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Analysis Of The Effect Of Social Assistance And Capital Expenditure On Poverty

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Abstract

This study aims to determine the effect of social assistance spending and spending capital on poverty rates in districts/cities in South Sulawesi, which consists of 24 regencies, and takes samples from the last three years, namely 2018 – 2020. This research uses secondary data in the form of expenditure data. social assistance, capital spending and poverty rates. The data is taken from the government's official website, namely the Central Statistics Agency (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 Eviws application. The method used in this study is the method of data analysis stationary test, correlation test and Granger causality test. The results of this study indicate that first, social assistance spending funds have no significant effect on poverty. Second, capital spending has no significant effect on poverty. Third, spending on social assistance and spending on capital do not mutually influence each other.
Keywords*: Social Assistance, Capital Spending, and Poverty*

1. Introduction

Poverty is the condition of an individual who is economically unable to meet the minimum standard of living needs. These necessities of life are food, clothing, shelter, education, and health (Dewi and Andrianus 2021). Poverty is a condition of being economically incapable of meeting the average standard of living of the people in an area (Tarumingkeng, 2018). This condition of inability is marked by the low ability of income to meet basic needs in the form of food, clothing, and shelter. This low income capability will also result in reduced ability to meet average living standards such as public health standards and education standards. The condition of the so-called poor people can be identified based on the ability of income to meet living standards.

Poverty is a chronic problem that is often faced by many countries, especially developing countries including Indonesia. Indonesia itself has implemented various poverty reduction strategies such as cash and non-cash assistance programs issued by the government. Poverty is seen as a lack of economic ability to meet basic food and non-food needs as measured by spending. So, the poor are those whose expenditure per capita per month is below the poverty line. The number of poor people in Indonesia itself tends to decrease and the percentage of poverty in Indonesia also continues to decrease, however, when viewed from the difference, basically the difference in poverty tends to fluctuate quite a bit. This means that the government has not been able to implement appropriate policies to tackle poverty as a whole.

Based on this, both the central and regional governments are trying to alleviate poverty through a policy regulated in Presidential Regulation of the Republic of Indonesia No. 166 of 2014 concerning the Program for the Acceleration of Poverty Reduction. Poverty alleviation programs are activities carried out by the government, regional governments, the business world, and the community to improve the welfare of the poor through social assistance, community empowerment, empowerment of micro and small economic enterprises, and other programs in the context of increasing economic activity. To implement this policy requires funding for the implementation of the accelerated poverty alleviation program sourced from the State Revenue and Expenditure Budget, Regional Revenue and Expenditure Budget, and other non-binding funding sources in accordance with statutory provisions.

Through the Regional Revenue and Expenditure Budget, spending that is directly related to poverty alleviation programs is Social Assistance spending. Expenditure on Social Assistance can be given directly to members of the public and/or social institutions including assistance to non-governmental organizations in the fields of education and religion. Expenditures for Social Assistance are government expenditures in the form of money/goods to the public that aim to improve people's welfare, which are not continuous and selective in nature. Other government spending that can affect poverty is Capital Expenditures. Capital expenditure is a form of regional expenditure that is used to finance the implementation of government activities which are the responsibility of the central and regional governments, covering mandatory matters to guarantee and raise the standard of living of the people as the government's efforts to improve basic services so as to reduce regional poverty rates.

Based on previous research on the effect of social assistance spending and capital spending on poverty. Social assistance spending, the results of research from Rarun et al (2018) yielded that social assistance spending had a significant and negative effect on poverty, on the other hand these results were inversely proportional to research from Sendouw et al (2017) social assistance spending had no significant effect on poverty. Capital expenditure, research results from Kaligis et al. (2017) and Mukarramah (2020) which state that capital expenditure has a negative and insignificant effect on poverty. Meanwhile, this research is not in line with Sugion's research (2021), which states that capital expenditure has a negative and significant effect on poverty.

Based on the description above, the problem in this study can be formulated as follows:

a. Does Social Assistance Spending affect poverty?
b. Does Capital Expenditure affect poverty?

2. Literature Riview

Shopping for Social Assistance

Social Assistance According to Darise (2008) is a transfer fund in the form of money or goods and services that are used to improve people's welfare and this assistance is not provided continuously in each fiscal year and is given selectively. Social Assistance Funds can be directly given to the community or given to social institutions. These institutions include assistance provided to non-governmental organizations in the educational and religious fields. Social assistance spending is provided in the form of goods and services. Spending on social assistance is temporary or ongoing in nature to provide social rehabilitation, social protection, social security, social empowerment, and poverty alleviation in order to increase welfare levels, quality of survival, and restore social functions in order to achieve independence (Mufliha 2018). Forms of social assistance spending consist of consumptive social assistance, productive social assistance, and social assistance through educational institutions, health institutions, and certain institutions. Consumptive social assistance spending is aimed at meeting the minimum living needs of the community as a social safety net. Spending on social assistance that is productive is aimed at helping the capital of economically weak communities. Payments for social assistance spending through educational institutions, health institutions and certain institutions are made through money transfers, goods transfers, and/or service transfers (Dharmakarja, 2017).

The government draws up implementation guidelines and determines the parties and institutions that are the target recipients of assistance and determines the form of assistance, either in the form of direct transfers of goods or services, which are channeled directly to the designated distributor before distributing social assistance.

Social assistance spending is channeled in the form of money, goods and or services. Social assistance spending is provided in the form of direct assistance, provision of accessibility, and institutional strengthening (Mufliha, 2018). The purpose of using social assistance as referred to in the Ministry of Finance of the Republic of Indonesia (2015) Article 4 letter a Number 254/PMK.05/2015 includes: a) Social protection, which aims to prevent and deal with risks from social vulnerability shocks of a person, family, group, and/or the community so that their survival can be fulfilled according to the minimum basic needs; b) Social rehabilitation, which aims to restore and develop the abilities of someone experiencing social dysfunction so that they can carry out their social functions normally; c) Social security, which is an institutionalized scheme to ensure that all people can fulfill their basic needs for a decent life; d) Social empowerment, which are all efforts aimed at making citizens experiencing social problems have power, so that they are able to meet their basic needs; e) Poverty reduction, which are policies, programs and activities carried out against people, families, groups and/or communities who do not have or have a source of livelihood and are unable to meet humanitarian needs that are appropriate for humanity; f) Disaster management, which is a series of efforts that include establishing development policies that are at risk of disasters, disaster prevention activities, emergency response, and rehabilitation.

Capital Expenditures

Capital expenditures are government capital expenditures whose benefits exceed one fiscal year and will increase regional wealth or assets and will add to routine expenditures such as maintenance costs in the general administrative expenditure group. Capital expenditures can be used to acquire local government fixed assets such as equipment, infrastructure and other fixed assets. How to get capital expenditure by buying through an auction or tender process Ministry of Finance of the Republic of Indonesia Directorate General of Budget (Pantas, 2019). Capital/Development Expenditures (Capital/Investment Expenditure), are direct expenditures used to finance investment activities. Capital expenditures are expenditures made by the government that produce certain fixed assets. Capital expenditures are intended to obtain local government fixed assets, namely equipment, buildings, infrastructure, and other fixed assets (Nordiawan, 2006).

According to Halim (2008: 101) Capital expenditure is a budget expenditure for the acquisition of fixed assets and other assets that benefit more than one accounting period. This understanding is in accordance with the understanding of capital expenditure according to Law No. 71 of 2010 concerning Accounting Standards. According to Law Number 71 of 2010 Capital Expenditures are budget expenditures for the acquisition of other assets that benefit more than one accounting period. Capital expenditures are regional government expenditures that benefit more than one fiscal year and will add regional assets or wealth and result in additional spending that is routine. Capital expenditures are classified into two groups, the first group is public expenditures, namely expenditures whose benefits can be directly enjoyed by the community, for example: building bridges, buying ambulances for the public and others. The second group is apparatus spending, namely spending whose benefits are not enjoyed directly by the community but can be felt directly by the apparatus, for example: construction of council buildings, purchase of official cars and others. Almost all capital expenditure budgets contain commitments for spending in the long term (Arsa 2012:20).

Poverty

Poverty is a complex problem and is influenced by several interrelated factors and is experienced by an individual or group who are unable to support themselves to meet the basic needs of life such as the need for food, clothing, housing, health, education and proper social services. Then the Central Statistics Agency (2020) states that "Poverty is seen as an economic inability to meet basic food and non-food needs as measured from the expenditure side".

Poverty is a disease that refers to various aspects, namely social, economic, cultural, and political. Poverty can be interpreted as the condition of a man or woman, whose basic rights are not fulfilled in protecting and getting a decent life (Aristina et al, 2017).

Poverty measurement can be grouped into two (Herman, 2018), namely: 1) Absolute Poverty Absolute poverty is poverty related to income levels and needs that are limited to basic needs so that the person can be called a decent life, 2) Relative Poverty Relative poverty is seen from the aspect of social inequality. If a person is able to meet his minimum basic needs, but is still much lower than the surrounding community, then that person is classified as relatively poor.

There are four factors that cause poverty (Beik and Arsyianti, 2019), namely: 1) Individual Factors, a person becomes poor because of personal factors such as permanent disability which causes him to become poor, 2) Social Factors, poverty occurs due to social discrimination that done, 3) Cultural Factors, a person becomes poor because of bad behavior such as being lazy to work and try, 4) Structural Factors, poverty occurs due to injustice in the economic system.

3. Research Methodology

Population and Sample

The population in this study is social assistance spending, capital expenditure and poverty in South Sulawesi Province which are obtained on the Website of the Central Statistics Agency (BPS) and the Directorate General of Balancing of the Ministry of Finance (DJPK) especially in the South Sulawesi

Province area which consists of 24 Regencies and Cities. The sample used by the researcher is data on social assistance spending, capital expenditure, and poverty data for South Sulawesi Province for the last 3 years, namely data from 2018-2020.

The type of research used in this research is quantitative research. Quantitative research is a series of measurements that can be expressed in numbers. This research was conducted to determine the impact or influence caused by Social Assistance Expenditures and Capital Expenditures on Poverty.

Dependent Variable: The dependent variable or dependent variable (Y) is a variable that is affected or becomes a result of the existence of an independent variable. The dependent variable in the research is the Poverty Level in South Sulawesi Province.

Independent Variable: The independent variable or commonly called the independent variable (X) is a variable that influences or causes changes in the dependent variable. There are two independent variables in this study, namely 1 (X1) is Social Assistance Expenditures and 2 (X2) is Capital Expenditures.

Data and Data Sources

The data object used in this study uses secondary data with the type of time series data for 2018-2020. The data sources were obtained from the Website of the Central Statistics Agency (BPS) and the Directorate General of Balance of the Ministry of Finance (DJPK), especially the South Sulawesi Province area which consists of 24 Regencies and several other sources related to related data to provide information related to Poverty Data, Assistance Expenditure Social, and Capital Expenditures. The time taken was in three years 2018-2020 because it met the criteria as a sample that met the data completeness requirements needed in this study.

4. Results and Discussion

Data analysis method

This study uses Time Series data. Where the data used in econometrics is often not stationary which is one of the causes of the estimation results in the regression model to be dubious or called presumptuous regression. In econometrics there is a method to overcome this problem, namely by using the Error Correction Model (ECM). Based on these reasons, this study uses a model (ECM). ECM testing can be done if there is a long-term relationship using the cointegration test, a variable can be declared cointegrated if it is stationary at the same order or level.

Research result

Table 1
Correlation coefficient

Variables	Shopping for Social Assistance	Capital Expenditures	Poverty
Shopping for Social Assistance	1.000		
Capital Expenditures	0.107	1.000	
Poverty	0.077	0.444	1.000

Sumber: data diolah penulis

Based on the research results in the coefficient table above, Social Assistance Expenditure is correlated with Capital Expenditure with a coefficient of 0.107 and correlated with poverty with a coefficient of 0.077. Capital expenditure correlates with poverty with a coefficient of 0.444.

Table 2
ADP Unit-Root Test

Variables	ADF	Prob**
Shopping for Social Assistance	29.0569	0.0001
Capital Expenditures	15.5822	0.0162
Poverty	17.8179	0.0067

Sumber: data diolah penulis

A variable is said to be stationary if the t-statistic value is actually smaller than the critical MacKinnon value, or the probability value is less than the confidence interval value used (in this study a significance level of 5% or 0.05 was used). The table above states that the social assistance expenditure, capital expenditure and poverty rate variables have a test value of <0.05, which means that the three variables are stationary.

Granger Causality Test

Table 3
Granger Causality Test

Variables	F-Statistic	Prob
Capital Expenditures >>> Shopping for Social Assistance	1.52887	0.2250
Shopping for Social Assistance >>> Capital Expenditures	0.50512	0.6059
Poverty >>> Shopping for Social Assistance	0.49619	0.6113
Shopping for Social Assistance >>> Poverty	0.19095	0.8267
Poverty >>> Capital Expenditures	1.80228	0.1736
Capital Expenditures >>> Poverty	0.17013	0.8440

Sumber: data diolah penulis

Granger causality is a test used to see the causality or reciprocal relationship between two research variables so that it can be seen whether the two variables statistically influence each other (two-way or reciprocal relationship), have a unidirectional relationship or have no relationship at all (do not influence each other).), (Gujarati, 2013).

The table above shows the results of the Granger causality test between variables, where the test shows that capital expenditure does not affect social assistance because the probability value of the F-statistic > α = 10% (0.2250 > 0.1). Furthermore, the testing of social assistance and capital expenditure both shows that capital expenditure does not affect social assistance because the prob value of the F-statistic > α = 10% (0.6059 > 0.1). Likewise the test results which then show that the variables do not mutually influence each other because the prob value of the F-statistic > α = 10%

5. DISCUSSION

In conducting the research "Analysis of the Influence of Social Assistance and Capital Expenditures on Poverty Levels in Districts/Cities of South Sulawesi", which consists of 24 regencies, the first thing to do is to find data related to the research. The data is taken from the government's official website, the Central Bureau of Statistics (BPS). The data taken is data on social assistance spending, capital spending and the poverty rate for South Sulawesi Districts/Cities 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 social assistance variable has a prob value of 0.0001 <0.05. Capital expenditure variable with a prob value of 0.0162 <0.05. Poverty level variable with a prob value of 0.0067 <0.05. From the results of the data analysis test it can be stated that the three variables are not stationary with each other. That is, the three variables do not mutually 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 social assistance expenditure, capital expenditure, and the poverty rate in the Regency/City of South Sulawesi from 2018-2020. Where in the results of the analysis test results in a correlation value of less than 0.5. That is, the three variables do not have a correlation level or can be said to be unrelated.

Granger causality test, this test aims to determine the existence of a reciprocal relationship between variables. After conducting analysis tests on the variables of social assistance spending, capital expenditure and poverty rates in South Sulawesi Regencies/Cities from 2018-2020, the results were different from the previous analysis tests. Where in the stationary analysis test and the correlation analysis test stated that between social assistance and capital expenditure did not have a significant effect on poverty, and there was no mutually influencing relationship between variables. This is consistent with the results obtained from the Granger causality test stating that there is 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.

6. CONCLUSION

Based on the results of the research and discussion that has been carried out, it can be concluded that social assistance spending has no significant effect on poverty, capital spending has no significant effect on poverty, social assistance spending and capital spending do not mutually influence one another.

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