

THE EFFECT OF GENERAL ALLOCATION FUNDS AND FUEL SUBSIDIES ON CAPITAL EXPENDITURES IN INDONESIA

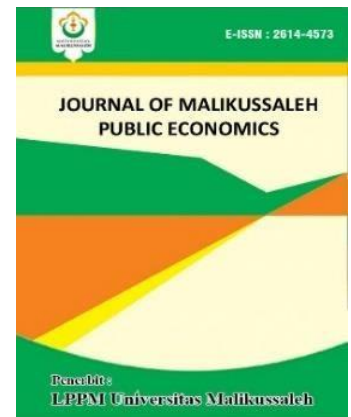
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ARTICLE INFORMATION

ABSTRACT

Keywords:

General Allocation Fund, Fuel Subsidies & Capital Expenditures

The purpose of this study is to examine the impact of general allocation funds and fuel subsidies on capital expenditures in Indonesia. From 1990 through 2020, this analysis makes use of secondary data from the Indonesian Ministry of Finance and the World Bank. The data was examined using the eviews 10 analytic tool and the multiple linear regression approach. According to the findings of the study, the general allocation fund has a favorable and considerable impact on capital spending in Indonesia. Meanwhile, fuel subsidies have a considerable negative impact on capital expenditures in Indonesia. The size of the effect of general allocation funds and fuel subsidies on capital expenditures is 95,66%, whereas the influence of other general allocation funds outside of this model is 4,34%. It is advised that government subsidies be used as efficiently as possible in order to promote wellbeing.

1. INTRODUCTION

Capital expenditures are planned cash outlays for the acquisition of fixed assets with an economic useful life of more than one accounting period, such as property, plant and equipment, land, and buildings that will become corporate assets. Capital expenditures are also known as purchases of fixed assets and other assets that are profitable for more than one accounting period. Capital expenditures include, among other things, purchases of land, buildings and structures, equipment, and intangible assets. (Kementerian Keuangan, 2021).

According to Susanti & Fahlevi (2015) Capital expenditures are expenses incurred to buy fixed assets and other assets that offer benefits across several accounting periods. This interpretation is consistent with the definition of capital expenditure provided by Law No. 71 of 2010 on Accounting Standards, which states that capital expenditures are budget expenditures for the acquisition of fixed assets and other assets that provide benefits for more than one accounting period. Capital expenditures include the purchase of land, buildings and structures, equipment, and intangible assets.

Meanwhile, according to Praptoyo (2015) Capital expenditures are expenditures made in the context of

acquiring, procuring, or creating tangible fixed assets with a useful life of more than a year to be employed in government operations, such as land, machine tools, buildings and structures, roads, irrigation and networks, and assets. Capital spending is also linked to fiscal strategy in order to improve local government services. This is also encouraged by study conducted by (Andirfa et al, 2016) which states that capital spending has an impact on economic growth, capital expenditure and general allocation funds (DAU) are two indicators included in the Regional Revenue and Expenditure Budget (APBD).

General Allocation Funds are funds allocated from the State Revenue and Spending Budget (APBN) with the goal of distributing regional financial capacities to finance their expenditure requirements in the context of achieving decentralization. It is possible to conclude that the General Allocation Fund (DAU) is the government's answer to regional desires for more control over state resources. (Kementerian Keuangan, 2021).

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Whereas according to Gerungan dkk. (2020) General Allocation Fund are funds provided from the State Revenue and Spending Budget (APBN) with the goal of distributing regional financial capacities to finance their expenditure requirements in the context of achieving decentralization. It is possible to conclude that the General Allocation Fund (DAU) is the government's answer to regional desires for more control over state resources. General Allocation Monies are funds provided from the State Revenue and Spending Budget (APBN) with the goal of distributing regional financial capacities to finance their expenditure requirements in the context of achieving decentralization. It is possible to conclude that the General Allocation Fund (DAU) is the government's answer to regional desires for more control over state resources. According to research conducted by (Uhise, 2013), general allocation funds (DAU) impact economic growth; similarly, (Adyatma and Oktaviani, 2015) suggest that general allocation funds affect economic growth. Fuel subsidies are central government intervention for the general welfare of the people.

Subsidies are essentially financial or material aid or goods supplied by the government to a foundation, group, or community. Fuel subsidy (fuel oil) is a transfer of monies from the government to PT. PERTAMINA. The government sells its own crude oil, which generates government revenue. Subsidies are financial allocations made by the government to state corporations, government agencies, or other third parties who create, sell, export, or import goods and services that fulfill the requirements of many people, in order for the public to achieve the selling price. Consists of Financial Institution Subsidy Expenditure, Fuel Subsidy Expenditure

With the present decentralization and regional autonomy, it is envisaged that services in different areas, particularly the public sector, would improve. As a result, altering the mix of spending is a sensible endeavor that local governments must implement.

Increase capital expenditure in the form of fixed assets, such as equipment, buildings, infrastructure, and other permanent assets, to boost economic development and public trust. (Susanti & Fahlevi, 2003). This is in accordance with Regional Government Law Number 32 of 2004. The implementation of regional autonomy in Indonesia is governed by Law No. 32 of 2004. Regional autonomy divides regions into provinces, and provinces into regencies and cities, each with its own regional

administration. The following are the present in the table 1:

Table 1 Data on General Allocation Funds, Fuel Subsidies and Capital Expenditures in Indonesia

Year	General Allocation Funds	Fuel Subsidies	Capital Expenditures
2011	225.500.000	165.161.338	294.539.906,
2012	273.814.400	202.353.240	182.621.950
2013	311.139.290	299.829.720	194.562.830
2014	341.219.320	246.494.180	160.790.470
2015	352.887.850	64.674.800	275.788.050
2016	385.360.850	43.687.000	206.567.410
2017	398.582.310	44.488.810	226.143.730
2018	401.489.579	38.870.000	184.127.627
2019	414.873.582	30.060.000	177.841.479
2020	427.100.000	70.556,800	342.584.942

Sumber : (Kementerian Keuangan & World Bank, 2021)

Based on the statistics shown above, it is noticeable that Capital Expenditure in Indonesia is fluctuating. Capital Expenditures in Indonesia increased significantly from 2012 to 2013, but decreased significantly in 2014, from 194,562,830 million Rupiah the previous year. decreased to 160,790,470 Million Rupiah, and the following year Capital Expenditure experienced a significant increase to reach 275,788.050 Million Rupiah, but in 2016 Capital Expenditure experienced a significant decline to reach 206,567.410 Million Rupiah, but in 2017 Capital Expenditure experienced a slight increase to reach 226,143,730 Million Rupiah, while for Fuel Subsidy Capital If the level falls, Capital Expenditure falls, but it really rises in that year, which is inversely proportionate to the existing hypothesis. And general allocation funds do not face fluctuating conditions, as seen by the general allocation fund statistics, which continues to rise year after year, and eventually, in 2020, the general allocation funds grew from the previous year to reach 427.1 million Rupiah

The comparable thing happened with fuel subsidies and capital expenditures, both of which grew. In principle, increasing the fuel subsidy will reduce capital expenditure since the fuel subsidy is government spending to benefit the community, which is supported by the supply of discounted gasoline, which is a type of public service and may be utilized by the whole community at a cheap price. Because BBM is seen as a major production branch that affects the livelihoods of many people, it is classified as a public benefit. (Abidin, 2013).

TINJAUAN KEPUSTAKAAN

Capital Expenditure

According to Government Accounting Standards (SAP 2010), Capital expenditures are defined as expenditures made in the context of capital formation that add fixed assets/inventory that offer benefits across several accounting periods, including maintenance charges that are upkeep or enhance the operational life, as well as increasing capacity and asset quality. According to Regulation Number 71 of 2010 on Government Accounting Standards (SAP 2010), Capital Expenditures are budgetary items used to purchase fixed assets and other assets.

Capital expenditures are those that provide long-term advantages that build government assets or wealth. Furthermore, it will increase the regular budget for operating and government expenditure Andirfa (2016). Regulation of the Minister of Finance Number 91/PMK/06/2007 concerning the Standard Chart of Accounts explains that Capital Expenditures are budget expenditures used to acquire or add fixed assets and other assets that provide benefits for more than one accounting period and exceed the minimum capitalization limit of assets and assets. fixed other government established.

The capital expenditure budget is tailored to the regional demands for facilities and infrastructure, both for the seamless implementation of government activities and for public facilities. Capital expenditures are meant to buy local government fixed assets, mainly land, structures and buildings, equipment, and intangible assets. Theoretically there are three methods to gain fixed assets, either by developing your own, swapping with other assets or it might be via buying. Fixed assets controlled by local governments as a consequence of capital expenditures are the major necessity in providing public services.

Local governments distribute funding in the form of the Regional Revenue and Expenditure Budget to expand fixed assets, and capital expenditure is one of the direct expenditures in the State Revenue and Expenditure Budget (APBN). According to Praptoyo (2015), capital expenditures are local government expenditures that increase regional assets or wealth while also increasing regular expenses such as maintenance costs in the administrative expenditure category. Capital Expenditures have distinct features that show a variety of factors in their distribution. The purchase of fixed assets has an impact on future operation and maintenance costs.

Capital expenditures, according to Adyatma (2015), are expenditures made in the context of capital formation that add fixed assets or inventories that provide benefits for more than one accounting period, including maintenance costs that maintain or increase the useful life, increase capacity, and asset quality. General Allocation Funds, Special Allocation Funds,

and Revenue Sharing Funds are sources of state revenue, whereas Special Allocation Funds are separated into personnel expenditures and capital expenditures for capital expenditures from the Special Allocation Funds. According to Mirza (2015), one of the regional government spending activities that might grow fixed assets and generate long-term advantages is capital expenditure.

Based on the definition above, it is possible to deduce that Capital Expenditures are expenditures for the acquisition of land, buildings and structures, equipment, and intangible assets. Budget expenditures to buy property, plant and equipment, and other assets that produce benefits during the accounting period and exceed the fixed asset or other asset capitalization limit.

General Allocation Fund

General allocation funds are General Allocation Funds (DAU) drawn from the APBN that are awarded to certain areas with the goal of assisting in the funding of particular regional activities in conformity with national priorities. DAU (General Allocation Money) is a form of government transfer fund that is not attached to a specific expenditure program. The transfer's objective is to bridge the fiscal gap and fiscal capability across areas so that the general allocation fund for each region is never the same size.

The General Allocation Fund (DAU) is a fund sourced from APBN revenues that is allocated with the goal of equitable distribution of financial capacity among regions to fund regional needs in the context of implementing decentralization, according to Law No. 33 of 2004 concerning the Balance of Central Finance and Regional Finance. General allocation funds are transfers of balancing funds from the central government in the form of block grants sourced from APBN revenues, with the goal of funding regional needs and reducing financial inequality between regions through the application of a formula that considers a region's needs and potential. The general allocation fund is established by the amount of a region's fiscal gap, or the difference between regional requirements (fiscal need) and regional potential (fiscal capacity).

General allocation funds are transfers of balancing funds from the central government in the form of block grants sourced from APBN revenues, with the goal of funding regional needs and reducing financial inequality between regions by using a formula that takes regional needs and potential into account. The General Allocation Fund (DAU) strives to alleviate regional financial disparities. The general allocation fund will give assurance to the regions by financing spending needs that are the responsibility of each region with at least 26 percent of the net domestic income indicated in the APBN. Uhis (2013) The general allocation fund is the central government's balancing fund, and it receives the greatest proportion of the APBN's other balancing funds. Needs and possibilities in a certain area.

Fuel Subsidy

Subsidies have several different definitions. According to the Big Indonesian Dictionary, subsidies are financial help and so on to foundations, associations, and so on. Subsidies are financial aids given to enterprises or economic sectors. Some government subsidies granted to manufacturers or distributors in an industry to avoid the industry's collapse or rise in the price of its products, or simply to encourage it to recruit additional workers. Subsidies to boost export sales, subsidies on various products to maintain the cost of living, particularly in metropolitan areas, and subsidies to encourage agricultural output development and self-sufficiency in food production are examples. Subsidies are a kind of protectionism or trade barriers in that they produce native goods and services that can compete with imported goods and services. Subsidies can destabilize markets and result in significant economic losses. Subsidies can be supplied by the government, but the phrase can also refer to help provided by third parties such as people or non-governmental organizations.

Subsidies can be divided into two types, namely subsidies in the form of cash transfers and subsidies in the form of goods. Subsidies in the form of money are given by the government to consumers as additional income or to producers to be able to lower the price of the goods they produce. The provision of subsidies to consumers will provide additional freedom in spending, for example the Temporary Community Assistance (BLSM)

Government financial aid to industrial businesses, exporters to raise exports or reduce imports from a country to underdeveloped countries Subsidies can be provided either directly or indirectly.

Conceptual framework

In this study, the conceptual framework serves as an illustration to see the independent variables and the dependent variable. This study's conceptual structure is as follows:

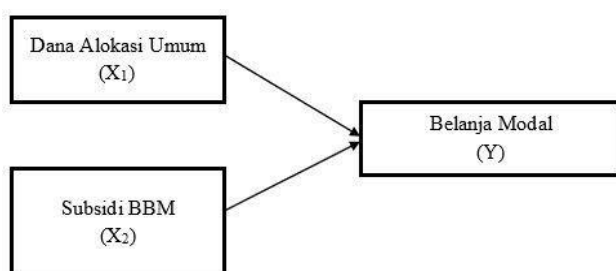


Figure 1 : Conceptual framework

Hypothesis

A hypothesis is a tentative assumption that is formed with the intention of experimentally proving its veracity. The hypothesis in this study may be phrased as follows based on the issue description and conceptual framework:

- H1: It is suspected that the General Allocation Fund has an effect on Capital Expenditures in Indonesia.
- H2 : The fuel subsidy is expected to have an impact on capital spending in Indonesia.

2. METHOD

Objects and Locations

The General Allocation Fund, Fuel Subsidy, and Capital Expenditure are the subjects of this study. The independent variable in this study is the General Allocation Fund, whereas the dependent variable is Capital Expenditure. The study will take place in Indonesia.

Data Sources and Data Types

The types and sources of research data are significant considerations to consider while deciding on a data gathering approach. The secondary data utilized in this study is time series data acquired from the Indonesian Ministry of Finance. The following information was used:

1. The General Allocation Fund and Fuel Oil Subsidy figures for the period 1990-2020 are sourced from the Ministry of Finance.
2. The source of Capital Expenditure data for 1990-2020 comes from the World Bank.

Definition of Variable Operationalization

The operational definition of a variable, according to Suryana (2012), is a definition provided to a variable or construct by giving meaning to or describing an activity or offering an operation that is utilized to measure particular constructions or variables. To minimize mistakes in interpreting the examined variables and to restrict the difficulties in this study, operational definitions for each variable must be explained.

The operationalization of variables refers to how the variables in the research are measured. To explain and improve comprehension of the variables to be investigated in this study, the operationalization of variables must be formulated as follows: A variable is the object of research or the focus of a study. The operational definition of a variable is an explanation of each dependent (bound) variable and independent (free)

variable; the explanations of each dependent and independent variable are as follows:

1. Capital Expenditure (Y)

Capital expenditure refers to monies provided by the central government to each region of Indonesia as development funds each year. Data from the Ministry of Finance of the Republic of Indonesia for the period 1990-2020 is measured in millions of Rupiah in this study.

2. General Allocation Fund (X1)

The General Allocation Fund is a government expenditure in the form of fixed assets or other assets with advantages that last longer than one year.

3. Fuel Subsidy (X2)

The fuel subsidy is a premium type of gasoline with a RON 88 rating that is mainly utilized for old model motor vehicles worth millions of Rupiah.

Data analysis method

Regression Analysis

Following the collection of data from the findings of data collection, the Author selects the data analysis methodology, which is a method for processing research data in order to reach a conclusion in this study. This study has made use of Ordinary Least Square (OLS) Multiple Linear Analysis

The Ordinary Least Squares (OLS) model was developed by Carl Friedrich Gauss, a German mathematician. The OLS technique is an econometric method in which there are independent variables that are explanatory variables and dependent variables that are specified in linear equations.

There is just one dependent variable in OLS, however there might be several independent variables. Simple linear regression is used when just one independent variable is used, but multiple or multiple linear regression is used when more than one independent variable is used.

The multiple linear regression test was employed in this study to examine the influence of the General Allocation Fund and the Fuel Oil Subsidy. Multiple linear regression models are as follows:

$$Y_t = B_0 + B_1X_{1t} + B_2X_{2t} + e_t$$

Y : Capital Expenditure

X1 : General Allocation Fund

X2 : Fuel Subsidy

e : error term

In this scenario, the researcher use log in regression using the following equation to facilitate data analysis:

$$\ln Y_t = \beta_0 + \beta_1 \ln X_{1t} + \beta_2 \ln X_{2t} + e_t$$

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive Statistics are techniques for collecting and presenting a data set in order to offer important data. The categorization into descriptive statistics and inference statistics is dependent on the actions performed; based on the test results, the following can be observed:

Tabel 2 Descriptive Statistics result

	BM	DAU	SBBM
Mean	25.36565	32.00112	30.89803
Maximum	26.65825	33.68804	33.11164
Minimum	23.98827	29.51186	27.25560
Std. Dev.	0.936984	1.409375	1.849080
Observations	31	31	31

1. The average capital expenditure value (average) is 25.36, while the standard deviation of capital expenditures is 0.93. These findings show that the standard deviation value is less than the average value (mean), indicating that the data distribution in this model is excellent. The minimum capital expenditure value is 23.98, the maximum capital expenditure value is 26.65, and the median value is 24.99. It can be observed, the difference between the highest and minimum numbers is not excessive. And the median value has a better chance of approaching the maximum value. Because the capital expenditure skewness number is near to 0, it suggests that it is regularly distributed. The capital expenditure kurtosis value is 1.41, indicating that the relative peak of the general allocation fund curve is not as steep as it should be since the kurtosis value is less than 3.
2. The mean (average) value of the general allocation fund variable is 32.00, and the general allocation fund standard deviation is 1.40. These findings show that the standard deviation value is less than the average value (mean), indicating that the data distribution in this model is excellent. The minimum value for general allocation funds is 29.51, the maximum value is 33.68, and the median value is 32.11, indicating that the range of values between the maximum and minimum is narrow. And the median value has a better chance of approaching the maximum value. The general allocation fund's

skewness value is -0.36, indicating that the data is properly distributed because the value is near to 0. The kurtosis value of the general allocation fund is 1.67, indicating that the relative peak of the general allocation fund curve is below the usual sharpness curve since the kurtosis value is less than 3

3. The fuel subsidy variable has a mean value (average) of 30.89 and a standard deviation of 1.84. These findings show that the standard deviation value is less than the average value (mean), indicating that the data distribution in this model is excellent. The gasoline subsidy has a minimum value of 27.25, a maximum value of 33.11, and a median value of 31.48. As can be observed, the difference between the highest and minimum numbers is not excessive. And the median value has a higher probability of nearing the maximum value.
4. Since the DAU skewness number is near to 0, it implies that the data is regularly distributed. Because the kurtosis value is less than 3, the DAU kurtosis value of 2.50 shows that the relative peak of the fuel subsidy curve is less steep than normal.

Normality Test Results

The normality test, according to Widarjono (2018), seeks to establish whether each variable is regularly distributed or not. As a result, the normality test is critical to ensuring that the data to be utilized is correctly normally distributed. The statistical test findings will be invalid if the data utilized is not regularly distributed. The normality test was performed, and the following findings were obtained:

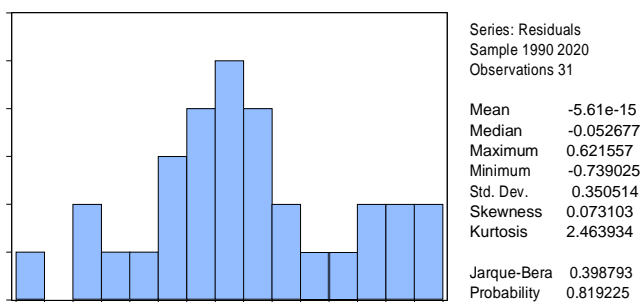


Figure 2 : Normality Test Result

According to the normality test findings, the Jarque-Bera value is 0.3987, and the chi square value is Table df(3): 7.814. The Jarque-Bera value is less than the chi square value, which is 0.3987 7.814, indicating that the residual data in this research is normally distributed. It is also demonstrated by the probability of 0.8192 > 0.05.

Autocorrelation Test Results

The autocorrelation test is used to determine whether it is a correlation in the regression model between the nuisance errors discovered in period t and the nuisance errors found in the previous period (Amrin, 2016). In this study, the autocorrelation test was performed by comparing the estimated Durbin Watson value (DW) with the dL and dU values in the Durbin Watson table with a significance threshold of 5%.

The following conclusions will be drawn from the comparative results: 1) If $d < d_L$, it indicates a positive autocorrelation. 2) If $d > (4-d_L)$, there is a negative autocorrelation. 3) If $d_U < d < (4-d_L)$, this indicates that there is no autocorrelation. 4) If $d_L < d < d_U$ or $(4-d_U) < d < (4-d_L)$ is found, no inferences may be derived.

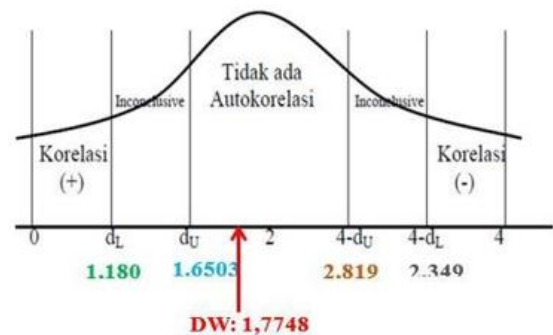


Figure 3 : Autocorrelation Test Results

Results of Multicollinearity Tests

The multicollinearity test was used to determine whether or not there was a link or correlation between the independent variables. If the correlation is strong, the regression model exhibits multicollinearity. The correlation value between the independent variables may be used to determine multicollinearity using eviews. The matrix shows the results of the multicollinearity test as follows:

Table 3
Multicollinearity Test Results

Correlation t-statistic	BM	DAU	SBBM
BM	1.000000		
DAU	0.965259	1.000000	
SBBM	0.581477	0.536692	1.000000
	3.848938	3.425278	-----

Heteroscedasticity Test Results

The objective of the test is to determine if there is a variance inequality between the residuals of one observation and the residuals of another observation in the regression model. Heteroscedasticity occurs when the variance of the disturbance variable differs across observations. The White Heteroscedasticity Test can be used to determine the presence or absence of heteroscedasticity.

Table 4 Heteroscedasticity Test Results

F-statistic	3.250797	Prob. F (2,28)	0.0538
Obs*R-squared	5.841742	Prob. Chi-Square (2)	0.0539
Scaled explained SS	3.488402	Prob. Chi-Square (2)	0.1748

According to the table above, the value of Obs*R-squared is less than Chi Square, which is 5.84 5.99. Therefore, there is no heteroscedasticity in this study. This is also demonstrated by the chi square probability value, which is more than the allowable error rate, $0.0539 > 0.05$.

Analysis of Multiple Linear Regression

Multiple Linear Regression Analysis was utilized in this study. is used to determine the independent variable influences the dependent variable. The estimation results of Multiple Linear Regression Analysis are shown in the table below:

Table 5: Results of Simple Linear Regression Test

Variabel	Koefisien	StandardError	t-statistik	Probabilitas
C	0.844270	0.987599	0.854871	0.4004
log (BM (-1))	0.710084	0.089962	7.893166	0.0000
log (DAU)	0.314978	0.093141	3.381744	0.0023
log (SBS M)	-0.114041	0.042829	-2.662721	0.0131

The fundamental model of multiple linear regression used in this study:

$$Y_t = B_0 + B_1 \ln X_{1t} + B_2 \ln X_{2t} + e_t$$

The following model is generated after processing statistical data using the variables in this study used:

$$\ln BM_t = \beta_0 + \beta_1 \ln DAU_{1t} + \beta_2 \ln SBSM_{2t} + e_t$$

However, because there is an indicator of autocorrelation in the preceding model, and in order to be free of autocorrelation, the following changes are made:

$$\ln BM_t = \beta_0 + \beta_1 \ln BM_{t-1} + \beta_2 \ln DAU_t + \beta_3 \ln SBSM_t + e_t$$

The result is :

$$\ln BM_t = 0,844 + 0,710 \ln BM_{t-1} + 0,315 \ln DAU_t - 0,114 \ln SBSM_t$$

According to the study model presented above, the capital expenditure variable is controlled by general allocation funds, fuel subsidies, and the capital expenditure component in the previous year log (-1).

A constant of 0.844 indicates that if the value of the previous year's capital expenditures, general allocation funds, and fuel subsidies remains constant (fixed), the value of capital expenditures will likewise be constant at 0.844, and the outcomes will have no influence on capital expenditures.

The regression coefficient for the previous year's capital expenditure is 0.710, which means that increasing the value of capital expenditure by 1% increases the value of capital expenditure by 0.71 percent. Assuming that the GAF and gasoline subsidies remain unchanged. The prior year's Capital Expenditure variable had a t count of 7.893. That is, $t_{hit} > t_{table}$, or $7.893 > 2.76$, indicating that Capital Expenditure in the preceding year had a positive and significant influence on Capital Expenditure at the 1% level, with a p-value of 0.0000 0.01.

The regression coefficient for the general allocation fund variable is 0.315, which means that if the general allocation fund grows by 1%, capital expenditure would increase by 0.315 percent, assuming that capital expenditure and fuel subsidies remain unchanged from the previous year. The DAU variable has $t_{hit} > t_{table}$, or $3.382 > 2.76$, indicating that general allocation funds have a positive and substantial influence on capital expenditures at the 1% level, with a p-value of 0.0023 0.01. This is due to the composition of the usage of general allocation funds being utilized to effectively support diverse regional requirements and succeeding in raising capital expenditures in order to promote the welfare of the community as a whole.

This study supports the findings of Maharani et al. (2021), Praptoyo (2015), Safitri et al. (2021), Saifudin & Sari (2016), and Sri Ayu Lestari (2018). Other studies that have been done and the results of their research do not agree with the findings of this study include Andirfa et al. (2016), Asraf et al. (2019), and Uhise et al (2013).

The regression coefficient for the variable fuel subsidy is 0.114, which means that if the fuel subsidy increases by one percent, capital spending will fall by 0.114 percent, provided the previous year's capital expenditure and general allocation funds remain unchanged. The variable fuel subsidy has a t count of -2,663. Meaning $t_{count} > t_{table}$ or $2.663 > 2.05$ (-2.663 -

2.05), indicating that the fuel subsidy has a negative and substantial impact on capital spending at the 5% level, with a p-value of 0.01310.05. According to the findings, fuel subsidies lower the value of capital expenditures in Indonesia.

The increased usage of subsidized gasoline contributes to the APBN's fuel subsidy budget. If the growth in fuel subsidies is not managed, it will result in a budget deficit or a decline in capital expenditures (Meleiala, 2014), and users of fuel subsidies will utilize the leftover funds for other purposes other than capital expenditures. Meeting their basic necessities such as clothing, food, and shelter. Implementing a fuel subsidy will limit the remaining government money that may be allocated, particularly for capital expenditures. Fuel subsidies will make it simpler for companies and people to satisfy their needs and do business. As a result, it may boost people's proclivity to make capital expenditures in order to improve their income.

Simultaneous Test Results (F Test)

The tolerated error rate in this study was 1%. The F test is performed by comparing F_{count} to F_{table} ; if $F_{count} > F_{table}$, then H_a is accepted, indicating that the independent factors influence the dependent variable simultaneously.

Table 7 Simultaneous Test Results (F Test)

F Statistics	F Table	P Value	Remark
214.1700	5.45	0.000000	Signifikan

According to the test results in Table 7, the value of $F_{count} > F_{table}$ or $214.1700 > 5.45$ indicates that the previous year's capital expenditure variable, the general allocation fund variable, and the fuel subsidy all have a positive and significant effect on capital expenditure in Indonesia at the same time. It is also demonstrated by the probability value of 0.000 0.01.

Coefficient of Determination (R^2) and Correlation (R) Test Results Coefficient of Determination (R^2)

The coefficient of determination (R^2) was calculated to determine the magnitude of the correlation between the independent variables of cotton exports and imports and the dependent variable of economic growth in Indonesia. In linear regression, the coefficient of determination is used to determine the level of significance or appropriateness of the relationship between the independent variable and the dependent variable. The Adjusted R-Squared number may be used to determine the size of the correlation.

Table 8 Coefficient of Determination Test Results

	Coefficien t
R-squared	0.961108
Adjusted R-squared	0.956620

According to the table above, the Adjusted R-Squared value in this study is 0.9566. This suggests that the size of the effects of capital expenditures from the previous year, general allocation funds, and fuel subsidies on capital expenditures is 0.9566. (95.66 percent). Meanwhile, which is affected by factors outside of this model is 0.0434. (4.34 percent).

Correlation Coefficient (R)

Correlation analysis determines the degree to which the link between the independent variable (X) and the dependent variable (Y) is significant if written as a linear function and assessed by a number known as the correlation coefficient. The correlation value (R)= (R^2) =0.9611= 0.9804 based on the data analysis findings in Table 8. So the correlation value of 0.9804 is close to one (+1), the correlation between the previous year's capital expenditure variable, general allocation funds, and fuel subsidies on the capital expenditure variable is very significantly positive.

Conclusion

1. Previous-year capital expenditure has an influence on capital expenditure, which means that covering previous-year capital expenditure would raise current-year capital expenditure.
2. The general allocation fund has a positive and substantial influence on capital expenditure in Indonesia, which means that a rise in general allocation funds meant for the community, such as employee salaries, would have an effect on capital expenditure.
3. In Indonesia, fuel subsidies have a negative and considerable impact on the value of capital expenditures, indicating that increases in fuel subsidies will affect capital expenditures.
4. In Indonesia, general allocation funds and fuel subsidies contribute for 95.66 percent of capital expenditures, whereas those impacted by variables outside than this model contribute for 4.34 percent.

Suggestion

1. The government should consider raising the allocation of capital expenditure budget to boost development in all sectors in using general allocation money.

2. In order to promote welfare, the community must utilize fuel subsidy to carry out activities that provide value.

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