

THE EFFECT OF GENERAL ALLOCATION FUND (DAU), SPECIAL ALLOCATION FUND (DAK) AND REGIONAL ORIGINAL INCOME (PAD) ON ECONOMIC GROWTH WITH CAPITAL EXPENDITURE AS INTERVENING VARIABLES IN BLITAR CITY

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ABSTRACT

Economic growth is a long-term problem faced by a country to increase real national income. Economic growth measures how much success a country has in producing goods and services and is influenced by factors that experience an increase in quantity and quality so that it can improve people's welfare. In this study, quantitative data is used and the data used are secondary. The data analysis method used in this research is path analysis. The results of the analysis can be seen that the General Allocation Fund (DAU), Special Allocation Fund (DAK) and Regional Original Income (PAD) affect Economic Growth in Blitar City. General Allocation Fund (DAU), Special Allocation Fund (DAK) and Regional Original Income (PAD) to Capital Expenditures in Blitar City. Capital expenditures on economic growth in Blitar City and General Allocation Funds (DAU), Special Allocation Funds (DAK) and Regional Original Revenues (PAD) affect economic growth with capital expenditures as an intervening variable in Blitar City.

Keywords: General Allocation Fund (DAU), Special Allocation Fund (DAK), Regional Original Income (PAD), Economic Growth and Capital Spending.

INTRODUCTION

Economic development is directed at bringing people to a better level of welfare, but this is not an easy job. Economic development is one of the important factors to achieve an increase in people's welfare. Economics itself talks about 3 important interrelated concepts, namely limited resources, choices, and economic decision making, as an effort to achieve optimal community welfare. As we know, development makes society a subject as well as an object of development itself. The development will be meaningless without a community where development itself is intended for the community (Kaufman & Hotchkiss, 2011). Sustainable development efforts are carried out as an effort to increase economic growth.

Economic growth is a long-term problem faced by a country in increasing real national income. Economic growth measures how successful a country is in producing goods and services and is influenced by factors that experience an increase in quantity and quality so that it can improve people's welfare. Sukirno (2000) in his macro analysis states that the level of economic growth achieved by a country is measured by the development of real national income. Neo-Classical Economic Growth Theory states that economic growth depends on the development of production factors, namely: capital, labour, and technology (Sukirno, 1994). According to Lincoln (1997), economic growth is an increase in GDP/GNP regardless of whether the increase is greater or less than the population growth rate, and whether there is growth in the economic structure or not. Meanwhile, according to Boediono (2012), economic growth is a process of increasing output per capita in the long term.

To support economic growth and regional independence, the optimization of regional potential must be carried out. Regional governments are also required to optimize their potential income and one of them is to provide a larger proportion of capital expenditure for development in productive sectors in the region. To overcome the problem of financial inequality and the need for regional funding that is quite large, the government provides balancing funds and one of the components of this fund that provides the largest contribution is the General Allocation Fund (DAU). The General Allocation Fund is another source of finance for local governments originating from the central government which is often referred to as subsidy funds. This allocation fund is divided into two, namely, the General Allocation Fund (DAU) and the Special Allocation Fund (DAK). General Allocation Funds are distributed to local governments with the aim of equitable distribution of financial capacity among regions.

The Special Allocation Fund (DAK) is a fund sourced from the APBN which is allocated to local governments to finance special activities which are regional affairs and national priorities. The purpose of DAK is to reduce the burden of special activity costs that must be incurred by local governments. Utilization of DAK is directed to investment activities for development, procurement, improvement, improvement of physical facilities and infrastructure of public services with a long economic life. By directing the use of DAK for these activities, it is expected to improve public services realized in capital expenditures, (Ardhani, 2011).

According to research by Maryanti and Endrawati (2010), economic growth is the development of activities in the economy that causes goods and services produced in society to increase and people's prosperity to increase. Economic growth shows the extent to which economic activity will get additional community income in a certain period. Economic growth is closely related to the process of increasing the production of goods and services in community economic activities. It can be said that growth involves development with a single dimension and is measured by increasing production and income. Sources of regional income consist of regional original income derived from regional taxes and regional levies, regionally-owned companies, and other legitimate regional revenues. Other sources of income are balancing funds, regional loans and other legitimate local revenues (Suparmoko 2002:27).

Blitar City is one of the cities in East Java that has great potential in efforts to increase economic growth from various sectors. Based on 2010 constant prices, the value of Blitar City's GRDP in 2018 increased. This increase was influenced by increased production in all business fields which were free from the effects of inflation. The value of Blitar's GRDP, based on

constant 2010 prices, reached 4.57 trillion rupiahs. This figure is up from 4.32 trillion rupiahs in 2017. This shows that during 2018 there was economic growth of 5.83 per cent, higher than the previous year's economic growth which reached 5.78 per cent. The graph of economic growth in Blitar City can be shown in Figure 1.1.

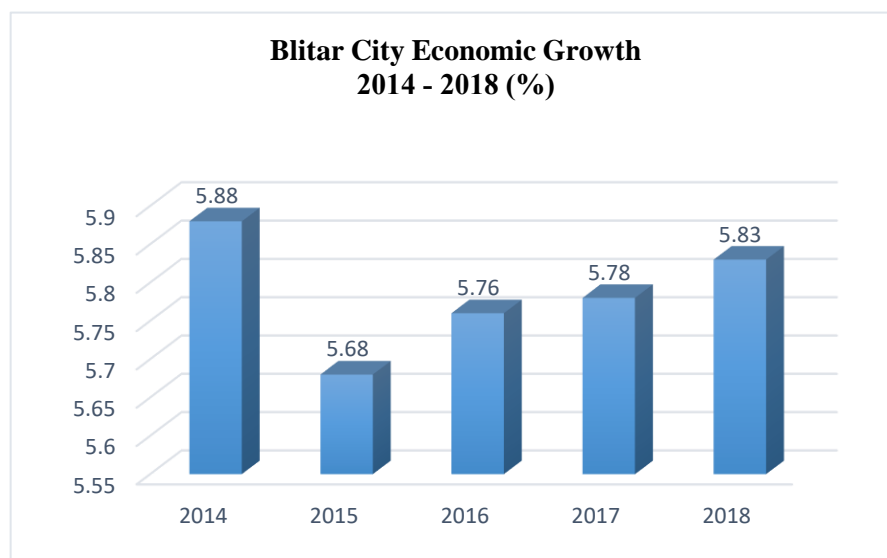


Figure 1.1. Blitar City Economic Growth 2014 2018 (%)
Source: Blitar City Statistics Official News No.02/12/3572/Th. III, 18 December 2019

Economic growth during 2018 was accelerated by investment. The investment in question is primarily the construction of infrastructure projects such as road repairs, irrigation canals and roads. Wholesale and Retail Trade Category; Car and Motorcycle Repairs provide the largest contribution to the economic structure so that the acceleration of growth in this category also plays a very important role in accelerating the rate of economic growth in Blitar City.

METHOD

In this study, quantitative data is used which, according to the source, includes secondary data. Quantitative data is data in the form of a collection of numbers while secondary data is data obtained indirectly. The secondary data here uses time-series data or also called annual data and cross-sectional data. All secondary data used in this study were obtained from the Central Statistics Agency (BPS) of Blitar City. The data used in this study were secondary data that the researchers obtained from various existing sources. All data used in this study came from the website of the Central Bureau of Statistics of Blitar City and the data used are as follows:

Table 1 Data Sourced from the BPS Website

Variable	Period	Source
General Allocation Fund (DAU)	Year 2010-2019	blitarkota.bps.go.id
Special Allocation Fund (DAK)	Year 2010-2019	blitarkota.bps.go.id
Regional Original Income (PAD)	Year 2010-2019	blitarkota.bps.go.id
Economic growth	Year 2010-2019	blitarkota.bps.go.id
Capital expenditure	Year 2010-2019	blitarkota.bps.go.id

The variables used in this study consist of Dependent Variable Economic Growth in Blitar City that is the increase of an economy in producing goods and services.

Independent Variables General Allocation Fund (DAU), Special Allocation Fund (DAK), and Local Revenue (PAD). The data analysis method used in this research is path analysis. Path analysis was developed by Wright (1960) as a method to study direct and indirect effects between explanatory variables and dependent variables. Path analysis is an applied form of multiple regression analysis. The basic principles of using path analysis include (Solimun, 2005).

RESULT AND DISCUSSION

In this section, statistical results are presented regarding the effect of independent variables which include General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) on Economic Growth in Blitar City for the 2016-2019 period. Based on the data from the research that has been done, it can be seen that the results of partial and simultaneous multiple linear regression analysis can be seen in the following table:

Table 2 Results of Multiple Linear Regression Analysis
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	,287	,054		5,390	,015		
General Allocation Fund,	,003	,001	,490	3,431	,002	,831	1,020
Special Allocation Fund,	,040	,019	,289	2,098	,046	,967	1,014
Regional Original Income	,272	,113	,344	2,402	,024	,943	1,033

a. Dependent Variable: Economic growth

Source: Processed Data (2021)

Based on the results of the regression analysis in Table 2, it can be formulated a multiple regression equation as follows:

$$Y = 0,287 + 0,003 X_1 + 0,040 X_2 + 0,272 X_3 + e$$

Based on the multiple linear regression equation, it can be interpreted that: a = 0.287 is a constant value, namely the estimation of Economic Growth in Blitar City for the 2016-2019 period if the independent variable consists of the General Allocation Fund (DAU) variable, the Allocation Fund Special (DAK), and Regional Original Income (PAD) have a value equal to zero. b1 = 0.003 is the slope or direction coefficient of the General Allocation Fund (DAU) variable (X1) which affects Economic Growth in Blitar City for the 2016-2019 period, the regression coefficient (b1) is 0.003 with a positive sign. With these results, it means that the Economic Growth in Blitar City for the 2016-2019 period will increase by 0.003, with a unidirectional relationship with the assumption that the Special Allocation Fund (DAK) and Regional Original Income (PAD) variables have a value equal to zero. b2 = 0.040 is the slope or direction coefficient of the Special Allocation Fund (DAK) variable (X2) that affects Economic Growth in Blitar City for the 2016-2019 period, the regression coefficient (b2) is 0.040 with a positive sign. This means that the Economic Growth in Blitar City for the 2016-2019 period will increase by 0.040, with a unidirectional relationship with the assumption that the General Allocation Fund (DAU) and Regional Original Income (PAD) variables have a value equal to zero. b3 = 0.272 is the slope or direction coefficient of the Regional Original Income (PAD) variable (X3) which affects Economic Growth in Blitar City for the 2016-2019 period, the regression coefficient (b3) is 0.272 with a negative sign. This means that the Economic Growth in Blitar City for the 2016-2019 period will decrease by 0.272, with a unidirectional relationship with the assumption that the General Allocation Fund (DAU) and Special Allocation Fund (DAK) variables have a value equal to zero. e = is a residual value or possible error from the regression equation model, which is caused by the possibility of other variables that can affect Economic Growth in Blitar City for the 2016-2019 period but are not included in the equation model.

Coefficient of Determination Value (R²)

Based on the results of the calculation of the multiple linear regression analysis that has been carried out, it shows that the influence of the independent variable on the dependent variable is quite large, it can be seen in the value of the coefficient of determination (R²), which is 0.598. Thus, it means that the influence of the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) on Economic Growth in Blitar City for the 2016-2019 period can be explained at 59.8%, while the remaining 40, 2% is explained by other variables not included in this study.

The multiple correlation coefficient R (multiple correlations) describes the strong relationship between the independent variables which include the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) together with the dependent variable, namely Economic Growth in the City. Blitar for the 2016-2019 period is 0.773. This means that the relationship between all variables is weak because the R-value is not too close.

Hypothesis Test Results

a. Test results of F

The next test is using the F test, to find out the variables of General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) simultaneously have a significant effect on Economic Growth in Blitar City for the 2016-2019 Period. The test results can be seen in Table 3

Table 3 Results of F . Test Analysis

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,874	3	,291	8,973	,000 ^b
	Residual	,588	6	,098		
	Total	1,461	9			

a. Dependent Variable: Economic growth

b. Predictors: (Constant) General Allocation Fund, Special Allocation Fund, Regional Original Income

Source: Processed Data (2021)

Based on the results of the F test analysis in Table 4.7 using $df_1 = 3$ and $Df_2 = 6$, with a significance of 0.000, it can be seen that the significance level is less than. Thus, it can be concluded that the variables of General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) simultaneously have a significant effect on Economic Growth in Blitar City for the 2016-2019 Period.

b. T-Test Results

To determine the effect of each independent variable, namely the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) on Economic Growth in Blitar City for the 2016-2019 Period, the t-test (t) is used. - Two-way test (two-sided or 2-tail test) by comparing the significance value with a degree of freedom of 95% (= 5%). Completely the results of the t-test can be presented in Table 4

Table 4 Results of T-Test Analysis

Variable	t	Sig. (p Value)
General Allocation Fund (DAU)	3,431	0,002
Special Allocation Fund (DAK)	2,098	0,046
Regional Original Income (PAD)	2,402	0,024

Source: Processed Data

Based on the t-test in Table 3 statistically partial regression analysis can be explained as follows:

1. Variable General Allocation Fund (DAU) (X₁)

The results of the analysis show that the level of significance of the General Allocation Fund (DAU) (X₁) variable is 0.002 <, (5%) these results indicate that there is a significant effect of the General Allocation Fund (DAU) (X₁) variable on Economic Growth in the City. Blitar Period 2016-2019 with the assumption that the variables of the Special Allocation Fund (DAK) and Regional Original Revenue (PAD) are constant.

2. Variable Special Allocation Fund (DAK) (X₂)

The analysis results show that the level of significance of the variable ownership structure (X₂) is 0.046 <, (5%) these results indicate that there is a significant influence on the structure variable of the Special Allocation Fund (DAK) (X₂) on Economic Growth in Blitar City Period Year 2016-2019 assuming the variables of General Allocation Fund (DAU) and Regional Original Revenue (PAD) are constant.

3. Regional Original Income Variable (PAD) (X₃)

The analysis results indicate that the level of significance of the variable structure of Regional Original Income (PAD) (X₃) is equal to 0.046 <, (5%) these results indicate that there is a significant effect of the Regional Original Income (PAD) (X₃) variable on economic growth in Indonesia. Blitar City Period 2016-2019 assuming the variables of General Allocation Fund (DAU) and Special Allocation Fund (DAK) are constant.

As for knowing the magnitude of the effect of each independent variable, namely the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) on Economic Growth in Blitar City for the 2016-2019 Period, it can be seen from the regression coefficient each. The regression coefficient of each independent variable can be presented in Table 5 below:

Table 5 Standardized Coefficients

Variable	Standardized Coefficients
General Allocation Fund (DAU)	0,490
Special Allocation Fund (DAK)	0,289
Regional Original Income (PAD)	0,344

Source: Processed Data (2021)

Based on the results of standardized coefficients for each variable, it can be seen that the General Allocation Fund (DAU) variable has a dominant influence when compared to the Special Allocation Fund (DAK) and Regional Original Income (PAD) variables on Economic Growth in Blitar City for the 2016-2019 period.

The Effect of General Allocation Funds (DAU), Special Allocation Funds (DAK) and Regional Original Income (PAD) on Capital Expenditures in Blitar City

Statistical results regarding the effect of independent variables which include General Allocation Fund (DAU), Special Allocation Fund (DAK) and Regional Original Income (PAD) on capital expenditures in Blitar City for the 2016-2019 period. Based on the data from the research that has been done, it can be seen that the results of partial and simultaneous multiple linear regression analysis can be seen in the following table.:

Table 6 Results of Multiple Linear Regression Analysis

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	,222	,018		-,738	,488		
General Allocation Fund,	,414	,126	,635	3,826	,001	,983	1,020
Special Allocation Fund,	,438	,180	,255	3,550	,020	,947	1,014
Regional Original Income	,237	,243	,267	3,553	,003	,943	1,033

a. Dependent Variable: Capital Expenditure

Source: Processed Data (2021)

Based on the results of the regression analysis in Table 6, it can be formulated a multiple regression equation as follows:

$$Y = 0,222 + 0,414 X_1 + 0,438 X_2 + 0,237 X_3 + e$$

Based on the equation of the multiple linear regression lines, it can be interpreted that: a = 0.222 is a constant value, namely the estimate of capital expenditure in Blitar City for the 2016-2019 period if the independent variable consists of the General Allocation Fund (DAU) variable, the Special Allocation Fund (DAK), and Regional Original Income (PAD) have a value equal to zero. b1 = 0.414 is the slope or direction coefficient of the General Allocation Fund (DAU) variable (X1) which affects capital expenditure in Blitar City for the 2016-2019 period, the regression coefficient (b1) is 0.414 with a positive sign. With these results, it means that capital expenditure in Blitar City for the 2016-2019 period will increase by 0.414, with a unidirectional relationship with the assumption that the Special Allocation Fund (DAK) and Regional Original Revenue (PAD) variables have a value equal to zero. b2 = 0.438 is the slope or direction coefficient of the Special Allocation Fund (DAK) variable (X2) which affects capital expenditures in Blitar City for the 2016-2019 period, the regression coefficient (b2) is 0.438 with a positive sign. This means that capital expenditure in Blitar City for the 2016-2019 period will increase by 0.438, with a unidirectional relationship with the assumption that the General Allocation Fund (DAU) and Regional Original Revenue (PAD) variables have a value equal to zero. b3 = 0.237 is the slope or direction coefficient of the Regional Original Income (PAD) variable (X3) which affects capital expenditures in Blitar City for the 2016-2019 period, the regression coefficient (b3) is 0.237 with a positive sign. This means that capital expenditure in Blitar City for the 2016-2019 period will increase by 0.237, with a unidirectional relationship with the assumption that the General Allocation Fund (DAU) and Special Allocation Fund (DAK) variables have a value equal to zero. e = is the residual value or possible error from the regression equation model, which is caused by the possibility of other variables that can affect capital expenditure in Blitar City for the 2016-2019 period but are not included in the equation model.

Coefficient of Determination Value (R²)

Based on the results of the calculation of the multiple linear regression analysis that has been carried out, it shows that the influence of the independent variable on the dependent variable is quite large, it can be seen in the value of the coefficient of determination (R²), which is 0.398. Thus, it means that the influence of the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) on capital expenditures in Blitar City for the 2016-2019 period can be explained at 39.8%, while the remaining 60.2 % is explained by other variables not included in this study.

The multiple correlation coefficient R (multiple correlations) describes the strength of the relationship between the independent variables which include the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) together on the dependent variable, namely Capital Expenditures in the City. Blitar for the 2016-2019 period is 0.631. This means that the relationship between all variables is weak because the R-value is not close to 1.

Hypothesis Test Results

a. F Test Results

The next test is using the F test, to find out the variables of General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) simultaneously have a significant effect on capital expenditure in Blitar City for the 2016-2019 period. The test results can be seen in Table 7

Table 7 Results of F. Test Analysis
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9,902E+21	3	3,301E+21	9,323	,000 ^b
	Residual	1,497E+22	6	2,494E+21		
	Total	2,487E+22	9			

a. Dependent Variable: Capital Expenditure

b. Predictors: (Constant), General Allocation Fund, Special Allocation Fund, Regional Original Income

Source: Processed Data (2021)

Based on the results of the F test analysis in Table 7 using df1 = 3 and Df2 = 6 with a significance of 0.000, it can be seen that the level of significance is less than. Thus it can be concluded that the variables of General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Revenue (PAD) simultaneously have a significant effect on capital expenditure in Blitar City for the 2016-2019 period.

b. T-Test Results

To determine the effect of each independent variable, namely the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) on capital expenditures in Blitar City for the 2016-2019 period, the t-test (t-test) two-way (two-sided or 2-tail test) by comparing the significance value with a degree of freedom of 95% (@= 5%). Completely the results of the t-test can be presented in Table 8

Table 8 Results of t test analysis

Variable	t	Sig. (p Value)
General Allocation Fund (DAU)	3,826	0,001
Special Allocation Fund (DAK)	3,550	0,020
Regional Original Income (PAD)	3,553	0,003

Source: Processed Data

Based on the t-test in Table 8 statistically partial regression analysis can be explained as follows:

1. General Allocation Fund Variable (DAU) (X₁)

The results of the analysis show that the level of significance of the General Allocation Fund (DAU) variable (X₁) is 0.001 < α, (5%) these results indicate that there is a significant effect of the General Allocation Fund (DAU) (X₁) variable on Capital Expenditures in the City. Blitar Period 2016-2019 with the assumption that the variables of the Special Allocation Fund (DAK) and Regional Original Revenue (PAD) are constant.

2. Variable Special Allocation Fund (DAK) (X₂)

The results of the analysis show that the level of significance of the variable ownership structure (X₂) is $0.020 < \alpha$, (5%) these results indicate that there is a significant influence on the structure variable of the Special Allocation Fund (DAK) (X₂) on capital expenditures in Blitar City. 2016-2019 assuming the variables of General Allocation Fund (DAU) and Regional Original Revenue (PAD) are constant.

3. Regional Original Income Variable (PAD) (X₃)

The results of the analysis show that the significance level of the variable structure of Regional Original Income (PAD) (X₃) is $0.003 < \alpha$, (5%) these results indicate that there is a significant effect of the Regional Original Income (PAD) (X₃) variable on Capital Expenditures in the City. Blitar Period 2016-2019 assuming the variables of General Allocation Fund (DAU) and Special Allocation Fund (DAK) are constant.

As for knowing the magnitude of the influence of each independent variable, namely the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Revenue (PAD) variables on capital expenditures in Blitar City for the 2016-2019 period, it can be seen from the regression coefficient each. The regression coefficient of each independent variable can be presented in Table 8 below:

Table 8 Standardized Coefficients

Variable	Standardized Coefficients
General Allocation Fund (DAU)	0,635
Special Allocation Fund (DAK)	0,255
Regional Original Income (PAD)	0,267

Source: Processed Data (2021)

Based on the results of standardized coefficients for each variable, it can be seen that the General Allocation Fund (DAU) variable has a dominant influence when compared to the Special Allocation Fund (DAK) and Regional Original Income (PAD) variables on capital expenditures in Blitar City for the 2016-2019 period.

The effect of capital expenditure on economic growth in Blitar City

The effect of capital expenditure on economic growth in Blitar City for the 2016-2019 period can be seen in the following table:

Table 9 Results of Simple Linear Regression Analysis

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4,739	,421		11,266	,000
Capital Expenditure	,344	,153	,604	3,144	,002

a. Dependent Variable: Economic growth

Source: Processed Data (2021)

Based on the results of the regression analysis in Table 9, it can be formulated a simple regression equation as follows:

$$Y = 4,739 + 0,344X + e$$

Based on the equation of the multiple linear regression lines, it can be interpreted that: a = 4.739 is a constant value, namely the estimate of economic growth in Blitar City for the 2016-2019 period if the independent variable capital expenditure has a value equal to zero. b = 0.344 is the slope or direction coefficient of the capital expenditure variable (X) that affects economic growth in Blitar City for the 2016-2019 period, the regression coefficient (b) is 0.344 with a positive sign. With these results, it means that economic growth in Blitar City for the 2016-2019 period will increase by 0.414. e = is a residual value or possible error from the regression equation model, which is caused by the possibility of other variables that can affect economic growth in Blitar City for the 2016-2019 period but are not included in the equation model.

Coefficient of Determination Value (R^2)

Based on the results of simple linear regression analysis calculations that have been carried out, it shows that the influence of the independent variable on the dependent variable is small, it can be seen in the value of the coefficient of determination (R^2), which is 0.365. Thus, it means that the effect of capital expenditure on economic growth in Blitar City for the 2016-2019 period can be explained by 36.5%, while the remaining 63.5% is explained by other variables not included in this study.

Hypothesis Test Results

The next test is using the F test, to find out that capital expenditure variables simultaneously have a significant effect on economic growth in Blitar City for the 2016-2019 period. The test results can be seen in Table 8.

Table 8 Results of F . Test Analysis**ANOVA^a**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,533	1	,533	8,596	,003 ^b
	Residual	,928	8	,116		
	Total	1,461	9			

a. Dependent Variable Economic growth

b. Predictors: (Constant), Capital Expenditure

Source: Processed Data (2021)

Based on the results of the F test analysis in Table 8 using $df_1 = 1$ and $Df_2 = 8$ with a significance of 0.003, it can be seen that the significance level is less than. Thus, it can be concluded that the capital expenditure variable simultaneously has a significant effect on economic growth in Blitar City for the 2016-2019 period.

The Effect of General Allocation Funds (DAU), Special Allocation Funds (DAK), and Regional Original Income (PAD) on Economic Growth with Capital Expenditures as Intervening Variables in Blitar City

The results of the analysis can be seen that capital expenditure strengthens the relationship between the General Allocation Fund (DAU), the Special Allocation Fund (DAK), and Regional Original Income (PAD) on economic growth. Based on the test results, the significance value for moderation is 0.005. This value is smaller than alpha 0.05. This shows that capital expenditure moderates the effect of the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Income (PAD) on Economic Growth.

CONCLUSION

From this research, it can be concluded that the variables of General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Revenue (PAD) simultaneously have a significant effect on Economic Growth in Blitar City for the 2016-2019 Period. The effect of General Allocation Funds (DAU), Special Allocation Funds (DAK), and Regional Original Income (PAD) on capital expenditures in Blitar City for the 2016-2019 period can be explained by 39.8%, while the remaining 60.2% is explained by the variable -other variables not included in this study.

The General Allocation Fund (DAU) variable has a dominant influence when compared to the Special Allocation Fund (DAK) and Regional Original Income (PAD) variables on capital expenditures in Blitar City for the 2016-2019 period.

So the results of the analysis can be seen that capital expenditure strengthens the relationship between the General Allocation Fund (DAU), the Special Allocation Fund (DAK), and Regional Original Income (PAD) on economic growth. Capital expenditure moderates the influence of the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Regional Original Revenue (PAD) on Economic Growth.

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