

THE EFFECT OF REGIONAL ORIGINAL INCOME, BALANCING FUND AND CAPITAL EXPENDITURE ON REGIONAL ECONOMIC GROWTH IN DKI JAKARTA PROVINCE

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Abstract - This study aims to determine the effect of regional original income, balance funds and capital expenditure on regional economic growth in DKI Jakarta Province.

The research strategy used in this study is the associative research strategy. The research method used in this study is the ex post facto method. The sample taken by the researcher is the APBD report of the DKI Jakarta Provincial Government using 9-2018 period data.

Based on the results and discussion, it shows that regional income has a significant effect on economic growth in the Province of DKI Jakarta. Balancing funds have a significant effect on economic growth in the Province of DKI Jakarta. Capital expenditure has a significant effect on economic growth in the Province of DKI Jakarta. capital expenditure simultaneously has a significant effect on economic growth in DKI Jakarta Province

Keywords: Local Revenue, Balancing Funds, Capital Expenditures, Economic Growth

Abstrak– Penelitian ini bertujuan untuk mengetahui pengaruh pendapatan asli daerah, dana perimbangan dan belanja modal terhadap pertumbuhan ekonomi daerah pada Provinsi DKI Jakarta.

Strategi penelitian yang digunakan dalam penelitian ini adalah strategi penelitian asosiatif. Metoda penelitian yang digunakan dalam penelitian ini adalah metoda ex post facto. Sampel yang diambil oleh peneliti adalah laporan APBD Pemerintah Provinsi DKI Jakarta dengan menggunakan data periode tahun 2010-2018, sebanyak 9 sampel.

Berdasarkan hasil dan pembahasan menunjukkan bahwa pendapatan asli daerah berpengaruh signifikan terhadap pertumbuhan ekonomi pada Provinsi DKI Jakarta, Dana perimbangan berpengaruh signifikan terhadap pertumbuhan ekonomi pada Provinsi DKI Jakarta, Belanja modal berpengaruh signifikan terhadap pertumbuhan ekonomi pada Provinsi DKI Jakarta serta Pendapatan asli daerah, dana perimbangan dan belanja modal berpengaruh signifikan secara simultan terhadap pertumbuhan ekonomi pada Provinsi DKI Jakarta.

Kata kunci : Pendapatan Asli Daerah, Dana Perimbangan, Belanja Modal, Pertumbuhan Ekonomi

I. PRELIMINARY

Economic Growth is an indicator that is generally used to measure the success of development and economic progress in an area as indicated by changes in output. According to Susanti (2012), economic growth shows the extent to which economic activity will generate additional income for the community in a certain period. The

indicator used to measure Economic Growth at the national level is the growth rate of Gross Domestic Product (GDP), which reflects the amount of added value generated by all production activities in the economy.

The rapid pace of regional development which involves the development of fiscal activities requiring an allocation of funds from the regional government has resulted in the emergence of financing in expenditures consisting of routine expenditures and development expenditures that require availability of large funds to finance these activities. Local budgets are financial plans that are used as guidelines for local governments in providing services to the public (Saifudin and Septiana Sari, 2016). In Indonesia, the regional budget is commonly referred to as the Regional Revenue and Expenditure Budget (APBD). Local government spending (expenditure) reported by the regional government in the APBD is a routine activity of regional cash disbursements to finance operational activities within the government. With increasing spending, a large amount of funds are needed so that spending for local government needs can be met.

From the description of the background of the problem above, the researcher is interested in conducting research on "The Effect of Regional Original Income, Balancing Funds and Capital Expenditures on Regional Economic Growth in DKI Jakarta Province"

1.1. Formulation of the problem

Based on the background that has been stated above, the main problems of this study are:

1. Is there an effect of local revenue on regional economic growth in DKI Jakarta Province?
2. Is there an effect of the balance fund on regional economic growth in DKI Jakarta Province?
3. Is there any effect of capital expenditure on regional economic growth in DKI Jakarta Province?

1.2. Research purposes

Based on the background of the problem and the formulation of the existing problems, the objectives of this study are:

1. To prove empirically the effect of local revenue on regional economic growth in DKI Jakarta Province.
2. To prove empirically the effect of balancing funds on regional economic growth in DKI Jakarta Province.
3. To prove empirically the effect of capital spending on regional economic growth in DKI Jakarta Province.

II. LITERATURE REVIEW

2.1. Public sector accounting and financial reporting

Accounting is a service activity to provide information needed for decision making. In the public sector, decision making is related to economic, social and political decisions. Accounting for both the public and private sectors is divided into two parts, namely financial accounting and management accounting (Mardiasmo, 2013: 15).

Public sector financial accounting is related to the purpose of producing a financial report and calculating service costs. Meanwhile, public sector management accounting is related to information that can be used by public sector managers to make decisions regarding the welfare of society in the future.

2.2. Regional budget and revenue (APBD)

Regional Revenue and Expenditure Budget, hereinafter referred to as APBD, is the annual financial plan of the Regional Government and the Regional People's Representative Council), and is stipulated by Regional Regulation (Law No. 33 of 2004

article 1 point 17 concerning Financial Balance between the Central Government and Regional Government). All Local Government and Regional Expenditures must be recorded and managed in the APBD. These regional revenues and expenditures are for the purpose of implementing decentralization tasks. Meanwhile, revenues and expenditures related to the implementation of deconcentration or co-administration are not recorded in the APBD.

2.3. APBD structure

Regional income as referred to in Article 22 paragraph (1) is grouped into Regional Original Income, Balancing Fund and other legal regional income. Expenditures according to expenditure group consist of indirect expenditure and direct expenditure. Regional financing consists of financing receipts and financing expenditures. Financing receipts include the remaining excess of the previous fiscal year's budget calculation (SiLPA), disbursement of reserve funds, proceeds from the sale of separated regional assets, regional loan receipts, regional revenues, loan receipts, and regional receivables. Financing expenditures include the establishment of a reserve fund, local government equity participation (investment), payment of principal debt and provision of regional loans”.

2.4. Locally-generated revenue

According to Warsito (2011: 128) Regional original revenue is revenue that comes and is collected by local governments themselves. Sources of PAD consist of local taxes, local levies, profits from regionally owned enterprises (BUMD) and other legitimate local revenue. Meanwhile, according to Rahman (2015: 38) original regional income is regional income that comes from regional taxes, distribution results, the results of separated regional wealth management and other legitimate regional original revenues in exploring funding in the implementation of regional autonomy as a manifestation of the principle of decentralization. .

2.5. Balancing Fund

Balanced Funds are funds sourced from the APBN allocated to regions to finance regional needs in the context of implementing decentralization. Balancing funds aim to reduce the fiscal gap between the central government and regional governments, and between local governments. local economic development

2.6. Tax Socialization

Mustofa (2017: 10) argues that socialization is a general concept which is interpreted as a process in which we learn through interaction with other people, about how to think, feel and act, all of which are very important things in producing effective social participation.

2.7. Capital Expenditures

MeAccording to Halim (2014: 73) states that "Regional spending is a decrease in economic benefits during the accounting period in the form of cash outflows or asset depletion, or debt that results in reduced equity funds, other than those related to distribution to equity fund participants" Meanwhile, according to the Government Accounting Standards Statement (PSAP) No. 2 states that "Regional expenditures are all expenditures from the State / Regional General Treasury Account which reduce the excess budget balance in the period of the relevant fiscal year for which the government will not be refunded". According to the Regulation of the Minister of Home Affairs No. 21 of 2011 "regional spending can be defined as the obligations of local governments which are recognized as a deduction of net assets"

2.8. Regional economic growth

MeAccording to Sukirno (2016: 331), "Economic growth is defined as the development of activities in the economy that causes goods and services produced in society to increase and the welfare of society to increase". So economic growth measures the achievement of the development of an economy from one period to another. The ability of a country to produce goods and services will increase. This increased capability is due to the addition of production factors both in quantity and quality. Investments will increase capital goods and the technology used will also develop. In addition, the workforce increases as a result of population development as their education and skills improve.

2.9. Relationship Between Research Variables

2.9.1. The effect of local revenue on regional economic growth

According to Badrudin (2011: 99), local revenue (PAD) is regional income that comes from local taxes, regional redebution results, the results of separated regional wealth management, and other legitimate regional original income, which aims to provide graduation. in the daetah in exploring funding in the implementation of regional autonomy as the embodiment of the principle of decentralization. While Law No.33 of 2004 Article 1 paragraph 18 concerning Financial Balance between the Central Government and Regional Government explains that Regional Original Revenue is revenue obtained by the Region which is collected based on Regional Regulations in accordance with statutory regulations.

According to Mardiasmo (2016: 87), local revenue is revenue obtained from the local tax sector, regional levies, proceeds from regionally owned companies, the results of the management of separated regional assets, and other legitimate local revenue. Decentralization means the handover of government affairs from the government or upper level regions to the regions. The higher the PAD obtained by a region, the higher the economic growth in that area.

According to Brata, quoted by Adi and Harianto (2012: 88) states that there are two components of regional revenue that have a significant positive effect on regional economic growth, namely PAD and donations and assistance. With the existence of regional authority in optimizing PAD so that the composition of PAD as regional revenue also increases. The increase in PAD which is considered as capital, in accumulation will cause more positive externalization and will accelerate economic growth. This is in line with Tambunan's (2012: 91) opinion that sustainable PAD growth will lead to increased economic growth in the area. However, if the exploitation of PAD is carried out excessively, it will only burden the community even more, become a disincentive for the region and threaten the macro economy.

Based on the description above, the hypothesis can be drawn as follows:

H1 There is an effect of local revenue on regional economic growth

2.9.2. The effect of balancing funds on regional economic growth

The increase in economic growth is expected to coincide with an increase in public satisfaction with public services provided by local governments through the use of balancing funds. Balancing funds consist of: 1) General Allocation Fund (DAU), 2) Special Allocation Fund, and 3) Profit Sharing Fund. Based on Law No. 33 of 2019 concerning Financial Balance between the Central Government and Regional Governments, "Balancing Funds are funds sourced from APBN revenues allocated to Regions to fund Regional needs in the context of implementing Decentralization".

Mining funds are funds originating from the APBN allocated with the aim of strengthening regional fiscal conditions and reducing inequality between regions (horizontal imbalance) in order to finance their expenditure needs. The fact that each region has various fiscal potentials, this difference in turn can result in various economic growth as well. (Bastian, 2016: 77)

According to Todaro, there are three main factors or components in economic growth, including physical equipment and capital or human resources, capital accumulation and population growth (Amin, Pujiati, 2012). With decentralization, a large region is divided into several small parts which are integrated and move efficiently. Prawisetoto in Amin and Pujiati (2012) explains that fiscal decentralization is a division of decisions in the fiscal sector which includes aspects of revenue and aspects of expenditure. Fiscal decentralization is concerned with the provision of public goods and services as the duties and functions of local governments. So, from the expense side,

Based on the description above, the hypothesis can be drawn as follows:

H2 There is an effect of balancing funds on regional economic growth

2.9.3. The effect of capital spending on regional economic growth

MeAccording to Samuelson and Nordhaus (2013: 56), there are four factors as a source of economic growth. These factors are (1) human resources, (2) natural resources, (3) capital formation, and (4) technology. In this case, government spending plays a role in capital formation through government spending in various fields such as facilities and infrastructure.

The functions carried out by the government can be carried out with fiscal policy, one of which is emphasized through government expenditure / spending policies. The government spending policy is believed to be able to boost economic growth. In the theory of endogenous growth, government spending has a role in economic growth, assuming that the implications of government spending are for productive activities such as infrastructure spending. Expenditures that are productive and in direct contact with the public interest will be able to boost the economy (Anggreani, 2012). For example, infrastructure development will encourage investment, with investment the economy will develop and create new jobs so that it will absorb unemployment.

Investment sourced from the public can be in the form of private investment or investment from foreign parties, while investment sourced from the government is called capital expenditure. Capital expenditure is a budget expenditure that is used in order to acquire or add to fixed assets and other assets that provide benefits for more than one accounting period and exceeds the minimum capitalization limit for fixed assets or other assets set by the government. These fixed assets are used for the daily operations of a work unit, not for sale (Abdullah, 2014).

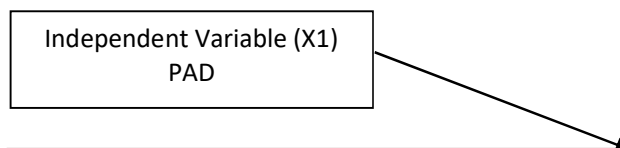
Based on the description above, the hypothesis can be drawn as follows:

H3 There is an effect of capital spending on regional economic growth

2.10. Research Conceptual Framework

Economic growth can be interpreted as a process of changing the economic conditions of a country on an ongoing basis towards a better condition during a certain period. Economic growth can also be interpreted as a process of increasing the production capacity of an economy which is manifested in the form of an increase in national income (Eva, 2013). Regional spending which is aimed at improving the quality of public services in an effort to encourage economic growth, and this has implications for PAD, it is important to pay attention to the regional expenditure allocation strategy so that it can play a maximum role in increasing economic growth that can grow regional original income (Bastian, 2016: 82).

Based on the description above, to clarify the framework, these four variables can be described in a simple paradigm with three independent variables and one dependent variable, as follows:



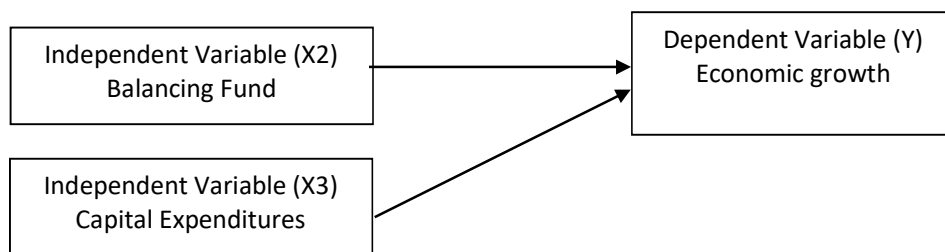


Figure 2.1. Framework

III. RESEARCH METHOD

3.1. Research Strategy

This study uses a causal research strategy (cause and effect) with a quantitative approach. As stated by Sangadji and Sopiah (2014: 30), causal research is a study that aims to determine the relationship between two or more variables. The purpose of causal research is to see whether there is an effect and how much influence is it from the cause and effect or from the independent and dependent variables of the study.

3.2. Population and Sample Research

Sugiyono (2015: 116) The population can be divided into two types, namely the sampling population or research population and the target population or target population, where the target population has a size greater than the size of the sampling population. Population sampling is a unit of analysis that provides information or data required by a study or research. While the target population is all units of analysis within the research area. In this study, the population is all APBD reports of the DKI Jakarta Provincial Government since Jakarta became the State Capital until now. The sample taken by the researcher was the DKI Jakarta Provincial Government's APBD report using data for the period 2010-2018, totaling 9 samples.

The sample data was taken using purposive sampling with the following criteria:

1. Availability of 2010-2018 APBD realization reports
2. Availability of Economic Growth Data (GRDP) for 2010-2018

3.3. Data Analysis Methods

3.3.1. Data processing methods

Data processing is by using a computer, namely the Eviews 10.0 program. EViews can be used to solve problems in the form of time-series, cross sections, or panel data. In this research, the data used is the Time Series. Time Series is an object's data consisting of several periods.

3.3.2. Method of presenting data

The results of data processing will be presented in tabular form.

3.3.3. Statistical data method

The data analysis technique used in this study is regression analysis with periodic data (time series) because the data in this study uses one object with a large period of time. Widarjono (2016: 355), the approach to estimating periodic data regression, namely Ordinary Least Square (OLS). By using the Ordinary Least Square (OLS) method, in this model it is assumed that the data behavior is the same in various time periods (Widarjono, 2016: 355). In this model, neither time nor individual dimensions are considered, so it is assumed that individual behavior does not differ over time.

3.5.3.1. Descriptive statistics

Descriptive statistics provide an overview or description of data seen from the mean, standard deviation, maximum and minimum values. Descriptive statistics are intended to provide an overview of the distribution and behavior of the sample data (Martono, 2012: 74-75).

3.5.3.2. Hypothesis Testing Model

To test the hypothesis in this study is to use linear regression, where the time series data regression is able to detect and measure the effects that cannot be observed through pure time series data. The regression analysis of the data used in this study are as follows:

$$PE_{i,t} = \beta_0 + \beta_1 PAD_{i,t} + \beta_2 DP_{i,t} + \beta_3 BM_{i,t} + \varepsilon$$

Information :

β_0	= Constant
$PE_{i,t}$	= Economic Growth i in year t
$\beta_1 PAD_{i,t}$	= Original Regional Income i in year t
$\beta_2 DP_{i,t}$	= Balancing Fund i in year t
$\beta_3 BM_{i,t}$	= Capital Expenditure i in year t
β_1 - β_3	= Dependent Variable Regression Coefficient
ε	= Error

3.5.3.3. Hypothesis test

Hypothesis testing in this study was carried out by using time series regression analysis. In this study, the hypothesis testing used consists of:

3.3.4. Significant Test for Individual Parameters (t Statistical Test)

The t statistical test basically shows how far the influence of one independent variable on the dependent variable by assuming the other independent variables are constant (Ghozali and Ratmono, 2013: 62). This test is performed using a significance level of 0.05 or $\alpha = 5\%$.

3.3.5. Determination Coefficient Test (R²)

Ghozali and Ratmono (2013: 59) explain that the coefficient of determination (R²) in essence measures how far the model's ability to explain variations in the dependent variable. The coefficient of determination is between zero and one. The small value of R² means that the ability of the independent variables to explain the dependent variable is very limited.

A value close to one means that the independent variables provide almost all the information needed to predict the variation in the dependent variable. Because in this study using many independent variables, the Adjusted R² value is more appropriate to measure how far the model's ability to explain variations in the dependent variable.

IV. RESULTS AND DISCUSSION

4.1. Description of Research Object

The city of Jakarta has been established since the beginning of the XVII century, namely 1527. Starting with the name "Gemeente and Stadgemeente Batavia" or Batavia for short. During the Japanese occupation the name changed to "Jakarta Tokbetsushi". Then during the struggle until Indonesia became independent until now it was better known as the Metropolitan City of Jakarta. The history of the city of Jakarta is closely related to the national struggle that has existed since June 22, 1527, when Fatahillah defeated foreign fleets, and then changed the name Sunda Kelapa to Jayakarta. On the way, Jayakarta changed to Jakarta. Fatahillah's victory which later changed the name Sunda Kelapa to Jayakarta was later commemorated as the anniversary of the city of Jakarta. Noting the important role and position of the city of Jakarta in the history of the nation's struggle,

4.2. Data Description

Descriptive statistical testing in research can be seen in table 4.1 providing a description of the statistical variables in this study. Minimum is the smallest value in a series of observations, maximum is the largest value in a series of observations. While the mean is the average value in a series of observations or is the division of the value of all data by the amount of data observed. Standard deviation is the root of the sum of the squares of the difference between the data and the average value divided by the number of data.

This analysis is used to provide an overview or description of data, where the data obtained comes from each of the variables studied, both the independent variable and the dependent variable, namely: Regional original income is the first variable (X1), the balance fund is the second variable (X2) Capital expenditure is the third variable (X3) and economic growth is the fourth variable (Y). The results of descriptive statistics in this study are as follows:

Table 4.1 Statistical descriptive analysis of the variables studied

	Growth Economy (in%) Y	PAD (in Ln) X1	Balancing Fund (in Ln) X2	Capital Expenditures (in Ln) X3
Mean	6.22	30.96	30.09	29.86
Median	6.17	31.07	29.90	29.96
Maximum	6.73	31.41	30.57	30.28
Minimum	5.87	30.19	29.79	29.29
Std. Dev.	0.31	0.41	0.31	0.28
Sum	55.95	278.61	270.81	268.77
Observations	9	9	9	9

Source www.idx.co.id Data is processed with E views

Based on the calculation results in table 4.1. It can be seen that the economic growth variable (Y) shows a minimum value of 5.87% and a maximum value of 6.73%. The average value of economic growth is 6.22%. Meanwhile, the standard deviation is 0.31% smaller than the mean value. Dith the mean value is greater than the standard deviation value means that the data distribution is quite normal.

Based on the calculation results, it can be seen that the local revenue variable (X1) shows a minimum value of 30.96 and a maximum value of 31.41. The average value of local revenue is 30,95824. Meanwhile, the standard deviation of 0.41 is smaller than the mean value. Dith the mean value is greater than the standard deviation value means that the data distribution is quite normal.

Based on the results of the calculation, it can be seen that the balance fund variable (X2)with a minimum value of 29.79 and a maximum value of 30.57. The average value of balancing funds is 30.09. Meanwhile, the standard deviation of 0.31 is smaller than the mean value. Dith the mean value is greater than the standard deviation value means that the data distribution is quite normal.

Descriptive statistical results Capital expenditure (X3)shows a minimum value of 29.29 and a maximum value of 30.28. The average value of capital expenditure is 29.86 with a standard deviation of 0.28, which is smaller than the mean value. Dith the mean value is greater than the standard deviation value means that the data distribution is quite normal.

4.3. Statistic analysis

4.3.1. Linear regression equation analysis

Linear regression analysis is intended to test the extent and direction of the influence of the independent variables on the dependent variable. The independent variables in this study are local revenue, balance funds, and capital expenditures, while the dependent variable is economic growth.

Table 4.2 Time Series Output Results

Dependent Variable: PE

Method: Least Squares

Date: 02/27/20 Time: 01:08

Sample: 2010 2018

Included observations: 9

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	23.39266	7.089703	3.299526	0.0215
PAD	0.159839	0.316026	2.505778	0.0345
DP	0.377023	0.215895	4.746322	0.0412
BM	0.792621	0.399167	4.985688	0.0038
R-squared	0.838243	Mean dependent var		6.117698
Adjusted R-squared	0.741189	SD dependent var		0.263854
SE of regression	0.134232	Akaike info criterion		-0.877396
Sum squared resid	0.090091	Schwarz criterion		-0.789740
Log likelihood	7.948280	Hannan-Quinn criter.		-1.066556
F-statistic	8.636877	Durbin-Watson stat		2.998598
Prob (F-statistic)	0.020158			

Source: Data processed with E views

Source: Data processed with E views

Based on the results above, the equation can be:

$$PE_i, t = \beta_0 + \beta_1 PAD_i, t + \beta_2 DP_i, t + \beta_3 BM_i, t + \varepsilon$$

$$PE_i, t = 23.39266 + 0.159839 PAD_i, t + 0.377023 DP_i, t + 0.792621 BM_i, t + \varepsilon$$

Information :

β_0 = Constant

PE_i, t = Economic Growth i in year t

$\beta_1 PAD_i, t$ = Original Regional Income i in year t

$\beta_2 DP_i, t$ = Balancing Fund i in year t

$\beta_3 BM_i, t$ = Capital Expenditure i in year t

$\beta_1 - \beta_3$ = Dependent Variable Regression Coefficient

ε = Error

Based on the linear regression equation, it can be analyzed the effect of each independent variable on the dependent variable, namely:

1. Constant Value α namely 23.39266 means that if the value of local revenue (X1), balance funds (X2), capital expenditures (X3) is kostan (0) then the economic growth is 23.39266
2. The regression coefficient value X1 is 0.159839, which means that for every 1 change in the value of original regional income, economic growth will increase by 0.159839.
3. The regression coefficient value X2 is 0.377023, which means that every 1 change in the value of the Balancing Fund, economic growth will increase by 0.377023.
4. The regression coefficient value X3 is 0.792621, meaning that every 1 change in the value of capital expenditures, economic growth will increase by 0.792621.

4.3.2. Hypothesis testing

The author analyzes using simple statistical tools, which include testing the hypothesis t test, F test and the coefficient of determination. The results of computerized calculations are detailed and explained below:

1) Testing Test t

a. First Hypothesis (H1)

The results can be seen from Table 4.2 that the probability significance value is $0.0345 < 0.05$. Then these results indicate that H1 is accepted, meaning that local revenue (X1) affects economic growth (Y). Then the hypothesis H1 is proven.

b. Second Hypothesis (H2)

The results can be seen from Table 4.2 that the probability significance value is $0.0412 < 0.05$. Then the result states that H2 is accepted, it means that the balance fund (X2) has an effect on economic growth (Y). Then the H2 hypothesis is proven.

c. Third Hypothesis (H3)

The results can be seen from Table 4.2 that the probability significance value is $0.0038 < 0.05$. Then these results state that H3 is accepted, meaning that capital expenditure (X3) affects economic growth (Y). Then the hypothesis H3 is proven.

2) Testing Test F

The F test can be seen from the results of simultaneous regression significance testing. The results can be seen in Table 4.2 that the F-statistic value is equal to 8,36877 with a significance value of $0.020158 < 0.05$ means local revenue, balance funds, and capital expenditure simultaneously affect on economic growth received. Then the hypothesis is proven influential.

3) Coefficient of Determination (R²)

Based on Table 4.2, it states that the Adjusted R-square value is 0.741189 this means that the coefficient of determination of this study is equal to 0.741189 This states that the independent variable is able to explain the dependent variable only for 74.12%. The remaining 25.88% is influenced by other independent variables which were not examined in this study.

4.4. Research Findings

4.4.1. The effect of local revenue on economic growth

The results of the analysis state that the probability significance value of local revenue (X1) is $0.0345 < 0.05$. This shows that the variable of local revenue has an effect on economic growth. Whereas local own income has a significant positive effect on economic growth. This is in accordance with previous research conducted by Irvan and Karmini (2016), Adriani and Yasa (2015), Lisa, Priyagus and Roy (2017), Anggaraini and Utama (2018), Wiraswasta, Pudjihardjo, and Adis (2018) and Tajuddin, Hasanuddin, Rahmatia, and Uppun (2014) states that the original regional income to economic growth has a significant influence on economic growth. PAD leads to the implementation of regional autonomy to achieve a prosperous society. This is because regional autonomy has provided wider space for the regions to explore the potential that exists in their regions so that it is possible to independently finance development in their own regions. The increase in development in an area, the more tax revenues will be obtained so that it can increase regional economic growth. increase in PAD. (Bastian, 2016). This research is in line with Keynes's theory which states that local original income has a significant effect on economic growth, because it is related to the role of APBD and APBN to increase PAD in each region to increase economic growth.

4.4.2. The effect of balancing funds on economic growth

The results of the analysis state that the probability significance value of the balancing fund (X2) is $0.0412 < 0.05$. This states that the Balancing Fund variable has an effect on economic growth. Influence positive and significant balance funds on economic

growth obtained in this study are in accordance with previous research conducted by Irvan and Karmini (2016), Adriani and Yasa (2015), Lisa, Priyagus and Roy (2017), Anggaraini and Utama (2018), Wiraswasta, Pudjihardjo and Adis (2018), Mutiah and Mappanyuki (2015), Carniti, Cerniglia, Longaretti & Michelangeli (2019) and Tajuddin, Hasanuddin, Rahmatia, and Uppun (2014).

The allocation of balancing funds for regions with large fiscal potential but small fiscal needs will receive a relatively small allocation of balancing funds. On the other hand, regions that have small fiscal potential but large fiscal needs will receive relatively large allocation of balancing funds. With a view to seeing the APBD's ability to finance regional needs in the context of regional development, which is reflected in the general revenue from the APBD reduced by personnel expenditure (Halim, 2016).

So, from the expenditure side, the implications of fiscal decentralization on economic growth from the balance fund are the revenue side that can affect economic growth, which later will collect revenue into capital which is then used for development spending to increase economic growth. (Prawisetoto in Amin and Pujiati, 2012).

4.4.3. The effect of capital spending on economic growth

The result of the analysis states that the probability significance value of capital expenditure (X3) is $0.0038 < 0.05$. This suggests that the capital expenditure variable affects economic growth. This is in line with the research conducted by Irvan and Karmini (2016), Adriani and Yasa (2015), Lisa, Priyagus and Roy (2017), Anggaraini and Utama (2018), Wiraswasta, Pudjihardjo, and Adis (2018) and Tajuddin, Hasanuddin, Rahmatia, and Uppun (2014).

The implementation of capital expenditure is very important to be implemented in order to increase regional development and fulfill good public services. The increase in capital expenditure by local governments is one of the factors to increase public confidence in local governments. Increased capital expenditures in the form of building, irrigation, roads and infrastructure spending can improve the quality of public services. This is because capital expenditures can provide direct benefits to the public compared to routine spending. If public trust increases, it is expected that the regional economy will also increase. This is consistent with the statement by the Directorate General of Fiscal Balance which concluded that: Capital expenditure is government expenditure that has a significant influence on the economic growth of a region apart from private, household and foreign factors. Therefore, the greater the value of capital expenditures and expenditures on goods and services, the better the impact on economic growth. (DJP, 2011)

In accordance with the concept of the multi-term expenditure framework (MTEF) states that capital expenditure policies must pay attention to the usefulness and financial capacity of local governments (budget capability) in managing these assets in the long term (Halim, 2016). In order to achieve increased economic growth, capital expenditures are needed to increase fixed assets such as infrastructure and infrastructure that can support economic activity

V. CONCLUSIONS AND SUGGESTIONS

5.1. Conclusion

Based on the results of research and discussion, it can be concluded as follows:

1. There is a significant positive effect Regional original revenue has an effect on economic growth in DKI Jakarta Province for the period 2010-2018.
2. There is a significant positive effect Balancing funds have an effect on economic growth in DKI Jakarta Province for the period 2010-2018
3. There is a significant positive effect. Capital expenditure has an effect on economic growth in DKI Jakarta Province for the period 2010-2018.

5.2 Suggestions

Based on the results of the analysis and conclusions above, several suggestions can be made, namely:

1. For DKI Jakarta Province, it is better to concentrate on increasing and exploring sources of local revenue with the aim of being able to finance its own regional spending. Increasing local revenue will certainly provide a good contribution in supporting regional economic growth. Local governments also do not have to rely on the transfer of balancing funds as a form of regional government independence in financing their regional expenditures.
2. Government DKI Jakarta Province It is better if it must continue to increase the source of local revenue with the aim of developing each region to be more independent. By increasing Regional Original Income, local governments will make a good contribution in supporting itEconomic growth in the area and will no longer depend on transfer funds from the central government.

5.1. Limitations and Further Research Development

For the next research, it is expected not only to use local revenue and general allocation funds but to use other variables such as:Grants, Emergency Funds and designated FundsIn addition, it is expected not only to use internal factors but also to use external factors that may have an influence on economic growth, such as exchange rates and other economic conditions.

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