The Effect of Local Original Revenue, General Allocation Funds, and Special Allocation Funds on Economic Growth and Human Development Index with Capital Expenditure as Intervening Variable

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Abstract:
The purpose of this study is to understand and analyze the effects of GDP, GDPU, and GDPK on GDP and the Index of Human Development with real money (BM) as intervening variables. The method used in this study is the structural equation model, or SEM, in conjunction with partial least squares, or PLS. The results of this study indicate that: Regional original income has a negative impact on economic growth; The General Allocation Fund has a negative impact on economic growth; The Special Allocation Fund has a negative impact on economic growth; Local original income has a positive impact on the Human Development Index; The General Allocation Fund has a negative impact; The Special Allocation Fund has a not-significantly-positive impact; Local original revenue has a positively significant positive impact on capital expenditure; The General Allocation Fund has a significant positive effect on Capital Expenditure; the Special Allocation Fund has a negative insignificant effect on Capital Expenditure; Capital Expenditure has a significant positive effect on Economic Growth; Capital Expenditure has a significant positive effect on the Human Development Index; Regional Original Income has a significant positive effect on Economic Growth through Capital Expenditure as an intervening variable; The General Allocation Fund has a positive and insignificant effect on Economic Growth through Capital Expenditure as an intervening variable; The Special Allocation Fund has a negative and insignificant effect on Economic Growth through Capital Expenditure as an intervening variable; Regional Original Income has a significant positive effect on the Human Growth Index through Capital Expenditure as an intervening variable; The General Allocation Fund has a positive and insignificant effect on the Human Growth Index through Capital Expenditure as an intervening variable; The Special Allocation Fund has a negative and insignificant effect on the Human Growth Index through Capital Expenditure as an intervening variable.

Keywords: Local Original Revenue (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK), Economic Growth (PE), Human Development Index (HDI), Capital Expenditure (BM).
Introduction

Decentralization is the handover of authority from the Central Government to Regional Governments to carry out all their own activities, in other words, local governments are free to use their resources both from the economy, human resources, and natural resources which are indirectly factors to realize the welfare of the people. The existence of decentralization will create regional autonomy which is the right and obligation of each region to regulate and manage its own household affairs with applicable laws and regulations. Regional autonomy will create an obligation for each region to prosper its people while increasing the rate of regional economic growth (Anjelina & Nurhayani, 2019).

The success of regional autonomy is measured by how much the contribution of local communities to regional economic growth or Gross Regional Domestic Product (GRDP). Economic growth is a growth rate formed from various economic sectors which indirectly describes the level of economic growth that occurs (Suparman, 2022). For areas to determine the success of growth in the future, this indicator is crucial. Growth that is coordinated and planned for will result in more fair opportunities and distribution of development outcomes. As a result, unproductive, impoverished regions will ultimately become productive, which will speed up growth overall (Alhusain et al., 2018).

Human Resources are also one of the important ones to lead to better economic development in the future. Man as one of the objects of economic development, man is also one of the important subjects in this development goal. Increasing human resources means increasing the basic capacity of the population, so that it can increase opportunities to be able to participate in the development process. High-quality human resources are the most important capital in development that will play an active role in the development process itself. One of the efforts that must be made by the government to realize a national development is to improve the quality of human development (Sudiarto et al., 2022).

Based on Figure 1, the economic growth rate in Banten Province in 2011-2022 fluctuates every year. However, there was a very significant decline in economic growth in 2020 of -3.08. This is because in 2020 there was a corona virus outbreak or Covid-19 which had an impact on economic growth in Banten Province. This can cause Regional Original Income to decrease due to the reduced number of people who spend their money in Banten Province and will also have an impact on poverty and unemployment rates as an effort to improve community welfare. According to BPKAD Banten Province, in 2020 and 2021 the Government is still refocusing the budget as a result of the Covid-19 pandemic which has caused budget reductions in non-priority shopping items (Aditya, 2022).
This health problem has changed and affected various fields and almost paralyzed the economy in Banten Province. The economic impact began to be felt since the implementation of Large-Scale Social Restrictions (PSBB) in various regions of Indonesia including Banten Province. According to Bank Indonesia in 2020, the most affected sectors are tourism, transportation, automotive and manufacturing sectors (Boling et al., 2023).

This research problem is also reviewed from the development of community quality and productivity represented by the Human Development Index (HDI) which has an important role in the economy (Rahma & Fernandes, 2019). According to the Central Bureau of Statistics (BPS), the Human Development Index is used to assess how well-off a population is in terms of income, health, education, and other factors that impact lifespan, knowledge, and a reasonable level of living. Good human resources and the ability to manage a nation’s natural resources to promote economic progress are products of quality human development (Donaldson & Davis, 1991).

Based on Figure 2 in 2020 HDI experienced a slowdown in growth which only increased by 0.01%, this is because HDI in Banten Province cannot be separated from various problems including: 1) The efforts of the Banten Provincial government in order to improve the level of education of the Banten people; 2) The efforts of the Banten Provincial government have not been maximized in order to improve the health level of the Banten people; 3) There has been no development program that can reduce poverty; 4) The development results achieved by Banten Province in terms of improving the standard of living of the people are relatively lagging compared to other provinces; 5) Low labor wages both at the district / city level and at the provincial level; 6) The slow increase in PAD related to the low Gross Regional Domestic Product (GRDP) of Banten Province. The low PAD of Banten Province will certainly greatly hamper efforts to increase HDI in Banten Province; 7) efforts to reduce poverty in Banten Province have not been able to have a significant influence in efforts to increase HDI (Dini et al., 2021).
Figure 2. HDI of Banten Province and National Period 2015-2022
Source: BPS Province Banten (2022)

If viewed spatially, Banten Province still faces a wide HDI gap between North Banten and South Banten. This can be seen from the gap between the HDI of Tangerang Raya, Cilegon, Serang City, Lebak Regency, Serang Regency, and Pandeglang Regency (Rhamedia, 2022). The HDI of South Tangerang City is the highest, reaching 81.95 in 2022 with a development status of "Very High". Furthermore, there are 4 (four) regencies/cities in Banten Province that are in the "High" category, namely Tangerang City, Cilegon City, Serang City, and Tangerang Regency (Surakhman et al., 2019). In the "Medium" category, there are 3 (three) districts, namely Serang Regency, Pandeglang Regency, and Lebak Regency. This condition has not changed compared to the previous period. The relatively high gap is one indicator that illustrates the gap in quality of life between people in North Banten and in the South Banten region, especially in Lebak Regency, Pandeglang Regency and Serang Regency (Hanantoko, 2020).

Figure 3. HDI Growth of Districts / Municipalities in Banten Province Year 2022
Source: BPS Provinsi Banten (2022)

The factors that led to the 2020 decline in the Economic Growth and Human Growth Index were the Regional Original Revenue, General Allocation Funds, and Special Allocation Funds. Additionally, the budget efficiency strategies implemented to address the Covid-19 pandemic also contributed to the decrease or inability to meet the objective. Furthermore, there are additional issues where people's purchasing power is declining, the realization of the health service levy is not achieved because it does not serve public services but is transferred as a special hospital for Covid-19 referral centers, and does not provide services for renting land and buildings such as multipurpose buildings, halls,
dormitories, and classrooms for the public and private to prevent the spread and acceleration of handling Covid-19 (Ghozali & Latan, 2012).

Another cause of declining economic growth and HDI in this study is Capital Expenditure. Capital expenditure in this study is an intervening variable where this study measures the direct and indirect influences that will be associated between one variable and another. Meanwhile, the variables of economic growth and HDI are not only influenced by PAD, DAU, and DAK but there must be Capital Expenditure which supports everything. This is because the Regional Government allocates capital expenditure funds in the Regional Budget to implement development plans in the regions through projects and other development sectors with the aim of making investments that can directly affect regional economic growth and community welfare (Kamarni et al., 2022).

This study's theoretical underpinning, stewardship theory, examines managerial settings when the primary result aims are for the organization's benefit rather than individual ambitions (Donaldson & Davis, 1991). In addition, this theory can also describe a strong relationship between organizational satisfaction and success. Local governments can describe the clarity of their existence as a credible and accountable institution in the eyes of the community. Where local governments should act in accordance with the interests of the wider community and make accountability in accordance with the mandate imposed (Riviando et al., 2019). In carrying out these responsibilities, the government mobilizes all capabilities to be able to produce good accountability performance. Stewardship theory suggests that it can explain why local government exists as a body that the public can trust to satisfy its requirements, which is relevant to our study, provide quality services, and enforce financial accountability in order to maximize community welfare while also meeting economic objectives (Khikmah et al., 2020).

Methods

This kind of associative research employs a quantitative methodology to explain how intervening variables—capital expenditure—influence dependent variables—economic growth and the human development index—by acting as mediators between the independent variables—regional original income, general allocation funds, and special allocation funds. Between 2011 and 2022, this study was carried out in Banten Province’s districts and municipalities. Information from the Banten Provincial Representative BPK and the Banten Provincial Statistics Agency (Sugivono & Lestari, 2021). The population used by all regencies/cities in Banten Province in 2011-2022. The 96 districts and cities that make up the population are employed as samples in this saturation sampling method of research sampling. Depending on how they were able to obtain it, researchers used a secondary kind of data in the form of a Report on the Results of the Examination of the Financial Statements of the Regency / City Government in Banten Province in 2011-2022. The data analysis strategy used in this inquiry was a combination of the partial least squares (PLS) approach and the structural equation model (SEM) method.

Results

Descriptive Statistics

Descriptive statistics provide an overview or descriptive of a data that is presented to be easy to understand and informative for people who read it. Descriptive statistics describe various characteristics such as mean value, standard deviation, maximum, minimum, and so on.
Table 1. Descriptive Statistics

<table>
<thead>
<tr>
<th>Name</th>
<th>N</th>
<th>Mean</th>
<th>Median</th>
<th>Min</th>
<th>Max</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAD</td>
<td>96</td>
<td>26.951</td>
<td>27.083</td>
<td>24.458</td>
<td>28.930</td>
<td>1.100</td>
</tr>
<tr>
<td>DAU</td>
<td>96</td>
<td>27.394</td>
<td>27.487</td>
<td>26.477</td>
<td>27.832</td>
<td>0.331</td>
</tr>
<tr>
<td>DAK</td>
<td>96</td>
<td>25.352</td>
<td>25.621</td>
<td>18.787</td>
<td>27.334</td>
<td>1.570</td>
</tr>
<tr>
<td>PE</td>
<td>96</td>
<td>5.077</td>
<td>5.570</td>
<td>-7.360</td>
<td>8.750</td>
<td>2.560</td>
</tr>
<tr>
<td>IPM</td>
<td>96</td>
<td>70.182</td>
<td>70.510</td>
<td>59.920</td>
<td>81.950</td>
<td>6.083</td>
</tr>
<tr>
<td>BM</td>
<td>96</td>
<td>26.827</td>
<td>26.703</td>
<td>25.672</td>
<td>29.189</td>
<td>0.708</td>
</tr>
</tbody>
</table>

Table 1 indicates that 96 data points were used in this investigation. The following are the findings of the statistical analysis of the study's variables:

1) The lowest (minimum) Regional Original Revenue value of 24,458 was obtained by Serang City in 2011 and the highest (maximum) Regional Original Revenue value of 28,930 was obtained by Tangerang Regency in 2022. The average (mean) for Regional Original Income is 26,951 and the average level of deviation (Std. Deviation) is 1,100 which means that the mean value is greater than the value of Std. Deviation so that the data deviation that occurs is very low and the distribution of data shows normal results so that data deviation in this Regional Original Data Collection can be said to be good.

2) The lowest (minimum) General Allocation Fund value of 26,477 was obtained by Cilegon City in 2011 and the highest (maximum) General Allocation Fund value of 27,832 was obtained by Tangerang Regency in 2019. The average (mean) for Regional Original Income is 27,394 and the average level of deviation (Std. Deviation) is 0.331 which means that the mean value is greater than the value of Std. Deviation so that the data deviation that occurs is very low and the data distribution shows normal results so that data deviation in the General Allocation Fund can be said to be good.

3) The lowest (minimum) Special Allocation Fund value of 18,787 was obtained by Cilegon City in 2014 and the highest (maximum) Special Allocation Fund value of 27,334 was obtained by Tangerang Regency in 2022. The average (mean) for the Special Allocation Fund is 25,352 and the average deviation rate (Std. Deviation) is 1,570 which means that the mean value is greater than the value of Std. Deviation so that the data deviation that occurs is very low and the data distribution shows normal results so that data deviations in this Special Allocation Fund can be said to be good.

4) The lowest (minimum) Economic Growth value of -7,360 was obtained by Tangerang City in 2020 and the highest (maximum) Economic Growth value of 8,750 was obtained by South Tangerang City in 2013. The average (mean) for economic growth is 5,077 and the average level of deviation (Std. Deviation) is 2,560 which means that the mean value is greater than the value of Std. Deviation so that the data deviation that occurs is very low and the distribution of data shows normal results so that data deviation in Economic Growth can be said to be good.

5) The lowest (minimum) Human Development Index value of 59,920 was obtained by Pandeglang Regency in 2011 and for the highest (maximum) Human Growth Index value of 81,950 was obtained by South Tangerang City in 2022. The average (mean) for the Human Growth Index is 70,182 and the average rate of deviation (Std. Deviation) is 6,083 which means that the mean value is greater than the value of Std. Deviation so that the data deviation that occurs is very low and the distribution of data shows normal results so that data deviation in the Human Growth Index can be said to be good.

6) The Capital Expenditure value (minimum) of 25,672 was obtained by Pandeglang Regency in 2012 and for the highest Capital Expenditure value (maximum) of 29,189
was obtained by South Tangerang City in 2014. The average (mean) for Capital Expenditure is 26,827 and the average level of deviation (Std. Deviation) is 0.708 which means that the mean value is greater than the value of Std. Deviation so that the data deviation that occurs is very low and the distribution of data shows normal results so that data deviation in Capital Expenditure can be said to be good.

**Coefficient of Determination (R2)**

The predictive capacity in a sample is expressed as the coefficient of determination, or R2 value. The PLS structural model’s explanatory ability and endogenous variable prediction improve with increasing R2 value. R2 values vary from 0 to 1, where 0 denotes no association and 1 denotes an ideal relationship. The following are the findings from the coefficient of determination test:

<table>
<thead>
<tr>
<th>Variabel</th>
<th>R Square</th>
<th>R Square Adjusted</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belanja Modal (BM)</td>
<td>0.695</td>
<td>0.685</td>
<td>Keep</td>
</tr>
<tr>
<td>Indeks Pembangunan</td>
<td>0.773</td>
<td>0.763</td>
<td>Tall</td>
</tr>
<tr>
<td>Manusia (IPM)</td>
<td>0.338</td>
<td>0.309</td>
<td>Weak</td>
</tr>
<tr>
<td>Pertumbuhan Ekonomi (PE)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the results of Table 2, the value of the coefficient of determination (R2) is obtained, namely:

1) The Capital Expenditure variable obtained a coefficient of determination value of 0.695 or 69.5%. This shows that the variation in regional original income variables, general allocation funds, and special allocation funds used in this study is able to explain the variation in capital expenditure variables by 69.5%, while the remaining 30.5% is influenced by other variables outside those studied.

2) The Human Development Index variable obtained a coefficient of determination value of 0.773 or 77.3%. This shows that the variation in local original income variables, general allocation funds, and special allocation funds used in this study is able to explain the variation in human development index variables by 77.3%, while the remaining 22.7% is influenced by other variables outside those studied.

3) The economic growth variable obtained a coefficient of determination value of 0.338 or 33.8%. This shows that the variation in regional original income variables, general allocation funds, and special allocation funds used in this study is able to explain the variation in economic growth variables by 33.8%, while the remaining 66.2% is influenced by other variables outside those studied.

**Uji Hypoplant**

Hypothesis testing is a procedure that results in a decision, namely the decision to accept or reject the hypothesis. Hypothesis testing is the same as testing the significance of coefficients directly or indirectly related to the research hypothesis question (Leasiwal, 2022).

**Direct Influence Analysis (Direct Effect)**

The goal of testing the direct impact hypothesis is to demonstrate that one variable may directly (i.e., without the need of intermediaries) affect other variables. When the path coefficient is positive, it means that rising values for one variable are followed by rising
values for other variables. When a variable's value increases, another variable's value decreases, as shown by a negative path coefficient value (Malik et al., 2022). When Ho is rejected because to a probability value of P-Value < 0.05, it indicates a substantial effect of one variable on other variables. In the meanwhile, the impact of one variable on other variables is not significant if the probability value of P-Value > 0.05 Ho is accepted. The structural model is used to explain the relationships between each variable and other variables, as well as the relationships between indicators and variables, based on Figure 1 (Kurniasari & Kurnia, 2021).

Correlation analysis is used to determine the direction of each variable relationship. Meanwhile, significance is used as information about the strength or weakness of the relationship between each variable.

**Figure 1. Model Struktural Partial Least Square (PLS)**

**Table 3. Results of Direct Influence Analysis**

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Original Sample</th>
<th>T Statistic</th>
<th>P Values</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAD → PE</td>
<td>-0.778</td>
<td>4.427</td>
<td>0.000</td>
<td>Significant negatives</td>
</tr>
<tr>
<td>DAU → PE</td>
<td>-0.214</td>
<td>1.960</td>
<td>0.025</td>
<td>Significant negatives</td>
</tr>
<tr>
<td>DAK → PE</td>
<td>-0.227</td>
<td>2.631</td>
<td>0.004</td>
<td>Significant negatives</td>
</tr>
<tr>
<td>PAD → IPM</td>
<td>0.621</td>
<td>5.885</td>
<td>0.000</td>
<td>Significant positives</td>
</tr>
<tr>
<td>DAU → IPM</td>
<td>-0.744</td>
<td>11.034</td>
<td>0.000</td>
<td>Significant negatives</td>
</tr>
<tr>
<td>DAK → IPM</td>
<td>0.095</td>
<td>1.386</td>
<td>0.083</td>
<td>Insignificant positives</td>
</tr>
<tr>
<td>PAD → BM</td>
<td>0.789</td>
<td>20.204</td>
<td>0.000</td>
<td>Significant positives</td>
</tr>
<tr>
<td>DAU → BM</td>
<td>0.158</td>
<td>2.051</td>
<td>0.020</td>
<td>Significant positives</td>
</tr>
<tr>
<td>DAK → BM</td>
<td>-0.033</td>
<td>0.474</td>
<td>0.318</td>
<td>Insignificant negative</td>
</tr>
<tr>
<td>BM → PE</td>
<td>0.823</td>
<td>4.335</td>
<td>0.000</td>
<td>Significant positives</td>
</tr>
<tr>
<td>BM → IPM</td>
<td>0.169</td>
<td>1.761</td>
<td>0.039</td>
<td>Significant positives</td>
</tr>
</tbody>
</table>

Based on Table 3. The results of the direct influence analysis can be described as follows:
1) Hypothesis Test 1 (PAD → PE)
   P-Value of 0.000 < 0.05 or with t-statistics of 4.427 > 1.96 so that it can be concluded that Regional Original Revenue has a significant negative effect on Economic Growth.

2) Hypothesis Test 2 (DAU → PE)
   P-Value of 0.025 < 0.05 or with t-statistics of 1.960 > 1.96 so that it can be concluded that the General Allocation Fund has a significant negative effect on Economic Growth.

3) Hypothesis Test 3 (DAK → PE)
   P-Value value of 0.004 < 0.05 or with t-statistics of 2.631 > 1.96 so that it can be concluded that the Special Allocation Fund has a significant negative effect on Economic Growth.

4) Hypothesis Test 4 (PAD → IPM)
   P-Value of 0.000 < 0.05 or with t-statistics of 5.885 > 1.96 so that it can be concluded that Regional Original Income has a significant positive effect on the Human Development Index.

5) Hypothesis Test 5 (DAU → IPM)
   P-Value of 0.000 < 0.05 or with t-statistics of 11.034 > 1.96 so that it can be concluded that the General Allocation Fund has a negative and significant effect on the Human Development Index.

6) Hypothesis Test 6 (DAK → IPM)
   P-Value of 0.083 > 0.05 or with t-statistics of 0.474 > 1.96 so that it can be concluded that the Special Allocation Fund has a positive and insignificant effect on the Human Development Index.

7) Hypothesis Test 7 (PAD → BM)
   P-Value of 0.000 < 0.05 or with t-statistics of 20.204 > 1.96 so that it can be concluded that Regional Original Revenue has a significant positive effect on Capital Expenditure.

8) Hypothesis Test 8 (DAU → BM)
   P-Value of 0.020 < 0.05 or with t-statistics of 2.051 > 1.96 so that it can be concluded that the General Allocation Fund has a significant positive effect on Capital Expenditure.

9) Hypothesis Test 9 (DAK → BM)
   P-Value of 0.318 > 0.05 or with t-statistics of 0.474 > 1.96 so that it can be concluded that the Special Allocation Fund has a negative insignificant effect on Capital Expenditure.

10) Hypothesis Test 10 (BM → PE)
    P-Value value of 0.000 < 0.05 or with t-statistics of 4.335 > 1.96 so that it can be concluded that Capital Expenditure has a significant positive effect on Economic Growth.

11) Hypothesis Test 10 (BM → IPM)
    P-Value value of 0.039 < 0.05 or with t-statistics of 1.761 > 1.96 so that it can be concluded that Capital Expenditure has a significant positive effect on the Human Development Index.

Indirect Influence Analysis (Indirect Effect)

The purpose of testing the indirect impact hypothesis is to demonstrate the indirect (via intermediaries) influence of one variable on other variables. An intervening variable
mediates the link between two variables if the indirect impact coefficient is greater than the direct effect coefficient (Mamuka et al., 2019). On the other hand, if the indirect impact coefficient is less than the direct effect coefficient, the intervening variable is not a mediator in the link between the two variables.

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Original Sample</th>
<th>T Statistic</th>
<th>P Values</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAD → BM → PE</td>
<td>0.649</td>
<td>4.080</td>
<td>0.000</td>
<td>Significant positives</td>
</tr>
<tr>
<td>DAU → BM → PE</td>
<td>0.130</td>
<td>1.633</td>
<td>0.052</td>
<td>Positive and insignificant</td>
</tr>
<tr>
<td>DAK → BM → PE</td>
<td>-0.027</td>
<td>0.462</td>
<td>0.322</td>
<td>Negative and insignificant</td>
</tr>
<tr>
<td>PAD → BM → IPM</td>
<td>0.133</td>
<td>1.707</td>
<td>0.044</td>
<td>Significant positives</td>
</tr>
<tr>
<td>DAU → BM → IPM</td>
<td>0.027</td>
<td>1.147</td>
<td>0.126</td>
<td>Positive and insignificant</td>
</tr>
<tr>
<td>DAK → BM → IPM</td>
<td>-0.006</td>
<td>0.400</td>
<td>0.345</td>
<td>Negative and insignificant</td>
</tr>
</tbody>
</table>

Based on Table 4. The results of the direct influence analysis can be described as follows:

1) Hypothesis Test 12 (PAD → BM → PE)
   Based on the test results, it shows that P values = 0.000 < 0.05 so that it can be concluded that Regional Original Income has a significant positive effect on Economic Growth through Capital Expenditure as an intervening variable.

2) Hypothesis Test 13 (DAU → BM → PE)
   Based on the test results, it shows that P values = 0.052 > 0.05 so that it can be concluded that the General Allocation Fund has a positive and insignificant effect on Economic Growth through Capital Expenditure as an intervening variable.

3) Hypothesis Test 14 (DAK → BM → PE)
   Based on the test results, it shows that P values = 0.322 > 0.05 so that it can be concluded that the Special Allocation Fund has a negative and insignificant effect on Economic Growth through Capital Expenditure as an intervening variable.

4) Hypothesis Test 15 (PAD → BM → IPM)
   Based on the test results, it shows that P values = 0.044 < 0.05 so that it can be concluded that Regional Original Income has a significant positive effect on the Human Growth Index through Capital Expenditure as an intervening variable.

5) Hypothesis Test 16 (DAU → BM → IPM)
   Based on the test results, it shows that P values = 0.126 > 0.05 so that it can be concluded that the General Allocation Fund has a positive and insignificant effect on the Human Growth Index through Capital Expenditure as an intervening variable.

6) Hypothesis Test 17 (DAK → BM → IPM)
   The test findings indicate that P values = 0.345 > 0.05, so that it can be concluded that the Special Allocation Fund has a negative and insignificant effect on the Human Growth Index through Capital Expenditure as an intervening variable.

**Conclusion**

Based on the results of the data analysis and hypothesis testing discussed in the preceding chapter, the following conclusion may be made: 1) Regional original income has a negative impact on economic growth; 2) The General Allocation Fund has a negative impact on economic growth; 3) The Special Allocation Fund has a negative impact on economic growth; 4) Local original income has a positive impact on the Human Development Index; 5) The General Allocation Fund has a negative...
impact; 6) The Special Allocation Fund has a not-significantly-positive impact; 7) Local original revenue has a positively significant positive impact on capital expenditure; 8) The General Allocation Fund has a significant positive effect on Capital Expenditure; 9) The Special Allocation Fund has a negative insignificant effect on Capital Expenditure; 10) Capital Expenditure has a significant positive effect on Economic Growth; 11) Capital Expenditure has a significant positive effect on the Human Development Index; 12) Regional Original Income has a significant positive effect on Economic Growth through Capital Expenditure as an intervening variable; 13) The General Allocation Fund has a positive and insignificant effect on Economic Growth through Capital Expenditure as an intervening variable; 14) The Special Allocation Fund has a negative and insignificant effect on Economic Growth through Capital Expenditure as an intervening variable; 15) Regional Original Income has a significant positive effect on the Human Growth Index through Capital Expenditure as an intervening variable; 16) The General Allocation Fund has a positive and insignificant effect on the Human Growth Index through Capital Expenditure as an intervening variable; 17) The Special Allocation Fund has a negative and insignificant effect on the Human Growth Index through Capital Expenditure as an intervening variable.

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