Regional Original Income and Special Allocation Funds on Economic Development

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ARTICLE DETAILS

ABSTRACT

This study aims to determine whether there is a natural and significant effect of Regional Original Income (PAD) and Special Allocation Funds (DAK) on Economic Development in Pinrang Regency and find the most dominant variables affecting economic development in Pinrang Regency. This research was conducted at the Regional Personnel Agency of Pinrang Regency. The type of data used in this study is secondary data, namely data sourced from documents, publications, or unique publications from related agencies, especially in Pinrang Regency. Data collection techniques in this study use the method of documentation. The data that has been collected will be tested by several stages of testing, namely descriptive statistical tests, classical assumption tests consisting of (normality test, multicollinearity test, autocorrelation test, heteroscedasticity test), and testing all hypotheses through the coefficient of determination test, partial test (t-test) and simultaneous test (f test). The results showed that the Regional Original Income (PAD) variable significantly affected economic development in Pinrang Regency. Meanwhile, the Special Allocation Fund hurts economic growth in the Pinrang district.

1. Introduction

Economic development is a process of increasing total income and per capita income by taking into account population growth and accompanied by fundamental changes in a country's economic structure and income distribution for residents of a country (Chebotarov & Iegor, 2020; Mahendra, 2017). Economic development cannot be separated from economic growth; economic development promotes economic growth, and conversely, economic growth facilitates the process of economic development (Cárdenas García et al., 2015; Mangilaleng et al., 2015).

The essence of regional development as part of national development is the realization of general welfare that is socially just as mandated in the preamble of the 1945 Constitution. With a development process that is carried out in a sustainable manner from time to time it is expected that there will be significant changes to the level of social welfare in a fair and equitable manner (Makalalag et al. al., 2017). The realization of people's welfare can be measured from the level of education, health, social, culture, politics and security, defined as a series of activities carried out by the regional government together with the community in managing and utilizing natural resources. This can optimally stimulate regional economic development (Ciccilia et al., 2019). Every regional economic development effort has the main goal of increasing the number and types of employment opportunities for local communities. In an effort to achieve these goals, local governments and their communities must jointly take regional development initiatives. Therefore, local governments and their community

participation and by using existing resources must be able to assess the potential resources needed to design and develop the regional economy (Ascani et al., 2012; Tumangkeng, 2018).

The importance of economic development is one of the efforts to realize the level of community welfare (Kemeny & Storper, 2015). In order to improve the people's standard of living, the government is actively implementing economic development programs which include efforts to develop economic activities and create a conducive business climate and increase the level of people's income. Development is an effort to create people's welfare. Therefore, the results of development must be enjoyed by all people as a form of increasing physical and mental well-being in a fair and equitable manner (Susan, 2015). Development is a multidimensional process that involves major changes in social structure, mental attitudes that are used to and national institutions including acceleration/acceleration of economic growth, reduction of inequality and eradication of absolute poverty (Triastanto, 2015). Meanwhile, according to Hanum (2019), economic development is a process that causes the per capita income of a society to increase.

There are two phenomena and impacts of economic development, namely positive impacts and negative impacts (Saknosiwi et al., 2021). The positive impacts consist of: 1. Through economic development, the implementation of economic activities will run more smoothly and be able to accelerate the process of economic growth. 2. The existence of economic development makes it possible to create jobs needed by the community, thereby reducing unemployment. 3. The creation of jobs due to economic development can directly improve the level of national income. 4. Through economic development it is possible to change the structure of the economy from an agrarian economic structure to an industrial economic structure, so that the economic activities carried out by the state will be more diverse and dynamic. 5. Economic development demands an increase in the quality of human resources so that in this case, it is possible that science and technology will develop rapidly. Thus, will further improve the welfare of society. While the negative impacts consist of: 1. The existence of economic development that is not well planned results in environmental damage. 2. Industrialization resulted in reduced agricultural land.

In essence, economic development is a series of efforts and policies aimed at improving people's lives, increasing economic relations from the primary sector to the secondary and tertiary sectors. In other words, the direction of economic development is to strive for a steady increase in people's income and with a better level of equity (Dini, 2018; King, 2015). Furthermore, as a commitment by the Government of Pinrang Regency through regional autonomy, it is demanded to be creative in developing the economy so as to create community welfare, especially as a contribution to national welfare, generally carried out by carrying out planned, directed and sustainable regional development based on the guidelines of the RPJMD (Regional Medium Term Development Plan), Renstrada (Regional Medium Term Development Plan). Regional Five-Year Strategy) and Renja (Regional Annual Work Plan). Thus a region really needs a variety of data that can be used as a basis for reference, both in preparing evaluations of economic development in the area that have been carried out and in formulating plans for the future.

In facing the condition of regional autonomy, Pinrang Regency must have the readiness and stability of sources of funds for development financing which are absolutely necessary to create a regional Pinrang Regency that is independent from the dependence of the central government. Therefore, by reviewing local original income in Pinrang Regency, this encourages researchers to conduct research in Pinrang Regency. Apart from local revenue (PAD), another variable that will be examined is the special allocation fund. Special Allocation Funds (DAK) are funds sourced from the State Revenue and Expenditure Budget (APBN)

which are allocated to certain regions with the aim of helping fund special activities which are regional affairs and in accordance with national priorities (Dewi & Suputra, 2017; Mutiah, 2015). Certain areas referred to are regions that can receive DAK allocations based on general criteria, special criteria and technical criteria. The special activities referred to are activities determined by the Government prioritizing development and/or procurement and/or improvement and/or improvement of physical facilities and infrastructure for basic community services with a long economic life, including the procurement of supporting physical facilities. Special Allocation Funds (DAK) cannot be used to fund activity administration, preparation of physical activities, research, training and official travel (Latuheru, 2014).

Talangamin's research (2019) entitled Effects of Local Own Revenue (PAD), General Allocation Funds and Special Allocation Funds on Economic Growth, shows that regional original income has a positive but not significant effect on economic growth, general allocation funds and special allocation funds have a positive effect significant to economic growth. And Arina's research (2020) shows the results that partially only Regional Original Income (PAD) has a positive sign and has a significant effect on economic growth in the City of Manado. Meanwhile, the Revenue Sharing Fund (DBH), General Allocation Fund (DAU) and Special Allocation Fund (DAK) are negative and have no significant effect on economic growth. Furthermore, together with Local Own Revenue (PAD), Profit Sharing Fund (DBH), General Allocation Fund (DAU) and Special Allocation Fund (DAK) the economic growth in Manado City has a positive sign and has a significant effect.

Departing from the description that has been explained, this study aims to determine whether regional original income and special allocation funds affect regional economic development in Pinrang Regency.

2. Literature Review

Economic Development

Development Expenditures, are non-consumptive government expenditures, in the form of investment in projects, both in the form of physical projects such as the construction of water dams and non-physical such as projects in the development of education, religion and so on. The implementation of development spending is broken down into sectors, each sector is divided into sub-sectors, each sub-sector is broken down into project programs, and finally for each project it is broken down again into budget sections (Hasibuan, 2017). Fundamentally, development spending is a vehicle for achieving prosperity. In other words, to increase prosperity evenly and harmoniously between regions and between groups, it is carried out through efforts in the economic sector. Priority is given to sectors that stimulate and impact economic activities more broadly and intensively. This criterion simultaneously means expanding the field and employment opportunities (Kairupan, 2013).

National Production

Various types of state expenditures such as expenditures that are partly or wholly self-liquidating, meaning that government expenditures get repaid from the people who receive the services of the goods in question. For example, spending on services for state enterprises, or for projects productive of export goods. Reproductive spending means realizing economic benefits for the community, which by increasing income levels and other tax targets will ultimately increase government revenues, for example spending on irrigation, agriculture, education, public health (environmental health). Expenditures that are not self-liquiding or non-reproductive, namely expenditures that directly add to the joy and welfare of the community,

for example for the fields of recreation, building monuments, tourisme objects and so on. And this can also result in an increase in national income in terms of these services (Diyat, 2017).

Government Spending Classification

Government expenditures can be distinguished according to two classifications (Yunan, 2014), including: 1. Routine expenditures, namely expenditures for the maintenance or administration of the daily wheels of government, including personnel expenditures; shopping for goods; various kinds of subsidies (regional subsidies and price subsidies for goods); government debt installments and interest; as well as other expenses. The routine expenditure budget plays an important role in supporting the smooth running of the governance system mechanism as well as efforts to increase efficiency and productivity, which in turn will support the achievement of the goals and objectives of each stage of development. 2. Development expenditures, namely expenditures that increase community capital in the form of development of both physical and non-physical infrastructure. This is distinguished from development expenditures financed with rupiah funds and project assistance. Development expenditure is expenditure aimed at financing development programs so that the budget is always adjusted to the funds that have been successfully mobilized. These funds are then allocated. 3. Government transfer payments are government payments to individuals who are not used to produce goods and services in return (Samuelson and Nordhaus, 1994). Government spending in the form of subsidy payments or direct assistance to various groups of people.

Financial Balance

Law Number 33 of 2004 concerning financial balances between the central and regional governments and Government Regulation number 55 of 2005 concerning funds The establishment of the Law on Financial Balance between the Central Government and Regional Governments is intended to support funding for the transfer of affairs to Regional Governments regulated in the Law on Regional Government. This funding adheres to the principle of money follows function, which implies that funding follows government functions which are the obligations and responsibilities of each level of government. The financial balance between the Government and the Regional Government includes the distribution of finance between the Government and the Regional Government in a proportional, democratic, fair and transparent manner by taking into account the potential, conditions and needs of the Region. Balancing Funds are Regional funding sourced from the APBN which consists of Revenue Sharing Funds (DBH), General Allocation Funds (DAU), and Special Allocation Funds (DAK) (Latuheru, 2014). Balancing Funds are intended not only to assist the Regions in funding their authority, but also to reduce the disparity in government funding sources between the Center and the Regions and to reduce the inter-regional government funding gap. These three components of the Balancing Fund constitute a fund transfer system from the Government and constitute one unified whole (Armaja et al., 2017).

Economic Growth Theory

Adam Smith is the most prominent classical economist. His very famous book entitled An Inquiry into the Nature and Cause of the Wealth of Nations was published in 1776. He believed in the enactment of "natural law doctrine" in economic matters. He considers that everyone knows their own interests best so that everyone should be freed to pursue their own interests for their own benefit. He adheres to the ideology of free trade and advocates of free market policies. The perfect competition market is an automatic balance-creating mechanism that will create maximization of economic welfare. According to him there are three main

elements of the production system, these elements are: 1. Available natural resources. 2. Total population. 3. Stocks of capital goods (Faruq & Mulyanto, 2017).

The starting point for his theory of economic growth is specialization because with specialization there will be: 1. increase in worker skills, 2. save time in producing goods, 3. invention of machines that save a lot of energy. The invention of the machine is closely related to capital accumulation. New technology will give birth to division of labor and market expansion. Smith also believes that in stationary conditions the wage rate will fall to a level that is only sufficient for living, while in a period of rapid capital accumulation the wage rate rises beyond the level of necessities of life. Furthermore, according to him, the agents of economic growth are farmers, producers and entrepreneurs. (Sukarniati et al., 2021).

The level of economic activity according to Smith, if development has occurred then the process will occur cumulatively. When the market develops, specialization will occur thereby increasing productivity. The increase in national income due to these developments and the population growth over time that occurs together with the increase in national income will expand the market and create more savings. Higher specialization and a wider market will create technology and innovate so that economic development will take place and per capita income will increase. Economic growth occurs through several stages, namely: 1. breeding season, 2. farming season, 3. trade, and 4. industry (Kosuma, 2016).

Locally-generated revenue

Regional Original Revenue (PAD) based on article 157 letter of Law Number 32 of 2004 concerning Regional Government implies that regional governments in managing their own households need to be provided with sources of income or regional financial receipts to finance all activities in the context of carrying out government tasks and development for the welfare of the community in a fair and equitable manner, these components come from the results of regional taxes, the results of regional levies, the results of separated regional wealth management and other legitimate PAD (Hafandi & Romandhon, 2020). The four components of PAD are also sources of regional finance, therefore, Local Own Revenue is one of the components of regional financial sources. PAD sources are part of the regional finances that are collected based on the laws and regulations that apply in the area.

PAD component

The PAD component consists of taxes, levies, regionally owned companies' results and regional wealth management results. Unrealistic assumptions about stationary states. These four components are very important and each contributes to PAD revenue. In line with Koswara's opinion, stating the importance of PAD as a source of regional finance, autonomous regions must have the finances and the ability to explore their own financial sources, manage and use their own finances which are sufficient enough to finance the implementation of their regional government. Dependence on central assistance must be as minimal as possible so that PAD must become part of the largest financial source supported by central and regional financial balance policies as a fundamental prerequisite in the state government system. Another definition of Regional Original Income is regional income which consists of taxes, fees, results of regionally owned companies and results of Regional wealth management such as shares of profits, dividends and sales of regionally owned shares, as well as other loans (Talangamin et al., 2019).

Types of District Natural Income

Regional original revenues are all regional revenues originating from regional original economic sources. Article 157 Law no. 32 of 2004 concerning Regional Government states that the PAD group is separated into four types of income (Pramono, 2014), namely: 1. Regional tax results, namely levies made by regional governments based on applicable laws and regulations are stipulated through regional regulations. This levy is imposed on all objects such as persons/entities and movable/immovable objects, such as hotel taxes, restaurant taxes, entertainment taxes, advertisement taxes, parking taxes, and others. 2. The results of regional levies, namely regional levies as payment/usage for obtaining services provided by the region or in other words regional levies are levies made in connection with a service or facility that is provided directly and in real terms, such as health service levies, service levies Garbage/cleaning services, funeral service fees, liquid waste processing business service fees, and others. 3. The results of separated regional wealth management, namely regional revenues originating from separated regional asset management, include the share of profit on investment in regionally owned companies/BUMD, the share of profit on equity participation in state-owned companies/BUMN, the share of profit on investment capital in privately owned companies or community business groups. 4. Other legitimate regional original income, namely regional revenues originating from other regional government assets, such as the proceeds from the sale of non-separable regional assets, current account services, interest income, and others.

Sources of Original Local Revenue

Sources of regional original income are regional financial sources that are explored in the area concerned (Siswiyanti, 2015), which consist of: 1) Regional Taxes are mandatory contributions to areas owed by individuals or entities that are coercive based on law, without get compensation directly and use it for regional needs for the greatest prosperity of the people. Types of taxes found in districts/cities consist of: a. Hotel Tax, b. Restaurant Tax, c. Entertainment Tax, d. Advertising Tax, e. Street Lighting Tax, f. Tax on Extraction of Minerals Group. g. Regional retribution, h. Other Legitimate Local Original Revenues.

Sources of PAD other than taxes

Sources of Local Own Revenue apart from taxes, levies and regional companies are other legitimate regional business results. Other legal regional business is a regional business (not a regional company business) can be carried out by a regional government official (dinas) whose activities produce goods or services that can be used by the community with compensation. Revenue from this sector is different for each region depending on the potential it has, although the contribution of this sector is still limited but compared to regional company profits and revenue from regional offices, this sector is better at contributing to regional original income and is relatively even for each region. Regional business as a source of regional income must be deposited to the regional treasury and regulated in regional regulations. This revenue includes regional house rent, rent of regionally owned buildings and land, demand deposit services, proceeds from the sale of goods, formerly owned regional income proceeds of execution and guarantees, tax penalties, and other receipts that are lawful according to law (Taras et al., 2017).

Special Allocation Fund

Special Allocation Funds (DAK) are funds originating from APBN revenues allocated to certain regions with the aim of helping fund special activities which are regional affairs and in accordance with national priorities (Siagian, 2018). Programs that become national priorities are contained in the Government's Work Plan in the relevant fiscal year. Then, technical ministers propose specific activities to be funded from the DAK and are determined after coordination with the Minister of Home Affairs, Minister of Finance, and State Minister for National Development Planning, in accordance with the Government's Work Plan. The technical minister submits decisions regarding special activities to the Minister of Finance.

DAK Determinants

Determinants of national DAK are determined in the APBN, in accordance with APBN capabilities which are then followed up by calculating DAK allocations per region. Calculation of DAK allocations is carried out in 2 (two) stages (Dewi & Suputra, 2017), namely: (a) Determining which specific areas will receive DAK; and (b) Determining the amount of DAK allocation for each region. After receiving the proposal for specific activities, the Minister of Finance will calculate the DAK allocation. The determination of DAK recipient areas must meet general criteria, specific criteria, and technical criteria. The amount of DAK allocation for each region is determined by calculating an index based on general criteria, specific criteria, and technical criteria. The general criteria as formulated are based on the financial capacity of the region which is reflected in the general revenue of the APBD after deducting the spending of Regional Civil Servants. Regional financial capacity is calculated through the net fiscal index. Regions that meet the general criteria are regions with a certain net fiscal index which is determined every year. Specific criteria are formulated based on: (a) laws and regulations governing the implementation of special autonomy; and (b) Regional characteristics. Specific criteria are formulated through a regional index by the Minister of Finance by taking into account input from the State Minister for National Development Planning and ministers/heads of related institutions. Meanwhile, technical criteria are prepared based on indicators of specific activities to be funded from DAK. Technical criteria are formulated through a technical index by the relevant technical ministers. The technical minister conveys the technical criteria to the Minister of Finance.

3. Research Method and Materials

This type of research is quantitative research. This research was conducted at the Regional Civil Service Agency of Pinrang Regency. The data used in this study are secondary data, namely data sourced from documents, publications or special publications from related agencies, especially in Pinrang Regency. The data collection technique in this study used the documentation method by studying published literature or special publications from related agencies, especially the Regional Financial Board (BKUD) of Pinrang district. The data that has been collected will be tested with several stages of testing. The first stage is a descriptive statistical test. The second stage is the classical assumption test which consists of (normality test, multicollinearity test, autocorrelation test, heteroscedasticity test). The third stage is to test all the hypotheses proposed in this study and will be proven through the coefficient of determination test, partial test (t test) and simultaneous test (f test).

4. Results and Discussion

The first stage in analyzing the research data is descriptive statistical analysis. Descriptive statistics are carried out to show the amount of data (N) used in this study and to show the maximum value, minimum value, mean value and standard deviation of each variable that is the object of research. The regional original income variable during the 2015-2019 observation period has an average value (mean) of 992.7480 with a standard deviation value of 3459.510 which indicates that the standard deviation value is lower than the average value (mean). This indicates that the variable data on regional original income during the 2015-2019 period can be said to be good.

Next, namely the classic assumption test which consists of a normality test, this test aims to find out whether in the regression model the dependent variable (bound) and independent variable (free) have a contribution or not. Research that uses a more reliable method to test whether data has a normal distribution or not is by looking at the Normal Probability Plot. A good regression model is the distribution of data that is normal or close to normal, to detect normality it can be done by looking at the distribution of data (points) on the diagonal axis of the graph (Ghozali, 2011).

Next, namely the multicollinearity test, is carried out to determine whether there are independent variables that have similarities with other independent variables in one model. The multicollinearity test is performed to calculate the variance inflation factor (VIF) value of each independent variable. A VIF value of less than 10 indicates that the correlation between independent variables can still be tolerated (Ghozali, 2009). Between the independent variables there is no multicollinearity. Furthermore, an autocorrelation test was carried out to find out whether there was a correlation of the variables in the prediction model with changes in time. Therefore, if the assumption of autocorrelation occurs in a prediction model, then the disturbance values are no longer independent pairs, but are paired in an autocorrelation manner.

Furthermore, multiple linear regression analysis was carried out to calculate the quantitative influence of a change in events (Variable X) on other events (Variable Y). Simple linear regression analysis is used to test the effect of one independent variable on one dependent variable. The effect of regression can be seen from the table of coefficients test results.

Based on the calculation results in table 4, a simple regression equation is obtained as follows:

$$Y = 4.716 + 0.755X_1 + 0.006X_2$$

This equation illustrates that without the local revenue variable and special allocation funds for economic development, it has already shown 4,716. However, with the local revenue variable of 0.755, the special allocation fund is 0.006. This means that all variables have an influence on economic development in Pinrang district.

The t test is used to see the significance of the effect of individual independent variables on the dependent by assuming other variables are constant. This test is done by comparing t count with t table. Based on the results of hypothesis testing, it is known that the PAD variable has a partially significant effect on economic development. This can be seen from table 4 of the variable significant value of 0.039. Meanwhile, DAK has a partially significant effect on economic development. This can be seen from the significant value of the variable above 0.681.

Based on the table, the t count of PAD is 4,935 and the t count of DAK is 4.77. Seen in the coefficients column, the sig value is 0.039. The significant value is less than the probability value of 0.05 or the value of 0.039 <0.05, then Ha is accepted and Ho is rejected. Variable X1

has t count, which is 4,395. So it can be concluded that variable X1 has a significant influence on variable Y.

Discussion

The Effect of Regional Original Income (PAD) on Economic Development in Pinrang Regency

Based on the results of hypothesis testing, it shows that Regional Original Income has a significant effect on economic development in Pinrang Regency. Given the increasing needs of the people of Pinrang district encouraging the local government to strive to increase regional revenue by paying attention to the development of regional original income, however, efforts to increase this regional original income often encounter obstacles including the lack of awareness from the community to pay taxpayers' taxes and levies, so Therefore, as a form of efforts to increase local revenue, socialization is carried out with the community and increasing public awareness to pay taxes and fees. An important step that must be taken by local governments to increase their regional revenues is to calculate the real potential Regional Original Income (PAD) they have. The real regional original income potential owned by districts/cities includes regional tax revenues, regional retribution revenues, revenue from the management of separated regional assets, and other legitimate regional original revenues. Regency / city governments can also further increase the potential in the tourism, agriculture, hotel, restaurant, mining and other sectors to further increase economic growth. In line with research from Rori (2016) where PAD is a source of regional expenditure, if PAD increases, the funds owned by the regional government will be higher and the level of regional independence will also increase, so that the regional government will take the initiative to further explore regional potentials. and enhance economic development. This is in accordance with the theory which states that there is a positive influence between regional original income and economic growth, meaning that if regional original income increases, economic growth will also increase ceteris paribus.

Regional Original Income Receipt is an accumulation of Tax Receipt Posts including Regional Taxes and Regional Retribution Posts, Non-Tax Receipt Post is the result of regionally owned companies, Investment Receipt Post and Natural Resource Management (Dini, 2018). Regional Original Income (PAD) is all regional revenues originating from regional original economic sources. Identification of sources of Regional Original Revenue is researching, determining and determining which ones are actually sources of Regional Original Revenue by researching and working on and managing these sources of income properly so as to provide maximum results (Putri, 2015). Regional Own Revenue is regional revenue from various regional government efforts to collect funds for the purposes of the region concerned in financing its routine activities and development, which consists of regional taxes, regional levies, share of regionally owned business profits, and other legitimate regional original revenues. (Hirawan, 2007; Rori, 2016). Regional original income is defined as regional income which depends on the state of the economy in general and the potential of the sources of the regional original income itself. According to Ferdiansyah (2018) regional original income is an income that shows the ability of a region to collect sources of funds to finance regional activities. The results of research conducted by Siswiyanti (2015) state that Regional Original Income (PAD) has a positive and significant effect on Economic Growth. Regional autonomy gives full authority to regional governments to regulate and manage their own income, including Regional Original Revenue (PAD). Local Own Revenue (PAD) is a source of income that functions to finance regional needs such as the development of infrastructure and infrastructure. The pace of the economy in an area is also influenced by the infrastructure in the area, the better the

facilities and infrastructure in the area, the more it will affect the rate of economic growth in the area. Similarly, research conducted by Putri (2015) states that Regional Original Income (PAD) has a positive and significant influence on economic growth in the Regencies/Cities of Central Java Province.

The Effect of Special Allocation Funds (DAK) on Economic Development in Pinrang District

The results of testing the hypothesis show that the special allocation fund (DAK) has a negative effect on economic development in Pinrang district. This is due to the fact that most of the DAK is allocated for education and health infrastructure which may not be a priority for the regional government concerned in the current year. DAK is not directly related to factors that directly drive economic growth such as roads and bridges. Apart from that, the obligation to provide matching funds from the total value of the DAK allocation in the APBD will certainly shift a certain number of expenditure budgets which may actually be earmarked for the development of infrastructure and facilities that support economic growth. The Special Allocation Fund (DAK) is one of the central government financial transfer mechanisms to the regions which aims, among other things, to increase the provision of regional physical facilities and infrastructure according to national priorities and reduce disparities in growth rates between regions and services between sectors (Talangamin et al., 2021) . One example of a special need which is a regional matter as well as a national priority includes: the need for transmigration, the need for several types of investment or infrastructure, road construction in remote areas, primary irrigation channels. However, it should be noted that not all regions receive the Special Allocation Fund (DAK), because the Special Allocation Fund (DAK) aims for equity and to improve the condition of physical infrastructure which is considered a national priority. So that the higher the Special Allocation Fund (DAK) in an area does not always mean the higher the rate of economic growth in that area. Because the Special Allocation Fund (DAK) is only used to finance development that is regional need and which is a national priority.

This research is in line with research conducted by (Azzahra, 2015; Dewi & Suputra, 2017; Siswiyanti, 2015; Sulaeman & Silvia, 2019) that special allocation funds have a negative effect on economic growth. However, this research is not in line with research conducted by (Mokorowu et al., 2021) which found that special allocation funds have a positive effect on economic growth.

5. Conclusion

Based on the results of testing the hypothesis about the effect of PAD and DAK on Economic Development, it can be concluded that Regional Original Income (PAD) has a positive and significant effect on Economic Development in Pinrang Regency. Meanwhile, the Special Allocation Fund (DAK) has no effect on Economic Development in Pinrang District.

From the results of research, data analysis, discussion, and conclusions that have been drawn, suggestions can be put forward, including: 1. It is hoped that the local government will further improve the management of existing resources in Pinrang Regency in actual reality or increase the economic capacity of the community from the sector mainstay. 2. Reformulate the applicable Regional Original Revenue (PAD) collection system with an efficient and effective system so that it is more beneficial for the development of Economic Development in Pinrang Regency. 3. Trying to progress the economic development of Pinrang Regency to always try to increase the amount of GRDP, namely through efforts to develop the industrial sector it is

hoped that it will still receive serious attention, because the available raw materials are quite abundant. Seek to increase the local revenue of Pinrang Regency which should be accompanied by an increase in service to the community by improving existing tax object facilities.

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