

## THE INFLUENCE OF GENERAL ALLOCATION FUNDS, SPECIAL ALLOCATION FUNDS, REVENUE SHARING FUNDS, AND VILLAGE FUNDS ON POVERTY IN THE SPECIAL REGION OF YOGYAKARTA PROVINCE

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### ABSTRACT

Fiscal decentralization is a delegation of authority from the central government to regional governments in managing regional finances. Balancing funds are one of the funds in the framework of carrying out fiscal decentralization and can be used for poverty alleviation. DI Yogyakarta Province is an area that has a high balance fund, but DI Yogyakarta Province is a province that has the highest number of poor people on the island of Java. This research is a quantitative research using panel data. The data were obtained from the central statistics agency from five districts/cities in DI Yogyakarta Province. The analytical method uses panel data regression. The results of the analysis show that general allocation funds have no effect on poverty in DI Yogyakarta Province, special allocation funds have a negative and significant effect on poverty in DI Yogyakarta Province, profit sharing funds have no effect on poverty in DI Yogyakarta Province, and village funds have a significant effect on reducing poverty in DI Yogyakarta Province.

**Keywords:** Poverty, General Allocation Fund, Special Allocation Fund, Profit Sharing Fund, Village Fund

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### 1. Introduction

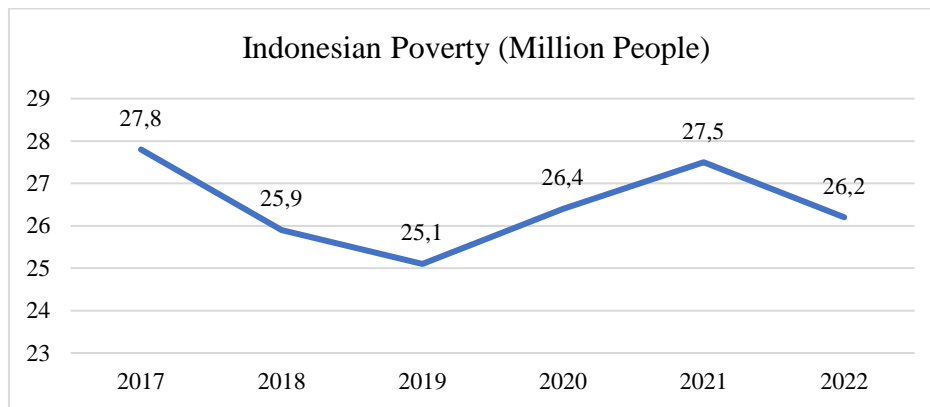
Poverty is an economic problem faced by every country. In the Sustainable Development Goal's (SDG's) poverty suppression is the first goal. This shows that poverty occurs in all countries and must be overcome. Poverty alleviation is done in various ways. One way is from a fiscal policy perspective. Fiscal policy is a policy carried out by the government in regulating state income and expenditure. With this fiscal policy, it will regulate it in such a way that it affects the poverty of a country.

The implementation of income and expenditure arrangements, especially the regions, is carried out in a decentralized manner. Where decentralization is the delegation of authority from the central government to local governments. Decentralization applies to regional expenditure and revenue arrangements. This shows that the regulation of regional expenditure and income contained in the Regional Expenditure Budget (APBD) is carried out by the regional government as a whole. It can be said that this is fiscal decentralization.

Fiscal decentralization is carried out with the aim of equity and poverty alleviation in the regions. Where each region has different characteristics so that the implementation of regional expenditure and income is regulated by the regional government concerned. With fiscal decentralization, regional spending will be efficient and can alleviate poverty in the regions. Research by Krishna & Shariff (2011) shows that fiscal decentralization in India can reduce poverty. Where the results of his research show that there are 18 percent of the population out of poverty after the implementation of fiscal decentralization. This shows that fiscal decentralization provides space for regions to carry out programs that can reduce poverty. In addition to being able to suppress research, Asfaw et al (2007) showed that fiscal decentralization can reduce infant mortality in rural India. This shows that fiscal decentralization has benefits for people's welfare.

If the problem of poverty is not resolved, it will be trapped in a condition that is often referred to as a vicious cycle of poverty. According to Ragnar Nurske, the vicious circle of poverty illustrates that the causes of poverty are due to low public savings, then low investment, lack of capital, impact on low productivity, and low income which again causes low savings and so on.

The state of poverty in a country is measured by the number of people with an average consumption below the poverty line. Usually poverty is measured by the number of residents or the percentage of poor people. To measure more clearly about poverty in Indonesia. The following is a picture of the number of poor people in Indonesia in 2019-2022:



Source: Central Bureau of Statistics, 2023

Figure 1. Number of Poor People in Indonesia, 2017-2022

Based on Figure 1. shows that the condition of poverty in Indonesia is still relatively high. Where poverty is still above 25 million people. Poverty increased from 2019 due to the Covid-19 pandemic and began to decline in 2022. This poverty condition can be overcome in various ways, one of which is fiscal decentralization which provides space for local governments to reduce poverty in their respective regions. Siburian's research, (2022) shows that the implementation of Indonesia's fiscal decentralization has contributed to poverty alleviation outcomes. This shows that the overall implementation of decentralization of finance can reduce poverty.

Indonesia is an archipelagic country. This shows how vast the Republic of Indonesia is. It can be said that the condition of poverty in Indonesia is also spread across every island. To see a clearer poverty condition, the following is the condition of poverty in the five major islands in Indonesia:

Table 1. Number of Poor Population in Five Big Islands in Indonesia, 2019-2022

Island	Total Poor Population (Thousand People)			
	2019	2020	2021	2022
<b>Jawa</b>	<b>12.555,90</b>	<b>14.752,02</b>	<b>14.023,52</b>	<b>13.106,92</b>
Sumatera	4.767,52	5.851,53	5.862,66	5.763,42
Sulawesi	1.988,76	2.061,51	2.007,08	2.030,71
Papua	1.108,50	1.127,45	2.093,04	1.537,42
Kalimantan	961,52	1.016,10	975,41	995,86

Source: Central Bureau of Statistics, 2023

Based on Table 1. shows poverty with a poor population size. The highest poverty every year from 2019 to 2020 is the island of Java. This shows that the number of people who are below the poverty line on the island of Java is higher compared to other islands. Even though the island of Java is a center of development that is relatively more advanced compared to other islands. The following is the condition of poverty per province on the island of Java:

Table 2. Percentage of Poor Population by Province in Java Island, 2019-2022

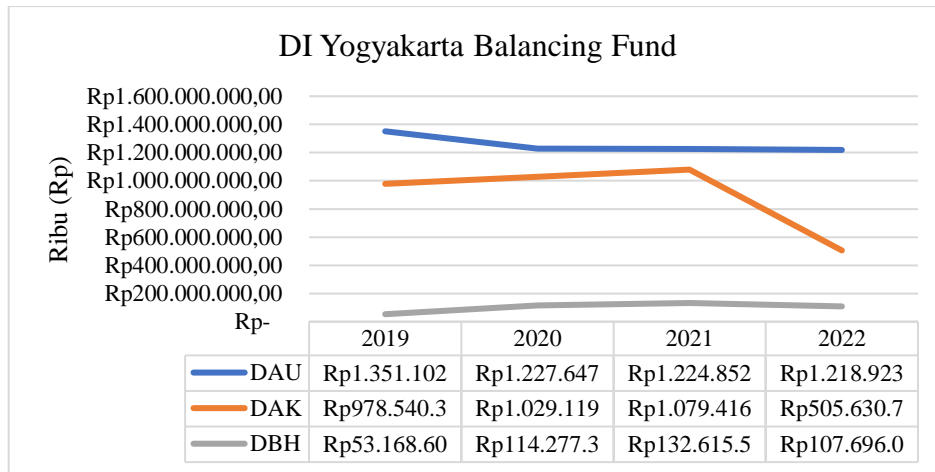
Province	Percentage of Poor Population by Province (Percent)							
	2019		2020		2021		2022	
	Sms 1	Sms 2	Sms 1	Sms 2	Sms 1	Sms 2	Sms 1	Sms 2
DKI Jakarta	3.47	3.42	4.53	4.69	4.72	4.67	4.69	4.61
Jawa Barat	6.91	6.82	7.88	8.43	8.4	7.97	8.06	7.98
Jawa Tengah	10.8	10.58	11.41	11.84	11.79	11.25	10.93	10.98
<b>DI. Yogyakarta</b>	<b>11.7</b>	<b>11.44</b>	<b>12.28</b>	<b>12.8</b>	<b>12.8</b>	<b>11.91</b>	<b>11.34</b>	<b>11.49</b>
Jawa Timur	10.37	10.2	11.09	11.46	11.4	10.59	10.38	10.49
Banten	5.09	4.94	5.92	6.63	6.66	6.5	6.16	6.24

Source: Central Bureau of Statistics, 2023

Based on Table 2. the condition of poverty on the island of Java which consists of the provinces of DKI Jakarta, West Java, Central Java, Yogyakarta Special Region, East Java and Banten experienced fluctuations. Overall poverty increased in 2020 caused by the covid-19 pandemic. The province with the highest poverty rate is DI Yogyakarta. Where DI Yogyakarta from 2019 to 2020 is always in the highest poverty condition compared to other provinces.

Poverty in each region has different conditions. With fiscal decentralization, the regions can manage finances comprehensively with the goal of community welfare. The implementation of fiscal decentralization is financial management carried out by the regional government. One of its implementations is balancing funds. Balancing funds are funds sourced from the APBN allocated to regions to fund regional needs in the framework of decentralization. In addition to assisting the regions in funding their authority, balancing funds also aim to reduce inequality in funding sources between the central and regional governments and between regional governments (Manek & Badrudin, 2016)

Balancing funds based on Law No. 1 of 2022 are funds consisting of profit-sharing funds, general allocation funds, special allocation funds, special autonomy funds, privilege funds, and village funds. These funds are used by regional governments in carrying out development in their respective regions. Hamzah's research (2009) shows that general allocation fund has a negative and significant effect on poverty. it can be interpreted that when the general allocation fund is increased, poverty will decrease. This shows that one of these balancing funds can reduce poverty



Source: Central Bureau of Statistics, 2023

Figure 2. DI Yogyakarta Provincial Balancing Fund

based on figure 2. shows that general allocation fund is the highest order of balancing funds, followed by special allocation fund and the lowest is profit-sharing funds. This balancing fund is a balancing fund that helps the government to improve programs and the realization of economic activities so that they are in accordance with the policies that have been designed. Optimal Balancing Fund management by the regional government will certainly have a positive impact on reducing the Poverty Level. Transfer funds to the regions are income for the regions originating from central government transfers in carrying out decentralization and regional autonomy with the aim of reducing poverty (Gumelar, 2021). Based on research conducted by Manduapessy (2020) balancing funds have a negative and significant effect on the poverty rate in Mimika Regency.

General allocation fund aims to equalize financial capacity among regions and is used to finance government affairs, one of which is to reduce poverty (Ismail & Hakim, 2014). With optimal general allocation fund budgeting, welfare will directly increase. research conducted by syahidin & jalil (2020) states that general allocation fund has a negative and significant effect on poverty in central aceh district. this means that the general allocation fund contributes to poverty alleviation.

Apart from the general allocation fund, there is also the special allocation fund. where the higher the special allocation fund revenue, the regional government can use it for special activities which are also a national target (Basyir & Syahnur, 2015). When SPECIAL ALLOCATION FUND is managed properly, it will certainly have an impact on improving people's welfare such as education, health, social assistance and others. If special programs increase from year to year, they can directly reduce poverty levels, because people have the means to improve their quality of life. Research conducted by Gumelar, (2021) shows that special allocation fund has a negative and

significant effect on poverty in Central Sulawesi District/City. Special allocation fund can have an impact on reducing poverty.

Balancing funds besides general allocation fund and special allocation fund also have profit-sharing funds. Profit-sharing funds can be used by local governments to finance government affairs, of course by prioritizing public interests. Profit-sharing funds can increase the amount of the budget used to improve the quality of the workforce, public facilities and increase economic programs in the region (isramiwarti et al., 2017). research conducted by nany et al., (2022) shows that profit-sharing funds has a partial negative and significant effect on poverty in central java. this gives the meaning that profit-sharing funds can alleviate poverty.

Balancing funds apart from general allocation fund, special allocation fund, and profit-sharing funds based on Law No. 1 of 2022 there are village funds that can be used for each village to advance each village. Village Funds were implemented in 2015 after the ratification of Law No. 60 of 2014 concerning Village Funds. Basically the purpose of village funds is an effort in fiscal decentralization which provides flexibility for village governments to manage their income and expenditure independently. This is done with the hope that the village government understands the problems in their respective villages and can overcome these problems with the allocation of funds that have been obtained.

Implementation of village funds is still being considered whether it is effective or ineffective. This is due to the flexibility of village funds managed on the basis of decentralization, not a few implementation of village funds deviates from normal limits. Research conducted by Aziz's research (2017) concerning financial management in the village shows that the use of village funds is still declared ineffective. In addition, research conducted by Arham & Rauf (2020) provides conflicting findings regarding the transfer of village funds not significantly helping to fight inequality, considering that the use of these funds tends to side with the village apparatus or their relatives personally. Besides that, in Argentina, it shows the same thing, a study conducted by Galian et al. (2008) show that decentralization reduces service delivery to the poor who lack institutional capacity in rural Argentina.

Based on Figure 2. Shows that the balancing fund in DI Yogyakarta is relatively high. This should have an impact on reducing poverty in DI Yogyakarta. However, in reality DI Yogyakarta is the province with the highest number of poor people on the island of Java. Problems with village funds based on previous studies show that village funds are not effective. Therefore this research aims to analyze the influence of general allocation fund, special allocation fund, profit-sharing funds, and the effectiveness of village funds on poverty in DI Yogyakarta Province

## **2. Literatur Review**

### **2.1 Poverty**

Poverty is a condition experienced by every individual or group who is unable to meet their life needs at a certain standard of living (Arsyad, 2010). Poverty can be said to be the inability to meet a decent standard of living or a minimum standard of living (Mudrajad, 2004).

The very well-known theory of poverty is the circle of poverty theory put forward by Regnar Nurske in his book *Problems of Capital Formation in Underdeveloped Countries* in 1953. The

circle of poverty is a theory that says a series of forces mutually influence one another so that a country remains poor (Arsyad, 2010). The following is a picture that shows the cycle of poverty:

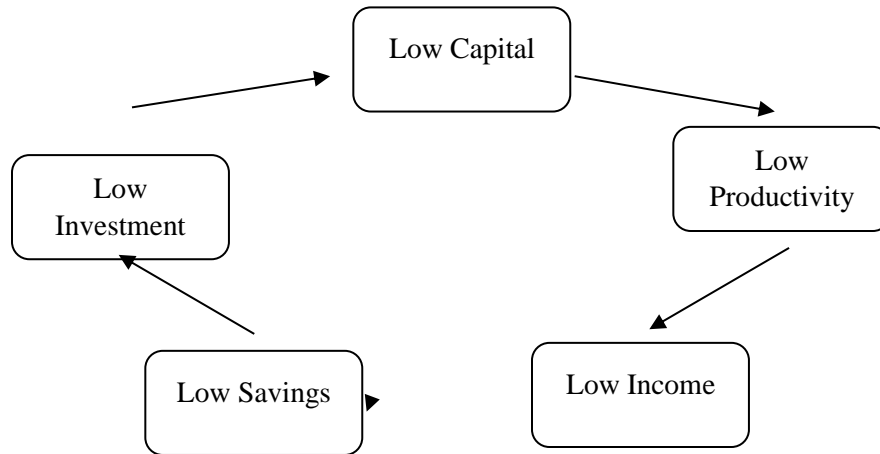


Figure 3. Poverty circle

## 2.2 Fiscal Decentralization

Fiscal decentralization is an illustration of the delegation handed over to local governments originating from the central government. The purpose of implementing fiscal decentralization is to increase the efficiency of local governments in managing regional finances. Local governments must know the conditions of their respective regions so that they can maximize the potential that exists in each region. The implementation of fiscal decentralization is regulated in Law No. 1 of 2022 which regulates regional finance.

## 3. Research Methods

This research is a quantitative research, where this research will examine using numbers as an analysis with statistical methods. Quantitative research is a type of research that uses numbers as material for analysis and presents numbers as material for discussion (Sugiono, 2012). This study uses panel data in DI Yogyakarta Province which consists of 5 regencies in the 2009-2022 period. This research will use panel data regression.

### 3.1 Panel Data Regression

Panel data is data that combines cross-section data and time series data (Gujarati, 2013). This research will analyze the effect of general allocation funds, special allocation funds, profit-sharing funds, and village funds on poverty in DI Yogyakarta Province. The following is the model in this study:

$$Y = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 D_{4it} + e$$

Information:	Y	= Poverty
	X1it	= general allocation fund
	X2it	= special allocation fund
	X3it	= profit-sharing funds
	Dit	= village funds (Dummy 2009-2014 = 0, 2015-2022 = 1)
	$\beta_1, \beta_2, \beta_3, \beta_4$	= regression coefficient
	$\beta_0$	= constant
	e	= Error Term
	it	= Cross Section dan Time Series

### 3.2 Model Selection

#### 3.2.1 Chow test

The Chow test in panel data regression is used to determine the best model among the Common Effect Model (CEM) or Fixed Effect Model (FEM). This test uses the following hypothesis (Ghozali, 2018):

H0 = Common Effect Model

H1 = Fixed Effect Model

If the chi-square cross-section prob value is less than the significance value of 0.05 then H0 is rejected and H1 is accepted. In other words, the best model is FEM and vice versa

#### 3.2.2 Hausman Test

The Hausman test is also used to determine the best model between the Fixed Effect Model (FEM) and the Random Effect Model (REM). This test is based on a hypothesis.

H0 = Random Effect Model

H1 = Fixed Effect Model

The criteria in this test use a random cross-section prob value with a value of 0.05. If the prob value is less than 0.05 then H1 is rejected and in other words that the best model uses FEM. Vice versa

#### 3.2.3 Lagrange Multiple Test

This test is used to see the best model among the Common Effect Model (CEM) and Random Effect Model (REM). The test is based on the following hypothesis.

H0 = Common Effect Model

H1 = Random Effect Model

The criteria used are looking at the p value of the Breusch-pagan cross section which is smaller than 0.05. When the p value is less than 0.05, it can be concluded that the best model is REM, and vice versa.

### 3.3 Classic Assumption

### 3.3.1 Normality Test

The normality test is used to test whether the regression model is a confounding variable. or normally distributed residuals (Ghozali, 2013). If this assumption is violated, the statistical test becomes invalid. In this study the normality test used the JB test. Where testing will be carried out by looking at the probability value of the JB test. If the probability value is  $> 0.05$ , it can be stated that the data is normally distributed, and vice versa.

### 3.3.2 Multikolenarity Test

According to Ghozali, (2018) the multicollinearity test aims to test whether the regression model found a correlation between independent (independent) variables. A good regression model should not have a correlation between the independent variables. This study uses a correlation test. Where if the correlation above  $> 0.09$  it can be said that the model has symptoms of multicollinearity.

### 3.3.3 Heteroskedastisity Test

The heteroscedasticity test aims to test whether the variance of the residuals occurs in the regression model. A good regression model has the same variance or homoscedasticity. One way to find out heteroscedasticity is with the glejser method. Where this method uses the dependent variable with the absolute of the residual. The significance value becomes a parameter if the significance value is more than 0.05, then the model is declared to have no symptoms of heteroscedasticity (Ghozali, 2018).

### 3.3.4 Autokoretion Test

The autocorrelation test is to test whether there is a correlation between the confounding errors in period t and the perturbing errors in the t-1 period in a regression model (Ghozali, 2018).

## 3.4 Statistic Test

### 3.4.1 F Test

The F test aims to see the independent variables in this study simultaneously being able to show changes in the value of the dependent variable. The test method is to compare F count and F table in this study with a significance value of 5% and degrees of freedom (df) (Gujarati, 2013). The F test is used to determine whether the general allocation fund, special allocation fund, profit-sharing funds and village funds variables affect poverty in DI Yogyakarta.

The hypothesis used in the F test is as follows:

H0:  $\beta_{ij} = 0$  (there is no joint effect between general allocation fund, special allocation fund, profit-sharing funds, and Village Funds on Poverty)

H1:  $\beta_{ij} \neq 0$  (there is a joint effect of general allocation fund, special allocation fund, profit-sharing funds, and Village Funds on Poverty)

### 3.4.2 T Test

The t test was conducted to find out whether each independent variable has an influence on the dependent variable. The t test can be done by comparing the value of Tcount with Ttable with a significance of 5 percent (0.05) and degrees of freedom (df).

The hypothesis used in the t test is as follows:



$H_0 : \beta_{ij} \leq 0$  (each independent variable namely general allocation fund, special allocation fund, profit-sharing funds and Village Funds have no effect on poverty)

$H_1 : \beta_{ij} > 0$  (each independent variable namely general allocation fund, special allocation fund, profit-sharing funds and Village Fund has a significant positive effect on poverty).

### 3.5 Coefficient Determination

The coefficient of determination ( $R^2$ ) is the value used to measure the level of the model's ability to explain the dependent variable. This study uses an adjusted coefficient of determination (adjusted  $R^2$ ) which has a value range of 0 to 1. It can be said that the closer the value of adjusted  $R^2$  is to 1, the better the ability of the regression model to explain the dependent variable and vice versa if the value of adjusted  $R^2$  is close to 0, the better bad ability of the regression model in explaining the dependent variable

## 4. Discussion

### 4.1 Model Selection Test

#### 4.1.1 Chow Test

Chow test is a test used to select CEM and FEM. The following is a table of chow test results:

Table 3. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	639.101558	(4,61)	0.0000
Cross-section Chi-square	263.134568	4	0.0000

Source: Eviews, processed 2023

Based on Table 3. shows that the probability value is  $<0.05$ . This shows that the chosen model is the FEM model.

#### 4.1.2 Hausman Test

Chow test is a test used to select CEM and FEM. The following is a table of chow test results:

Table 4. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2556.406233	4	0.0000

Source: Eviews, processed 2023

Based on Table 4. shows that the probability value is  $<0.05$ . This shows that the chosen model is the FEM model.

### 4.2 Classic Assumption

#### 4.2.1 Normality Test

This study uses the JB test. The following is a picture showing the normality test:

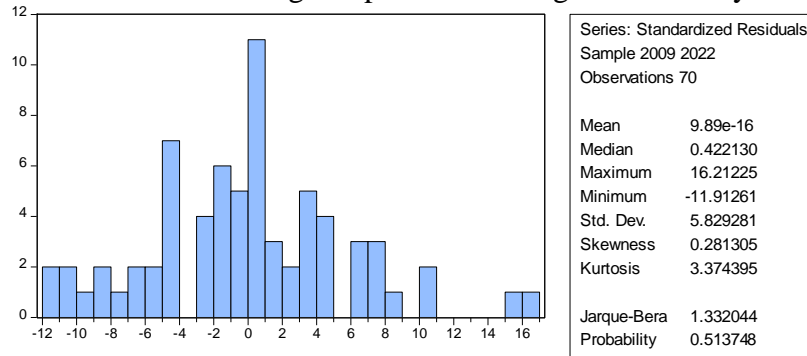


Figure 3. Normality Test

Based on the results of the normality test with the JB test, it shows that the probability value is  $0.513 > 0.05$ . This gives the meaning that the data is normally distributed.

#### 4.2.2 Multikolienarity Test

Based on the results of the following analysis is a table showing the multicol test:

Table 5. Multicollinearity Test

	LNX1	LNX2	LNX3	Villages fund
LNX1	1.000000	0.586145	-0.141548	0.676388
LNX2	0.586145	1.000000	-0.185373	0.675617
LNX3	-0.141548	-0.185373	1.000000	-0.331986
Villages Fund	0.676388	0.675617	-0.331986	1.000000

Source: Eviews, processed 2023

Based on Table 5. Shows that the correlation of each variable does not exceed 0.09. This gives the meaning that multicollinearity can be tolerated.

#### 4.2.3 Heteroskedastisity Test

Heteroscedasticity testing uses the Gletjer test. The following is a table showing the results of the glacier test:

Table 6. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.459315	0.926126	-	0.6223
LNX1	0.018600	0.028618	0.649942	0.5190
LNX2	-0.006346	0.004100	-	0.1285
LNX3	0.006050	0.012257	0.493598	0.6239
Village Fund	-0.004730	0.011971	-	0.6946
			0.395148	

Source: Eviews, processed 2023

Based on Table 6. the results of the analysis show that the probability value of the t-statistic on the Glejser test as a whole is at  $> 0.05$ . This shows that heteroscedasticity can be tolerated.

#### 4.2.4 Autokorelation Test

The following are the results of the Autocorrelation test:

Table 7. Autocorrelation Test

Durbin-Watson stat	1,5089
DI	1,4943
Du	1,7351

Source: Eviews, processed 2023

Based on Table 7. Shows that the autocorrelation condition is in the classification  $dl < dw < du$ . This gives the meaning that there is no positive autocorrelation or no decision.

#### 4.3 Panel Data Regression Results

Following are the results of panel data regression analysis by selecting FEM

Table 8. Panel Data Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	464.5137	190.7389	2.435339	0.0178
LNK1	-10.40867	5.880515	-1.770027	0.0817
LNK2	-2.553470	0.876267	-2.914032	0.0050
LNK3	-0.373573	2.649489	-0.140998	0.8883
Village Fund	-8.435809	2.533692	-3.329453	0.0015

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.981344	Mean dependent var	102.8459
Adjusted R-squared	0.978897	S.D. dependent var	42.67776
S.E. of regression	6.199756	Akaike info criterion	6.606418
Sum squared resid	2344.655	Schwarz criterion	6.895511
Log likelihood	-222.2246	Hannan-Quinn criter.	6.721249
F-statistic	401.0830	Durbin-Watson stat	1.508944
Prob(F-statistic)	0.000000		

Source: Eviews, processed 2023

Based on the results of the analysis in Table 8, the following is the regression model in this study:

$$Y = 464,513 - 10,408 \text{ GENERAL ALLOCATION FUND}_{it} - 2,553 \text{ SPECIAL ALLOCATION FUND}_{it} - 0,373 \text{ PROFIT-SHARING FUNDS}_{it} - 8,435 \text{ VILLAGE FUND}_{it} + e$$

Here is the meaning of each coefficient:

1. The coefficient  $\beta_1$  is 464,513, which means that if general allocation fund, special allocation fund, profit-sharing funds, and village funds are zero, then poverty is 464,513 people.
2. General allocation fund has no effect on poverty in DI Yogyakarta Province.
3. The coefficient  $\beta_3$  is 2,553 which means that if the special allocation fund increases by 1 percent, poverty will decrease by 2,533 people in DI Yogyakarta Province.

4. Profit-sharing funds has no effect on poverty in DI Yogyakarta Province.
5. The coefficient  $\beta_4$  8.435 is a dummy coefficient. This shows that the village fund variable can reduce poverty.

#### 4.4 Statistics Test

##### 4.4.1 F Test

The F test is an analysis that aims to examine the joint effect of the independent variable on the dependent variable. Based on Table 8. Shows that the probability value on the f-statistic is 0.000. This shows that the probability value is  $0.000 < 0.05$  and it can be interpreted that together the general allocation fund, special allocation fund, profit-sharing funds and village funds variables have a significant effect on poverty in the DI Yogyakarta Province.

##### 4.4.2 T Test

The t test is an analysis that aims to test the partial effect of the independent variables on the dependent variable. The following is a table showing the t test:

Table 9. t Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	464.5137	190.7389	2.435339	0.0178
LNX1	-10.40867	5.880515	-1.770027	0.0817
LNX2	-2.553470	0.876267	-2.914032	0.0050
LNX3	-0.373573	2.649489	-0.140998	0.8883
Villages Fund	-8.435809	2.533692	-3.329453	0.0015

Source: Eviews, processed 2023

The following is the interpretation of each variable:

1. General allocation fund has a probability of 0.0817 where this value is  $> 0.05$ . So it can be said that the general allocation fund has no effect on poverty in DI Yogyakarta.
2. Special allocation fund has a probability of 0.005 and a coefficient of -2.553 where the probability value is  $< 0.05$ . So it can be said that special allocation fund has a negative and significant effect on poverty in DI Yogyakarta Province.
3. Profit-sharing funds has a probability of 0.888 where this value is  $> 0.05$ . So it can be said profit-sharing funds has no effect on poverty in DI Yogyakarta.
4. Village funds have a probability of 0.0015 and a coefficient of -8.435 where the probability value is  $< 0.05$ . So it can be said that village funds can shift the coefficient to a lower level. It can be said that village funds can reduce poverty in DI Yogyakarta Province.

#### 4.5 Coefficient of Determination

The coefficient of determination is analyzed by Adjusted R-Square. Based on analysis shows that the Adjusted R-Square value is 0.9788. This shows that the variables general allocation fund, special allocation fund, profit-sharing funds, and village funds can explain poverty by 0.9788 or 97.88 percent. The remaining 2.11 percent is explained by other variables not examined in the study.

#### 4.6 The Influence Of General Allocation Fund On Poverty In Yogyakarta Province

General allocation funds are part of the balancing funds issued by the central government to regional governments in carrying out fiscal decentralization. Based on the results of the analysis, it shows that general allocation fund has no effect on poverty in DI Yogyakarta Province. This research is in line with research conducted by Manek & Badrudin (2016) which shows that general allocation fund results have no effect on poverty. In addition, research conducted by Putrayuda et al., (2017) shows that general allocation fund has no effect on reducing poverty in the districts/cities of Riau Province. The use of general allocation fund in DI Yogyakarta Province does not affect poverty reduction. This means that the general allocation fund is still relatively ineffective in reducing poverty in DI Yogyakarta Province.

General allocation funds are given to regions with the aim of minimizing disparities between regions. Indirectly, regions that receive general allocation fund are actually regions that have regional own-source revenue that are not sufficient for regional spending. General allocation fund has no effect due to low PAD so routine spending uses general allocation fund. This makes the general allocation fund not directly related to poverty alleviation. Local governments are expected to be able to maximize regional own-source revenue and innovate in implementing poverty alleviation.

#### 4.7 The Effect Of Special Allocation Fund On Poverty In Yogyakarta Province

Special allocation funds are funds provided by the central government to regional governments with the aim of helping fund special activities which are regional affairs and in accordance with national priorities. Special allocation fund is a fund whose use can be in direct contact with the community. Based on the results of the analysis, it was found that the special allocation fund coefficient was -2.553 and a significance value of 0.005. This shows that special allocation fund has a negative and significant effect on poverty in DI Yogyakarta Province. The Special Allocation Fund coefficient means that when the special allocation fund is increased by 1 percent, poverty will decrease by 2,553 people.

This research is in line with research conducted by Gumelar, (2021) showing that special allocation fund has a negative and significant effect on poverty in Central Sulawesi District/City. Special allocation fund has a negative effect, meaning that when special allocation fund is increased, poverty will decrease. Special allocation fund is a fund used to finance physical and non-physical facilities. Facilities and infrastructure can make it easier for people to carry out economic activities so that they will provide access to increased income and ultimately a reduction in the poverty rate.

#### 4.8 The Influence Of Profit-Sharing Funds On Poverty In Yogyakarta Province

Profit-sharing funds are one of the balancing funds transferred from the center to the regions in the context of carrying out decentralization. The purpose of profit-sharing funds is to improve the vertical balance between the center and the regions by taking into account the potential of the producing regions. Based on the results of the analysis, it shows that profit-sharing funds have no effect on poverty in DI Yogyakarta Province. This research is in line with research conducted by Rasu et al., (2019) showing that Profit-Sharing Funds has no effect on poverty in Manado City.

Profit-sharing funds has no effect on poverty because the implementation of the use of profit-sharing funds is not flexible. Profit-sharing funds provides financial uncertainty to the regions because the realization estimate is determined by the central government as the tax collector. This

gives constraints in using profit-sharing funds. it can be said that the profit-sharing funds allocation has little impact on reducing poverty.

#### 4.9 The Effect Of Village Funds On Poverty In Yogyakarta Province

Village funds are balancing funds aimed at village governments to carry out regional autonomy and fiscal decentralization. Village Funds were implemented in 2015 after the ratification of Law No. 60 of 2014 concerning Village Funds. This study uses a dummy variable as a dummy variable in analyzing the effectiveness of village funds on poverty reduction. The results of the analysis show that village funds have a coefficient of  $-8.435$  and a significance value of  $0.0015$ . This means that village funds can significantly reduce poverty in the Special Region of Yogyakarta. This research is in line with research conducted by Putra et al., (2023) which shows that village funds have a negative and significant effect on poverty in Banjarnegara district. It can be said that the implementation of village funds in poverty alleviation is stated to be effective.

### 5. Conclusion

Based on the analysis results show that:

1. The General Allocation Fund has no effect on poverty in DI Yogyakarta Province.
2. Special allocation funds have a positive and significant effect on poverty in DI Yogyakarta Province.
3. Profit-sharing funds have no effect on poverty in DI Yogyakarta Province.
4. Village funds have a significant effect on reducing poverty in DI Yogyakarta Province.

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