

The Effects of Investment, Government Expenditures and Labor Productivity on Local Government Financial Performance

by Andi Dewi Sartika, Madris, Syamsuddin

Submission date: 28-Dec-2020 05:48PM (UTC+1030)

Submission ID: 1481620523

File name: H-1.pdf (1.93M)

Word count: 6103

Character count: 35277



The Effects of Investment, Government Expenditures and Labor Productivity on Local Government Financial Performance

Andi Dewi Sartika¹, Madris², Syamsuddin³

48

¹ Masters in Regional Finance, Faculty of Economics and Business, Hasanuddin University

² Department of Economics, Faculty of Economics and Business, Hasanuddin University

³ Accounting Department, Faculty of Economics and Business, Hasanuddin University

Abstract:-

This study aims to analyze and explain the effect of investment, government expenditure, and the effect of labor productivity on the financial performance of district/city governments in the Luwu Raya region of South Sulawesi Province. The data used in this study are secondary data in the form of panel data in the form of time series data from 2010 to 2017 and cross section data from 4 districts/cities in Luwu Raya. Testing the hypothesis in this study was carried out using the method of multiple linear regression analysis (multiple regression analysis) with the help of Eviews 9 software which aims to test the effect of the relationship between one variable to another variable. The results showed that: (1) investment has a significant positive effect on regional financial performance, (2) government expenditure does not affect the financial performance of local governments, and (3) labor productivity has a significant positive effect on the financial performance of local governments.

Keywords: investment, government spending, labor productivity, local government financial performance.

Introduction:-

The phenomena that occur related to the financial performance of district/city governments in South Sulawesi, especially in the Luwu Raya region, show that four districts/cities in the Luwu Raya region received a poor predicate in the presentation of accountability of local government financial reports (Kemenpan and RB, 2019). In addition, the phenomenon that occurs is related to the level of regional independence in the Greater Luwu region, based on data from the Ministry of Finance Ministry of Finance (2018) showing the low performance of regional governments and high regional dependence on transfers from the central government. The high regional dependence on transfer funds from the center is shown through the minimal proportion of local

revenue. This can be seen from the data of the Ministry of Finance of the Republic of Indonesia DJPK in the last three years, where the ability of Regional Original Revenue (PAD) in purchasing regional needs in the Greater Luwu region is still below 30 percent, as shown in the following table.

Table 1 Regional Independence Ratio (%)

Regency / City	2015	2016	2017
Regency Luwu	9,01	9,07	11,42
Regency Luwu Utara	11,3	15,02	11,46
Regency Luwu Timur	18,25	20,39	27,74
City of Palopo	14,74	15,88	22,28

Source: DJPK, 2019

Research on the level of regional financial independence has been widely investigated in Indonesia and shows different findings. Some research findings have found that government financial performance can be influenced by private investment (Angraini, 2017; Ifrizal et al., 2014; Haryono and Nugraha, 2016; Anwar et al., 2007; Batik, 2013), government expenditure (Kurniawan et al. 2017 and Bellarminus, 2015), and labor productivity (Rustiono, 2008; Simanjuntak, 2002; and Arlani, 2012). In addition, the results of different studies found that investment does not affect the government's financial performance (Kurniawan et al., 2017; Sodik, 2007; Rion, 2013; Berutu, 2011; and Wiyono, 2017), government expenditure does not affect government financial performance (Handoko, 2013), and labor productivity not on government financial performance (Kurniawan et al., 2017; Julfiansyah, 2013; Haryanto, 2014; Kusri, 2015; and Perwira et al., 2018).

The inconsistency of this research shows that the financial performance of regional governments in Indonesia is still diverse. This is due to the financial performance of local governments can be influenced by various factors. Factors that influence the financial performance of regional governments include: regional revenues, regional expenditure, regional financing, human resources and macroeconomic conditions of a region.

Therefore, the financial performance of the local government is an important point, so an analysis of the factors that affect the financial performance of local governments is important to do. Some studies that have been carried out in general results state that the information contained in the financial statements of local governments and expressed in financial ratios affect the financial performance of local governments.

Financial performance is a measure of performance that uses financial indicators (Hamzah, 2007). According to Halim (2012: 232), regional financial performance or regional capacity is one measure that can be used to see regional capacity in carrying out regional autonomy. Based on the statement above, it can be concluded that the financial performance of the regional government is a picture of the achievement of a program/policy that has been planned by the regional government for a certain period that can be measured using financial indicators.

Literature Review:-

Fiscal Decentralization

In implementing fiscal decentralization, the principle of money should follow function is a principle that must be considered and implemented, meaning that any transfer or delegation of government authority has consequences on the budget needed to carry out this authority. The number of government sectors that are the responsibility of the bureaucracy is the same between the levels of district/city and provincial governments in Indonesia, but the success of each region exercising its authority depends on the region concerned in accordance with creativity, regional government organizational capacity, and the condition of each region. According to Bird and Vallancourt (2000), fiscal decentralization has three meanings, namely deconcentration, meaning the release of responsibilities within the central government to vertical agencies in the region or to the regional government; delegation, meaning that the region acts as a government representative to carry out certain functions on behalf of the government; and devolution, meaning that it relates to certain situations that are not only implementation but also the authority to decide what needs to be done in the area. According to Saragih (2003), fiscal decentralization is a process of distributing budgets from higher levels of government to lower governments to support the functions or duties of government and public services in accordance

with the many authorities delegated to government.

Investment

Economic theory defines or defines investment as expenditures to buy capital goods and production equipment with the aim of replacing and mainly adding capital goods in the economy that will be used to produce goods and services in the future. According to Boediono (1992) investment is expenditure by the producer sector (private) for the purchase of goods and services to add to the stock used or for plant expansion. Dornbusch & Fischer argues that investment is the demand for goods and services to create or increase production capacity or income in the future. The general requirements of a country's economic development according to Todaro (1981) are: (1) capital accumulation, including new accumulations in the form of land, physical equipment and human resources; (2) population development coupled with the growth of the workforce and their expertise; and (3) technological progress.

Government Expenditures

Government expenditure can also be interpreted as the use of money and resources of a country to finance a state or government activity in order to realize its function in realizing prosperity. Correspondingly, Dornbusch and Fisher stated that government expenditure is a reflection of its policy (fiscal policy) which is an instrument used to influence its economic conditions in improving people's welfare (Manik and Hidayat, 2010). Theories regarding government expenditure in macroeconomic theory have two different views, namely Wagner's Theory and Peacock and Wasean's Theory. According to Wagner, government spending and government activities are increasingly increasing. This tendency by Wagner is called the law of increasing the role of the government. The core of the theory is the increasing role of government in the activities and economic life of society as a whole. Wagner stated that in an economy if per capita income increases, then government spending will relatively increase, mainly because the government must regulate relationships that arise in society, law, education, recreation, culture and so on. In addition to Wagner, government spending was also explained by Peacock and Wiseman by presenting their theories based on an analysis of government revenues and expenditures. The government has always tried to increase its expenditure by increasing tax revenues, even though the public does not like paying large taxes to finance the growing government expenditure. Increasing tax

revenues has also caused government spending to increase. Under normal circumstances, increasing GNP causes greater government revenues, as well as increasing government spending.

Labor Productivity

According to Todaro (2000) population growth and growth of the work force are traditionally considered as one of the positive factors that spur economic growth. A larger amount of labor means increasing the level of production, while greater population growth means that the size of the domestic market is greater. However, it is still questionable whether the ³⁰ of rapid population growth will really have a positive or negative impact on economic development.

According to BPS the population aged 10 years and over is divided as the workforce and not the workforce. The Labor Force is said to work if they do work with the intention of obtaining or helping to earn income or profits and the length of work at least one hour continuously during the past week. Whereas residents who do not work but are looking for work are called unemployed (Santosa, 2001). The number of work forces that work is a description of the conditions of available employment. The greater the amount of employment available, the more it will increase the total production in an area.

Local Government Financial Performance

Financial performance is a measure of performance that uses financial indicators. Basically, financial performance analysis is carried out to assess past performance by carrying out various analyzes to obtain financial positions that represent the reality of the entity and the potential performance that will continue. One tool to analyze the financial performance of local governments is to carry out a ratio analysis of the APBD that has been determined and implemented (Halim, 2008: 230). According to Mardiasmo (2009: 121), performance measurement in the public sector (local government agencies) is a system that aims to help public managers assess the achievement of a strategy through financial and non-financial measurement tools. Mahsun (2013: 25), argues that performance measurement is a process of evaluating the progress of work

towards predetermined goals and objectives, including information ²³ the efficient use of resources in producing goods and services, the quality of goods and services, the results of activities compared to the intended ²⁹ desired and effective actions in achieving goals. Based on the opinion above, it can be concluded that performance measurement is an assessment to determine the achievement of an organization's performance, because performance measurement is strengthened by establishing reward and punishment systems.

Research Methods:-

This research is a causality study where there is a relationship between two or more variables. The relationship in this study is a causal relationship that is cause and effect, where there is an exogenous variable (free) that is a variable that affects the endogenous variable (bound) that is the variable that is affected. The locations of the research conducted were regencies/cities in South Sulawesi Province which were included in the Greater Luwu region which consisted of Palopo City, Luwu Regency, East Luwu Regency, and North Luwu Regency from 2010 to 2017, while the research period was planned to last for two months. The selection of research area categories within the Luwu Raya area is a research site because the three regencies and one city have similar characteristics both geographical and regional sources of revenue. Luwu Raya was once a large district which was later divided into Luwu district and Palopo City. Luwu Regency was later divided into two new autonomous regions, namely North Luwu district and East Luwu district. Thus, the results of this study can be generalized to answer research problems regarding the effect of investment, ⁴⁴ government expenditure, and labor productivity, on the ¹⁶ financial performance of local governments. The data analysis technique used in this study is multiple linear regression analysis. The conceptual framework of research based on relationships between research variables is shown in Figure 1 below.

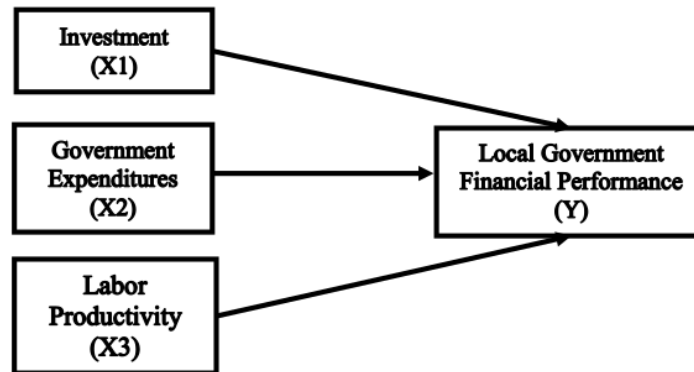


Figure 1. Conceptual Framework

Results:-

Descriptive Statistics

In this study the descriptive statistical analysis listed consisted of the minimum value, maximum value, mean value, standard deviation, and number of observations from the data, as shown in the following table.

Tabel 2 Statistik Deskriptif

Descriptive Statistics	Investment	Government Expenditures	Labor Productivity	Local Government Financial Performance
Minimum	27.70	26.67	16.96	2.74
Maximum	28.94	28.02	18.62	18.61
Mean	28.31	27.39	17.91	9.50
Standard Deviation	0.36	0.37	0.42	4.38
Valid N (listwise)	32	32	32	32

Source: data processed, Attachment

Based on Table 2, it can be described about the variables used in this study as follows:

1. Investment

The descriptive analysis shows that during the study period the lowest value of investment was 27.70 in Palopo in 2010. The highest value of investment was 28.94 in East Luwu district in 2017. Investment has an average of eight years 28.31. Investment has a standard deviation of 0.36 lower than the mean 28.31. Thus it is concluded that investment variables are normally distributed.

2. Government Expenditure

Descriptive analysis results showed that during the study period the lowest value of government expenditure was 26.67 in Palopo in 2011. The highest value of government expenditure was 28.02 in Luwu district in 2016. Government expenditure had a mean of eight years of 27.39. Government expenditure has a standard deviation of 0.37 lower than the mean of 27.39. Thus it is

concluded that government expenditure variables are normally distributed.

3. Labor Productivity

The descriptive analysis showed that during the study period the lowest value of labor productivity was 16.96 in East Luwu district in 2010. The highest value of labor productivity was 18.62 in East Luwu district in 2014. Labor productivity had a mean of eight year of 17.91. Labor productivity standard deviation is 0.42 lower than the mean of 17.91. Thus it is concluded that labor productivity variables are normally distributed.

4. Local Government Financial Performance

Descriptive analysis results show that during the study period the lowest value of local government financial performance was 2.74 in Luwu District in 2011. The highest value of local government financial performance was 18.61 in East Luwu District in 2013. Financial performance of local governments has a mean for eight years at 9.50. The

government financial performance of the regional standard deviation of 39.38 is lower than the mean of 9.50. Thus it is concluded that the variable financial performance of regional governments is normally distributed.

**Classic Assumption Test
Multicollinearity Test**

The results of multicollinearity testing as shown in the Attachment show that the variables of investment, government expenditure, and labor productivity do not experience symptoms of multicollinearity. This is because the independent variables of the study have a correlation value between variables below 0.8.

Heteroscedasticity Test

This test is conducted to determine whether in the regression model variance inequalities occur from residuals, one observation to another observation. To find out the existence of heteroscedasticity in the study can be done by the Park test. If the probability value of the dependent variable: Absolute Residual (Resabs) > 0.05 then accepts the null hypothesis which states that there is no heteroscedasticity. Conversely, if the probability value of the dependent variable: Absolute Residual (Resabs) < 0.05 then rejects the null hypothesis which states the occurrence of heteroscedasticity. The attachment of the results of the study shows that the probability of the

independent variable is more than 0.05, so it can be concluded that the research data do not show any symptoms of heteroscedasticity.

Normality Test

The normality test aims to test whether in the regression model, the disturbing or residual variables have a normal distribution. There are two ways to detect whether the residual has a normal distribution or not, that is by graph analysis and the most commonly used residual normality testing statistical test is the Jarque-Bera (JB) test. Decisions are normally distributed by the residuals in a simple way by comparing the probability value of JB (Jarque-Bera) count with an alpha level of 0.025%. If the JB Pprobability count is greater than 0.05, it can be concluded that the residual is normally distributed and vice versa, if the value is smaller then there is not enough evidence to state that the residual is normally distributed. The attachment to the results of the study shows the results of testing the normality of the data obtained by the probability value of Jarque-Bera of 0.523279. Thus the probability value of Jarque-Bera is greater than alpha 0.05 so the assumption of normality is fulfilled.

Multiple Linear Regression Analysis

Based on the results of calculation of research data in the Attachment, it can be seen the influence of the research variables as shown in the following table.

Table 3 Research Variable Effects

Variable Relationships	Direct Effect				
	B	Std Error	t-Statistic	Prob.	Conclusion
X ₁ → Y	0.452	0.247	1.827215	0.0787*	Significant
X ₂ → Y	-0.302	0.263	-1.149367	0.2605 ^{NS}	Not significant
X ₃ → Y	0.920	0.145	6.363409	0.0000***	Significant

Source: data processed, Attachment

Table Description: ***) Significant at the level of 1 percent
**) Significant at the level of 5 percent
) Significant at the level of 10 percent
NS) Not significant

The direct influence of the independent variables on the dependent variable according to Table 3 can be explained as follows:

- Investment variable has a probability value of 0.0787 smaller than the significance value of 0.10. From these values it can be concluded that the investment variable has a significant influence on the financial performance of the local government. While the coefficient value of 0.452 which is positive indicates that investment has a positive effect or is directly proportional to the variable financial performance of the local government.

- Government expenditure variables have a probability value of 0.2605 greater than the significance value of 0.10. From these values it can be concluded that the variable government expenditure does not have an effect on the financial performance of the regional government.
- The labor productivity variable has a probability value of 0.0000 smaller than the significance value of 0.05. From these values it can be concluded that the variable labor productivity has a significant influence on the financial performance of local governments. While the coefficient value of 0.920 which is

positive indicates that labor productivity has a positive effect or is directly proportional to the variable financial performance of the local government.

Discussions:-

Effect of Investment on Local Government Financial Performance

Based on the results of the analysis of research data it was found that investment was able to improve the financial performance of local governments. This shows that the increase in investment will encourage increased financial performance. The findings of this study are consistent with the theory of economic growth of Harrod-Domar (Tambunan, 2003) which explains the existence of a positive correlation between the level of investment and income of a region. It can be said that the increase in investment in a region makes economic growth and the level of people's income per capita in the region high, and conversely the decline in investment in a region makes economic growth and the level of people's income per capita in the region low. The findings of this study support the results of research conducted by Anggraini (2017), Ifrizal et al (2014), Haryono and Nugraha (2016), Anwar et al (2007), and Ratik (2013) who found that investment has an effect on the financial performance of local governments.

Effects of Government Expenditures on Local Government Financial Performance

Based on the results of the analysis of research data, it was found that government spending was unable to improve the financial performance of regional governments. This shows that the increase or decrease in government expenditure does not cause an increase or decrease in financial performance. The results of this study contradict the expenditure theory of Wagner's government which suggests a theory regarding the development of government expenditures, the greater the per capita income, the higher the expenditure increases. In addition, the findings of the study also do not support the theory of Peacock and Wiseman that the government has a role as a catalyst and facilitator so that it requires a budget to carry out development. The budget issued is used for development administration and development activities. The greater the expenditure used for development activities it will encourage increased economic activity of the community. If the economic activities of the community increase, it will also increase the flow of Regional Original Income (PAD). One aspect that causes government expenditures is not able to

influence financial performance because government expenditure is allocated the most to personnel expenditure rather than financing so that government spending which tends to increase is not in line with the increase in local revenue. From year to year the financing of regional development by local governments is increasing so that it is not able to trigger an increase in the amount of local revenue to increase self-reliance. The findings of this study support the research conducted by Handoko (2013) who found that government spending had no effect on financial performance.

Effect of Labor Productivity on Local Government Financial Performance

Based on the results of the analysis of research data it was found that labor productivity was able to improve the financial performance of local governments. This shows that the increase in labor productivity will encourage increased financial performance. The findings of this study are in accordance with the opinion of Adam Smith (Arsyad, 1999) that the addition of a high population accompanied by technological changes will encourage savings and also the use of economies of scale in production. Population in addition is something that is needed and not a problem, but as an important element that can spur development and economic growth. The higher the population growth rate, the higher the level of income received because it will increase the level of public consumption, and will be followed by an increase in production so that it will result in the expansion and establishment of new businesses in the production sector. The establishment of a new business sector will increase the workforce or open opportunities for job opportunities for the community so that if many people work then income will increase and tend to increase regional income as well. The increase in Government Spending has a multiplier effect on the increase in Regional Original Revenue from regional taxes and levies through the development of schools, health facilities and infrastructure, so that government spending will have an effect on increasing local revenue. With the government expenditure used to build facilities, the community can use it and feel safe and comfortable so as to increase the productivity of the community and investors in the region, which has an effect on improving the regional economy. Thus, the government establishes taxes, as well as levies that aim to increase regional original income. The findings of this study support the research conducted by Rustiono (2008), Simanjuntak (2002), and Arlani (2012) who found

that labor productivity has an effect on financial performance.

Conclusion:-

Based on the results of the data analysis of the research discussion stated earlier, then some research conclusions can be drawn as follows:

1. Investment is able to encourage increased financial performance of regional governments. This indicates that the increase in the formation of gross total capital of a region can directly improve its financial performance.
2. Government expenditure is not able to encourage an increase in the financial performance of regional governments. This indicates that the increase or decrease in government expenditure has not provided a change in the financial performance of regional governments.
3. Labor productivity is able to encourage increased financial performance of regional governments. This indicates that with increasing labor productivity it will be able to mobilize local revenue sources.

Reference:-

- [1]. Adi, Priyo Hari., 2006. Hubungan Antara Pertumbuhan Ekonomi Daerah, Belanja Pembangunan dan Pendapatan Asli Daerah (Studi pada Kabupaten dan Kota se Jawa-Bali). *Simposium Nasional Akuntansi IX*, Padang 23-26 Agustus 2006.
- [2]. Afonso, Antonio. Davide Furcerri. 2008. Government Size Composition, Volatility and Economic Growth. *Working Paper*, Series European Central Bank.
- [3]. Amalia, Frieda. 2013. Pengaruh Fiscal Stress Terhadap Kemandirian Fiskal Daerah Dan Belanja Modal (Studi Empiris: Pada Kabupaten Se-Jawa Tengah 2006-2012 Dominan Kontribusi Sektor Industri Non Migas). *Tesis*. Program Pascasarjana Ekonomi Universitas Stikubank. Semarang.
- [4]. Ambarita, Charles Fransiscus. 2011. Pengaruh Dana Perimbangan Dan Fiscal Stress Terhadap Belanja Daerah Di Kabupaten/Kota Provinsi Sumatera Utara. *Tesis*. Program Pascasarjana Ekonomi Universitas Sumatera Utara. Medan.
- [5]. Apriana, D., & Suryanto, R. 2010. Analisis Hubungan Antara Belanja Modal, Pendapatan Asli Daerah, Kemandirian Daerah dan Pertumbuhan Ekonomi Daerah. *Jurnal Akuntansi Dan Investasi*, 11(1), 68-79.
- [6]. Ardhini, 2011. Pengaruh Rasio Keuangan Daerah Terhadap Belanja Modal untuk Pelayanan Publik dalam Perspektik Teori Keagenan. *Jurnal*. Universitas Diponegoro Semarang.
- [7]. Arief Hadiono. 2001. Faktor-faktor yang Mempengaruhi Pertumbuhan Ekonomi di Propinsi Jawa Tengah. *Tesis S2 MEP UGM Yogyakarta* (Tidak dipublikasikan).
- [8]. Arsa, K., & Setiawina, N. D. 2015. Pengaruh Kinerja Keuangan Pada Alokasi Belanja Modal Dan Pertumbuhan Ekonomi Pemerintah Kabupaten/Kota Se-Propinsi Bali Tahun 2006-2013. *Jurnal Buletin Studi Ekonomi*, 20(2), 104-112.
- [9]. Asmawanti, D., Elvandari, N., & Baihaqi. 2016. Analisis Tax Effort, Efektivitas, Kontribusi dan Pertumbuhan Pajak Daerah Kota Bengkulu Tahun 2011/2014. *Jurnal Akuntansi*, 4(1), 33-50.
- [10]. Aziz, A., & Wulandari, W. 2014. Analisis Pengaruh Equalization Grant, Sumber Kemandirian Fiskal, Sumber Pembiayaan Defisit dan Faktor Penyerap Fasilitas Publik Terhadap Belanja Modal Daerah. *Accounting Analysis Journal*, 1, 1-20.
- [11]. Azkiya, Ardan. 2011. Pengaruh Kinerja Keuangan Daerah terhadap Alokasi Belanja Modal untuk Pelayanan Publik dan Pertumbuhan Ekonomi (Studi pada kabupaten dan kota di Jawa Tengah dan DIY). *Jurnal*. Universitas Sebelas Maret.
- [12]. Badrudin, Rudy. 2011. Effect of Fiscal Decentralization on Capital Expenditure, Growth, and Welfare. *Economic Journal of Emerging Markets*. Vol.3 (3): 211-223.
- [13]. Bastian, Indra. 2006. *Akuntansi Sektor Publik Suatu Pengantar*. Penerbit Erlangga: Jakarta.
- [14]. Belkaoui, Riahi. Ahmed. 2006. *Accounting Theory*. Buku Satu Edisi Lima. Salemba Empat. Jakarta
- [15]. Damanpour, F. 1991. Organizational Innovation: A Meta-Analysis of Effects of Determinants and Moderators. *Academy of Management Journal*.
- [16]. Darise, Nurlan. 2009. *Pengelolaan Keuangan Pada Satuan Kerja Perangkat Daerah (SKPD) dan BLU*. Penerbit: Indeks: Jakarta.
- [17]. Devas, N., Binder, B., Booth, A., Davey, K., & Kelly, R. 1989. *Keuangan Pemerintahan Daerah di Indonesia*.

- Jakarta: Badan Penerbit Universitas Indonesia.
- [18]. Devita, A., Delis, A., & Junaidi. 2014. Pengaruh Pendapatan Asli Daerah, Dana Alokasi Umum dan Jumlah Penduduk terhadap Belanja Daerah Kabupaten/Kota di Provinsi Jambi. *Jurnal Perspektif Pembiayaan Dan Pembangunan Daerah*, 2, 63–70.
- [19]. Djojohadikusuma S. 1994. *Perkembangan Pemikiran Ekonomi, Dasar Teori Ekonomi Pertumbuhan dan Ekonomi Pembangunan*, LP3ES, Jakarta
- [20]. Elhamma, Azzouz. 2015. The Relationship Between Budgetary Evaluation, Firm Size and Performance. *Emerald Insight, Journal of Management and Development*.
- [21]. Febriana, I. S. 2015. Analisis Faktor-Faktor Yang Mempengaruhi Belanja Modal Provinsi Jawa Timur. *Jurnal Ilmu & Riset Akuntansi*, 4(9), 1–22.
- [22]. Ghozali, I. 2013. *Aplikasi Analisis Multivariate dengan Progam IBM SPSS 21 Update PLS Regresi*. Badan Penerbit Universitas Diponegoro, Ed. Semarang.
- [23]. Halim, A. 2007. *Akuntansi Sektor Publik Keuangan Daerah*. Jakarta: Salemba Empat.
- [24]. _____, 2008. *Akuntansi Keuangan Daerah, Akuntansi Sektor Publik*. Edisi 3, Salemba Empat, Jakarta.
- [25]. Hayek. 1945. The Use of Knowledge in Society. *The American Economic*, 35(4), 519–530.
- [26]. Hidayat, Mochamad Fajar. 2013. Analisis Pengaruh Kinerja Keuangan Daerah terhadap Alokasi Belanja Modal (Studi pada Kabupaten dan Kota di Jawa Timur). *Jurnal Ilmiah*, Universitas Brawijaya, Malang.
- [27]. Huda, A. S. 2015. Pengaruh Kinerja Keuangan, Fiscal Stress dan Kepadatan Penduduk Terhadap Alokasi Belanja Modal Di Nusa Tenggara Barat. *Jurnal Accounting*, 152–166.
- [28]. Jensen, M. C and Meckling, W.H. 1976. Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, 3 (4) :305–360.
- [29]. Jones, BM. 1996. *Local Government Financial Management*, Hertfordshire: ICSA Publishing.
- [30]. Julitawati, Ebit, Darwanis. Jalaluddin. 2012. Pengaruh Pendapatan Asli Daerah dan Dana Perimbangan terhadap Kinerja Keuangan Pemerintah Kabupaten/Kota di Provinsi Aceh. *Jurnal Akuntansi Pascasarjana Universitas Syiah Kuala*.
- [31]. Kaunang, C. E., Naukoko, A. T., & Londa, A. T. 2016. Analisis Kinerja Pengelolaan Keuangan Daerah Dan Tingkat Kemandirian Daerah Di Era Otonomi Daerah: Studi Pada Kota Manado (Tahun 2010-2014). *Jurnal Berkala Ilmiah Efisiensi*, 16(2), 355–365.
- [32]. Khusaini, M. 2006. *Ekonomi Publik: Desentralisasi Desentralisasi Fiskal dan Pembangunan Daerah*. Malang: BPFE Unibraw.
- [33]. Kurniawan, Agus Indriatno, Theresia Militina, Rachmad Budi Suharto. 2017. Pengaruh Investasi dan Pengeluaran Pemerintah serta Tenaga Kerja Terhadap Pendapatan Asli Daerah dan Pertumbuhan Ekonomi. *INOVASI*, Vol 13(2), hlm. 82-91.
- [34]. Kusnandar.Siswanto, Dodik. 2012. Pengaruh Dana Alokasi Umum, Pendapatan Asli Daerah, Sisa Lebih Pembiayaan Anggaran, dan Luas Wilayah terhadap Belanja Modal. *Simposium Nasional Akuntansi XV*.
- [35]. Kuznet, S. 1955. *Economic Growth and Inequalities*, American Economic Review,
- [36]. Kusumawardani, Media. 2012. Pengaruh Size, Kemakmuran, Ukuran Legislatif, Leverage Terhadap Kinerja Keuangan Pemerintah Daerah di Indonesia. *Accounting Analysis Journal*.
- [37]. Lewis, J.W. 1969. *The Social Limits of Political Charge in Modernization by Design*, CH. Morse, e.a, Cornell University Press
- [38]. Lin, Ming-Lan, Yuan-Duan Lee, Tsai-Neng Ho. 2010. Applying Integrated DEA/AHP to Evaluate The economic Performance of Local Governments in China. *European Journal of Operational Research*.
- [39]. Lincoln Arsyad. 1999. *Pengantar Perencanaan dan Pembangunan Ekonomi Daerah*, Yogyakarta, BPFE-UGM.
- [40]. Mahmudi. 2010. *Manajemen Keuangan Daerah*. Penerbit Erlangga. Jakarta
- [41]. _____, 2010. *Analisis Laporan Keuangan Pemerintah Daerah*. Edisi Ketiga. Sekolah Tinggi Ilmu Manajemen YPKN. Yogyakarta
- [42]. Mangkoesobroto, G. 1995. *Ekonomi Publik*. Yogyakarta: BPFE.
- [43]. _____, 1998. *Ekonomi Publik*, BPFE, Edisi 3, Yogyakarta.

- [44]. Mankiw, N Gregory. 1997. *Macroeconomics*, Worth Publisher Inc, New York.
- [45]. Mardiasmo. 2002. *Akuntansi Sektor Publik*. Yogyakarta: Andi.
- [46]. _____, 2009. *Akuntansi Sektor Publik*. Penerbit Andi. Yogyakarta.
- [47]. Martini, Kadek. 2015. Pengaruh kinerja keuangan pada alokasi belanja modal di Provinsi Bali. *E-Jurnal Akuntansi Universitas Udayana* 10 (2) :426-443.
- [48]. Mulyono, 1999, Pengaruh Dana Pembangunan APBD tingkat I terhadap Pertumbuhan Ekonomi di Jawa Tengah, *Tesis S2 MEP UGM Yogyakarta* (Tidak di publikasikan).
- [49]. Musgrave, Richard A and Peggy B. Musgrave. 1989. *Public Finance in Theory and Practice*, Mc Graw-Hill.
- [50]. Mutiaranisa. Estetika. 2015. Analisis Pengaruh PAD, Dana Perimbangan, Belanja Daerah, PDRB, dan IPM terhadap Kinerja Keuangan Pemerintah pada Daerah Otonom Baru di Indonesia. *Thesis*. Universitas Sebelas Maret.
- [51]. Myrdal, G. 1957. *Economic Theory and Underdevelopment Regions*. London.
- [52]. Nicholson, W, 1994. *Teori Ekonomi Mikro Prinsip Dasar dan Pengembangannya*, Rajawali Pers.
- [53]. Neni Pancawati, 2000, Pengaruh Rasio Kapital Tenaga Kerja, Tingkat Pendidikan, Stok Kapital dan Pertumbuhan Penduduk Terhadap Pertumbuhan GDP di Indonesia, *Jurnal Ekonomi dan Bisnis Indonesia*, Vol 15, No. 2.
- [54]. Njoku, C.O. K.E. Ugwu, E.E. Chigbu. 2014. Governments Public Expenditures: Effect on Economic Growth (The Case of Nigeria, 1961-2013). *International Journal of Research in Management, Science & Technology*.
- [55]. Novyandra, Rokhim. 2016. Pengaruh Belanja Modal, Intergovernmental Revenue, Leverage, Size dan PAD terhadap Kinerja Keuangan Pemerintah Daerah Kabupaten/Kota di Pulau Jawa Tahun 2014.
- [56]. Nuarisa, S. A. 2013. Pengaruh PAD, DAU dan DAK Terhadap Pengalokasian Anggaran Belanja Modal. *Accounting Analysis Journal*, 2(1), 89-95.
- [57]. Pancawati, Neni, 2000. Pengaruh Rasio Kapital-Tenaga Kerja, Tingkat pendidikan, Stok Kapital dan Pertumbuhan Penduduk Terhadap Tingkat Pertumbuhan GDP Indonesia. *Jurnal Ekonomi dan Bisnis Indonesia* Vol.15, No.02, Universitas Gajah Mada.
- [58]. Patrick, Patrisia A. 2007. The Determinants of The Organizational Innovativeness: The Adoption of GASB 34 in Pennsylvania Local Government. *Thesis*.
- [59]. Patrick, Patrisia A., John M. Trussel. 2009. A Predictive Model of Fiscal Distress in Local Governments. *Journal Of Public Budgeting, Accounting & Financial Management*, 21 (4) 578-616.
- [60]. Peacock, A. T., & Wiseman, J. 1979. Approaches To The Analysis Of Government Expenditure Growth. *Public Finance Quarterly*, 7, 3-23.
- [61]. Permatasari, I., & Mildawati, T. 2016. Pengaruh Pendapatan Daerah Terhadap Belanja Modal Pada Kabupaten/Kota Jawa Timur. *Jurnal Ilmu Dan Riset Akuntansi*, 5 (Akuntansi), 1-17.
- [62]. Plotnikova, Maria. 2005. The effect of a capital budget on capital spending in the U.S. States. *Thesis*. Virginia Polytechnic Institute and State University.
- [63]. Prasasti, Diah, 2006. Perkembangan PDRB per kapita 30 Propinsi di Indonesia Periode 1993-2003: Pendekatan Disparitas Regional dan Konvergensi. *Jurnal Ekonomi dan Bisnis Indonesia* Vol. 21, No.4, Universitas Gajah Mada.
- [64]. Prihastuti, A. H., Taufik, T., & Agusti, R. 2015. Pengaruh Kinerja Keuangan terhadap Alokasi Belanja Modal dan Pertumbuhan Ekonomi di Kabupaten/Kota Riau. *Sorot*, 10, 143-154.
- [65]. Saruc, NaciTolga dan Isa Sagbas. 2008. The Surge Impact of the Flypaper, Substitution and Stimulation Effect on Local Tax Effort in Turkey. *International Research Journal of Finance and Economics*. Euro Journals Publishing, Inc.
- [66]. Setyawan, Budi dan Priyo Hari Adi. 2008. Pengaruh Fiscal Stress terhadap Pertumbuhan Pendapatan Asli Daerah dan Belanja Modal. Yogyakarta. *Symposium Nasional Riset Ekonomi dan Bisnis APTIK*.
- [67]. Shamsub, Hannarong., Joseph B Akoto. 2004. State and Local Fiscal Structures and Fiscal Stress. *Journal of Public Budgeting, Accounting and Financial Management*, 16 (1) : 40-61.
- [68]. Sjoberg, Peter. 2003. Government Expenditure Effect on Economic Growth The Case Sweden 1960-2001.
- [69]. Sugiyono. 2006. *Statistika Untuk Penelitian*. Bandung: Alfabeta.

- [70]. Sukimo Sadono, 2000, *Makroekonomi Modern*, PT. Raja Grafindo, Jakarta
- [71]. Sularso, Havid & Restianto, Yanuar 2011. Pengaruh Kinerja Keuangan Terhadap Alokasi Belanja Modal Dan Pertumbuhan Ekonomi Kabupaten/Kota Di Jawa Tengah, *Media Riset Akuntansi*, 1 (2).
- [72]. Sunaryo, Kunti. Abdul Ghofar. 2015. Characteristic Local Government and Performance: An Empirical Examination of Local Government in Indonesia. *Buletin Ekonomi*.
- [73]. Susantih, Heny dan YuliaSaftiana. 2007. Perbandingan Indikator Kinerja Keuangan Pemerintah Provinsi Sumatera Bagian Selatan. *Tesis*. Program Pasca Sarjana Universitas Sriwijaya.
- [74]. Tambunan, Tulus T.H, 2001, *Perekonomian Indonesia, Teori dan Temuan Empiris*, Jakarta, Ghalia, Indonesia.
- [75]. Todaro, M.P. 1997. *Pembangunan Ekonomi di Dunia Ketiga*, Terjemahan, Cetakan Keempat, Jakarta, Ghalia, Indonesia.
- [76]. Thornton, John. 2007. Fiscal Decentralization an Economic Growth Reconsidered. *Journal of Urban Economic*, 61.
- [77]. Tiebout, C. M. 1956. A Pure Theory Of Local Expenditures. *The Journal of Political Economy*, 64(5), 416–424.
- [78]. Warren, Carl S, et.al. 2014. *Pengantar Akuntansi: Adaptasi Indonesia*. Salemba Empat. Jakarta
- [79]. Wenny, Cherrya Dhia. 2012. Analisis Pengaruh PAD terhadap Kinerja Keuangan pada Pemerintah Kabupaten/Kota di Provinsi Sumatera Selatan.
- [80]. Wibisono, Yusuf. 2005. Sumber-Sumber Pertumbuhan Ekonomi Regional : Studi Empiris Antar Propinsi di Indonesia, 1984–2000. *Jurnal Ekonomi dan Bisnis Indonesia* Vol.02, Universitas Gajah Mada.
- [81]. Widarjono, Agus. 2009. *Ekonometrika : Teori dan Aplikasi Untuk Ekonomi dan Bisnis*, Edisi Kedua. Ekonisia FE Universitas Islam Indonesia. Yogyakarta
- [82]. Worl Bank. 2008. *Haiti, Public Expenditure Management and Financial Accountability Review*. A World Bank Country Study.
- [83]. Yuliarmi, Nyoman. 2008. Pengaruh Konsumsi Rumah Tangga, Investasi dan Pengeluaran Pemerintah Terhadap PDRB Propinsi Bali. *Bulletin Studi Ekonomi* Vo.13 No.2, Universitas Udayana Denpasar.

Attachment

Multicollinearity Test

	X1	X2	X3
X1	1.000000	0.693294	0.598410
X2	0.693294	1.000000	0.354655
X3	0.598410	0.354655	1.000000

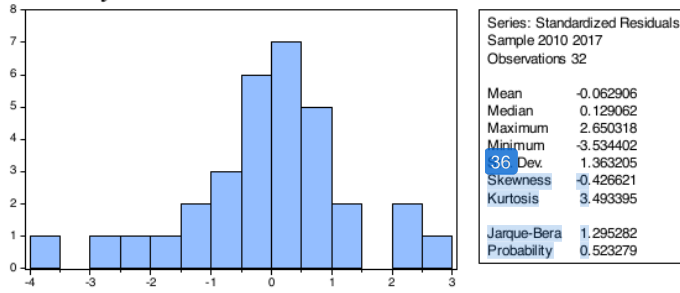
Heteroscedasticity Test

Dependent Variable: RESABS_Y1

Method: Panel Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
23	-5.992738	4.604388	-1.301528	0.2037
X1	0.154753	0.250659	0.617385	0.5420
X2	0.006449	0.207917	0.031015	0.9755
X3	0.097631	0.163043	0.598803	0.5541

Normality test



Hypothesis Testing

Dependent Variable: Y2

Method: Panel EGLS

Sample: 2010 2017

Models included: 8

Cross-sections included: 4

Total panel (balanced) observations: 32

Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.413713	5.247966	1.793783	0.0841
X1	0.452128	0.247441	1.827215	0.0787
X2	-0.301672	0.262468	-1.149367	0.2605
X3	0.919649	0.144521	6.363409	0.0000
Y1	0.050858	0.029109	1.747136	0.0920

12
Weighted Statistics

R-squared	0.624011	Mean dependent var	-2.508205
Adjusted R-squared	0.568309	S.D. dependent var	1.056083
S.E. of regression	0.343205	Sum squared resid	3.180316
F-statistic	11.20266		
Prob(F-statistic)	0.000017		

The Effects of Investment, Government Expenditures and Labor Productivity on Local Government Financial Performance

ORIGINALITY REPORT

23%

SIMILARITY INDEX

%

INTERNET SOURCES

17%

PUBLICATIONS

13%

STUDENT PAPERS

PRIMARY SOURCES

1

Submitted to Universitas Diponegoro

Student Paper

2%

2

Submitted to Sriwijaya University

Student Paper

2%

3

Submitted to Universitas Teuku Umar

Student Paper

1%

4

R Abdullah, D Mahmuda, E Malik, E T Pratiwi, M Rais, A Dja'wa, L O D Abdullah, Hardin, M Lampe, A P Tjilen. "The influence of environmental performance, environmental costs, and firm size on financial performance with corporate social responsibility as intervening variables (empirical study on manufacturing companies listed on the Indonesia stock exchange 2014-2018)", IOP Conference Series: Earth and Environmental Science, 2019

Publication

1%

5

Nafila Dwi Mutiarani, Dodik Siswantoro. "The

impact of local government characteristics on the accomplishment of Sustainable Development Goals (SDGs)", Cogent Business & Management, 2020

Publication

1%

6

Submitted to Universitas Mulawarman

Student Paper

1%

7

Emilios Galariotis, Alexis Guyot, Michael Doumpos, Constantin Zopounidis. "A novel multi-attribute benchmarking approach for assessing the financial performance of local governments: Empirical evidence from France", European Journal of Operational Research, 2016

Publication

1%

8

Submitted to Gachon University

Student Paper

1%

9

Aan Jaelani. "PUBLIC EXPENDITURE MANAGEMENT IN INDONESIA:", HUNAF: Jurnal Studia Islamika, 2018

Publication

1%

10

M. Zahari, Syamsurijal Tan, Haryadi Haryadi, Syaparuddin Syaparuddin. "Analysis of fiscal decentralization impact on community welfare in Jambi Province", Jurnal Perspektif Pembiayaan dan Pembangunan Daerah, 2018

Publication

1%

11	Ferta Daforsa, Hefrizal Handra. "Analysis of village fund management in poverty alleviation at Pasaman Regency, West Sumatra", Jurnal Perspektif Pembiayaan dan Pembangunan Daerah, 2019 Publication	1%
12	Submitted to essex Student Paper	1%
13	Submitted to Rikkyo University Student Paper	1%
14	Dwi Widyastuti, Farida Rahmawati. "The Effect of Fiscal Balance Funding on Regional Economic Growth: Evidence from East Java Province Period 2015-2017", KnE Social Sciences, 2020 Publication	1%
15	Submitted to Fakultas Ekonomi Universitas Indonesia Student Paper	1%
16	Submitted to Sultan Agung Islamic University Student Paper	1%
17	Submitted to STIE Perbanas Surabaya Student Paper	<1%
18	Gerard Turley, Rémi Di medio, Stephen McNena. "A reassessment of local government's financial position and performance: The case of	<1%

19

Tshipa Jonty, Thabang Mokoaleli Mokoteli. "THE IMPACT OF GENDER DIVERSITY IN THE BOARDROOM ON FIRM PERFORMANCE: A SOUTH AFRICAN PERSPECTIVE", Corporate Board: role, duties and composition, 2016

Publication

<1%

20

Debdatta Pal, Arnab Kumar Laha. "Credit off-take from formal financial institutions in rural India: quantile regression results", Agricultural and Food Economics, 2014

Publication

<1%

21

Submitted to President University

Student Paper

<1%

22

Submitted to Asia e University

Student Paper

<1%

23

Goodwill Desember 2013. "Goodwill Vo. 4 No. 2 Desember 2013", JURNAL RISET AKUNTANSI DAN AUDITING "GOODWILL", 2014

Publication

<1%

24

Submitted to Open University Malaysia

Student Paper

<1%

25

Submitted to Politeknik Negeri Sriwijaya

Student Paper

<1%

26

Md. Abu Hanif, Zobayer Ahmed, Hakan Acet, Savaş Çevik. "Investigating Okun's Law in SAARC Countries: An ARDL Approach", Research Square, 2020

Publication

<1%

27

Submitted to Universitas Hasanuddin

Student Paper

<1%

28

Bambang Tjahjadi, Noorlailie Soewarno, Viviani Nadyaningrum, Aisyah Aminy. "Human capital readiness and global market orientation in Indonesian Micro-, Small- and-Medium-sized Enterprises business performance", International Journal of Productivity and Performance Management, 2020

Publication

<1%

29

Rudolf Kempa, Rosmaryn Tutupary. "PERFORMANCE ANALYSIS OF 19 AMBON STATE MIDDLE SCHOOL USING BALANCE SCORECARD APPROACH", EDU SCIENCES JOURNAL, 2020

Publication

<1%

30

Rodriguez-Pose, A., and R. Ezcurra. "Is fiscal decentralization harmful for economic growth? Evidence from the OECD countries", Journal of Economic Geography, 2011.

Publication

<1%

31

Submitted to Trisakti School of Management

<1%

32

Nuri Andriyani, Mukhzarudfa, Enggar Diah PA. "Pengaruh Kinerja Keuangan Pemerintah Daerah Terhadap Belanja Modal (Studi di Kabupaten/Kota Provinsi Jambi Tahun 2014 – 2018)", Jurnal Akuntansi & Keuangan Unja, 2020

Publication

<1%

33

Kalies Sirieh Puspitowati, Deden Dinar Iskandar. "Determinants of Structural Transformation in ASEAN", Media Ekonomi dan Manajemen, 2020

Publication

<1%

34

Marie H. Bani Khaled. "The relationship between CEO compensation and financial performance in Jordanian public shareholding industrial companies", Investment Management and Financial Innovations, 2020

Publication

<1%

35

Submitted to Tamalpais Union High School District

Student Paper

<1%

36

Liviu Valentin Vlăducu. "Analysis of the correlation between the Gross Domestic Product and the final consumption of electricity", Proceedings of the International Conference on

<1%

37

Lia Anggraini, Sri Rahayu, Junaidi. "Pengaruh Karakteristik Pemerintah Daerah Terhadap Kinerja Pemerintah Daerah (Studi Pada Pemerintah Kabupaten/Kota di Provinsi Jambi)", Jurnal Akuntansi & Keuangan Unja, 2019

Publication

<1%

38

Bernard J. Laurens, Rodolfo Maino. "Chapter 4 Monetary Policy Implementation in China: Past, Present, and Prospects", Springer Science and Business Media LLC, 2009

Publication

<1%

39

Palina Prysmakova, Michele Tantardini, Tomasz Potkański. "The Role of Financial Performance in Motivating Polish Municipal Employees", Review of Public Personnel Administration, 2017

Publication

<1%

40

"The Effect of Some Economic Variables on Economic Growth in Indonesia Period 2010-2017", International Journal of Engineering and Advanced Technology, 2019

Publication

<1%

41

Kristian ., Delima Samosir, Miar .. "Analysis of Management Transfer Funds in Katingan District", KnE Social Sciences, 2020

<1%

42 Berasso Tule Teshome. "Stability of money demand function in emerging Countries: Static and dynamic panel approaches", *Journal of Economics and International Finance*, 2020
Publication

43 Submitted to iGroup
Student Paper

44 Submitted to Udayana University
Student Paper

45 Agustien Sendouw, Vekie Adolf Rumat, Debby Ch. Rotinsulu. "PENGARUH BELANJA MODAL, BELANJA SOSIAL, DAN PERTUMBUHAN EKONOMI TERHADAP TINGKAT KEMISKINAN DI KOTA MANADO", *JURNAL PEMBANGUNAN EKONOMI DAN KEUANGAN DAERAH*, 2019
Publication

46 Mihai Mutascu. "The tax–spending nexus: evidence from Romania using wavelet analysis", *Post-Communist Economies*, 2017
Publication

47 Marco Bisogno, Beatriz Cuadrado-Ballesteros, Serena Santis, Francesca Citro. "Budgetary solvency of Italian local governments: an assessment", *International Journal of Public*

48

S Dewi, A M M Zain, S Bakri, A R Kadir.
"Development strategy of Bontolojong Turatea
coffee (case study CV Bontolojong in the Ujung
Bulu Village Rumbia District Jeneponto
Regency)", IOP Conference Series: Earth and
Environmental Science, 2020

Publication

<1%

Exclude quotes Off

Exclude matches Off

Exclude bibliography On