



THE EFFECT OF FINANCIAL PERFORMANCE ON THE HUMAN DEVELOPMENT INDEX MODERATED ECONOMIC GROWTH IN REGENCY/CITY IN THE PROVINCE OF RIAU ISLAND

Azwandi¹, Chablullah Wibisono², M. Gita Indrawan³, Bambang Satriawan⁴,
Muammar Khaddafi⁵

^{1,2,3,4}Faculty of Economics and Business, Master of Management Study Program, Universitas Batam

⁵Faculty of Economic and Business Universitas Malikussaleh

Email: ¹azwandi.anambas@gmail.com, ²chablullahwibisono@gmail.com,
³gitaindrawan@univbatam.ac.id, ⁴bankstr74@gmail.com, ⁵khaddafi@unimal.ac.id

Abstract

The results of this study indicate that the Independence Ratio has a significant positive effect on the Human Development Index. The Fiscal Decentralization Ratio has a significant positive effect on the Human Development Index, the PAD Effectiveness Ratio has a significant positive effect on the Human Development Index, the Independence Ratio has a significant positive effect on Economic Growth, the Fiscal Decentralization Ratio has a significant positive effect on Economic Growth, the PAD Effectiveness Ratio has a significant positive effect on Economic Growth, the Independence Ratio has a positive and insignificant effect on the Human Development Index moderated by Economic Growth, the Fiscal Decentralization Ratio has a significant positive effect on the Human Development Index moderated by Economic Growth.

Keywords: Independence Ratio, Fiscal Decentralization Ratio, PAD Effectiveness Ratio, Economic Growth and Human Development Index

1. INTRODUCTION

Background

The starting point for the start of regional autonomy was initiated by the demand for independence in several regions and marked the reform era in which the government issued 2 (two) policy packages on regional autonomy, namely:

- a. Law Number 22 of 1999 concerning Regional Government
- b. Law No. 25/1999 on Fiscal Balance between Central and Regional Governments

So that the implementation of regional autonomy does not go too far, the government made several revisions of Number 22 of 1999 to Law Number 32 of 2004, and to regulate regional financial management, the government issued Law Number 33 of 2004 concerning Financial Balance between the Central and Regional Governments.

From there, what is meant by broadest autonomy is that regions are given the authority to manage and regulate all government affairs outside those of the Central Government, regions have the authority to make policies in providing services, increasing roles and initiatives, and empowering communities aimed at improving people's welfare.

Furthermore, based on the times, the two laws were felt to be no longer relevant to the concept of regional autonomy, so the next stage of revision was carried out, namely through the issuance of Law Number 23 of 2014 concerning Regional Government, and Law Number 33 of 2004 was amended by Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments

The scope of regional finance according to Abdul Halim includes several aspects including:
1) Regional rights to collect regional taxes and regional levies and make loans, 2) Regional

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obligations to carry out government affairs and pay third party bills, 3) Regional revenues, 4) Regional expenditures 5) Regional assets managed by themselves or by other parties in the form of money, securities, receivables, goods, and other rights that can be valued in money, including assets separated from regional companies, and 6) assets of other parties controlled by the government. regions in the context of implementing regional government tasks and/or public interests

According to Mardiasmo, the regional budget is a regional government plan in the form of money (rupiah) within a certain period (one year). Regional budgets occupy a central position in efforts to develop the capability, efficiency, and effectiveness of local governments. Regional Budget or Regional Revenue and Expenditure Budget (APBD)

The implementation of regional autonomy is a process that requires the involvement of all elements and levels of society, as well as giving power to local governments in managing regional finances so that the government's role is as a catalyst and facilitator because the government is more aware of the development goals and objectives to be achieved. As a catalyst and facilitator, of course, we need various supporting facilities and facilities in order to carry out sustainable development. The implementation of regional autonomy in Indonesia encourages the creation of more transparent and accountable financial management. This system is expected to realize orderly financial management and comply with regulations as a form of local government responsibility to the community.

Regional autonomy has consequences for local governments in carrying out government management in the regions. One of the most important issues in regional financial management is the budget. Local government budgets have an important role in the implementation of autonomy. The existence of a budget for the Regional Government is a reflection of the regional work program in the context of implementing regional government and development. Therefore, the preparation of the Regional Revenue and Expenditure Budget has consequences for local governments in carrying out government management in the regions. Local government budgets have an important role in the implementation of autonomy. The existence of a budget for the Regional Government is a reflection of the regional work program in the context of implementing regional government and development. Therefore, the preparation of the Regional Revenue and Expenditure Budget (APBD) must be carried out carefully with a comprehensive assessment involving all OPDs. In preparing the budget, the local government needs to prepare a work program to be achieved. However, in the preparation of the budget, inefficiencies are often encountered in determining the amount of the budget. Regional financial reform requires the preparation of a budget with a budget approach/system, a good budget preparation is expected to create economic growth towards a better direction. In the preparation of the budget, inefficiencies are often encountered in determining the amount of the budget. Regional financial reform requires the preparation of a budget with a budget approach/system, a good budget preparation is expected to create economic growth towards a better direction. In the preparation of the budget, inefficiencies are often encountered in determining the amount of the budget. Regional financial reform requires the preparation of a budget with a budget approach/system, a good budget preparation is expected to create economic growth towards a better direction.

Good regional financial management will affect the progress of a region. Regional financial management that is carried out economically, efficiently, and effectively or meets the

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performance is declared good means that the region has the financial capacity to finance the implementation of regional autonomy. Measurement of local government financial performance is also used to assess regional financial accountability and capability in implementing regional autonomy. Thus, an area whose financial performance is declared good means that the region has the financial capacity to finance the implementation of regional autonomy.

Economic growth is a description of the state of an economy of a region. Sustainable economic growth can increase people's prosperity. For regions, this indicator is important to determine the success of development in the future. Economic growth is marked by an increase in the number of goods and services (output) produced by an area in this study, especially in the Riau Islands Province. Economic growth from an economic perspective can be reflected by the growth of Gross Regional Domestic Product (GDP) at constant prices. GRDP is the sum of all final goods and services including all added value generated by the region in a period of one year.

Table 1.Regency/City Economic Growth in Riau Islands Province 2015-2021

No	local government	Human Development Index							
		2015	2016	2017	2018	2019	2020	2021	mean
1.	Province	6.02	4.98	1.98	4.47	4.83	-3.80	3.43	3.13
2.	Karimun	6.54	6.17	5.29	5.05	4.89	-3.59	2.37	3.81
3.	Bintan	5.16	5.05	4.94	4.85	4.51	-4.20	0.23	2.93
4.	Natuna	3.90	3.00	0.87	2.53	1.75	-4.29	0.02	1.11
5.	Phallus	2.38	4.09	6.08	4.00	5.18	-0.68	1.95	3.28
6.	Kep. Anambas	3.03	2.90	-0.10	-8.21	-0.13	-7.83	0.04	-1.47
7	Batam	6.87	5.43	2.61	4.96	5.92	-2.55	4.75	3.99
8.	Tg. betel nut	5.70	5.01	2.63	3.21	3.27	-3.45	0.59	2.42

Source:Central Agency for Satatisitk and Balitbangpeda Riau Islands Province, 2015 - 2021

The Human Development Index (HDI) is a comparative measure of life expectancy, education, and living standards for all countries. HDI is used as an indicator to assess the quality aspects of development and to classify whether a country is a developed country, a developing country, or an underdeveloped country and also to measure the effect of economic policies on the quality of life. (Directorate of Statistics Analysis and Development of BPS, 2015)

The Human Development Index is an important indicator to measure success in efforts to build the quality of human life (community/population). HDI can determine the ranking or level of development of a region/country. For Indonesia, HDI is strategic data because apart from being a measure of government performance, HDI is also used as one of the allocators for determining the General Allocation Fund (DAU). The HDI explains how the population can access development outcomes in terms of income, health, education, and so on. The HDI was introduced by the United Nations Development Program (UNDP) in 1990 and is published regularly in the annual Human Development Report (HDR). HDI is formed by 3 (three) basic dimensions: Long life and healthy life, Knowledge, Decent standard of living.



Table 2.District/City Human Development Index in the Archipelago Province
Riau Year 2015-2021

No	local government	Human Development Index							
		2015	2016	2017	2018	2019	2020	2021	mean
1.	Province	73.75	73.99	74.45	74.84	75.48	75.59	75.79	74.84
2.	Karimun	69.21	69.84	70.26	70.84	71.10	71.44	71.70	70.62
3.	Bintan	71.92	72.38	72.91	73.41	73.98	74.13	74.57	73.32
4.	Natuna	70.87	71.23	71.52	72.10	72.63	72.72	73.09	72.02
5.	Phallus	61.28	62.44	63.45	64.06	64.98	65.29	65.83	64.04
6.	Kep. Anambas	65.86	66.30	67.06	67.53	68,48	68,60	69.23	67.59
7.	Batam	79.34	79.79	80.26	80.54	81.09	81.11	81,12	82.56
8.	Tg. betel nut	77.57	77.77	78.00	78.33	78.73	78.91	78.93	78.35

Source:Central Bureau of Statistics of Riau Islands Province, 2015-2021

Research purposes

1. To test and analyze the effect of the independence ratio on the Human Development Index .
2. To test and analyze the effect of the ratio of the degree of fiscal decentralization to the Human Development Index.
3. To test and analyze the effect of the PAD effectiveness ratio on the Human Development Index.
4. To test and analyze the effect of Economic Growth on the Human Development Index.
5. To test and analyze the effect of the independence ratio on Economic Growth
6. To test and analyze the effect of the degree of fiscal decentralization ratio on Economic Growth.
7. To test and analyze the effect of the PAD effectiveness ratio on Economic Growth.
8. To test and analyze the effect of the independence ratio on the Human Development Index through Economic Growth.
9. To examine and analyze the effect of the ratio of the degree of fiscal decentralization to the Human Development Index through Economic Growth.
10. To test and analyze the effect of the PAD effectiveness ratio on the Human Development Index through Economic Growth.

2. LITERATURE REVIEW

Regional Original Income (PAD)

According to Mardiasmo (2018: 53) Regional Autonomy and Finance, where Regional Original Income is income obtained from the regional tax sector, regional levies, the results of separated regional wealth management and other legitimate income.

General Allocation Fund (DAU)

The General Allocation Fund (DAU) is a general allocation of funds used to anticipate fiscal gaps. In Indonesia, as explained in Law Number 1 of 2022 concerning financial relations between the Central Government and Regional Governments, the General Allocation Fund, hereinafter abbreviated as DAU, is part of the TKD allocated with the aim of reducing inequality in financial capacity and public services between regions.

Revenue Sharing Fund (DBH)

Revenue Sharing Fund, hereinafter abbreviated as DBH, is part of TKD allocated based on a percentage of certain revenues in the APBN and certain performance, which is distributed to

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producing regions with the aim of reducing fiscal imbalances between the government and regions, as well as to other non-producing regions in order to overcome negative externalities. and/or increase equity in one area.

Special Allocation Fund (DAK)

The Special Allocation Fund, hereinafter referred to as DAK, is part of the TKD allocated with the aim of funding certain programs, activities, and/or policies that are national priorities and assisting the operation of public services, the use of which has been determined by the Government.

Regional Financial Performance

Regional government financial performance is the level of achievement of a work in the area of regional finance which includes regional revenues and expenditures using financial indicators determined through a policy or statutory provision for one budget period. The form of performance is in the form of financial ratios formed from the elements of the Regional Head Accountability Report in the form of APBD calculations. One of the tools to analyze the financial performance of local governments is to analyze the financial ratios of the APBD that have been determined and implemented according to (Halim, 2002: 126).

Economic growth

Economic growth is measured by comparing components that can represent the current state of a country's economy and the previous period. The components used to measure economic growth are gross national product (GNP) or gross domestic product (GDP).

Human Development Index (HDI)

The Human Development Index (HDI) is a composite index which is also an indicator that can describe the development of human development in a measurable and representative way. The HDI was first introduced in 1990 by UNDP. According to BPS (2019: 225), the Human Development Index (HDI) is a measure of development achievement based on a number of basic components of quality of life.

3. IMPLEMENTATION METHOD

This research was conducted at the District/City Regional Governments in the Riau Islands Province. The type of data used in this study is quantitative data including budget realization reports, and data on Economic Growth and Human Development Index (HDI) for the 2015-2021 fiscal year. The source of data used in this study is secondary data. The secondary data in this study were obtained from the relevant agencies or institutions, namely BPS and the District / City Financial Management Agency throughout the Riau Islands Province as well as the websites of the Ministry of Home Affairs and the Ministry of Finance.

Data Type

According to Sugiyono (2015), the types of data are divided into 2, namely qualitative and quantitative. This study uses the types of data in the form of qualitative and quantitative.



1. Qualitative Data

The definition of qualitative data according to Sugiyono (2015) is data in the form of words, schemes, and pictures. The qualitative data of this research are the names and addresses of the research objects. Qualitative data in this study is a general description of the object of research, for example: brief history of its establishment, geographical location of the object, Vision and Mission, organizational structure, state of employees.

2. Quantitative Data

Quantitative data is a type of data that can be measured or calculated directly, in the form of information or explanation expressed in numbers or in the form of numbers. (Sugiyono, 2010:15). In this case, the quantitative data used is descriptive quantitative, which is a research method that describes the phenomenon that is currently happening, by describing it clearly. Starting from the subject and object under study

Data source

Research data sources are divided into 2, namely primary data sources and secondary data sources (Sugiyono, 2015).

1. Primary data

The definition of primary data according to Sugiyono (2015) is a data source that directly provides data to data collectors, for example through questionnaires or questionnaires.

2. Secondary data

The definition of secondary data according to Sugiyono (2015) is a data source that does not directly provide data to data collectors, for example through other people or through documents.

Data analysis technique

The data analysis technique was carried out after the data was collected, then the data was analyzed using data processing techniques. The analysis used by the author in this study aims to answer the questions listed in the identification of the problem.

According to Sugiyono (2014:206) what is meant by data analysis is an activity after data from all respondents is collected. Activities in data analysis are grouping data based on variables and types of respondents, mantabulating data based on variables from all respondents, presenting data from each variable studied, performing calculations to answer the problem formulation and performing calculations to test hypotheses that have been proposed.

Table 3.Relationship Pattern and Regional Capacity Level

Regional Ability	Independence Ratio (%)	Independence level
Very Low	0 - 25	Not enough
Low	> 25 - 50	Low
Currently	> 50 - 75	Currently
Tall	> 75 - 100	Tall

Source:Halim (2012)

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Table 4.Criteria for Degree of Fiscal Decentralization

Fiscal Decentralization Degree Ratio (%)	Criteria for Degree of Fiscal Decentralization
0.00– 10.00	Very less
10.01– 20.00	Not enough
20.01– 30.00	Currently
30.01– 40.00	Enough
40.01 – 50.00	Well
>50.00	Very good

Source: Bhisma and Susanto (2012)

Table 5.Financial Performance Effectiveness Criteria

Financial Performance Ratio (%)	Criteria
>100	Very effective
100	Effective
90 – 99	Effective enough
75 – 89	Less effective
< 75	Ineffective

Source: Mahmudi (2012)

Evaluation of the Measurement Model (Outer Model)

The outer model is often also called (outer relation model or measurement model) which defines how each indicator block relates to its latent variable. The measurement model (outer model) was used to assess the validity and reliability of the model.

Structural Model Evaluation (Inner Model)

Inner model, namely the specification of the relationship between latent variables (structural model), also known as inner relations, describing the relationship between latent variables based on the substantive theory of research. Without losing its general character, it is assumed that the latent variable and its indicators or the manifest variable on the zero means scale and the unit variance are equal to one, so that the location parameter (parameter constant) can be omitted from the model.

Hypothesis Testing Analysis

Descriptive statistics are a description of the demographics of respondents (gender, gender, age, marital status, education level, length of work) and an overview of the research variables. Through descriptive analysis, simple calculations were carried out. This is to get an idea of the respondents' answers regarding the variables used.

Based on the results of calculating the respondent's answer score using a Likert scale (1 to 5), then the average respondent's answer is made from each variable. To calculate the average, the following formula can be used:

$$\bar{x} = \frac{\sum Xi}{N}$$



Information:

- \bar{x} = Mean (average) observation results
- N = Number of observation elements
- Xi = Total observation value

4. RESULTS AND DISCUSSION

Research result

The discussion in this chapter is the result of field studies to obtain secondary data that measures the five main variables in this study, namely the Human Development Index, Independence Ratio, Fiscal Decentralization Degree Ratio, PAD Effectiveness Ratio, and Economic Growth. Data analysis with parametric and non-parametric statistics using SEM-PLS (Structural Equation Modeling-Partial Least Square) regarding research variables, technical data analysis, hypothesis testing, and discussion of hypothesis testing and Path Analysis. This study uses path analysis to examine the pattern of relationships that reveal the effect of a variable or set of variables on other variables, both direct and indirect. The calculation of the path coefficient in this study is assisted by Smart PLS Ver 4.0. To determine the direct and indirect effect between variables, it is seen from the results of the calculation of the path coefficient and to determine the significance.

Table 6.Convergent Validity

	IPM	PE	Rasio Derajat Desentralisasi Fiskal	Rasio Efektivitas PAD	Rasio Kemandirian	PE x Rasio Efektivitas PAD	PE x Rasio Derajat Desentralisasi Fiskal	PE x Rasio Kemandirian
IPM	1,000							
PE		1,000						
Rasio Derajat Desentralisasi Fiskal (%)			1,000					
Rasio Efektivitas PAD (%)				1,000				
Rasio Kemandirian (%)					1,000			
PE x Rasio Derajat Desentralisasi Fiskal							1,000	
PE x Rasio Efektivitas PAD						1,000		
PE x Rasio Kemandirian								1,000

Based on the table above, it can be seen that the outer loading value for the variables of Independence Ratio, Fiscal Decentralization Degree Ratio, Effectiveness Ratio of PAD, PE, HDI where the value of all items in the 5 variables tested is greater than 0.4 then the indicators of 5 variables are declared valid.

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Table 7.Collinearity

	VIF
IPM	1.000
PE	1.000
Rasio Derajat Desentralisasi Fiskal (%)	1.000
Rasio Efektivitas PAD (%)	1.000
Rasio Kemandirian (%)	1.000
PE x Rasio Efektivitas PAD	1.000
PE x Rasio Derajat Desentralisasi Fiskal	1.000
PE x Rasio Kemandirian	1.000

Source:Data Processing (2022)

From the data above can be described as follows:

- The VIF for the Independent Ratio correlation is $1,000 < 5.00$ (no collinearity problem).
- The VIF for the correlation of the Degree Ratio of Fiscal Decentralization is $1,000 < 5.00$ (no collinearity problem).
- VIF for PAD Effectiveness Ratio correlation is $1000 < 5.00$ (no collinearity problem).
- The VIF for the correlation between the Independence Ratio and PE is $1000 < 5.00$ (no collinearity problem).
- The VIF for the correlation between the Degree Ratio of Fiscal Decentralization and PE is $1,000 < 5.00$ (no collinearity problem).
- VIF for correlation between PAD and PE Effectiveness Ratio is $1000 < 5.00$ (no collinearity problem).
- The VIF for the correlation of the Human Development Index (IPM) is $1,000 < 5.00$ (no collinearity problem).
- VIF for Human Growth Correlation (PE) is $1000 < 5.00$ (no collinearity problem).

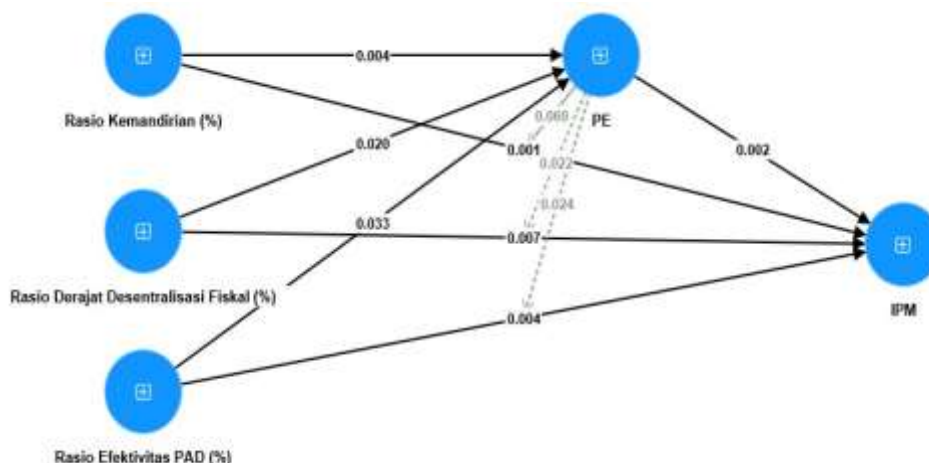


Image 1. Hypothesis test



Hypothesis testing

Based on the data processing that has been done, the results can be used to answer the hypothesis in this study. Hypothesis testing in this study was carried out by looking at the T-Statistics value and the P-Values value. The research hypothesis can be declared accepted if the P-Values < 0.05 . The following are the results of hypothesis testing obtained in this study through the inner model:

Table 8. Hypothesis testing

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
PE → IPM	0.916	0.875	0.295	3.099	0.002
Rasio Derajat Desentralisasi Fiskal → IPM	-0.603	-0.594	0.224	2.690	0.007
Rasio Derajat Desentralisasi Fiskal → PE	0.350	0.365	0.151	2.318	0.020
Rasio Efektivitas PAD → IPM	0.734	0.706	0.255	2.879	0.004
Rasio Efektivitas PAD → PE	-0.272	-0.288	0.127	2.137	0.033
Rasio Kemandirian → IPM	0.674	0.624	0.202	3.337	0.001
Rasio Kemandirian → PE	-0.417	-0.425	0.144	2.896	0.004
PE × Rasio Efektivitas PAD → IPM	0.519	0.548	0.230	2.263	0.024
PE × Rasio Derajat Desentralisasi Fiskal → IPM	0.577	0.573	0.253	2.283	0.022
PE × Rasio Kemandirian → IPM	0.410	0.408	0.225	1.821	0.069

Source:Data Processing (2022)

1. The direct effect of the Independence Ratio variable on the HDI variable has a path coefficient of 3.337 (positive), then the increase in the value of the Independence Ratio variable will be followed by an increase in the HDI variable. The influence of the Independent Ratio variable on HDI has a P-Values value of 0.001 < 0.05 , so it can be stated that the effect of DAK on HDI is significant.
2. The direct effect of the Fiscal Decentralization Degree Ratio variable on the HDI variable has a path coefficient of 2,690 (positive), then an increase in the value of the Fiscal Decentralization Degree Ratio variable will be followed by an increase in the HDI variable. The effect of the Fiscal Decentralization Degree Ratio variable on the HDI has a P-Values value of 0.007 < 0.05 , so it can be stated that the influence of the Fiscal Decentralization Degree Ratio to the HDI is significant.
3. The direct effect of the PAD Effectiveness Ratio variable on the HDI variable has a path coefficient of 2.879 (positive), then an increase in the value of the PAD Growth Ratio variable will be followed by an increase in the HDI variable. The influence of the PAD Growth Ratio variable on the HDI has a P-Values of 0.004 < 0.05 , so it can be stated that the effect of the PAD Growth Ratio on the HDI is significant.
4. The direct influence of the Economic Growth variable on the HDI variable has a path coefficient of 3,099 (positive), then the increase in the value of the Economic Growth variable will be followed by an increase in the HDI variable. The effect of the variable Economic Growth on HDI has a P-Values of 0.002 < 0.05 , so it can be stated that the effect of Economic Growth on HDI is significant.
5. The direct effect of the Independence Ratio variable on the PE variable has a path coefficient of 2.896 (positive), then an increase in the value of the Independence Ratio variable will be followed by an increase in the PE variable. The influence of the Independence Ratio variable on PE has a P-Values of 0.004 < 0.05 , so it can be stated that the influence of the Independence Ratio on PE is significant.
6. The direct effect of the Fiscal Decentralization Degree Ratio variable on the PE variable has a path coefficient of 2.318 (positive), then an increase in the value of the Fiscal Decentralization

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- Degree Ratio variable will be followed by an increase in the PE variable. The influence of the Fiscal Decentralization Degree Ratio variable on PE has a P-Values value of $0.020 < 0.05$, so it can be stated that the effect of the Fiscal Decentralization Degree Ratio on PE is significant.
7. The direct effect of the PAD Effectiveness Ratio variable on the PE variable has a path coefficient of 2.137 (positive), then an increase in the value of the PAD Growth Ratio variable will be followed by an increase in the PE variable. The influence of the PAD Growth Ratio variable on PE has a P-Values of $0.033 < 0.05$, so it can be stated that the effect of the PAD Growth Ratio on PE is significant.
 8. The indirect effect of the Independence Ratio variable on the HDI variable moderated by PE has a path coefficient of 1.821 (positive). The influence of the Independence Ratio variable on HDI moderated by PE has a P-Values of $0.069 > 0.05$, so it can be stated that the effect of the Independence Ratio on HDI moderated by PE is not significant.
 9. The indirect effect of the Fiscal Decentralization Degree Ratio variable on the HDI variable moderated by PE has a path coefficient of 2.283 (positive). The effect of the Fiscal Decentralization Degree Ratio variable on HDI moderated by PE has a P-Values value of $0.022 < 0.05$, so it can be stated that the influence of the Independence Ratio on HDI moderated by PE is significant.
 10. The indirect effect of the PAD Effectiveness Ratio variable on the HDI variable moderated by PE has a path coefficient of 2.263 (positive). The effect of the PAD Growth Ratio variable on HDI moderated by PE has a P-Values of $0.024 < 0.05$, so it can be stated that the effect of the PAD Growth Ratio on HDI moderated by PE is significant.

Table 9.Coefficient of Determination

	R-square	Adjusted R-square
IPM	0.567	0.455
PE	0.230	0.156

Source:Data Processing (2022)

In the table above, the results of the influence of the Independence Ratio, Fiscal Decentralization Ratio, and PAD Effectiveness Ratio to HDI are 45.5%, and the remaining 54.5% is influenced by other variables outside those studied in this study. While in the table above, the results of the influence of the Independence Ratio, Fiscal Decentralization Degree Ratio, and Effectiveness Ratio of PAD to PE are 15.6%, and the remaining 84.4% is influenced by other variables outside those studied in this study.

5. CONCLUSION

1. Batam City is in the best position in terms of its independence, namely with an independence ratio index of 112.16%, including the delegative category.
2. And Natuna Regency, Lingga Regency, Anambas Islands Regency and Tanjungpinang City with the lowest ratio so that they are included in the instructive category.
3. In terms of the Degree Ratio of Fiscal Decentralization, Batam City obtained an average level of achievement for 7 (seven) years which was 42.75 % or in a good category, while the less category was found in three other districts with very poor categories, namely Natuna Regency, Lingga Regency and Anambas Islands Regency.
4. For the PAD Effectiveness Ratio, Karimun Regency, Bintan Regency, Lingga Regency, Anambas Islands Regency and Tanjungpinang City passed the very effective category, while



- Batam City occupied the quite effective criteria and Natuna Regency with the less effective criteria.
5. The influence of the Independence Ratio variable on the Human Development Index (IPM) variable has a P Value of $0.001 < 0.05$, indicating that the influence of the Independence Ratio variable on the Human Development Index (IPM) variable is positive and significant (H1: Failed to reject).
 6. The effect of the Fiscal Decentralization Ratio variable on the Human Development Index (IPM) variable has a P Value of $0.007 < 0.05$, indicating that the influence of the Fiscal Decentralization Degree variable on the Human Development Index (IPM) variable is positive and significant (H2: Failed to reject).
 7. The influence of the PAD Effectiveness Ratio variable on the Human Development Index (IPM) variable has a P Value of $0.004 < 0.05$, indicating that the PAD Effectiveness Ratio variable on the Human Development Index (IPM) variable is positive and significant (H3: Failed to reject).
 8. The effect of the variable Economic Growth (PE) on the Human Development Index (IPM) variable has a P Value of $0.002 < 0.05$ indicating that the effect of the Economic Growth (PE) variable on the Human Development Index (IPM) variable is positive and significant (H4: Failed to reject).
 9. The influence of the Independence Ratio variable on the Economic Growth (PE) variable has a P Value of $0.004 < 0.05$, indicating that the influence of the Independence Ratio variable on the Economic Growth (PE) variable is positive and significant (H5: Failed to be rejected).
 10. The effect of the Fiscal Decentralization Degree Ratio variable on the Economic Growth (PE) variable has a P Value of $0.020 < 0.05$ indicating that the influence of the Fiscal Decentralization Degree Ratio (PE) variable on the Economic Growth (PE) variable is positive and significant (H6: Failed to reject).
 11. The effect of the PAD Effectiveness Ratio variable on the Economic Growth (PE) variable has a P Value of $0.033 < 0.05$, indicating that the PAD Effectiveness Ratio variable on the Economic Growth (PE) variable is positive and significant (H7: Failed to reject).
 12. The influence of the Independence Ratio variable on the Human Development Index (HDI) moderated by Economic Growth (PE) has a P Value of $0.069 > 0.05$ indicating that the influence of the Independence Ratio variable on the Human Development Index (IPM) moderated by Economic Growth (PE) is positive and insignificant. (H8 : Rejected)
 13. The effect of the Fiscal Decentralization Ratio variable on the Human Development Index (HDI) moderated by Economic Growth (PE) has a P Value of $0.022 < 0.05$ indicating that the influence of the Fiscal Decentralization Degree Ratio (HDI) variable on the Human Development Index (HDI) moderated by Economic Growth (PE) is positive and significant (H9: Failed to reject).
 14. The effect of the PAD Effectiveness Ratio variable on the Human Development Index (HDI) moderated by Economic Growth (PE) has a P Value of $0.024 < 0.05$ indicating that the influence of the PAD Effectiveness Ratio variable on the Human Development Index (IPM) moderated by Economic Growth (PE) is positive and significant (H10: Failed to reject).

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