THE EFFECT OF VILLAGE FUNDS, LABOR, AND GROSS REGIONAL DOMESTIC PRODUCT (GDP) ON POVERTY IN LAMPUNG PROVINCE

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Abstract

Kata kunci: kemiskinan, dana desa, tenaga kerja, PDRB, panel

Abstract
This study intends to examine the effect of economic factors on poverty. This research model uses independent variables in the form of village funds, labor and GRDP. The object of this research is 13 regencies in Lampung Province with the 2016-2020 research period. The analysis tool used is panel data regression. The results of this study indicate that the village fund variable has no effect on poverty in the 13 districts that are the object of the study. Labor has no effect on poverty in the 13 districts that are the object of the study. GRDP has a significant negative effect on poverty in Lampung Province. This means that the higher the GRDP level, the less poverty will decrease. The growth of the Gross Regional Domestic Product (GDP) is an indicator in determining the success of development and is a necessary condition for poverty reduction. The condition for adequacy is that the Gross Regional Domestic Product (GRDP) growth effectively reduces the poverty rate. Therefore, GRDP growth in each business sector is crucial in reducing and overcoming poverty.

Keywords: poverty, village funds, labor, GRDP, panels

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INTRODUCTION

Development must place and see that humans are the center of attention or as subjects who play an active role, while the development process must benefit all parties. In this context, the problems of poverty, village fund budget, employment and GRDP in a region can affect all aspects. Existing poverty levels in a province or region need to be given primary attention. Poverty lines based on income consider the welfare dimension. However, this measure does not reflect the true extent of poverty. This is because many people who may not be poor in terms of income are categorized as poor based on a lack of access to basic services and low human development indicators. In addition, differences between regions are also a feature of poverty, which is reflected in the differences between rural and urban areas.

Implementing or utilising village funds in disadvantaged areas still has many problems and obstacles. The obstacles each village faces making the utilization of village funds ineffective in achieving the objectives of the village fund policy itself, such as improving the economy and welfare of rural communities and equitable village development. Therefore, an in-depth study is needed relating to the implementation or utilization of village funds in order to determine whether the policy is in accordance with the rules or not or whether the policy has been successful and effective in achieving and realizing the objectives of the village fund policy itself in order to improve welfare and equitable village development. Failure in village development and improving the economy and welfare of rural communities depends on the village head's management of village funds. Related to this, basically, in regional financial management, three principles must be considered. These principles include the principle of transparency or openness, the principle of accountability, and the principle of value for money. This principle means the application of three principles in the budgeting process: economy, efficiency and effectiveness. Economy relates to selecting and using resources in a certain amount and quality at a low price. Efficiency means using public funds can produce maximum output (efficient). Effectiveness means that the budget must achieve public interest targets or objectives (Mardiasmo, 2012).

The most fundamental development issue in Indonesia is poverty. Poverty cases at the provincial level dominate in each region. Poverty is a problem that never ends in various regions. Special attention to poverty reduction is the focus of work programs in all regions. Poverty makes the development process experience many problems and obstacles with the growth of socio-economic diseases in the community. The poverty rate in Indonesia has not shown a significant decline in recent years.

The pace of poverty reduction has been slow and has tended to remain steady over the past five years as follows:
results from BPS Lampung Province from 2016 to 2020 has decreased every year and there has been an increase in percentage in 2020.

Based on statistical results from BPS Lampung Province, it is found that the factors that increased poverty in 2016 to 2020 are the gap in the consumption ability of the poor and the variation in consumption expenditure between the poor. In efforts to deal with poverty, the government has had various integrated programs, one of which is a poverty reduction program based on social assistance, community empowerment, and small business empowerment (SME), which is carried out at various levels of regional government. Rural-based development has an important and necessary role in strengthening the foundation of the country's economy. Villages are the main foundation of state administration because most people live in them. Village development will accelerate poverty reduction and reduce regional disparities. As a solution for social change, villages have a strategic position as a base for development.

One of the policies that accompanied the enactment of Law No. 6/2014 was the Village Fund policy. Village funds or village finances are the rights and obligations of the village in the context of administering the village government that can be valued in money, including all forms of wealth related to the implementation of the rights and obligations of the village. So, it needs to be managed in a village financial management system. Based on Government Regulation Number 60 of 2014 concerning Village Funds sourced from the APBN, Village Funds are funds sourced from the State Budget (APBN) for Villages through the Regency / City Regional Budget (APBD) which functions to finance governance, development implementation, community development, and community empowerment. The purpose of the Village Fund is to realize inclusive economic growth through income distribution (Chasanah, et al, 2017).

The village fund allocation assistance program aims to support village development programs to improve community welfare. Based on Law No. 6/2014 on Villages, villages have the authority to organize and manage authority based on village needs and priorities, which means that village funds are used to fund the overall authority of the village.

The village fund allocation assistance program aims to support village development programs to improve community welfare. Based on Law No. 6/2014 on Villages, villages have the authority to regulate and manage authority based on village needs and priorities, which means that village funds are used to fund all village authorities. Because of the many forms of village existence, it inevitably needs to be protected and empowered to become stronger, more advanced, independent, and democratic. With this village empowerment fund, it can create a strong basis for implementing governance and development in order to improve the welfare and equitable development of the village through improving public services in the village, promoting the village economy, overcoming gaps between village development and strengthening village communities as subjects of development. So that the existence of village funds is expected to increase regional development, which in turn all levels of society are expected to enjoy justice, prosperity, and shared prosperity (Rimawan and Aryani, 2019). The village funds budgeted from 2017-2021 each year are always increased
according to the management carried out by the local government.

In this case, researchers want to examine and explore more deeply related to the use of village funds, labor, and GRDP in Lampung Province and their impact on poverty levels in Lampung Province, with the research title "The Impact of Village Funds, Labor, and GRDP on Poverty in Lampung Province". The main reason for researchers to study this title is that Lampung Province is a province located at the tip of the island of Sumatra and where Lampung Province is a transportation route between the island of Sumatra and the island of Java. Lampung is a province that is quite close to the capital city. But on the other hand, based on BPS information (2021) the national poverty rate of Lampung Province is ranked 7th after South Sumatra Province and at the island level throughout Sumatra Lampung Province is number 3 below South Sumatra and North Sumatra. In this case, researchers want to know the obstacles that cause the poverty rate in Lampung Province to remain high even though the Village Fund budget, the number of productive workers, and GRDP have increased every year.

As in research conducted (Sigit & Kosasih, 2020) with the title The Effect of Village Funds on Poverty: Regency / City Level Studies in Indonesia. The results found that the Village Fund variable negatively influenced the number of poor people. This shows that the Village Fund can effectively reduce the number of poor people. However, based on the results of in-depth interviews, at least three aspects of the Village Fund policy need to be improved, including improving the formulation aspects, strengthening supervision aspects, and increasing innovation in the use of Village Funds.

Based on the problem's background, this study's objectives are to determine the effect of Village Funds on poverty levels in Lampung Province, to determine the effect of Labor on poverty levels in Lampung Province, and to determine the effect of GRDP on poverty levels in Lampung Province.

**THEORETICAL BACKGROUND**

**Poverty Theory**

Poverty can be defined as a condition/situation experienced by a person or group of people who do not live their lives to a level that is considered humane (Bappenas, 2002). The definition of poverty can be selected into two aspects, namely: (1) the secondary aspect, which is poor in terms of information, financial resources and social networks; and (2) the primary aspect, which is poor in terms of assets, knowledge, skills and socio-political organization.

Poverty is a condition of economic inability to meet the average standard of living of the people in an area. This condition of inability is characterized by the low ability of income to meet basic needs in the form of food, clothing, and shelter. Oscar Lewis (1993) views poverty as a culture. Poverty is considered part of the culture of capitalism, where the social and economic system only distributes wealth to a relatively small group of people so that it is clear that pressures are exerted by the wider community on citizens and their structures. Friedman (in Soeharto, 2011) argues that poverty is an inequality of opportunity to accumulate a social power base. This social power base includes (1) productive capital such as land, means of production, housing, and health; (2) financial resources; (3) social and political organizations that can be used for common
interests such as cooperatives, political parties, social organizations; (4) social networks, (5) knowledge and skills; and (6) information that is useful for the advancement of life (Soeharto, 2011). Furthermore, Chambers (1987) explains that poverty is an integrated concept that has five dimensions, namely: poverty (proper), powerlessness, vulnerability to emergencies (State of emergency), dependency, and isolation.

The basic theory of this research is poverty theory. Poverty is a condition where a person cannot enjoy all kinds of choices and opportunities in fulfilling their basic needs, such as not being able to meet health, decent living standards, freedom, self-esteem, and a sense of respect for others and the bleak future of the nation and state (Wiguna & Rachmad, 2013).

**Village Funds**

In Permendagri No. 113/2014, it is explained that a village is a legal community unit that has territorial boundaries with authority to regulate and manage government affairs, the interests of the local community. Based on community initiatives, origin rights, and traditional rights that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia. Thus, villages have political, economic, social, and security interests, a jointly elected management structure, a certain amount of wealth, and the right to organize their own household affairs. To be able to organize and manage its own household affairs, the village certainly needs its own funds, or what is known as village funds, which are used to fund all processes of organizing government affairs or village development and empowering all rural communities.

Based on the Minister of Home Affairs Regulation Number 37 of 2007 concerning Village Financial Management Guidelines in Article 20, and Law Number 6 of 2014. Concerning Villages in Ambya (2020) the management of village fund allocation funds is an integral part of village financial management, so its management follows the rules and governance with mechanisms that have been regulated in the applicable laws and regulations in the village.

Government Regulation No. 60/2014 on Village Funds contains funds sourced from the state revenue and expenditure budget (APBN) intended for villages transferred through the Regency / City Regional Budget and is intended to finance the implementation of government activities, development implementation activities, and community development activities. Law No. 6/2014 on villages explains that the allocation of the Village Fund is used to improve the welfare of the village community. The Village Fund (DD) is intended as a stimulus fund to encourage the financing of Village Government activity programs, as evidenced by the approval of the village fund budget of ± Rp 20.7 trillion, in the 2015 APBN which has been distributed to 74,093 villages throughout Indonesia (Abidin, 2015).

**Labor**

According to the Central Bureau of Statistics (BPS Lampung, 2020), labor is everyone who can do a job to produce goods and services to meet their own needs and those of their families and communities. The working age limit adopted by Indonesia is a
minimum of 15 years, with no maximum age limit. So every person or population who is 15 years old and above is classified as labor. Labor is a potential human resource that is needed in the development process to welcome the globalization era (Alkamah, et al., 2021). In relation to employment, according to Article 1 point (2), labour is "everyone who is able to do work in order to produce goods and / or services both to meet their own needs and for the community." Meanwhile, Article 1 point 3 of the same Law also explains that what is meant by worker or laborer is "every person who works by receiving wages or compensation in other forms".

Gross Regional Domestic Product (GRDP)
GRDP is an indicator of a region's economic growth. GRDP is the result of the net value of services and goods obtained from various processes or economic activities in a region within a period of 1 period (a year). If the GRDP in the region is high, the greater the economic growth rate (Taringan, Robinson, 2005). Gross Regional Domestic Product (GRDP) is one of the economic data sets that can be used to evaluate the economic development performance of a region (province or district / city) (Lampung Central Bureau of Statistics, 2020). This data set can also be used for other purposes, such as as the basis for developing economic models in order to formulate policies, the level of the velocity of money, financial deepening, tax determination, export and import studies and so on.

METHOD
The research used by the author is a type of quantitative research that explains the effect of the independent variable (independent) on the dependent variable (dependent). This research was conducted in Lampung Province. This study explains the effect of independent variables, namely Village Funds, Labor, GRDP on the dependent variable, namely: the poverty rate in Lampung Province.

The data source that will be used in this research is secondary data. The secondary data used is in the form of panel data with a period of the last 5 years, namely 2016-2020 obtained from BPS (Central Bureau of Statistics) Lampung Province and the DJPK Portal (Directorate General of Fiscal Balance) Ministry of Finance of the Republic of Indonesia.

Data analysis is carried out by descriptive statistical analysis, classical assumption test, normality test, heteroscedasticity test, multicollinearity test, autocorrelation test, panel data regression test, best model selection test, and hypothesis testing.

RESULTS AND DISCUSSION
Descriptive Statistics
Descriptive analysis in this study is used to explain the variables studied such as poverty, village funds, labor and GRDP.

Table 1. Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty (%)</td>
<td>65</td>
<td>7.33</td>
<td>21.55</td>
<td>14.21</td>
<td>13782.23945</td>
</tr>
<tr>
<td>Rural Funds (Rp)</td>
<td>65</td>
<td>74,834,650</td>
<td>313,429,884</td>
<td>174,941,718</td>
<td>73337800.7</td>
</tr>
<tr>
<td>Labor (%)</td>
<td>65</td>
<td>59.72</td>
<td>80.78</td>
<td>70.21</td>
<td>63124,31934</td>
</tr>
<tr>
<td>PDRB (Rp)</td>
<td>65</td>
<td>2795.95</td>
<td>48,710.04</td>
<td>15.124,01</td>
<td>12136,61611</td>
</tr>
</tbody>
</table>

Table 1 above shows that the number of observations used in this study is 65 from 2017 to 2021 and consists of 13 companies. The poverty variable has the lowest value of 7.33% which occurred in 2020 in Mesuji Regency. The highest value of poverty is 21.55% which occurred in 2017 in North Lampung Regency. Meanwhile, the average company value is 14.21 with a standard deviation of 13782.23945. The village fund
variable has the lowest value of Rp. 74,834,650 which occurred in 2018 in West Tulang Bawang Regency. The highest value of the village fund variable occurred in 2020 in Central Lampung Regency, which amounted to Rp. 313,429,884. Meanwhile, the average value of village funds is Rp. 174,941,718. The labor variable has the lowest value of 59.72% which occurred in 2020 in Tanggamus Regency. The highest value of labor occurred in 2017 in West Lampung Regency, which amounted to 80.78%. Meanwhile, the average labor force is 70.21% with a standard deviation of 63124.31934. The gross regional domestic product (GRDP) variable has the lowest value of Rp 2796.95 which occurred in 2017 in West Pesisir district. The highest value of pdrb is IDR 48,710.04 which occurred in 2021 in Central Lampung district. The average value of pdrb is IDR 15,124.01 with a standard deviation of 12136.61611.

### Results of Hypothesis Test

**Table 2 Regression Results and Regression Equation 11**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-statistic</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>21.43682</td>
<td>2.002782</td>
<td>10.70352</td>
<td>0.0000</td>
</tr>
<tr>
<td>Rural funds</td>
<td>-0.000457</td>
<td>0.000743</td>
<td>-0.614424</td>
<td>0.5418</td>
</tr>
<tr>
<td>Labor</td>
<td>-0.035245</td>
<td>0.025441</td>
<td>-1.385360</td>
<td>0.1722</td>
</tr>
<tr>
<td>PDRB</td>
<td>-0.398390</td>
<td>0.074026</td>
<td>-5.381735</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

R² = 0.986921

Adjusted R² = 0.982917

F count = 246.4997

Sig (F-statistic): 0.0000

Based on the results of the Chow Test and Hausman Test in the table above. The best model was chosen, namely the Fixed Effect Model (FEM) as the estimation model to determine the effect of independent variables, namely village funds (X1), labor (X2), and GRDP (X3) and the dependent variable, namely poverty (Y).

The discussion of the results of this study is in accordance with the sequence of problem formulations and hypotheses proposed. The discussion is carried out by referring to the results of the interpretation of data processing which is confirmed by theory and the results of previous research. The discussion of the research results is presented as follows:

### The Impact of Village Funds on Poverty

The first hypothesis in this study is that village funds affect poverty. The fixed effect model (FEM) regression results in table 4.7 show that the village fund variable has no impact on poverty in the 13 districts that are the object of the study. This can be seen in the probability value of 0.5418 > 0.005. Then H0 is accepted and H1 is rejected. This means that the Village Fund does not influence poverty in Lampung Province.

Permendagri No. 113/2014 explains that a village is a legal community unit with territorial boundaries authorized to regulate and manage government affairs, the interests of the local community. Based on community initiatives, origin rights, and traditional rights that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia.

This research is in line with previous research. The results of research by Sosilowati et al (2017) also show that village funds are ineffective and unsuccessful in reducing poverty in each district in East Java. Village funds are mostly used for low-quality rural physical facilities and infrastructure. Meanwhile, the number of people involved in empowerment is relatively small. Human resources lack technical skills in planning and managing village funds. In implementing village development, community involvement in planning is very important because the community knows best about their own problems and needs. Participatory planning systems allow individuals, families and communities to contribute positively according to their needs and abilities.

Several stages of village development planning in the utilization of village funds for poverty reduction such as the preparation...
of pre-musrenbangdes deliberations, the stage of determining priority activities that will be submitted at the kecamatan level. At this stage, resources that have extensive knowledge of the problems and needs of the village community and village government should be utilized. In addition, the capabilities of individuals and village governments in development planning and village fund management can help realize development that has economic value and is in accordance with the needs of village communities, thereby reducing poverty.

The Effect of Labor on Poverty

The second hypothesis in this study is that labor affects poverty. The fixed effect model (FEM) regression results in Table 2 show that the labor variable has no effect on poverty in the 13 districts that are the object of the study. This can be seen in the probability value of 0.1722 > 0.005. Then $H_0$ is accepted and $H_2$ is rejected. This means that labor does not influence poverty in Lampung Province.

Theoretically, population growth, low quality of human resources (HR), and narrow employment opportunities are the root causes of poverty (Arsyad, 2016). So the demographic aspect is closely related to the poverty problems faced in Indonesia today. Poor areas are often abandoned by their inhabitants to migrate to other places to look for work. Population problems that affect the implementation and achievement of development goals in Indonesia are unbalanced patterns of population distribution and labor mobility, both in terms of between islands, between regions, and between rural and urban areas, as well as between sectors (Arsyad, 2016).

The rapid growth rate of the labor force and the relatively slow growth of employment have caused the problem of unemployment to become serious. There is a close relationship between labor force participation rates, unequal income distribution and poverty. Mostly, those who do not have a regular job or only work part-time are always among the very poor. Those with regular paid jobs in the public and private sectors are usually among the upper middle class (Arsyad, 2016).

However, it would be a mistake to assume that unemployed people are poor, while those working full-time are rich. This is because there are sometimes workers in urban areas who are voluntarily unemployed because they are looking for better jobs that match their level of education. They refuse jobs that they feel are inferior and they do so because they have other sources of financial support (for example, family, relatives or friends). Such people can be called unemployed but they are not necessarily poor. Similarly, individuals who may be working a full day's work, but still earn less, such as "self-employed" workers in the urban informal sector (Arsyad, 2016).

The results of this study differ from the research of Ansori, Joko Priyono (2018), which found that labor absorption has a significant relationship with the amount of poverty in East Java Province. One way to reduce poverty is to invest in labor in order to increase employment so that people can get out of the poverty circle.

One of the main mechanisms in reducing poverty and income inequality is providing adequate wages and employment opportunities for the poor. Therefore, increasing employment opportunities is essential in any development strategy focusing on poverty alleviation (Arsyad, 2016).

The Effect of Gross Regional Domestic Product (GRDP) on Poverty

The third hypothesis in this study is that GRDP affects poverty. The fixed effect model (FEM) regression results in table 4.7 show that the GRDP variable influences poverty in the 13 districts that are the object of the study. This can be seen in the probability value of 0.000 <0.005 with a coefficient value of -0.398390. Then $H_0$ is rejected and $H_3$ is accepted. This means that GRDP significantly negatively affects poverty in Lampung Province. This means
that the higher the level of GRDP, the lower poverty will be.

This research supports previous research conducted by Dama, Lapian, Sumual (2016) which examines the effect of gross regional domestic product (GRDP) on poverty levels in Manado. The results showed that gross regional domestic product (GRDP) significantly affected the poverty rate in Manado city in increasing the role of local government in managing a better Gross Regional Domestic Product (GRDP), it needs to be improved continuously so that the poverty rate in Manado City decreases every year.

The local government needs to pay special attention to Gross Regional Domestic Product (GRDP) as a priority scale in efforts to reduce poverty in Manado City by increasing economic growth. It can be done through various efforts to encourage the number of poor people in Manado City, especially in ensuring and distributing the benefits of growth obtained from sectors where poor people work, especially from modern sectors such as capital-intensive services. A fair and equitable distribution of the proceeds of growth in Gross Regional Domestic Product (GRDP) growth will impact the creation of development in all employment sectors and potentially reduce poverty levels. Lack of Product will have a welfare impact on other social issues from the poverty level.

This is consistent with the results of research conducted by Hermanto Siregar and Dwi Wahyuniarti (2008), Rasidin K. Sitepu and Bonar M. Sinaga (2005), and Pradeep Agrawal (2008). The growth rate of GRDP is an indicator of development success and a necessary condition for poverty reduction. The sufficient condition is that Gross Regional Domestic Product (GRDP) growth effectively reduces the poverty rate. GRDP growth must be spread across all groups, including the poor. Therefore, the growth of GRDP in each business sector is very important in reducing and overcoming the poverty rate.

GRDP is an indicator of a region’s economic growth. GRDP is the result of the net value of services and goods obtained from various processes or economic activities in a region within a period of 1 period (a year). If the GRDP in the region is high, the greater the economic growth rate (Taringan, Robinson, 2005).

CONCLUSION

Conclusions from the results of the analysis and discussion of this research, as well as answering the formulation of the problems posed. The conclusions of this research are:

1. The Village Fund variable does not influence poverty in Lampung Province. Failure in village development and improving the economy and welfare of rural communities depends on the village head's management of village funds. Related to this, basically in regional financial management, three principles must be considered. These principles include the principle of transparency or openness, the principle of accountability, and the principle of value for money. This principle means the application of three principles in the budgeting process: economy, efficiency and effectiveness. Economy relates to the selection and use of resources in a certain amount and quality at a low price. Efficiency means that the use of
public funds can produce maximum output (efficient). Effectiveness means that the budget must achieve public interest targets or objectives.

2. Labor variables do not influence poverty in Lampung Province. Theoretically, population growth, low quality of human resources (HR), and narrow employment opportunities are the root causes of poverty. Population problems that affect the implementation and achievement of development goals in Indonesia are unbalanced patterns of population distribution and labor mobility, inter-island, inter-regional, and between rural and urban areas and between sectors. The rapid growth rate of the labor force and the relatively slow growth of employment have caused the problem of unemployment to become serious. There is a close relationship between labor force participation, unequal income distribution and poverty.

3. GRDP has a significant negative effect on poverty in Lampung Province. This means that the higher the level of GRDP, the lower poverty will be. The fair and equitable distribution of the results of the growth of Gross Regional Domestic Product (GRDP) growth will have an impact on the creation of development in all sectors of employment and has the potential to reduce poverty levels. Lack of products will affect welfare on other social problems from the poverty level.

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