

## The Impact of Government Spending Allocation in Education, Health, and Social Protection Sectors on Poverty Rate in Gorontalo Province

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### Abstract

The research aims to discover the impact of government spending allocation in education, health, and social protection sectors on poverty rate in Regencies/City in Gorontalo Province. Data employed in this research are secondary data obtained from Statistics Indonesia and Directorate General of Fiscal Balance. Method used is multiple linear regression-panel data from 2010 to 2019 in 6 Regencies/City.

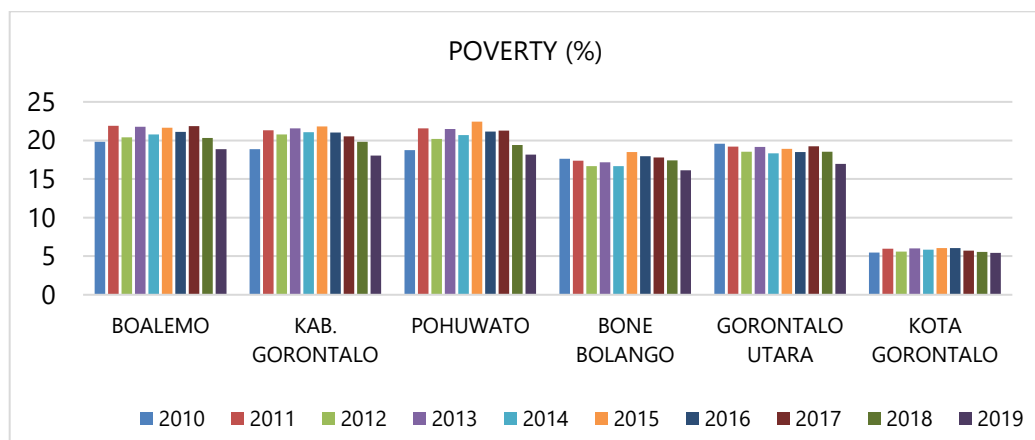
The result of analysis shows that the government spending in education sector impacts the poverty rate in Gorontalo Province Positively and insignificantly. The result signifies that each increase for 1% in government spending in education sector does not frequently reduce poverty for 0.124888 in Gorontalo Province. Then, the government spending in health sector impacts the poverty rate in Gorontalo Province positively and insignificantly. The result signifies that each increase for 1% in government spending in health sector does not frequently reduce poverty for 0.022136 in Gorontalo Province. Lastly, the government spending in social protection sector impacts the poverty rate in Gorontalo Province negatively and insignificantly. The result signifies that each increase for 1% in government spending in social protection sector does not frequently reduce poverty for 0.185069 in Gorontalo Province.

**Keywords: Poverty, Government Spending in Education, Health, and Social Protection Sectors.**

### 1. Introduction

One of the goals of national development in Indonesia is to increase economic performance so that it is able to generate employment and arrange a decent life for all people who are in conclusion about to produce prosperity. One national development facility is to reduce the number of poor people because poverty has a negative effect that could affect economic development. Poverty is also one of the most meaningful social markers in economic development. So poverty is one of the bases of the case of the problem of low development in Indonesia.

In Gorontalo Province itself the state of poverty levels is still a barrier to economic growth, this is the task for the regional government to tackle this case. Information on the presbyage of the poor population in Gorontalo Province in 2010-2019 can be observed in figure 1. 1 of the following:

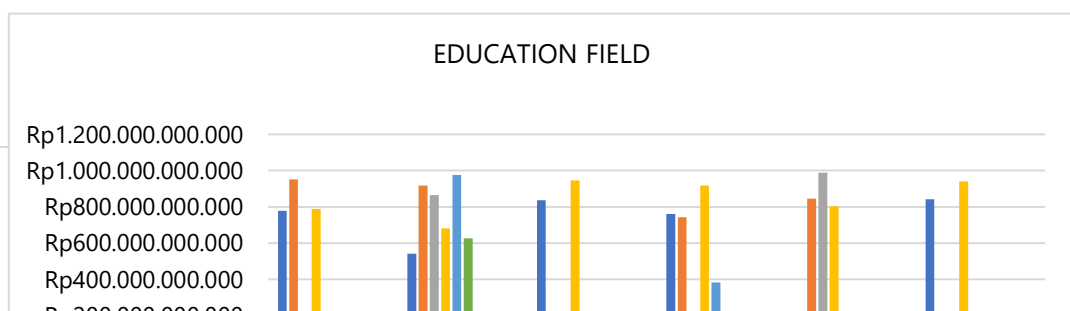


Source: (Gorontalo Provincial Central Statistics Agency)

Figure 1.1 Percentage of Poor Population  
in Gorontalo Province 2010-2019 (%)

According to picture 1.1 can be seen if the poverty level of the Regency / city in Gorontalo Province from 2010-2019 faces instability or fluctuates in each year. The highest increase occurred in Pohuwato District in 2015 of 22,43% otherwise the lowest interwoven in Gorontalo City in 2017 of 5,7%.

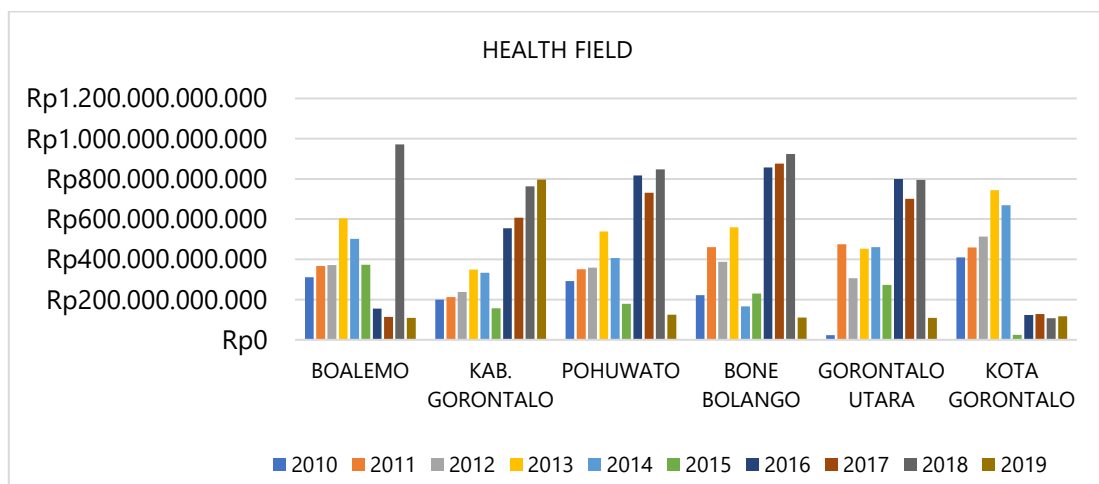
Todaro and Smith (2006) explain education and health, which is a fundamental development goal. Health is the core of well-being, and education is a principal to achieve a satisfying and valuable life. Information on the amount of government spending on education in Gorontalo Province in the period 2010-2019 can be seen in the following figure:



Source: Directorate General of Financial Balance (DJPk)

Figure 1.2 Education Budget  
 in Gorontalo Province 2010-2019 (Billion Rupiah)

Can be seen in figure 1.2 most expenditures in education occurred in Bone Bolango District in 2012 amounting to Rp. 987.913.635.900 billion.

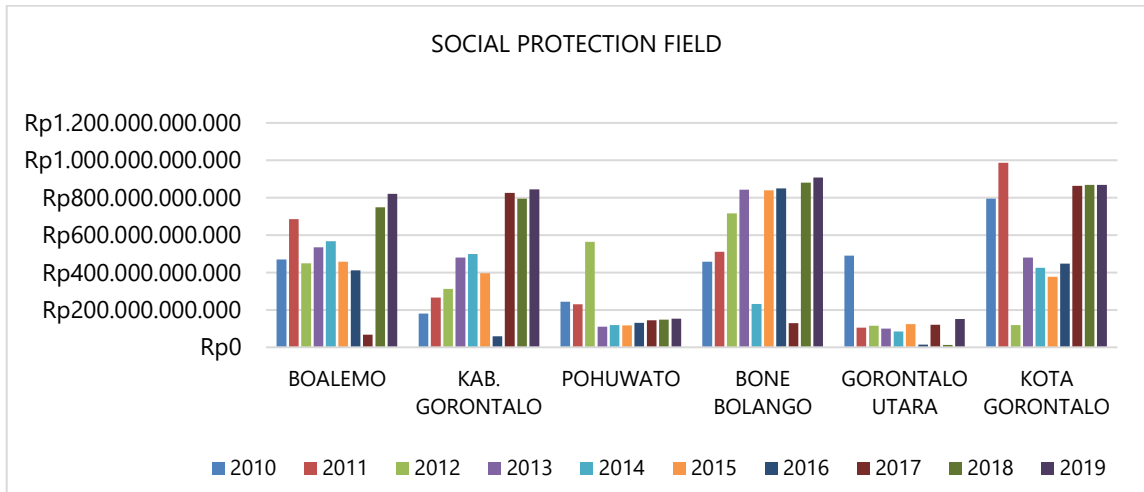


Source: Directorate General of Financial Balance (DJPk)

Figure 1.3 Budget Health  
 in Gorontalo Province 2010-2019 (Billion Rupiah)

Can be seen in figure 1.3 the most expenditure on health occurred in Boalemo District in 2018 as much as Rp. 971.999.092.100 billion.

Data on the amount of government spending in the field of social protection in Gorontalo Province in the period 2010-2019 can be seen in the following figure :



Source: Directorate General of Financial Balance (DJPK)

Figure 1.4 Budget Social Protection  
in Gorontalo Province 2010-2019 (Billion Rupiah)

Can be seen in figure 1.4 the biggest expenditure in the field of social protection occurred in the City of Gorontalo in 2011 amounting to Rp. 986.793.572.600 billion.

Looking at the above problems, the government has made various efforts to deal with the problem of poverty which still fluctuates. By directing government policy through local government spending as a measure for efforts to reduce the district/city poverty level in Gorontalo Province. Therefore, the author is interested in doing research on **"Effects of Government Expenditure Allocation in Education, Health and Social Protection on Poverty Rates in Gorontalo Province"**.

## 2. Study of Theory and Research Hypothesis

### A. Poverty

Poverty can be articulated as a condition where one cannot meet daily needs because of limited access in order to meet those needs themselves. Economically poverty can be seen from the level of lack of resources that can be used in meeting the needs of life and improving the welfare of groups of people.

The concept of poverty from Bappenas (2004) is poverty which is seen from conditions where a person or group of people, men and women are unable to fulfill their basic rights to maintain and develop a dignified life.

### B. Factors Causing Poverty

Poverty is an abstract concept that can be explained differently, that is, depending on the point of view of the analysis in understanding the conditions, nature, and context of poverty, how the problem of poverty can be overcome.

### **C. Government Expenditure Theory**

#### **1. Definition of Government Expenditures**

Government spending reflects policies that can be taken by the government. If the government can establish a policy to buy goods or services, government spending reflects the costs that must be incurred to implement the policy.

#### **2. Micro Government Expenditure Theory**

Micro government expenditure is intended to provide public goods that cannot be provided by private parties and as a result of market failures. According to Mangkosoebroto (1994:177-178) microeconomically the theory of government development aims to analyze the factors that give rise to demand for public goods.

### **3. Method**

#### **A. Location and Research Time**

The location of the study is the place where the researcher obtained information about the data needed. This study took location in Gorontalo Province.

#### **B. Research Approach**

In this study the authors used the quantitative approach method. Where in this approach that reflects the problem and in the analysis is a number from the collection of interpretations to getting the results.

#### **C. Data Analysis Techniques**

This research analysis tool uses regression equation analysis, using multiple analysis methods with panel data. According to Ghozali (2009) in haniz (2013), the use of a linear regression is audited to know the presence or absence of the relationship between bound variables and unrestricted variables, all to know the magnitude and direction of the free variable markings.

**4. Research Results**

**A. Results of Regression Analysis**

**Table 4. 1**  
**Results of Regression Analysis**

Variable	Coefficient	t-statistic	Prob.
C	18.32764	2.498601	0.0157
LOG(PP)	0.124888	1.042862	0.3019 <sup>ns</sup>
LOG(PK)	0.022136	0.140126	0.8891 <sup>ns</sup>
LOG(PS)	-0.185069	1.052998	0.2973 <sup>ns</sup>
R-squared	0.972825		
Adjusted R-squared	0.968562		
S.E. of regression	0.959606		
F-statistic	228.2150		
Prob(F-statistic)	0.000000		

**Source: Data processed 2021**

**\*\*\*) 10%, \*\*) 5%, \*) 1%, <sup>ns</sup>= not significant**

$$Poverty = 18.32764 + 0.124888Log(PP) + 0.022136Log(PK) - 0.185069Log(PS) + \epsilon$$

Based on the panel data regression output above, it can be interpreted as follows. If the influence of all free variables (Education, Health, and Social Protection) is ignored, then the average poverty rate in the area observed during 2010-2019 will reach a figure of 18.32. Government spending on education has a positive effect on poverty. An increase in government spending on education in each region by 1 percent will increase poverty by 0.124. Government spending on health has a positive effect on poverty. An increase in health expenditure by 1 unit in each of the observed regions will increase poverty by 0.022. Government spending on social protection has a negative effect on poverty. An increase in government spending in the field of social protection by 1 unit in each of the observed regions will reduce poverty by 0.185.

**5. Discussion**

**A. Effect of Government Expenditures on Education Against Poverty**

From the results of estimates that have been carried out previously show that government spending in education has a positive but insignificant effect on poverty in Gorontalo Province. The government's education has no effect on the high poverty rate in Gorontalo Province. This proves that poverty in Gorontalo Province is not only due to the high level of realization of the education sector budget to improve the quality of education of the Gorontalo Province community.

#### **B. Effect of Government Expenditures on Health Against Poverty**

From the results of estimates that have been done previously, it shows that government spending on health has a positive effect but not significant to poverty. That is, increasing government spending in the health sector does not affect the high poverty in Gorontalo Province. This is certainly interesting considering that through allocation budget for the health sector aims to improve public services especially in the health sector.

#### **C. Effect of Government Expenditures on Social Protection Against Poverty**

From the results of estimates that have been carried out previously show that government spending in the field of social protection has a negative but insignificant effect on poverty in Gorontalo Province. The high poverty rate in Gorontalo Province is not affected by government spending in the field of social protection. This is certainly interesting considering the main objective of this social protection program is to reduce poverty.

### **6. Conclusion**

Based on the results of the above analysis and discussion, the following conclusions are drawn:

1. Government expenditure on education positive but insignificant effect on poverty in Gorontalo Province.
2. Pioneering expenses in the health sector has a positive but insignificant effect on poverty in Gorontalo Province.
3. Government expenditure in the field of social protection has a negative but insignificant effect on poverty in Gorontalo Province.

### **Suggestion**

From the results of the analysis and conclusions above, the suggestions in this study are:

1. To reduce poverty, the government is expected to remain consistent in making the best use of education spending and it is also necessary to create several new policies to increase the will of the people to go forward to right education .
2. The government is expected to increase spending on health so that health services in masyarakat also increase.
3. Communities receiving social protection assistance are expected to use social assistance as well as their functions, and for the government to work not to provide protection assistance s ial every year is not on target.

## **7. Recognition**

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