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MORALITY BEFORE KNOWLEDGE

The effect of local original revenue (PAD), special allocation fund (DAK) and general allocation fund (DAU) on capital expenditure in Bengkulu Province

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ABSTRACT

Abstract: The implementation of regional autonomy will directly affect the regional financial financing, management and supervision system. **Background:** The regional financing system in the context of regional autonomy is one of the most important aspects. To realize this, regional governments have rights and obligations over regional finances in organizing their regional government. Therefore, the regional government creates a Regional Revenue and Expenditure Budget (APBD) as an annual regional financial plan that is determined through Regional Regulations. APBD contains regional government revenues and expenditures in a certain period. This research aims to prove whether there is an influence of Regional Original Income, General Allocation Funds, and Special Allocation Funds on capital expenditure of district/city governments in Bengkulu Province. **Method:** This research uses samples from the financial reports of district/city governments throughout Bengkulu Province which have been audited by the BPK from 2019-2022. **Finding:** Theoretically, it is hoped that this research will be useful as material for building new concepts and can be useful as a reference for further research. A limitation in this research is the availability of data or reports needed to carry out this research. So, researchers look for data or reports on other websites which takes quite a long time. **Conclusion:** The results of this study indicate that the Regional Original Income and Special Allocation Fund variables have no effect on capital expenditure, and the General Allocation Fund variable has an effect on capital expenditure.

KEYWORDS: capital expenditure; general allocation fund; local original revenue; special allocation fund.

1. Introduction

Regional autonomy is the right, authority and obligation of an a autonomous region to regulate and manage government affairs and the interests of local communities in accordance with statutory regulations (UU No. 32 of 2004). The implementation of regional autonomy will directly affect the regional financial financing, management and supervision system. The regional financing system in the context of regional autonomy is one of the most important aspects.

Bengkulu Province, in this case, is one of the regions that is given autonomy or power in managing the government over its own territory. The Bengkulu Provincial Government has an important and strategic role in improving the development and welfare of its people.

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To realize this, regional governments have rights and obligations over regional finances in organizing their regional government. Therefore, the regional government creates a Regional Revenue and Expenditure Budget (APBD) as an annual regional financial plan which is determined through Regional Regulations (Permendagri No. 77 of 2020)

The APBD is prepared based on the needs of regional government administration which has the functions of authority, planning, supervision, stability, allocation and distribution (Permendagri No. 77 of 2020). The APBD contains regional government revenues and expenditures which are plans for regional government revenues and expenditures in a certain period. In the Minister of Home Affairs Regulation Number 77 of 2020, it is stated that what is included as regional revenue is regional income and regional financing receipts. Regional Expenditures budgeted in the APBD are Regional Expenditure plans in accordance with the certainty of the availability of funds for Regional Revenues in sufficient amounts. Regional expenditure consists of regional expenditure, regional financing expenditure. Article 55 of the Government Number 12 of 2019, states that "..classification of Regional Expenditures consists of, operational expenditures are budget expenditures for daily activities of the Regional Government which provide short-term benefits.." Capital expenditures are budget expenditures for the acquisition of fixed assets and assets. others that provide benefits for more than 1 (one) accounting period.

Capital expenditure is one of the main instruments of the provincial government to improve infrastructure, drive the economy and improve community welfare (BPKAD Kuningan, 2023). Capital expenditure is important because capital expenditure is used to acquire fixed assets and other assets that provide benefits in one period. This capital expenditure consists of land expenditure, equipment and machinery expenditure, building and construction expenditure, road, irrigation and network expenditure, other fixed asset expenditure and other asset expenditure (Permendagri No. 77 of 2020). Capital expenditures are used by local governments to capitalize fixed assets and other assets in order to obtain benefits or profits through assets owned in a certain period. Therefore, capital expenditure is important for regional governments to increase regional income.

In financing capital expenditure, regional governments use the regional revenue budget which is sourced from regional income. Regional income based on Minister of Home Affairs Regulation Number 77 of 2020 consists of Original Regional Income, Transfer Income, and other legitimate regional income. Original Regional Income (PAD) is all types of regional revenue whose sources come from the regional economy (Halim, 2007). Original Regional Income consists of regional taxes, regional levies, results from the management of separated regional assets and other legitimate Regional Original Income. A region's Original Regional Income (PAD) can finance regional expenditure. PAD components, taxes and levies are original income which is one of the main incomes of a region. Where the amount of regional tax and levy revenue is determined based on applicable regional regulations.

The greater the amount of regional taxes and regional levies, it shows that the region is able to implement fiscal decentralization and reduces dependence on the central government (Jayanti, 2020). In PP RI Number 10 of 2021 concerning Regional Taxes and Regional Levies in the Context of Supporting Ease of Business and Regional Services, revenues from property taxes, motor vehicles and other types of taxes can be allocated for capital expenditure, therefore the more effective regional governments are in managing and improving revenue from local taxes, the greater the potential for funding for long-term development and investment projects. Regional tax policies, such as tax rates and tax incentives for certain sectors, can influence the level of income earned. Analysis of these links is important to understand how tax policy can support or hinder the development of capital expenditure projects.

The level of efficiency in collecting regional taxes and regional levies can influence how much income sources can be allocated for capital expenditure (Yuliantoni & Arza, 2021). Efforts to increase efficiency and transparency in tax and levy collection can support increased revenue. Regional fiscal policies, including policies related to the amount of tax rates and levies, can also influence the amount of income that can be used for capital expenditure. Policies that support economic growth can potentially increase tax and levy revenues (Prasetyo & Rusdi, 2021). Increased revenues can affect regional financing, especially the financing of regional capital expenditure. The research results of Napitupulu & Malau, (2021) show that regional taxes, regional levies and General Allocation Funds partially and simultaneously have a positive and significant effect on regional spending.

The greater the regional revenue, both regional taxes and regional levies, the greater the regional spending that can be carried out by the regional government. These results are in line with research conducted (Harori, 2022) that partially taxes and General Allocation Funds influence capital expenditure, while simultaneously it is known that the factors that influence capital expenditure are very closely related. This research is also in line with research (Rahmawati, 2018) which shows that General Allocation Funds have a significant effect on capital expenditure.

On the other hand, the General Allocation Fund (DAU) is a financial transfer from the central government to the regions to help meet basic needs for public services and development (Prasetyo & Rusdi, 2021). The use of DAU in capital expenditure can provide additional flexibility for the provincial government in financing strategic projects. Regional taxes, regional levies and General Allocation Funds (DAU) are the main sources of funding for regional governments in carrying out development programs. In Permendagri Number 9 of 2021 concerning Procedures for Evaluation of Draft Regional Regulations Concerning APBD, General Allocation Funds (DAU) are funds originating from the Central Government taken from the State Revenue and Expenditure Budget (APBN) which are allocated with the aim of financial equality between regions to finance expenditure needs regional government in the context of implementing decentralization (Permendagri No. 9 of 2021). The existence of this DAU is expected to create financial equality for each region in terms of meeting the needs of the region itself, in other words, the amount of DAU received by each region can influence regional spending.

DAU provides funding stability for local governments because it comes from allocated funds from the central government (Ma'ruf & Rukmini, 2023). DAU in the context of capital expenditure is directed to support priority projects that may be difficult to fully fund with local regional revenues. Local governments can use DAU to fill funding gaps in capital expenditure that may not be covered by local revenues. DAU allocation analysis can help local governments determine development priorities and avoid funding shortages in implementing strategic projects (Jayanti, 2020).

DAU helps the government in financing regional government capital expenditure. Apart from that, DAU also functions to provide budget balance for each regional government. The results of research conducted by (Halim, 2007), stated that long-term transfer funds in the form of DAU have an effect on capital expenditure and a reduction in the amount of transfer funds can cause a decrease in capital expenditure. The greater the DAU a region receives, the greater the region's capital expenditure.

Apart from Regional Original Income (PAD) and General Allocation Funds (DAU), the Special Allocation Fund (DAK) variable also has an influence on capital expenditure. Special Allocation Funds are funds sourced from APBN revenues which are allocated to certain regions with the aim of helping to fund special activities which are regional affairs and in accordance with national priorities (Sema & Riduwan, 2021). It should be noted that not all regions receive DAK because DAK aims for equality and to improve the condition of physical infrastructure which is considered a national priority. The central government has an effort program to reduce regional inequality in the form of Special Allocation Funds (DAK). These funds are allocated with the aim of funding special activities which are regional government affairs and in accordance with national priorities (Ananda & Habiburrahman, 2023). The allocation of DAK is expected to influence capital expenditure, because it tends to increase the fixed assets owned by regional governments to improve public services.

It is hoped that the balancing funds provided by the central government, in the form of DAU and DAK, can provide assistance to balance the equitable development of each region in Indonesia. In research conducted by Soesilo & Asyik, (2021), it is stated that Special Allocation Funds have a positive effect on capital expenditure. In other words, the larger the Special Allocation Fund owned by a region is able to increase the region's capital expenditure budget. This is also in line with other research conducted by Ananda & Habiburrahman, (2023), where the Special Allocation Funds (DAK) provided by the central government to regional governments in Indonesia can increase regional capital expenditure. This is because the expenditure required by each region in Indonesia differs from one region to another. Sometimes this is often not in accordance with the income of the area. Therefore, through the Special Allocation Fund provided by the central government, it can provide balance or additional funds for regional governments to carry out regional expenditure, in this case capital expenditure.

This fluctuation in capital expenditure was also accompanied by a decrease in the General Allocation Fund (DAU) and an increase in regional levies and PAD since 2020-2021. DAU is given from the central government to overcome disparities in financial capacity and public services between regions. With this gradual decline, it shows that Bengkulu Province is slowly starting to be able to overcome or improve the financial capacity and public services in the Bengkulu Province Region (Syariah, 2022). Meanwhile, the increase in PAD illustrates regional success in managing regional revenue sources and regional levies as a source of regional revenue have also increased.

However, this data does not show that there has been a significant increase in the Bengkulu Provincial Government's capital expenditure. Since 2019-2021, there has been a significant decline, which is not commensurate with the increase in revenues or sources of income from Bengkulu Province. Capital expenditures used to acquire fixed assets and other assets to provide benefits in one period, should be maximized by using funds owned and obtained by the Bengkulu Provincial Government. This capital expenditure can also be earmarked for road repairs, such as the Hybrid Road in Bengkulu Province, specifically in Bengkulu City since 2019 it has not been repaired until at the beginning of 2023 there will be progress towards making repairs. With PAD funds, regional levies and DAU of that size, improvements for things like this should have been made since 2019.

From this table and phenomenon, capital expenditure in Bengkulu Province reached Rp. 1 trillion. However, in 2020, capital expenditure fell to Rp. 800 billion. In 2021, capital expenditure will increase again to Rp. 900 billion, and in 2022, capital expenditure will reach IDR. 1 trillion. This fluctuation shows that capital expenditure in Bengkulu Province is not yet stable and needs further analysis. Apart from that, in a media statement, in 2019 the Bengkulu Provincial Government allocated funds of Rp. 50 billion for road construction. However, the road construction project has not been completed to date. This shows that there is ineffectiveness in the use of capital expenditure, the cause of which needs to be identified and a solution found.

This research uses stakeholder theory, where stakeholder theory is relevant to be used as a grand theory in this research to explain the factors that can influence the increase in capital expenditure. The role of internal and external stakeholders, especially the community as taxpayers and users of public services and public managers as administrators or all three can be called economic actors, greatly influence and are influenced to achieve common goals, namely increasing Regional Original Income which will be used for shared prosperity.

In this research, researchers want to find out whether the amount of capital expenditure of the Bengkulu Province government is influenced by regional taxes and levies and the General Allocation Fund (DAU) which is a source of funding for the regional government. An in-depth analysis to evaluate the extent of the influence of these three components on capital expenditure in Bengkulu Province needs to be carried out.

The implementation of government policies and services to the community based on the principle of decentralization gives regional governments the authority to collect taxes or levies and manage natural resources independently. Sources of funds for regions consist of Original Regional Income, Balancing Funds (DBH, DAU, and DAK) and regional loans, these three sources are directly managed by the regional government through the APBD and collaboration with the central government (Halim, 2007). Regional government financial managers must be able to apply the principle of regional independence by optimizing revenues from the Regional Original Income (PAD) sector. Sources of Original

Regional Income in the Regional Revenue and Expenditure Budget are regional taxes and regional levies.

Regional Original Income, General Allocation Funds, Special Allocation Funds act as one of the determining components of capital expenditure carried out by regional governments. The amount of value for each component helps you in formulating any policies related to capital expenditure that will be carried out. This includes increasing regional tax collection, increasing efficiency in managing regional levies, and optimal use of the General Allocation Fund (DAU) to support development policies. By ensuring regional financial resources are used effectively and transparently, this research can help create an environment that supports long-term economic growth and increased community welfare.

A lot of research has been carried out regarding Allocation Funds, by adding more variables to previous research, namely breaking down the Original Regional Income variable into Regional Taxes and Regional Retributions and using the latest data for the 2019-2022 period in Bengkulu Province. Researchers want to know whether these new variables will have an effect on capital expenditure and whether the results of this research are consistent with previous research or even provide new results. In this way, researchers want to conduct research on the influence of Regional Original Income, Special Allocation Funds (DAK) and General Allocation Funds (DAU) on Capital Expenditures in Bengkulu Province.

2. Methods

2.1 Types of research

The type of research used in this research is quantitative research, because this research will use the Regional Revenue and Expenditure Budget Realization Report (APBD) for Regency or City throughout Bengkulu Province for the 2019-2022 period which was published on the Directorate General of Financial Balance (DJPK) website to collect data. data regarding Regional Original Income (PAD), Special Allocation Funds (DAK), General Allocation Funds (DAU) and Capital Expenditures.

2.2 Place and time of research

This research was carried out at the Bengkulu Provincial Government. This research was conducted from November 2023 to December 2023. The data used in this research used secondary data, where the data was obtained from the Directorate General of Financial Transactions (DJPK) for 2019-2022, especially Bengkulu Province.

2.3 Operational definition of variables

According to Sugiyono (2017) a variable is an attribute or trait or value and person or activity that has certain variations determined by researchers to be studied and then conclusions drawn. In this research there are two variables used, namely the dependent variable (Y) and the independent variable (X) as follows:

2.3.1 Dependent variable

According to Indriantoro and Supomo (2016) the dependent variable is the type of variable that is explained or influenced by the independent variable (the dependent variable in this research is Capital Expenditure (Y). Capital expenditure is regional government expenditure whose benefits exceed one budget year and will increase assets or regional wealth.

2.3.2 Independent variable

According to Sugiyono (2017) an independent variable is a type of variable that explains or influences other variables. In this research, the independent variables used are the Regional Original Income (X1), Special Allocation Fund (X2) and General Allocation Fund (X3) systems.

2.3.2.1 Regional original income (X1)

Original Regional Income is income originating from the region itself which is collected based on Regional Regulations in accordance with statutory regulations. This PAD variable is measured using a ratio scale. PAD indicators consist of regional levies, regional taxes, results of separated regional wealth management and other legitimate income.

2.3.2.2 Special allocation fund (X2)

Special Allocation Funds are funds sourced from the APBN which are allocated to certain regions with the aim of helping to fund special activities which are regional affairs and in accordance with national priorities. This DAK variable is measured using a ratio scale. DAK indicators consist of general criteria, specific criteria and technical criteria.

2.3.2.3 General allocation fund (X3)

General Allocation Funds are funds obtained from APBN revenues which are distributed with the aim of equalizing financial capacity between regions to finance regional needs in the context of implementing decentralization.

2.4 Population and Sample

2.4.1 Population

According to Sugiyono (2017), population is a generalization area consisting of objects or subjects that have certain quantities and characteristics determined by researchers to be studied and then conclusions drawn. In this research, the population is all districts or cities in the province in Bengkulu Province.

2.4.2 Sample

According to Sugiyono (2017), the sample is part of the population which is the source of data in research where the population is part of the number of characteristics possessed by the population. The sampling technique in this research uses a probability sampling method with the aim of obtaining samples in accordance with the research objectives. The probability sampling method is a sampling method that is based on certain considerations or criteria. The sampling criteria in this research were all districts or cities throughout Bengkulu Province that had published and presented complete budget realization reports from the results of financial reports that had been audited by the Indonesian Supreme Audit Agency during 2019-2022.

Based on the research sample criteria above, the number of samples that meet the criteria in this research is 9 districts and 1 city over a 4 year period.

2.5 Data types and data sources

The type and source of data used in this research is secondary data which was not obtained directly from the researcher. Secondary data is data that has been processed by other parties or institutions for certain purposes, and the processed data is collected by researchers as research data for the researcher concerned. Based on the explanation above, this research uses quantitative data obtained from the Regional Revenue and Expenditure Budget Realization Report (APBD) and the Regency or City GRDP Realization Report of Bengkulu Province for the period 2019 to 2022. This research will use panel data because this research will analyze 10 subjects with the time period 2019 to 2022.

2.6 Method of collecting data

Data collection techniques are an important process in obtaining data for research. According to Sugiyono (2017), data collection techniques can be carried out using interviews, questionnaires and observations. The data collection technique that will be used in this research is documentation techniques and from other sources, where the researcher will collect documents related to existing research variables, such as the Regional Revenue and Expenditure Budget Realization Report (APBD).

2.7 Data analysis method

According to Sanusi (2017), data analysis techniques are describing what analytical techniques will be used by researchers to analyze the data that has been collected, including testing it. The data analysis technique in this research uses the help of the Statistical Program For The Social Sciences (SPSS) software version 24.00 for Windows. The data to be analyzed is secondary data obtained from related agencies in Bengkulu Province.

2.7.1 Classic assumption test

Multiple linear regression testing can be carried out after the model from this research meets the requirements, namely passing the classical assumption test. The conditions that must be met are that the data must be normally distributed, not contain multi-collinearity, autocorrelation and heteroscedasticity. For this reason, before carrying out multiple linear regression testing, it is necessary to first test the classical assumptions, which consist of a normality test, multi-collinearity test, autocorrelation test and heteroscedasticity test (Ghozali, 2021).

2.7.1.1 Normality test

The normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution. It is known that the t and F tests assume that the residual values follow a normal distribution. If the assumption is violated then the statistical test becomes invalid for small sample sizes (Ghozali, 2021) . This normality test was carried out statistically using the One Sample Kolomogorov-Smirnov (K-S) and P-Plots analysis tools. The K-S test is carried out by making a hypothesis: (a) If the value of Asymp. Sig. (2 – tailed) ≥ 0.05 normally distributed data; (b) If the value of Asymp. Sig. (2 – tailed) ≤ 0.05 data is not normally distributed.

The P-Plots test is carried out using graphic analysis (scatterplot), namely by looking at the normal probability plot which compares the cumulative distribution with the normal distribution. The normal distribution will form a straight diagonal line and plotting the residual data will be compared with the diagonal line. If the residual data distribution is normal then the line depicting the actual data will follow the diagonal line.

2.7.1.2 Multicollinearity test

Multi-collinearity is a condition where there is perfect correlation between independent variables. This multi-collinearity aims to test whether the regression model finds a correlation between independent variables (Priyatno, 2018). A good regression model should not contain any correlation between each independent variable. The method for testing the presence of multi-collinearity can be seen in the tolerance value or Variance Inflammatory Factor (VIF) with the following decision criteria: (a) Tolerance value < 0.1 or Inflammatory Factor Value (VIF) > 10: multicollinearity occurs; (b) Tolerance value > 0.1 or Value Inflammatory Factor (VIF) < 10: multicollinearity does not occur.

2.7.1.3 Autocorrelation test

This test aims to test whether in a linear regression model there is a correlation between the residuals in period t and the residuals in period t-1 (previous). A good regression model is a regression that is free from autocorrelation. The method that can be used to detect the presence or absence of autocorrelation is the Durbin Watson test (Durbin-Watson test/DW). Making decisions about whether there is autocorrelation (Ghozali, 2018), if the DW value is between the upper limit or upper bound (du) and 4 – upper bound (4-du), then the autocorrelation coefficient is equal to zero, meaning there is no autocorrelation.

2.7.1.4 Heteroscedasticity test

According to Fauzi et al. (2019) Heteroscedasticity is a condition where the variance of the error term in the regression equation model is not constant. The causes of heteroscedasticity are: (a) The regression equation model used is not precise; (b) The number of outliners in the observations used.

The existence of skewness in one or several independent variables in the regression equation model. Data transformation error (first difference from) and error in using the equation form (linear or log-linear).

Several methods that can be used to detect heteroscedasticity in regression equation models are using the Park test and the Glejser test. This research uses the Glacier Test to regress the absolute value of the residual on the independent variable using the following basis for decision making: (a) If the Sig value of the independent variable is <0.05, heteroscedasticity occurs; (b) If the Sig value of the independent variable is > 0.05, heteroscedasticity does not occur.

2.7.2 Regression analysis

Regression analysis is used to measure the strength of the relationship between two or more variables, and also shows the direction of the relationship between the dependent variable and the independent variable (Ghozali, 2021).

2.7.2.1 Hypothesis testing

To carry out hypothesis testing, this test will use multiple linear regression analysis. This analysis is used to measure the relationship between the variables Capital Expenditure (BM), Regional Original Income (PAD), Special Allocation Funds (DAK) and General Allocation Funds (DAU).

Model Feasibility Test (F Statistical Test). Model feasibility testing refers to a series of statistical and analytical methods used to measure the extent to which a statistical or predictive model is able to explain observed or predicted data, as explained by (Hardani, 2020). In the context of research, there are criteria that involve the F value and significance value (p-value). Typically, the significance threshold used is 0.05. If the probability value (p-value) obtained from the F test is less than 0.05, then this indicates that the regression model has a fairly good ability to explain the data.

Partial Test (Statistical T Test). This test is used to determine whether the independent variables individually influence the dependent variable assuming the other independent variables are constant. The t test is intended to test the influence of the independent variable on the dependent variable in the research as stated in this research hypothesis. Apart from testing this influence, this test is also used to determine the sign of the regression coefficient for each independent variable so that the direction of influence of each independent variable on the dependent variable can be determined.

Coefficient of Determination Test (R2). The coefficient of determination or determining coefficient R2 is a number expressed in percent form, which shows the magnitude of the influence of the independent variable on the dependent variable. The coefficient of determination R2 is used to measure the correctness of the relationship in the model used, namely a number that shows the amount of variance/distribution of the independent variable which explains the dependent variable. The value of R2 is $0 \leq R2 \leq 1$, where the closer it is to 1, it means the model can be said to be good because the closer the relationship between the independent variables and the dependent variable, and vice versa (Ghozali, 2021).

3. Results and Discussion

3.1 Regional original income and capital expenditures

The results show that there is no significant relationship between Original Regional Income (PAD) and Capital Expenditures in Regencies/Cities throughout Bengkulu Province. This means that an increase or decrease in PAD does not directly have an impact on an increase or decrease in Capital Expenditure. The results of this research do not fully support the stakeholder theory which states that PAD must be used to finance regional capital expenditure. This is because PAD in districts/cities throughout Bengkulu Province is unable to cover all capital expenditure needs. PAD in districts/cities throughout Bengkulu Province is not sufficient to finance all capital expenditure needs. This can happen because many regions in Bengkulu Province have a weak economic base, so the PAD generated is low. Tax collection in the regions is still not optimal, so the potential for PAD has not been maximized.

Stakeholder theory states that organizations, including local governments, must consider the interests of all their stakeholders in making decisions. In the context of capital expenditure, stakeholder theory argues that PAD should be used to finance capital expenditure because capital expenditure can increase regional fixed assets and provide long-term benefits for the community. The use of PAD for capital expenditure can show the regional government's commitment to regional development. Research findings show that PAD in districts/cities throughout Bengkulu Province is unable to cover all capital expenditure needs. This means that PAD cannot be used fully to finance capital expenditure, and local governments must look for other sources of funding to meet capital expenditure needs. PAD is not fully used to finance capital expenditure. Regional governments must look for other sources of funding to meet capital expenditure needs.

PAD in the regions is not only used to finance capital expenditure, but also to finance other programs and activities, such as: Personnel expenditure is the largest component in the regional APBD, so the PAD allocation for capital expenditure is limited, spending on goods and services is needed for the operations of regional government apparatus and implementation of programs and activities, social assistance spending is needed to help poor and vulnerable communities.

This research is not in line with Pratama et al. (2021) who found a positive relationship between PAD and capital expenditure. This may be due to differences in research context and methodology. This research is in line with Anggraeni et al., (2022) which states that PAD has no effect on capital expenditure. This shows that the findings of this study are consistent with other research that examines the relationship between PAD and capital expenditure in the region.

3.2 Special allocation funds and capital expenditures

The results show that Special Allocation Funds (DAK) do not have a significant influence on Capital Expenditures (BM) in Regencies/Cities throughout Bengkulu Province. This means that the amount of DAK received by a region does not directly impact the amount of capital expenditure in that region. This shows that other factors besides DAK also influence the amount of capital expenditure in the area. DAK can be used to finance various programs and other activities in the region, such as personnel expenditures, expenditures on goods and services, and social assistance. DAK, which is given to help finance certain needs, cannot finance regional government capital expenditure. This is because the DAK itself already has a distribution determined in the APBN. So, distribution is given based on the provisions in the APBN.

The results of this research do not fully support the stakeholder theory which states that DAK should be used to increase regional capital expenditure. This is because DAK in districts/cities throughout Bengkulu Province does not show a significant influence on capital expenditure. Although DAK aims to help finance the needs for public service facilities and infrastructure, in practice the use of DAK is not always focused on capital expenditure.

Stakeholder theory states that organizations, including the central government, must consider the interests of all their stakeholders in making decisions. In the context of DAK and capital expenditure, stakeholder theory argues that DAK should be used to increase capital expenditure because capital expenditure can increase regional fixed assets and provide long-term benefits for the community. The use of DAK for capital expenditure can show the central government's commitment to assisting regions in infrastructure development. Research findings show that DAK in districts/cities throughout Bengkulu Province does not show a significant influence on capital expenditure. This means that DAK is not always used to finance capital expenditure, and local governments may use DAK for other programs and activities.

Special Allocation Funds (DAK) do not show a significant influence on capital expenditure, as researched by Simanjuntak and Ginting (2019). This is because DAK is specific to certain programs by the central government, in contrast to DAU which is more flexible.

3.3 General allocation funds and capital expenditures

General Allocation Funds are sourced from State Revenue and Expenditure Budget (APBN) revenues which are allocated with the aim of equalizing financial capacity between regions to fund regional needs in the context of implementing decentralization in accordance with statutory provisions. To reduce the inequality in financing needs and tax control between the Center and the Regions, it has been addressed by creating financial balance between the Center and the Regions (with a profit sharing policy and a General Allocation Fund of at least 26% of domestic revenues). Financial balance, especially the General Allocation Fund, provides certainty for regions in obtaining financing sources to finance regional expenditures such as capital expenditures.

In the context of stakeholder theory, the relationship between the General Allocation Fund (DAU) and capital expenditure (BM) is when the central government helps equalize financial capacity between regions to fund regional needs in the context of implementing decentralization in accordance with statutory provisions. This is necessary because it is to reduce disparities in financing needs and tax control between the center and the regions. Therefore, the General Allocation Fund is useful in balancing income distribution between one region and another. This is necessary so that regional governments obtain certainty in obtaining sources of financing to finance capital expenditures.

This research finds that the General Allocation Fund (DAU) has a positive influence on capital expenditure. This is in line with previous research findings by Pramudya & Abdullah, (2021) and Amami & Asmara, (2022). DAU is an important source of funding for local governments to finance various activities, including capital expenditure. An increase in DAU can provide greater fiscal space for regions to allocate funds to capital expenditure. This capital expenditure can then be used to build infrastructure, such as roads, bridges, schools and hospitals. This infrastructure improvement can provide long-term economic benefits for the region, such as improving connectivity, encouraging investment and creating jobs.

Therefore, higher DAU can contribute to increased capital expenditure and ultimately encourage regional economic growth.

4. Conclusions

This research aims to examine the influence of Regional Original Income, Special Allocation Funds, and General Allocation Funds on capital expenditure. Based on the data obtained and the results of the research carried out in this study, it can be concluded: (a) The research results show that Regional Original Income cannot influence the capital expenditure of districts/cities throughout Bengkulu province. This means that the larger or smaller the Regional Original Income owned by the regional government cannot provide an increase or decrease in the budget for capital expenditure for district/city governments throughout Bengkulu province; (b) The research results show that the Special Allocation Fund cannot influence the capital expenditure of districts/cities throughout Bengkulu province. This means that the larger or smaller the Special Allocation Fund owned by the regional government cannot provide an increase or decrease in the budget for capital expenditure for district/city governments throughout Bengkulu province; (c) The results of the research show that the General Allocation Fund has a positive effect on the capital expenditure of districts/cities throughout Bengkulu Province. This means that the greater the General Allocation Fund you have, the more budget you can increase capital expenditure for districts/cities throughout Bengkulu province.

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