

THE EFFECT OF REGIONAL ORIGINAL INCOME AND ACCURACY OF SHOPPING ALLOCATION ON REGIONAL ECONOMIC GROWTH IN LAMONGAN

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Abstract :

This study aims to examine the effect of local revenue and the accuracy of expenditure allocation on economic growth of a region. The independent variables of this study are regional original income and the accuracy of expenditure allocation while the dependent variable is economic growth. This study uses a quantitative approach. Technical data analysis in this study uses multiple linear regression models. The results of this study are that regional original income has no significant effect on the economic growth of Lamongan Regency in 2013-2017 and the accuracy of expenditure allocation does not significantly influence the economic growth of Lamongan Regency in 2013-2017.

Keywords:

local revenue, accuracy of allocation of capital expenditure, economic growth

1. Introduction

Regional finance is an important component in development planning, so an analysis of regional financial conditions and projections is necessary to obtain accurate projections regarding the ability of the regions to fund development plans and to solve strategic problems appropriately.

The regional budget is a financial plan that forms the basis for the implementation of public services. In Indonesia, regional budget documents are called the Regional Revenue and Expenditure Budget (APBD), for both provinces and districts and cities.

The implementation of regional autonomy provides flexibility for regional governments in planning development and developing potential resources in their regions. The main characteristics of a region that carries out its autonomy effectively are:

1. Large regional financial capacity means that the region has the ability and authority to explore financial sources, manage and use its own finances to finance government administration;
2. Reduced dependence on central assistance.

Economic growth is a modern economic indicator aimed at determining the level of prosperity of the people of a region. According to Law No. 23 of 2014, Regional Revenue is all Regional rights recognized as an addition to net asset value in the period of the fiscal year concerned.

High discipline towards priorities will determine the accuracy of budget allocations as shown by indicators of the amount of capital expenditure allocation, allocation of grants and social assistance expenditures, and personnel expenditure. From the background description, the following problems can be formulated:

1. Does the local income affect the economic growth of a region?
2. Does the accuracy of spending allocations affect the economic growth of a region?

Regional Finance

According to Article 1 of the Indonesian Government Regulation No. 58 of 2005, concerning Regional Financial Management, namely "Regional finance is all the rights and obligations of the region in the framework of implementing regional government which can be valued in money including all forms of wealth related to the rights and obligations of the region and of course within the boundaries of regional authority. "

The scope of regional finance based on article 2 of government regulation number 58 of 2005 concerning regional financial management includes:

1. Regional rights to collect local taxes and levies and make loans
2. Regional obligations to carry out regional government affairs and pay third party bills
 - a. Reception area
 - b. Regional expenditure
 - c. Regional assets that are managed by themselves or by other parties in the form of money, securities, accounts receivable, goods, and other rights that can be valued in money, including assets separated from regional companies.
 - d. The assets of other parties controlled by the regional government in the context of carrying out regional government tasks and / or public interests.

Regional financial management is the rights and obligations of the regions in managing the assets of the regional government which are manifested in the form of the Regional Revenue and Expenditure Budget (APBD) which can be used as regional property in relation to the implementation of these rights and obligations. The regional revenue and expenditure budget (APBD) is a part of planning related to the budget used in implementing government.

The financial reports that must be prepared by the Regional Work Units according to the Minister of Home Affairs Regulation No.13 of 2006 are as follows:

1. Budget Realization Report

Based on the conceptual framework of PP. 71 of 2010 Paragraphs 61-62, the budget realization report provides an overview of the sources, allocations and use of financial resources managed by the central / regional government, which describes the comparison between the budget and its realization in one reporting period.

The elements directly covered by the budget realization report consist of:

- a. Revenue-LRA is revenue by the State / Regional General Treasurer or by other government entities that add to the excess budget balance in the period of the fiscal year concerned which is the right of the government, and does not need to be repaid by the government.
 - b. Expenditures are all expenditures from the State / Regional General treasurer which reduce the excess budget balance in the period of the fiscal year concerned for which the government will not be refunded.
 - c. Transfers are receipts / disbursements of money from a reporting entity from / to other reporting entities, including balancing funds and profit sharing funds.
 - d. Financing is any revenue that needs to be paid back and / or expenditures that will be received back, both in the relevant fiscal year and the following fiscal years, which in government budgeting are mainly intended to cover the deficit or take advantage of the budget surplus.
- #### **2. Balance Sheet**

In the Conceptual Framework of Government Regulation no. 71 of 2010 Paragraphs 64-65 say that the balance sheet describes the financial position of a reporting entity regarding assets, liabilities and equity at a certain date. The elements covered by the balance sheet consist of assets, liabilities and equity.

The elements covered by the balance sheet consist of assets, liabilities and equity.

- a. Assets are economic resources that are controlled and / or owned by the government as a result of past events and from which future economic and / or social benefits are expected to be obtained, both by the government and society, and can be measured in units of money. includes non-financial resources necessary for the provision of services to the general public and resources maintained for historical and cultural reasons.
- b. Liabilities are debts arising from past events whose settlement results in an outflow of government economic resources.
- c. Equity is the government's net assets, which is the difference between government assets and liabilities.

3. Cash Flow Statement

PP conceptual framework No. 71 of 2010 Paragraphs 80-81 explain that the cash flow statement presents cash information relating to operating, investing, financing and transitory activities that describe the opening balances, receipts, expenditures and ending balances of central / regional government cash during a certain period.

The elements included in the cash flow statement consist of cash receipts and payments, each of which can be explained as follows.

- a. Cash receipts are all cash flows into the state / regional general treasurer.
- b. Cash disbursements are all cash flows out of the state / regional general treasurer.

4. Notes to Financial Statements

PP conceptual framework No. 71 of 2010 paragraph 83. Notes to financial statements disclose / present / provide the following.

- a. Disclose general information about reporting entities and accounting entities.
- b. Presenting information on fiscal / financial and macroeconomic policies.
- c. Presents an overview of the achievement of financial targets during the reporting year along with the obstacles and obstacles faced in achieving the target.
- d. Presents information about the basis for preparing financial statements and selected accounting policies to be applied to transactions and other important events.
- e. Presents details and explanations for each item presented on the cover sheet of the financial statements.
- f. Disclose information required by government accounting standard statements that have not been presented in the cover sheet of financial statements.
- g. Provide other information required for a fair presentation, which is not presented in the cover sheet of the financial statements.

Locally-Generated Revenue

According to Law No. 23 of 2014, Regional Revenue is all Regional rights recognized as an addition to net asset value in the period of the fiscal year concerned.

Own-source revenue is all revenue obtained from the results of local government management.

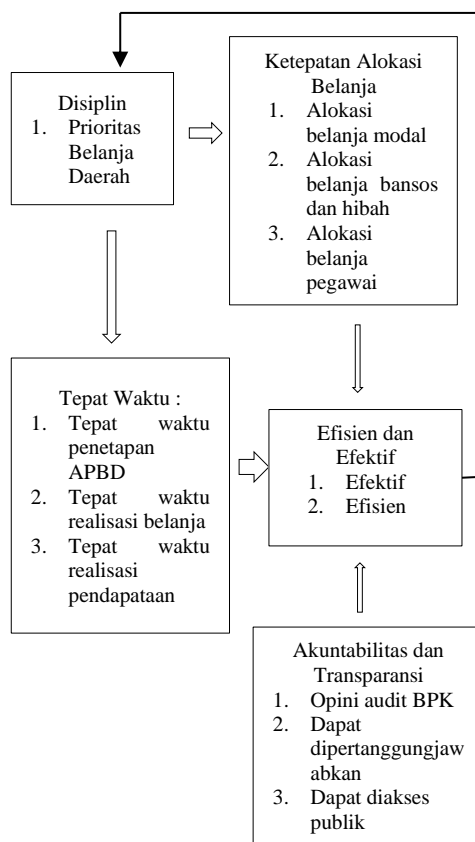
According to Law No. 23 of 2014 Article 285 paragraph 1 concerning income paragraph 1 (a) states that the source of regional income consists of regional original income including local taxes, regional levies, proceeds from the management of separated regional assets and other legal regional original income.

Accuracy of Shopping Allocation

Based on the principles of budgeting, regional expenditure is prepared through a performance budget approach that is oriented towards achieving the results of planned inputs by taking into account the work performance of each work unit of the regional apparatus in the implementation of its duties, principal and functions.

Regional expenditure is used in the framework of funding the implementation of governmental affairs of the provincial authority consisting of mandatory affairs and optional affairs stipulated by statutory provisions.

Juanda et al (2013: 39) in their study stated that quality spending is expenditure allocated based on regional development priorities and carried out efficiently and effectively, on time and allocation, transparent and accountable. In their study, Juanda et al said that there are 5 variables and 12 indicators related to the quality of regional spending as presented in the following figure.



Picture 1

Linkage of Attributes and Quality Indicators for Regional Spending

Source: Juanda et al, 2 et al, 2013

High discipline towards priorities will determine the accuracy of expenditure allocations as shown by indicators of the amount of capital expenditure allocations, allocations for grants and social assistance expenditures, and personnel expenditure.

Economic Growth

Economic growth is a modern economic indicator aimed at determining the level of prosperity of the people of a region. The economic growth of a country / region / region is calculated from the Gross Regional Domestic Product (GRDP) of the current year with the GRDP of the previous year. GRDP growth can be shown based on the structure of the business field.

Economic growth is an indicator that can measure the independence of a region in the form of the development of activities in the economic sectors of a region.

Economic growth is always used as a general expression describing the level of development of a country as measured by the addition of real national income. Economic growth is an indicator used to measure the economic performance of a country. In actual economic activity, economic growth means physical economic development.

Hypothesis

According to Chandrarin (2017: 110) Hypothesis is a provisional conjecture formulated by researchers on the basis of theory, the truth of which is still needed empirical proof. Based on the background, problem formulation, theoretical basis and conceptual framework, the research hypothesis is as follows:

H1 = local income has an effect on economic growth

H2 = Accuracy of expenditure allocation has an effect on economic growth

2. Research Methods

This study uses a quantitative approach. Quantitative data is a type of data in the form of numbers derived from the calculation of each variable measurement attribute. The data analyzed in this study are secondary data. Secondary data is data that comes from parties or institutions that have used or published it.

This research was conducted at the Regional Financial and Asset Management Agency, whose data was sourced from the Lamongan Regency Regional Budget Realization Report, which was obtained from the website of the Lamongan Regency Regional Financial and Asset Management Agency on the website from 2013-2017. The research was carried out from May to July.

The data collection method in this research is the documentation method, namely by recording or documenting existing data and the data of this research is the Lamongan Regency Government Regional Budget Report for the 2013-2017 Budget Year.

The analysis in this study used multiple linear regression models. Multiple linear regression is a regression analysis that explains the relationship between the response variable (dependent variable) and factors that affect more than one predictor (independent variable).

To enter the multiple linear regression model, the researcher must take the following steps:

1. Descriptive Statistical Test

Descriptive statistics are statistics that have the task of collecting, processing and analyzing data and then presenting it in a good form. The aim is to test and explain the characteristics of the observed sample.

2. Classic Assumption Test

Because the data used is secondary data, to determine the accuracy of the model, it is necessary to test several classical assumptions that underlie the regression model. Each of these classical assumption tests can be explained in detail as follows:

a. Normality Test

The normality test aims to test whether in the regression model the confounding or residual variables have a normal distribution.

b. Multicollinearity Test

Multicollinearity test is a condition of a linear relationship between independent variables. Multicollinearity test aims to test whether the regression model found a correlation between independent variables (independent).

c. Autocorrelation Test

Autocorrelation test is a condition in which the disturbance variable in a certain period is correlated with the variable in another period, in other words the disturbance is not random. The autocorrelation test aims to test whether in the linear regression model there is a correlation between confounding error in period t and confounding error in period t-1 (previous).

d. Heteroscedasticity Test

This heteroscedasticity test aims to test whether in a regression model there is an inequality of the variance of the residuals between one observation and another.

3. Multiple Linear Regression Test

In addition, you must also look at the regression model using the general regression equation and the relationship between variables which can be described in the equation as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + \varepsilon$$

Information : Y = economic growth

α = constant

b_1, b_2 = regression coefficient

ε = estimate error

X_1 = Independent variable (locally-generated revenue)

X_2 = Independent variable (accuracy of expenditure allocation)

4. Test the coefficient of determination (R^2)

The coefficient of determination (R^2) test is a measure that shows the proportion of variations in the independent variable that is able to explain variations in the dependent variable (Chandrarin, 2017: 141).

5. Hypothesis Testing

a. Test the accuracy / meaning of the model (simultaneous F test)

The F test is carried out with the aim of testing whether the effect of all independent variables on one dependent variable as formulated in a multiple linear regression equation model is appropriate (Chandrarin, 2017: 140).

b. Uji signifikansi variabel (uji t parsial)

The t test aims to test the significance of the effect of each independent variable on the dependent variable formulated in the model. This test is a further test that can be carried out after there is certainty that the model test (F test) is significant (Chandrarin, 2017: 141).

3. Results and Discussion

3.1. Results

Descriptive Statistics

Descriptive Statistics					
	N	Min	Max	Mean	Std. Deviation
PAD	5	9,61	15,80	13,4520	2,36495
KAB	5	60,27	77,89	71,2300	6,85219
PE	5	5,52	6,93	6,0760	0,55428
Valid N (listwise)	5				

Sumber : Data sekunder di olah dengan SPSS 22,

Based on the table above, it is known that the minimum original regional income value was 9.61% in 2013, while the maximum value of original regional income was 15.80% in 2017. It is known that the average (mean) regional original income from 2013-2017 was 13,4520% and the standard deviation of own-source revenue from 2013-2017 is 2.36495%.

Based on the table above, it is known that the accuracy of the minimum expenditure allocation is 60.27% in 2017, while the accuracy value of the maximum expenditure allocation is 77.89% in 2013. It is known that the average (mean) accuracy of the allocation of expenditure from 2013-2017 is 71.2300% and the standard deviation of the appropriateness of expenditure allocations from 2013-2017 was 6.85219%.

Based on the table above, it is known that the minimum value of economic growth is 5.52% in 2017 while the maximum value of economic growth is 6.93% in 2013. It is known that the average (mean) economic growth from 2013 - 2017 is 6.0760% and the standard deviation of economic growth from 2013 - 2017 is 0.55428%.

Classic Assumption Test

1. Normality Test

In this study, the normality test used the Kolmogorov-Smirnov test where:

- If the significance value of the Kolmogorov-Smirnov test results > 0.05 , then the data is normally distributed.
- If the significance value of the Kolmogorov-Smirnov test results < 0.05 , the distribution data is not normal.

One-Sample Kolmogorov-Smirnov Test

		PAD	KAB	PE
N		5	5	5
Normal	Mean	13,4520	71,2300	6,0760
Parameters	Std.	2,36495	6,85219	0,55428
a,b	Deviation			
Most	Absolute	0,258	0,208	0,252
Extreme	Positive	0,160	0,166	0,252
Difference	Negative	-0,258	-0,208	-0,158
s				
Test Statistic		0,258	0,208	0,252
Asymp. Sig. (2-tailed)		0,200 ^{c,d}	0,200 ^{c,d}	0,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Secondary data processed by SPSS 22

Based on the table above, the One-Sample Kolmogorov-Smirnov Test above shows that Asymp is obtained. Sig. (significance) of $0.200 > 0.05$, it can be concluded that the data is normally distributed.

2. Multicollinearity Test

To detect the presence or absence of multicollinearity in the regression model by looking at the Variance Inflation Factor (VIF) value and tolerance. A regression model that does not have multicollinearity if the VIF value is < 10 and tolerance > 0.10 . And if there is multicollinearity if the VIF value is > 10 and tolerance < 0.10 .

Coefficients^a

		Collinearity Statistics	
Model		Tolerance	VIF
1	PAD	0,348	2,877
	KAB	0,348	2,877

a. Dependent Variable: Pertumbuhan Ekonomi

Source: Secondary data processed by SPSS 22

Based on the table above, it is obtained that the VIF value of Local Own Revenue is $2.877 < 10$ and the VIF value of the Accuracy of Expenditure Allocation is $2.877 < 10$. The tolerance value for Regional Original Income is $0.348 > 0.10$ and the tolerance value for the Accuracy of Shopping Allocation is $0.348 > 0.10$. So it can be concluded that there is no multicollinearity between the independent variables in the regression model.

3. Autocorrelation Test

In this study, to detect the presence or absence of autocorrelation can be seen using the Run Test. The test criteria are as follows:

- If the value of Asymp. Sig. (2-tailed) < 0.05 then there are symptoms of autocorrelation
- If the value of Asymp. Sig. (2-tailed) > 0.05 , then there are no autocorrelation symptoms

Runs Test	
	Unstandardized Residual
Test Value ^a	,06740
Cases < Test Value	2
Cases \geq Test Value	3
Total Cases	5
Number of Runs	3
Z	0,000
Asymp. Sig. (2-tailed)	1,000

a. Median

Source: Secondary data processed by SPSS 22

Based on the table above, it shows the Asymp value. Sig. (2-tailed) of $1.00 > 0.05$ means that there are no autocorrelation symptoms.

4. Heteroscedasticity Test

Heteroscedasticity was tested using the Glejser test where:

- If the significance of the correlation results < 0.05 , the regression equation contains heteroscedasticity.
- If the significance of the correlation results is > 0.05 , then the regression equation does not contain heteroscedasticity.

Based on the table above shows the significance or sig value. Local Own Revenue variable is 0.789 and the Accuracy of Expenditure Allocation variable is 0.642. Because the value of the two independent variables (X) > 0.05 , it can be concluded that they do not contain heteroscedasticity. This means that the regression model used for this research is feasible.

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	-0,986	2,377		0,719
	PAD	0,020	0,065	0,338	0,789
	KAB	0,012	0,023	0,600	0,642

a. Dependent Variable: Abs_Res

Source: Secondary data processed by SPSS 22

Multiple Linear Regression Test

Multiple linear regression test is used to predict how the state (fluctuation) of the dependent variable will be when two or more independent variables are indicators.

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	-0,986	2,377		0,719
	PAD	0,020	0,065	0,338	0,789

KAB	0,012	0,023	0,600	0,542	0,642
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a. Dependent Variable: Abs_Res

Source: Secondary data processed by SPSS 22

Based on the table above, the regression equation is obtained as follows:

$$Y = 6,520 - 0,157X_1 + 0,023X_2 + \varepsilon$$

From the multiple regression equation it can be interpreted as follows:

1. The constant value of the regression equation is 6,520, where if the local revenue variable and the accuracy of the expenditure allocation are zero then the economic growth will be worth 6,520.
2. The value of the regression coefficient X_1 is - 0.157, if the local revenue increases by 1 unit, then the economic growth will decrease by - 0.157.
3. The value of the regression coefficient X_2 is 0.023, if the accuracy of the expenditure allocation increases by 1 unit, then economic growth will increase by 0.023.
4. Standard error (ε) indicates the error level of the confounder.

Determination Coefficient Test (R^2)

The coefficient of determination (R^2) aims to measure the ability of the model to explain the variation in the dependent variable.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,917 ^a	0,841	0,682	0,31272

a. Predictors: (Constant), Ketepatan Alokasi Belanja, Pendapatan Asli Daerah

Source: Secondary data processed by SPSS 22

Based on the table above, it is known that the coefficient determination value (R^2) is 0.682 or 68.2%, which means that local revenue and the accuracy of expenditure allocations can explain economic growth of 68.2%. While the rest ($100\% - 68.2\% = 31.8\%$) is explained by other variables not included in this study.

Hypothesis Testing

1. Simultaneous F Test

The basis for decision making in the F test is based on the calculated F value and F table.

- a. If the calculated F value > F table, the independent variable simultaneously affects the dependent variable
- b. If the value of F count < F table, the independent variable simultaneously has no effect on the dependent variable

The basis for decision making in the F test is based on the significance value of the results from the SPSS output.

- a. If the significance value < 0.05, the independent variable simultaneously affects the dependent variable

- b. If the significance value > 0.05 then the independent variable simultaneously has no effect on the dependent variable

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	1,033	2	0,517	5,283	0,159 ^b
Residual	0,196	2	0,098		
Total	1,229	4			

a. Dependent Variable: Pertumbuhan Ekonomi

b. Predictors: (Constant), Ketepatan Alokasi Belanja, Pendapatan Asli Daerah

Source: Secondary data processed by SPSS 22

F tabel dengan derajat kebebasan $df1 = k - 1$ dan $df2 = n - k$

information :

n : number of observations

k : the number of independent variables and dependent variables

F table with $\alpha = 5\%$; $df1$; $df2$

F table = (0,05 ; 3 - 1 ; 5 - 3)

F table = (0,05 ; 2 ; 2)

F table = 19,000

Based on the table above, it is known that the calculated F value is 5.283 and the Sig. is equal to 0.159. Because the value of F count 8,354 < F table 19,000 and the value of Sig. 0.1 > 0.05, it can be concluded that the local revenue and the accuracy of the simultaneous allocation of expenditures do not have a significant effect on economic growth.

2. Partial t test

The basis for a partial t test decision making in regression analysis is based on the t value and t table.

- If the value of t count > t table, the independent variable affects the dependent variable.
- If the value of t count < t table, the independent variable has no effect on the dependent variable.

The basis for a partial t-test decision making in regression analysis is based on the significance value of the SPSS output results.

- If the value is Sig. < 0.05, the independent variable has an effect on the dependent variable.
- If the Sig. > 0.05, the independent variable has no effect on the dependent variable

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-0,986	2,377		-0,415	0,719
PAD	0,020	0,065	0,338	0,305	0,789
KAB	0,012	0,023	0,600	0,542	0,642

a. Dependent Variable: Abs_Res

Source: Secondary data processed by SPSS 22

t table = α ; $n - k - 1 = 0,05$; $5 - 2 - 1 = 0,05$; $2 = 2,919$

Information :

n : number of observations

k : independent variable

- 1) The effect of local revenue on economic growth

Based on the table above, it is known that the t value is -1.396 and the Sig. is equal to 0.297 because the t value -1.396 < the t table value of 2.919 and the Sig. 0.297 > 0.05, the original regional income has no significant effect on economic growth.

- 2) The effect of the accuracy of expenditure allocation on economic growth

Based on the table above, it is known that the t value is 0.603 and the Sig. is equal to 0.608. Because the value of t count 0.603 < t table value of 2.919 and the value of Sig. 0.608 > 0.05, then the accuracy of spending allocation has no significant effect on economic growth.

3.2. Discussion

The Influence of Local Own Income on Economic Growth

From the results of research that has been done, it is known that the t value is -1.396 and the Sig. is 0.297 because the t value is -1.396 < the t table value of 2.919 and the Sig. 0.297 > 0.05, the original regional income has no significant effect on economic growth. This means rejecting the H1 hypothesis, namely that local revenue has an effect on economic growth.

Based on previous research, the results of this study are in line with Andi Gustiana's (2013) research entitled "Local Own Revenue, General Allocation Funds, and Capital Expenditures on Economic Growth (Empirical study of the Soppeng Regency Government for the period 2005-2012" which states that local revenue (PAD) has no effect on economic growth. And Irmal Suandi's research (2016) entitled "The Effect of Local Own Income and Allocation Funds on Economic Growth in South Sulawesi Province" which states that local revenue (PAD) has no significant effect on economic growth.

This research is not in line with the research of Chindy Febry Rori, et al. (2016) entitled "Analysis of the Influence of Local Own Income (PAD) on Economic Growth in North Sulawesi Province in 2001-2013" which states that local revenue has a significant effect on economic growth. Research conducted by Agung Priambodo (2013) entitled "Analysis of the Influence of Local Own Revenue, Capital Expenditures and Labor on Economic Growth of Districts / Cities in Central Java Province in 2008-2012" which states that Regional Original Income (PAD) has a positive effect on economic growth. .

This research is also not in line with the existing theory where the new growth theory says that capital accumulation is the main source of economic growth. This is difficult to materialize because one of the revenue posts from local revenue is taxes, where taxes can reduce consumption so that because consumption is reduced, revenue is also reduced and in the end economic growth also decreases.

And the research shows that between regions and other regions, there is an effect of local revenue and some that have no effect on regional economic growth, because different regions mean different ways of managing finances and allocating funds.

Effect of Accuracy of Expenditure Allocation on Economic Growth

From the results of research that has been done, it is known that the t value is 0.603 and the Sig. is equal to 0.608. Because the value of t count 0.603 < t table value of 19,000 and the value of Sig. 0.608 > 0.05, then the accuracy of spending allocation has no significant effect on economic growth. This means rejecting the H2 hypothesis, namely that the accuracy of expenditure allocations affects economic growth.

Table 1. Capital Expenditure Allocation

Year	Capital Expenditures	Percent
2013	250.783.853.296,00	14,6%
2014	365.866.860.284,00	17,8%
2015	472.934.281.090,00	18%
2016	633.892.066.539,00	20,6%
2017	519.885.186.335,00	18%
Average		17,8%

Source: BPKAD Kab. Lamongan, in processing

Judging from the table above, the development of the capital expenditure allocation for Lamongan Regency for the period 2013-2017 has increased every year. But in percentage terms in 2017 it has decreased. According to Permendagri No. 27 of 2013 concerning Guidelines for Preparation of the 2014 Budget Year, it has instructed local governments to allocate capital expenditures of at least 30% of capital expenditures in accordance with the mandate of Presidential Regulation No. 5/2010 concerning the 2010-2014 RPJMN. From the allocation of capital expenditures for the 2013-2017 period, the Lamongan Regency Government has never allocated a capital expenditure budget of up to 30%.

Table 2. Allocation of Grants and Social Assistance Expenditures

Year	Shopping Grants and Social Assistance	Percent
2013	77.457.450.000,00	4,5%
2014	125.609.810.380,00	5,6%
2015	262.535.711.663,00	10,1%
2016	206.257.528.000,00	6,6%
2017	156.766.288.888,00	5,4%
Average		6,44%

Source: BPKAD Kab. Lamongan, in processing

Judging from the table above, the budget allocation for grants and social assistance for Lamongan Regency for the period 2013-2017 reached an average of around 6.44%. When compared with the allocation of capital expenditures in the same period, the allocation of grants and social assistance expenditures was lower than the allocation for capital expenditures by 17.8% and the allocation for personnel expenditures by 46.52%.

Table 3. Employee Expenditure Allocation

Year	Employee Spending	Percent
2013	1.001.973.604.610,02	58%
2014	1.058.442.890.720,00	51,5%
2015	1.149.218.078.965,35	44,4%
2016	1.300.344.345.035,07	42,3%
2017	1.036.006.525.217,23	36,4%
Average		46,52%

Source: BPKAD Kab. Lamongan, in processing

Judging from the table above, the development of employee expenditure allocations for Lamongan Regency in 2013-2016 has increased and in 2017 has decreased. But in percentage terms the 2013-2017 period has decreased. The employee expenditure allocation from 2015-2017 is considered ideal because it is below 50% of the APBD and under national personnel expenditure which reaches 48.04%.

4. Conclusion

Based on the results of the research that has been done, the following conclusions are obtained: local revenue has no significant effect on the economic growth of Lamongan Regency in the 2013-2017 period. The accuracy of the expenditure allocation does not have a significant effect on the economic growth of Lamongan Regency in the 2013-2017 period.

The suggestions for this research are: future researchers are expected to examine other factors that affect economic growth or increase the time series for a longer period, because this study shows that local revenue and the accuracy of spending allocations have no effect on economic growth. So that it will produce even

better research. And for the government, it is hoped that from this research it can consider the use of original regional revenue and/the accuracy of the expenditure allocation according to the predetermined budget.

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