INFLUENCE OF CENTRAL GOVERNMENT TRANSFER FUNDS AND REVENUE REGIONAL ORIGINS ON GOVERNMENT CAPITAL EXPENDITURE DISTRICT OF WEST SULAWESI PROVINCE

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Abstrak
Background: Capital expenditure is expected to be an allocation of regional costs incurred to allocate resources fairly and appropriately without discrimination, so that the community can enjoy special public services.
Objective: The purpose of this essay is to understand how the transfer of Central government and the transfer of Native to the Region affect the modalities of Local government in the Barat Province.
Research Methods: This study employs a quantitative approach using second-order data. West Sulawesi Provisional Budget Realization Report is the population in this study. This study's sample is the Realization of West Sulawesi Province Budget for the years 2017–2021. Using the SPSS software, the analysis includes descriptive statistics, classic assumptions, linear multiple regression, test t, test F, and coefficient of determination.
Research Results: The results show that the General Allocation Fund and Original Regional Revenue influence capital expenditure, the Special Allocation Fund and Profit-Sharing Fund have no effect on capital expenditure. Simultaneously, General Allocation Funds, Special Allocation Funds, Profit Sharing Funds and Regional Original Income influence the capital expenditure of the regional government of West Sulawesi Province.
Originality/Novelty of Research: This research can contribute to the literature with additional information regarding the importance of Central to Regional Government Transfers on Capital Expenditures for Regional Governments and for the Regional Government of West Sulawesi Province.
Keywords: General Allocation Funds, Special Allocation Funds, Profit Sharing Funds, Original Regional Income, Capital Expenditures

Introduction

Indonesia's government system, which was initially designed to be centralized, has changed because of the country's implementation of regional autonomy since 1999. Regional autonomy grants regional governments the authority to independently control their own governance, including enabling their financial resources to be utilized for regional spending on capital projects, regular expenses, and unforeseen expenses. The regional government works to raise community standards of living and public services. This is accomplished by carrying out capital expenditure activities, which are regional income and expenditure budget expenditures for regional infrastructure needs made by the regional government.

These capital expenditures are funded by regional governments through a variety of funding sources. Transfers to areas known as Balancing Funds are one source of funding. This is covered by several funds, including General Allocation Funds, Special Allocation Funds, and Profit-Sharing Funds (Budiriananti et al., 2021). The State Revenue and Expenditure Budget provides the funding for this area. By supplying these funds, the federal government hopes to enable regional governments to finance their capital expenditures with a greater portion of Original Regional Income.

Local income is something that can serve as a wealth value for a long time and is done as the local government's responsibility. As an example, " gross regional product" refers to all goods and services produced by economically active activities in a country that is concerned, regardless of whether the product's elements originate from the local population. The profit from this production activity is referred to as " regional income" Regional autonomy assists the local government in addressing the emergence of happiness and peace through service development, community service, and participation. However, different regions have different capacities to realize their potential, and different infrastructure and availability of resources contribute to different economic growth among regions.

Regional governments need to regulate regional spending and pay close attention to Capital Expenditures for development and quality service to the wider community. For this reason, local governments are obliged to optimize utilization of regional income sources, which in this context are general allocation funds, special allocation funds and Profit-Sharing funds.

The problem faced by Regional Governments in public sector organizations is regarding budget allocation. Budget allocation is the amount of allocated funds used for each activity program. With limited resources, Regional Governments must be able to allocate the revenue they receive for productive regional expenditure (capital expenditure). Regional expenditure is an estimate of the regional expenditure burden which is allocated fairly and evenly so that it can be relatively enjoyed by all community groups without discrimination, especially in the provision of public services (Halim, 2012).

In the execution of the regional authority, the local government will transfer the fund balance, which is composed of the General Allocation Fund, Special Allocation Fund, and profit-sharing Fund. The term "Profit Sharing Funds" refers to the State Budget derived funds that are distributed to the region based on the present state of affairs while recognizing the potential of the region. It is composed of the Profit-Sharing Fund is Sourced from Tax and the Profit-Sharing Fund is Sourced from Nature. (Darise, 2007). Every region has unique financial capabilities for carrying out all its activities; however, this creates a physical gap between one region and another. Because of this, to address this physical limitation. In carrying out decentralization, the government uses data derived from the State Revenue Budget to determine the needs of the region.

To increase fixed assets, the Regional Government provides funds in the form of capital expenditure budget in the Regional Revenue and Expenditure Budget. According to government Regulation No. 71 of 2010, Capital expenditure is defined as an investment in fixed assets and other assets that can provide a positive impact for a longer period than one period of accounting. Equipment, intangible assets, buildings and structures, and capital expenditures are all included in this. According to PP No. 71 of 2010, fixed assets is a useful tool that has a useful life span of more than 12 (twelve) months that can be used in government activities or by the public. The Regional Government's stay of the capital expenditure is the most crucial component in delivering public assistance. According to public priorities and services that offer long-term financial impact, the Regional Government distributes funds in the form of capital expenditure budget in regional income and expenditure budget to raise fixed assets. Fixed assets are categorized based on how they look or how they work in entity operations.

Based on observations made at the Financial and Regional Development Audit Agency of West Sulawesi Province. Since nearly all regions only allocate less than 20% of their budget to regional development and the remaining 80% comes from village and central government transfer funds, it is believed that they have not been able to increase Original Regional Income. Only Central Mamuju Regency falls into the very high category according to physical capacity data for every region in West Sulawesi. Majene, Polewali Mandar, and Mamasa Regencies have very low levels of physical dependency, while Pasangkayu and Mamuju Regencies fall into the medium and low categories, respectively. This was conveyed by the head of the treasury division of the West Sulawesi Province Regional Finance and Revenue Management Agency, Wednesday (14/08/2024). This shows that the West Sulawesi Regency Provincial Government is still unable to allocate an appropriate budget, so there are still many things that should be improved and followed up as a better work program. However, in this regard, the West Sulawesi Regency Provincial Government still does not appear to be effective and efficient in realizing its budget.

The general goal of allocating funds to the capital expenditure budget is to satisfy the public's demand for infrastructure and facilities that the local government provides. As a result, the local government increases fixed assets by using money from the regional income and expenditure budget in the form of capital expenditures. The distribution of this capital is determined by the region's infrastructure and facility requirements, whether they are for public facilities and the general welfare of society or for the performance of governmental duties. The General Allocation Fund, Special Allocation Fund, and Regional Incentive

Fund are all part of the transfer to village funds system under the current regulations. Village Fund is also well known for having several report requirements that all representatives of local government must follow either monthly or at every stage. The transfer of funds to the area will not be completed if these conditions are not followed, or at the very least, if the requirements are not deteriorated until a specific time point (the timeline). Therefore, the previously planned and carried out regional income and expenditure budget financing activities will be located within regional burdens and responsibilities. This was conveyed by the head of the treasury division of the West Sulawesi Province Regional Finance and Revenue Management Agency, Wednesday (14/08/2024).

Regional governments are tasked with determining the proportion of resource allocation for capital expenditure, based on the regional autonomy outlined in Law Number 22 of 1999, which has since been changed to Law Number 32 of 2004. Regional governments have a strong desire to align the region's currency with the needs and demands of the population to carry out construction projects. The goal of regional autonomy is to make the local government more capable of handling budgets to manage local activities. Regional government collaborates with Regional People's Representative Assembly to establish regional income and expenditure budget as the standard for resource allocation. Capital expenditure is expected to be a regional cost that is used for amicable and legal resource allocation without discrimination, allowing the public to enjoy public services in a specific way (Kawedar, 2008).

There have been many previous studies that have examined the influence of Dana Balancing of Capital Expenditures. However, these studies have results different, so retesting is necessary. Expenditure Capital is positively and significantly impacted by the Regional Original Income, according to the findings of the observation carried out by Ira Safitri et al (2021). Although the effect is not statistically significant, the findings of the study by (Lutpikah & Mahendra, 2020) indicate that there are differences, with locally generated revenue having a positive impact on Capital's Shopping. To put it another way, A. Mahendra claims that an increase in locally generated revenue will only have a positive effect and not significantly affect Capital Expenditure, whereas Ira Safitri et al claim that an increase in locally generated revenue will significantly increase Capital Expenditure. The findings of the two studies about the effect of locally generated revenue on Capital Expenditure differ in the following ways.

Establishing a balance of exchange between two regions is the goal of sending money from one region's government to another (Julitawati et al., 2012). Research findings show that there is an influence of the General Allocation Fund on the amount of regional capital expenditure. Therefore, it can be concluded that the transfer of General Allocation Funds has a positive effect on the amount of capital expenditure planned and realized by regional governments. In other words, the greater the transfer of balancing funds received by the region, the greater the capital expenditure allocation spent for regional development needs. Meanwhile, special allocation funds and profit-sharing funds have no influence on capital expenditure. Based on research conducted by (Zulkarnain & Haryati, 2023), it was concluded that the Regional Original Income had an impact on the capital activities of the local government in the province of Maluku during the 2017–2021 period. However, Profit Sharing Funds, Special Allocation Funds, and General Allocation Funds do not have a significant impact on the activities of the Capital Expenditure of the local government of the province of Maluku during the same period. According to the results of the study, the only locally generated revenue that has a statistically significant effect on the amount of capital expenditure is locally generated revenue only, whereas the effects of Profit-Sharing Funds, Special Allocation Funds, and General Allocation Funds on the capital expenditure are not statistically significant.

Budget allocation is the issue that regional governments in public sector organizations face. The amount of money allotted for each activity program is known as budget allocation. Given their limited resources, regional governments need to be able to use their income for worthwhile regional expenditures. According to Kawendar et al. (2008), regional expenditure is an estimate of the burden of regional spending that is distributed fairly and equally so that all community groups can enjoy it relatively and without discrimination, particularly when it comes to the delivery of public services. Though, regional governments typically allocate their revenues for operating rather than capital expenditures. Therefore, to improve the quality of public services, regional governments should change the composition of their spending, where currently regional spending has been mostly used for operational spending which is relatively less productive. This can be seen from the 2017-2021 Regional Government Revenue and Expenditure Budget Realization Report (www.djpk.depkeu.go.id). Based on the explanations stated above, the author is interested in writing research with the title "Influence of Central Government Transfer Funds and Revenue Regional Origins on Government Capital Expenditure District of West Sulawesi Province"

Literature Review

Agency Theory

According to (Jensen & Meckling, 1976) in his book entitled Agency Theory describes the relationship between principal and agent. Agency Theory is based on the relationship between the government of a region as an agent and the government of a region as a principle. The actual concept of agency or agency. The relationship between the two parties, according to (Adyatma & Oktaviani, 2015), can be thought of as an agreement that has a principal and an agent. On the other hand, this point of view cannot be reconciled with the perspective of (Praza, 2016) which states that principles and agents are considered selfish.

Agency theory explains that conflicts of interest often occur in relationships where the principal delegates tasks to the agent. The central government acts as the principal in providing transfer funds to regions through various schemes, such as the General Allocation Fund, Special Allocation Fund, and Profit -Sharing Fund. Local governments, as agents, are responsible for managing these funds and allocating them into capital expenditures that can provide long-term benefits to local communities.

Goal Setting Theory

Locke's goal setting theory, which he developed in 1968, has started to garner attention for several organizational issues and problems. According to (Tosi et al., 1991)the Goal Setting Theory, which was developed by Locke and Latham, clear and concise goals can increase productivity. Goal setting theory states that people have multiple goals, select goals, and are driven to reach these goals (Srimindarti, 2012). According to this theory, people's goals are the primary determinant of their decisions. Goal formulation has been found to be significantly influenced by goal setting theory (Arsanti Ari Tutuk, 2009). Setting goals involves being specific and challenging. In general, a goal's level of achievement will increase with its difficulty and specificity.

In the context of this study, the mentioned theory can be applied to the analysis of regional economic activity and efforts to achieve the ideal capital expenditure for regional development. The central government provides transfer funds to the region with the primary goal of facilitating capital expenditure that is focused on public infrastructure and infrastructure development. According to goal-setting theory, it is crucial to clearly define objectives to inspire related parties. As stated above, the clear goal of the local government must be to advise the local government to use funds effectively for construction in accordance with local needs.

Central Government Transfer Funds

Transfer income is one of the key components of regional prosperity that is determined by the government at a higher level (Halim, 2016). This transfer is based on the State Budget and allocation funds that are sent to the region to meet the needs of the region while carrying out the decentralization of the economy and the government's tasks. To put it another way, income transfer is money that comes from the

State Revenue and Expenditure Budget and is given to the local government so that it can carry out local policies and public work projects in accordance with the agreed-upon guidelines. According to Law No. 33 of 2004 concerning the exchange of funds between the Central Government and the Regional Government, the following is the transfer of the Central Government to the Regional Government:

1. General Allocation Fund

According to Law Number 33 of 2004, the General Allocation Fund is a part of the balancing fund that has already been established in the State Revenue and Expenditure Budget. It is based on the results of the gross domestic income that have been established by enhancing the justice and equality that are ongoing with the government program.

2. Special Allocation Fund

According to Law No. 32 of 2004, Special Allocation Funds is one type of transfer that originates from the State Revenue and Expenditure Budget for distribution to the relevant local government in a range of activities that have been completed by the relevant local government during decentralization.

3. Profit Sharing Fund

Profit Sharing Funds are a type of fund that originates from the State Revenue and Expenditure Budget and is distributed to the regions based on the specific needs of the regions during decentralization.

Locally generated revenue

According to (Mardiasmo, 2002) Regional Original Income is the distribution of income in a region that comes from the taxes, levies, property, and wealth management sectors, as well as other local areas. However, in accordance with Law no. 33 of 2004, Regional Original Income's goal is to assist local governments in implementing autonomy initiatives that align with each region's potential as a component of decentralization efforts. Original regional income, regional levies, regional wealth management results that are discussed, and regional taxes are the components of Original Regional Income. To put it another way, Regional Original Income is a form of regional economic development that originates in the region itself and has the potential to support regional economic activities.

Capital Expenditures

Fixed assets/other assets with a value above the capitalization threshold for fixed assets/other assets for routine operational activities and not for sale, capital expenditure is a budget expenditure that is used to acquire or increase fixed assets/other fixed assets/other assets that offer greater benefits than one year of accounting (Napitu et al., 2018). The capital's activities include the construction of fixed assets such as land, equipment and machinery, buildings and structures, roads, irrigation, networks, and other fixed assets. This is the most important consideration for the government when providing public assistance (Arry et al., 2019). This budget is carried out by the local government in regional original revenue budget to raise the standard of living based on the public's needs.

The Effect of General Allocation Funds on Capital Expenditure

General Allocation Funds are funds originating from the State Revenue and Expenditure Budget distributed with the aim of providing extraterritorial resources to fund expenditure needs related to decentralization activities (PP No. 55 of 2005). According to agency theory, the contractual relationship between the agent (community) and the principal (government) in the context of the General Allocation Fund is the government's responsibility to facilitate good public services to the community through the allocation of capital expenditure. You can see. Like Original Regional Income, the General Allocation Fund is a source of funding for regional government capital expenditure on facilitating activities and providing public facilities related to the service process to the community. Meanwhile, Regional Original Income comes from community funds, while the General Allocation Fund provides financial equality between regions in decentralization activities between allocations (General Allocation Funds) and capital expenditure allocations which are based on transfers from the State Revenue and Expenditure Budget. Therefore, if the General Allocation Fund revenues decrease, it will influence the allocation of capital expenditure which will be reduced. To assist the regional autonomy process, Law Number 23 of 2014 concerning Comparison of Central and Regional Government Finances was issued. The general allocation fund is a capital transfer activity from the central government to local governments derived from the revenue of the State Expenditure Budget. This transfer is carried out with the aim of balancing the financial capacity between regions in financing the needs of the regional sector, in line with centralization activities (Karyadi, 2017).

The results of research conducted by (Wandira, 2013) stated that General Allocation Funds had a negative and significant effect on Capital Expenditures. And research conducted by (Rafi & Arza, 2023) and (Nasution et al., 2023) also states that general allocation funds have a positive effect on capital expenditure. This indicates that the more general allocation funds received, the higher the capital costs that will be received.

H1: General Allocation Fund has a significant effect on capital expenditure

The Effect of Special Allocation Funds on Capital Expenditure

To address unique needs, funds are distributed to regions through Special Allocation Funds. According to the applicable regulations, special needs must meet three requirements: reforestation and greening initiatives in production areas must be funded; interests cannot be determined using the General Allocation Fund formula; and interests must be national commitments or priorities. Thus, the General Allocation Fund is essentially a unique transfer for a particular objective. According to research by (Juniawan & Suryantini, 2018) Special Allocation Funds have a positive effect on capital expenditures. The Center distributes these funds to regional governments through the State Expenditure Revenue Budget to address regional needs pertaining to national program policies. Infrastructure and public facilities can be enhanced by raising capital expenditure. The Special Allocation Fund aims to increase the provision of physical facilities and infrastructure in accordance with national priorities, as well as reduce gaps in growth rates between regions and services in various fields.

Special allocation funds are one of them central government financial transfer mechanism to areas aimed at, among others increasing the provision of physical facilities and infrastructure regions according to national priorities and reduce the gap in growth rates between regions and services between sectors of the Special Allocation Fund is one of the balancing funds used as a source of funding for capital expenditure budget. This indicates that there is the influence between capital expenditure and provision of transfer funds from the central government with regional expenditure budget allocations through special allocation funds. The bigger the Fund Special Allocation means the bigger the budget capital expenditure. Special Allocation Funds are generally thought to have no detrimental effects on Capital Expenditures, according to research by (Santoso & Sapari, 2017), (Sudrajat & Purniawati, 2018) and (Sari, 2018). Special Allocation Funds have no effect on Capital Expenditures, according to the same study by (Zulkarnain & Haryati, 2023)

H2: Special Allocation Fund has a significant effect on capital expenditure

The Effect of Profit-Sharing Funds on Capital Expenditure

Funding from the State Revenue and Expenditure Budget known as Profit Sharing Funds is allocated to the regions based on the percentage of funds needed to support the implementation of decentralization. Restoring the vertical balance between the regions and the center and keeping an eye on the producing regions' capacity are the goals of the Profit-Sharing Fund. The Profit-Sharing Fund is one of the factors that affect capital expenditure, where the existence of the Profit-Sharing Fund is expected to increase regional development costs (Sholikah and Wahyudin, 2014). Profit Sharing Funds are funds that sourced from allocated State Revenue and Expenditure Budget revenues to regions based on certain percentage figures to fund needs for implementation decentralization. Based on Law No.23 of 2014, (Concerning Regional Government) Profit Sharing Funds are funds sourced from income certain State Revenue and Expenditure Budget allocated to regions producer based on a certain percentage figure with the aim of reducing disparities in ability finance between the Central and Regional governments, in to realize the implementation of decentralization.

Profit Sharing Funds are one of the factors affecting capital expenditure, the existence of Profit-Sharing Funds It is hoped that regional development costs can be achieved increases (Sholikah and Wahyudin, 2014). Profit Sharing Fund is one of the government's basic sources of capital areas with sufficient potential to obtain funding development, so if the Profit-Sharing Fund budget increases, so will the Capital Expenditure Allocation increase. Observation results conducted by (Ira Safitri et al., 2021) Profit Sharing Funds have a significant positive effect on Capital Expenditures. Because from observation proves that if Profit Sharing Funds increase, capital expenditures will also increase. Whereas Profit Sharing Funds have no influence over Capital Expenditures, according to the results of (Zulkarnain & Haryati, 2023). The findings of Profit-Sharing Funds did not shed any light on Capital Expenditures, according to similar studies (Syukri et al., 2022), (Mundiroh, 2019), and (Nugroho & Hardi, 2018).

H3: Profit Sharing Fund has a significant effect on capital expenditure

The Effect of Regional Original Revenue on Capital Expenditure

The Central and Regional Governments' Financial Comparisons is governed by Law Number 33 of 2004. Original regional income is the amount of money collected by the region in accordance with statutory regulations. In the context of Regional Original Income, the capacity of the regional government is the contractual relationship between the principal (government) and the agent (community), according to agency theory. and demonstrated by accountability. Provide thriving and high-quality public services by allocating capital funds. Specifically, providing assistance based on needs and viability and receiving yearly funding from planned capital expenditures, which is a source of ORIA. To the regional government (principal), the regional government (agent) answers. because taxes, levies, and other levies are some of the ways the community gives the local government money (Mardiasmo, 2002). Therefore, a correlation arises between Original Regional Income and the allocation of capital expenditure. However, not all regions that have high incomes show better economic growth between Original Regional Income and capital expenditure.

The increase in Original Regional Income then the Capital Expenditure allocation will also increase. If capital expenditure increases, it will have an impact both in improving development and quality community service. If you own fixed assets area is increasing, it can be used as investment sources of funds for subsequent capital expenditures and can also prove that the local government has succeeded in implementing regional autonomy. This matter means that Regional Original Income influences Capital Expenditures. So, if the regional government wants to increase capital expenditure for public services and community welfare, the regional government must extract as much Original Regional Income as possible (Julitawati et al., 2012). According to (Kusnandar & Siswantoro, 2012) regional autonomy and fiscal decentralization expect regional governments to have greater independence in regional finances. The results of this study are supported by the research of (Susanti & Fahlevi, 2016) which states that Regional Original Revenue has a positive effect on capital expenditure. The better the Regional Original Revenue of a region, the greater the allocation of capital expenditure (Ardhani, 2011). The results of this study are not in line with the research of (Wandira, 2013) which found that local revenue does not have a significant effect on capital expenditure.

H4: Regional Original Revenue has a significant effect on capital expenditure

Research Methods

The type of study used in this study is quantitative. As stated by (Sugiyono, 2017), quantitative research is research that is based on positivism. Data analysis in quantitative research is based on statistical or quantitative methods. Its purpose is to test previously established hypotheses. In other words, this research uses a quantitative approach that aims to quantitatively and statistically analyze the population or umber in question based on the research hypothesis that was established previously using research instruments.

The population in this research is the Budget Realization Report of the District Government of West Sulawesi Province which consists of six districts/cities. Researchers took samples of Regency/City Government Budget Realization Reports in West Sulawesi Province in 2017-2021.

One of the respondents in this study is the West Sulawesi Provincial Government Budget Realization Report. The study examines the Regency/City Government Budget Realization Report in the Barat Province from 2017 to 2021 The type of data used in this study is quantitative data. The Budget

Realization Report in West Sulawesi Province for 2017-2021 is one of the data sources in this study. The second source of data is the Budget Realization Report, which was published by the Regency/City of West Sulawesi Province through the website of the Directorate General of Financial Balance of the Ministry of Finance of the Republic of Indonesia (www.djpk.depkeu.go.id)

The data collection method used in this study is based on both document analysis and library studies. Literature study is carried out by gathering data and theories from various literary works, journal articles, and the results of previous research that are relevant to this research and its theoretical underpinnings. On the other hand, the documentation study is carried out by gathering all the secondary data available on the website of the relevant institution, which is the Directorate of Financial Management and the Bureau of Statistics West Sulawesi Province. In other words, data collection is done through library studies and documentation studies from the available secondary data.

To make this research easier, researchers used the SPSS for Windows program to analyze the data. The research used in this model is to analyze data, namely multiple linear regression analysis. Regression analysis is basically research on dependent variables with one or more independent variables with the aim of estimating and/or predicting the population average or average value of the dependent variable based on the known values of the independent variables (Ghozali Imam & Ratmono Dwi, 2017). The basic model of multiple linear regression in this research can be formulated:

$$\mathbf{Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + e}$$

Information:

Y = Capital Expenditure, as the dependent variable

a = Constant Value

b = Independent Variable Coefficient

X1 = General Allocation Fund as independent variable

X2 = Special Allocation Fund as independent variable

X3 = Profit Sharing Funds as the independent variable

X4 = Original Regional Income as an independent variable

e = Standard Error

Results and Discussion

Result

Descriptive Test Results

This research was conducted at the BPKPD (Regional Financial and Revenue Management Agency) of West Sulawesi Province.

Table 1. Descriptive Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
General Allocation Fund	30	20	21	20.06	.295
Special Allocation Fund	30	18	20	19.07	.340
Profit Sharing Fund	30	16	18	16.21	.483
Locally generated revenue	30	17	19	17.89	.741
Capital Expenditures	30	19	20	19.13	.192
Valid N (listwise)	30				

Source SPSS output processed primary data, 2024

General Allocation Funds, Special Allocation Funds, Profit Sharing Funds, and Original Regional Income are the three main data points in this study. To analyze the effects of the independent and related variables, it is necessary to describe the data that has already been obtained. The data description that is provided includes the minimum, maximum, mean, and standard deviation.

Multiple Linear Regression Test Results

When two or more independent variables serve as predictors (increase or decrease in value), the change (increase or decrease) of the dependent variable is ascertained using the linear regression analysis. If the regression contains at least two independent variables, this analysis is performed (Sugiyono, 2017). The data used in this study have passed the classical assumption test so that the data is suitable for multiple linear regression tests.

Table 2. Multiple Linear Regression Test Results

		Unstandardized	Coefficients	Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	24.127	2.115		11.406	.000
	General Allocation Fund	-.470	.209	-.724	-2.253	.033
	Special Allocation Fund	.105	.180	.186	.585	.564
	Profit Sharing Fund	-.085	.068	-.213	-1.252	.222
	Locally-generated revenue	.213	.050	.822	4.244	.000

Source SPSS output processed primary data, 2024

The following equation was derived from the table above:

$$\mathbf{Y = 24.127+0{,}033X_1 + 0{,}564X_2 + 0{,}222X_3 + 0{,}000X_4}$$

According to the multiple linear regression analysis model above, the costing regression coefficient is 24.127. This means that the regional government capital expenditure score is 24.127 or 24.127% if the General Allocation Fund variable is zero. The General Allocation Fund variable (X1) has a regression coefficient of 0.033, meaning that capital expenditure will fall by 0.033 for every 1% increase in the General Allocation Fund variable score. In other words, if the General Allocation Fund increases, capital expenditure will fall. The Special Allocation Fund variable (X2) has a regression coefficient of 0.564, which indicates that for every 1% increase in the Special Allocation Fund, there will be a corresponding 0.564 or 0.564% increase in capital expenditure. The profit-sharing Fund variable (X3) has a regression coefficient of 0.222, which indicates that every score on the profit-sharing Fund variable increases by 1%, followed by a 0.222 or 0.222% increase in capital expenditure. The Regional Original Income variable (X4) has a regression coefficient of 0.000, which indicates that every score on the Original Regional Income variable increases by 1%, followed by a 0.000 or 0% increase in capital expenditure.

Partial Test Results

The t test is performed by comparing the calculated t with the table t at the 95%confidence level (α = 0.05). The significance level of 5% indicates that this study highlights the risk of deciding to accept or reject a hypothesis.

Table 3. Partial Test Results

		Unstandardized	Coefficients	Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	24.127	2.115		11.406	.000
	General Allocation Fund	-.470	.209	-.724	-2.253	.033
	Special Allocation Fund	.105	.180	.186	.585	.564
	Profit Sharing Fund	-.085	.068	-.213	-1.252	.222
	Locally-generated revenue	.213	.050	.822	4.244	.000

Source SPSS output processed primary data, 2024

With a significance value of 0.033 > 0.05, the General Allocation Fund variable (X1) influences the Capital Expenditure variable (Y) as indicated by the t value of -0.253 > t table value of 1.708. Therefore, it can be concluded that H1 is accepted, this shows that the General Allocation Fund variable (X1) has sufficient influence on the Capital Expenditure of the Regional Government of West Sulawesi Province.

The variable Special Allocation Fund (X2) has a tcount value of 0.585 < a ttable value of 1.708, meaning that the General Allocation Fund has no effect on the variable capital expenditure (Y) with a significant value of 0.564 > 0.05. Accordingly, it can be concluded that H2 depicted by the variable General Allocation Fund (X2) in a parsimonious manner does not significantly affect the Capital of the Regional Government of West Sulawesi Province.

The variable Profit-Sharing Funds (X3) has a significant value of 0.222 > 0.05, indicating that it has no effect on the variable capital expenditure (Y), with a tcount value of -1.252 < a ttable value of 1.708. This implies that the West Sulawesi Provincial Government Capital is not substantially impacted by the variable Profit-Sharing Fund (X3), which is used to represent H3.

The Original Regional Revenue variable (X4) has a tcount value of 4.244 > a ttable value of 1.708, meaning that the General Allocation Fund influences the capital expenditure variables (Y) with a significant value of 0.000 < 0.05. Thus, it can be concluded that the variable meaning of H4, Regional Original Revenue (X4), has a significant effect on the Capital City of the Regional Government of West Sulawesi Province.

Simultaneous Test Results (F Test)

The significance level that is used is 0.05 or 5%. If the significance level F is less than 0.05, it indicates that the independent variable simultaneously affects the dependent variable, or vice versa (Ghozali, 2016)

Table 4. Simultaneous Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.534	4	.134	6.282	.001[b]
	Residual	.531	25	.021		
	Score	1.066	29			

Source: SPSS output processed primary data, 2024

The F table value at the significance level of 5% (α = 0.05) is roughly 2.76, with an F: count value of 6.282 and a degrees of freedom (df) residual of 4 and 25, respectively, according to the f test results in the above table. The hypothesis is validated since the significant value is 0.001 < 0.05 or Fcount is less than Ftable (6.282 > 2.76). Then the hypothesis is accepted, which means that the General Allocation Fund, Special Allocation Fund, Profit Sharing Fund and Original Regional Income together have a significant effect on the Capital Expenditure of the Regional Government of West Sulawesi Province.

Coefficient of determination test results

The value of Coefficient of determination ranges from 0 to 1. If the value is 1, it means that the independent variable can provide all the information needed to predict the dependent variable, while a low value (R Square) means that the independent variable's ability to explain the dependent variable is very low. The R Square value is 0.501 based on the table above. Thus, the ability of the independent variable to influence the dependent variable is approximately 50.1%, and the ability of the dependent variable to influence the independent variable is approximately 40.9%.

Table 5. Coefficient of determination test results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.708[a]	.501	.421	.146	.735

Source SPSS output processed primary data, 2024

Discussion

The Effect of General Allocation Funds on Capital Expenditure

With a significance value of 0.033 > 0.05, the General Allocation Fund variable (X1) influences the Capital Expenditure variable (Y) as indicated by the t value of -0.253 > t table value of 1.708. Therefore, it can be concluded that H1 is accepted, this shows that the General Allocation Fund variable (X1) has sufficient influence on the Capital Expenditure of the Regional Government of West Sulawesi Province.

General Allocation Fund is a kind of financial transfer from one region's government to another, with the intention of distributing funds among the areas under the jurisdiction of that region's government. This study indicates that the General Allocation Fund has not yet been utilized to its full potential by the regional government for capital expenditure. On the other hand, routine tasks such as employee salaries and other operational tasks are more frequently supported by General Allocation Fund. Therefore, there is no appreciable difference between the number of General Allocation Fund and the activities of the Province of West Sulawesi's district/city government capital between 2017 and 2021. The results of this study are consistent with research conducted by (Nuarisa Ardhian Sheila, 2013) and (Oktora Eka Fahri & Pontoh Winston, 2013) which states that the General Allocation Fund has the opposite effect on Capital Expenditures According to research by (Wijayanti, 2017), (Pramudya & Abdullah, 2021) and (Putri et al., 2021) General Allocation Funds does not have an impact on Capital Expenditures. (Zulkarnain & Haryati, 2023) also conducted research that indicates the General Allocation Fund does not have any influence on Capital Expenditure.

The Effect of Special Allocation Funds on Capital Expenditure

With a significant value of 0.564 > 0.05, the variable Special Allocation Fund (X2) has a tcount value of 0.585 < a ttable value of 1.708, indicating that the General Allocation Fund has no effect on the variable capital expenditure (Y). Thus, it can be said that the capital of the West Sulawesi Province's regional government is not greatly impacted by H2, as represented by the variable General Allocation Fund (X2) in a frugal way.

To promote special activities that are national priorities, the government sends special allocation funds to the area. Special Allocation Fund's presence is expected to have an impact on Capital Expenditure's distribution. This is since the Special Allocation Fund will surely increase the government's financial resources to provide more public assistance. On the other hand, the local government's implementation of Special Allocation Funds does not accurately reflect its relative smallness or dominance. Because of this, the comparatively small amount of Special Allocation Fund has no effect on capital expenditure, and the region is unable to be flexible in capital expenditure due to regulations that limit its use. Special Allocation Funds are generally thought to have no detrimental effects on Capital Expenditures, according to research by (Santoso & Sapari, 2017), (Sudrajat & Purniawati, 2018) and (Sari, 2018). Special Allocation Funds have no effect on Capital Expenditures, according to the same study by (Zulkarnain & Haryati, 2023)

The Effect of Profit-Sharing Funds on Capital Expenditure

With a tcount value of -1.252 < a ttable value of 1.708, the variable Profit-Sharing Funds (X3) has a significant value of 0.222 > 0.05, meaning that it has no effect on the variable capital expenditure (Y). This suggests that the variable Profit-Sharing Fund (X3), which is used to represent H3, has little effect on the capital of the West Sulawesi Provincial Government.

Based on the outcomes of the tax and the natural resources, Profit Sharing Funds is money that is transferred from the local government to the regional government. However, the number of Profit-Sharing Funds implemented by the provincial government of Barat provinces is significantly lower than that of other Transfer to regional components, such as General allocation funds and Special allocation funds. Because of this, Profit Sharing Funds is more commonly used for regular administrative requirements such as employee salaries and other operating expenses than it is as a source of financing for capital expenditures. Therefore, Profit Sharing Fund's amount did not interfere with the Capital Expenditure activities of the West Sulawesi province's local government during the mentioned period. Profit Sharing Funds have no influence over Capital Expenditures, according to the results of (Zulkarnain & Haryati, 2023). The findings of Profit-Sharing Funds did not shed any light on Capital Expenditures, according to similar studies (Syukri et al., 2022), (Mundiroh, 2019), and (Nugroho & Hardi, 2018).

The Effect of Regional Original Revenue on Capital Expenditure

With a tcount value of 4.244 > a ttable value of 1.708 for the Original Regional Revenue variable (X4), the General Allocation Fund has a significant impact on the capital expenditure variables (Y) (0.000 < 0.05). Therefore, it can be said that the Capital City of the West Sulawesi Province Regional Government is significantly impacted by the variable meaning of H4, Regional Original Revenue (X4).

Regional Original Revenue is the income obtained from source of financing for the capital expenditure budget. Regional Original Revenue is obtained from community contributions such as taxes, regional levies, the results of regionally owned companies, and the results of regional asset management. Responsibility local government to the community to provide good public services to the community can be realized through the capital expenditure budget. This explains that the more the higher the Regional Original Income generated, the more likely it is that the region can meet their own spending needs without having to expect from the central government, meaning that the government Regions are able to be independent in their regional financial management that is transparent and accountable.

The results of this study are supported by the research of (Susanti & Fahlevi, 2016) which states that Regional Original Revenue has a positive effect on capital expenditure. The better the Regional Original Revenue of a region, the greater the allocation of capital expenditure (Ardhani, 2011) The results of this study are not in line with the research of (Wandira, 2013) which found that local revenue does not have a significant effect on capital expenditure.

Conclusion

Based on the results of the research and discussion presented above, it can be concluded as follows: In part, capital expenditures are not significantly impacted by regional original income. because a decrease in capital expenditure is not a result of the rise in original regional income. On the other hand, capital expenditure is significantly positively impacted by the General Allocation Fund, so an increase in the General Allocation Fund influences rising capital expenditure. However, given that an increase in special allocation funds has no effect on a decrease in capital expenditure, profit-sharing funds and special allocation funds do not significantly increase capital expenditure. Concurrently, it can be said that the combined impact of Regional Original Income, General Allocation Funds, Special Allocation Funds, and Profit-Sharing Funds on Capital Expenditures is negligible.

From the results of this test, it is hoped that it can provide positive input for regional governments to increase regional independence in implementing development. Regional governments, especially Districts/Cities in West Sulawesi Province, need to further optimize sources of Regional Original Income so that regional dependency can be reduced, increase the role of central government Transfer Funds in financing Capital Expenditures better to allocate funds for the procurement of development facilities and infrastructure allocated through capital expenditures, because in this research in West Sulawesi Province it does not have a significant influence on Capital Expenditures. From this research, West Sulawesi Province can find a solution to increase capital expenditure.

It is hoped that more research will be conducted by increasing the amount of data available. It is hoped that more research will be conducted by increasing the amount of data available. In West Sulawesi Province, for instance, District Regional Revenue Services can enhance their performance in collecting regional taxes to raise Regional Original Income and Transfer Funds by employing a longer observation period and including additional independent variables that are believed to affect Capital Expenditures. central government to have control over their respective regions' finances.

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