existing economic growth, with the growth of the economy, the existing economic sectors slowly develop which can later increase economic growth.

2. Allocation of Special Allocation Funds must be allocated with the right goals and objectives so that the objectives of community welfare can be achieved. By allocating according to the target, economic growth can increase so that the goals of economic growth can be achieved.
3. The need for strengthening of managerial resources at the village level, provisioning to each village head in order to be clear about the mechanism for channeling village fund allocations and the need for supervision of financial managers at the village level so that there is no budget misuse leading to corruption, collusion, and nepotism.
4. To reduce the level of income distribution inequality, the government should make development policy strategies that are more targeted and effective in solving the problem of inequality and poverty, not only in pursuit of high economic growth but

can only be enjoyed by high-income groups.

REFERENCES

- Abdullah Rusli (2013) Faktor-Faktor Yang Memengaruhi Ketimpangan Pendapatan Di Jawa Tengah. *Journal of Economics and Policy Volume 6, Nomor 1. Hal 43-53*
- Arham Muhammad Amir (2014) Kebijakan Desentralisasi Fiskal, Pergeseran Sektoral, dan Ketimpangan Antarkabupaten/Kota Sulawesi Tengah. *Jurnal Ekonomi dan Pembangunan Indonesia, Volume 14, No.2. Hal. 1-22*
- Agusalim Lestari (2016) Pertumbuhan Ekonomi, Ketimpangan Pedapatan Dan Desentralisasi Di Indonesia. *KINERJA, Volume 20, No.1, Hal. 53-68*
- Arifianto Wildan, Imam Setiyono (2013) Pengaruh Pertumbuhan Ekonomi Terhadap Distribusi Pendapatan Di Indonesia. *Jurnal Pendidikan Ekonomi Volume 1, Nomor 3. Hal 1-16*
- Azizi Muhammad (2018) Dampak Dana Alokasi Umum, Dana Alokasi Khusus, Dan Dana Bagi Hasil Terhadap Ketimpangan Produk Domestik Regional Bruto Di Provinsi Sulawesi Selatan Periode 2005 – 2014. *Jurnal Kritis Volume Nomor 1, Hal. 1-32*
- Berlianantiya, Maretha (2017) Pertumbuhan Ekonomi Dan Ketimpangan Pembangunan Ekonomi Antar Wilayah Kebijakan Pembangunan Di Provinsi Jawa Timur. *Equilibrium, Volume 5, Nomor 2, Hal. 163-171*
- Bekti Dwi Rokhana dkk (2014) Model Persamaan Simultan pada Analisis Hubungan Kemiskinan dan PDRB. *Model Persamaan Simultan Volume 5 Nomor 5*
- BPS, *Berita Resmi Statistik* 2018
- BPS, *Berita Resmi Statistik* 2018
- Chandra Dodi, Syurya Hidayat, Rosmeli (2017) Dampak dana perimbangan terhadap pertumbuhan ekonomi dan ketimpangan antar daerah di Provinsi Jambi. *Jurnal Paradigma Ekonomika Vol. 12. No. 2, Hal. 67-76*
- Darzal (2016) Analisis Disparitas Pendapatan dan Faktor-Faktor yang Mempengaruhinya di Provinsi Jambi. *Jurnal Perspektif Pembiayaan dan Pembangunan Daerah Vol. 4 No. 2, Hal.131-142*

- Dewanto Pendi, Rujiman dan Agus Suriadi (2014) Analisis Pengaruh Pertumbuhan Ekonomi dan Ketimpangan Pendapatan Terhadap Pengentasan Kemiskinan di Kawasan Mebidangro. *Jurnal Ekonom Vol. 17 No. 3, Hal.138-150*
- Direktorat Jenderal Perimbangan Keuangan, Kementrian Keuangan RI
- D.S. Priyarsono, Nor Qomariyah, Suharno (2016) Dampak Transfer Fiskal Dan Belanja Modal Pemerintah Daerah Terhadap Perekonomian Sektoral, Ketimpangan Dan Kemiskinan Di Indonesia. *Jurnal ekonomi dan kebijakan pembangunan Volume 5 Nomor 2*
- Endang, Juliana. (2017). “Efektivitas Pemanfaatan Dana Desa Dalam Menunjang Pembangunan Pedesaan di Kabupaten Asahan”. *Skripsi*. Universitas Sumatera Utara.
- Gujarati, Damodar. 2015. *Dasar-dasar Ekonometrika*. Salemba Empat : Jakarta
- Hasan, Yusrin S. (2017). “Pengaruh Alokasi Dana Desa Terhadap Ketimpangan Distribusi Pendapatan di Indonesia”. *Skripsi*. Universitas Negeri Gorontalo.
- Hartini Nita Tri (2017) Pengaruh Pdrb Per Kapita, Investasi Dan Ipm Terhadap Ketimpangan Pendapatan Antar Daerah Di Provinsi Diy Tahun 2011-2015. *Jurnal Pendidikan dan Ekonomi, Volume 6, Nomor 6, Hal. 530-539*
- Hartono Budiantoro. (2008). “Analisis Ketimpangan Pembangunan Ekonomi Di Provinsi Jawa Tengah”. *Tesis*. Pascasarjana Universitas Diponegoro Semarang.
- Hidayah, Nurul dan Hari Setiyawati (2014) Pengaruh Dana Alokasi Umum, Dana Alokasi Khusus Dan Pendapatan Asli Daerah Terhadap Belanja Langsung Di Propinsi Jawa Tengah. *Jurnal Akuntansi/Volume XVIII, No. 01, Hal.45-58*
- Jannah Kartika, Muhammad Nasir, (2018) Analisis PAD, DAK, dan DAU Terhadap Pertumbuhan Ekonomi di Provinsi Aceh. *Jurnal Ilmiah Mahasiswa Vol.3, No.02, Hal.248-255*
- Khusnah, Lailatul (2015) Analisis Disparitas Pendapatan Antar Kabupaten/kota di Jawa TImur Tahun 2008-2013. *Jurnal Ekonomi Pembangunan Vol.13, No.01, Hal.2-20*

- Maidar Rosti, Raja Masbar, Muhammad Nasir (2017) Analisis Tingkat Ketimpangan Pendapatan Antar Kabupaten Di Provinsi Aceh Periode 2002-2015. *Jurnal Ekonomi Dan Kebijakan Publik Indonesia Volume 4 Nomor 1, Hal.23-34*
- Ma'ruf Ahmad dan Latri Wihastuti (2008) Pertumbuhan Ekonomi Indonesia: Determinan dan Prospeknya. *Jurnal Ekonomi dan Studi Pembangunan Volume 9, Nomor 1. Hal. 44-55*
- Murniasih Erny, M. Syarif Mulyadi (2011) Pengaruh Transfer Pemerintah Pusat terhadap Perilaku Fiskal Pemerintah Daerah di Provinsi Kalimantan Timur. *Jurnal Ekonomi dan Pembangunan Indonesia Vol. 12 No.1, Hal. 56-71*
- Nurlina, T. Muhammad Iqbal Chaira (2017) Pengaruh Pertumbuhan Ekonomi Terhadap Distribusi Pendapatan Di Provinsi Aceh. *Jurnal Samudra Ekonomika, vol. 1, no. 2. Hal 174 - 182*
- Putri Zuwesty Eka (2017) Analisis Pengaruh Pendapatan Asli Daerah (Pad), Dana Alokasi Umum (Dau) Dan Inflasi Terhadap Pertumbuhan Ekonomi Di Kabupaten/Kota Provinsi Jawa Tengah. *Jurnal Bisnis dan Manajemen, Vol. 5, No.2. Hal 173 -186*
- Rasulong Ismail (2012) Implikasi Dana Perimbangan Terhadap Pertumbuhan Ekonomi Dan Dampaknya Terhadap Pendapatan Asli Daerah Kabupaten Takalar. *Jurnal Ekonomi Balance Volume 8 No. Hal, 139-157*
- Rukmana, Indra (2012) Pengaruh Disparitas Pendapatan, Jumlah Penduduk Dan Inflasi Terhadap Pertumbuhan Ekonomi Di Jawa Tengah Tahun 1984-2009. *Economics Development Analysis Journal EDAJ 1 (1)). Hal. 27-34*
- Sari, Emilda. (2017). "Analisis Faktor-Faktor Yang Mempengaruhi Ketimpangan Pendapatan Di Pulau Sumatera Tahun 2011-2015". *Skripsi. Universitas Muhammadiyah Surakarta*
- Sari Intan Mala, M. Faisal Abdullah (2017) Analisis Ekonomi Kebijakan Dana Desa Terhadap Kemiskinan Desa Di Kabupaten Tulungagung. *Jurnal Ekonomi Pembangunan Vol.15, No.01, Hal. 35-49*
- Shina, Arya Fendha Ibnu Shina (2016) Penerapan 2 SLS GMM-AB pada Persamaan Simultan Data Panel Dinamis untuk Pemodelan

- Pertumbuhan Ekonomi Indonesia sebagai Islamic Country. *Volume 7 Nomor 1, Hal. 141-162*
- Soseco Thomas (2010) Perkiraan Ketimpangan Distribusi Pendapatan di Indonesia dengan Indeks Theil. *Jurnal Ekonomi dan Studi Pembangunan Volume 2 Nomor 2.*
- Sofiyanto. Moh, Ronny Malavia Mardani, M. Agus Salim (2017) Pengelolaan Dana Desa Dalam Upaya Meningkatkan Pembangunan Di Desa Banyuates Kecamatan Banyuates Kabupaten Sampang. *Jurnal Riset Manajemen Volume 6 Nomor 4. Hal 28-38*
- Tangkumahat, Feiby Vecentia, Vicky V. J. Panelewen, Arie D. P. Mirah (2017) Dampak Program Dana Desa Terhadap Peningkatan Pembangunan Dan Ekonomi Di Kecamatan Pineleng Kabupaten Minahasa. *Agri-SosioEkonomiUnsrat,ISSN 1907-4298 ,Volume 13 Nomor 2A, Hal. 335-342*
- Talangamin Olvy Beatriks, Paulus Kindangen, Rosalina A.M. Koleangan (2018) Pengaruh Pendapatan Asli Daerah (PAD), Dana Alokasi Umum Dan Dana Alokasi Khusus Terhadap Pertumbuhan Ekonomi Di Kota Tomohon. *Jurnal Pembangunan Ekonomi dan Keuangan Daerah Vol.19 No.7. Hal. 1-11*
- Tiara Shita (2017) Analisis Ketimpangan Distribusi Pendapatan Di Propinsi Sumatera Utara. *Jurnal Ilmu Ekonomi dan Studi Pembangunan Volume 16, Nomor 1. Hal 1-16*
- Wardhana, Aditya, Bambang Juanda., Hermanto Siregar dan Kodrat Wibowo (2013) Dampak Transfer Pemerintah Pusat Terhadap Penurunan Ketimpangan Pendapatan Di Indonesia. *Sosiohumaniora, Volume 15 no. 2, Hal. 111-118*
- Widarjono, Agus. 2017. *Ekonometrika – Pengantar dan Aplikasinya Disertai Panduan EViews*. UPP STIM YKPN : Yogyakarta
- Wijayanto, Anton Tri (2016) Analisis Keterkaitan Pertumbuhan Ekonomi, Ketimpangan Pendapatan Dan Pengentasan Kemiskinan Di Provinsi Sulawesi Utara Tahun 2000-2010. *Jurnal Berkala Ilmiah Efisiensi, Volume 16 no. 2, Hal. 418-428*