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Unveiling the Economic Growth in Gowa Regency: How Original Local Government Revenue and Human Development Index Influence It

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Abstract

This research was conducted with the aim of delving into two crucial aspects that impact economic growth in Gowa Regency. The first aspect is the influence of Original Local Government Revenue. (PAD) on the economic dynamics of the region. By delving deeply into how PAD affects economic growth, this study opens up avenues for understanding the extent to which local economic resources contribute to sustainable economic development. The second aspect investigated is the role of the Human Development Index (HDI) in shaping the trends of economic growth in Gowa Regency. This approach provides a broader view of economic growth, not just from a pure economic perspective but also involving social and human well-being dimensions. By examining how HDI can significantly contribute to economic growth, this research recognizes the importance of investing in human development to achieve sustainable economic outcomes. To achieve the objectives of this research, the method of multiple linear regression was employed as an appropriate approach. By combining secondary data encompassing Original Local Government Revenue (PAD), Human Development Index (HDI), and Gross Regional Domestic Product (GRDP) from the period of 2012 to 2020, this study presents a comprehensive view of the relationship between these variables. The data obtained from the Local Revenue Agency of Gowa Regency provides a robust foundation for in-depth and accurate analysis. The results of the conducted multiple linear regression analysis yield valuable findings. Firstly, it is revealed that the influence of Original Local Government Revenue (PAD) on Economic Growth is positive, but it does not exhibit strong significance. However, a further understanding of how PAD can more effectively drive economic growth remains an intriguing question to explore. The second finding indicates that the Human Development Index (HDI) has a significant positive impact on Economic Growth. This underscores the importance of investing in human development, such as education, healthcare, and community empowerment, in stimulating sustainable economic progress. Overall, this research offers a deeper understanding of the economic dynamics in Gowa Regency, encompassing both the aspects of Original Local Government Revenue and Human Development Index. These findings provide valuable insights for decision-making at the government and relevant institutions' levels to develop more holistic and sustainable development strategies.

Keywords: original local government revenue; human development index and economic growth.

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1. Introduction

Economic growth depicts the financial condition of a region. Sustainable economic growth represents the outcome of concerted efforts by both national and regional governments to enhance societal well-being and prosperity. Original Local Government Revenue (PAD) is an indigenous source of regional income harnessed within the area and serves as the foundational capital for regional administration to finance local development. According to (Sudaryo et al., 2021), the empowerment of regions to maximize PAD has the potential to amplify the composition of PAD itself as a revenue source. The accumulative enhancement of PAD, regarded as capital, tends to generate positive externalities and accelerate economic growth. Economic growth is a pivotal indicator for evaluating the performance of an economy, particularly when analyzing the outcomes of economic development undertaken by a nation or a region. One of the goals of economic growth is to alleviate poverty and ideally lead to a significant reduction in poverty rates. Economic

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growth is realized when the production of goods and services increases compared to the previous year. Ultimately, economic growth illustrates how economic activities can generate income and societal well-being.

Human development is a result method that centers on individuals (the population) as the core focus and ultimate beneficiaries of development activities. Its objective is achieving mastery over resources (income for a decent standard of living), improving health (long and healthy life), and enhancing education. The pivotal significance of humans in development is rooted in viewing individuals as development subjects, signifying that development is conducted for the benefit of humans or society.To enhance societal well-being, increased economic growth and equitable income distribution are necessary. Thus, a country's development can be directed towards three key aspects: augmenting the availability and distribution of essential needs for the community, elevating the living standards of the population, and enhancing people's capacity to access economic and social activities in their lives (Maratade, 2016). The Human Development Index, encompassing education, health, and purchasing power indices, serves as a contributor to the stability of the economic growth process. Its contribution extends beyond developmental goals, playing a critical role in driving economic growth over time (Ezkirianto & Alexandi, 2013).

In addition to economic growth, the process of economic development also entails changes in economic structure. Viewed through the lens of aggregate demand, the deepening of economic structure is propelled by income growth, manifesting as shifts in consumer patterns. From the perspective of aggregate supply, key factors encompass technological advancements, improved human capital quality, and the discovery of new production methods to foster growth. The results of development, achieved through high economic growth, will trickle down to various regional sectors (Tambunan, 2009). The Human Development Index plays a pivotal role in modern economic development, as effective human development enables the optimization of production factors. A well-developed population can innovate and enhance existing production factors. High economic development leads to an increased population size, subsequently boosting consumption levels. This, in turn, facilitates the promotion of economic growth rates (Sukirno, 2006).

Based on Law Number 33 of 2004 concerning the financial balance between the central and regional governments, as stipulated in Article 1, number 18, Original Local Government Revenue (known as PAD) refers to the revenue obtained by a region through collection based on local regulations in accordance with prevailing laws and regulations. Regional autonomy was initiated by the government on January 1, 2001. The purpose of introducing regional autonomy was to foster economic growth, national stabilization, and income distribution. The policy of regional autonomy was implemented with the intention of motivating regional governments to generate economic activities and promote equitable income distribution among regions based on their respective conditions (Fitri et al., 2021). Gowa Regency region, being rich in potential, has been developed as an autonomous area and has even served as a pilot region for implementing regional autonomy in South Sulawesi.

To enhance the national economy in the face of these challenges, the role of both central and provincial, as well as district/city governments, has been pivotal. They have effectively harnessed the available resources in their respective regions. Efforts to amplify the role of local governments in promoting development, financed by Original Local Government Revenue (a significant component of regional finances), alongside tax revenues, contributions, aid, and local loans, underscore the need for local governments to become more self-reliant in managing their operational activities. The effective and efficient management of Original Local Government Revenue is crucial, necessitating inherent oversight within each planned function, particularly in the administration of increasing Original Local Government Revenue. This revenue source plays a pivotal role in elevating the Human Development Index (HDI), essentially implying its influence on human development. An increase in Original Local Government Revenue received by regional governments translates to sufficient funds for regional spending in sectors that support HDI, such as healthcare, education, and infrastructure. This notion is reinforced by the research findings of (Setyowati & Suparwati, 2012), (Lugastoro, 2013), and (Woretma et al., 2022), all of whom state that Original Local Government Revenue has a positive impact on the Human Development Index.

We can observe the table 1 depicting the figures for Original Local Government Revenue (PAD), Human Development Index (HDI), and Economic Growth. Economic growth serves as a benchmark to enhance regional development across various economic sectors, indirectly reflecting changes in the economy. Economic growth signifies the progression of economic activities that lead to an increase in the production of goods and services, thereby enhancing societal prosperity. Meanwhile, the rate of economic growth is defined as an increase in Gross Regional Domestic Product (GRDP), regardless of whether this increase surpasses or falls short of the population growth rate, and whether there are changes in the economic structure.

Table 1. Total Local Revenue of Gowa

Years	Original Local Government Revenue. (Rp)	Human Development Index (%)	GRDP at Constant Price Basis
2012	82,221. 491	64, 42	7,664,513.16
2013	78,700.220	64,65	8,289,113.15
2014	109,776.256	65, 45	9,070,002.15
2015	149,352.694	66,12	9,720,169.64
2016	154,772.383	66,87	10,380,218.68
2017	187,681.040	67,70	11, 166,021. 95
2018	268,339.203	68,33	11, 971,358. 93
2019	216, 998.777	68,87	12,822,678.78
2020	226,383.659	69,66	13,783,114. 90
2021	101,756.501	70,14	14,025,755.081

According to Law Number 33 Article 1, Number 18 of 2004 concerning financial balance between the central and regional governments, "Original Local Government Revenue (PAD)," hereafter referred to as PAD, is revenue obtained by a region through collection based on local regulations in accordance with prevailing laws and regulations. PAD encompasses all rights of the regional government recognized as contributing to the net increase in wealth. Broadly speaking, PAD includes all cash receipts that augment the equity of funds for the respective fiscal year, and these receipts are the rights of the regional government (Arwati & Hadiati, 2013).

Human development is a process of expanding choices for individuals, providing them with the freedom to make a wider range of choices to meet their needs, particularly those relating to the economic aspect. The Human Development Index (HDI) is a measure of human development achievements based on fundamental components of life quality (Asnidar, 2018). The concept of HDI was first introduced by the UNDP through the Human Development Report in 1996 and has been updated annually since. Human development is defined as a process of enlarging people's choices, highlighting aspects of life such as long and healthy life, access to adequate education, and a decent standard of living. Specifically, UNDP places a strong emphasis on key elements within human development, including productivity, equity, sustainability, and empowerment. Indonesia's national development focuses extensively on the concept of human development, aiming to improve the quality of life for its citizens in physical, mental, and spiritual dimensions (Setiawan & Hakim, 2013).

2. Research Method and Materials

The researcher opted for Gowa Regency as the research location, acquiring data on Original Local Government Revenue (PAD), Human Development Index (HDI), and Gross Regional Domestic Product (PDRB) from the Regional Revenue Agency (BAPENDA) of Gowa Regency. This agency is situated at Jl. Tumanurung No.5 Sungguminasa, Somba Opu Subdistrict, Gowa Regency, South Sulawesi. The research was conducted over a period from September 26, 2022, to October 11, 2022. The data utilized in this study is categorized as secondary data, encompassing information previously compiled by existing sources. Secondary data are typically derived from studies conducted by other institutions or organizations.

The secondary data for this research was sourced from the Regional Revenue Agency (BAPENDA). Data collection employed a documentation technique, involving financial reports encompassing Original Local Government Revenue (PAD), Human Development Index (IPM), and Gross Regional Domestic Product (PDRB). As articulated by (Sugiyono, 2017) documentation is a means to gather data and information through materials such as books, archives, documents, numerical records, and photographs in the form of reports and information, all of which support research endeavors. The process of documentation encompassed rewriting, photographing, copying, and capturing various other data elements. The secondary data source was procured from the Regional Revenue Agency (BAPENDA) of Gowa Regency.

3. Results and Discussion

The hypothesis in this study was tested using multiple linear regression analysis. Multiple linear regression analysis aims to examine the influence of independent (explanatory) variables on a single dependent variable, as well as to quantify the extent of the impact of the relationship between the independent variables and the dependent variable. Prior

to conducting multiple linear regression analysis, it is essential to perform prerequisite tests. These tests, often referred to as classical assumption tests, are executed to ensure that the model is devoid of issues such as normality, multicollinearity, autocorrelation, and heteroscedasticity. Once all these tests are satisfied, the analytical model becomes suitable for implementation. Multiple linear regression analysis is a powerful statistical tool that enables us to uncover the relationships and associations between multiple independent variables and a single dependent variable. By examining the impact of these independent variables on the dependent variable, researchers can gain a comprehensive understanding of the underlying dynamics of the studied phenomenon.

However, before delving into the intricacies of the regression analysis itself, it's imperative to validate the foundational assumptions. Classical assumption tests play a crucial role in ensuring the integrity and reliability of the analysis. These tests assess whether the data follows a normal distribution, whether there are issues of multicollinearity (high correlation between independent variables), autocorrelation (correlation between residuals), and heteroscedasticity (uneven spread of residuals across predicted values). These assumptions are not mere technicalities; rather, they are fundamental to the reliability of the analysis results. If the assumptions are violated, the integrity of the conclusions drawn from the regression analysis might be compromised. Therefore, conducting the prerequisite tests is an essential step in ensuring the accuracy and validity of the findings. Only when these assumptions are met can the multiple linear regression analysis be carried out with confidence, providing meaningful insights into the relationships between the variables and enabling informed decision-making based on reliable statistical evidence.

Table 2. Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-667204.984	41625.240	
	Original Local Government Revenue	.367	.591	.033
	Human Developing Index	115.418	6.031	1.009

a. Dependent Variable: Economic Growth

The table 2 reveals the obtained results, indicating that the constant term (a) has a value of -667,204.984. Meanwhile, the regression coefficients (b) for variable X1 (Original Local Government Revenue) are 0.367, and for variable X2 (Human Development Index), the coefficient is 115.418. These results lead to the formulation of the regression equation as follows:

$$\mathbf{Y = -667{,}204.984 + 0.367X1 + 115.418X2}$$

The interpretation of these results can be broken down as follows: The constant value of -667,204.984 implies that when both X1 (Original Local Government Revenue) and X2 (Human Development Index) remain unchanged (i.e., both variables equal 0), the value of Y would be -667,204.984. The regression coefficient for the X1 variable (Original Local Government Revenue) is 0.367. This indicates that a significant 1% increase in the value of X1, while keeping other independent variables constant, will result in an incremental increase of 0.367 units in the value of Y. Similarly, the regression coefficient for the X2 variable (Human Development Index) is 115.418. This suggests that a significant 1% increase in the value of X2, with other independent variables remaining constant, will lead to an increase of 115.418 units in the value of Y. These regression coefficients offer valuable insights into the degree and direction of influence that changes in the independent variables exert on the dependent variable. By analyzing these coefficients, we can understand how each variable contributes to the changes observed in the outcome. This analysis is crucial for comprehending the intricate relationships between the variables, enabling well-informed decision-making and predictive capabilities within the realm of economic growth and development.

The coefficient of determination (R^2) is employed to measure the extent to which a model explains the variance of the dependent variable. The value of the coefficient of determination ranges between zero and one. When assessing the coefficient of determination, values closer to one indicate a stronger influence of independent variables on the dependent variable.

Based on the Table 3, the value of R^2 (Adjusted R Square) derived from the regression model indicates the extent to which the independent variables can account for the variance in the dependent variable. The computed R^2 value stands at 0.986, underscoring the model's remarkable explanatory power. In practical terms, this means that a substantial 98.6% of the variance in Original Local Government Revenue is influenced by both Original Local Government Revenue and

the Human Development Index, leaving a mere 1.4% to be impacted by other unaccounted variables. This high value of R^2 signifies a robust relationship between the independent and dependent variables, reflecting the model's ability to effectively capture and predict the changes in the dependent variable based on the changes in the chosen independent variables. This level of explanation is crucial for gaining insight into the dominant driving forces behind variations in Original Local Government Revenue, further enriching our understanding of the intricate interplay between economic and human development factors in the Gowa region.

Table 3. The coefficient of determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.993[a]	.986	.982	3097.18729	1.418

a. Predictors: (Constant), Human Developing Index, Original Local Government Revenue
b. Dependent Variable: Economic Growth

Subsequently, the Partial Test (t-test) is employed to ascertain the individual influence of independent variables on the dependent variable. The basis for decision-making in this examination is if the significance is < 0.05, the respective independent variable significantly contributes to the dependent variable in a partial manner. Conversely, if the significance is > 0.05, the independent variable does not exert a partial influence on the dependent variable. The outcomes of the t-test calculations for this study can be observed in the table 4.

Table 4. Result Test

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1(Constant)	-667204.984	41625.240		-16.029	.000
Original Local Government Revenue	.367	.591	.033	.621	.554
Human Development Index	115.418	6.031	1.009	19.136	.000

a. Dependent Variable: Economic Growth

The outcomes of the t-test provide valuable insights into the influence of the individual variables on Economic Growth. Starting with variable X1 (Original Local Government Revenue), the obtained significance value is calculated as 0.554. Given that this significance value exceeds the threshold of 0.05, it suggests that variable X1 (Original Local Government Revenue) lacks a statistically significant impact on the observed Economic Growth. This implies that changes in Original Local Government Revenue might not be playing a crucial role in driving substantial shifts in the Economic Growth of the area.

In contrast, directing our attention to variable X2 (Human Development Index), the t-test yields a significance value of 0.000. This value, being lower than the conventional threshold of 0.05, highlights the substantial impact of variable X2 (Human Development Index) on Economic Growth. The low significance value underscores that changes in the Human Development Index are linked to significant variations in the Economic Growth observed in the region. This suggests that efforts aimed at enhancing the Human Development Index could potentially lead to notable improvements in the Economic Growth of Gowa Regency.

Thus, the t-test outcomes provide nuanced insights into the differential influences of the studied variables on Economic Growth. While Original Local Government Revenue appears to have a relatively subdued impact, the Human Development Index stands out as a key driver of Economic Growth in the context of Gowa Regency.

3.1. Classic Assumption Test

3.1.1. Autocorrelation Test

Autocorrelation test aims to determine whether there exists a correlation between disturbance errors in period "t" and disturbance errors in the previous period "t-1." This analysis is conducted within the framework of a linear regression model to assess the presence of any interdependence among the error terms across consecutive time intervals. Based on Table 3, the Durbin-Watson statistic yields a value of 1.418. Since the Durbin-Watson statistic falls between -2 and +2,

specifically -2 < 1.418 < 2, the assumption of no autocorrelation is satisfied. In other words, there is no significant autocorrelation observed in the residuals, indicating the suitability of employing this regression analysis.

3.1.2. Normality Test

The Normality Test is conducted to determine whether the residual data under investigation follows a normal distribution or not. This assessment employs the Komologrov-Smirnov test with the assistance of SPSS 21, the results of which are located in the Asymp. Sig (2-tailed) column. The data is considered to exhibit a normal distribution if the Asymp. Sig (2-tailed) value is greater than 0.05. Conversely, if the Asymp. Sig (2-tailed) value is less than 0.05, the data is deemed non-normally distributed. The outcome of the normality test, conducted using the One-Sample Komologrov-Smirnov test, is as follows. This test is instrumental in assessing the adherence of the residual data to a normal distribution, which in turn, plays a pivotal role in validating the assumptions of the analysis.

Table 5. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		10
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	2731.46244083
Most Extreme Differences	Absolute	.154
	Positive	.154
	Negative	-.120
Test Statistic		.154
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

The assessment of normality through applying the Komologrov-Smirnov test provides valuable insights—into the outcomes of this test, specifically the Asymp. Sig (2-tailed) values indicate the extent to which the assumption of normality is satisfied by the data—the result of 0.200 for the Asymp. Sig (2-tailed) value signifies a substantial adherence to a typical distribution pattern. In interpreting the normality test results, it is evident that the data aligns well with the assumptions of normality. With a calculated Asymp. Sig (2-tailed) value exceeding the threshold of 0.05, the data can be reasonably considered to exhibit a normal distribution. This outcome holds significance as it supports the reliability and validity of the subsequent analyses conducted. Such compliance with the normality assumption enables greater confidence in the accuracy of the results and conclusions drawn from the study.

3.1.3. The Multicollinearity Test

The Multicollinearity Test serves the purpose of exploring the presence of correlations among independent variables. When such correlations are observed, it indicates the potential issue of multicollinearity within the model. To determine the existence of multicollinearity, the analysis focuses on the values of the Tolerance and Variance Inflation Factor (VIF). An ideal regression model typically exhibits Tolerance values greater than 0.1 and VIF values below 10, indicating a satisfactory absence of multicollinearity concerns. Assessing the outcomes of the multicollinearity test becomes instrumental in understanding the interrelationships between the independent variables. If Tolerance and VIF values fall within the specified ranges, it signifies a healthy level of independence among the variables, supporting the reliability of the regression analysis. Conversely, significant deviations from these ranges might warrant further examination to address the multicollinearity issue. The results of the multicollinearity test, presented in the forthcoming table, provide crucial insights into the extent of interdependence among the examined variables.

Based on the outcomes extracted from the Multicollinearity Test as depicted in the aforementioned on table 6, a comprehensive analysis unveils crucial insights into the relationship dynamics among the three independent variables. It becomes evident that none of the variables exhibits a Tolerance value surpassing the threshold of 0.10, coupled with VIF values that remain below the critical benchmark of 10. This detailed evaluation enables a judicious determination that goes a long way in shaping the conclusions drawn from this study. By rigorously adhering to the established Tolerance and VIF thresholds, a robust assessment concludes that the regression model under investigation remains

devoid of the multicollinearity concern. This implies that the interdependence among the independent variables does not compromise the model's integrity nor distort the accuracy of the estimated coefficients. Incorporating these discerning insights, it can be safely deduced that the research's regression model remains robust and well-structured, demonstrating the absence of multicollinearity. This affirmation enhances the model's reliability and bolsters the confidence in utilizing the regression results to derive meaningful inferences and conclusions. Consequently, the application of this regression model to analyze the relationships between the variables stands validated, allowing for a more precise understanding of the research context.

Table 6. Multicollinearity Test Results

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Original Local Government Revenue	.739	1.354
	Human Developinhg Index	.739	1.354

a. Dependent Variable: Economic Growth

3.1.4. Heteroscedasticity Test

The primary objective of conducting the Heteroscedasticity Test lies in exploring whether the regression model employed in a given research demonstrates a consistent variance across its residuals from one observation to another. In simpler terms, this test endeavors to ascertain any systematic variability or unevenness in the spread of residuals throughout the range of the dependent variable. This phenomenon is particularly significant as it can impact the validity and robustness of the regression analysis outcomes. The concept of homoscedasticity , or the lack of heteroscedasticity, is a pivotal aspect to grasp in this context. If the variance of residuals remains consistent across the spectrum of observations, it signifies homoscedasticity or the absence of heteroscedasticity. This property is crucial because it points towards the stability of the model's error terms and ensures that the underlying assumptions of regression, such as normally distributed errors with constant variance, are met. The implications of heteroscedasticity extend beyond the immediate concerns of the regression model. It could introduce bias in the parameter estimates, rendering the hypothesis tests unreliable and the standard errors inefficient. Addressing heteroscedasticity is imperative to ensure accurate and reliable inference from the regression results. The evaluation of heteroscedasticity entails the analysis of scatterplots, which graphically depict the relationship between the predicted values (fitted values) and the residuals. Deviations from a consistent pattern in the scatterplot suggest potential heteroscedasticity, highlighting areas where the model might require further examination and possible corrective measures.

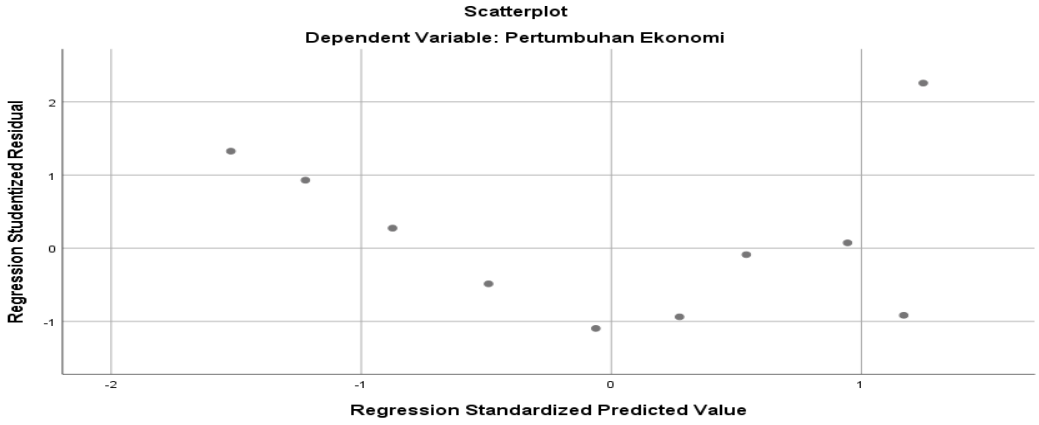

Figure 1. Heteroscedasticity Test Results

Based on the observations from Figure 1, the scatterplot vividly portrays a lack of discernible pattern as the data points are scattered irregularly both above and below the zero line on the Y-axis. Consequently, it can be confidently deduced that there are no distinct indications of heteroscedasticity within the dataset. This absence of a systematic trend in the

scatterplot is reassuring, suggesting that the variance of the residuals remains relatively consistent across the range of observed values. This is a favorable outcome as it aligns with the assumption of homoscedasticity, where the distribution of errors does not vary about the magnitude of the predictor variable.

The scatterplot's behavior in this manner reflects a degree of stability in the spread of residuals, affirming the robustness of the regression model. This outcome is crucial, as it ensures that the assumptions of constant variance and customarily distributed errors underlying the regression analysis are met. In light of this analysis, it can be confidently concluded that the dataset under examination does not exhibit any notable heteroscedasticity concerns. This is a positive indication that the regression model's assumptions regarding the variability of residuals are upheld, thereby enhancing the reliability of the analytical results and the subsequent interpretations drawn from the study.

4. Conclusion

Several conclusions can be drawn based on the research findings and discussions regarding the Influence of Original Local Government Revenue on Economic Growth in Gowa Regency. The testing results indicate that Original Local Government Revenue has a positive yet non-significant impact on Economic Growth in Gowa Regency. The inflow from Original Local Government Revenue can contribute to the growth of the local economy, with potential ripple effects on the national economic development—an increase in Original Local Government Revenue could fuel local government investment, improving public service quality. Similarly, the analysis suggests that the Human Development Index (HDI) has a positive but non-significant impact on Economic Growth in Gowa Regency. An elevated Human Development Index signifies that improved HDI can boost human labor productivity. Enhanced productivity often translates to increased production of goods and services. This surge in productivity and creativity enables the population to harness and manage crucial resources that drive economic growth. Quality human resources equipped with skills and knowledge stand a better chance of securing employment opportunities or initiating new job avenues, thereby contributing to Local Economic Growth.

In light of this research, the author recommends specific considerations, particularly in enhancing Original Local Government Revenue and the Human Development Index. These aspects are pivotal resources that must be optimally harnessed to bolster regional development. A few proposals are put forth for the local government of Gowa Regency to increase Original Local Government Revenue and the Human Development Index. It is advisable to focus on intensifying the exploration and harnessing of Original Local Government Revenue sources, with the primary aim of financing local expenditures independently. The rising trajectory of Original Local Government Revenue is poised to contribute to Local Economic Growth significantly. Local governments must avoid over-relying on intergovernmental fund transfers, instead prioritizing fiscal independence for local expenditure financing. The Human Development Index (HDI) is pivotal in enhancing societal well-being. Therefore, the government should focus on people-centered development, particularly in areas lagging, to mitigate economic inequalities. To elevate the Human Development Index (HDI), government involvement in budget allocation should focus on amplifying educational budget allocations. This approach ensures a sharper emphasis on human development programs and objectives.

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