International Journal of Economics and Management Sciences
Volume. 1 No. 3 August 2024
e-ISSN: 3046-9279, Page. 36-62
DOI: https://doi.org/10.61132/ijems.v1i3.77

The Effect Of Original Local Government Revenue, General Allocation Funds, Specific Allocation Funds And Profit Sharing Funds On Economic Growth Mediated By Capital Expenditure In Districts/Cities In Central Java

Noor Rosyadi
Mahasiswa Program Pascasarjana Universitas Merdeka Malang

Sunardi
Dosen Program Pascasarjana Universitas Merdeka Malang

Edi Subiyantoro
Dosen Program Pascasarjana Universitas Merdeka Malang

ABSTRACT. *The purpose of this study is to examine the effect of original local government revenue, general allocation funds, specific allocation funds, and profit sharing funds on economic growth, both directly and through capital expenditure. The quantitative approach was carried out by census of 35 regencies/cities in Central Java, with a research period of 2018-2022, thus as many as 175 data. Direct influence testing uses multiple linear regression, while indirect influence is carried out with a sobel test that has first gone through various classical assumption tests. The results revealed that original local government revenue, and specific allocation funds have a positive and significant effect on capital expenditure, and only have a direct effect on economic growth. General allocation funds have no effect on capital expenditure, but have a direct impact on positive and significant direction on economic growth. Profit sharing funds actually have a negative and significant influence on capital expenditure, but do not affect economic growth. Similarly, capital expenditure also does not have an effect on regional economic growth, thus it is not able to become an intervening variable.*

Keyword : *Economic, Funds, Government Revenue*

BACKGROUND

One of the ways of sustainable regional development is carried out through the granting of autonomy to the region. This is because it is part of an effort to give power to the region in regulating regional development. In this regard, each region is expected to be creative, innovative, and independent so that dependence on the central government is reduced. This effort is further expected to increase the efficiency, effectiveness, and accountability of the public sector in Indonesia (Christia &; Ispriyarso, 2019). Policies regarding regional autonomy give rise to decentralization, such as the creation of regional development programs (Kharisma, 2013). The success of regional development can be a benchmark in seeing community welfare (Pohan &; Yuliana, 2021), which is shown by increasing economic growth (Anggita &; Sari, 2021).

Economic growth refers to the extent to which local economic activities generate additional community income over a certain period of time (Anggita &; Sari, 2021). In addition, it also shows the achievements of the performance of the central and regional governments in government administration (Pohan &; Yuliana, 2021). One important reference to encourage better and efficient economic growth in the regions is fiscal decentralization

Received May 30, 2024; Accepted Juni 05, 2024; Published August 30, 2024
** Noor Rosyadi*

(Oates, 1993). Chu and Yang (2012) mentioned that fiscal decentralization is predicted to be a factor that can affect regional economic growth. The manifestation of fiscal decentralization is the ability or independence of regions in terms of managing revenue and capital expenditure as stated in the APBD (Regional Revenue and Expenditure Budget) (Lindaman and Thurmaier , 2002).

In relation to economic growth, in 2020 the economy of Central Java had contracted by 2.65%, in line with the beginning of the emergence of the Covid-19 pandemic which had an impact on the national and global economy. The economy of Central Java according to the value of PDRB ADHK (Gross Regional Domestic Product Based on Constant Prices) in 2021 reached Rp. 997.32 trillion, thereby growing by 3.32% (still below the national average growth of 3.69%). Before the pandemic, the economy of Central Java province under Ganjar Pranowo's leadership since 2013, was able to grow positively between 5.2% to 5.4% per year (2014-2019 period). According to data from the BPS (Central Statistics Agency), this figure is slightly above the national average. In relation to business fields, the fastest growth occurred in 2021. Namely, the construction sector grew 7.37%, followed by the information and communication sector by 6.04%, and electricity and gas procurement grew by 5.95%.

The problem of regional economic growth in Central Java, of course, requires fiscal decentralization (Chu and Yang, 2012). One of them is through the ability to manage various incomes and capital expenditures stated in the APBD (Lindaman and Thurmaier, 2002). Adyatma and Oktaviani (2015) revealed that there are several sources of APBD, namely PAD (Original Local Government Revenue), DAU (General Allocation Fund), DAK (Specific Allocation Fund), and DBH (Profit Sharing Fund). In this regard, it has attracted a lot of interest for researchers, but inconsistent results have been obtained. It is interesting to retest objects at the Regency / City level in Central Java.

Research conducted by Breuss and Eller (2004), revealed that there are several statistical problems in examining the effect of fiscal decentralization on economic growth. Namely: (1). the problem of model specifications, (2). the size of fiscal decentralization (regional revenues and expenditures) has not been able to describe decentralization as a whole which concerns structural aspects, decision making, political process resources, and institutions, (3). The causal relationship between fiscal decentralization and economic growth is not fully described. Azis (2009) who conducted a case study in Indonesia, that fiscal policy has not been able to increase economic growth and welfare of people in the regions. Harianto and Adi (2007), Harianto and Adi (2007) stated that there is a positive and significant influence between PAD on regional economic growth, as well as predicted for DAU and / or DAK. On

the other hand, it is still found that many regions are administratively low in self-sufficiency, where the revenue from DAU is greater than PAD. Hanif *et al.*, (2020) concluded that fiscal decentralization has a positive impact on economic growth.

On the other hand, Hung and Thanh (2022) concluded that there is a significant relationship between fiscal decentralization, economic growth. Research by Thanh and Canh (2020) also states that fiscal decentralization is positively related to the economic growth of provinces in Vietnam. Anggita and Sari (2021) explained that PAD, DBH, DAU, DAK are also able to increase economic growth in Central Java in 2015-2019. Mawarni *et al*., (2013) concluded that PAD has a positive and significant effect while DAU has a negative effect on capital expenditure, and economic growth. Different results were found by Setiyawati and Hamzah (2007), which showed that there was a negative and significant influence between DAU and economic growth. Arina *et al*., (2019) showed the results that partially only PAD had positive signs and had a significant effect on economic growth. Rasu *et al*., (2019) showed that PAD has a negative and significant effect on the poverty rate, an indicator of economic growth. DBH has also proven to have a positive and significant effect on the economic growth rate (Hasan, 2015; Hendriwiyanto &; Nurkholis, 2014; Pujiati, 2004; Santosa, 2013).

Furthermore, Siswiyanti' s research (2015) states that capital expenditure is also able to be an *intervening* variable in the influence of PAD on economic growth. Capital expenditure is an expenditure carried out to form capital such as the procurement, purchase or construction of tangible fixed assets or inventory items with a useful life of more than one accounting period. Furthermore, capital expenditure in the form of infrastructure clearly has an impact on regional economic growth (Adyatma &; Oktaviani, 2015). Similarly, Lin and Liu (2000) stated that the government needs to increase capital investment so that regional economic growth also increases.

Given that capital expenditure is a very important factor as a booster of regional economic growth, it is worth testing as an intervening variable, as well as a form of recent. In this regard, in the context of this study it is interesting to examine the effect of PAD (Original Local Government Revenue), DAU (General Allocation Fund), DAK (Specific Allocation Fund), and DBH (Production Sharing Fund) on economic growth mediated by capital expenditure.

THEORETICAL FOUNDATION

Fiscal Policy

According to Nanga (2005), fiscal policy or also called budget policy is a policy carried out by the government through manipulation of fiscal instruments such as government expenditures and / or taxes aimed at influencing the level of aggregate demand in the economy. Furthermore, according to Sukirno (2003) fiscal policy is government steps to make changes in the tax system or in its spending with a view to overcoming various economic problems faced. In principle, Keynes argued that fiscal policy had a greater influence on output. This is based on his opinion that, first, the elasticity of demand for money to the interest rate is so small (*the extreme* is zero) that the IS curve is upright. Expansionary fiscal policy will shift the IS curve to the right until output eventually increases.

Economic Growth

Economic growth is an increase in people's economic activities that result in an increase in the amount of production of goods or services in a country in a certain period. At the district/city, provincial, and regional levels, Gross Regional Domestic Product (GRDP) is used (Prabawati &; Wany, 2017). GRDP is an indicator to show the economic growth rate of a region sectorally, so that it can be seen the cause of economic growth of a region. One way to see economic progress is to look at the value of GDP growth. Economic growth is measured based on the value of GDP on the basis of constant prices, because the value of GDP is not influenced by price changes, so the changes obtained are real changes that are not influenced by price fluctuations (Adiatmojo, 2003).

Economic growth is briefly a process of increasing per capita output in the long run. This understanding emphasizes three things, namely process, per capita output and long run. The process of describing economic development over time is more dynamic, per capita output relates total output and aspects of population, while the long run shows the tendency of economic changes in a certain period driven by internal economic processes (Thanh &; Canh, 2020).

Original Local Government Revenue (PAD)

Based on Law No. 33 of 2004 concerning Financial Transfer between the Central and Regional Governments, Article 1 point (18), Original Local Government Revenue is revenue obtained by the region and collected based on regional regulations in accordance with laws and regulations. PAD (Original Local Government Revenue) is the backbone of regional financing,

therefore the ability of a region to explore PAD will affect the development and development of the area (Julitawati *et al.*, 2012; Wahyuningsih, 2016). According to Government Regulation No. 58 of 2005 concerning Financial Management, regional revenues include all money receipts through regional general cash accounts, which add to the current fund equity, which is a regional right in one fiscal year that does not need to be paid back by the regions. According to Permendagri No. 77 of 2020 concerning Technical Guidelines for Regional Financial Management, covering Regional Revenue consists of: (1). Original Local Government Revenue includes regional taxes, regional levies, the results of segregated regional wealth management and others. (2). Transfer revenue from the central government, between regions, other legitimate regional revenues.

General Allocation Fund (DAU)

The General Allocation Fund (DAU) is a fund sourced from state budget revenues allocated with the aim of equitable distribution of financial capacity between regions to fund regional needs in the context of implementing decentralization (Mursyidah *et al*., 2022). DAU plays a role in horizontal equalization, namely by closing the *fiscal gap* between fiscal needs and economic potential owned by regions (Setyawati and Hamzah, 2007). Based on Law Number 33 of 2004, the total value of DAU as a whole is at least 26% of net domestic revenue in the APBN. The DAU calculation needs are measured based on population, area, construction costliness index, regional gross domestic product per capita, and human development index.

Specific Allocation Fund (DAK)

According to Law Number 23 of 2014 concerning Regional Government, the Specific Allocation Fund (DAK) is a fund derived from the State Budget, which is allocated to regions to finance special needs which are regional affairs and in accordance with national priorities while still paying attention to the availability of funds in the State Budget. DAK can also be called an infrastructure fund because it is a capital expenditure to finance investment in the procurement and/or improvement of physical facilities and infrastructure with a long economic life (Muis, 2012). Conversely, in certain circumstances, DAK can also help with the cost of operating and maintaining certain facilities and infrastructure for a limited period (Maheni, 2021).

Profit Sharing Fund (DBH)

Law No. 33 of 2004 and Government Regulation No. 55 of 2005 concerning Balancing Fund regulate the mechanism for calculating and distributing profit sharing funds, both taxes and natural resources. According to Susanti & Fahlevi (2016), the profit sharing funds transferred by the central government to local governments are of two types, namely: (1). Tax revenue sharing funds, namely DBH Land and Building Tax State Revenue from the United Nations are divided with a balance of 10% for the Central Government and 90% for the regions. (2). Non-tax profit sharing funds (natural resources). The distribution of Profit Sharing Funds is carried out by transferring books from the State General Cash Account to the Regional General Cash Account on a quarterly basis based on the realization of natural resource revenues for the current fiscal year (Hanif *et al*., 2020).

Capital Expenditure

Capital expenditure is one of the government's efforts to serve the community and create income by building or repairing the infrastructure needed so that the community's economic activities can run well and smoothly. Furthermore, capital expenditure has consequences on regional financial performance as measured by the independence ratio. This indicates that the greater the capital expenditure realized, the more regional financial performance from the aspect of regional independence increases (Anjani *et al*., 2015). The large capital expenditure is a reflection of the many infrastructures and facilities built. The capital expenditure group consists of land expenditure, equipment and machinery expenditure, building and building expenditure, road expenditure, other fixed asset expenditure, other asset expenditure, and other asset capital expenditure (Maheni and Maryono, 2021).

CONCEPTUAL FRAMEWORK AND HYPOTHESIS

Regional sources of income can be utilized by local governments to develop their regions by trying to improve welfare. For example, by adding infrastructure (making buildings, buildings, roads, irrigation and purchasing other fixed assets). Capital expenditure is an expenditure carried out to form capital such as the procurement, purchase or construction of tangible fixed assets or inventory items with a useful life of more than one accounting period. Local governments in making capital expenditure allocations must be clearly adjusted according to needs, and consider the original local revenues obtained, so as to realize high economic growth.

In this regard, Azis (2016) revealed that local original revenues, and general allocation funds have a positive and significant impact on economic growth. Muis research (2012) provides findings that general allocation funds have a direct effect on increasing economic growth. Furthermore, for special allocation funds have a direct effect, and through capital expenditure on economic growth. Maheni (2021), Arina *et al*., (2021), concluded that PAD has a significant positive effect on capital expenditure and economic growth. DAU has a positive effect on economic growth through capital expenditure. Mursyidah *et al*., (2022) concluded that general allocation funds, and specific allocation funds have an effect on a significant increase in capital expenditure. Local revenues and profit-sharing funds affect economic growth. Furthermore, it can be expressed into a conceptual framework as follows:

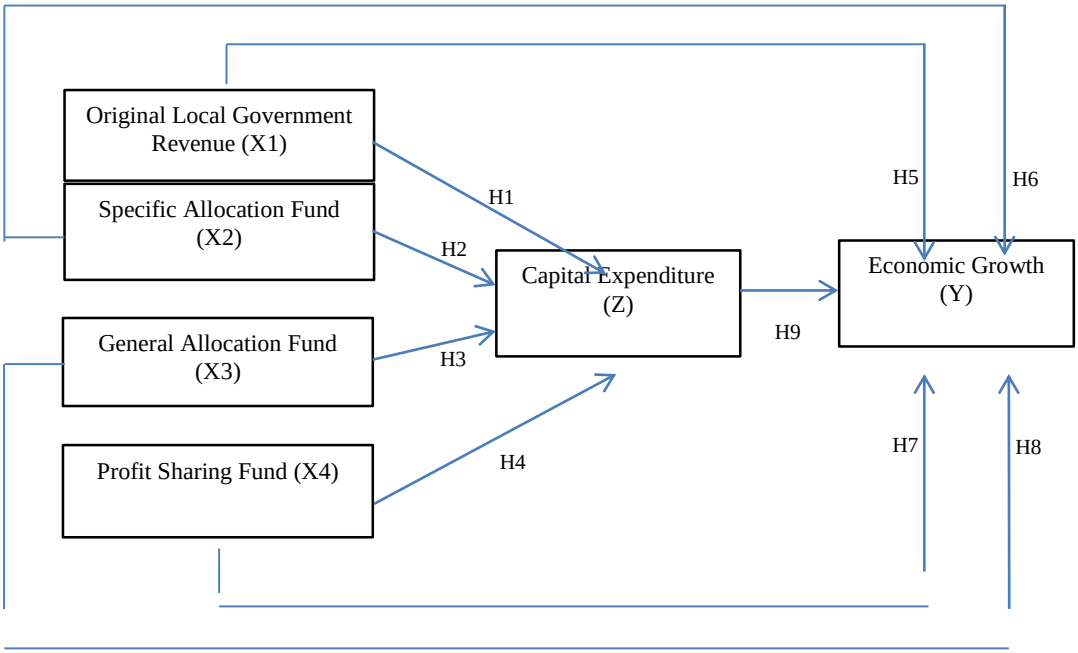

Figure 1
Research Conceptual Framework

Based on figure 1 of the conceptual framework above, the following hypothesis is formulated:

H1 : original local government revenue has a positive effect on capital expenditure.

H2 : general allocation funds have a positive effect on capital expenditure.

H3 : specific allocation funds have a positive effect on capital expenditure.

H4 : profit sharing funds have a positive effect on capital expenditure.

H5 : original local government revenue has a positive effect on economic growth.

H6 : general allocation funds have a positive effect on economic growth.

H7 : specific allocation funds have a positive effect on economic growth.

H8 : profit sharing funds have a positive effect on economic growth.

H9 : capital expenditure has a positive effect on economic growth.

H10: original local government revenue affects economic growth through capital expenditure.

H11: general allocation funds affect economic growth through capital expenditure.

H12: specific allocation funds affect economic growth through capital expenditure.

H13: profit sharing funds affect economic growth through capital expenditure.

RESEARCH METHODS

The study used a quantitative approach intended to answer questions through proving hypotheses (Ulfatin, 2014). The method of data collection through *documentary* reports on the realization of the District and City Budget in Central Java Province for Fiscal Year 2018 is up to 2022. The secondary data is obtained from the official web side of https://www.bps.go.id/id and https://djpk.kemenkeu.go.id/portal/data/apbd. The study was determined by census of 35 districts/cities in Central Java, with an observation period of 5 years so that the total data studied was 175. The variables consist of independent (X), dependent (Y) and intervening (Z), with operationalization as follows:

Table 1 : Operationalization of Variables

Variables	Operationalization of Variables
Original Local Government Revenue (X1)	PAD = (Local Taxes) + (Regional Levies) + (Results of Segregated Wealth Management) + (Other Legitimate Original Local Government Revenue)
General Allocation Fund (X2)	Realization of General Allocation Fund (DAU) from Districts/Municipalities of Central Java Province during the research period.
Specific Allocation Fund (X3)	Realization of Specific Allocation Funds (DAK) from District/City of Central Java Province during the research period.
Profit Sharing Fund (X4)	Realization of Production Sharing Fund (DBH) District/City of Central Java Province during the research period.
Capital Expenditure (Z)	Realization of Capital Expenditure (BM) of District/City of Central Java Province during the research period.
Economic Growth (Y)	$\text{PE} = \frac{(\text{PDRB}_t) - (\text{PDRB}_{t-1})}{(\text{PDRB}_{t-1})}$

The analysis is carried out using path analysis, which is first carried out various stages of classical assumption testing. The analysis is expressed in the form of a path equation as follows:

$$Z = \alpha_1 + p_1X_1 + p_2X_2 + p_3X_3 + p_4X_4$$

$$Y = \alpha_2 + p_5X_1 + p_6X_2 + p_7X_3 + p_8X_{4+} \; p_9Z$$

Furthermore, testing the mediation hypothesis can be done with a procedure developed by Sobel (1982), and known as the *Sobel test*. The sobel test is carried out by testing the strength of indirect influence. The test is stated if t count > t table, then it can be concluded that there is a media influencei.

RESEARCH RESULTS

Descriptive Analysis of Research Variables

This analysis is carried out to provide an overview of the data from all variables being studied, as obtained by the following data:

Table 2: Descriptive Statistics of Research Variables

Variables	Minimum	Maximum	Mean		Std. Deviation
			Statistic	Std. Error	
PAD (X1)	25.912	28.566	26.657	0.031	0.413
DAU (X2)	26.359	27.949	27.523	0.023	0.306
DAK (X3)	24.062	26.967	26.345	0.034	0.451
DBH (X4)	23.076	26.126	24.401	0.034	0.453
BM (Z)	25.043	27.837	26.411	0.035	0.466
PE (Y)	29.446	32.661	30.721	0.045	0.601
Valid N	175				

Source: secondary data processed (2024).

Based on table 2, it appears that Original Local Government Revenue (PAD) during the 2018-2022 fiscal year in the Regency / City government in Central Java was the lowest at 25,912%, 28,566%, an average of 26,657% with a standard deviation of 0.413%. Furthermore, the General Allocation Fund (DAU) is only 1.164% adrift from the lowest (26,359%) compared to the average (27,523%), the highest of 27,949% and the probability of data deviation is only 0.306%. In relation to the Specific Allocation Fund (DAK) the highest was 26.967%, the lowest was 24.062%, the average was 26.345% (only 2.283% adrift) and 0.451% the standard deviation value. It can also be seen that the lowest Profit Sharing Fund (DBH) is 23,076%, the average is 24,401% (a difference of 1,325%), the highest is 26,126%, and the chance of deviation is 0.453%. The lowest Capital Expenditure (BM) difference with an average of only 1.268% (25.043% / 26.411%), and the highest 27.837% with a standard deviation of 0.466%. Average Economic Growth (P/E) of 30.721%, the lowest achievement was only 29.446%, the highest was 32.661% with a probability of deviating only 0.601%.

Classical Assumption Test

Initial tests were carried out on various classical assumptions, aimed at detecting the presence or absence of various problems in the equations of paths I and II. The results of data processing for classical assumption tests appear as follows:

Table 3 : Results of Classical Assumtion Data Processing Path I and II

Line	Test	Variables		Cut Off	Result	Conclusion
		Independent	Dependent			
I	Normality	PAD (X1), DAU (X2), DAK (X3), DBH (X4).	RES1	Asyimp. Sig > 0,05	0,200	Normal.
	Autocorrelation	PAD (X1), DAU (X2), DAK (X3), DBH (X4).	BM (Z)	Du<Dw<4-DU (1,799< Dw< 2,201)	1,991	No autocorrelation occurs.
	Heteroscedasticity	PAD (X1) DAU (X2) DAK (X3) DBH (X4).	LnRES1	Sig. > 0,05	0,753 0,093 0,321 0,153	No heteroscedasticity occurs.
	Multicollinearity	PAD (X1) DAU (X2) DAK (X3), DBH (X4).	BM (Z)	VIF < 10	2,462 4,743 4,024 1,946	No multicollinearity occur.
II	Normality	PAD (X1), DAU (X2), DAK (X3), DBH (X4), BM (Z).	RES2	Asyimp. Sig > 0,05	0,200	Normal.
	Autocorrelation	PAD (X1), DAU (X2), DAK (X3), DBH (X4), BM (Z).	PE (Y)	Du<Dw<4-DU (1,812< Dw< 2,188)	1,951	No autocorrelation occurs.
	Heteroscedasticity	PAD (X1) DAU (X2) DAK (X3) DBH (X4) BM (Z).	AbsRES2	Sig. > 0,05	0,407 0,607 0,540 0,855 0,458	No heteroscedasticity occurs.
	Multicollinearity	PAD (X1) DAU (X2) DAK (X3) DBH (X4) BM (Z).	PE (Y)	VIF < 10	2,975 4,815 4,187 2,048 2,004	No multicollinearity occur.

Source: secondary data processed (2024).

Based on table 3 it appears that both lines I and II as a whole are free from the problem of classical assumptions. This means that as many as 175 data used in the test are normally distributed, do not autocorlate, are free from heteroscedasticity, and at the same time safe from multicollinearity. These results are thus the overall data worthy of use in future tests.

Path Equation Analysis

This analysis is intended to determine the magnitude of the constant and the direction of influence of each independent variable on the intervening and dependent variables. The results of data processing, the path equation is formulated as follows:

$$Z = 1{,}139 + 0{,}506X_1 + 0{,}189X_2 + 0{,}285X_3 - 0{,}225X_4$$

$$Y = -11{,}777 + 0{,}617X_1 + 0{,}161X_2 + 0{,}196X_3 + 0{,}028X_4 + 0{,}061Z$$

Based on the equation of path I above, there is a constant of 1.139, meaning that if original local government revenue, general allocation funds, specific allocation funds, and profit sharing funds are assumed to be zero, then capital expenditure only experiences a relatively small increase of 1.139%. The coefficient of original local government revenue is obtained by having a positive direction of influence, meaning that if original local government revenue increases by 1%, then capital expenditure will also increase to 50.6%. Similarly, the general allocation fund, if it increases, will be able to increase capital expenditure by 18.9%. Capital expenditure will also increase by 28.5% due to an increase in specific allocation funds. Unlike the case with profit sharing funds, if there is an increase, it will have an impact on decreasing capital expenditure by up to 22.5%, of course, assuming that other factors have no change.

Furthermore, in the equation of line II, it appears that if original local government revenue, general allocation funds, specific allocation funds, profit sharing funds, and capital expenditures are assumed to be zero, it will have an impact on decreasing economic growth to 11.777%. In the condition of increased original local government revenue, economic growth will also increase to 61.7%. Under the same conditions, if the general allocation fund increases, then the economy of a region will also increase by 16.1%. Specific allocation funds also have a positive impact on increasing economic growth (19.6%). A high profit sharing fund will have a positive effect on economic growth even though it is only 2.8%. The positive impact on economic growth (6.1%) was also caused by an increase in capital expenditure.

Model Test

Model tests are carried out using significance tests F, and *adjusted R2* for both lines I and II, as shown in the following table:

Table 4 : Model Test

Line	Variables		Model Test	
	Independent	Dependent	F Test	Adj. R^2
I	PAD (X1), DAU (X2), DAK (X3), dan DBH (X4).	Capital Expenditure (Z)	42,662 (0,000)	0,489
II	PAD (X1), DAU (X2), DAK (X3), DBH (X4), dan BM (Z).	Economic Growth (Y)	118,658 (0,000)	0,772

Source: secondary data processed (2024).

Based on table 4 it appears that from line I with significance F < 0.05 (0.000 < 0.05). This means that the variables Original Local Government Revenue (PAD), General Allocation Fund (DAU), Specific Allocation Fund (DAK), and Profit Sharing Fund (DBH) have significant capabilities in explaining the variable Capital Expenditure (BM). The ability to explain capital expenditure was 48.9%, thus dominated by other factors outside the model (51.9%).

Furthermore, for line II it appears that Original Local Government Revenue (PAD), General Allocation Fund (DAU), Specific Allocation Fund (DAK), Profit Sharing Fund (DBH), and Capital Expenditure (BM) also have a good ability to explain Economic Growth (PE), as evidenced by the significance of F < 0.05 (0.000 < 0.05). Furthermore, regional economic growth in this context is dominated by these variables (77.2%). The remaining 22.8% increase in economic growth was due to other factors not included in the study.

Test the Direct Influence Hypothesis

For this purpose, it is carried out by multiple regression analysis techniques, using the t test. The test is carried out if t counts > t table (1.654) and the significance < 0.05 thus the hypothesis is accepted, as the results of the following data processing:

Table 5 : Test the Direct Influence Hypothesis

Line	Variables		t count	Sig	Conclusion
	Independent	Dependent			
I	PAD (X1)	Capital Expenditure (Z)	5,952	0,000	H1 accepted.
	DAU (X2)		1,604	0,111	H2 rejected.
	DAK (X3)		2,620	0,010	H3 accepted.
	DBH (X4).		-2,982	0,003	H4 rejected.
II	PAD (X1)	Economic Growth (Y)	9,877	0,000	H5 accepted.
	DAU (X2)		2,021	0,045	H6 accepted.
	DAK (X3)		2,642	0,009	H7 accepted.
	DBH (X4)		0,541	0,589	H8 rejected.
	BM (Z).		1,185	0,238	H9 rejected.

Source: secondary data processed (2024).

Table 5 shows that the H1 test which states that Original Local Government Revenue (PAD) has a positive effect on Capital Expenditure (BM) is accepted, shown by 5.952 > 1.654 and 0.000 < 0.050. That is, original local government revenue has increased, then capital expenditure has also increased significantly, thus there is no gap. This is because, when there is an increase in taxes and regional levies, the value of net worth also increases followed by an increase in original local government revenue. Furthermore, original local government revenue are fully owned by local governments, so they have the freedom to increase capital expenditure.

In contrast to H2 which states that the General Allocation Fund (DAU) has a positive effect on capital expenditure is empirically rejected, evidenced by 1.604 < 1.654 and 0.111 > 0.050. This result is thus that the general allocation fund has no effect on the capital expenditure of the local government of the Regency / City in Central Java. The general allocation fund is one of the funds sourced from the State Budget, which in principle is intended to equalize financial capabilities in financing all inter-regional needs. Since the general allocation fund is fully allocated to the authority of the regions, it is often misused or the allocation is inappropriate. This in the end, does not have a good impact on the proportion of capital expenditure of a region.

Furthermore, the H3 test is able to prove the hypothesis that states the Specific Allocation Fund (DAK) has a positive effect on capital expenditure. The results of statistical testing proved that 2.620 > 1.654 and 0.000 < 0.050 thus there was no *gap.* This means that the increase in specific allocation funds has an impact on increasing capital expenditure on local governments. Specific allocation funds are also part of the source of funds from the APBN, which are intended for certain districts/cities. The purpose and objective is to finance special activities of the Regional Government that are adjusted to the priority scale set by the government. This when running in accordance with existing regulations, it has an impact on increasing capital expenditure aimed at the welfare of the community.

The H4 test also proved that the hypothesis that the Profit Sharing Fund (DBH) had a positive effect on capital expenditure was rejected, because it had a negative influence direction (-2.982 > -1.654 and 0.003 < 0.050). This result thus reflects when profit sharing funds increase, then capital expenditure carried out by local governments will actually decrease. The profit sharing fund is part of the fund that also comes from the APBN, intended for regions to finance various needs related to decentralization. This is closely related to the management of authority, so that it has the authority to make capital expenditures in proportions that are not proportional to the addition of profit sharing funds.

Related to H5 which states that local original income has a positive effect on Economic Growth (PE) received, which is statistically proven by 9.877 > 1.654 and 0.000 < 0.050. This means that large local original incomes are able to increase economic growth significantly. Elements of local original revenue, including the proceeds of regional taxes and retrebusi, as well as sourced from the management of separated regional wealth, and other sources to explore funding. Based on this, thus if the sources of these various elements are high, the region will have independence and strong potential in increasing regional economic growth.

General allocation funds that in H6 have a positive effect on economic growth are received. This result is evidenced by 2.021 > 1.654 and 0.045 < 0.050, meaning that the increase in the general allocation fund has an impact on economic growth which is increasing significantly. A number of general allocation funds allocated by the Central Government to Regional Governments (Districts/Municipalities) can be used as development funds. The allocation of a minimum of 26% of general allocation funds every year as stipulated in the APBN can support high economic growth.

Tests on H7 which stated that speciFIC allocation funds had a positive effect on economic growth were also received, as evidenced from 2.642 > 1.654 and 0.009 < 0.050. That is, if the specific allocation fund is increased, economic growth will also significantly increase. Specific allocation funds derived from the APBN are intended for certain regions to contribute to financing special activities in the regions, of course, adjusted to the scale of national priorities. The proportion of specific allocation funds from the government which from time to time increases, this is an advantage for regions to further increase their economic growth, which is reflected in the increasing welfare of the community.

The formulation of the hypothesis stating that profit sharing funds have a positive effect on economic growth (H8) has proven to be rejected, as evidenced from 0.541 < 1.654 and 0.589 > 0.050. This means that the profit sharing fund in this context does not have an impact on regional economic growth. Profit sharing funds are intended primarily to minimize fiscal inequality between the government and regions, thereby as an effort to increase equity in a region. In fact, the increase in profit sharing funds is not always the right allocation, so it does not have an impact on the economic growth of a region.

Similarly, the hypothesis that capital expenditure has a positive effect on economic growth (H9) also has a gap, expressed statistically 1.185 < 1.654 and 0.238 > 0.050. This result is thus capital expenditure is also unable to increase economic growth. The argument is that when regional capital expenditure for example is allocated for the construction of physical community facilities (new roads and bridges), but if it is not evenly distributed in the district /

city area itself, then the services provided to the community are also uneven. In the end, it indicates that economic growth in the area is also achieved optimally.

Test the Indirect Influence Hypothesis

Pengujian ini dilakukan dengan sobel test, untuk menguji pengaruh tidak langsung (H10-H13) yang diakibatkan adanya variabel intervening, sebagaimana hasil olah data yang nampak pada tabel berikut :

Table 6 : Sobel Test Calculation Results

Test	Unstandardized		Std. Error		Statistic Test	One-Tailed	Two-Tailed	Conclusion
PAD ➔ Z ➔ Y	a1	0,571	sa1	0,096	1,160	0,123	0,246	Not mediating.
DAU ➔ Z ➔ Y	a2	0,289	sa2	0,180	0,952	0,171	0,341	Not mediating.
DAK ➔ Z ➔ Y	a3	0,294	sa3	0,112	1,078	0,141	0,281	Not mediating.
DBH ➔ Z ➔ Y	a4	-0,232	sa4	0,078	-1,098	0,136	0,272	Not mediating.
Y ke Z	b	0,078	sb	0,066				

Source: secondary data processed (2024).

Based on table 6, it is intended to test the indirect effect (H10-H13), namely between the variables of Original Local Government Revenue (PAD), General Allocation Fund (DAU), Specific Allocation Fund (DAK), and Profit Sharing Fund (DBH) on Economic Growth (PE) through Capital Expenditure (BM). Based on the results of the sobel test calculation, it was obtained that all t count < t table (1.654) and the significance > 0.05 both in terms of one-tailed and two-tailed tests. This means that capital expenditure in this context is not able to be an intervening variable for the influence of these various variables on increasing regional economic growth.

Discussion

The Effect of Original Local Government Revenue on Capital Expenditure

It is proven that local original revenues have positive and significant implications for capital expenditure. These results are in line with empirical testing conducted by Maheni (2021); Arina *et al*., (2021). This means that when original local government revenue increases, many work programs can be reviewed, which in turn will increase regional capital expenditure. Original local government revenue is one of the elements contained in fiscal policy.

According to *macro economic theory*, fiscal policy is a part used by the government related to revenue and expenditure at the national level in order to be better in an effort to

encourage economic growth (Adur, et al., 2019). Fiscal policy also specifically supports the consolidation process regarding fiscal decentralization in realizing regional autonomy. One form of fiscal decentralization intended for equitable development is original local government revenue (Adyatma &; Oktaviani, 2015). The high ratio of original local government revenue thus reflects strong independence in its capital expenditure to meet regional needs (Arina *et al*., 2021).

Effect of General Allocation Fund on Capital Expenditure

Empirical evidence reveals that general allocation funds have no impact on capital expenditure. The results of this test, during the study have not found the same results, thus it is a novelty in the empirical field, which is interesting to study more deeply. General allocation funds are obtained from the State Budget, intended for efforts to equalize financial capacity between regions, which is then to finance various regional needs, whose allocation is fully handed over to the regions (Christia &; Ispriyarso, 2019).

According to macroeconomic theory, fiscal policy is one of the government's efforts to minimize fiscal inequality between the center and the regional level, even fellow regions, as well as the gap in public services between regions (Chu &; Yang, 2012). That is, it implements fiscal decentralization to carry out equitable distribution of development as a whole (Darise, 2008). The problem is that until now local governments in financial management, including general allocation funds, have not been good. This includes starting from the compatibility between planning and needs, implementation, administration, accountability and credibility of reporting, and accountability, to low regional financial supervision These factors, which ultimately make the general allocation fund unable to have a positive impact on capital expenditure (Epriyani, 2020).

Effect of Specific Allocation Fund on Capital Expenditure

This test proved that increasing specific allocation funds can significantly increase capital expenditure. In line with the results of research from Mursyidah *et al*., (2022); Maheni (2021). Similarly, it is stated in microeconomic theory, that capital expenditure aimed at growing the development and welfare of existing communities in both districts / cities, can be carried out through specific allocation funds. This allocation is used to encourage national priorities that become regional authorities (Epriyani, 2020). Halim (2007) also stated that one form of fiscal decentralization intended for equitable development is specific allocation funds through effective capital expenditure.

Specific allocation funds intended to fund certain programs, activities, and/or policies included in the list of national priorities. In addition, it also contributes to the operationalization of public services, where utilization or expenditure is determined by the central government (Hanif *et al.*, 2020). This means that when the proportion of special allocation funds is high, regional capital expenditure also increases (Maheni, 2021). The increase in specific allocation funds, thus also the more work programs that can be carried out by local governments at the City Regency level. The amount of fund allocation is based on unit cost, thus capital expenditure increases (Mursyidah *et al*., 2022).

The Effect of Profit Sharing Fund on Capital Expenditure

Profit sharing funds show a gap from microeconomic theory, which in fiscal policy the element of a high profit-sharing ratio does not have an impact on capital expenditure. The results of this test also during the research process have not found the same conclusion, so it becomes a form of novelty for further study. On the other hand, according to microeconomic theory, one form of fiscal decentralization intended for equitable development is through profit sharing funds (Hendriwiyanto &; Nurkholis, 2014). The profit sharing fund itself consists of profit sharing funds sourced from taxes, consisting of income tax, UN, and tobacco excise taxes. Furthermore, profit sharing funds from natural resources, such as oil and gas, mining, geothermal, forestry, and fisheries (Hung &; Thanh, 2022).

The results of this test thus indicate that fiscal decentralization still needs continuous improvement, especially in terms of profit sharing funds. For example, good profit-sharing fund management is needed, the impact of which will lead to optimal regional performance. Given the allocation of profit sharing funds in accordance with performance achievements, the ratio level will also follow (Irvan &; Karmini, 2016). Given the very potential sources of profit sharing funds above, it supports the high ratio of profit sharing funds. On the other hand, if it has not been balanced with the optimization of regional spending, it also has no impact on capital expenditure (Kaloh, 2002).

The Effect of Original Local Government Revenue on Economic Growth

Original local government revenue has also proven to be able to significantly increase regional economic growth. The results of this test received support from Azis (2016); Arina *et al*., (2019); Thanh and Canh (2020); Anggita and Sari (2021). That is, an increase in original local government revenue is able to grow the economy of an area. In line with the statement from Maheni (2021), one form of fiscal decentralization intended for equitable development is

original local government revenue.

An increase in original local government revenue is one indicator of success in achieving regional development. This is because original local government revenue can be used as a benchmark to determine regional capacity, both related to public services as well as physical development (Hung and Thanh, 2022). The high ratio of original local government revenue thus shows that high independence is also in financing all obligations to regional economic growth (Hanif *et al.*, 2020).

The Effect of General Allocation Funds on Economic Growth

On the other hand, the general allocation fund is actually directly able to increase regional economic growth. The results of this test are in line with the conclusions that have been given by several previous researchers, including by Hanif *et al.*, (2020), Hung and Thanh (2022), Thanh and Canh (2020). Similar to Anggita and Sari (2021), Maheni (2021) stated that when the general allocation fund ratio increases, it will support regional economic growth significantly. In the end, the general allocation fund, which is an implication of fiscal policy, can directly address various basic problems that are priorities in the development process (Arina *et al*., 2021).

The positive test results are because, through fiscal decentralization, local governments have the authority to extract revenue. In addition, gaining authority in allocating independently in setting development priorities (Azis, 2016). The implementation of regional autonomy, and fiscal decentralization are expected to be more capable of equalizing development in the long term in accordance with the potential and desires of each region. Furthermore, it can also provide better public services and a more democratic public decision-making process (Arina *et al*., 2021). One form of fiscal decentralization intended for equitable development is through general allocation funds.

The Effect of Specific Allocation Funds on Economic Growth

This empirical test proved that specific allocation funds are able to contribute to optimizing economic growth significantly. These results are in line with Hanif *et al.*, (2020); Hung and Thanh (2022); Thanh and Canh (2020); Anggita and Sari (2021). This means that if there is no gap in specific allocation funds between the center and the regions, equity will occur, so that regional economic growth will also be achieved. It also appears that this positive impact is due to secondary data (descriptive statistics), that the lowest specific allocation funds, the highest with the average in districts / cities in Central Java are only slightly adrift. For example,

the lowest special allocation fund is 24.062% and the highest is 26.967%, thus there is only a difference of 2.905%, and compared to the average (26.345%) it is only 2.283%.

In line with microeconomic theory, one form of fiscal decentralization in an effort to equalize development is with special allocation funds (Kharisma, 2013). The implementation of fiscal policy is carried out properly and effectively, the special allocation fund has proven to be significantly able to encourage regional economic growth (Kusuma, 2016). The benefits can reduce development inequality between regions. Implementation is said to be effective when the government is able to balance the needs of the central government with the regional level. If this condition occurs, the efficiency and effectiveness of the implementation of fiscal policy implementation in an effort to improve community welfare in the regions can be achieved optimally (Mafahir &; Soelistiyo, 2017).

The Effect of Profit Sharing Funds on Economic Growth

Furthermore, profit-sharing funds in this context also do not have an effect on economic growth. The results of this test also seem to be a novelty, because the results of reviews of various previous researchers have not been in line with this. In the end, it becomes a very interesting thing to do further testing, so that it will be known in more depth the cause. This conclusion thus contradicts the main economic belief of Keynesian, that with intervention from the government, it can help in economic stability, equitable development, and welfare improvement at the regional level (Mankiw, 2003).

Macroeconomic theory reveals that there are several challenges related to fiscal decentralization, one of which is regarding profit-sharing funds (Mokoginta *et al.,* 2023). One of the sources of profit-sharing funds is natural resources, but often the quantity received is uncertain. This problem is caused by the difference between the amount of allocation that has been determined, and the amount distributed. The distribution of profit sharing funds from natural resources itself is based on realization (not based on projections) one year earlier, which of course considers the performance of the region (Mursyidah *et al.,* 2022). That is, if the performance of the region itself is not good, it is also unable to increase economic growth, as a result of the proportion of profit sharing funds falling (Mokoginta *et al.,* 2023).

The Effect of Capital Expenditure on Economic Growth

Capital expenditure from the test results has not been shown to have an impact on economic growth. This result has not been previously researched that provides support, thus it is a form of renewability, especially in the field of scientific studies, so it is interesting to do

further research. This fact is thus contrary to the statements of Adyatma & Oktaviani (2015), and Lin and Liu (2000), which provide recommendations that capital investment is needed by the government in order to realize equitable regional economic growth.

Capital expenditure aspects can be allocated to acquire fixed assets controlled by local governments, such as infrastructure, equipment, and other fixed assets aimed at increasing economic growth (Muis, 2012). In connection with this, local governments must be able to allocate capital expenditures properly (Nasution et al., 2023). On the other hand, the gap above can be due to that overall capital expenditure has not been in accordance with regulations, as a result there is a shortage of physical volume of work, as well as incorrect calculations, and also wrong targets (Muis, 2012).

The Effect of Original Local Government Revenue on Economic Growth through Capital Expenditure

The test results provide evidence that capital expenditure is not able to strengthen the influence of original local government revenue on economic growth. During this research process, no test results have been found in line, thus it can be stated that these results become a novelty in the empirical field, so it is interesting to conduct further research so that more in-depth causes are known. On the other hand, original local government revenue actually directly affects economic growth, without going through capital expenditure. At the same time, the results of this study thus contradict as once done by Siswiyanti (2015), that capital expenditure is able to strengthen the influence of original local government revenue on economic growth.

The gap in the results of the study is because when the achievement of the ratio of original local government revenue is high, it automatically has great power to achieve independence. Regions that have the authority to allocate these revenues will be able to freely (without leaving regulations) to realize the various work programs that have been launched (Nasution et al., 2023). Realization that runs effectively, smoothly, and evenly then economic growth will be achieved quickly. These revenues, for example, local taxes and levies, the result of managing various regional assets, others that are legal (Adur *et al.*, 2019).

The Effect of General Allocation Fund on Economic Growth through Capital Expenditure

The test results prove that the general allocation fund does not affect economic growth either directly or through capital expenditure. This result is thus not in line with macroeconomic theory, particularly regarding fiscal policy. Viewed from the point of view of macroeconomic

theory, fiscal policy implemented in the general allocation fund properly will have the impact of increasing capital expenditure which will further have implications for regional economic growth will increase (Hanif *et al.,* 2020). This statement is stated by Adur *et al.,* (2019) that efforts made by the government to reduce financial disparities at the local level and efforts to maximize public services are disbursed general allocation funds.

The gap between the test results and macroeconomic theory is due to several things. First, the role of general allocation funds that have not been running optimally. This is because the formula of the general allocation fund itself has not been able to provide support to the regions to optimize local original revenues, so that fiscal independence at the regional level has not been achieved (Adyatma &; Oktaviani, 2015). Second, this research gap is due to its use that is not in accordance with regulations. There are many facts that the general allocation fund has been mostly used for administrative financing, for example, to pay employee salaries and operational expenses. As a result, the general allocation fund has no impact on capital expenditure and economic growth is not achieved. This is reflected in public service activities, infrastructure development, and improving community welfare have not been seen significantly and evenly (Anggita &; Sari, 2021).

The Effect of Specific Allocation Funds on Economic Growth through Capital Expenditure

In the next stage of testing, capital expenditure is also not able to strengthen the effect of specific allocation funds on economic growth, but rather directly influential. At the same time, the same test results have not been obtained from various previous studies, so it can be used as replication material for future empirical studies. The results of this test are thus not in line with microeconomic theory, especially regarding fiscal policy. The theory states that capital expenditure is expenditure carried out by local governments, one of which is influenced by specific allocation funds, which are intended to support regional economic growth (Anggita &; Sari, 2021).

The above statement has a gap, because in principle the recipients of specific allocation funds are regions that can meet special criteria, as well as technical criteria. General criteria are also established, namely by considering the regional financial capacity in funding regional development (Adur *et al.,* 2019). Furthermore, the criteria are in line with government regulations, especially regarding regional characteristics. For example, coastal areas, islands, borders with other countries, underdeveloped or remote areas, areas prone to floods and landslides, and areas included in food security areas (Anjani et al., 2015). In this regard,

considering that the object of this research is mostly not within the scope of the specific criteria above, the special allocation fund does not cause high capital expenditure, but is still able to increase regional economic growth.

The Effect of Profit Sharing Funds on Economic Growth through Capital Expenditure

Similarly, capital expenditure is also unable to strengthen the effect of profit-sharing funds on economic growth. At the same time, there are no previous research results that support this, thus it is also an interesting new phenomenon to explore further. This result is thus also not in line with microeconomic theory particularly related to fiscal policy. The theory states that profit sharing funds are intended to increase capital expenditure, which can then be allocated for development and so on. This can improve community welfare, thus becoming an indicator that regional economic growth is also developing (Breuss & Eller *et al.*, 2004).

The above gap is partly due to the fact that economic development is closely related to the economic potentials of the region itself. In addition, it also considers various characteristics of the region itself, and is related to economic activities between surrounding regions (Anjani et al., 2015). This condition, in the end, makes granting regional autonomy not necessarily able to increase regional economic growth, even though it is supported by high profit sharing funds (Adyatma &; Oktaviani, 2015). Another argument is that fiscal policies that provide regional autonomy bring several consequences, among others, must be able to improve services, as well as the welfare of a democratic, fair and sustainable society. On the other hand, if capital expenditure cannot be allocated properly, then the acquisition of fixed assets and other assets becomes less able to provide benefits to the community.

CLOSING

Conclusion

In the first line test, it appears that the increase in capital expenditure was due to high original local government revenue, and specific allocation funds. On the other hand, high profit sharing funds in this context cause capital expenditure to decrease, while for general allocation funds it does not have any effect. Furthermore, for the path II test, it can be concluded that local original revenues, general allocation funds, and adequate specific allocation funds are able to increase high economic growth. It is different for profit sharing funds, and capital expenditure has proven unable to support regional economic growth. Empirical evidence also reveals that capital expenditure is not capable of being an intervening variable throughout the test on line II.

Suggestion

The suggestion of this study is based on existing limitations, which still many of the test results, especially those with gaps, have not received support from various conclusions from previous researchers. Namely: DBH actually has a negative impact, while DAU has no effect on capital expenditure. DBH and BM also have no influence on economic growth. This limitation is actually a very interesting empirical thing, especially for future researchers. It is recommended to replicate the conceptual framework as shown in figure 1, then test it in different provinces with longer fiscal year periods.

REFERENCE

Adiatmojo, D. G. (2003). Pembangunan berkelanjutan dengan optimasi pemanfaatan sumber daya alam untuk membangun perekonomian dengan basis pertanian di Kabupaten Musi Banyuasin. Seminar Pengantar Falsafah Sains Program Pasca Sarjana/S3 Institut Pertanian Bogor.

Adur, V. R. G., Apriyanto, G., & Sutriswanto. (2019). Impact of pure regional income (PAD), general allocation funds (DAU) and special allocation funds (DAK) toward capital expenditures and its impact on economic growth (Case study of local government in Malang area). International Journal of Academic Research and Development, 4(6), 10–19.

Adyatma, E., & Oktaviani, R. M. (2015). Pengaruh pendapatan asli daerah dan dana alokasi umum terhadap belanja modal dengan pertumbuhan ekonomi sebagai pemoderasi. Dinamika Akuntansi, Keuangan dan Perbankan, 4(2), 190–205. https://www.unisbank.ac.id/ojs/index.php/fe9/article/view/4598.

Anggita, R., & Sari, L. K. (2021). Pengaruh desentralisasi fiskal dan investasi terhadap pertumbuhan ekonomi di Provinsi Jawa Tengah tahun 2015-2019. Seminar Nasional Official Statistics, 641–650. https://doi.org/10.34123/semnasoffstat.v2021i1.991.

Anjani, E. S. D., Akram, & Handajani, L. (2015). Hubungan PAD, belanja modal dan kinerja keuangan pemerintah daerah di Nusa Tenggara Barat. Jurnal Ilmiah Universitas Trunojoyo, 20–39. https://journal.trunojoyo.ac.id/infestasi/article/download/1121/953.

Arina, M. M., Koleangan, R. A. M., & Engka, D. S. M. (2019). Pengaruh pendapatan asli daerah, dana bagi hasil, dana alokasi umum, dan dana alokasi khusus terhadap pertumbuhan ekonomi Kota Manado. Jurnal Pembangunan Ekonomi dan Keuangan Daerah, 20(3), 26–35. https://doi.org/10.35794/jpekd.23451.20.01.2019.

Azis, M. (2016). Pengaruh dana bagi hasil bukan pajak/sumber daya alam, dana alokasi umum (DAU) dan pendapatan asli daerah (PAD) terhadap pertumbuhan ekonomi di Kabupaten Malinau. Jurnal Ekonomi Keuangan dan Manajemen, 12(1), 49–63.

Breuss, F., & Eller, M. (2004). Fiscal decentralisation and economic growth: Is there really a link? Journal for Institutional Comparisons, 2(1), 3–9. https://www.researchgate.net/publication/228993782_Fiscal_decentralisation_and_economic_growth_Is_there_really_a_link.

Christia, A. M., & Ispriyarso, B. (2019). Desentralisasi fiskal dan otonomi daerah di Indonesia. Law Reform: Jurnal Pembaharuan Hukum, 15(1), 149–163. https://doi.org/10.14710/lr.v15i1.23360.

Chu, A. C., & Yang, C. C. (2012). Fiscal centralization versus decentralization: Growth and welfare effects of spillovers, Leviathan taxation, and capital mobility. Journal of Urban Economics, 71(2), 177–188. https://doi.org/10.1016/j.jue.2011.10.003.

Darise, N. (2008). Akuntansi keuangan daerah. Indeks.

Epriyani, A. (2020). Pengaruh pendapatan asli daerah (PAD), dana alokasi umum (DAU), dana alokasi khusus (DAK) dan dana bagi hasil pajak (DBHP) terhadap pertumbuhan ekonomi dengan belanja modal sebagai variabel moderating. Sekolah Tinggi Ilmu Ekonomi SBI.

Halim, A. (2007). Akuntansi sektor publik: Akuntansi keuangan daerah. Salemba Empat.

Hanif, I., Wallace, S., & Gago-de-Santos, P. (2020). Economic growth by means of fiscal decentralization: An empirical study for federal developing countries. SAGE Open, 10(4), 1–12. https://doi.org/10.1177/2158244020968088.

Harianto, D., & Adi, P. H. (2007). Hubungan antara dana alokasi umum, dana alokasi khusus, belanja modal, pendapatan asli daerah, dan pendapatan per kapita. Simposium Nasional Akuntansi X, 1–26.

Hasan, M. (2015). Pengaruh dana transfer pusat terhadap pertumbuhan ekonomi daerah Kabupaten/Kota di Sulawesi Selatan. Jurnal Economix, 3(1), 13–21.

Hendriwiyanto, G., & Nurkholis. (2014). Pengaruh pendapatan daerah terhadap pertumbuhan ekonomi dengan belanja modal sebagai variabel mediasi. Jurnal Ilmiah Mahasiswa FEB, 1–16.

Hung, N. T., & Thanh, S. D. (2022). Fiscal decentralization, economic growth, and human development: Empirical evidence. Cogent Economics and Finance, 10(1), 1–17. https://doi.org/10.1080/23322039.2022.2109279.

Irvan, I. P., & Karmini, N. L. (2016). Pengaruh pendapatan asli daerah, dana perimbangan terhadap pertumbuhan ekonomi dengan belanja modal sebagai variabel intervening. E-Jurnal EP Unud, 5(3), 338–362.

Julitawati, Darwanis, E., & Jalaludin. (2012). Pengaruh pendapatan asli daerah (PAD) dan dana perimbangan terhadap kinerja keuangan pemerintah kabupaten/kota di Provinsi Aceh. Jurnal Akuntansi Universitas Syiah Kuala, 1, 15–29.

Kaloh, J. (2002). Mencari bentuk otonomi daerah. Rineka Cipta.

Kharisma, B. (2013). Desentralisasi fiskal dan pertumbuhan ekonomi: Sebelum dan sesudah era desentralisasi fiskal di Indonesia. Jurnal Ekonomi dan Studi Pembangunan, 14(2), 101–119. https://journal.umy.ac.id/index.php/esp/article/view/1249.

Kusuma, H. (2016). Desentralisasi fiskal dan pertumbuhan ekonomi di Indonesia. Jurnal Ekonomi Kuantitatif Terapan, 9(1), 1–11. http://download.garuda.kemdikbud.go.id/article.php?article=1353511&val=953&title=Dese.

Lin, J. Y., & Liu, Z. (2000). Fiscal decentralization and economic growth in China. Economic Development and Cultural Change, 49(1), 1–21. https://www.journals.uchicago.edu/doi/abs/10.1086/452488.

Lindaman, K., & Thurmaier, K. (2002). Beyond efficiency and economy: An examination of basic needs and fiscal decentralization. Economic Development and Cultural Change, 50(4), 915–934. https://doi.org/10.1086/342760.

Mafahir, A., & Soelistiyo, A. (2017). Analisis pengaruh PAD, DAU dan DAK terhadap PDRB kabupaten/kota di Provinsi Nusa Tenggara Barat. Jurnal Ilmu Ekonomi, 1(1), 143–152.

Maheni, M., & Maryono. (2021). Pengaruh PAD, DAU, DAK terhadap pertumbuhan ekonomi dengan belanja modal sebagai variabel intervening. Proceeding SENDIU 2021, 60–70. https://doi.org/10.26740/jaj.v7n1.p1-17.

Mankiw, G. N. (2003). Teori makro ekonomi terjemahan. Gramedia Pustaka.

Mawarni, Darwanis, & Syukriy, A. (2013). Pengaruh pendapatan asli daerah dan dana alokasi umum terhadap belanja modal serta dampaknya terhadap pertumbuhan ekonomi daerah (Studi pada kabupaten dan kota di Aceh). Jurnal Akuntansi Pascasarjana Universitas Syiah Kuala, 2(2), 80–90.

Mokoginta, A., Engka, D., & Maramis, M. (2023). Analisis pengaruh belanja modal, dana bagi hasil, dana alokasi umum dan dana alokasi khusus terhadap pertumbuhan ekonomi di Kota Kotamubagu. Jurnal Pembangunan Ekonomi dan Keuangan Daerah, 24(3), 284–303.

Muis, N. H. (2012). Pengaruh dana alokasi umum, dana alokasi khusus terhadap pertumbuhan ekonomi dan belanja modal sebagai variabel intervening pada kabupaten/kota di Provinsi Sumatera Utara [Universitas Sumatera Utara]. https://repositori.usu.ac.id/handle/123456789/42572.

Mursyidah, Sanusi, A., & Harmono. (2022). Regional revenue and economic growth: through direct spending, empirical evidence from Indonesia. IOSR Journal of Economics and Finance, 13(4), 36–48.

Nanga, M. (2005). Makroekonomi teori masalah dan kebijakan. Raja Grafindo Persada.

Nasution, S. A., Valentin, P. M., Sarumaha, A., Manurung, A., & Munawarah, M. (2023). Pengaruh pertumbuhan ekonomi, pendapatan asli daerah dana alokasi umum dan dana alokasi khusus terhadap belanja modal pada kabupaten/kota di Sumatera Utara. Owner, 7(3), 1841–1852. https://doi.org/10.33395/owner.v7i3.1628.

Oates, W. E. (1993). Fiscal decentralization and economic development. National Tax Journal, XLVI(2), 237–243. https://www.journals.uchicago.edu/doi/abs/10.1086/NTJ41789013.

Peraturan Pemerintah No. 58 tahun 2005 tentang Pengelolaan Keuangan.

Permendagri No. 77 tahun 2020 tentang Pedoman Teknis Pengelolaan Keuangan Daerah.

Pohan, A. A., & Yuliana, L. (2021). Pengaruh desentralisasi fiskal terhadap pertumbuhan ekonomi kabupaten/kota di Provinsi Sumatera Utara tahun 2011-2019. Seminar Nasional Official Statistics, 792–800. http://download.garuda.kemdikbud.go.id/article.php?article=3158008&val=27981&title=Pengaruh Desentralisasi Fiskal Terhadap Pertumbuhan Ekonomi KabupatenKota Di Provinsi Sumatera Utara Tahun 2011-2019.

Prabawati, P. S. S., & Wany, E. (2017). Pengaruh pendapatan asli daerah, dana alokasi umum dan dana bagi hasil terhadap alokasi belanja modal dengan pertumbuhan ekonomi sebagai variabel moderating pada pemerintah daerah kabupaten/kota Provinsi Jawa Timur tahun 2013-2015. Equilibrium, 1–17. https://journal.uwks.ac.id/index.php/equilibrium/article/view/414.

Pujiati, A. (2004). Analisis pertumbuhan ekonomi di Karesidenan Semarang era desentralisasi fiskal. Jurnal Ekonomi Pembangunan, 61–70. https://journal.uii.ac.id/JEP/article/view/221.

Rasu, K. J., Kumenaung, A. G., & Koleangan, R. A. (2019). Analisis pengaruh dana alokasi khusus, pendapatan asli daerah, dana alokasi umum dan dana bagi hasil terhadap tingkat kemiskinan di Kota Manado. Jurnal Pembangunan Ekonomi dan Keuangan Daerah, 20(4), 12–25. https://doi.org/10.35794/jpekd.23843.20.2.2019.

Santosa, B. (2013). Pengaruh pendapatan asli daerah dan dana perimbangan daerah terhadap pertumbuhan, pengangguran dan kemiskinan 33 provinsi di Indonesia. Jurnal Keuangan & Bisnis Program Studi Magister Manajemen Sekolah Tinggi Ilmu Ekonomi Harapan, 5(2), 130–143. https://scholar.google.com/scholar?cluster=6731966890156008363&hl=en&oi=scholarr.

Setiyawati, A., & Hamzah, A. (2007). Analisis pengaruh PAD, DAU, DAK, dan belanja pembangunan terhadap pertumbuhan ekonomi, kemiskinan, dan pengangguran: Pendekatan analisis jalur. Jurnal Akuntansi dan Keuangan Indonesia, 4(2), 211–228. https://doi.org/10.21002/jaki.2007.11.

Siswiyanti, P. (2015). Pengaruh PAD, DAU, DAK terhadap pertumbuhan ekonomi dengan belanja modal sebagai variabel intervening. Akrual: Jurnal Akuntansi, 7(1), 1–17. https://doi.org/10.26740/jaj.v7n1.p1-17.

Sobel, M. E. (1982). Asymptotic intervals for indirect effects in structural equations models. In S. Leinhart (Ed.), Sociological methodology 1982 (pp. 290-312). Jossey-Bass.

Sukirno, S. (2003). Pengantar teori mikroekonomi. Raja Grafindo Persada.

Susanti, S., & Fahlevi, H. (2016). Pengaruh pendapatan asli daerah, dana alokasi umum dan dana bagi hasil terhadap belanja modal (Studi pada kabupaten/kota di wilayah Aceh). Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi (JIMEKA), 1(1), 183–191. https://jim.usk.ac.id/EKA/article/view/765/569.

Thanh, S. D., & Canh, N. P. (2020). Fiscal decentralization and economic growth of Vietnamese provinces: The role of local public governance. Annals of Public and Cooperative Economics, 91(1), 1–31. https://doi.org/10.1111/apce.12255.

Ulfatin, N. (2014). Metode penelitian kualitatif di bidang pendidikan. Banyumedia Publishing.

Undang-Undang Nomor 33 Tahun 2004 tentang Perimbangan Keuangan Antara Pemerintahan Pusat dan Pemerintahan Daerah. Pemerintah Pusat.