

THE EFFECT OF PAD, SILPA, AND DBH ON CAPITAL EXPENDITURE WITH PDRB AS MODERATING VARIABLES IN PROVINCE GOVERNMENTS IN INDONESIA 2017-2020

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Abstract

The purpose of this study was to determine and analyze the effect of Regional Original Income (PAD), SiLPA, and DBH on Capital Expenditures with PDRB as a moderating variable in the Provincial Government in Indonesia. The population of this study is the Provincial Government in Indonesia as many as 34 provinces in the 2017-2020 observation year. The type of sample in this study uses a saturated sample where the entire population is sampled. The data was processed by using panel data regression statistical test with the help of SPSS software. The results of this study prove that PAD, SiLPA, and DBH have a simultaneous effect on capital expenditures. Partially PAD and SiLPA have a significant positive effect on Capital Expenditures, while DBH has no effect on Capital Expenditures. PDRB is not able to moderate the relationship between PAD, SiLPA, and DBH on Capital Expenditures.

Keywords : *Regional Original Income, SiLPA, DBH, PCRB and Capital Expenditure.*

1. INTRODUCTION

The enactment of Law Number 23 of 2014 amendments to Law Number 32 of 2004 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments increasingly gives authority to regions to regulate and manage their own government affairs and the interests of their people in accordance with laws and regulations. -invitation. Development in all aspects of people's lives, especially facilities that can support the ongoing economic activities of the community, really needs attention from the local government. Therefore, the allocation of the capital expenditure budget is a very important thing to consider in the process of preparing local government budgets. The development of public facilities that can support the welfare of the community by the local government is the result of development that is directly enjoyed by the community.

The problem that is often faced by local governments in terms of the public sector is the allocation of the capital expenditure budget that supports public facilities. Budget allocation is very important to determine the amount of funds budgeted for each activity program. Limited local government resources force local governments to be more selective in the allocation of regional budgets. Capital expenditure is a regional expenditure that is allocated fairly and equitably so that it can be enjoyed by all levels of society without discrimination, especially in public services. In fact, so far, regional income has been used more for government operational costs or personnel expenditures than for capital expenditures, especially those that support public facilities.

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Figure 1 fluctuations in the percentage of capital expenditures in the Provincial Governments in Indonesia

The figure beside shows that there is a fluctuation in the percentage of capital expenditures in the Provincial Government in Indonesia in the 2017-2020 period. This shows that development is still low in all aspects of people's lives, especially facilities that can support the ongoing economic activities in the community. Therefore, the allocation of the capital expenditure budget is a very important thing to consider in the process of preparing local government budgets. Various studies have been carried out to examine the factors that can affect capital expenditures. There are several factors that can affect capital expenditures, first is Regional Original Income (PAD). In research (Sudarwadi, 2015) PAD, SiLPA Maryati and Endrawati (2017) explain that for economic growth, the use of SiLPA funds has been optimized by the Government; DBH Susanti and Fahlevi (2016) Revenue Sharing Funds jointly affect Capital Expenditures in Regencies/Cities in the Aceh Region; According to Prasetyo (2010), economic growth is an increase in output or an increase in aggregate national income within a certain period of time, namely one year.

The objectives of this research are:

1. To determine the effect of PAD on capital expenditures in the provincial government.
2. To determine the effect of SiLPA on capital expenditures in the provincial government.
3. To determine the effect of DBH on capital expenditures in the provincial government.
4. To find out that PDRB can moderate the relationship between PAD, SiLPA, and DBH on capital expenditures at the provincial government.

2. IMPLEMENTATION METHOD

In this research, the method used is secondary data research method. The population and sample in this study were all provincial governments in Indonesia, which consisted of 34 provinces for the years 2017 to 2020. Sampling was done using a saturated sample where all of the population was the sample, totaling 136 samples. By looking at the theoretical framework, the data analysis technique used in this research is descriptive statistical analysis, and classical assumption test analysis using the SPSS application.

3. RESULTS AND DISCUSSION

3.1 Results

1. Classical Assumption Test

Based on the results of the Kolmogrov-Smirnov test, it shows that the significance of the residuals seen from Asymp. Sig. (2-tailed) of 0.60 ($0.60 > 0.05$). So it can be concluded that the residual data used for the regression model is normally distributed (normally distributed).

2. T Test

Uji Signifikansi Individual (Uji t)

		Coefficients ^a	
Model		t	Sig.
1	(Constant)	14.410	.000
	Sqrt_PAD	9.812	.000
	Sqrt_Silpa	4.085	.000
	Sqrt_DBH	-6.760	.000

a. Dependent Variable: Sqrt_BelanjaModal
Sumber: Hasil Olahan Peneliti (2022)

It can be concluded that the results of the partial test (t test) of each independent variable are as follows.

1. Regional original income (Sqrt_X1) partially has a significant effect on the dependent variable or the hypothesis is accepted.
2. SiLPA (Sqrt_X2) partially has a significant effect on the dependent variable or the hypothesis is accepted.
3. DBH (Sqrt_X3) partially has a significant effect on the dependent variable or the hypothesis is accepted.

3. Coefficient of Determination

Koefisien Determinasi

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841 ^a	.708	.701	13829.26169

a. Predictors: (Constant), Sqrt_DBH, Sqrt_Silpa, Sqrt_PAD

b. Dependent Variable: Sqrt_BelanjaModal
Sumber: Hasil Olahan Peneliti (2022)

Based on the test results, the coefficient of determination shows Adjusted R² of 0.701, which means that the variability of the dependent variable that can be explained by the independent variable is 70.1%, while the remaining 29.9% is explained by other variables not included in the regression model.

3.2 Discussion

1. The Effect of PAD on Capital Expenditure

income that comes from all regional revenues originating from regional original economic sources. PAD is the sum of Regional Taxes, Regional Levies, the results of separated regional wealth management and other legitimate regional original income. The test results in this study indicate that PAD has a positive and significant effect on capital expenditures. It can be interpreted that any increase in PAD will affect the increase in capital expenditures. The test results in this study indicate that the first hypothesis is accepted. This result also proves the truth of the stewardship theory. Regional Original Income, which mostly comes from community contributions to paying taxes and levies, is managed properly by the Regional Government for the benefit of the community itself.

The results of this study are in line with several previous research results including Sudarwadi (2015) where PAD has a significant positive effect on capital expenditure. Then Maryadi's research (2016) where PAD has a significant positive effect on capital expenditure. However, the results of this study contradict the results of research conducted by Pradita (2017), and Adytama (2015) which in their research PAD has no effect on capital expenditures.

2. The Effect of SiLPA on Capital Expenditure

The excess of the budget calculation (SiLPA) is the difference between the realization of budget receipts and expenditures during one budget period. SiLPA represents the remaining cash arising from the realization of regional revenues that exceed the realization of regional expenditures. Whether or not there is a SiLPA and its size is highly dependent on the level of spending made by the local government. SiLPA is an indication of the government's inaccuracy in budgeting regional expenditures, so that the excess budgeting should be used to finance several Capital Expenditure activities that are useful for public services in the current year to be delayed.

This research is in accordance with the theory of stewardship. SiLPA is used to improve services to the community in the form of improving the quality and quantity of public facilities. The results of this study are in line with several previous research results including Sitepu (2017) where SiLPA has a positive effect on capital expenditure. Likewise, the results of research by Sugiathi, & Supadmi (2014), and the results of research by Adriani, & Yuliana (2015) which state that SiLPA has a significant effect on capital expenditures.

3. The Effect of DBH on Capital Expenditure

Revenue Sharing Funds are funds sourced from the State Revenue and Expenditure Budget (APBN) which are allocated to regions based on percentage figures to fund regional needs in the context of implementing decentralization. The Revenue Sharing Fund (DBH) in the State Revenue and Expenditure Budget (APBN) is income derived from national resources located in the regions in the form of taxes and natural resources. From this formula, the increase in DBH in each region is largely determined by national resources in the regions in the form of taxes and natural resources. The test results in this study indicate that DBH has a negative and significant effect on capital expenditures. which means if DBH increases, it reduces capital expenditure. This happens because DBH is not always used for capital expenditures. The use of DBH is mostly used for other regional expenditures, such as Forestry DBH is used to buy tree seeds, DBH from fisheries is used to buy fish seeds. The test results in this study indicate that the third hypothesis is accepted.

This research is in accordance with the theory of stewardship. Budget Revenue-sharing funds are used to improve services to the community in the form of improving the quality and quantity of public facilities. So that the government no longer thinks about itself but thinks more about and fulfills its mandate to the community. The results of this study are in line with the results of several previous studies including the research of Adytama (2015) and Sari, et al. (2017) where profit-sharing funds have a negative and significant effect on capital expenditure. Another study conducted by Haryuli (2015) and Susanti and Fahlevi (2016) showed different results where profit-sharing funds had a positive and significant effect on capital expenditures.

4. The Effect of PAD, SiLPA and DBH with PDRB as Moderating Variable on Capital Expenditure

Gross Regional Domestic Product (PDRB) is the amount of production produced by a community within a year in a certain area or region. The test results in this study indicate that PDRB cannot moderate the relationship between PAD, SiLPA, and DBH on capital expenditures meaning that the Gross Regional Domestic Product in the provincial government is not the same and is not evenly distributed so that there is a gap in each province.

The results of this study are in line with several previous research results including the research of Verawaty, and Sari (2015) which stated that GRDP was unable to moderate PAD and DAU on capital expenditures, as well as Adytama's research (2015) which stated that GRDP was unable to moderate DAU on capital expenditures.

4. CONCLUSION

Based on the discussion above, it can be concluded as follows:

1. Regional Original Income has a positive and significant effect on provincial government capital expenditures in Indonesia.
2. Excess Budget Financing has a positive and significant impact on provincial government capital expenditures in Indonesia.
3. 3. Revenue Sharing Funds have no effect on provincial government capital expenditures in Indonesia
4. Simultaneously local revenue, excess budget financing, and profit-sharing funds have a significant effect on provincial capital expenditures in Indonesia by 70.1% While the remaining 29.9% is influenced by other factors.
5. Gross regional domestic product (PDRB) cannot moderate the relationship between Original Regional Revenue, Excess Budget Financing, and Revenue Sharing Funds on capital expenditures.

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