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## The Effect Of Local Revenus-Sharing And A General Allocation Of Funds To The Direct Expenditure On The Regency/Municipality Governments In South Sumatra Province

**Henny Yulsiati<sup>1</sup>, Sandrayati<sup>2</sup> Oktariani<sup>3</sup>**

**State Polytechnic of Sriwijaya, Palembang<sup>1</sup>, Public Sector Accounting Study Program, street srijaya country<sup>2</sup>**

**akt@polsriwijaya.co.id<sup>1</sup>, Henny.Yulsiati@yahoo.com<sup>2</sup>**

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### **Keywords :**

revenue, revenue-sharing, a general allocation of funds, and the direct expenditure.

### **ABSTRACT**

*The study aims to find out it local revenues, revenue-sharing and a general allocation of funds affects the direct expenditure on the regency/municipality governments in south Sumatra Province. The research was carries out for the year 2014-2016. This type of data used in this study is the secondary. The data collected from general of the financial (DJPK) throuht the website [www.djpk.go.id](http://www.djpk.go.id). The data analyzed in this study is derived from the report realization of the budget revenues and expenditures (budget). Methods used in this study is the method of hypotheses, where the influence of partial be tested with the *t* and the simultaneous tested by using the *f* by using the tools of analysis of computer programs econometric view (evIEWS) in version 9. This research result indicates that a partial local revenues, revenue-sharing and a general allocation of funds have a significant effecton the direct expenditure.*

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## **INTRODUCTION**

The development of public services in Indonesia has become the main task of the government that must be optimized. This can be realized by preparing financial plans in the form of appropriate budget target. Regional budget is a financial plan that is made in the basis of local government guidelines in the implementation of public services. Di Indonesia local budget documents are often called the budget of revenues and expenditures (APBD) for both provincial and district / city. Dalam organizing government activities based on decentralization done at the expense of Regional Revenue and Expenditure Budget (APBD). According to Baldrice Siregar (2015: 29) Definition of APBD is an annual financial plan of local government approved by the Regional House of Representatives (DPRD). The sources of local revenue are the original revenue, the balancing fund (revenue sharing fund, general allocation fund and special allocation fund), and Regional Loans, Deconcentration and Co-Administration Tasks. The first three sources are directly managed by the Local Government through APBD, while others are managed by the Central Government through cooperation with the Regional Government (Rahmawati, 2010: 1). Regional Original Revenue is regional revenue from the regional tax sector, regional retribution, the result of regional-owned enterprises, the result of separated regional wealth management, and other legitimate local revenue. In addition to the local revenue, in running the decentralization principle the local government also received assistance from

the central government in the form of transfers in the form of general allocation funds and profit-sharing funds. The general allocation fund is a block grant fund transfer, so the local government has the flexibility in using general allocation funds in accordance with the needs and aspirations of each region (Abdul Halim).

Furthermore, Permenkeu Number 48 / PMK.07 / 2016 on Management of Transfers to Local and Village Funds defines that Revenue Sharing Funds are funds allocated in APBN to regions based on certain percentage figures to fund regional needs in the context of decentralization implementation. The South Sumatra government in 2013 to 2014 still relies on balancing funds as the largest source of regional revenue, indicating that the province of South Sumatra is still dependent on the central government in spending funds to make local spending. This can be seen in the following table.

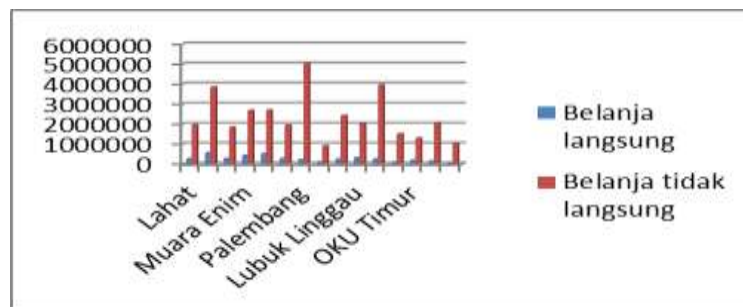
**Table 1**  
Revenue Contribution of South Sumatera Provincial Government by Type of Income

<b>Tahun Anggarn</b>	<b>PAD (Rp)</b>	<b>DBH (Rp)</b>	<b>DAU (Rp)</b>	<b>Belanja Langsung (Rp)</b>
2014	2.482.129	2.793.113	985.543	2.228.143
2015	2.784.967	2.207.759	985.543	3.035.964
2016	2.733.330	1.483.327	1.071.421	2.229.365

Source: [www.djpk.go.id](http://www.djpk.go.id)

In the above table it is found that by 2015 balancing funds are no longer the main source of income for the provincial government of southern Sumatra. The deputy governor of the southern province of Ishak Mekki said that this was caused by the reduction of balance targets and delays in the transfer of balancing funds as a result the realization of regional districts in 2015 could not reach the target. This condition makes the local government must make adjustments to cover the planned expenditure on the 2015 budget. One way that can be done by the local government is to focus by increasing the local revenue. Therefore, it is hoped that income independence can reduce dependency on transfer funds from the central government.

Actions taken by the Provincial Government of South Sumatra is very important to do because considering the programs and activities that have been planned should still be implemented for the realization of regional development, especially the development of facilities, infrastructure and infrastructure as embodied in capital expenditures where capital expenditure is part of shopping langsung. According Darise (2009: 136) Direct Shopping is the penganggaranya directly influenced by the existence of programs or activities. Spending directly divided by type of shopping consisting of; (a) Employee Expenditures, (b) Expenditures for Goods and Services, (c) Capital Expenditures. Can be seen graph of direct expenditure and indirect spending in the province of South Sumatra.



**Fig 1.** Direct spending and indirect expenditure of district / municipality governments in southern Sumatera province for fiscal year 2014-2016

The data above shows that South Sumatra Province in doing local expenditure is still small in issuing direct expenditure funds from indirect spending, In 2015 direct spending of the government of south sumatra mengalami increase from the previous year. Direct spending should be greater than indirect spending because direct expenditure is a direct expense directly influenced by programs and activities.

Based on the Regulation of the Minister of Home Affairs Number 25 of 2009 states that regional expenditure is prepared with a work performance approach oriented to the achievement of the results of planned inputs, therefore in the preparation of budget year 2010 budget for local governments attempt to set target achievement both in the context of the region, work, and activities in line with the affairs that become its authority. In addition to direct expenditure to get a portion of a larger allocation of indirect spending.

Characteristic of indirect expenditure is expenditure that is used together in implementing program or activity of work unit while direct expenditure is allocation of expenditure (input) which set can be in value and compare with resulted output.

With the increase in local revenue, it is also expected that the increase of direct expenditure allocation. This is because direct expenditure has direct link to the program. Direct shopping is used by local government to finance the activities and programs as stated in local regulations. Direct shopping expects to have a higher proportion than indirect spending, because direct expenditure is the expenditure used for programs and activities that have been established with the aim to improve the welfare of society and government performance.

Therefore, with local revenue sources and revenue-sharing funds, general allocation funds are expected to have a positive impact on the allocation of direct expenditure. This research refers to research conducted by Try Indraningrum (2011) research of dependent variable is Direct Shopping and independent variable is Independent: Local Original Income, General Allocation Fund. Research indicates that by regionally generated Revenue and General Allocation Funds a significant positive effect on Direct Shopping. Furthermore, by Yeyen Rizkiyuni Hussein (2014) the dependent variable is Direct Expenditure and the independent variable is the Original Revenue, General Allocation Fund, and Special Allocation Fund. The results show that the original revenue of the region has a positive and significant impact on Direct Expenditure, the general allocation fund has a positive but insignificant impact on Direct Expenditure and special allocation funds have a positive and significant impact on Direct Shopping. Local original revenues, general allocation funds and special allocation funds simultaneously affect the Direct Expenditure of Gorontalo Regency Government Based on the research, the writer is interested to conduct research entitled "The Effect of Local Original Income, Profit Sharing Fund and General Allocation Fund to Direct Expenditure on Regency / City In South Sumatra Province ".

Based on this background, the following issues can be formulated: (1) Do the Original Regional Revenues Partially Affect Direct Expenditure ?; (2) Does the revenue share fund partially affect direct expenditure ?; (3) Does the General Allocation Fund partially affect Direct Expenditure ?; (4) Do the Original Regional Revenues, Profit Sharing Funds and General Allocation Funds simultaneously affect Direct Expenditure?

The purpose of this study is to provide empirical evidence on: (1) To determine the effect of Local Revenue Partially on Direct Expenditure; (2) To know the effect of partial revenue sharing funds on direct expenditure; (3) To know the General Allocation Fund partially to Direct Expenditure; (4) To know the effect of Local Revenue, Revenue Sharing Fund and General Allocation Fund simultaneously to Direct Shopping.

Benefits The present research, systematically and methodologically based on these research norms, in whole or in part, is generally intended to have a scientific contribution. Thus expected to be used as a reference or knowledge for researchers, practitioners and contribute to policy. in addition to providing

input to the Regional Government which income variables that need to be developed or increased, so that people's welfare and economic growth will be better or direct spending can be fulfilled.

#### Definition of Original Regional Income (PAD)

According to Law no. 33 of 2004 on the financial considerations between central and regional chapter 1 point 18 states that: Regional Original Revenue, hereinafter referred to as PAD, is the income earned by a region levied based on local regulations in accordance with the laws and regulations.

According to Abdul Halim (2004: 67) explains that Revenue from the Region is all regional revenue derived from the original economic source of the region. Indigenous revenues are separated into four types of revenues: local taxes, regional retributions, regional-owned enterprises, derivative results of property management, other legitimate local revenue. According to Baldric Siregar (2015: 31) in the book Public Sector Accounting states that Regional Original Revenue is revenue received by the Regional Government from sources within its own territory levied under local regulations. Indigenous revenues include local taxes, regional levies, the result of separated regional wealth management, and other legitimate local revenue.

Regional Original Revenue (PAD) is all regional revenue derived from the source of indigenous economy. Based on Law no. 32 of 2004 Original revenue sources regions hereinafter referred to as PAD, as follows;

#### 1. Local taxes

Local taxes and levies are an important source of local revenue to finance the implementation of local government, in order to improve public services and regional independence, it is necessary to expand the object of local taxes and levies and the discretion in the determination of tariffs (Law 28 / 2009). According to Law no. 28/2009 on Regional Taxes and Levies. Local Taxes, hereinafter referred to as Taxes, are the obligatory contributions to the Regions owed by an individual or a coercive body under the Act, without obtaining direct remuneration and used for the purposes of the Regions for the greatest possible prosperity of the people.

#### 2. The result of regional retribution

According to Law no. 28/2009, Regional Levy, hereinafter referred to as Levy shall be regional levies as payment for certain services or licenses specially provided and / or provided by the Regional Government for the benefit of individuals or the Agency.

3. The result of separated regional wealth management The results of regional-owned enterprises and the results of the management of separated property assets are regional revenue derived from regional-owned enterprises and separated regional wealth management. Regional companies are all companies established wholly or partially with regional capital. The objective is to create jobs or encourage regional economies and be an efficient way of serving the community and to generate local revenue. The share of regional business profits or regional business profits is the advantage that the local government entails from the business it undertakes. This type of income is itemized according to the income object that includes (Law No. 33/2004):

- a. Share of capital participation in regional / local-owned enterprises.
- b. Share of gain on capital participation in state-owned / state-owned enterprises.
- c. Share of gain on equity participation in private-owned or community-owned enterprises.

#### 4. Other Original Regional

Income Other legitimate PAD is revenue derived outside of revenue derived from local taxes, user charges, and the operating profit portion described above. This account is provided to account for local revenue other than those mentioned above. This type of income includes the following income objects (Law No. 33/2004):

- a. The proceeds from the sale of Regional assets are not separated
- b. Current account service
- c. Interest income

- d. Gain on the difference in the rupiah against foreign currencies
- e. Commissions, deductions, or other forms as a result of the sale and / or procurement of goods and / or services by the Region.

According to Aris Rahmat & Nur Handayati (2016) explains that the Original Revenue is: The more Pendapatan Asli Daerah (PAD) earned the more possible the area to meet its own shopping needs without having to depend on the central government. Revenue Revenue Sources (PAD) can be obtained from local taxes, levies, results of local owned companies, the results separated regional wealth management and other legitimate regional income.

Based on some understanding above, the authors conclude that the local revenue (PAD) is revenue derived from the local government in this case the district / municipal governments derived from the regional income and levied according to local regulations in accordance with the regulations.

Revenue Sharing Fund (DBH)

Regulation of the Minister of Finance of the Republic of Indonesia Number 235 / PMK. 07/2015, DBH is a fund that comes from APBN revenues allocated to regions based on percentage figures to fund regional needs in the context of decentralization implementation. According to the Presidential Regulation of the Republic of Indonesia Number 137 of 2015, the details of the revenue sharing fund consist of:

1. Details of income tax proceeds of Article 25 and Article 29 of domestic personal taxpayers and income tax article 21 by province / regency / municipality as stated in annex VIII
2. Details of revenue sharing by province / regency / municipality as stated in Attachment IX
3. Details of tobacco excise tax revenue by province as set forth in Appendix X
4. Details of natural gas and natural gas revenue sharing by province / regency / municipality as contained in annex XI
5. Details of natural resources sharing of mineral and coal resources by province / regency / municipality as contained in annex XII
6. Details of natural resource revenue sharing funds by province / regency / municipality as set out in annex XIII
7. Details of natural resource revenue sharing fund by province / regency / municipality as stated in Attachment XIV
8. Details of geothermal resource revenue sharing by province / regency / municipality as specified in Attachment XV According to Listiorini, 2012 explains that: Revenue Sharing Fund is a fund sourced from the APBN allocated to the region by considering the potential of producing regions to see certain percentage figures to fund regional needs in the context of decentralization implementation.

According to the Ministry of Finance, 2008 explained that: The passage of the transfer system in the Revenue Sharing Fund reflects the broadest possible autonomy in an effort to improve regional economic growth. the main purpose of the Revenue Sharing Fund is to reduce the vertical fiscal imbalance between central and local governments. Revenue Sharing Funds based on the source are divided into Tax Sharing Funds and Natural Resources Sharing Funds (Article 11 of Law No. 33 of 2004)

According to Permenkeu Number 48 / PMK.07 / 2016 on Management of Transfer to Regional and Village Funds defines that: Revenue Sharing Fund, hereinafter referred to as DBH, is the funds allocated in APBN to regions based on certain percentage figures to fund regional needs in the context of decentralization implementation.

Badrudin (2012: 54) in his book titled Economics of Regional Autonomy states that: The revenue-sharing funds in the balancing funds group are funds sourced from APBN revenues allocated to regions based on percentage figures to fund regional needs in the context of decentralization implementation. Revenue-sharing funds are broken down by revenue objects that include tax-sharing and non-tax revenue sharing.

In addition, research from Wandira (2013), explains that the Revenue Sharing Fund is: Potential source of local revenue and is one of the basic capital of local government in obtaining development funds and meet regional expenditures that are not derived from PAD other than DBH, DAU and DAK.

Based on some understanding above, the authors conclude that the Fund is a fund derived from APBN to increase economic growth and fiscal imbalance between the central government and local governments, revenue sharing based on the source is divided into the Profit Sharing Fund and Profit Sharing Fund of Natural Resources.

General Allocation Fund (DAU) According to Law no. 33 of 2004 about the financial balance between the central government and local governments states that:

General Allocation Funds hereinafter referred to as DAU are funds sourced from APBN revenues allocated for the purpose of equitable inter-regional financial capacity to fund regional needs in the context of decentralization implementation.

According to Badrudin (2012: 54) in his book entitled Economics Regional Autonomy defines that: The general allocation funds in the balancing funds group are funds sourced from APBN revenues allocated for the purpose of equal distribution of financial capacity among regions to fund regional needs in the context of decentralization implementation. The general allocation fund for a region is allocated on the basis of fiscal gap and basic allocation. Fiscal gap is fiscal requirement minus the fiscal capacity of the region, the basic allocation is calculated based on the total salary of the Regional Civil Servant.

According to Abdul Halim (2014: 17) on regional financial accounting explains that: The General Allocation Fund is a "bock grant" fund transfer, so the local government has the flexibility in using the General Allocation Fund in accordance with the needs and aspirations each region. The objectives of the General Allocation Fund are as equitable distribution of inter-regional financial capacity to fund the needs of the Autonomous Region in the context of decentralization.

As for how to calculate the General Allocation Fund according to Government Regulation No. 55/2005 on Balancing Funds explains that:

- a. The General Allocation Fund (DAU) shall be stipulated at least 26% (twenty six percent) of net domestic revenues specified in the APBN.
- b. The General Allocation Fund (DAU) for the provincial and district / municipality areas shall be respectively 10% (ten per cent) and 90% (Ninety per cent) of the General Allocation Fund as defined above.
- c. The General Allocation Fund (DAU) for a particular regency / municipality is determined based on the multiplication of the amount of General Allocation Funds for the Regency / City determined by the APBN with the portion of the Regency / City concerned

Regions having zero fiscal gap equal to receive a General Allocation Fund equal to the basic allocation. Areas that have negative fiscal values and negative values less than the basic allocation receive general allocation funds in the amount of basic allocations after deducting the value of fiscal gap. Areas that have negative fiscal value and negative value are equal to or greater than the basic allocation does not receive general allocation fund (Badrudin 2012: 55).

Based on some understanding above, the authors conclude that the general allocation funds are funds sourced from the state budget and expenditure (APBN) allocated to the provincial / district / city government to reduce fiscal gaps and financial equity to local governments.

Shopping Area

According to the Minister of Home Affairs Regulation No. 21 of 2011 on the second amendment to the Regulation of the Minister of Home Affairs No. 13/2006 on the guidelines for the management of regional finances, regarding regional expenditure contained in Article 51, regional expenditure is a duty of local government recognized as a deduction of net worth.

According to Darise Nurlan (2009: 131) regional expenditure covers all expenditures from the Regional General Treasury Account which reduces the equity of current funds, which is a regional obligation within a budget year that the Regional Government will not repay.

Regional shopping is classified according to : a. Function, b. Organization, c. Program, d. Activities, e. Group, f. activities, g. Type of shopping.

#### Group And Type Of Shopping

Based on Permendagri No. 13 of 2006 as amended by Regulation of the Minister of Domestic Affairs No. 59 of 2007 has been amended Permendagri Number 21 of 2011 and Permendagri Number 64 Year 2013 expenditures are grouped into: 1. Shop directly, 2. Indirect spending

#### Live Shopping

According to Badrudin (2012: 97) in his book entitled Economics Regional Autonomy defines that: Development spending (public expenditure / direct spending) development spending is used to fund improving the quality of public services in the form of development of public infrastructure and facilities. Development spending becomes the main focus in government expenditure analysis because it is directly touching on improving the quality of public services. regions are highly determined on the interests and needs of the region.

According to Baldrick Siregar (2015: 31) Direct Shopping is a budgeted expenditure directly related to the implementation of programs and activities. According to Erlina and Omar Sakti et al (2015: 158) Direct spending is a budgeted expenditure directly related to the implementation of programs and activities. The direct expenditure group of an activity is divided according to the type of expenditure which consists of:

1. Expenditure of employees, for expenditure of Honorarium or wages in implementing programs and activities of local government.
2. The procurement of goods and services shall be used for the purchase / procurement of goods whose value of benefits is less than 12 (twelve) months and / or the use of services in implementing the programs and activities of regional government. The purchase / procurement of goods and / or the use of services includes the expenditure of consumables, materials, office services, insurance premiums, motor vehicle maintenance, printing / duplication, rental of house / building / warehouse / parking, mobility leases, rental of office supplies and equipment, food and beverages, official clothing and attributes, work clothes, special clothing and certain days, official travel, official travel and duty departments.
3. Capital expenditures are used for expenditures made in the context of the purchase / procurement or construction of tangible fixed assets which have a benefit value of more than 12 (twelve) months for use in government activities, such as in the form of land, equipment and machinery, buildings and buildings, roads , irrigation and networks, and other fixed assets. The value of the purchase / procurement or construction of tangible fixed assets budgeted in capital expenditures is only the purchase price / asset build. Expenditures of procurement committee and purchasing / development administrations to obtain any assets budgeted for capital expenditures are budgeted for personnel expenditure and / or goods and services expenditures.

According to the Minister of Home Affairs Regulation No. 31 of 2016 on the guidelines for the preparation of budget revenues and expenditures for fiscal year 2017 states that:

The direct budgeting budget in the APBD is used for the implementation of concurrent governmental affairs under the jurisdiction of the regional government comprising compulsory governmental affairs and elected governmental affairs. The governing department shall comprise mandatory governmental affairs relating to basic services and mandatory governmental affairs not related to basic services. Direct budgeting is set forth in the form of programs and activities, whose performance benefits can be

felt directly by the community in order to improve the quality of public services and the success of local government to the public interest.

Based on some understanding above, the authors conclude that direct expenditure is a direct expenditure on government activities and programs. Expenditures made directly to the activities of the government to improve services to the community.

#### Previous Research

Try Indraningrum (2011) conducted a study entitled *The Influence of Local Revenue and General Allocation Funds to Direct Expenditure on District Government in Central Java Province*. The results of the study indicate that local revenues and general allocation funds have a positive and significant impact on direct expenditure. Nurul Hidayah & Hari Setiyawati (2014) conducted a research entitled *Influence of general allocation fund, special allocation fund and local revenue to direct expenditure in central java province*. The results showed that the general allocation fund and the original revenues had a positive and significant impact on direct expenditure. While the special allocation fund does not have a significant impact. Ika Noer Rizky (2014) analyzes the influence of pad, dau, dak, and dbh on direct expenditure, as well as its impact on the economic growth of studies on districts / cities in eastern Java. the results of the study indicate that partial revenues of local revenue, general allocation funds, revenue sharing significantly affect direct expenditure. special allocation funds have no significant effect on direct expenditure. the results of the second model analysis show that local revenue, profit sharing and direct expenditure significantly affect economic growth, while general allocation funds and special allocation funds have no significant effect on economic growth. Veby V Tarigan (2015) conducts research entitled *Influence of local revenue, general allocation funds, special allocation funds and revenue-sharing funds to Local Government Direct Shopping District / City of North Sumatra*. The result of the research shows that all independent variables have positive influence on direct expenditure together, and partially only pad and dau which have significant effect to direct expenditure, while general allocation fund and profit sharing fund have no significant positive effect to direct expenditure.

#### Development of Hypotheses

The influence of local revenue on direct expenditure.

Regional Original Revenues (PAD) are all regional revenues derived from indigenous economic resources. The sources of indigenous revenues include local taxes, regional levies, the result of separated regional wealth management, other legitimate local revenue.

The greater the region's original revenues will make it more likely that the region meets the needs of expenditure without being dependent on the central government, indicating that local governments are self-reliant. This is supported by research conducted by Aris Rahmat & Nur Handayati (2016) and Veby V Tarigan (2015) stating that the original revenue of the region has a significant effect on direct expenditure.

H1: Local Revenue partially has a significant effect on Direct Shopping

Effect of profit sharing on direct expenditure. DBH is a fund derived from APBN revenues allocated to regions based on percentage figures to fund regional needs in the context of decentralization implementation.

Increasing revenue sharing allows the region to meet immediate shopping needs. Source of local government revenues is not only derived from the local revenue but also from the balance funds one of the revenue-sharing funds. This is supported by research conducted by Lestari, Bagia et al (2015) examines the influence of the state budget of revenues and expenditures (APBN) on direct expenditure on local government districts in the province of Bali concludes that revenue sharing affects direct expenditure. The more revenue-sharing funds will increase direct spending in the District / City Government in South Sumatra Province.

H2: Revenue Sharing Fund partially has significant effect on Direct Shopping.

The effect of general allocation funds on direct expenditure

The general allocation funds in the balancing funds group are funds sourced from APBN revenues allocated for the purpose of equal distribution of financial capacity among regions to fund regional needs in the context of decentralization implementation. The General Allocation Fund (DAU) aims at providing for equity by taking into account regional potentials, geographic conditions, area size, population, and income level. The increase in general allocation funds will increase direct spending to the district / city governments in southern sumatera province.

The results of the study are in line with previous research conducted by Veby V Tarigan (2015) and Yeyen Rizkiyuni Husen (2014) indicating that revenue-sharing funds have significant and significant impact on direct expenditure. Based on the formulation of the problem, the theoretical basis, and the results of previous research that has been translated, then made the following.

H3: General Allocation Fund partially has significant effect on Direct Shopping

Effect of Original Regional Income, Revenue Sharing Fund and General Allocation Fund simultaneously have a significant effect on Direct Shopping

In addition to seeing the effects of each variable partially on direct expenditure, the researcher will also examine the effect of local revenue, revenue sharing and general allocation funds simultaneously have a significant effect on direct expenditure. Allegedly there is a significant influence simultaneously among all independent variables to direct expenditure. Based on the formulation of the problem, theoretical basis, and the results of previous studies that have been described, then made the hypothesis as follows:

H4: Local Revenue, Profit Sharing Fund and General Allocation Fund simultaneously have significant effect on Direct Shopping

## METHOD

### Population and Sample

The population in the study amounted to 17 districts / cities. The authors obtained data on local revenue, profit sharing, general allocation funds and direct expenditure through the web [www.djpk.kemenkeu.go.id](http://www.djpk.kemenkeu.go.id). The sample is part of the number and characteristics possessed by that population. Sampling technique using Nonprobability Sampling through Purposive Sampling method. Purposive sampling is a technique of determining samples with certain considerations.

### Data analysis technique

This technique is a method used by researchers in analyzing the data. Method of statistical analysis and use using analytical tool that is computer program econometric views (Eviews) 9 and Microsoft Excel. Analysis of data used in this research is chow test and Hausman test for determination of exact model, test of classical assumption, and hypothesis test.

### Model Analysis

this research use multiple regression statistic (multiple regression) for panel data, relation between variables can be described by equation as follows:

$$BL_{it} = \alpha + \beta_1 PAD_{it} + \beta_2 DBH_{it} + \beta_3 DAU_{it} + e_i$$

Information:

Blit = Live Shopping

PADit = Local Original Income

DBHit = Revenue Sharing Fund

DAUit = General Allocation Fund

$\alpha$  = Constants

$\beta_1 \beta_2 \beta_3$  = Regression Coefficient

$e_i$  = Error

it = cross section (research object) and times series (time series)

## RESULTS AND DISCUSSIONS

regression model of panel data

**Table 2** Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.475891	(14,27)	0.1869

Source: *Output data diolah (Eviews 9.0)*

Based on table 4.1 we get the F-statistic value of 1.475891 with the probability value of crosssection F of 0.1869, this means cross-section probability  $F > 0.05$  then  $H_0$  is accepted so that the model of panel data that can be used is Common Effect Model (PLS). Chow test conducted between models with common effect method and fixed effect which is selected by Common Effect Model (PLS) then model testing is completed up here, the result of regression obtained is as follows:

**Table 3** Regression Results with Common Effect Model (PLS)

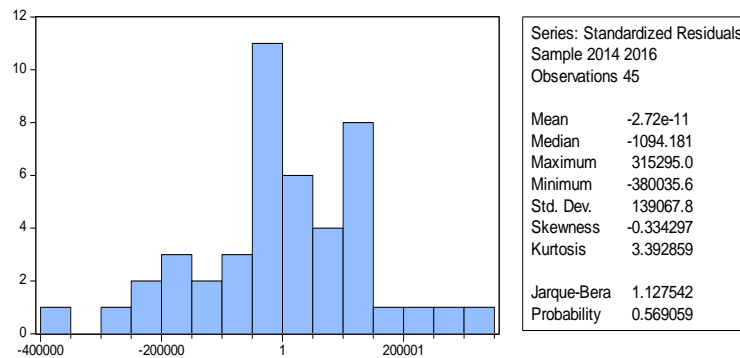
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	120258.1	79139.46	1.519571	0.1363
X1	0.516960	0.185860	2.781452	0.0081
X2	0.659523	0.045430	14.51744	0.0000
X3	0.534160	0.134123	3.982601	0.0003

Source: *Output data diolah (Eviews 9.0)*

Based on the estimation results in Table 4.4 using the Common Effect Model (PLS) as a model of multiple linear regression analysis in this study.

Classic assumption test

Normality test



**Fig 1** Normality test

Based on the results table of normality test analysis above shows that the jarquebeque- Bera of 1.127542 is smaller than 2 and the probability value of 0.569059 is greater than 0.05 which means the normal distribution.

**Table 4** Multicollinearity Test Results

	X1	X2	X3
X1	1.000000	0.076937	0.694382
X2	0.076937	1.000000	-0.279503
X3	0.694382	-0.279503	1.000000

Based on the results table multicollinearity test analysis above shows that the correlation between the independent variable (independent) is the local revenue, profit sharing and general allocation funds. Between PAD and DBH variables are 0.0696937, PAD and DAU are 0.694382, DBH and PAD are 0.076937, DBH and DAU are -0.279503, DAU and PAD are 0.6943821, DAU and DBH are -0.279503 smaller than 0.90 which means no Multicollinearity.

**Table 5** Heterokedastisitas

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	29799.63	48761.74	0.611127	0.5445
X1	-0.003933	0.114517	-0.034348	0.9728
X2	0.056057	0.027991	2.002638	0.0519
X3	0.084379	0.082640	1.021043	0.3132

Based on table 5 heterokedastisitas test results obtained the value of independent variable coefficient of PAD of 0.972, DBH of 0.0519 and DAU of 0.3132 this means not significant > 0.05, so no Heterokedastisitas.

Multiple Linear Regression Analysis

**Table 6** Regression Results with Common Effect Model (PLS)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	120258.1	79139.46	1.519571	0.1363
X1	0.516960	0.185860	2.781452	0.0081
X2	0.659523	0.045430	14.51744	0.0000
X3	0.534160	0.134123	3.982601	0.0003

Based on the estimation result in table 4:12 by using approach of Common Effect Model (PLS) got equation result as follows:

$$BL = 120258.1 + 0.516960 \cdot PAD + 0.659523 \cdot DBH + 0.534160 \cdot DAU + e$$

based on the above equation then the explanation as follows:

1. The constant of 120258.1 indicates that if there are no independent variables (local revenue, profit sharing and general allocation funds) then the level of direct expenditure is 120258.1
2. B1 of 0.516960 indicates that each additional 1% local original revenue will be followed by an increase in direct expenditure of 0.516960 with the assumption that other variables remain.
3.  $\beta_2$  of 0.659523 indicates that each additional revenue share of 1% will be followed by a direct increase of expenditure is equal to 0.659523 with the assumption that other variables remain.
4.  $\beta_3$  of 0.534160 indicates that each addition of general allocation fund of 1% will be followed by an increase in direct expenditure amounted to 0.534160 assuming another variable remains.
- 5.

**Table 7** F test (simultaneous test)

F test (simultaneous test)			
R-squared	0.885334	Mean dependent var	803682.5
Adjusted R-squared	0.876943	S.D. dependent var	410684.7
S.E. of regression	144065.8	Akaike info criterion	26.67862
Sum squared resid	8.51E+11	Schwarz criterion	26.83921
Log likelihood	-596.2689	Hannan-Quinn criter.	26.73848
F-statistic	105.5197	Durbin-Watson stat	1.660479
Prob(F-statistic)	0.000000		

Based on table 4:11 it can be known the value of F-statistic or Fcount value of 105.5197 with a significant value of 0.000000. this indicates that  $F_{count} \geq F_{table}$  is 2.83 and significant value  $F_{count} \leq F_{table}$  of 0.05. the value of  $F_{table}$  is obtained by the terms  $df (n1) = k-1$  and  $df (n2) = n-k$  where  $df$  is the freedom drajat,  $n$  is the number of observations, and  $k$  is the number of independent and dependent variables with probability levels of 0.05. thus  $H_0$  is rejected and  $H_a$  accepted. Thus, the variable of Original Regional Revenue, Profit Sharing Fund and General Allocation Fund together have a significant influence on Direct Shopping.

## DISCUSSION

From the research results, the original income of the region is known that partially the original revenue of the region has a positive and significant impact on direct expenditure. This research also proves that the revenue sharing fund is known that partially profit sharing has positive and significant influence to direct expenditure. the general allocation fund is known that partially the general allocation fund has a positive and significant impact on direct expenditure. Local Revenue, Profit Sharing Fund, and General Allocation Fund simultaneously have a significant effect on Direct Shopping. This means that the Local Government in making decisions relating to Direct Spending should be able to utilize properly, Local Revenue, Revenue Sharing Fund, and General Allocation Fund together.

## CONCLUSION

Based on the research that has been done, it can be taken some conclusions as follows: partially the original revenue area, revenue sharing and general allocation funds significantly influence the Direct Expenditure and simultaneously Local Revenue, General Allocation Fund, Special Allocation Fund and Profit Sharing Fund together with significant effect on Direct Expenditure on Regency / Municipality Government in South Sumatera Province.

## SUGGESTION

Based on the results of the discussion and conclusion above then some suggestions that can be conveyed by researchers: (1) For the district / city government in South Sumatra province is advised to continue to develop the potential of natural resource tax revenue optimally so that funds generated from these potentials can be utilized to undertake development and infrastructure in order to improve the productivity of the economy, regional investment activities, and the welfare of local communities; (2) Further research is to add the research sample by adding observation period and adding other independent variable related to direct expenditure so that the result of the research will be more comprehensive and accurate.

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