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Analysis of the Influence of Regional Original Income, General Allocation Funds, Profit Sharing Funds and Budget Calculations Remain on the Oportunistic Behavior of Budgets

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ABSTRACT

The purpose of this research to investigate and to analyze the influence of Regional Own Revenue, General Allocation Fund, Profit Sharing Fund, and Financing Surplus for Opportunistic Behavior of Budgeting. The population of this research is Regency/City Administration in North Sumatra Province. The analyze method that is used in this research are descriptive statistical analysis, the classical assumption test, multiple regression analysis, and hypothesis testing. The independent variables used in this research are Regional Own Revenue, General Allocation Fund, Profit Sharing Fund, and Financing Surplus, the dependent variable is the Opportunistic Behavior of Budgeting. The population of this research are 33 Regency/City by using purposive sampling, 15 Regency/City in year 2011 up to year 2014 were chosen as samples. This research utilizes secondary data. The result of this research show that simultaneously Regional Own Revenue, General Allocation Fund, Profit Sharing Fund, and Financing Surplus effect on the Opportunistic Behavior of Budgeting. Partially, the Regional Own Revenue and Profit Sharing Fund variable does not effect on the Opportunistic Behavior of Budgeting, meanwhile the General Allocation Fund and Financing Surplus variable has a positive significant effect on the Opportunistic Behavior of Budgeting at Regency/City in North Sumatra Province.

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1. INTRODUCTION

Regional expenditures for both expenditure and financing expenditures are funded from regional revenues. There are two main components of regional income, namely Regional Original Income (PAD) and Balancing Funds. PAD is income derived from economic activities in the region itself which is used to administer government at the regional level. In determining the PAD, the legislature will encourage the executive to always increase the target so that it can increase the allocation for programs that support its interests. The increase in the number of PAD will provide opportunities for both legislative and executive budget makers to allocate larger funds for certain fields according to their interests. This is considered as opportunistic behavior. Research conducted by Abdullah and Asmara (2006), Florence (2009),

Opportunistic opportunities for opportunistic behavior are also suspected to occur in balancing funds in the form of central government transfer funds, for example the General Allocation Fund (DAU). This is because DAU is a block grant, namely a grant whose use is quite flexible or not tied to a certain expenditure program (Maryono, 2013). Thus, the increase in the amount of DAU can be used as a space to propose new expenditure allocations, which may differ from the allocation priorities in the previous year. This is supported by the results of research conducted by Maryono (2013) and Sularso, et al., (2014) which show that the DAU has a positive and significant effect on opportunistic legislative behavior in budgeting. Another part of the balancing fund that has the potential for opportunistic behavior is the Revenue Sharing Fund (DBH). According to Law Number 33 of 2004, Revenue Sharing Funds (DBH) are funds sourced from APBN revenues that are allocated to regions based on percentage figures to fund regional needs in the context of implementing decentralization. Similar to DAU, DBH is given to regions in the form of block grants, and can be used independently by regions without any rules for use. This condition can be used by budget makers to behave opportunistically by proposing activities that support their personal interests. and can be used independently by the region without any rules for its use. This condition can be used by budget makers to behave opportunistically by proposing activities that support their personal interests. and can be used independently by the region without any rules for its use. This condition can be used by budget makers to behave opportunistically by proposing activities that support their personal interests.

Other opportunities for opportunistic behavior also occur in the financing component, for example the Over Budget Calculation (SiLPA). SiLPA is the most common source of financing used by local governments. SiLPA is formed from the remaining funds obtained from the actualization of regional budget revenues and expenditures for one period. SiLPA is used to cover the budget deficit in the APBD. The amount of the previous year's SiLPA can be known after the previous year's Local Government Financial Report (LKPD) is approved. This condition can be used by the legislature and executive to reallocate (rebudget) these funds through the mechanism for changing the APBD and provide opportunities for budget makers to behave opportunistically in allocating the SiLPA. The results of research conducted by Sularso, et al., (2014) shows that there is a positive and significant relationship between SiLPA and the opportunistic behavior of budget makers. However, different things were revealed in the results of research conducted by Florensia (2009), that SiLPA had a negative and significant effect on opportunistic legislative behavior in the allocation of regional budgets.

The phenomenon of opportunistic behavior of budget makers is very interesting to be investigated further, because although the formal rules regarding the mechanism for the preparation of the APBD have been designed in such a way, in practice there are still some deviations in the use of APBD funds. The increase in corruption cases is one indication of opportunistic behavior carried out by budget makers.

2. RESEARCH METHOD

The type of research used is associative research. Associative research is a research that aims to determine the relationship between two or more variables. This study uses a causal design or causal relationship. Causal design is useful for analyzing the relationship between one variable and another or how one variable affects other variables.

2.1 Hypothesis test

The testing of the proposed hypothesis is carried out in the following way:

a. Coefficient of Determination Test (R2)

Determinant Test (R2) is a measure that shows how much variation in the data can be explained by the regression model built. The value of the determinant coefficient (R2) reflects how much variation of the dependent variable Y can be explained by the independent variable X.

b. Simultaneous Significance Test (F-Test)

The F-test was conducted to determine whether all the independent variables included in the model have a joint effect on the dependent variable. By using a significant level (α) of 5%, if the

value of sig.F > 0.05 then Ho is accepted, meaning that there is no simultaneous significant effect of the independent variable on the dependent variable. Conversely, if the value of sig.F <0.05 then Ha is accepted, meaning that there is a simultaneous significant effect of the independent variable on the dependent variable.

c. Partial Significance Test (t-test)

The t-test was conducted to determine whether each independent variable partially has a significant effect on the dependent variable. By using a significant level (α) 5%, if the value of sig.t > 0.05 then Ho is accepted, meaning that there is no significant effect on the dependent variable. Conversely, if the value of sig.t <0.05 then Ha is accepted, meaning that there is a significant effect between the independent variables on the dependent variable. The tcount value can also be compared with the ttable value. The decision-making criteria are:

Ho is accepted and Ha is rejected if tcount < ttable for = 5% Ho is rejected and Ha is accepted if tcount > ttable for = 5%.

3. RESULTS AND DISCUSSIONS

3.1 Descriptive Statistical Analysis Results

Descriptive statistical analysis is used to determine the description of a data seen from the maximum value, minimum value, average value (mean), and standard deviation value. In this study, the variables used in descriptive statistical calculations are Regional Original Revenue (PAD), General Allocation Fund (DAU), Revenue Sharing Fund (DBH), Budget Calculation Over Remaining (SiLPA) and opportunistic behavior of budget makers (OPA) in 2011 -2014. The results of the descriptive analysis test of the variables studied are presented in the table below.

Table 1. Descriptive Statistical Analysis Results

Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
PAD_X1	45	-63,722	105.537	16,916.22	27,565,071
DAU_X2	45	18.012	211.457	74,052.82	39,373,909
DBH_X3	45	-108.024	116,628	-1,974.42	27,068,928
SiLPA_X4	45	-64,341	57.745	9,068,20	25,653,186
OPA_Y	45	-97.007	324,933	84,988.36	100,612,202
Valid N (listwise)	45				

Source: SPSS for Windows 16.0 (2016) Results Based on table 1, the following data are obtained:

a. Regional Original Income Variable (X1) has a minimum value of -63.722; the maximum value is 105,537; the mean is 16,916.22; and a standard deviation of 27,565,071 with a total sample of 45.
b. The General Allocation Fund (X2) variable has a minimum value of 18,012; the maximum value is 211,457; the mean is 74,052.82; and a standard deviation of 39,373,090 with a total sample of 45.
c. The Profit Sharing Fund variable (X3) has a minimum value of -108.024; the maximum value is 116.628; the mean is -1,974.42; and a standard deviation of 27,068,928 with a total sample of 45.
d. The Variable Remaining Budget Calculation (X4) has a minimum value of -64,341; maximum value of 57.745; the mean of 9,068.20; and a standard deviation of 25,653,186 with a total sample of 45.
e. The budget maker's opportunistic behavior variable (Y) has a minimum value of 97,007; maximum value of 324,933; mean of 84,988.36; and a standard deviation of 100,612,202 with a total sample of 45.

a. Normality Test Results

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. Normality test is important because one of the requirements for parametric-test testing is that the data must have a normal distribution (normally distributed).

1) Graph Analysis. Good data is data that has a normal distribution pattern. Histogram graph pattern, data that follows or approaches the normal distribution is a data distribution with a bell shape. In the PP Plot graph, a data is said to be normally distributed if the data points are not skewed to the left or right, but spread around the diagonal line.

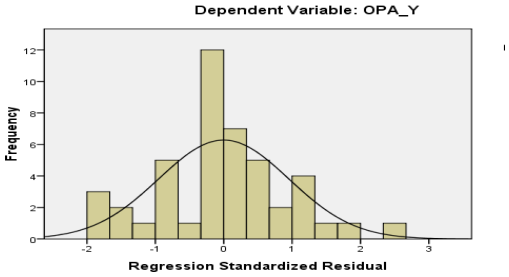

Figure 1. Histogram Graph

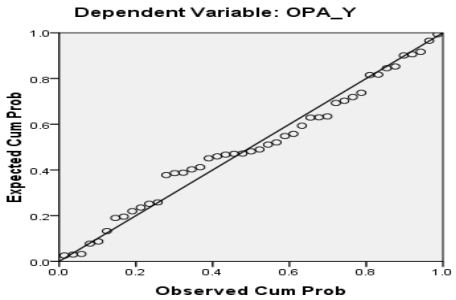

Figure 2. P-Plot Normal Graph

Based on the histogram graph and the normal plot graph, it can be concluded that the regression in this study is normally distributed, this is illustrated in the histogram graph, where the graph not skewed to the left or right (the graph is balanced between left and right) and on the normal graph plot it appears that the data spreads around the diagonal line and follows the direction of the diagonal line.

2) Statistic analysis. Statistical tests that can be used to test residual normality include the Kolmogorov-Smirnov (KS) non-parametric statistical test. The statistical hypothesis is as follows: *H*0: Residual data is normally distributed, *Ha*: Residual data is not normally distributed.

Table 2. Kolmogorov-Smirnov (KS) Statistical Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		45
Normal Parameters	mean	.0000000
	Std. Deviation	7.04210562E4
Most Extreme Differences	Absolute	.105
	Positive	.070
	negative	-.105
Kolmogorov-Smirnov Z		.707
asymp. Sig. (2-tailed)		.700

Based on the data in Table 2 above, the probability value or asymp. Sig. (2-tailed)is 0.700. In this study, the significance level used is = 0.05. Because the probability value (0.700) is greater than the significance level (0.05), it can be concluded that the data is normally distributed. This is in line with the results obtained from the graph analysis.

3) Multicollinearity Test Result. The multicollinearity test was used to test whether the regression model found a correlation between the independent variables. A good regression model should not have a correlation between the independents. To find out whether or not there is multicollinearity in the regression model, it can be seen from the tolerance value and its opposite, variance inflation factor (VIF). If the tolerance value is < 0.1 and the variance inflation factor (VIF) > 10, then multicollinearity occurs, whereas if the tolerance value is > 0.1 and the opposite variance inflation factor (VIF) < 10, multicollinearity does not occur.

Table 3. Multicollinearity Test Results
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-49759,751	25276,146		-1,969	.056		
	PAD_X1	.629	.415	.172	1.514	.138	.946	1.057
	DAU_X2	1.497	.296	.586	5.061	.000	.913	1.095
	DBH_X3	.028	.434	.008	.065	.949	.897	1.115
	SiLPA_X4	1.465	.459	.373	3.190	.003	.893	1.119

Table 3 shows that the VIF value of each variable is PAD (X1) of 1.057, DAU (X2) of 1.095, DBH (X3) of 1.115, and SiLPA (X4) of 1.119. This means that the VIF value of each variable is smaller than 10. And the tolerance value obtained by each variable is PAD (X1) of 0.946 , DAU (X2) of 0.913 , DBH (X3) of 0.897 , and SiLPA (X4) of 0.893. The tolerance value of all variables shows a value greater than 0.01. From these results, it can be seen that the regression model is free from multicollinearity between independent variables.

4) Heteroscedasticity Test Results. The heteroscedasticity test aims to test whether from the regression model there is an inequality of variance from the residuals of an observation with other observations. The presence or absence of heteroscedasticity can be seen through the scatterplot graph in Figure 3 below.

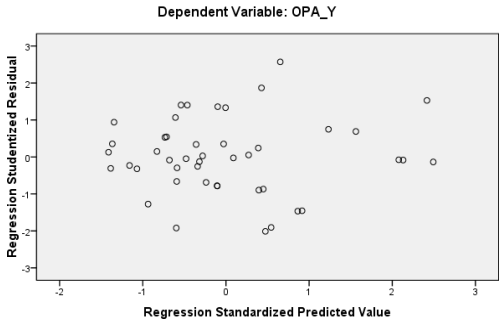

Figure 3. Scatterplot Graph
Source: SPSS Results for Windows 16.0 (2016)

From the scatterplot graph in Figure 3 above, it can be seen that the data points spread randomly and are spread above and below the number 0 on the Y axis, so it can be concluded that there is no heteroscedasticity in the regression model.

5) Autocorrelation Test Results. The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the error in period t-1 or before. A good regression model is a regression model that is free from autocorrelation. To test the presence or absence of autocorrelation is done by using the Durbin-Watson test (DW test) on the regression model as shown below.

Table 4. Autocorrelation Test Results
Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.714a	.510	.461	73,858,227	1,939

Table 4 shows the results of the Durbin-Watson autocorrelation test, the DW score is 1.939. The value of n = 45 and the independent variable 4 (k=4); significance level of 5%; then the Durbin-Watson table will get the following values: (see attachment 14).

b. Hypothesis Testing Results

In testing the hypothesis, the coefficient of determination (R2) will be tested, the simultaneous significance test (F-test), and the partial significance test (t-test) will be carried out.

1) Coefficient of Determination Test Results (R2). The coefficient of determination (R2) is used to measure how far the model's ability to explain the variation of the independent variables. The value of the coefficient of determination ranges from 0 to 1. If the coefficient of determination is closer to 1, the stronger the influence of the independent variable on the dependent variable and if the coefficient of determination is close to 0, it can be said that the smaller the influence of the independent variable on the dependent variable.

Table 5. Coefficient of Determination Test Results (R2)
Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.714a	.510	.461	73,858,227

Based on table 5 above, it is known that (R2) = 0.510 means that the relationship between PAD, DAU, DBH, and SiLPA to OPA is 51%. Adjusted R Square of 0.461 means that 46.1% of OPA factors can be explained by PAD, DAU, DBH, and SiLPA while 53.9% is explained by other factors not examined in this study.

Table 6. Partial Significance Test Results (t-test)
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-49759,751	25276,146		-1,969	.056
	PAD_X1	.629	.415	.172	1.514	.138
	DAU_X2	1.497	.296	.586	5.061	.000
	DBH_X3	.028	.434	.008	.065	.949
	SiLPA_X4	1.465	.459	.373	3.190	.003

From the test results, the effect of the independent variable will be partially explained by comparing the significance value of tcount contained in table 4.7 with ttable. Then from table 4.7

above, the multiple linear regression equation model is obtained as follows: OPA = -49759,751 + PAD 0.629 + DAU 1.497 + DBH 0.028 + SiLPA 1.465 +

Information:

1) The constant value is -49759,751 meaning that if the PAD (X1), DAU (X2), DBH (X3) and SiLPA (X4) variables are constant, then the average OPA is -49759,751. If the PAD, DAU, DBH, and SiLPA variables are zero, then OPA tends to decrease by a constant value.
2) Regional Original Income (X1) has a significance value of 0.138, which means this value is greater than 0.05, while the tcount value is 1.514 < ttable 1.684, so from these results it can be concluded that Ho is accepted (Ha is rejected) or the Regional Original Income variable is partially not affect the opportunistic behavior of budget makers (Y).
3) The General Allocation Fund (X2) has a significance value of 0.000, which means this value is smaller than 0.05, while the tcount value is 5.061 > ttable 1.684, so from these results it can be concluded that Ha is accepted (Ho is rejected) or the General Allocation Fund variable has a partial effect. on the opportunistic behavior of budget makers (Y).
4) Revenue Sharing Fund (X3) has a significance value of 0.949, which means this value is greater than 0.05, while the tcount value is 0.065.
5) < ttable 1,864, so from these results it can be concluded that Ho is accepted (Ha is rejected) or the Profit Sharing Fund variable partially has no effect on the opportunistic behavior of budget makers (Y).
6) Budget Calculation Over Remaining (X4) has a significance value of 0.003 which means this value is smaller than 0.05, while the value of tcount is 3.190 > ttable 1.864, so from these results it can be concluded that Ha is accepted (Ho is rejected) or the variable Remaining Budget Calculation is partial effect on opportunistic behavior of budget makers (Y).

4. CONCLUSION

Simultaneously Local Original Revenue (PAD), General Allocation Fund (DAU), Revenue Sharing Fund (DBH), and Budget Calculation Excess Remaining (SiLPA) have a significant effect on opportunistic behavior of budget makers (OPA) in regencies/cities in North Sumatra Province.

Partially, the Regional Original Revenue (PAD) variable has a positive but not significant effect on the opportunistic behavior of budget makers (OPA) in Regencies/Cities in North Sumatra Province.

Partially, the General Allocation Fund (DAU) variable has a significant positive effect on the opportunistic behavior of budget makers (OPA) in districts/cities in North Sumatra Province.

Partially, the Profit Sharing Fund (DBH) variable has a positive but not significant effect on the opportunistic behavior of budget makers (OPA) in Regencies/Cities in North Sumatra Province.

Partially, the variable remaining over budget calculation (SiLPA) has a significant positive effect on the opportunistic behavior of budget makers (OPA) in districts/cities in North Sumatra Province.

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