Overcoming Poverty by Increasing Local Own Revenue and General Allocation Funds Through Economic Growth in Central Mamuju Regency

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Abstract
This study aims to: (1) analyze the effect of PAD (local revenue) on economic growth in Central Mamuju Regency; (2) analyze the impact of DAU (general allocation funds) on economic growth in Central Mamuju Regency; (3) analyze the effect of PAD (local income) to poverty in Central Regency; (4) analyzing the impact of DAU (general allocation funds) on poverty in Central Mamuju Regency; (5) analyzing the effects of PAD (local revenue) on poverty through economic growth in Central Mamuju Regency; (6) analyzing the impacts of DAU (general allocation funds) towards poverty through economic development in Central Mamuju Regency; and (7) to analyze the effect of economic growth on poverty in Central Mamuju Regency. The type of data used in this study is secondary data. The data used is in the form of financial data for Central Mamuju Regency for 2013-2017, including the APBD Realization Report. Based on this report, data on the total realization of PAD and DAU were taken. Data on Gross Regional Domestic Product (GRDP) and data on the poor published by the Central Bureau of Statistics (BPS) of Central Mamuju Regency for the period 2013-2017. The data collection method used is documentation. Data analysis used multiple linear regression and path analysis. The results show that: (1) PAD influences economic growth in Central Mamuju Regency; (2) DAU has an impact on economic growth in Central Mamuju Regency; (3) PAD has an effect on poverty in Central Mamuju Regency; (4) DAU has an effect on poverty in Central Mamuju Regency; (5) PAD has power on poverty through growth economist in Central Mamuju Regency; (6) DAU has an effect on poverty through economic growth in Central Mamuju Regency, and (7) economic growth has an influence on poverty in Central Mamuju Regency.

Keywords:
Original Local Income, General Allocation Funds, Economic Growth, Poverty

1. Introduction
Regional Revenue and Expenditure Budget (APBD) aims to support governance, fostering, and regional community development. In general, provincial spending can be classified into routine and development expenditures. Routine expenditure is intended to finance activities / operational activities of the regional government. Meanwhile, development spending is designed to be enjoyed directly by the community through development. Decentralization to

become a region has greater authority for its affairs. Thus, demanding the government to be wiser in collecting taxes and levies in the areas. Besides, the regional government must allocate provincial tax and retribution revenues to achieve a just and prosperous society following Pancasila and the 1945 Indonesian Constitution. APBD management by local governments manifests regional autonomy so that regions are more flexible in increasing their economic growth and their people's welfare. Economic and non-economic factors can influence economic growth. Financial elements include capital accumulation, natural resources, technology, organization, production scale, and labor division. Meanwhile, the non-economy consists of: political, social, human, and administrative. Economic growth can be through Gross Regional Domestic Product (GRDP), as added value for goods/services produced in one current period (usually a year). Economic growth is closely related to the increase in the production of goods/services in economic activity. According to (Ma'ruf & Wihastuti, 2008), economic growth is usually assessed through a production process involving various products with facilities/infrastructure. According to Schumpeter (Suci, Tinggi, & Ekonomi, 2017), economic growth as an increase in output is due to the many production factors used in the production process. Indicators of financial change measure the production level and indicate the extent of economic activity in a certain period.

2. Literature Review

Decentralization is an instrument to provide better services to the public and create a democratic decision-making process. In decentralization, there is a delegation of authority to the regional level (lower government), the power to collect taxes, the election of council members, regional heads, and assistance in the form of central government transfers. Fiscal decentralization is a transfer of budgetary authority from the central government to the regions. According to (Khusaini 2006), budgetary decentralization provides efficiency. Local budgets can easily be adjusted according to the community's preferences with a high level of accountability. Fiscal decentralization is also helpful for increasing revenue.

The implementation of fiscal decentralization in Indonesia refers to the law. 33/2004 concerning Financial Balance between the Central Government and Regional Governments. According to this law, budgetary decentralization is the transfer of governmental authority by the central government to autonomous regions to regulate and manage government affairs within the Republic of Indonesia's Unitary State. Through this law, the prominent government delegates regional governments' authority to collect revenues and carry out the allocation function independently in planning and determining development priorities. The freedom of a region is the primary demand that it cannot ignore in the new autonomy period. Given the authority that the central government has granted regional governments in regulating their respective provincial governments, it must also address resource readiness. The independence requested is for the region to control and handle all forms of revenue and funding without relying on the central government again, as was the case before regional autonomy. It can also characterize fiscal decentralization conceptually as distributing budgets from higher government levels to lower levels of government to fund delegated government functions or tasks. In its implementation, the principle of fiscal decentralization, known as the money follows feature, requires that the delegation of functions and authorities to regional governments (expenditure delegation) be followed by the commission of tax/funding authority to the regions (revenue assignment). In other terms, the transition or transfer of government authority would result in the budget required to carry out the command. This means that it must control central and regional financial ties to support the spending needs of the regions from established revenue sources. The process can be carried out using the balance fund system, which involves distributing revenues across government levels to carry out government functions within the context of decentralization. The Central Government controls most of the primary state revenue (tax) sources. Meanwhile, the local government only contains a small part of state revenue or is only authorized to collect local taxes. This condition creates a vertical imbalance between the central and regional governments because the central government dominates tax revenues and local natural resources. As a result, regions with abundant natural resources cannot fully experience their regional wealth's effects. It will overcome this condition by using balancing funds, particularly profit-sharing funds. With equalization funds, the producing regions will receive a more significant portion of the general revenue sharing.

Locally Generated Revenue (PAD) is regional revenue from various sources in the region, collected/collected following regional regulations. PAD is income sourced from corresponding areas and is used to finance activities in the region. PAD as revenue from the region and organized according to regional regulations. PAD is a source of income that continues to be increased, so that part of the expenditure burden is reduced from the central government and creates independence. Regional autonomy is described in Law Number 23 of 2014 concerning Regional Government as an autonomous region's privileges, authorities, and obligations to regulate and manage government affairs and local communities' interests within the framework of the Unitary State of the Republic of Indonesia.

Regional autonomy would have a positive economic effect on the country's economy—several financial metrics for a region's performance in introducing political autonomy. According to (Halim 2004), PAD is a form of regional revenue from its regional sources and is collected according to provincial regulations. Regional income has a vital role because it shows how far the regions can finance regional programs/activities.

General Allocation Fund (DAU) is a form of transfer of funds from the central government to the regions, the source of which is from the APBN, which is specifically allocated for equitable development among regions and regional funding needs. DAU is a nature block grant handed over to the area based on priority/need for improving community services and auto. DAU is allocated according to a formula covering a fiscal gap along with a basic allocation. The fiscal gap is the difference between financial needs and budgetary capacity. The fiscal market is measured using the following variables: population, Construction Expenses Index (IKK), area, GRDP per capita, and Human Development Index (IPM). PAD/ Profit Sharing Fund (DBH) measures fiscal capacity. The basic allocation is calculated based on the total salary of the employee. DAU aims to equalize financial power among regions and is intended to reduce gaps through a formula that considers the potential / needs of the areas. DAU provides the most significant contribution to the Balancing Fund.

Simon Kuznets defines economic growth as an increase in the state's ability to provide economic goods for its citizens. This increase is caused by technological advances, institutional and ideological adjustments (Todaro M. P and S. C. Smith, 2008; Nuraini et al., 2019; Umanailo, 2020, 2019). Economic development is a multi-dimensional process covering changes in social structures, attitudes of society, institutions and acceleration, handling of inequality, and alleviating poverty. Thus, development must reflect changes in total or with adjustments, without neglecting various types of individual basic needs or social groups in it to move forward towards a better life.

Poverty is a condition that individuals or groups experience and cannot carry out their lives at a human level (Sumedi and Supardi, 2004). According to (Chamsyah 2006; Hasyim et al., 2019), poverty is a condition of deprivation or challenging to meet their needs. A person is called poor if it is difficult to meet their basic needs. Poverty is a severe social problem that the Indonesian government is dealing with. Despite decades of struggle to break free from poverty, the reality shows that Indonesia has yet to break free from the shackles of poverty. If a group of community members' income is insufficient to meet basic needs, including food, clothes, and housing, they are considered flawed. Meanwhile, in Indonesia, one of the methods used to decide whether an individual is wrong or not is to refer to the Central Statistics Agency's criteria (BPS).

3. Methods

The research design is a survey to analyze the facts and data needed to support research and answer and solve the problems. The approach used is quantitative. This approach is a way of testing theories through the relationship between variables.

4. Results

4.1. Path Analysis

Line analysis is used to determine the influence of local native income (X_1) and general allocation funds (X_2), one economic growth (Y1), and poverty (Y2) as follows:

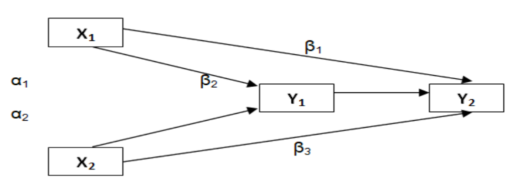

Figure 1. Path Analysis

In addition to independent variables (X), It is also in research using intervening variables as intermediate variables that function to moderate the relationship of independent variables with dependents. Path analysis is used to test the influence of intervening variables. Path analysis is the development of regression that tests the causality between variables.

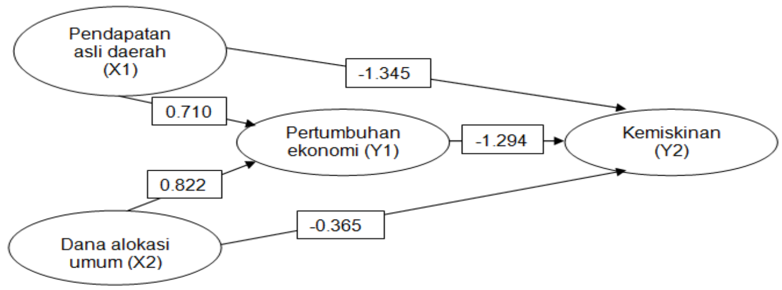

Figure 2. Path Analysis

In the picture, there is an influence between direct, indirect, and total variables, which can be described as follows:

4.2. Direct Influence

The results of the regression analysis of inter-variable relationships are shown in the following table:

Table 1. Direct Influence

Independent Variables	Dependent Variables	Symbol	Beta Cow	Sig	SE
Regional native income(X1)	Economic growth (Y1)	X1--> Y1	0.710	0.001	0.101
General allocation fund(X2)		X2--> Y1	0.822	0.000	0.080
Regional native income(X1)	Poverty (Y2)	X1--> Y2	-1.345	0.000	0.055
General allocation fund(X2)		X2--> Y2	-0.365	0.019	0.049
Economic growth(Y1)		Y1--> Y2	-1.294	0.000	0.086

Source: Data processing, 2019.

The Beta-coefficient of regional native income (X1) on economic growth(Y1) is 0.710 with a value of SE 0.101 at the level of 0.001. It shows that regional native income (X1) positively influences economic growth(Y1). The increase in regional native revenue (X1) followed a rise in economic development (Y1), assuming other factors are considered constant. Thus, hypothesis 1 says the region's original income significantly influences Central Mamuju Regency's economic growth**.** The Beta-coefficient of general allocation fund (X2) on economic growth(Y1) 0.822 with a value of SE 0.080 at the level of 0.000 suggests the general allocation fund (X2) has a positive influence on economic growth(Y1). The increase in available allocation funds (X2) followed by increased economic growth(Y1), assuming other factors are considered constant. Thus hypothesis 2, which says the general allocation fund has a significant favorable influence, is proven. Beta-regional native income coefficient(X1) against poverty(Y2) -1,345 with a value of SE 0.055 at a level of 0.000. It shows the region's indigenous income (X1) hurts poverty (Y2). The increase in local native income (X1) is followed by poverty reduction (Y2), assuming other factors are considered constant. Thus, hypothesis 3 says the region's original opinion has a negative and significant influence.

The Beta-coefficient of general allocation fund(X2) to poverty(Y2) is -0.365 with a value of SE 0.049 at the level of 0.019. The general allocation fund (X2) has a negative influence on poverty(Y2). The increase in the general allocation fund (X2) is followed by poverty reduction(Y2), assuming other factors are considered constant. Thus hypothesis 4, which says the general allocation fund has a significant negative influence on poverty, is proven. The Beta-coefficient of economic growth(Y1) against poverty(Y2) is -1,294 with a value of SE 0.086 at the level of 0.000. It shows that economic growth (Y1) harms poverty(Y2). The increase in economic development (Y1) is followed by poverty reduction (Y2), assuming other factors are considered constant. Thus hypothesis 7 that says economic growth influences poverty is proven.

The actual influence of the results of the calculation of direct and indirect effect can be seen in the following table:

Table 2. Total Influence

Independent Variables	Dependent Variables	Coefficient
Regional native income(X1)	Poverty (Y2)	-7.702
General allocation fund(X2)		-8.838
Economic growth(Y1)		-1.294

Source: Data processing, 2019.

The effect of the region's total original income(X1) on poverty(Y2) was-1,345 + -6,357= -7,702. This indicates that the region's native income increases poverty through a combined direct and indirect influence of -7,702; The total effect of the General Allocation Fund(X2) on poverty(Y2) is -0.365 + -8.473= -8.838. This indicates that the general allocation fund can reduce poverty through a combination of direct influence and not -8,838; The total effect of economic growth (Y1) on poverty(Y2) was -1,294. This suggests economic growth could reduce poverty by -1,294.

The effect of Regional Native Income on Economic Grows this positive. This is seen in the region's original revenue path analysis has a significant favorable influence on economic growth. The results are in line with the statement that those with positive PAD levels are more likely to get a better income per Capita. PAD has a positive influence on regional economic growth (Iskandar Putong, 2010). PAD is a source of provincial spending. If PAD increases, the funds owned will be higher. Pad growth continuously results in increased economic growth. The rise in PAD has an impact on the economy. Therefore, the region cannot succeed if the area does not experience economic growth.

The effect of the General Allocation Fund on Economic Grows this positive. These results are in line with Jolianis's research (2016), the conclusion that DAU has a significant influence on economic growth. Furthermore, the study found that there is a significant favorable influence of DAU on economic growth. Then, (Stepvani Uhise, 2013), research shows that DAU has a significant-good power on Economic Growth. The effect of local indigenous income on poverty is negative. It means that the increase in local indigenous revenue will be followed by reducing poverty, assuming factors are considered constant. The study results are in line with research that there is an influence of local native income on poverty. Then, research (Paul, Koleangan, & Engka, 2017) found that the impact of Regional Native Income on poverty is negative

The Effect of the General Allocation Fund on Poverty. The variable effect of general allocation funds on poverty is negative. It means that the increase in available allocation funds will be followed by reducing poverty, assuming other factors are considered constant. This study's results are in line with the statement (Hanif, 2005)that weak planning in the allocation of spending poses inefficiencies to the performance of this, impacting. This study's results are in line with (Paseki, Greri, & Naukoko, 2014) that the general allocation fund has a significant effect on poverty reduction. Furthermore, research (Rudi, 2014), that DAU has a considerable influence on poverty.

The Influence of Local Native Income on Poverty through Economic Growth. This research shows a significant influence of the region's native income on poverty through economic growth. This is seen in the results of the path analysis. Economic growth can affect pad against poverty. The effect of the General Allocation Fund on Poverty through Economic Growth is significant. We can see from path analysis. Thus, economic growth can influence the general allocation fund against poverty. This study's results also follow Todaro's statement (in (Nurmainah, 2013) that the accumulation of capital occurs when a portion of the revenue is reinvested to increase output. The source of the investment funds comes from DAU. Funds sourced from the state budget are allocated for regional equalization.
The effect of economic growth on poverty is negative. It means increased economic growth followed by poverty reduction, assuming other factors are considered constant. This study shows the negative influence of economic growth on poverty. This study supports the results (Tambunan, 2011) that economic growth is not accompanied by employment opportunities creating a gap, which then creates economic growth conditions and increased poverty levels. Growth with poverty has a strong correlation because poverty tends to rise in the early stages of development. Near the end of the story, the number of poor people decreases gradually (Tambunan, 2011).

5. Conclusion

The region's original income had a positive and significant impact on economic growth in Central Mamuju Regency. Thus, it can be concluded that the region's native income will affect economic growth; The general allocation fund has a positive and significant effect on economic growth in Central Mamuju Regency. It is thus concluded that the general allocation fund affects economic growth; The region's indigenous income has a positive and significant effect on poverty in Central Mamuju Regency. Thus, it is concluded that the region's original income affects poverty; The general allocation fund has a positive and significant effect on poverty in Central Mamuju Regency. It is thus concluded that the general allocation fund affects poverty; The region's native income has a positive and significant effect on poverty through economic growth in Central Mamuju Regency. Thus, it is concluded that the region's native income affects poverty through economic growth; The general allocation fund has a positive and significant effect on poverty through economic growth in Central Mamuju Regency. It is thus concluded that the general allocation fund will affect poverty through economic growth; Economic growth has a positive and significant effect on poverty in Central Mamuju Regency. Thus, it is concluded that economic growth affects poverty.

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