

**EFFECT OF GOVERNMENT EDUCATION EXPENDITURE AND ECONOMIC
GROWTH OF HUMAN DEVELOPMENT INDEX ASEAN 2010-2014**

Siti Nurjanah dan Rahma Anggita

ABSTRAK

This study aims to determine whether there is relationship between government spending in education and economic growth to human development in ASEAN index. The research data used in this study is shaped Panel from 2010-2014. by year. The analysis technique used is the regression analysis approach. The model used in this study is the selection of the best test Common Effects, Fixed Effects and Random Effects. The findings indicate relationship between education spending and economic growth on the human development index. Therefore, the need to improve the education sector expenditures and an increase in economic growth in the next year in order to establish the quality of community resources that are reliable, which in turn will increase productivity and support human development

Key Word : Government Expenditure on Education, Economic Growth, Human Development Index, panels data

I. INTRODUCTION

Development can be defined as a business or a process to make change for the better. In practice, the development has a wide range of issues. The development process occurs in all aspects of community life, whether economic, political, social or cultural. Humans as well as the subject and object of development should be able to improve the quality of life, to the role of government and society is needed. Development must be directed such that every step closer to the goal. A decent life is a human right that is universally recognized. Human development physically and mentally meaning as the upgrading of the base population. The population's basic capabilities necessary to enlarge the opportunity to participate in the development process. Increased basic abilities can also be done through the improvement of health, knowledge and skills of the population. According to the United Nations Development Programme (UNDP), the HDI is measured using a three-dimensional, ie fulfillment of education, provision of health and purchasing power. The per capita income is one component in determining the HDI shows the purchasing power of people. If the per capita income is high, then the purchasing power is also high. The high purchasing power of people is able to improve the community needs for education and health.,¹

Based on the study aspects of human development status, high or low status according to the UNDP human development can be divided into three (3) groups::

- a. Ranks are low if HDI is $< 0,350 - 0,200$
- b. Ranks are middle if HDI is $0,450 - 0,799$
- c. Ranks are high if HDI is $> 0,800$

¹ *United Nation Development Programe* (UNDP) Annual Report 2012, hlm.4.

Tabel 1.1 HDI

No	Negara	IPM
1	Singapura	0,905
2	Brunei Darusalam	0,852
3	Malaysia	0,744
4	Thailand	0,723
5	Indonesia	0.678
6	Vietnam	0,660
7	Philippines	0,567
8	Laos	0,562
9	Kamboja	0,546
10	Myanmar	0,528

Human development index that occurred in the country - a country in Southeast Asia that also influenced by government spending. Government in an effort to improve the human development index is assisted by the allocation of government spending in the public sector such as education and health.

Today the developing countries further increase its attention on education than during the era of 1980. This is quite reasonable for a society with good education will make a major contribution to the development process. However, the percentage of public expenditure on education developing countries would still be small compared to developed countries. With a

budget of education sector in such a way as not in line with one of the targets of the Millennium Development Goals on education.

Tabel 1.2 Education Expenditure

No.	Negara	Persentase terhadap pengeluaran pemerintah total
1.	Singapura	20,9
2.	Indonesia	18,01
3.	Malaysia	21,01
4.	Thailand	20,7
5.	Vietnam	21,4
6.	Laos	15,4
7.	Kamboja	16,2
8.	Brunei Darusalam	9,7
9.	Philippina	17,0
10.	Myanmar	Unpublished

From the table of government spending in education, it can be seen that government spending on education has been quite good when compared with total expenditure of government spending. As seen, in the ASEAN countries, Vietnam is the greatest countries

allocate government spending in education when compared to other Asean countries. Followed by Malaysia, Singapore and Thailand.

Human resources are considered important to increase economic growth so that education is one of the determinants of the quality of human resources will also be important. In addition to education, health is also one of the basic needs that need to be met in order to get the quality of human resources is good. In addition to government spending, economic growth is also one thing that is affecting the increase in the human development index. In accordance with the development of the construction outlook economy, then there has been a change of benchmark for the success of economic development of the approach of economic growth (growth) into human development approach.

To facilitate the achievement of the necessary effort to improve public welfare indicators of human well-being. Many of the indicators that can be used to measure the level of social welfare, but the economic growth becomes an indicator that often the subject of development goals. Because, growth could increase income per capita. The increase in income per capita will increase the ability (purchasing power parity)masyarakat dalam memenuhi

their needs and welfare of the community can be improved.

From the table above shows that the country's economic growth - which fluctuates ASEAN countries in the mid of the year 2011-2012 that in 2012 the highest economic growth is the country of Laos is 8.0 percent. However, when compared to the previous year's figures show 8.0 Similarly, it can be seen in the period from 2011 to 2012 economic growth does not occur at all. This growth can be influenced by several factors such as eksternal and internal factors. Of external factors, the slowdown was influenced by the decline in exports

due to falling global demand and commodity prices. Another factor which is the domestic factor is budget austerity program which results in limited government consumption.

II. Theoretic Study

1. Literature Review

A. Human Development Index

According to Gilley and Endgland, saying that refers to the human development progress and knowledge, competence, and improvement of human behavior itself, either for individuals or for groups interest. Human development paradigm should allow the public to have the opportunity to develop creativity for its own future and the future of society in general. It is like the view that development is centered on human an attempt to confer benefits on human in all aspects. Development of human qualities is a view of sustainable human development. Sustainable development here is the effort to fulfill every man's need at this time, which will not disrupt the efforts and the process of fulfilling the needs in the future. Target of development is to create an environment that allows people to enjoy a healthy and creative lives. Husein Umar stated that the index number is multiplied by the serratus comparative figures as a form of simplification. Where the index number provides information about a change in a particular characteristic at different times and places. This means, that the index should be expressed in terms of percentage is a measure to indicate changes in the price level, quantity or productivity, and compared to a certain base period.

A. Education Expenditure

The main activity in the fiscal activities are processing revenues and government spending. The development model of the development of government spending and Musgrave Rostow developed by linking the development of government spending by stages of economic development that distinguished between the initial stage, intermediate stage, the advanced stage. In the early stages of economic development, the percentage of government investment to total investment is quite large because at this stage the government should provide facilities and infrastructure, such as educational facilities, health care, transportation, and so forth. Keynes in Sadono Sukirno said that the role or government intervention is still needed if the economy is fully set if the activities in the free market, not only the economy does not always reach the level of full employment but also the stability of economic activity can not be realized. In the planning of public expenditure, the government should be able to balance expenditures with revenues received by the state from both tax and non tax sector. Government expenditures are greater than revenues will impact the fiscal imbalances. Education is an important element in combating poverty. Someone who obtained education will get better opportunities and have greater opportunities in life improvements. According to Michael P. Todaro, there are two educational costs, ie costs of individualized education and education expenses indirectly. This individualized education costs are then directly on the respect of per capita income. Individual direct educational costs is all the monetary costs or the money that must be borne by students and their families to pay for education. Government expenditure covers various aspects, but always there is a dominant aspect that needs special attention: education. Because every human being through education can

improve every ability. Improving the quality of human will form an individual not to be dependent on others (independent). Self improvement is what will be the value of government investment in the education sector. Education budget through a central government expenditure budget allocation for education is budgeted through the state ministries.

Government spending in the education sector is the cost incurred by the government in the field of education in the efforts for the advancement of human resources through the implementation of a proper education. Government spending as public spending is generally used to provide subsidies for the school as a real example, in Indonesia since 2005 the government issued the BOS funds were used for subsidies to schools - schools in Indonesia.

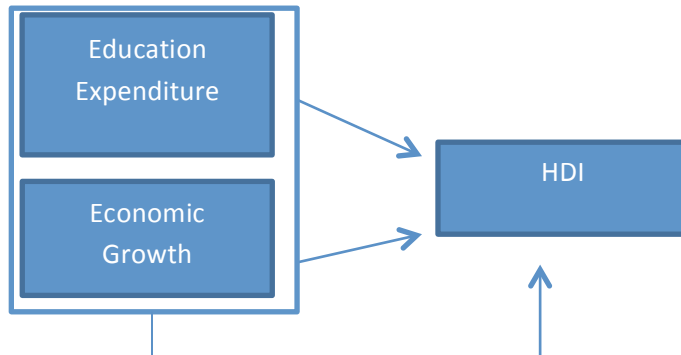
B. Economic Growth

Economic growth can be defined as a process of `gross national product or national income rill. In other words, the economy can be said to be progressing if there is a growth in the real output. Boediyono say that economic growth is defined as an increase in the per capita output in the long term. Simon Kuznets in his lecture on the anniversary of Nobel define economic growth as a long-term increase in a country's ability to provide more and more types of goods - economic goods to its citizens, this ability to grow in accordance with technological advances, and institutional and ideological adjustments needed.

Zaris say that economic growth is part of the development of public welfare, as measured by the amount of growth in per capita regional gross domestic (GDP per capita). Economic

growth means development activities in the economy that led to the goods and services produced within the community to grow and increase the prosperity of society.

1. Theoritic Framework



2. Formulation hypothesis

Based on the theories and theoretical framework above and referring to previous studies that are relevant and have been described, it can be formulated hypothesis of the study as follows: There is the positive effect of government spending in education and economic growth to the increase in the HDI.

III. Research Methodology

a. Research Purposes

Based on the problems that have been formulated before, this research aims to obtain information on the effect of government spending in the education sector and economic growth to the improvement of human development index.

b. Scope and Object

This research was conducted by taking the data in the ASEAN region. Researchers chose this place to be a place of research for the countries in the region ASEAN issues related to human development is still not sufficiently considered. In addition, the index of human development in the countries in the ASEAN region is still quite low data taken for this study were taken in the span of years from 2005 to 2014.

c. Types and Sources of Data

Data taken for this research is secondary data that is quantitative. While the data used in this study is the data time series and cross section. Time series data as much as 5 years ie from 2005 to 2014 and cross section data for 6 countries in Southeast Asia.

d. Data analysis technique

This study uses statistical research paper that is appropriate for the purposes of causation, namely by using multiple regression analysis model that aimed to get empirical evidence to test and explain the effect of government spending for education and health sectors to increase human development.

1. Panel Data Analyst
2. Panel Data Regression Model Estimation
3. Classical Assumption Test
4. Hypothesis Testing

IV. Results and Discussion

a. Panel Data Analysis

Panel data regression analysis performed using regression model best test election. Here are the results of the estimation using Random Effects as the best model. the program Eviews 8.

Pool: POOL

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.156752	2	0.9246

From the calculation, it can be concluded that the best models of this test is a model Random Effects. With Chow test results for 0.0000 then the Fixed Effects better compared Common Effects and from the calculation of Hausman test, better than the Random Effects Fixed Effects.

a. F Test

Based on calculations 8.1 Eviws known that Ftest 6.540072. From the table

Variable	Coeficient	Prob.
F	6.540072	0.004829

value distribution F with level of significance alpha of 95% or 5% and the value of san DF2 DF1 = 2 = 28 then obtained Ftable of 3.34. this shows that Ftest (6.540072) > F table (3:34). In addition, it can also be seen from the significance probability value of 0.004829 < 0.05 then H0 is rejected. Based on the results, we can conclude that there is significant influence jointly between government spending in education and economic growth in the human development index.

Variabel	Coeficient
----------	------------

R^2	0.326350
-------	----------

b. Determination coefficient

The coefficient of determination can be seen from the results of multiple linear regression estimation in the above table by looking at the value of R Square (R^2).

From the analysis of the correlation coefficient based on the output obtained Eviews 8.1 R^2 of 0.326350. It can be stated that all independent variables ie government spending in education and economic growth was able to explain the diversity of the value of variable human development index by 32%. While the rest of 68% influenced by other factors or variables other than the research model.

V. Conclusion and Suggestion

a. Conclusion

1. Based on the calculation, the independent variables ie government spending in education and economic growth together have a significant effect on the dependent variable is the human development index in 2010-2014 in six ASEAN countries

b. Suggestion

1. the government pay more attention to their education budgets to be realized for development of physical facilities and non-physical.
2. The Government needs to be more attention to human development issues in the country as a reflection of how the state of society and more attention to factors other support such as health, unemployment, poverty and its problems to take remedial action to improve the welfare of society.

Reference

[Ahmad, Aulia. "Pengaruh Pengeluaran Pemerintah dalam IPM Indonesia", *Jurnal Pembangunan Ekonomi*. 2011, 2, hlm. 1-15](#)

Amakom , Uzochukwu. "Public Expenditure on Education and Healthcare in Nigeria: Who Benefits and Why?", *International Journal of Business and Manajemen*, Vol 7, No. 12, 2012, hlm. 1-12

Astri, Meylina. *Pengaruh Pengeluaran Pemerintah sector pendidikan dan kesehatan terhdappertumbuhan ekonomi melalui peningkatan IPM*. Tesis Pascasarjana (Tidak diterbitkan). Jakarta: Fakultas Ekonomi Universitas Indonesia, 2007

Baeti, Nur. "Pengaruh pengangguran. Pertumbuhan ekonomi. dan Pengeluaran Pemerintah terhadap pembangunan Manusia kabupaten/kota di provinsi Jawa tengah tahun 2007-2011", *Economics Development Analysis Journal*, Volume 2, No 3, 2013, hlm. 1-14

Boediono. *Teori Pertumbuhan Ekonomi Seri Sinopsis Pengantar Ilmu ekonomi* Yogyakarta: BPFE, 1992

Chandra, Abhijeet. "Nexus between Government Expenditure on Education and Economic Growth: Empirical Evidences from India", *Romanian Journal for Multidimensional Education*, Volume 6, 2011, hlm.1-14

Dumairy. *Perekonomian Indonesia*. Jakarta: Erlangga, 1997

Hajar, Ibnu. *Dasar-Dasar Metodologi Penelitian Kuantitatif Dalam Pendidikan*. Jakarta: Raja Rafindo persada, 1996

Jalan, Suparman Abdoel dan Roy Munir. *Perkembangan Pembangunan Manusia di Indonesia*. Jakarta: Puslit Pranata Pembangunan Universitas Indonesia, 1993

Mirza, Deni Sulistio."Pengaruh Kemiskinan. Pertumbuhan Ekonomi. dan Belanja Modal terhadap Indeks Pembangunan Manusia di Jawa tengah tahun 2006-2009", *Economic Development Analysis Journal*, Volume 1, No 1, 2012, hlm. 1-15

Muta'ali Luthfi. "Potensi Perkembangan Wilayah Dan Kaitannya Dengan Tata Ruang Di Kawasan Lereng Merapi Propinsi Daerah Istimewa Yogyakarta". *Jurnal Pembangunan Ekonomi*, Vol 19, No 1, 2011, hlm.1-14

Nopiri, Nining. "Peranan APBD dan APBN terhadap Pertumbuhan Ekonomi Sumatera Utara", *Program Pascasarjana Universitas Indonesia*, Volume 2. 2004, hlm. 1-16

Raharja, Pratama dan Mandala Manurung. *Pengantar ilmu Ekonomi*. Jakarta: LPFEUI, 2008

Sadono, Sukirno. *Pengantar Teori Ekonomi Makro*. Jakarka: Raja Grafindo. 1994

- Sanggalorang, Septiana M.M. “Pengaruh pengeluaran pemerintah sektor pendidikan dan kesehatan terhadap IPM Sulawesi utara”, *Jurnal berkala Ilmiah Efisiensi*, Volume 15, No 2, 2014, hlm. 1-11
- Sinulingga, Budi D. *Pembangunan Kota Tinjauan Regional dan Lokal*. Jakarta: Pustaka Sinar Harapan, 1999
- Stephen, Oluwatobi and Ogunrinola. I Oluranti. “Government Expenditure on Human Capital Development: Implications for Economic Growth in Nigeria”, *Journal of Sustainable Development*, Volume 4 , No 3, 2011, hlm. 72-80
- Teguh, Muhammad. *Metodologi Penelitian Ekonomi*. Jakarta: PT. Raja Grafindo Persada, 2005
- Todaro, Michael P. *Pembangunan Ekonomi di Dunia Ketiga*. Jakarta: Erlangga, 2003
- Umar, Husen. *Riset Akuntansi*. Jakarta: Gramedia, 1998
- United Nation Development Program. “UNDP Annual report”, 1990
- _____. “Asia-Pacific Human Development Report”, 2012
- Usman, Suparman. *Investasi Pembangunan*. Kudus: Percetakan Menara Kudus, 1994
- Widodo, Adi. “Analisis pengeluaran pemerintah sektor pendidikan dan kesehatan terhadap pengentasan kemiskinan di provinsi Jawa tengah”, *Jurnal Ekonomi Pembangunan*, volume 1, 2011, hlm. 1-18
- World Bank Data. www.data.worldbank.org/world-human-development. (diakses pada tanggal 1 Desember 2015 pukul 08.30)