



Research Paper

Determinants of Economic Growth Through Transfer Funds and Its Effect on Regional Original Income (PAD) in West Sulawesi Province in 2011 – 2019

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This study was conducted to determine whether Profit Sharing Fund (DBH), General Allocation Fund (DAU), Special Allocation Fund (DAK), and these three factors together increase economic growth in West Sulawesi Province, and also whether increased economic growth in West Sulawesi Province affects PAD revenue in West Sulawesi Province. The research method used is a type of correlational research which is a derivative of ex post-facto research that uses a quantitative approach and uses a two stage least square (2SLS) model. The results of the study are that DBH and DAU have a significant effect on district economic growth in Sulawesi Province, DAK has no significant effect, DBH, DAU, and DAK Together have an effect on increasing economic growth, and an increase in GRDP has a significant effect on district PAD revenues in West Sulawesi Province.

Keywords: Regional Original Income, Profit Sharing Fund, General Allocation Fund, Special Allocation Fund

Received 01 November, 2021; Revised: 12 November, 2021; Accepted 14 November, 2021 © The author(s) 2021. Published with open access at www.questjournals.org

I. INTRODUCTION

In essence, transfer funds can be aimed at reducing vertical fiscal inequality (or inequality between levels of government), as well as horizontal (or inequality between regional governments). Transfer funds from the Central Government to Regional Governments are carried out in the context of implementing decentralized functions. Meanwhile, transfer funds between regional governments are possible to accommodate externality issues, cooperation between regions, assistance from surplus areas to other regions, as well as accommodate inequality between regencies/cities within the province.

Considering the above conditions, apart from the limitations of the instruments given to the regions in managing the revenue function, it raises the question of whether there is a relationship between the transfer fund mechanism and efforts to increase economic growth in the regions which are expected to affect efforts to increase PAD revenues. This is to see whether fiscal decentralization, especially through the transfer fund mechanism, has encouraged or even disincentived increasing regional capacity, including in terms of the significance of the regional original revenue. By looking at how the impact of transfer funds on economic growth in the province of West Sulawesi and its effect on PAD receipts in the province of West Sulawesi, this can be an input for the government to formulate a mechanism that supports the creation of strengthening in order to encourage economic growth which is expected to increase PAD revenues.

Sources of Regional Original Income consist of local taxes, regional levies and regional companies (Kuncoro, 2014: 7). The largest source of Regional Original Revenue comes from regional taxes and regional levies. Each region has its own basis for the imposition of regional taxes and levies depending on local regional policies and regulations. The large percentage of Regional Original Income to regional income shows the contribution of Regional Original Revenue to total regional income. The hope is that the increased PAD will increase regional financial independence, thereby reducing regional dependence on the central government. However, with the increasing percentage of the General Allocation Fund received by regional governments, it means that the level of regional dependence on the central government is still very high.

Transfer funds to regions other than the General Allocation Fund are the Special Allocation Fund. The Special Allocation Fund (DAK) is a fund allocated by the central government to selected special regions for special national purposes. The special needs referred to in the Special Allocation Fund are: 1) the need for

infrastructure and physical facilities in remote areas and do not have adequate access to other areas, 2) the need for infrastructure and physical facilities in areas that accommodate transmigration, 3) the need for infrastructure and physical facilities that located in coastal/island areas and do not have adequate infrastructure and facilities, and 4) the need for infrastructure and physical facilities in the area to overcome the impact of environmental damage (Kuncoro, 2014: 70).

II. THEORETICAL AND LITERATURE REVIEW

2.1. Agency Theory for Transfer Funds

The main theory used in this study is agency theory or agency theory by Alchian and Demsetz (1972) which is used as an approach to transfer funds, where this theory explains that the principal in this case the central government delegates responsibility for its decision making to agents, namely local governments, where the authority and responsibility are regulated in the employment contract by mutual agreement.

In this study, the relationship between agency theory can be seen through the relationship between the central government and local governments in the distribution of balancing funds/transfer funds and also the relationship between the community projected by the DPRD (principal) and local government (agent). The principal has regulatory authority to the agent, and provides resources to the agent in the form of PAD and Transfer Funds. The central government delegates authority to local governments to regulate and manage their regions so that as a consequence of the delegation of authority, the central government distributes transfer funds whose purpose is to assist local governments in funding daily government needs as well as in the context of good public services to the community.

2.2. Transfer Funds Components

2.2.1. General Purpose Grants (DAU)

General Purpose Grants (Funds) are one type of intergovernmental transfer fund that becomes general income for the recipient. This type of transfer is also called an unconditional grant where the funds (grants) given are not associated with any conditions by the giver.

PP number 12 of 2019 specifically explains that DAU is sourced from state budget (APBN) revenues which are allocated with the aim of equitable distribution of financial capacity between regions to fund regional needs in the context of implementing decentralization in accordance with the provisions of laws and regulations. The purpose of providing these grants is to support the availability of funds for local governments to carry out their decentralized functions.

2.2.2. Specific Grants (DAK)

Specific Grants, or Special allocation Grants are transfer funds from the central government to local governments that are used to carry out the development of infrastructure and public facilities in districts/cities. DAK is intended to help finance special activities in certain regions which are regional affairs and in accordance with national priorities, in particular to finance the needs of basic public service facilities and infrastructure that have not yet reached certain standards or to encourage the acceleration of regional development.

2.2.3. Profit Sharing Funds (DBH)

DBH is a fund sourced from APBN revenues allocated to regions based on a certain percentage figure to fund regional needs in the context of implementing decentralization. DBH is allocated with the aim of improving the vertical balance between the center and the regions by taking into account the potential of producing regions.

2.3. Fiscal Decentralization Concept

Democracy, decentralization and regional autonomy seem to be jargon and an antithesis of centralized governance. Through the regional autonomy policy, local (regional) governments are invited to manage their own government households independently, fairly and democratically.

Especially for regions, the spirit to be built from the regional autonomy law is the spirit of independence. It is time for the regions to be given the trust to build their own, make decisions, and even manage their own finances in accordance with the principles stated in the law, namely subsidiarity, local-based decision-making and the use of authority by structures or organizations for the benefit of local communities. Encouraging regions to be more independent means reducing the burden on the government.

2.4. West Sulawesi GRDP Condition

In 2019, West Sulawesi's GRDP at Constant Prices (ADHK) reached IDR 32.87 trillion. Compared to the previous year, West Sulawesi's economic growth this year slowed 59 basis points to 5.66 percent, the lowest pace in eight years. This is the impact of the decline in the price of West Sulawesi's export commodity, namely

Crude Palm Oil (CPO). However, this growth rate was higher than the national economy which also slowed to 5.02 percent.

Household Consumption Expenditure (PKRT) is the largest contributor by supporting 50.40 percent of the GRDP of West Sulawesi. Meanwhile, from the supply side, the highest source of growth for the West Sulawesi economy came from the Agriculture, Forestry and Fisheries Sector with a growth share of 1.82 percent.

2.5. West Sulawesi PAD Overview

Regional Original Revenue (PAD) is revenue obtained by the region from sources within its own territory which is collected based on regional regulations in accordance with applicable laws and regulations.

1. Regional Tax and Levies

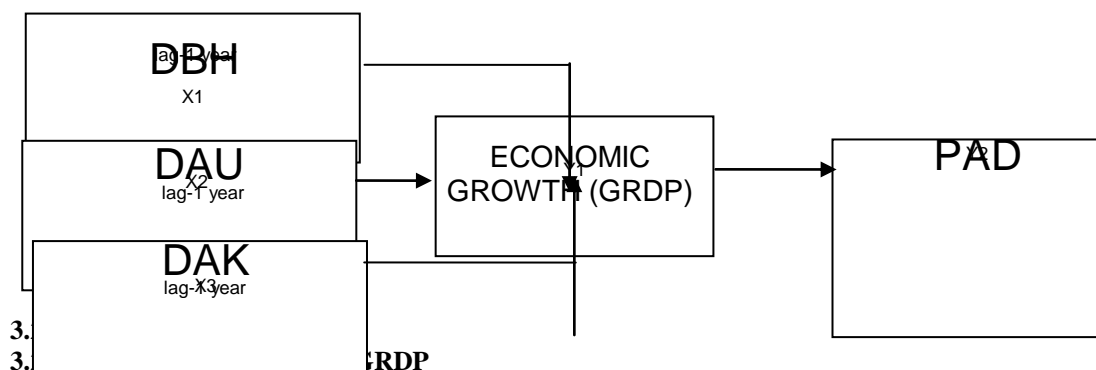
Taxes are mandatory contributions made by individuals or entities to regions without balanced direct compensation, which can be imposed based on applicable laws and regulations, which are used to finance the implementation of regional government and regional development. Regional levies are regional levies as payments or services or the granting of certain permits that are specifically provided and/or granted by the regional government for the benefit of individuals or entities. Meanwhile, services are local government activities in the form of business and work that cause goods, facilities, or other benefits that can be enjoyed by individuals or entities.

2. Regencies/Cities Tax Types

The types of district/city taxes are set at 7 (seven) types of taxes consisting of: 10% hotel tax, 10% restaurant tax, 35% entertainment tax, 25% advertising tax, 10% street lighting tax, class extraction tax c 20%, parking tax 20%.

III. CONCEPTUAL FRAMEWORK AND HYPOTHESIS

3.1. Conceptual Framework



3. H01 : DBH does not affect GRDP
 3. H1 : DBH positively affects GRDP

3.2.2. DAK Effect Towards GRDP

- H02 : DAK does not affect GRDP
 H2 : DAK positively affects GRDP

3.2.3. DAK Effect Towards GRDP

- H03 : DAK does not affect GRDP
 H3 : DAK positively affects GRDP

3.2.4. DBH, DAK, and DAK Together Effect Towards GRDP Increase

- H04 : DBH, DAK, and DAK simultaneously does not affect GRDP Increase
 H4 : DBH, DAK, and DAK simultaneously positively affect GRDP Increase

3.2.5. GRDP Effect Towards PAD Revenue

- H05 : GRDP does not affect PAD Revenue
 H5 : GRDP positively affects PAD Revenue

IV. RESEARCH METHOD

4.1. Research Design

This research is a kind of correlational research which is a derivative of ex post-facto research that uses a quantitative approach and uses a two stage least square (2SLS) model. This study tested the hypothesis (hypothesis testing) to see the correlation between regional transfer funds and GRDP and its implications for the PAD of each district in West Sulawesi. This research is a panel data study on district governments in West Sulawesi. The data used in this research is secondary data. This study uses the 2SLS (two stage least square) analysis tool to determine the relationship between the variables studied, so as to produce conclusions that clarify the description of the object under study.

4.2. Research Location and Time

This research was conducted in all district governments within the Regional Government of West Sulawesi Province. The researcher chose this area because the researcher is a Civil Servant who works in the area. Researchers are often involved in the preparation of programs at the West Sulawesi Provincial Government so that it is easy to obtain data related to this research.

4.3. Sample, Population, and Sampling Technique

The objects in this study are districts in West Sulawesi Province which consist of 6 districts. The study uses panel data (pooled data), which combines time series and cross section data in 6 districts within a period of 9 (nine) years from 2011 to 2019. So that the total sample is 50 district government financial reports throughout West Sulawesi. This research uses a census technique, which uses the whole population without having to pick research sample as an observation unit.

4.4. Data Types and Sources

The type of data used by the researcher is the type of quantitative data. The data source is a secondary data source where data for the component value of transfer funds to the Regional Government will be obtained from the Regional Finance and Revenue Management Agency of each district in West Sulawesi Province. Data for GRDP and PAD for each district will be obtained from the BPS office of West Sulawesi Province. In addition, data sources are also obtained from access via the internet such as www.djpk.depkeu.go.id, www.bps.go.id dan www.bpk.go.id.

4.5. Data Gathering Method

The data collection method used in this research is the literature study method. Literature study is a data collection method that can be done by observing data from the literature and supporting books, then carried out by collecting, recording and calculating data related to research.

4.6. Data Analysis Technique

The analytical tool used is the 2SLS (two stage least square) analysis where this analysis places the variable x as the antecedent variable, the variables Y1 and Y2 are referred to as predictor variables and dependent variables, respectively (Madris, 2020).

4.6.1. Validity Test

The validity test of the analytical tools used includes the normality test, multicollinearity test, heteroscedasticity test, autocorrelation test of multiple linear regression analysis, then for the hypothesis the F test is used, the coefficient of determination R2 test, and the t test, where for hypothesis testing at alpha 5%.

4.6.2. 2SLS (Two Stage Least Square) Regression Model

The proposed model based on the conceptual framework above is as follows:

$$\begin{aligned} \text{Stage 1 :} & \quad \hat{Y}_1 = f(X_1, X_2, X_3) \\ & \hat{Y}_1 = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + e_1 \\ & \hat{Y}_1 = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 \\ \text{Stage 2 :} & \quad \hat{Y}_2 = f(\hat{Y}_1) \\ & \hat{Y}_2 = \beta_0 + \beta_1 \hat{Y}_1 + e_2 \\ & \hat{Y}_2 = \beta_0 + \beta_1 \hat{Y}_1 \end{aligned}$$

V. RESULTS AND DISCUSSION

5.1. Data Analysis

5.1.1. GRDP as an Indicator of Economic Growth in West Sulawesi

GRDP is one indicator to see the level of economic growth of a region which is defined as the total value added of goods and services produced within one year in that area. Thus, GRDP is a reflection to see how far the success of the government in utilizing existing resources and can be used for planning and decision making.

In this study, the period of GRDP data based on 2010 constant prices for districts in West Sulawesi is 9 years, namely from 2011 to 2019. GRDP based on 2010 constant prices is as follows:

GRDP of Regencies throughout West Sulawesi (in million Rupiahs)

No	Year	Regency					
		Mamuju	Majene	Polman	Mamasa	Mateng	Pasangkayu
1	2011	4.637.587,64	2.236.179,30	5.405.418,36	1.404.127,54		3.931.211,09
2	2012	5.097.701,14	2.401.041,67	5.885.177,11	1.497.897,66		4.395.174,54
3	2013	5.528.210,66	2.534.285,05	6.311.086,20	1.573.261,91		4.757.692,69
4	2014	6.012.402,70	2.669.799,99	6.772.589,12	1.650.694,53		5.537.902,41
5	2015	6.469.545,89	2.822.303,64	7.254.310,97	1.761.840,41	1.812.679,02	6.014.620,37
6	2016	6.974.983,10	2.992.317,91	7.784.967,44	1.881.278,22	1.902.193,69	6.257.307,46
7	2017	7.470.709,96	3.180.582,54	8.330.453,99	1.995.426,39	2.005.783,34	6.655.775,44
8	2018	7.921.239,36	3.373.361,76	8.846.184,09	2.116.204,75	2.120.421,12	7.006.928,44
9	2019	8.359.525,16	3.576.083,70	9.396.372,62	2.241.891,89	2.239.624,56	7.319.245,72

It can be seen from the table above that economic growth as seen from GRDP at constant 2010 prices in every district in West Sulawesi province for 9 years from 2011 to 2019 has increased continuously. The data above shows that there is 1 district that has the highest GRDP, namely Polman Regency reaching 9,396,372.62 (billion rupiah).

5.1.2. Transfer Funds Growth in West Sulawesi

In this study, the data transfer period for Regency funds in West Sulawesi is 9 years, namely from 2011 to 2019. The data transfer funds are shown in the following table:

DBH of Regencies Across West Sulawesi

No	Year	Regency					
		Mamuju	Majene	Polman	Mamasa	Mateng	Pasangkayu
1	2011	38.030.607.756	29.799.980.333	29.444.562.567	25.655.291.071		35.992.186.494
2	2012	55.658.812.728	28.989.365.952	28.494.079.622	23.664.058.728		47.248.074.011
3	2013	48.311.182.425	25.309.494.532	25.768.639.253	20.937.355.825		47.416.195.882
4	2014	19.928.953.697	16.092.607.784	15.793.959.900	11.943.094.939		31.188.994.753
5	2015	20.723.511.199	13.813.662.850	11.745.280.350	13.145.731.900	3.962.238.400	26.067.791.050
6	2016	20.394.573.645	15.378.349.922	13.494.899.402	12.392.434.112	12.874.484.305	26.021.731.744
7	2017	14.593.206.003	12.019.838.643	12.987.577.449	7.757.629.891	10.717.410.482	17.853.157.494
8	2018	13.811.229.239	8.121.890.371	9.647.557.695	7.484.852.802	7.950.531.304	15.463.813.026
9	2019	9.774.734.377	6.525.661.901	7.646.286.673	6.162.280.193	8.682.846.402	14.305.149.051

DAU of Regencies Across West Sulawesi

No	Year	Regency					
		Mamuju	Majene	Polman	Mamasa	Mateng	Pasangkayu
1	2011	420.044.923.706	300.620.559.000	400.396.347.000	289.957.131.000		226.096.468.995
2	2012	504.353.363.000	361.181.229.000	484.998.228.000	350.648.047.000		299.588.574.000
3	2013	587.833.771.000	416.986.177.000	555.943.291.000	410.741.106.000		338.786.109.000
4	2014	463.324.979.000	457.679.754.000	603.283.761.000	428.106.209.743		383.392.281.000
5	2015	563.982.678.000	504.387.592.000	639.371.455.000	468.897.770.000	320.285.095.000	407.795.549.000
6	2016	626.855.666.000	518.259.515.000	725.381.526.000	521.661.475.000	346.912.857.000	485.815.110.000
7	2017	621.672.713.000	509.399.905.000	712.638.905.000	514.116.588.000	344.886.043.000	481.777.564.000
8	2018	627.775.288.000	512.162.492.000	713.339.396.000	515.625.843.000	347.815.396.000	483.136.786.000
9	2019	651.748.764.000	536.729.863.000	743.882.762.000	538.535.197.000	364.029.720.000	500.272.722.000

DAK of Regencies Across West Sulawesi

No	Year	Regency					
		Mamuju	Majene	Polman	Mamasa	Mateng	Pasangkayu
1	2011	76.013.700.000	47.595.400.000	53.720.400.000	52.369.100.000		34.764.800.000
2	2012	60.403.920.000	52.919.230.000	71.437.140.000	72.822.860.000		47.693.920.000
3	2013	101.611.560.000	70.933.520.000	81.957.270.000	95.116.040.000		55.477.610.000
4	2014	70.747.100.000	67.736.960.000	80.353.530.000	75.826.260.000		63.144.660.000
5	2015	131.077.670.000	97.542.470.000	124.138.972.000	213.605.060.000	104.094.751.950	176.619.410.000
6	2016	189.882.597.169	156.449.093.247	280.221.005.074	281.805.248.278	184.285.964.775	201.793.018.319
7	2017	173.855.594.631	210.592.034.690	231.871.820.995	191.584.549.571	131.912.162.438	147.409.194.782
8	2018	219.255.558.042	147.835.927.732	299.169.303.514	186.442.913.656	101.780.674.385	111.329.702.246
9	2019	198.529.608.150	210.172.338.619	378.276.189.398	208.169.616.618	144.947.689.877	117.051.261.654

It can be seen from the tables above, that the component of transfer funds in each district in the province of West Sulawesi for 9 years from 2011 to 2019 has increased continuously even though there are

regions or districts that experience fluctuations in revenue in one of the components of transfer funds. The data above shows that one of the most received components of transfer funds is DAU, namely in Polman Regency reaching 743,882,762,000 (rupiah).

5.1.3. PAD Data of Regencies Across West Sulawesi

In this study, the period of district PAD data in West Sulawesi is 9 years, namely from 2011 to 2019. The PAD data is shown in the following table:

No	Year	Regency					
		Mamuju	Majene	Polman	Mamasa	Mateng	Pasangkayu
1	2011	20.093.095.254,00	8.831.055.548,62	21.067.129.602,91	7.679.456.175,24		9.091.386.734,01
2	2012	31.214.482.823,31	15.389.348.488,60	25.934.953.923,49	7.712.598.119,27		11.782.663.308,67
3	2013	31.144.602.951,00	21.901.551.954,15	31.200.413.841,91	9.688.541.647,38		15.390.772.753,65
4	2014	28.747.598.330,41	53.921.491.920,00	96.599.288.473,99	15.447.710.512,89		21.232.571.780,75
5	2015	58.825.603.892,07	45.231.988.393,56	106.992.893.820,01	19.591.653.937,19	12.287.034.393,87	21.897.075.972,65
6	2016	66.800.589.252,87	50.615.846.995,75	126.047.973.813,73	27.487.847.470,78	17.169.464.180,99	27.629.986.868,93
7	2017	74.023.409.603,06	83.238.112.411,80	203.218.489.797,93	58.847.816.963,57	36.714.595.466,10	52.519.268.056,77
8	2018	75.433.707.053,44	89.315.943.000,47	145.969.628.793,81	30.668.177.786,74	43.816.586.733,36	32.207.499.621,69
9	2019	80.120.391.427,47	65.545.400.637,78	173.713.736.017,38	31.929.447.978,44	32.562.615.960,00	44.493.904.972,86

It can be seen from the table above that local revenue (PAD) in each district in West Sulawesi Province for 9 years from 2011 to 2019 has increased continuously despite fluctuations in several districts. The data above shows that there is 1 district that has the highest PAD achievement, namely Polman Regency reaching 173,713,736,017.38 (rupiah).

5.1.4. Validity Test

a. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Fit for Y1, MOD_3 Equation 1
N		50
Normal Parameters ^{a,b}	Mean	-.0000073
	Std. Deviation	3.47611E+10
Most Extreme Differences	Absolute	.130
	Positive	.130
	Negative	-.100
Test Statistic		.130
Asymp. Sig. (2-tailed)		.035 ^c

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

From the results of the Kolmogorov-Smirnov test with reference to the asymp sig (2-tailed) value where the result is > 0.05, the data is declared valid and can be used as research material because it has a normal distribution.

b. Multicollinearity Test

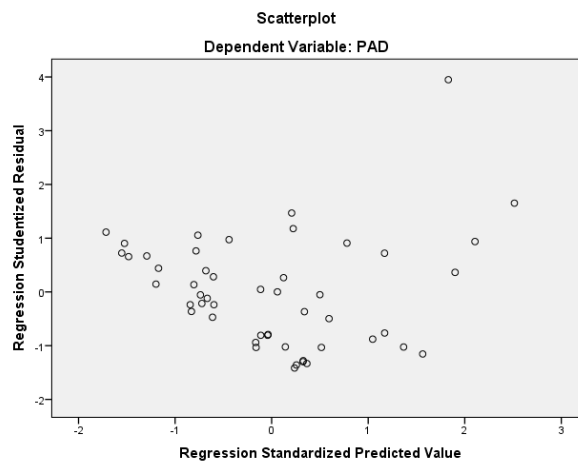
Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	DBH	.557	1.795
	DAU	.269	3.722
	DAK	.386	2.589
	PDRB	.407	2.458

a. Dependent Variable: PAD

Referring to the Tolerance value in the table, the value is > 0.1 Meanwhile, for the VIF value, the value is < 10 so it is stated that there is no strong correlation between the independent variables. This strengthens that the data obtained is valid data.

c. Heteroskedasticity Test



Referring to the graph where the points are scattered around the number 0 and do not form a collection or pattern, it is stated that there are no symptoms of heteroscedasticity in the existing data so that the data is valid and the model made can be declared good.

5.1.5. Hypothesis Test

a. 2SLS Analysis Test

The results of SPSS for 2SLS analysis of the available data for stage 1 with the following results:

Model Description

		Type of Variable
Equation 1	Y1	dependent
	X1	predictor & instrumental
	X2	predictor & instrumental
	X3	predictor & instrumental

MOD_5

Coefficients

	Unstandardized Coefficients		Beta	t	Sig.
	B	Std. Error			
Equation 1 (Constant)	-4.464E+12	1.167E+12		-3.827	.000
X1	65.936	23.010	.333	2.865	.006
X2	16.459	2.550	.848	6.454	.000
X3	-1.563	4.699	-.050	-.333	.741

For the model or equation in the first stage through the results of SPSS 2.3, we can see that the constant is negative which means that if all the independent variables are 0 then there will be a decrease in GRDP in this case the Y1 variable is a constant value. With the results of the model or equation as follows:

$$\hat{Y}_1 = - 4,64^{E+12} + 65,936 X_1 + 16,459 X_2 - 1,563 X_3$$

For the second equation model where Y1 in this case GRDP turns into an independent variable to measure the relationship to the dependent variable Y2 in this case PAD.

After going through the SPSS data processing with the S2LS analysis method, the following results were obtained:

Model Description

		Type of Variable
Equation 2	Y2	dependent
	Y1	predictor
	X1	instrumental
	X2	instrumental
	X3	instrumental

MOD_8

Coefficients

	Unstandardized Coefficients		Beta	t	Sig.
	B	Std. Error			
Equation 2 (Constant)	-2.299E+10	1.330E+10		-1.729	.090
Y1	.016	.003	.878	5.787	.000

For the model or equation in the second stage through the results of SPSS 2.3, we can see that the constant is negative which means that if the independent variable GRDP (Y1) is 0 then there will be a decrease in PAD in this case the Y2 variable is equal to the constant value. With the results of the model or equation as follows:

$$\hat{Y}_2 = - 2,299^{E+10} + 0,016 Y_1$$

b. Determinant Coefficient Test (R2)

Model Summary

Equation 1	Multiple R	.770
	R Square	.593
	Adjusted R Square	.567
	Std. Error of the Estimate	1.588E+12

Based on the results of SPSS output for the equation or model stage 1 above, it can be seen that the value of the coefficient of determination or R Square is 0.593, this number means that the variables DBH, DAU, and DAK simultaneously or together affect the dependent variable Y1 of 59.3% while the remaining 40.7% is influenced by other variables not examined in this discussion.

Model Summary

Equation 1	Multiple R	.641
	R Square	.411
	Adjusted R Square	.399
	Std. Error of the Estimate	35121308346

For the equation or model stage 1 above, it can be seen that the value of the coefficient of determination or R Square is 0.411, this number means that the Y1 variable along with other instrument variables or GRDP has an influence on the dependent variable Y2 in this case PAD is 41.1% while the remaining 58.9% is influenced by other variables not examined in this discussion.

c. Simultaneous Test (F)

Anova results for stage 1 equation

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Equation 1	Regression	1.691E+26	3	5.637E+25	22.355	.000
	Residual	1.160E+26	46	2.522E+24		
	Total	2.851E+26	49			

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Equation 1	Regression	4.131E+22	1	4.131E+22	33.489	.000
	Residual	5.921E+22	48	1.234E+21		
	Total	1.005E+23	49			

Anova results for stage 2 equation

From the results of the F / ANOVA test with SPSS 2.3, it is known that in the phase 1 equation model the significance value is < 0.05 and the calculated F value (22.355) > F table (2.81), the proposed model is good, and the hypothesis H04 is rejected while H4 is accepted, so DBH, DAU, and DAK together have a positive effect on economic growth (GRDP).

Furthermore, from the results of the F / ANOVA test with SPSS 2.3, it is known that in the equation model stage 2 the significance value is < 0.05 and the calculated F value (33.489) > F table (2.57) then the proposed model is good, and the hypothesis H05 is rejected. while H5 is accepted, therefore, DBH, DAU, DAK and GRDP together have a positive effect on PAD receipts.

d. Partial Test (T)

For stage 1 equation

Coefficients						
		Unstandardized Coefficients		Beta	t	Sig.
		B	Std. Error			
Equation 1	(Constant)	-4.464E+12	1.167E+12		-3.827	.000
	X1	65.936	23.010	.333	2.865	.006
	X2	16.459	2.550	.848	6.454	.000
	X3	-1.563	4.699	-.050	-.333	.741

For stage 2 equation

Coefficients						
		Unstandardized Coefficients		Beta	t	Sig.
		B	Std. Error			
Equation 1	(Constant)	-2.299E+10	1.330E+10		-1.729	.090
	Y1	.016	.003	.878	5.787	.000

Based on the SPSS results, the t-calculation value for the model in stage 1 is 2.865 for X1, 6.454 for X2, and – 0.333 for X3, while for the second stage model, the t-count value is 5.787 so that it can be seen that in the model / equation stage 1 that variables that have a significant effect on GRDP are only variables X1 and X2 because t count > from t table where for df = 49 and alpha 0.05, the t-table value is 1.67866. The X3 variable has no significant effect on the increase in GRDP in West Sulawesi.

The SPSS results for the second stage equation show that the Y1 variable has a significant effect on Y2 because the t-count value is 5.787 > from the t-table the value is 1.67866. Therefore, it is stated that H05 is rejected and H5 is accepted, where the increase in GRDP has a positive effect on PAD receipts in West Sulawesi.

5.2. Discussion

5.2.1. DBH Effects Towards Economic Growth Increase in West Sulawesi Province

DBH has a significant effect on the economic growth of districts in West Sulawesi Province. This is evident from the results of the t test to obtain a significant value of 0.006 < a = 0.05. This means that the higher the DBH received by the local government, the higher the value of the regional government's GRDP. This is because the role of DBH is very significant, because regional spending for the portion sourced from DBH occupies the second largest position of the total DAU. This is not much different from the role of funds originating from other sources, namely for the development of infrastructure and infrastructure by the local government which will have an impact on economic growth, as in previous research by Muhammad Azizi (2018), the results of which include that profit-sharing funds (DBH) have a significant effect on economic growth. South Sulawesi GRDP inequality in 2005 to 2014.

5.2.2. DAU Effects Towards Economic Growth Increase in West Sulawesi Province

DAU has a significant effect on the economic growth of districts in West Sulawesi Province. This is evident from the results of the t test to obtain a significant value of $0.000 < \alpha = 0.05$. This means that the higher the DAU received by the local government, the higher the value of the regional government's GRDP. This is because the role of the DAU is very significant, because regional spending for the portion sourced from the DAU occupies the largest position of the total amount of transfer funds allocated. In line with previous research conducted by Ismail Rasulong, et al (2017) with research results showing the General Allocation Fund, Special Allocation Fund, and South Sulawesi provincial tax revenue sharing have a positive effect on Gross Regional Domestic Product (GRDP).

5.2.3. DAK Effects Towards Economic Growth Increase in West Sulawesi Province

DAK has no significant effect on district economic growth in West Sulawesi Province. This is evident from the results of the t test to obtain a significant value of $0.741 > \alpha = 0.05$. This means that the DAK received by the regional government does not affect the increase in the value of the regional government's GRDP. This is because the role of DAK is only as additional funds which are dominantly allocated to physical facilities, infrastructure and infrastructure by local governments.

5.2.4. DBH, DAU, and DAK Together Effects Towards Economic Growth Increase in West Sulawesi Province

In the ANOVA table, it has been shown that the three independent variables simultaneously or together have an influence on increasing economic growth in this case GRDP.

This is in line with the results of previous research where Wiwit Hendika Permata Sari (2019) stated that DBH (x1), DAU (x2) and DBH (x3) together affect GRDP.

5.2.5. Economic Growth Increase Effects Towards PAD Revenue in West Sulawesi Province

The increase in GRDP has a significant effect on district PAD revenues in West Sulawesi Province. This is evident from the results of the t test to obtain a significant value of $0.000 < \alpha = 0.05$. This means that the higher the GRDP received by the regional government, the more the regional government's PAD revenue increases. This is in line with the results of previous research conducted by Hijri Juliansyah, et al (2018) which stated that GRDP had a positive effect on PAD during the study period, which was 3.54%.

VI. CONCLUSION

6.1. Conclusion

1. The variable on Regional Original Income (PAD) has a significant positive effect on the Gross Regional Domestic Product of the Regency in West Sulawesi Province, meaning that if the number of Regional Original Income increases then it is followed by an increase in the number of Gross Regional Domestic Product. Regional Original Revenue (PAD) is a source of regional expenditure. If PAD increases, then the funds owned by the regional government will be higher and the level of regional independence will also increase, so that the regional government will take the initiative to further explore regional potentials and increase the Gross Regional Domestic Product.
2. The variable in the General Allocation Fund (DAU) have a significant positive effect on the Gross Regional Domestic Product of districts in West Sulawesi Province, meaning that the increase in the number of General Allocation Funds is followed by an increase in the number of Gross Regional Domestic Product. The increase in the General Allocation Fund will further alleviate the needs of a region. For example, the more general allocation funds, the more local government needs will be paid, such as funding needs in carrying out basic public service functions.
3. The variable in the Special Allocation Fund (DAK) does not have a significant positive effect on the Gross Regional Domestic Product of Regencies and Cities in West Sulawesi Province because the value of the Special Allocation Fund received by the regional government is used to fund special activities which are regional affairs. The special activities in question are in accordance with the functions that have been determined by the APBN, for example for public services, education and others. Which means it cannot be misused for activities outside the provisions.
4. Variables in Capital Expenditures have a significant negative effect on the Gross Regional Domestic Product of Regencies in West Sulawesi Province because the allocation of capital expenditures is not based on regional needs for facilities and infrastructure for the community but is used for routine expenditures that are less productive such as personnel expenditures, business trips, and maintenance expenditure so that it is not able

to increase the productivity of the economy and in the end it cannot affect the Gross Regional Domestic Product of the region.

6.2. Suggestion

1. It is recommended to the District Government in West Sulawesi Province to further optimize all the potentials possessed by each region in order to spur an increase in local revenue so that dependence on external funding sources can be minimized, as well as improve regional financial management wisely, effectively and efficiently so that can stimulate infrastructure improvement so that it can affect regional economic growth.
2. District and provincial governments will intensify and develop potential and regional economic sectors to increase local revenue so that they are more financially independent in funding all government activities in the context of implementing regional autonomy.
3. Sources of original regional income (PAD) are more optimized to increase the flow of goods and services, because the increase in PAD directly affects infrastructure financing which will ultimately improve the welfare of the community.
4. Local governments in the budgeting of the General Allocation Fund prioritize strategic areas, such as the procurement of road infrastructure, procurement of public service facilities and infrastructure which will stimulate investors to invest in the region. When investors enter, the wheels of the economy will run fast which will result in an increase in the flow of goods and services in regencies throughout the province of West Sulawesi.
5. Local governments in budget oversight can imitate other local governments in procuring development budget oversight teams. The development budget supervision team functions to oversee the proposed budget so that the budget can be effective and on target so that it is more efficient in budget procurement, for example the budget absorption monitoring team made by the provincial government.
6. The community should always be involved in making decisions concerning the public interest so that they can synergize with the government which can ease the government in supervision in the field and in the priority areas to be taken by the regional government. Later, the funds issued by the regional government can be effective and well targeted to improve public services so as to increase the flow of goods and services to the community itself.
7. For further researchers who examine the effect of transfer funds on economic growth and local revenue, it is hoped that the variables used will be more varied, for example including government spending variables and so on and adding research areas so that more samples are obtained and more accurate results.

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