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Factors affecting capital expenditure in provincial governments in Indonesia

Dwi Asih Setya Ningrum[1], Fitriasuri[2], Dina Mellita[3], Dewi Sartika[4]
[1,2,3,4]Master of Management Department, Universitas Bina Darma, Palembang, Indonesia

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ABSTRACT
This study aims to determine the influence of regional original revenue, general allocation funds, specific allocation funds, and excess of budget calculations on capital expenditures in provincial governments in Indonesia in 2020-2022. The population in this study covers 34 provinces in Indonesia. This study used purposive sampling method so that 34 provinces were obtained as research samples. The data used in this research is secondary data in the form of Budget Realization Reports for provincial governments in Indonesia. This study uses multiple regression analysis. The results of this study indicate that simultaneously local revenue, general allocation funds, specific allocation funds, and excess budget calculations have a positive effect on capital expenditures. Partially, local revenue, general allocation funds and the remainder of the budget calculation have a positive effect on capital expenditures.

Corresponding Author:
Fitriasuri
Universitas Bina Darma
Jalan Jenderal Ahmad Yani No.3, 9/10 Ulu
fitriasuri@binadarma.ac.id

INTRODUCTION

The Regional Revenue and Expenditure Budget (APBD) is intended to regulate regional revenues and regional expenditures where the budget implementation time is for one year by the regional government. APBD has a structure of revenue, expenditure, and financing (Aini et al., 2020). The government implements Law No. 1 of 2022 regulating Financial Relations between the Central Government and Regional Governments, where fiscal decentralization is a mechanism for distributing budgets originating from the central government to regional governments with the aim of contributing to the tasks and functions of government and public services carried out in accordance with the proportion of authority in the devolved field of government (Manoppo et al., 2017). Fiscal decentralization is expected by the government to be able to intensify the potential of regional resources in order to improve the welfare and prosperity of the community. The intensification is expressly included in the APBD as planning revenue and financing for regional development (Safpremi et al., 2022). This means that the distribution of the budget must be intended for the public interest, for example in terms of capital expenditure.

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Local governments have not allocated their budgets effectively. Most of the regional budget is used for employee expenditure, while the portion of capital expenditure is very small. The average local government capital expenditure is only 19%. This is evidence that many local governments prioritize employee spending over capital expenditure. This condition is very worrying because provincial governments in Indonesia do not pay enough attention to capital expenditure in local government budgets (Villela et al., 2010). The budget is widely used for employee spending, the APBD is considered inefficient and does not provide direct benefits to the community. The amount of employee spending is not in accordance with the services provided to the community (Ansar, 2022). This phenomenon is quite common in almost all regions of Indonesia.

Local government fiscal decentralization is implemented to meet the needs of each region in improving facilities and infrastructure, using local original revenue (PAD) as a source of funding. Regional Original Revenue is Regional Original Revenue derived from the Region itself, PAD collected by the Region in accordance with applicable laws and regulations. According to Law No. 23 of 2014, PAD is all territorial rights recorded as an increase in net worth relating to the source of PAD during an accounting period. In Indonesia, PAD can be determined from local tax revenues, regional levy results, certain local government results, and other revenues. With the increase in PAD, it is expected that the regions will be able to have a positive impact or be able to support the central government on the government's capital expenditure budget.

In addition to DAU, the part included in the balancing fund that is a source of capital expenditure financing is the Special Allocation Fund (DAK) which is a fund sourced from the central government allocated to regional governments to support regional needs and finance special activities for national priority regional affairs. The national priority program is outlined in the government work plan for the relevant fiscal year, which is the result of negotiations between ministers, governors, state institutions/mayors and is determined by presidential decree. Some regions are areas that have met the criteria set every year. Therefore, not all regions receive such funds. The purpose of allocating DAK from the central government to local governments is to ease the burden of special activity costs that must be borne by local governments. The use of DAK is aimed at investment activities in development, improvement, procurement, improvement of public service facilities and infrastructure with a long useful life or long useful life, with the aim of utilizing DAK for these activities, it is hoped that local governments will be qualified in improving public services or public interests realized in capital expenditure. As research conducted by Arbie (2013), DAK partially has a positive and significant effect on capital expenditure.

Regional sources of income grow on average every year. However, this increase in regional revenue streams is not always accompanied by an increase in capital expenditure by provincial governments in Indonesia. The budget does not focus on capital expenditure. In the preparation mechanism until its implementation, the Regional Revenue and Expenditure Budget certainly has several obstacles, one of which is the allocation of sources of revenue intended for the public interest or public interest. In fact, the allocation of spending for public interest is very important and strategic in encouraging regional

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economic progress. With the improvement of public facilities, public access to activities will be easier. Therefore, the central government continues to appeal to local governments to increase capital expenditure.

Along with the progress of human resources and natural resources, Indonesia is experiencing regional expansion in 2022 where previously the number of provinces in Indonesia was 34 provinces but now there is an increase of 4 provinces in Papua to 38 provinces, so this research will be carried out only on 34 provinces in Indonesia that have APBD report data from 2020-2022. Based on the background description above, it is important to assess the impact of PAD, DAU, DAK and SiLPA on capital expenditure, considering that common problems in each region with different costs to meet government operational needs in situations like this cause fiscal gaps between regions. This study differs from previous research in the number of variables, year of study, and research topic. The research components used in variable X are sources of funds used to finance all spending needs. Therefore, this study was conducted to examine the "Effect of Local Original Revenue, General Allocation Fund, Special Allocation Fund, and Remaining Over Budget Calculation on Capital Expenditure of Provincial Governments in Indonesia".

METHODS

Research methods can be classified into two, research according to the level of explanation is classified into three, namely, Descriptive Research, Comparative Research, and Associative Research. In this study using associative research which is research carried out with the aim of knowing the influence or relationship between two or more variables (Creswell, 2022). Research according to the type of data and analysis is classified into two, namely, Quantitative Research and Qualitative Research (AM et al., 2023; Am & Setiawati, 2023). This type of research uses quantitative research. Quantitative research is chosen because the data processed are numbers that aim to examine certain populations or samples with the aim of testing hypotheses that have been set (Mertens, 2010). Research variables can be interpreted in research as a concept that is processed and studied to obtain information to draw conclusions as one form of solving research problems. In quantitative research, two types of research variables can be distinguished as follows:

1. Independent variables are variables that affect other variables which are usually denoted by the letter X. The independent variables (X) in this study are PAD (X1), DAU (X2), DAK (X3), SiLPA (X4).
2. Dependent variables are variables that are influenced by other variables, which are usually denoted with the letter Y. The dependent variable (Y) in this study is Capital Expenditure.

Data Collection Types, Sources, and Instruments

Data Type

The type of research data based on its nature is divided into two, namely qualitative data and quantitative data. In this study, the type of data used is quantitative data because quantitative data in research is in the form of numbers or statistics that can be analyzed.

Data Sources

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The data source is the subject from which the data is obtained. The sources of research data can be divided into two, namely Primary Data, data sources that directly provide data to data collectors and Secondary Data, data that has been previously collected and reported by people or agencies outside of the researcher, even though what is collected is actually original data. Secondary data sources are obtained from the results of previous literature studies, relevant government agencies and agencies and other secondary data sources.

Data Collection Instruments

Data collection instruments are tools chosen and used by researchers in their collecting activities so that these activities become systematic and facilitated by them. In this study, the data collection instrument used was the APBD Realization Report on Provinces in Indonesia.

Population and Sample

The population in this study is the Regional Budget Realization Report (APBD) on Provincial Governments in Indonesia for the 2020-2022 period obtained from the Directorate General of Financial Balance and the Audit Board of the Republic of Indonesia. Provinces in Indonesia consist of 34 provinces. The population in this study is shown in table 3.

Table 3. Population List

No.	Province	No.	Province
1.	Aceh	18.	Nusa Tenggara Barat
2.	Sumatera Utara	19.	Nusa Tenggara Timur
3.	Sumatera Barat	20.	Kalimantan Barat
4.	Riau	21.	Kalimantan Timur
5.	Kepulauan Riau	22.	Kalimantan Selatan
6.	Jambi	23.	Kalimantan Tengah
7.	Sumatera Selatan	24.	Kalimantan Utara
8.	Kepulauan Bangka Belitung	25.	Sulawesi Utara
9.	Bengkulu	26.	Gorontalo
10.	Lampung	27.	Sulawesi Tengah
11.	DKI Jakarta	28.	Sulawesi Barat
12.	Banten	29.	Sulawesi Selatan
13.	Jawa Barat	30.	Sulawesi Tenggara
14.	Jawa Tengah	31.	Maluku
15.	DI Yogyakarta	32.	Maluku Barat
16.	Jawa Timur	33.	Papua Barat
17.	Bali	34.	Papua

Sample

Sample can be interpreted as part of a group of entities that have the same characteristics or population. Sample can also be interpreted as part of the population whose characteristics are to be studied. In sampling this study, researchers used the

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purposive sampling method. Purposive sampling is done by taking samples from the population based on certain criteria/considerations. The criteria of the provincial government sampled in this study are as follows:

1. Provinces throughout Indonesia that publish Budget Realization Reports during the 2020-2022 period.
2. Provincial governments that have complete PAD, DAU, DAK, SiLPA and Capital Expenditure data for the 2020-2022 period.

Analysis Methods

This data analysis method will be carried out with multiple linear regression analysis to ensure that if the independent variable has an influence on the dependent variable then conduct a hypothesis test which is used to determine a level of significance of the independent variable on the dependent variable then draw conclusions, then calculate the coefficient of determination used to find out how much influence the independent variable has on the dependent variable. In this study, the author used programs to facilitate data processing, namely Econometric Views (Eviews) 11 software and Microsoft Excel.

RESULTS AND DISCUSSION

Model Data Panel

Panel data model selection from three approaches consisting of Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The determination of the panel data model is carried out with 2 stages of testing, namely

a. Chow Test (Uji Chow)

The Chow test is used to determine between the Common Effects Model or Fixed Effects Model. The hypothesis used is, H0 = Common Effect Model and H1 = Fixed Effect Model. The determination of the results of the Chow Test is to compare F count with F table with the condition that F count > F table then H0 is rejected or if the Probability Cross-section value < 0.05. This means that the most appropriate approach is Fixed Effects Model. Here is figure 2. which shows the results of the Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.960109	(33,60)	0.0001
Cross-section Chi-square	94.692098	33	0.0000

Figure 2. Chow Test Results

Source: Processed data output (EViews, 12), 2024

Based on figure 1. above, it is known that the Statistics Cross-section F value is 2.960109 with the Probability Cross-section value of 0.0000. Based on this, it can be concluded that the value of Probability Cross-section F is less than 0.05 (0.0000 < 0.05). Therefore, it can be seen that the best model for this panel data is the Fixed Effect Model. If the Fixed Effect Model is selected, the next test must be carried out, namely the Hausman test.

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b. Hausman Test (Uji Hausman)

The Hausman test is conducted to select the most appropriate model between the Fixed Effect Model and the Random Effect Model. The hypothesis used is, H0 = Random Effect Model and H1 = Fixed Effect Model. Determination of the results of this Hausman test by looking at the probability value. If the probability value < 0.05 then H1 is accepted which means that the most appropriate model is the Fixed Effects Model model and if the probability value is > 0.05 then H0 is accepted, this means that the most appropriate model is the Random Effects Model.

Here is figure 3. which shows the results of the Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	13.860046	4	0.0078

Figure 3. Hausman Test Results

Source: Processed data output (EViews 12), 2024

Based on figure 2. above, it is known that the value of Chi-Square Statistics Cross-section Random is 13.860046 with a random Probability Cross-section value of 0.0078. It can be concluded that the value of Probability Cross-section random < 0.05 (0.0078 < 0.05) which means that the best model for this panel data is the Fixed Effect Model.

Based on the results of the two tests above, the final conclusion can be obtained that the most appropriate panel data model is the Fixed Effect Model (FEM). Therefore, with the Fixed Effect Model (FEM) panel data model, the regression results obtained are as follows:

Table 4. Regression Results with Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	536.7324	456.5359	1.175663	0.2444
X1	0.217131	0.042997	5.049952	0.0000
X2	0.237034	2.262829	0.901854	0.3707
X3	0.000351	0.005794	0.060565	0.9519
X4	0.044397	0.087993	0.504551	0.6157
Cross-section fixed (dummy variables)				

R-squared	0.889794	Mean dependent var	1215.927
Adjusted R-squared	0.821833	S.D. dependent var	1124.949
S.E. of regression	474.8386	Akaike info criterion	15.44871
Sum squared resid	13528300	Schwarz criterion	16.45105
Log likelihood	-718.9870	Hannan-Quinn criter.	15.85414
F-statistic	13.09282	Durbin-Watson stat	2.139166
Prob(F-statistic)	0.000000		

Source: Processed data output (EViews 12), 2024

Classical Assumption Test

Normality Test

The normality test aims to test whether in existing regression, confounding or residual variables have a normal distribution or not. A regression model is said to be good if

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it has a normal or near-normal distribution. In the test data which is panel data, the most appropriate model to use is the FEM model. The test results with FEM regression with the OLS method will produce a regression coefficient that satisfies the BLUE nature. In panel data using the OLS method, the normality test does not have to be done considering that basically the normality test is not a BLUE requirement.

Multicollinearity Test

The multicollinearity test aims to look at the independent variable described by other independent variables. Multicollinearity means the existence of a linear relationship between independent variables. The results of tests conducted between independent variables can be seen in figure 4. below.

	X1	X2	X3	X4
X1	1.000000	0.147939	0.099650	0.479507
X2	0.147939	1.000000	0.603964	0.354748
X3	0.099650	0.603964	1.000000	0.206130
X4	0.479507	0.354748	0.206130	1.000000

Figure 4. Multicollinearity Test Results

Source: Processed data output (EViews 12), 2024

Based on figure 4. Above, it can be known the correlation value between independent variables from this study as follows,

Table 5. Results of Multicollinearity Interpretation

Correlation (r)	The r value of the independent variable	Information
X1 dan X2	0,147939	No multicollinearity occurs
X2 dan X3	0,603964	No multicollinearity occurs
X1 dan X3	0,099650	No multicollinearity occurs
X1 dan X4	0,479507	No multicollinearity occurs
X2 dan X4	0,354748	No multicollinearity occurs
X3 dan X4	0,206130	No multicollinearity occurs

Source: Processed data output (EViews 12), 2024

Based on table 5. It is known that the correlation value between independent variables, namely Regional Original Revenue, General Allocation Fund, Special Allocation Fund, and Remaining Over Budget Calculation is smaller than 0.85 which means that there is no multicollinearity between independent variables.

Heteroscedasticity Test

The heteroscedaticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another. The following are the results of the heteroscedasticity test on the research data.

Table 6. Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	536.7324	456.5359	1.175663	0.2444
X1	0.217131	0.042997	5.049952	0.0000
X2	0.237034	2.262829	0.901854	0.3707

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X3	0.000351	0.005794	0.060565	0.9519
X4	0.044397	0.087993	0.504551	0.6157

Source: Processed data output (EViews 12), 2024

Based on the results of the heteroscedasticity test with the Glejser test method above, if the Probability value > 0.05, heteroscedasticity does not occur. Based on the table above, the Probability value of X1 is 0.4504, X2 is 0.8095, X3 is 0.6614, and X4 is 0.6157. The author concludes that the Probability value on all independent variables is greater than 0.05 which means that H0 is accepted. This means that there is no heteroscedasticity in the independent variable.

Autocorrelation Test

The autocorrelation test aims to test whether in the regression model there is a correlation between observations in one variable. The following are the results of the autocorrelation test on the research data.

R-squared	0.889794	Mean dependent var	1215.927
Adjusted R-squared	0.821833	S.D. dependent var	1124.949
S.E. of regression	474.8386	Akaike info criterion	15.44871
Sum squared resid	13528300	Schwarz criterion	16.45105
Log likelihood	-718.9870	Hannan-Quinn criter.	15.85414
F-statistic	13.09282	Durbin-Watson stat	2.139166
Prob(F-statistic)	0.000000		

Figure 5. Autocorrelation Test Results

Source: Processed data output (EViews 12), 2024

Based on the results of the autocorrelation test, Durbin Watson (DW) values were obtained. Durbin Watson test is an autocorrelation test that is able to assess the presence of autocorrelation in residuals. Based on figure 4. above, it is known that the Durbin Watson value of this research panel data is DW = 2.139166. This DW result is greater than 1 and smaller than 3 (1 < 2.139166 < 3). Based on these results, it can be seen that H0 is accepted or in the panel data there are no symptoms of autocorrelation.

Multiple Linear Regression Analysis

Multiple linear regression analysis is a process of building a model of mathematical equations aimed at forecasting and determining the magnitude of the influence of some variables on other variables. This contrasts with simple linear regression analysis which is used for one independent variable and one dependent variable. This analysis was used in research using 4 (four) independent variables and 1 (one) dependent variable. Here is an image of multiple linear regression results with the Fixed Effect Model panel data model.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.774356	0.562023	6.715661	0.0000
X1	0.298545	0.046638	6.401348	0.0000
X2	-0.231972	0.057227	-4.053551	0.0001
X3	0.389085	0.126353	3.079341	0.0027
X4	0.050143	0.023962	2.092610	0.0390

Figure 6. Multiple Linear Regression Analysis

Sumber: Output data diolah (EViews 11), 2024

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Based on figure 5. above, it can be seen that the value of Constanta is 3.774356, the value of the variable Coefficient X1 is 0.298545, the value of the variable Coefficient X2 is -0.231972, the value of the variable Coefficient X3 is 0.389085, the value of the variable Coefficient X4 is 0.050143. So the result of the equation is obtained:

Y = 3.774356 + 0.298545*X1 - 0.231972*X2 + 0.389085*X3 + 0.050143*X4 + e

Based on these equations, here is the explanation:

1. The constant of 3.774356 indicates that if there are no independent variables (Local Original Revenue, General Allocation Fund, Special Allocation Fund, and Remaining Over Budget Calculation) then the Capital Expenditure rate is 3.774356.
2. The Regional Original Revenue Coefficient of 0.298545 indicates that every increase in Regional Original Revenue of 1% will be followed by an increase in Capital Expenditure of 0.298545 assuming another independent variable is fixed in value.
3. The General Allocation Fund Coefficient - 0.231972 indicates that every increase in the General Allocation Fund by 1% will be followed by an increase in Capital Expenditure of - 0.231972 assuming another independent variable is fixed in value.
4. The Special Allocation Fund Coefficient of 0.389085 indicates that every increase in the Special Allocation Fund by 1% will be followed by an increase in Capital Expenditure of 0.389085 assuming another independent variable is fixed in value.
5. The Remaining Over Budget Calculation coefficient of 0.050143 indicates that any increase in Remaining Over Budget Calculation of 1% will be followed by an increase in Capital Expenditure of 0.050143 assuming another independent variable is fixed in value.

Test Coefficient of Determination (R^2)

The coefficient of determination (R^2) is used to measure how well the regression equation model is constructed. The value of the coefficient of determination ranges from 0 to 1, and the greater the value of the coefficient of determination, the better the model equation is built.

If R^2 is close to 1, then this indicates that the independent variables together have an effect on the dependent variable, this means that the model used is more precise. Meanwhile, if R^2 is close to 0, it means that the independent variable has no effect on the dependent variable at all, which means that the model used is increasingly less precise. Here is figure 6. Which shows the result of the coefficient of determination test (Test R^2).

Cross-section fixed (dummy variables)

R-squared	0.889794	Mean dependent var	1215.927
Adjusted R-squared	0.821833	S.D. dependent var	1124.949
S.E. of regression	474.8386	Akaike info criterion	15.44871
Sum squared resid	13528300	Schwarz criterion	16.45105
Log likelihood	-718.9870	Hannan-Quinn criter.	15.85414
F-statistic	13.09282	Durbin-Watson stat	2.139166
Prob(F-statistic)	0.000000		

Figure 7. Test Results of Coefficient of Determination (Test R^2)
Sumber: Output data diolah (EViews 11), 2024

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Based on figure 6. The result of the coefficient of determination can be known as the Adjusted R2 value of 0.821833 which means that the percentage of contribution of the variables of Regional Original Revenue, General Allocation Fund, Special Allocation Fund, and Remaining Over Budget Calculation to Regional Expenditure is 82.1%, while the remaining 17.9% is influenced by other variables that are not included in this model. The influence of 82.1% indicates that simultaneously PAD, DAU, DAK, and SiLPA have a strong influence on the Capital Expenditure of the Provincial Government in Indonesia. This means that the PAD, DAU, DAK, and SiLPA received which are realized into Capital Expenditure have been able to become a stimulus for the Regional Government.

Correlation Coefficient Test (r)

Test The correlation coefficient (r) is a measurement of the relationship/association between two variables. The value of the correlation coefficient is in the range from -1 to +1. The value of the correlation coefficient indicates the strength of the linear relationship and the direction of the relationship of two variables. If the correlation coefficient (r) is positive, then both variables have a unidirectional relationship. If the correlation coefficient is negative, then both variables have a contradictory or inverse relationship.

	Y	X1	X2	X3	X4
Y	1.000000	0.810590	-0.064883	-0.023407	0.451258
X1	0.810590	1.000000	0.141209	0.086659	0.475465
X2	-0.064883	0.141209	1.000000	0.604165	0.349727
X3	-0.023407	0.086659	0.604165	1.000000	0.189621
X4	0.451258	0.475465	0.349727	0.189621	1.000000

Figure 8. Correlation Coefficient Test Results (r)

Source: Processed data output (EViews 12), 2024

Based on figure 8. Above, it can be known the value of the correlation coefficient between variables from this study. Here is table 7. Multicollinearity Test Analysis Results

Table 7. Correlation Coefficient Value

	Correlation Coefficient (r)	Information
Y with X1	0,810590	Very Strong Correlation
Y with X2	- 0,064883	Negative correlation is very weak
Y with X3	- 0,023407	Negative correlation is very weak
Y with X4	0,451258	Correlation Enough
X1 with X2	0,141209	Weak Correlation
X1 with X3	0,086659	Very Weak Correlation
X1 with X4	0,475465	Correlation Enough
X2 with X3	0,604165	Strong Correlation
X2 with X4	0,349727	Correlation Enough
X3 dengan X4	0,189621	Weak Correlation

Source: Processed data output (EViews 11), 2024

Based on figure 8 and table 7. Known the strength of the relationship and the direction of correlation between variables. The correlation is very weak between the variables PAD and DAK. A weak correlation exists between the PAD and DAU variables.

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The correlation is also weak in the DAK and SiLPA variables, while the correlation is sufficient in the PAD and SiLPA variables. And the correlation is strong in the variables DAU and DAK. Among all existing correlations, the variable correlation between the General Allocation Fund and the Special Allocation Fund has a very strong relationship.

Test the hypothesis

Partial Significance Test (Test t)

The statistical test t is used to determine the effect of independent variables on the dependent variable partially. T test decision making can be done by relying on the significance value of t for each variable in the output of regression results using Eviews with a significance value of 0.05 or 5%.

Here are the hypotheses that will be tested in this study

H1: Local Original Revenue affects Capital Expenditure in Provincial Governments in Indonesia

H2: General Allocation Fund affects Capital Expenditure in Provincial Governments in Indonesia

H3: Special Allocation Fund affects Capital Expenditure in Provincial Governments in Indonesia

H3: The Remaining Over Budget Calculation Affects Capital Expenditure on Provincial Governments in Indonesia

Here's figure 9. which shows the result of the partial significance test (test t):

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.774356	0.562023	6.715661	0.0000
X1	0.298545	0.046638	6.401348	0.0000
X2	-0.231972	0.057227	-4.053551	0.0001
X3	0.389085	0.126353	3.079341	0.0027
X4	0.050143	0.023962	2.092610	0.0390

Figure 9. Partial Significance Test Results (Test t)
Source: Processed data output (EViews 12), 2024

Based on figure 8. The results of the t test, can be known the test results as follows: The Effect of Local Original Revenue on Capital Expenditure in Provincial Governments in Indonesia. Based on the output of Eviews 12 can be seen t count of 6.401348. The determination of table t is sought at a significance of 0.05, with degrees of freedom df=n-k-1 or 102-4-1 = 97. The result obtained for t table is 1.98472/-1.98472. Based on this, the value of t is calculated > t table (6.401348 > 1.98472) then H1 is accepted.

The significance value obtained is 0.0000 on the t test. The significance value is less than 0.05 (0.0000 < 0.05) then H1 is accepted and has a significant effect, so it can be concluded that the variable Regional Original Income affects Capital Expenditure in Provincial Governments in Indonesia. The Effect of General Allocation Fund on Capital Expenditure in Provincial Governments in Indonesia Based on the output of Eviews 12, it can be seen t calculate at -4.053551. The determination of table t is sought at a significance of 0.05, with degrees of freedom df=n-k-1 or 102-4-1 = 97. The result

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obtained for t table is 1.98472/-1.98472. Based on this, the value of t is calculated < t table (-4.053551 < -1.98472) then H2 is rejected.

The significance value obtained is 0.0001 on the t test. The significance value is less than 0.05 (0.0001< 0.05) then H2 is accepted and has a significant effect, it can be concluded that the General Allocation Fund variable has a negative and significant effect on Capital Expenditure in Provincial Governments in Indonesia. The Effect of Special Allocation Fund on Capital Expenditure in Provincial Governments in Indonesia Based on the output of Eviews 12, it can be seen t calculate at 3.079341. The determination of table t is sought at a significance of 0.05, with degrees of freedom df=n-k-1 or 102-4-1 = 97. The result obtained for t table is 1.98472/-1.98472. Based on this, the value of t is calculated >t table (3.079341 > 1.98472) then H1 is accepted.

The significance value obtained is 0.0027 on the t test. The significance value is less than 0.05 (0.0027 < 0.05) then H1 is accepted and has a significant effect, so it can be concluded that the Special Allocation Fund variable affects Capital Expenditure in Provincial Governments in Indonesia. The Effect of Time Over Budget Calculation on Capital Expenditure in Provincial Governments in Indonesia. Based on the output of Eviews 12 can be seen t count of 2.092610. The determination of table t is sought at a significance of 0.05, with degrees of freedom df=n-k-1 or 102-4-1 = 97. The result obtained for t table is 1.98472/-1.98472. Based on this, the value of t is calculated > t table (2.092610 > 1.98472) then H1 is accepted.

The significance value obtained is 0.0390 on the t test. The significance value is less than 0.05 (0.0390 < 0.05) then H1 is accepted and has a significant effect, so it can be concluded that the remaining variable Over Budget Calculation affects Capital Expenditure in Provincial Governments in Indonesia.

Simultaneous Significance Test (Test f)

The simultaneous significance test (Statistical Test F) is used to determine the effect of independent variables on the dependent variable together. The F test can be done by looking at the significance value of F in the output of regression results using EViews with a significance level of 0.05 or 5%.

Here is the hopotesis that will be tested on this f test:

H5 : Simultaneously Local Original Revenue, General Allocation Fund, Special Allocation Fund and Remaining Over Budget Calculation of Capital Expenditure in Provincial Governments in Indonesia

Here's figure 10 shows the results of simultaneous significance tests (test f) :

R-squared	0.889794	Mean dependent var	1215.927
Adjusted R-squared	0.821833	S.D. dependent var	1124.949
S.E. of regression	474.8386	Akaike info criterion	15.44871
Sum squared resid	13528300	Schwarz criterion	16.45105
Log likelihood	-718.9870	Hannan-Quinn criter.	15.85414
F-statistic	13.09282	Durbin-Watson stat	2.139166
Prob(F-statistic)	0.000000		

Figure 10. Simultaneous Significance Test Results (Test F)
Source: Processed data output (EViews 12), 2024

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Based on figure 10 the results of test f above, can be known the results of testing on the hypothesis of the effect of Regional Original Revenue, General Allocation Fund, Special Allocation Fund and Remaining Over Budget Calculation on Capital Expenditure in Provincial Governments in Indonesia. Based on the output of Eviews 12 can be seen f count of 13.09282. The determination of table t is sought at a significance of 0.05, with degrees of freedom df1 = K-1 or 4-1=3 and df2=N-K or 102-4 = 98. The result obtained for f table is 2.70/-2.70. Based on this, the value of f is calculated > t table (13.09282 > 2.70) then H5 is accepted.

The significance value obtained is 0.000 on the f test. The significance value is less than 0.05 (0.000 < 0.05) then H5 is accepted and has a significant effect, so it can be concluded simultaneously Regional Original Revenue, General Allocation Fund, Special Allocation Fund and Remaining Over Budget Calculation has a significant effect on Capital Expenditure in Provincial Governments in Indonesia.

Discussion

The Effect of Local Original Revenue on Capital Expenditure

The results of the first hypothesis show that partially Regional Original Revenue has a positive effect on Capital Expenditure in Provincial Governments in Indonesia during 2020-2022. This is shown from the analysis of the Regional Original Income variable which is known to have a calculated t value of 6.401348. The calculated t value shows a number greater than the table t, which is 6.401348 or (6.401348 > 1.98472). Then, the significance value obtained is 0.000, which indicates that 0.000 < 0.05. Based on the test results, it shows that partially Regional Original Revenue has a positive effect on Capital Expenditure, so it can be concluded that H1 is received.

Based on the results of the study, it shows that Regional Original Revenue partially has a positive effect on capital expenditure in provincial governments in Indonesia. This proves that the ups and downs of capital expenditure in a provincial area are influenced by PAD. PAD is revenue obtained by the region and collected based on regional regulations in accordance with laws and regulations. The higher the PAD obtained, it reflects the good performance of the local government, so that with the high PAD obtained, the higher the allocation for capital expenditure.

The results of this study are in accordance with research that states local original income has a positive and significant influence on capital expenditure (Olurankinse Felix, 2012). This research is also reinforced by the results of research which states that local original income affects local government capital expenditure (Mangindaan & Manossoh, 2018) because local original income is very important in contributing to regional finances so that it is used to finance regional expenditures, the impact of these expenditures is increasing community welfare. However, this research is inversely proportional to research conducted by Rahman et al. (2021) stating that local original income does not have a significant effect on capital expenditure. This is because PAD reception has not been optimal in underdeveloped areas.

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Effect of General Allocation Fund on Capital Expenditure

The results of the second hypothesis show that partially the General Allocation Fund has a negative effect on Capital Expenditure in Provincial Governments in Indonesia during 2020-2022. This is shown from the analysis of the General Allocation Fund variable which is known to have a calculated t value of -4.053551. The calculated t value shows a number smaller than the table t, which is -4.053551 or (-4.053551 < -1.98472). Then, the significance value obtained is 0.0001, which indicates that 0.0001 < 0.05. Based on the test results, it shows that the General Allocation Fund partially has a negative effect on Capital Expenditure, so it can be concluded that H2 is received.

The general allocation fund is one of the transfer funds from the State Budget allocated with the aim of equitable distribution of finances between regions to meet their expenditure needs in the context of decentralization, and local governments can be used for the implementation of general basic service functions and funds originating from the central government to regional governments. The provision of DAU is prioritized in regions that have low fiscal capacity where the region has not been able to maximize its local original revenue for some reason. For regions that have high fiscal capacity, they will get a smaller amount of DAU, so it is expected to reduce fiscal imbalances between regions in undergoing the current era of autonomy. This result explains that the greater the value of DAU received by the provincial government will increase capital expenditure. The results of this study are also in accordance with research which states that general allocation funds have a positive and significant effect on capital expenditure (Olurankinse Felix, 2012).

Effect of Special Allocation Fund on Capital Expenditure

The results of the research from the first hypothesis show that partially the Special Allocation Fund has a positive effect on Capital Expenditure in Provincial Governments in Indonesia during 2020-2022. This is shown from the analysis of the Special Allocation Fund variable which is known to have a calculated t value of 3.079341 The calculated t value shows a number greater than the table t, which is 3.079341 or (3.079341 > 1.98472). Then, the significance value obtained is 0.0390, which shows that 0.0390 < 0.05. Based on the test results, it shows that partially the Special Allocation Fund has a positive effect on Capital Expenditure, so it can be concluded that H3 is received.

Based on the results of the t test, it is found that DAK has a significant influence on capital expenditure. This result shows that provinces that get large DAK will tend to have large mo-dal expenditures as well. This result provides a strong indication that capital expenditure behavior will be strongly influenced by DAK revenue sources. Regional revenues in the form of Weighing Funds (regional transfers) from the center require regions to develop and prosper their people through proportional and professional management of regional wealth and building sustainable infrastructure, one of which is allocating budgets to the capital expenditure sector. Local governments can use the financial balance fund (DAK) to provide services to the public that are realized through capital expenditure.

The Effect of Time Over Budget Calculation on Capital Expenditure

The results of the research from the first hypothesis show that partially the Remaining Over Budget Calculation has a positive effect on Capital Expenditure in

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Provincial Governments in Indonesia during 2020-2022. This is shown from the analysis of the remaining variables of the Budget Calculation which is known to have a calculated t value of 2.092610. The calculated t value shows a number greater than the table t, which is 2.092610 or (2.092610 > 1.98472). Then, the significance value obtained is 0.000, which indicates that 0.0027 < 0.05. Based on the test results, it shows that partially the Remaining Over Budget Calculation has a positive effect on Capital Expenditure, so it can be concluded that H4 is received.

Based on the results of the study, it shows that the Time Over Budget Calculation has a positive effect on capital expenditure in provincial governments in Indonesia. This proves that the ups and downs of capital expenditure are influenced by the Remaining Over Budget Calculation in provincial governments in Indonesia. According to Permendagri Number 21 of 2011, the remaining over budget calculation is the difference over the realization of budget receipts and expenditures during one budget period. Furthermore, in Articles 137 to Article 153, the previous year's SiLPA is a financing receipt used to cover the budget deficit if revenue realization is less than expenditure realization, fund the implementation of follow-up activities on direct expenditure expenses and fund other obligations that until the end of the fiscal year have not been completed. Based on the results of the model calculation, it is known that SiLPA is quite large in influencing the allocation of capital expenditure. SiLPA, which comes from improving revenue performance and regional expenditure efficiency, is a fresh fund that can be used by local governments to increase capital expenditure budgets in an effort to improve public services. The higher the SiLPA, the higher the capital expenditure budget.

Effect of PAD, DAU, DAK, and SiLPA Simultaneously on Capital Expenditure

The results of the first hypothesis show that simultaneously Regional Original Revenue, General Allocation Fund, Special Allocation Fund and Remaining Over Budget Calculation have a positive effect on Capital Expenditure in Provincial Governments in Indonesia during 2020-2022. This is shown from the analysis of variables known to have a calculated F value of 13.09282. The calculated F value shows a number greater than the table F which is 2.70 or (13.09282 > 2.70). Then, the significance value obtained is 0.000, which indicates that 0.000 < 0.05. Based on the test results, it shows that simultaneously PAD, DAU, DAK, and SiLPA have a positive effect on Capital Expenditure, so it can be concluded that H5 is received.

This is in accordance with research which states that local original revenues, general allocation funds and remaining over budget calculations have a significant effect together on capital expenditure (Olurankinse Felix, 2012). In contrast to research which states that local original revenue, general allocation funds, special allocation funds and SiLPA do not have a joint effect on capital expenditure.

CONCLUSION

This study aims to determine the effect of local original revenue, general allocation funds, special allocation funds and the remaining more budget calculations on capital expenditure in provincial governments in Indonesia. Data related to this research were obtained from

the website of the Directorate General of Financial Balance, the Central Bureau of Statistics, and the Audit Board of the Republic of Indonesia. The sample of this study is 34 provincial governments in Indonesia for the period 2020-2022. Based on the results of the tests that have been carried out, the following conclusions can be drawn. Based on the results of hypothesis testing, it can be concluded that the variable of local original income has a positive and partially significant influence on capital expenditure. This is reinforced by a calculated t value greater than the table t value, and a significance of less than 0.05, indicating that any increase in local native revenue will lead to an increase in the value of capital expenditure. In contrast, the general fund allocation variable shows a negative and significant influence on capital expenditure, with a calculated t value that is smaller than the table t value. This means that an increase in the general allocation fund will lead to a decrease in capital expenditure. The special allocation fund variable, on the other hand, has a positive and significant effect on capital expenditure, with a calculated t value greater than the table t value and a significance of less than 0.05. This illustrates that any increase in the special allocation fund will result in an increase in the value of capital expenditure. Meanwhile, the remaining variable over budget calculation also has a positive and significant effect on capital expenditure, indicating that an increase in remaining over budget calculation will contribute to an increase in capital expenditure. Simultaneously, local original revenues, general allocation funds, special allocation funds, and remaining over budget calculations have a significant influence on capital expenditure. This is evident from the calculated F value, which is greater than the F table, as well as the significance less than 0.05. Thus, it can be concluded that the higher the Regional Original Revenue (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK), and Remaining Over Budget Calculation (SiLPA) received by the provincial government in Indonesia, the greater the capital expenditure on the provincial government.

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