Analysis of Village Funds and Gross Regional Domestic Product Impacts Human Development Index in Naggroe Aceh Darussalam Province

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Abstract: Village Fund is used to fund the overall authority of the village with priority to support village development programs and village community empowerment. In addition to the Village Fund, which can have an impact on advancing the economy and living standards of the community is the value of Gross Regional Domestic Product which is the result of gross added value arising from economic activities in the region, to encourage villages to become prosperous villages. The research design used in this study is quantitative research with time series and cross section panel data analysis, where the variables in this study are Village Fund (X1), Gross Regional Domestic Product (X2) and Human Development Index (Y). The data is used by collecting secondary data through the website of the Central Bureau of Statistics of Aceh Province. The purpose of this study is the effect of village funds and GRDP and their impact on the human development index. The results showed that the F-count value was 578.7339, and the village fund variable had a positive coefficient of 0.059486 and t-count 6.294444, gross regional domestic product was 0.087382 with a t-count value of 10.25143 which means that both variables have a positive influence on the human development index.

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INTRODUCTION

Village Development is a representative of the government who is at the forefront of development at the village level that is directly related to the community. One of the government’s tasks is village development which can be achieved through community empowerment to increase productivity and diversity in rural businesses, availability of facilities and services to support the rural economy, development and strengthening of institutions that support production and marketing chains and optimization of resources as the basis of rural economic growth. Regional autonomy policies that loaded in UU NO. 22 of 1999, it turns out that it has not been able to provide optimal solutions for reducing inequality and poverty in Indonesia, in its implementation between 2000 and 2008, the poverty rate was still above 15 percent BPS of Nanggro Aceh Darussalam Province (2022) which indicates the ineffectiveness of the mandates in the law in achieving national goals. According to Simangunsong et al (2021) The main goal of development carried out by the government is the economy and the standard of living of the people, in this case, is the index of human development. Apart from village funds according to Rahayu (2018) which can The value of domestic products affects the standard of living of the economy and its people. The regional gross value generated from the gross added value generated from the economic activities of the area, according to Kharisma et al (2021) For the government to channel village funds to encourage villages to become prosperous villages through self-help with larger amounts and to give full authority to villages in managing village funds. According to Čadil, Petkovová, and Blatná (2014) Human capital, economic structure and growth state that a high HDI value does not necessarily increase the pace of the economy.

In general, we see high quality people or what is called human capital one of the most important factors for competitiveness and economic growth. However, for the results Research has shown that staffing is not a guarantee of financial stability. This is proven by a study in Spain, where the level of human capital is relatively high because the percentage of the population with higher education is relatively high. The conclusion of this study is that human resources must reflect the structure of driving economic growth. Sehrawat and Giri (2016) If not, then a high index of human development, reflected in human capital, only causes higher unemployment rates due to crowding-out effects and labor market imbalances.

Based on the background of the problem. The author is interested in seeing the impact of village funds and GRDP discussed in the background to see the impact on the provincial human development index Nanggro Aceh Darussalam.

Village Fund

According to Arifin et al (2020) The village has a very important position in the national development process because it is the smallest administrative structure and is directly related to the municipality. The State Council distributes funds according to the mandate of Village Law No. 6 of 2014 Villages with a transfer mechanism to districts/cities. Based on the distribution of these funds, each Regency/City distributes them to each village according to the number of villages taking into account the total population (30%), area (20%) and poverty (50%). The calculation results are also corrected according to the geographical difficulties of each village. Budget funds are taken from the budget and government revenues. Based on Government Regulation no. 60 of 2014 concerning APBN Village Funds, with comprehensive village
administration and optimizing the use of village funds, then prioritizing the use of village funds to finance the development and strengthening of village communities. Authorized agencies remain responsible for prioritizing the use of these funds.

**Gross Regional Domestic Product**

According to Andiny and Mandasari (2017) to see how much economic growth is in this is measured in the province of Aceh Regional gross domestic product (GDP) at a fixed price that was successfully made compared to the value in a certain year. Last year. Use as a basis for this standard price provided to avoid the impact of price changes, so that changes are also measured real economic growth is the basis for evaluating increases due to economic activity in an area. According to Arsyad (2015) Economic growth is an increase in Gross Domestic Product (GDP) and Gross National Gross (GNP) regardless of whether the increase is greater or less than the rate of population growth, and there is an improvement in the economic structure or institutional system.

**Human Development Index**

One of the most important indicators that describe the success of economic development is the improvement in the quality of human resources, so that development planning needs to pay attention to and become the main focus from the side of human development.

According to Zamruddin Hasid (2019) the human development index is a dimension to see the impact of area development capabilities which has a very large format, because it displays the quality of the people of a region in terms of life expectancy, intellectuality and a decent standard of living. Nainggolan, Sembiring (2021) Human development is an indicator that can explain the situation of the population of the area. The opportunity to get development results in this area belongs to the right of the population, namely a healthy and good education community. An increase in productivity leads to an increase in consumption also ultimately shows that poverty decreases. The Human Development Index is a measure of the achievement of a human development based on a number of basic components of quality of life. Zhang et al. (2023) Calculation of the Human Development Index as an indicator of human development has very important objectives, namely: To develop indicators that measure the fundamental dimensions of human development and the expansion of choices. The theory of human capital argues that education is a source of investment in human resources which in turn can provide many benefits, such as: to be able to find a good job, work effectively and efficiently, and increase individual welfare and income.

**METHODS**

This research is a quantitative research. According to Sihombing (2021) with regression analysis of combined panel data from cross sections with time series. In this study, there were three variables studied, the independent variable, namely the Village Fund (X1), and the second variable. Gross Regional Domestic Product (X2) and is estimated to have a cause or influence on the dependent variable, namely the Human Development Index (Y) where this study uses data in districts/cities in Nanggroe Aceh Darusalam Province with research subjects of 23 districts/cities. All data was obtained through the official website of the Aceh Province Central Statistics Agency (BPS).
Table 1. Correlation test between variables

<table>
<thead>
<tr>
<th></th>
<th>Lhdi</th>
<th>ivilla~s</th>
<th>IGRDP</th>
<th>Year</th>
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<td>0.2322</td>
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</table>

Correlation is a measure of the closeness of the relationship between two quantitative variables, seen from the size of the number and not the sign. Correlation values range from -1 to 1. The closer to ±1, the stronger the relationship. Based on table 1 as follows, it is explained that HDI, Village Fund and GRDP are correlated with each other.

Table 2. Panel Regression

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Std. err.</th>
<th>T</th>
<th>P&gt;t</th>
<th>[95% conf. interval]</th>
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</thead>
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<td></td>
<td></td>
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<td>0.000</td>
<td>.4628095 .7244988</td>
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<td>_cons</td>
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<td>5.611.794</td>
<td>130</td>
<td>0.196</td>
<td>-3.816.729 18.411</td>
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From the results of processing this research data it was found that the Village Fund variable has a positive and significant effect on the human development index with a significant value of 0.00 below standard (5%) which means that HDI explains how residents can achieve income, health, education and so on in development results. Gross regional domestic product also has a significant positive effect with a value below 5%. This partially explains the GRDP variable has a positive and significant effect on HDI. This means that this shows that GRDP is positively related to HDI, where HDI increases GRDP even higher.

Table 3. Cem Fem Rem and Hausman Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>cem</th>
<th>Fem</th>
<th>rem</th>
<th>hausman</th>
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<td>lvillagefu~s</td>
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Based on the results of the Common Effect Model (CEM) regression. shows that there is a constant value of 29.064298 *** with a probability of 0.0000. The regression equation for the very maximum adjusted R2 value of 0.822114 explains that it affects HDI. Based on the results of the Random Effect Model (REM) regression. shows that there is a constant value of 29.064298 *** with a probability of 0.0000. The regression equation for the very maximum adjusted R2 value of 0.822114 explains that it affects HDI.
equation for the very maximum adjusted R2 value of 0.822114 explains that it affects HDI. Based on the three panel data regression estimation models above, it will choose which model is best to estimate the desired regression equation model with the Hausman test. The Hausman test results show that the probability value is a random cross 0.0000<; 0.05 which means H0 is rejected. So the Fixed Effects model is the best choice to estimate the Regression Model (FEM) equation.

CONCLUSION
Based on the results of panel data tests using the Common Effect Model (CEM), Fixed Effect Model (FEM), Random Effect Model (REM) Test, the Hausman test found that all variables of village funds (X1) and gross regional domestic product (X2) had a positive influence or impact on the human development index in Aceh province in 23 urban districts.

SUGGESTION
The research result clarified that if economic activities increase in a region, then the community welfare and human quality will also increase. Therefore, regional government is suggested to review and undertake various.

BIBLIOGRAPHY

