International Journal of Sustainable Applied Sciences (IJSAS)
Vol.2, No.8, 2024: 831-850

The Influence of Population and Economic Growth on Capital Expenditures through Original Regional Income of East Kalimantan Province 2018-2022

Zakiah[1*], Jiuhardi[2], Muhammad Awaluddin[3], Diana Lestari[4]
Universitas Mulawarman, Fakultas Ekonomi dan Bisnis
Corresponding Author: Zakiah zakiahnizam@gmail.com

A R T I C L E I N F O

Keywords: Influence of Population, Economic Growth, Capital Expenditures

Received : 05, July
Revised : 15, July
Accepted: 23, August

A B S T R A C T

Understanding the degree of regional autonomy in funding development and government operations by raising the possibility of regional revenue is a crucial component of putting regional autonomy authority into practice. The degree of regional financial independence indicates how well the regional government has been able to boost local financial capability and lessen reliance on financial aid from the federal government. In order to determine the direct and indirect impacts between variables, this study used the route analysis data analysis method (route Analysis) with SPSS (Statistical Product and Service Solutions) software version 29. Path analysis is chosen in this study because it enables testing of the theoretical applicability of the methodology employed, which is the causal relationship approach. Path analysis is a useful tool for analyzing more complex models than multiple linear regression can handle. The government is projected to be able to implement strategic policy initiatives in an effort to raise Regional Original Income, which serves as a source of funding for capital expenditures.

DOI: https://10.59890/ijsas.v2i8.2351
ISSN-E: 3025-5597
https://journal.multitechpublisher.com/index.php/ijsas

INTRODUCTION

Public services and the financial performance of regional governments are being observed in the current open reform age, particularly by the community. One of the main demands of regional governments is the appropriate distribution of capital expenditure. The quantity of Regional Original Income (PAD) attained in a region indicates the level of financial independence within that region. A region can be considered autonomous if its PAD is higher than the help received from the central government. The primary metric used to assess the degree of regional financial independence is PAD. As a result, a comparison between the budgeted and actual PADs is required to determine the success of PAD. It can be concluded that the region has good finance capacity if the PAD structure is robust. In the meantime, the Central Government's profit-sharing funds, general allocation funds (DAU), special allocation funds (DAK), and other transfers should only be used to assist regional development and government implementation. A region might be considered independent when its reliance on the Central Government for regional financing is decreasing. Halim (2007) states that because there is little reliance on central assistance, regional original income—which is fully supported by both central and regional financial balance policies—becomes the main source of funding. The regions were granted broad autonomy or authority to manage their own households with as little interference from the central government as possible with the enactment of Law Number 22 of 1999 concerning Regional Government, which was later revised with Law Number 33 of 2004 concerning Regional Government.

One important aspect of implementing regional autonomy authority is knowing the level of regional independence in financing government administration and development activities through increasing the potential for regional revenue. The higher the level of regional financial independence, it illustrates that the regional government has been able to increase financial capacity originating from the local area and reduce dependence on central government financial assistance. Regional financial independence can be seen from the receipt of Original Regional Income (PAD) towards total regional income (Enceng et al., 2017).

Looking at the development of the East Kalimantan economy, East Kalimantan's income throughout 2022 will increase quite significantly. From IDR 12.4 trillion targeted in 2022, Kaltim's realized revenue reached IDR 16.8 trillion. Kaltim's revenue rose to 134.77% of the target set. The increase consisted of original regional income which was targeted at IDR 7.07 trillion, which was realized at IDR 8.99 trillion or 127.19%. Transfer income was targeted at IDR 5.38 trillion with realization amounting to IDR 7.79 trillion or 144.72%. Other legitimate regional income targeted at IDR 12.74 billion can be realized at IDR 17.14 billion or 134.55%. Meanwhile, income from the PAD component whose realization is not yet 100 percent as of December 1 2022, is from separated Regional Wealth Management Results. The realization is only IDR 216.668 billion or 64.83 percent of the target of IDR 334.220 billion. Then,

the realization of other income and regional income as of December 1 2022 was only 78.52 percent, or Rp. 673.944 billion from the target of Rp. 858.302 billion.

Realized APBD expenditure amounted to IDR 498.06 billion. Income from Transfer Funds contributed 98.12% to total regional income, while PAD only contributed 1.87%. Thus, central funding support is still the dominant factor for funding in East Kalimantan Province. The trend in government budget implementation that is still a problem is the accumulation of spending at the end of the year, which results in ineffective implementation of the budget. The East Kalimantan provincial government needs to prepare an appropriate budget plan so that there is no accumulation of spending at the end of the year, especially capital spending.

Based on the description given above, researchers are interested in researching "The Influence of Population and Economic Growth on Capital Expenditures through Original Regional Income in East Kalimantan Province in 2018 - 2022."

LITERATURE REVIEW

Previous Research

Several previous studies are needed as a reference and comparison of differences which include the object of research, variables used, year of data and conclusions as follows:

Table 1. Previous Research Matrix

No.	Researcher (Year)	Research Title	Variables & Analysis Models	Analysis Tools	Research result
1	Bintang Marseno Erly Mulyani	Pengaruh Pertumbuhan Ekonomi,Pendapatan Asli Daerah (PAD),Jumlah Penduduk dan Luas Wilayah Terhadap Belanja Modal Daerah (Studi Empiris Pada Pemerintah Daerah Kabupaten/Kota di Kota Sumatra Barat Tahun 2016 - 2019).	Economic Growth, Regional Original Income (PAD), Population and Area Area.	Multiple Linear Regression Analysis	The economic growth variable has a negative and insignificant effect on capital expenditure, the regional original income (PAD) variable has a positive effect on Government Capital Expenditure,

No.	Researcher (Year)	Research Title	Variables & Analysis Models	Analysis Tools	Research result
					and the Population Number variable has no effect on Government Capital Expenditure, the Area Area variable has a positive and significant effect on Government Capital Expenditure.
2	Made Ari Juniawan dan Ni Putu Santi Suryantini	Pengaruh Pendapatan Asli Daerah, Dana Alokasi Umum dan Dana Alokasi Khusus terhadap Belanja Modal Kota dan Kabupaten di Provinsi Bali.	Regional Original Income, General Allocation Funds and Special Allocation Funds	Multiple Linear Regression	partially. Variables The influence of Regional Original Income, General Allocation Funds and Special Allocation Funds have a positive effect on City and Regency Capital Expenditures in Bali Province
3	Santika Adhi	Pengaruh Pendapatan	Regional Original	Simple Linear	The variables

No.	Researcher (Year)	Research Title	Variables & Analysis Models	Analysis Tools	Research result
	Karyadi	Asli Daerah, Dana Alokasi Umum dan Dana Alokasi Khusus terhadap Belanja Modal pada Kabupaten dan Kota di Provinsi Jawa Tengah tahun 2011-2014.	Income, General Allocation Funds and Special Allocation Funds	Regression Analysis and Multiple Regression Analysis.	Original Regional Income and General Allocation Funds have a positive and significant effect on Capital Expenditures
4.	Lailatul Mubasiroh	Pengaruh Pendapatan Asli Daerah, Dana Alokasi Umum dan Dana Alokasi Khusus terhadap Belanja Modal di Provinsi Daerah Istimewa Yogyakarta tahun 2010-2016.	Regional Original Income, General Allocation Funds and Special Allocation Funds	Simple Linear Regression Analysis and Multiple Regression Analysis.	Simultaneously, Regional Original Income, General Allocation Funds and Special Allocation Funds have a positive and significant effect on Capital Expenditures in Special Region Provinces 2010 – 2016
5.	Fiona Puspita Devi Purwanto	Pengaruh Pertumbuhan ekonomi, Pendapatan Asli Daerah dan Dana Alokasi Umum terhadap Belanja Modal	Economic growth, Regional Original Income and General Allocation Funds	Simple Linear Regression Analysis and Multiple Regression	The Economic Growth and General Allocation Fund variables have a positive but

No.	Researcher (Year)	Research Title	Variables & Analysis Models	Analysis Tools	Research result
		(Studi Kasus Pada Kabupaten dan Kota di Provinsi Jawa Tengah tahun 2008-2011)		Analysis.	not significant effect on capital expenditure, while the Regional Original Income variable has a positive and significant effect on Capital Expenditure.
6.	Dian Afifatusholikhah, Rita Wijayanti, Alfandi Rico Yohanda	Pengaruh PAD, DAU, Pertumbuhan Ekonomi, Luas Wilayah Dan Jumlah Penduduk Terhadap Belanja Modal (Studi Empiris Kabupaten/Kota Se-Jawa Tengah Periode 2018-2020)	PAD, DAU, Economic Growth, Area and Population.	Multiple Linear Regression Analysis.	This research shows that PAD, Economic Growth and Area Area influence capital expenditure. Meanwhile, DAU and population have no effect
7.	Pertamaya Sari dan Nurul Hutami Ningsih	Pengaruh Jumlah Penduduk Terhadap Belanja Modal Melalui PAD, DAU, dan DAK Sebagai Variabel Intervening.	Total population.	Simple Regression, T Test, Path Analysis	This research shows that population has a positive and significant effect on capital expenditure and does not have a significant

No.	Researcher (Year)	Research Title	Variables & Analysis Models	Analysis Tools	Research result
					effect
8.	Farhan Kresna Pramudia.	Analisis Pengaruh PAD,DAU,DAK Terhadap Belanja Modal kabupaten di Pulau Maduara Tahun 2014-2018	PAD,DAU and DAK	Panel Regression Equation	PAD has a negative and significant effect on capital expenditure, DAU has a negative and insignificant effect on capital expenditure, DAK has a positive and significant effect on capital expenditure.

Understanding Capital Expenditures

Capital expenditures are expenses incurred for the creation of capital, such as buying, obtaining, building, or renovating inventory items or tangible fixed assets with a useful life longer than one accounting period (1 year). They also include regular expenses like maintenance costs that prolong the useful life, boost capacity, and improve the quality of assets. Purchasing land, machinery, constructing construction, buildings, roads, irrigation, and other fixed assets are examples of capital expenditures.

Resident

All people who have been domiciled in a geographical area for 6 months or more and/or those who have been domiciled for less than 6 months but whose aim is to stay" is what the Central Bureau of Statistics (2015) defines as the population. Smith states in Siskawati (2014) that: High population growth will be able to improve output levels and market expansion in both home and foreign markets, supported by empirical facts. High population growth and technical advancements will promote saving and the application of economies of scale in manufacturing. Population growth is not a negative; rather, it is something that is necessary and can promote development and economic expansion. The population can have an impact on income levels; as the population grows, so can the quantity of income that can be taken out.

Economic Growth

A quantitative measure used to describe economic development in a particular year compared to the previous year is Sukirno's (2006, p. 9) definition of economic growth. Economic growth is defined as the increase in the gross domestic product (GDP), net of changes in the institutional system or changes in the economic structure, and whether or not the growth rate is higher or lower than the rate of population growth. A notable rise in national income over a given time period is referred to as economic growth (increase in per capita income). Menik Fitriani Safari cited Mankiw as saying that GDP is frequently regarded as the most accurate indicator of economic performance. The goal of GDP is to provide an overview of economic activity over a specific time period in a specific quantity of money. There are two methods for determining GDP size: The first is to think of GDP as the entire income of all economic actors. Utilizing the total amount spent on the goods and services produced by the economy is another method of calculating GDP.

Hypothesis

The hypothesis (Ha) or temporary assumption that will be tested for truth in this research is:

1. Population size has a direct positive effect on Regional Original Income in East Kalimantan Province.
2. Economic Growth has a direct positive effect on Original Regional Income in East Kalimantan Province.
3. Population has a direct positive effect on Regional Capital Expenditures in East Kalimantan.
4. Economic Growth has a direct positive effect on Regional Capital Expenditures in East Kalimantan Province.
5. Population has a direct positive effect on Capital Expenditures through Original Regional Income in East Kalimantan Province
6. Economic growth has a direct positive effect on Capital Expenditures through Original Regional Income in East Kalimantan Province.
7. Regional Original Income has a direct positive effect on Capital Expenditures in East Kalimantan Province.

METHODOLOGY

Data Source

The data source in question is secondary data obtained from the results of agency reports in Samarinda City, which include:

1. Central Statistics Agency (BPS) of East Kalimantan Province.
2. Samarinda City Regional Financial and Asset Management Agency (BPKAD).
3. Valid references sourced from various previous research results such as scientific journals, articles, books, Google Scholarship, and others.

Data Analysis Method

In order to determine the direct and indirect impacts between variables, this study used the route analysis data analysis method (route Analysis) with

SPSS (Statistical Product and Service Solutions) software version 29. Path analysis is chosen in this study because it enables testing of the theoretical applicability of the causal relationship method, which is the focus of this study. Path analysis is a useful tool for analyzing more complex models than multiple linear regression can handle.

RESULTS

Hypothesis Test Results

First, according to Juanda (2009:84), in analyzing the model, it is best to first test the overall model using the F test statistic. The simultaneous influence of each exogenous variable on the endogenous variable is shown in Tables 2 and 3.

Table 2. Simultaneous Regression Coefficients (Model 1) Anova Table 1

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	776.024	3	258.675	207.038	<0.001[b]
	Residual	39.981	32	1.249		
	Total	816.005	35			

Source: Output SPSS 29.0.

It is known in model 1 that population and economic growth effect capital spending through PAD simultaneously, as demonstrated by the computed F of 207,038 and F table F (k) (n-k), based on the data analysis displayed in the ANOVA test table via the F test. The resulting F table is 2.06 with a significance of 0.10 (207,038 > 0.10). These findings demonstrate that Fcount > Ftable (207,038 > 2.06), indicating the acceptance of Ha and the rejection of Ho. So, it can be said that in the path analysis model, the variables Population Number (X1) and Economic Growth (X2), which are exogenous variables, have a linear relationship or a significant influence on the Income variable Native to the Region (Y1) contemporaneously.

Table 3. Simultaneous Regression Coefficients (Model 2) Anova Table 2

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	117.366	2	58.683	2.839	0.073[b]
	Residual	682.061	33	20.669		
	Total	799.427	35			

Source: Output SPSS 29.0.

As demonstrated by Fcount of 2,839 and Ftable F (k) (n-k), Table 3 in the ANOVA test via the F test indicates that population size and economic growth have a positive and substantial effect on Regional Original Income (PAD) simultaneously in the sub 2 model. Consequently, the Ftable is 2.06 with a significance of 0.10. F-count > F-table (2.84 > 2.06), as demonstrated by this

result, indicating that Ha is accepted and H0 is rejected. From these findings, it can be inferred that the endogenous variable, capital expenditure (Y2), is significantly influenced or has a linear relationship in the path analysis model with the exogenous variables, population (X1), economic growth (X2), and original regional income (Y1).

Gujarati (2008:151) states that the second purpose of this test is to see if any one exogenous variable significantly affects the endogenous variable on its own. As shown in Tables 4 and 5, this test was conducted by comparing the t-count and t-table with a probability level of 0.10 (10%).

Table 4. Partial Regression Coefficient (Model 1)

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	12.208	4,605		2.651	0.012
	Jumlah Penduduk	1.877	0,799	0.384	2.350	0.025
	Pertumbuhan Ekonomi	-1.066	1,316	-0.132	-0.810	0.424

Dependent variabel : PAD

Source: Output SPSS 29.0.

The results of testing each exogenous variable against the endogenous variable partially for model 1 are:

1. Empirical findings show that population has a significant effect on local original income (PAD), which means that if the population increases, PAD will immediately increase as well. It can be seen from Table 5.3, the path coefficient is 0.384 and the t-count is greater than the t-table (2,350 > 1.533), and the probability obtained is 0.025 (sig < 0.10). Thus, the population in East Kalimantan during 2018 – 2022 has an influence and can increase Regional Original Income.
2. Empirical findings show that economic growth has no significant effect on Regional Original Income. It can be seen from Table 5.3, the path coefficient is - 0.132 and the t-count is smaller than the t-table (- 0.810 < 1.533), and the probability obtained is 0.424 (sig > 0.10). Thus, it shows that East Kalimantan's economic growth during 2018 - 2022 does not have a significant influence on PAD, which means that if economic growth increases, PAD will not increase.

Table 5. Partial Regression Coefficient (Model 2)

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.

1	(Constant)	6.759	1,247		5.420	<,0.001
	Number of Population (X1)	-1.065	0,212	-0.216	-5.019	<0.001
	Economic Growth (X2)	- 0.190	0,327	-0.023	-0.582	0.564
	PAD (Y1)	1.040	0,043	1.029	24.292	<0.001

Dependent Variable: Capital Expenditures

The results of testing each exogenous variable against the endogenous variable are partially described as follows:

1. Empirical findings show that population has a significant effect on capital expenditure in a negative direction. It can be seen from Table 5.4, the path coefficient is -0.216 and the t-count is smaller than the t-table (-5.019 < 1.533), and the probability obtained is 0.10 (sig < 0.10). Thus, it can be concluded that if the population increases, capital expenditure will decrease, and if the population decreases, capital expenditure will increase.
2. Empirical findings show that Economic Growth has no significant effect on Capital Expenditures. It can be seen from Table 5.3, the path coefficient is -0.023 and the t-count is smaller than the t-table (-0.582 < 1.533), and the probability obtained is 0.564 (sig > 0.10). Thus, it can be concluded that if Economic Growth increases, Capital Expenditures will not increase.
3. Empirical findings show that PAD has a significant effect on capital expenditure in a positive direction. It can be seen from Table 5.4, the path coefficient is 1.029 and the t-count is smaller than the t-table (24,292 > 1.533), and the probability obtained is 0.10 (sig < 0.10). This means that if PAD increases, capital expenditure will also increase.

Priyatno (2008:78), the correlation coefficient is used to show how big the relationship is between the independent variables (X1, X2, ... Xn) simultaneously with the dependent variable (Y). Processing path analysis in the SPSS program, the coefficient of determination value is obtained with the following output:

Table 6. Correlation and Determination Coefficient (Model 1)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1.	0.383[a]	0.147	0.095	4.54626

Predictors: (Constant), X2, X1

Source: Output SPSS 29.0.

The correlation coefficient (R) in model 1 is 0.383, suggesting a weak association level within the correlation interval of <0.75 – 1. R-squared (R2) is measured and found to be 0.147. According to this data, the model accounts for 14.7% of the association between the Population Number and Economic Growth variables on Original Regional Income, which falls into the weak

group. Other factors not included in this research model account for 85.3%, or 0.853, of the remaining percentage (see Table 5.1.5). In the meantime, the following correlation and determination coefficient results were found in the route analysis model 2:

Table 7. Correlation and Determination Coefficient (Model 2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1.	0.975[a]	0.951	0.946	1.11777

Predictors: (Constant), LnY1, LnX2,Ln X1

Source: Output SPSS 29.0.

With reference to Table 7, the obtained correlation value (R) is 0.975, signifying a correlation interval between > 0.75 – 1, suggesting a very strong level of association. The calculated value of R squared (R2) is 0.951. This graph demonstrates that the model can account for 95% of the degree of link in the very strong category between the variables measuring capital expenditure and population number and economic growth. Aside from this research model, other factors account for the remaining 0.05 to 5%.

Path Analysis Results

To see how big the role of exogenous variables is on endogenous variables, researchers use standardized regression coefficients. This regression coefficient is the magnitude of the change that occurs in Y caused by changes in the value of . Based on the results of the analysis, the magnitude of the direct and indirect influence is known, as well as the influence of Population and Economic Growth as endogenous variables on the ecogene variable, namely Capital Expenditure through Regional Original Income (PAD) as an intervening variable. The results of path analysis and hypothesis testing are explained in Table 8.

Table 8. Path Coefficient Values and Hypothesis Testing

Hipotesis	Variabel	*Standardized Coefficient* (β)	thitung	Sig.
1	X_1 ---> Y_1	0.384	2.350	0.025
2	X_2 ---> Y_1	-0.132	-0.810	0.424
3	X_1 ---> Y_2	-0.216	-5.019	<0.001
4	X_2 ---> Y_2	-0.023	-0.582	0.564
5	Y_1 ---> Y_2	1.029	24.292	<0.001

Source: Output SPSS 29.0

The results of hypothesis testing show that a path (model 1) was found that did not have a significant influence. Meanwhile, in model 2, there is a path with two significant variables. In accordance with the conceptual framework of this research, 2 linear functions can be produced, namely: structural models 1 and 2. The two resulting functions are simultaneously combined into a path model. Exogenous variables (population and economic growth) are variables

that influence endogenous variables (Regional Original Income and Capital Expenditures). The influence between exogenous and endogenous variables is explained as follows:

a. In function-1, exogenous variables = X1, X2, and endogenous variables = Y1

The direct effect is calculated as in standardizing regression weight (coefficient). In function-1, X1 and X2 have a direct influence on Y1. The total influence of each exogenous variable on the endogenous is the same as the direct influence. Writing function or model-1 in standard form is:

$$\mathbf{Y_1 = 0{,}384\ X_1 - 0{,}132\ X_2}$$

Based on the path analysis model that has been generated above, it can then be interpreted as follows:

1. The coefficient of population increase (X1) is 0.384. This means that if other exogenous variables have a fixed value and X1 increases by 1 point, then Regional Original Income (Y1) will increase by 38.4%. A positive coefficient indicates that there is a unidirectional relationship between Population Number and Regional Original Income (PAD), the more the value of X1 increases, the Y1 will also increase as well.
2. The coefficient of the Economic Growth variable (X2) is - 0.132, meaning that if other exogenous variables have a fixed value and X2 (economic growth) increases by 1 point, Regional Original Income (PAD) will decrease by 13.2%, or vice versa. . A negative coefficient indicates that there is a relationship in the opposite direction between the variables Economic Growth and Regional Original Income (PAD).

b. In function-2, exogenous variables = X1, X2 and, endogenous variables = Y2

The direct effect is calculated as in standardizing regression weight (coefficient). In function-2, X1, X2, and Y2 have a direct influence on Y2. The total influence of each exogenous variable on the endogenous is the same as the direct influence. Writing function or model 2 in standard form is:

$$Y2 = -\ 0.216\ X1 - 0.023\ X2 + 1.029\ Y1$$

Based on the path model that has been generated above, it can then be interpreted as follows:

1. The coefficient of population (X1) is - 0.216. This means that if other exogenous variables have a fixed value and X1 experiences an increase of 1 point, then capital expenditure (Y2) will decrease by 21.6%. A negative coefficient indicates that there is a unidirectional relationship between population and capital expenditure, as the value of X1 increases, Y2 will decrease.
2. The coefficient of economic growth (X2) is -0.023. This means that if other exogenous variables have a fixed value and X2 increases by 1 point, then capital expenditure (Y2) will decrease by 2.3%. A negative coefficient indicates that there is a unidirectional relationship between economic growth and capital expenditure. As the value of X2 increases, Y2 will decrease.

3. The coefficient of Original Regional Income (Y1) is 1.029, meaning that if other exogenous variables have a fixed value and Y1 experiences an increase of 1 point, then capital expenditure (Y2) will increase by 102.9%. The coefficient is positive indicating that there is a unidirectional relationship between Income. Original Capital Expenditure Region, as the value of Y1 increases, Y2 will increase.

Total influence is the sum of direct and indirect influences. With these provisions, the total influence of all research variables is presented in Table 9.

Table 9. Results of Direct, Indirect and Total Effects

Relation	Influence Direct	Influence does not Direct Via Y1	Total Influence
X1 ---> Y1	0,384	-	0.384
X2 ---> Y1	- 0,132	-	- 0.132
X1 ---> Y2	- 0,216	-	- 0.216
X2 ---> Y2	- 0,023	-	- 0.023
Y1 ---> Y2	1,029	-	1.029
X1 ---> Y1 ---> Y2		0.384 x 1.029 = 0,395	- 0.216 + (0.384 x 1.029) = 0.179
X2 ---> Y1 ---> Y2	-	- 0.132 x 1.029 = - 0,135	- 0.023 + (- 0.132 x 1.029) = - 0.158

Source: Output SPSS 29.0

From the indirect influence, the Population Number variable on Capital Expenditures through Regional Original Income with a value of 0.395 (a positive relationship), which means that every 1 point increase in population will result in capital expenditures increasing by 39.5% and the economic growth variable with a value of – 0.135 (relationship in a negative or opposite direction), which means that for every 1 increase in economic growth, capital expenditure will decrease by 13.5%.

Sobel Test Results

The indirect effect of population on capital expenditure through Regional Original Income (PAD) has a path coefficient of 0.395. From the results of the Sobel test calculation a probability value of 0.631 was obtained. Because this value was obtained with a significance level of 10% (0.631 > 0.10), it is proven that PAD is unable to mediate the population variable on capital expenditure on capital.

0,384

-0,132

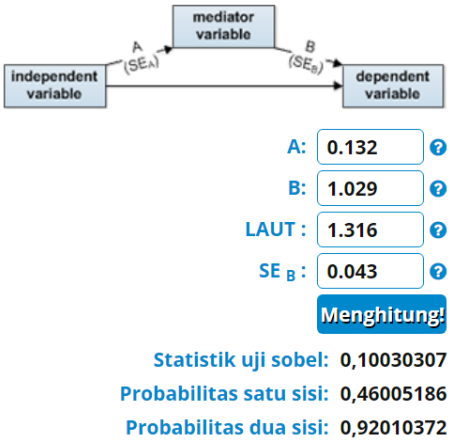

Figure 3. Sobel test of X2 against Y2 through Y1
Source: Output SPSS 29.0 dan Sobel test

Figure 3 explains the indirect effect of economic growth on capital expenditure through Original Regional Income, by multiplying the path and line b (0.043) in the Sobel test. The indirect effect of economic growth on capital expenditure through Original Regional Income (PAD) has a path coefficient of -0.135. From the results of the Sobel test calculation, a probability value of 0.920 was obtained. Because this value was obtained with a significance level of 10% (0.920 > 0.10), it is proven that PAD is unable to mediate the effect of economic growth on capital expenditure (Figure 5.4).

It can be concluded that the two exogenous variables (population and economic growth) indirectly have no significant effect, with a positive direction for population and a negative (opposite) direction for economic growth on the endogenous variable (capital expenditure) through the intervening variable.

DISCUSSION

Direct Influence of Population on Original Regional Income (PAD)

With a path coefficient value of 0.384, empirical results demonstrate that the population of East Kalimantan has a direct, positive, and significant effect on Regional Original Income from 2018 to 2022. This means that, assuming all other variables remain constant, a 1 point increase in population will result in a 38.4% increase in Regional Original Income (PAD). Aditya Putra Widiagma's (2015) research, which asserts that "population has a positive influence on capital expenditure, so that the higher the population in an area, the higher the capital expenditure in that area," supports the applicability of this study.

With a realized PAD of IDR 16,804,693,776,012.7 and contributions from the tax sector of IDR 7,623,597,479,495.64 and a levy of IDR 19,980,889,916.31 along with capital expenditures of IDR 1.62 trillion, the population of East Kalimantan is expected to reach 3,941,766 million by 2022. Original Regional Income (PAD) can be significantly impacted by the population of a region through a number of ways, albeit the impact can vary according on the state of the economy, tax laws, and the area's demographic makeup.

Direct Effect of Economic Growth on Original Regional Income (PAD)

Empirical findings show that East Kalimantan's economic growth in 2018 - 2022 has no significant effect on Regional Original Income. It can be seen from the path coefficient of - 0.132 with a probability of 0.424 (sig > 0.10). Economic growth should influence Regional Original Income (PAD) because the higher the economic growth, the greater the potential income that regional governments can obtain through taxes, levies and other sources of income.

However, in some situations or conditions that can result in economic growth, it does not directly have a significant influence on Regional Original Income (PAD). The following are some factors that might influence it:

1. Dependence on Natural Resources
2. Undiversified Economic Structure
3. Inequality of Income Distribution
4. National or Local Economic Crisis
5. Dependence on Transfers from the Central Government
6. Low Tax and Levy Administration Efficiency

Direct Influence of Population on Capital Expenditures

Empirical findings show that population has a significant effect on capital expenditure in a negative direction, with a path coefficient of -0.216, and a probability of 10% is obtained. Thus, it can be concluded that if the population increases, capital expenditure will also decrease.

A large population can have a negative impact on regional capital expenditure for the following reasons:

1. Increased Need for Public Services
2. Pressure on the Budget
3. Resource Deployment
4. Policy Priorities
5. Social and Economic Problems
6. Increased Operational Costs
7. Lack of Regional Revenue

Direct Effect of Economic Growth on Capital Expenditures

Empirical findings show that East Kalimantan Economic Growth in 2018 - 2022 has no significant effect on Capital Expenditures, with a path coefficient value of -0.023, and a probability obtained of 0.564 (sig > 0.10). Thus, it can be concluded that if Economic Growth increases, Capital Expenditures will not necessarily increase as well.

The results of this research are consistent with Maryadi's (2014) empirical study, which posits that economic growth has no impact on capital expenditure. This is evident in the fact that the small quantity of capital budgeted in relation to the total regional expenditure budget is indicative of the reality that occurs in Regional Government today: an increase in economic growth is not always accompanied by an increase in capital expenditure.

There are several reasons why economic growth may not have a direct or significant impact on government capital spending. The following are several factors that can explain this phenomenon:

1. Different Spending Priorities:
2. Strict Fiscal Policy
3. Corruption and Inefficiency
4. Bureaucracy and Slow Decision Making Process
5. Dependence on External Funds
6. Mismatch between Revenue and Capital Expenditures
7. Economic or Financial Crisis
8. Different Governance Strategies

Direct Influence of Regional Original Income on Capital Expenditures

Empirical findings show that East Kalimantan's Original Regional Income in 2018 – 2022 has a direct effect on Capital Expenditure with a path coefficient value of 1.029, meaning that if Regional Original Income increases, Capital Expenditure will increase by 102.9%. This is in accordance with research by Lailatul (2018) which states that Original Regional Income has an effect on increasing Capital Expenditures.

The direct influence of local revenue on capital expenditure can be explained as follows:

1. Source of Funds
2. Capital Expenditures
3. Causal Relationship
4. Economic Influence
5. External Factors

Indirect Influence of Population and Economic Growth on Capital Expenditures through Regional Original Income

Empirical findings prove that the indirect effect of the Population Number and Economic Growth variables on Capital Expenditure through Original Regional Income with a value of 0.395 (a positive relationship), which means that every 1 point increase in population will result in capital expenditure increasing by 39.5% and the economic growth variable with a value of – 0.135 (a relationship in a negative or opposite direction), which means that for every 1 increase in economic growth, capital expenditure will decrease by 13.5%.

The indirect influence of population and economic growth on capital expenditure through local original income can be explained as follows:

1. Original Income
2. Increased Income
3. Infrastructure Investment
4. Increase Regional Competitiveness
5. Economic Development Cycle

CONCLUSIONS AND RECOMMENDATIONS

Referring to empirical evidence with several stages of hypothesis testing through the path analysis model, the following can be concluded:

1. Simultaneously there is a significant influence between Population and Economic Growth of East Kalimantan in 2018 - 2022 on Regional Original Income (f test)
2. Simultaneously there is a significant influence between Population, Economic Growth and Original Regional Income of East Kalimantan in 2018-2022 on Capital Expenditures (f test)
3. The population of East Kalimantan in 2018 - 2022 has a direct positive and significant effect on Regional Original Income, which means that the population can increase PAD (t test)
4. East Kalimantan's economic growth in 2018 - 2022 does not directly have a significant effect on East Kalimantan's Original Regional Income (PAD), which means that if economic growth increases, PAD will not increase. (t test)
5. The population of East Kalimantan 2018 – 2022 has a significant direct negative effect on capital expenditure. (t test)
6. East Kalimantan Economic Growth in 2018 - 2022 has no significant effect on Capital Expenditures. (t test)
7. East Kalimantan Regional Original Income 2018 - 2022 has a significant direct effect on Capital Expenditures. (path analysis results)
8. The indirect influence of the Population of East Kalimantan in 2018 - 2022 on Capital Expenditures through PAD is positive and significant. (path analysis results)
9. The indirect influence of East Kalimantan Economic Growth in 2018 – 2022 on Capital Expenditures through PAD is significant in a negative direction.

In an effort to increase Regional Original Income, which is a source of financing for capital expenditure, the government is expected to be able to take strategic policy steps as follows:

1. Optimization of Regional Taxes and Levies:
   a. Tax Value Revaluation: Updates the tax value imposed on property, vehicles, and other resources to reflect their true market value.
   b. Tax Base Expansion: Increasing the number of tax objects by identifying and including tax objects that have not been registered.
2. Utilization of Regional Assets:
   a. Asset Inventory: Carry out a comprehensive inventory of regional assets and ensure their optimal use.
   b. Rental and Collaboration: Developing regional assets for rental or collaboration with private parties to generate additional income.
3. Improved Public Services:
   a. Digitization of Services: Applying information technology to simplify the tax and levy payment process and increase transparency.
   b. Improving Service Quality: Improving the quality of public services so that people are more willing to pay taxes and levies.
4. Tourism Sector Development:
   a. Tourism Promotion: Increasing promotion and development of tourist destinations to attract more tourists.

b. Facilities and Infrastructure: Improve tourism supporting facilities and infrastructure to create a better experience for tourists.

5. Empowerment of MSMEs:
   a. Training and Support: Provide training and support to MSMEs to increase their productivity and competitiveness.
   b. Ease of Licensing: Simplify the business licensing process so that more businesses can operate officially and contribute to PAD.

FURTHR STUDY

This research still has limitations so further research is still needed on the topic "The Influence of Population and Economic Growth on Capital Expenditures through Original Regional Income."

REFERENCES

Abdul Aziz dan Ririn Wulandari. 2013. Analisis Belanja Modal di Indonesia

Aditya Putra Widiagma. 2015. Analisis Pengaruh Faktor Demografi Terhadap Belanja Modal Daerah. Penerbit Universitas Gadjah Mada

Bambang Poernomo. Hukum Pemerintahan Daerah

Bambang Supriyono . 2015 .Pengelolaan Keuangan Daerah. Penerbit Kencana

Benny Eko Supriyanto.2024.Kementrian Keuangan RI.Direktoral Jendral Perbendaharaan.Kepala Subbagian Umum – KPPN Watampone

Bintang Marseno & Erly Mulyani.2020. "Pengaruh Pertumbuhan Ekonom Pendapatan Asli Daerah (PAD), Jumlah Penduduk dan Luas Wilayah Terhadap Modal Belanja Pemerintah Daerahb(Studi Empiris Pada Pemerintah Daerah Kabupaten/Kota di Sumatera Barat Tahun 2016-2019)".Jurnal Eksplorasi Akutansi (dipublikasikan) Fakultas Ekonomi Universitas Negeri Padang.

Darise, N. 2008. Akuntansi Keuangan Daerah. Jakarta: Indeks.

Dewi, Adha. 2006. Kajian Penerapan Akuntansi Biaya pada Anggaran Belanja Daerah Kota Singkawang. Yogyakarta: Universitas Islam Indonesia.

Ekonomi Kaltim Triwulan 1 2023 Tumbuh 696 Persen https://kaltimpost.jawapos.com/pro-bisnis/06/05/2023/ -

Enceng Gumarang, Eko Budi Santoso, dan Rini Susanti.2017. Manajemen Keuangan Daerah. Penerbit Kencana

Halim, A dan Kusufi,MS. 2012. Akuntansi Sektor Publik: Akuntansi Keuangan Daerah. Penerbit: Salemba Empat

Halim, A. (2007). Akuntansi Sektor Publik: Akuntansi Keuangan Daerah. Jakarta: Salemba Empat.

Halim, Abdul. 2008. Akuntansi Keuangan Daerah. Jakarta: Salemba Empat.

https://diskominfo.kaltimprov.go.id/ekonomi/pertumbuhan-ekonomi-kaltim-tahun-2023-diprediksi-meningkat-hingga-5-persen

Kementrian Keuangan. (2019). Bagaimana Ketentuan Suatu Belanja yang Dapat Dianggap sebagai Belanja Modal. https://kemenkeupedia.kemenkeu.go.id/search/konten/2643-bagaimana ketentuan-suatu-belanja-yang-dapat-dianggap-sebagai-belanja-modal

Khajjar, Rohmah. (2023). Pertumbuhan Ekonomi Kaltim Tahun 2023 Diprediksi

Meningkat Hingga 5%.
Lincolin Arsyad .2015.Ekonomi Pembangunan.Penerbit : UPP STIM YKPN
Made Ari Juniawan dan Ni Putu Santi Suryantini. 2018."Pengaruh PAD,DAU, dan DAK terhadap Belanja Modal Kota dan Kabupaten di Provinsi Bali".E – Jurnal Menegemen (dipublikasikan)Fakultas Ekonomi dan Bisnis Universitas Udayana. Bali
Maiyulinda, Catur. (2023). Ekonomi Kaltim Triwulan I 2023 Tumbuh 695 Persen.
Mayeztika. 2010. Pengaruh Pendapatan Asli Daerah, Pertumbuhan Ekonomi dan Dana Alokasi Umum Terhadap Pengalokasian Belanja Modal. Semarang: Universitas Negeri Semarang.
Mubasiroh, Lailatul .2018 ."Pengaruh Pendapatan Asli Daerah (PAD), Dana Alokasi Umum (DAU) dan Dana Alokasi Khusus (DAK) Terhadap Belanja Modal di Provinsi Daerah Istimewa Yogyakarta Tahun 2010-2016". Skripsi (dipublikasikan), Fakultas Ekonomi dan Bisnis Universitas Negeri Yogyakarta
Nordiawan, Dedi. 2006. Akuntansi Sektor Publik. Jakarta: Salemba Empat.
Penerbit Universitas Indonesia
Realisasi Pendapatan Kaltim 2022 Tembus Rp. 16.8 T https://weblawas.kaltimprov.go.id/berita/realisasi-pendapatan-kaltim-2022-tembus-rp168-triliun
Santika Adhi Karyadi . 2018."Pengaruh Pendapatan Asli Daerah, Dana Alokasi Umum, Dan Dana Alokasi Khusus Terhadap Belanja Modal Kabupaten Dan Kota di Jawa Tengah Tahun 2011-2014"Jurnal (dipublikasikan), Akuntansi Universitas Negeri Yogyakarta
Siregar, S. (2015). Metode Penelitian Kuantitatif. Jakarta: Kencana.
Siregar, Syahril. (2015). "Pengelolaan Keuangan Daerah." Jakarta: Penerbit PT Gramedia Pustaka Utama.
Solikin.2010. Manajemen Keuangan Daerah .Penerbit Bumi Aksara
Sri Aryani.2017. Ekonomi Pembangunan, Teori dan Aplikasi.Penerbit : Graha Ilmu
Syafruddin Siregar.2015. Pengelolaan Keuangan Daerah.Penerbit Mitra Wacana Media.
Veronika Asmuruf, Julius Timisela, dan Michael Rumbino.2015. Anggaran Belanja Modal dalam Perspektif Keuangan Daerah.Penerbit : Andi.