



Special Allocation Funds (Dak) & Regional Original Income (Pad): How to Manage and Economic Growth in Bandung Regency

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ARTICLE INFO

Keywords:

Revenue,
Special Allocation Fund,
Regional Expenditure Revenue

ABSTRACT

Over time, regional development plans have experienced several problems and obstacles, which are in fact very contrary to the objectives of regional autonomy being proclaimed by the central government, which among others have the aim of creating independence, delegation of authority, exploring the potential of regional government resources so that they are well established financially. However, not all local governments are financially secure. Seeing several phenomena shows that the financial performance of each local government is different. This can be seen from the increase in regional original income but not followed by an increase in regional spending. This study uses a descriptive study method with a quantitative approach and data triangulation analysis, the results of the study explain that, certain regional financial management can be reflected in the Regional Revenue and Expenditure Budget (APBD) owned by each region, so that it can be used as an instrument to create regulations for regional development local government. Increasing the allocation of capital expenditure in the form of fixed assets which includes infrastructure, equipment, facilities and infrastructure is very important to increase economic productivity because the higher the capital expenditure, the higher the productivity of the economy. Therefore, the existence of regional autonomy is very influential on the economic growth of a region because it gives freedom to local governments to make their own financial plans and make strategic policies that can affect the progress of the region.

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1. Introduction

Regional Original Income (PAD) is one of the financial sources owned by the region. Revenue comes from various components such as local taxes, regional levies, BUMD profits and other legitimate income. PAD is expected to be a reliable source of finance in the implementation of regional autonomy. In implementing regional autonomy, local governments must explore as much as possible the revenue potentials in their regions. So, in its implementation there are no problems, namely in financing, according to Adur et al (2019) Regional Original Revenue (PAD) is income received from sources in the region that is collected based on applicable regional regulations. Regional income plays an important role, because the extent to which a region can finance the activities and development of a region (Nurhaniza et al., 2020; Ohy et al., 2021). The problem faced by local governments in public sector organizations is the allocation of the budget (Kuntari et al., 2019). Budget allocation is the total allocation of funds for each program. With limited resources, the Regional Government must be able to allocate the revenues obtained for productive regional expenditures.

The phenomenon related to Regional Original Income (PAD), which is based on Regional Original Income (PAD). Transfers from the center are down and PAD is down, so it is necessary to readjust their expenditures, the projected revenue of the Bandung District APBD in 2020, from Rp. 1,417,740,624,638

is projected to decrease to Rp. 1,156,738,973,839. The non-operation of a number of tax objects such as hotels and restaurants contributed to the decline in local revenue. The contribution of PAD in the Regional Revenue and Expenditure Budget (APBD) is one indicator to measure the level of independence of an autonomous region. The independence of autonomous regions is measured by how big the role of PAD is in financing regional expenditures, especially regional routine expenditures (Andrian & Samekto, 2017; Nulhaqim & Sulastris, 2019; Siregar, 2019). The greater the contribution of PAD in the APBD, it can be said that the higher the level of regional independence so that the dependence on funds from the central government is smaller and vice versa, the lower the contribution of PAD in the APBD, the greater the dependence of the regions on central government assistance. PAD is one source of regional revenue in financing regional expenditures.

The way to deal with this is to secure first for priority expenditures, including the priority ones for handling Covid-19 and development that directly touches the community. Regional Original Income (PAD) that is generated decreases, it has an impact on the region to increase PAD, Bandung District, supervises the operation of the agency and makes regional income continue to increase (Wiliantara & Budiasih, 2016; PrawiraW et al., 2021). The granting of authority from the Central Government to the Regional Government is balanced with the transfer of funds, facilities and infrastructure as well as human resources. The transfer of funds is in the form of a balancing fund consisting of a Special Allocation Fund, a General Allocation Fund and a Revenue Sharing Fund which has been explained in Law No. 33 of 2004 concerning financial balance between the Central Government and Regional Governments.

In essence, the definition of the Special Allocation Fund (DAK) is a fund originating from the APBN, which is specifically allocated for regions with special needs (Dadi, 2014; Sumiyati, 2015). Regional autonomy is a form of embodiment of delegation of authority and responsibility from the central government to local governments where local governments have the authority to regulate their own regions both from the financial sector and from the non-financial sector.

Adjustment of Regional Original Income sourced from regional taxes, regional levies, results of separated regional wealth management and other legitimate income and adjustment of balancing fund policies sourced from the Central and Provincial Governments (Sidiq et al., 2021). According to Rini et al (2018) APBD is a regional financial program design describing income and other revenues as well as expenditures to finance the expenditure of a program and development funding in each year. APBD is also an instrument that creates discipline in a process, and decision-making related to local regulations. Meanwhile, according to Samosir (2020) and Safitri et al (2021), APBD is the main regulatory instrument for local governments. Furthermore, the regional budget is also used as a tool to determine the amount of income to help make decisions and design development.

Certain regional financial management can be reflected in the Regional Revenue and Expenditure Budget (APBD) owned by each region, so that it can be used as an instrument to create regulations for regional development of regional governments. Increasing the allocation of capital expenditure in the form of fixed assets which includes infrastructure, equipment, facilities and infrastructure is very important to increase economic productivity because the higher the capital expenditure, the higher the productivity of the economy. Therefore, the existence of regional autonomy is very influential on the economic growth of a region because it gives freedom to local governments to make their own financial plans and make strategic policies that can affect the progress of the region.

The problem faced by local governments in public sector organizations is the allocation of the budget. Budget allocation is the total allocation of funds for each program. With limited resources, the Regional Government must be able to allocate the revenues obtained for productive regional expenditures. 68 schools from Kindergarten to Junior High School in Bandung District in 2021 will receive a Special Allocation Fund (DAK) from the Government (Muda & Ridha, 2018). The Head of the Education and Culture Office explained that the total DAK funds to be distributed to the 68 schools reached Rp. 26 billion, The DAK is intended to build school facilities and infrastructure (Azhari et al., 2021). In an effort to improve public welfare and the quality of public services, local governments should be able to change the proportion of spending allocated for positive purposes and things such as carrying out development activities related to public interest programs. The ability of the region to provide funding originating from the region is very dependent on the ability to realize the economic potential

into forms of economic activity that are able to create revolving funds for sustainable regional development.

2. Method

This study uses descriptive analytical research using a quantitative approach, researchers also want to examine a phenomenon that discusses the Effect of Regional Original Revenue and Special Allocation Funds on Regional Revenue and Expenditure Budgets. Quantitative research methods according to Atmadja (2013) namely, quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to examine certain populations or samples, sampling techniques are generally carried out randomly, data collection using research instruments, data analysis quantitative/statistical, with the aim of testing the established hypothesis.

a. Data collection technique

Source of data in research is a very important factor, because the source of data will involve the quality of research results. Therefore, the data source is considered in determining the data collection method.

b. Data collection technique

Data collection techniques are the most strategic step in research, because the main purpose of research is to obtain data. Without knowing the data collection techniques, the researcher will not get data that meets the data standards set.

c. Population, Sample and Place and time of research

Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions.

d. Sampling

The sample is part of the population that the researcher wants to examine, the sample is part of the number and characteristics possessed by the population. In this study, the authors conducted sampling by using a saturated sampling technique.

3. Result and Discussion

3.1 The Effect of Regional Original Revenue (PAD) on the Regional Revenue and Expenditure Budget (APBD)

Regional Original Revenue (PAD) (X1) has an effect of 35.7% on the Regional Budget (APBD) (Y) with a correlation value of 0.597 which means that Regional Original Revenue (PAD) has a strong positive influence on the Regional Revenue and Expenditure Budget (APBD). So from the results of this study it is known that Regional Original Revenue (PAD) has an influence of 35.7% on the Regional Revenue and Expenditure Budget (APBD) while the remaining 64.3% is influenced by other factors not examined. The results of this study are in accordance with Septiani & Arifin (2020) which states that Regional Original Revenue (PAD) has a strong contribution to the Regional Revenue and Expenditure Budget (APBD), especially in the financial Bandung District of the region generated from Regional Original Revenue (PAD).

In addition, Regional Original Revenue also influences the Regional Revenue and Expenditure Budget (APBD), the continuous growth of regional income, the higher the Regional Revenue and Expenditure Budget (APBD). The results of the correlation test between the original regional revenue (PAD) and the regional expenditure budget (APBD) were 0.597, while the coefficient of determination (R²) showed that there was an influence between the regional original revenue (PAD) and the regional budget (APBD) of 30%. So that it can be seen that there is a positive relationship between local revenue (PAD) and the regional expenditure budget, where the higher the regional income, the higher the regional revenue budget (APBD).

Table 1
Research Questionnaire Reliability Test Results

Variable	Reliability Coefficient	Information	Criteria
Locally-generated revenue	0,881	Reliabel	<i>Good</i>
Special Allocation Fund (DAK)	0,689	Reliabel	<i>Good</i>
Regional Revenue and Expenditure Budget (APBD)	0,780	Reliabel	<i>Good</i>

Source: SPSS Processing Results, 2020

As for some PAD indicators according to Saraswati (2018), PAD indicators are the result of separated wealth management. The role of revenue as a source of funding for regional development, and the income earned annually from PAD is uncertain so that it also has an impact on the APBD. The measurement of this PAD variable is measured by a ratio scale. As for the measurement of PAD can be done by calculating:

$$\text{PAD} = \text{Total local taxes} + \text{total regional levies} + \text{total wealth management results separated area} + \text{other legitimate regional income.}$$

3.2 The Effect of the Special Allocation Fund (DAK) on the Regional Revenue and Expenditure Budget (APBD)

Special allocation funds are funds sourced from APBN revenues that are allocated to certain regions with the aim of helping to fund special objectives which are regional affairs and in accordance with national priorities. According to Sukoharsono (2006), the Special Allocation Fund (DAK) is an allocation from the State Revenue and Expenditure Budget to certain provinces/regencies/cities with the aim of funding special activities. which is a regional government affair and in accordance with national priorities, DAK is also functioned to finance the needs of basic public service facilities and infrastructure that have not yet reached a certain standard or to encourage the acceleration of regional development, but not all regions get it. the government only stipulates three criteria for a region to obtain DAK, namely general criteria, special criteria, and technical criteria.

The Special Allocation Fund is an allocation from the State Revenue and Expenditure Budget to certain provinces/regencies/cities with the aim of funding special activities which are regional government affairs and in accordance with national priorities according to Putri (2015). PAD, DAU, and DAK are part of the regional government's financial resources which are closely related to the implementation of regional autonomy. Funds sourced from the APBN allocated to regions will further maximize funds from the government and can increase the Regional Revenue and Expenditure Budget (APBD) (Jannah et al., 2017). The results of the correlation test between the Special Allocation Fund (DAK) and the Regional Budget (APBD) of 0.630 while the results of the coefficient of determination (R²) indicate that the quality of the report has an influence between the Special Allocation Fund (DAK) and the Regional Budget (APBD) of 30 %. So that it can be seen that there is a positive relationship between the Special Allocation Fund (DAK) and the Regional Revenue and Expenditure Budget (APBD), where the better the management and utilization of funds, the higher the Regional Revenue and Expenditure Budget (APBD).

Special allocation funds are balancing funds allocated by the central government through the State Revenue and Expenditure Budget (APBN) to certain regions with the aim of funding special needs which are regional affairs as well as national priorities. -at least 10% of the value of the DAK he received. Optimization of the use of DAK is carried out for activities in the same DAK sector and in accordance with the technical guidelines stipulated. If there is remaining DAK in the regional treasury when the fiscal year ends, the region can use the remaining DAK to fund DAK activities in the same sector of the previous fiscal year and/or the current budget year.

Table 2
Percentage of Respondents' Answer Score Regarding the Special Allocation Fund

No	Indicator	Actual Score	Ideal Score	% Actual Score	Criteria
1	Unexpected Needs	128	150	85,3%	Good
2	Right on target	131	150	87,3%	Very good
3	Regional Determination	135	150	90%	Very good
4	Transparency	126	150	84%	Good
5	Priority Needs	124	150	82,6%	Good
	Total	644	750	85,8%	Very good

Source: SPSS Processing Results, 2020

3.3 Variable Operation

Operational variable is a trait or attribute and value of people, activities or objects that have certain properties that have been determined by researchers to be studied and researched and then drawn conclusions. Meanwhile, according to Uma Sekaran (2015) a variable is anything that can be distinguished or brought about by variations in value. Each value can differ at various times for the same person or object, and at the same time for different objects.

Based on the research title that has been determined previously, namely the Effect of Regional Original Revenue and Special Allocation Funds on the Expenditure Budget, we can determine several related variables in this study including the independent variable, this variable is bound and influenced negatively or positively, This independent variable is often referred to as the stimulus variable, predictor, antecedent in Indonesian which is often referred to as the independent variable. The independent variable is the variable that affects or is the cause of the change or the emergence of the dependent variable (Sugiarto, 2017). So in this study the independent variables are as follows:

Regional Original Revenue (PAD) (X1) Special Allocation Fund (DAK) (X2). Then the second is the dependent variable, this variable is often referred to as the output variable, the criteria and the consequent, or in Indonesian it is often referred to as the dependent variable. The dependent variable is the variable that is influenced or that becomes the result, because of the independent variable, the dependent variable is the variable that is the main concern in research (Uma Sekaran 2015). So in this study, the dependent variable is the Regional Budget (APBD) (Y).

Table 3
Percentage of Respondents' Answer Score Regarding Regional Original Income

	Indicator	Actual Score	Ideal Score	% Ideal Score	Criteria
1	Retribution	139	150	92,6%	Very good
2	Local tax	134	150	89,3%	Very good
3	Supervision	130	150	86,6%	Good
4	Budget Control	132	150	88%	Very good
5	Tourist attraction	136	150	90,6%	Very good
	Total	671	750	89,4%	Very good

Source: SPSS Processing Results, 2020

Table 4
Variable Operation

Variable	Variable Concept	Indicator	Scale	No. Questionnaire
Locally-generated revenue (X1)	Regional Original Revenue (PAD) is the revenue obtained by the region from sources within their own region which are collected based on regional regulations in accordance with applicable laws and regulations. Sugiyono (2017)	Regional Retribution.	Ordinal	1
		Local tax		2
		Supervision		3
		Budget Control		4
		Tourist attraction		5
Special Allocation Fund	Special Allocation Funds are funds sourced from APBN revenues that are allocated to certain regions with the aim of helping to fund special activities which are regional affairs and in accordance with national priorities. Sugiyono (2017).	Unexpected Needs	Ordinal	6
		Right on target		7
		Regional determination		8
		Transparency		9
		Priority Needs		10
Regional Revenue and Expenditure Budget (Y)	APBD is the main policy instrument for local governments. He continued, the regional budget is also used as a tool to determine the amount of income and expenses, to assist decision making and development planning. (Sugiyono, 2015).	Decision-making	Ordinal	11
		Government		12
		Accountability		13
		Plan		14
		Design		15
		Regional Policy		

The following are some of the indicators that have been compiled and will be described one by one regarding the Regional Original Income (PAD) indicators, including regional levies, fees paid by the community as payment for certain services or permits specifically provided by the government for the common good between the people and the government, then local taxes, one of the factors that increase PAD is local taxes that contribute to the region. The proceeds from local taxes will go to the regional treasury which will fund regional needs. Local taxes include restaurant taxes, entertainment taxes, and hotel taxes, the next point is supervision, whose function is to monitor the implementation of a program that the activities are in accordance with the initial plan to the end, then control the task of compiling and implementing guidelines in the planning and evaluation fields, and the last is the use of tourist attractions, the success of the tourism sector which means it will increase the role in revenue or Regional Original Income (PAD), at least it will cause positive for the community and local government.

After observing several descriptions and explanations regarding the effect of regional original revenues and special allocation funds on regional budgets, we can conclude that the Special Allocation funds have an effect on the Regional Revenue and Expenditure Budgets (APBD). with more regions being able to control special allocation funds, it is hoped that they will become experts in controlling the budget and utilizing funds from the government. The phenomenon related to the Special Allocation Fund (DAK) conveyed by the head of the National and Political Unity (KESBANGPOL) of Bandung District, namely the results of the examination in 202, there is the use of funds from Regional Original Income (PAD) which

is used for education. The problem faced is the lack of priority needs from the government so that there is a use of funds.

4. Conclusion

To increase the Regional Original Income (PAD) to be better, good supervision is needed. By reviewing and checking related to regional retribution, Regional Original Revenue (PAD) has an effect on the Regional Revenue and Expenditure Budget (APBD). Then the higher the Regional Original Income (PAD), the budget for regional expenditure revenues increases and vice versa. Regional Original Revenue (PAD) has a strong contribution to the Regional Revenue and Expenditure Budget (APBD), especially in the process of preparing and planning the resulting financial, but currently there are still weaknesses in Regional Original Revenue (PAD), one of which is related to the constraints of Regional Original Income (PAD) which continues to decline every year. The Special Allocation Fund (DAK) affects the Regional Revenue and Expenditure Budget (APBD). Then the better in optimizing funds from the government, the Regional Revenue and Expenditure Budget (APBD) will increase where the Special Allocation Fund (DAK) whose funds come from the government the greater the funds will have a good impact on increasing the Regional Revenue and Expenditure Budget (APBD) in Bandung District, but currently there are still weaknesses such as the Special Allocation Fund (DAK) using the Regional Original Revenue (PAD) fund.

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