Influence of Profit Sharing Funds and Regional Financial Performance in the Previous Year on the Allocation of Capital Expenditures in Provincial Governments in Indonesia in 2016 – 2020

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ABSTRACT

This research is aimed at testing the influence of revenue sharing funds, the previous year's ratio of local independence, the previous year's effectiveness, the previous year's expenditure harmony toward capital expenditure allocation in the provincial government in Indonesia in 2016-2020. The data used in this research is secondary data which is obtained from access to financial reports from the website www.djpk.depkeu.go.id. Analysis of the data in this research using a quantitative approach with statistical descriptive tests, classic assumption tests, multiple regression analysis and hypothesis testing was helped by SPSS 22. The results of this research indicate that the revenue sharing fund variable has no effect on capital expenditure with a significant value of 0.055> 0.05. An independent variable independence ratio from the previous year affects capital expenditure allocation in a negative direction with a significant value of 0.017<0.05. The higher the independence ratio, the lower the capital expenditure allocation. The previous year's effectiveness variable did not affect the allocation of capital expenditure with a significant value of 0.224> 0.05. An independent variable expenditure harmony ratio from previous year affects capital expenditure allocation in a negative direction with a significant value of 0.000<0.05. And simultaneously revenue sharing fund, financial independence of the previous year, the effectiveness of the previous year.

Keywords: Profit Sharing, Financial Performance, Capital Expenditures

INTRODUCTION

1998 was the gate of total reform in all aspects of the life of the Indonesian nation. The struggle for reform that succeeded in overthrowing the New Order regime has opened up great opportunities to overhaul centralized governance. The implementation of a centralized government system as well as the high gaps and disparities in development carried out in the regions and in big cities that occurred in Indonesia at that time, became one of the reasons for the implementation of regional autonomy in Indonesia. According to Halim (2002:1) "Regional autonomy is the authority possessed by an autonomous region to regulate and manage its people according to their own will based on the aspirations of the community, in accordance with the applicable laws and regulations". The implementation of regional autonomy in Indonesia was marked by the issuance of Law No. 22 of 1999 concerning Regional Government. With regional autonomy, regional governments have the authority to manage their own regions. So that with the implementation of autonomy it is hoped that regional governments will be able to be independent in terms of finance, as well as be effective and efficient in managing the APBD.

Regions within the territory of the State of Indonesia itself according to Law no. 23 of 2014 Article 2 paragraph (1) is divided into Provinces and Regencies and Cities. In the implementation of regional autonomy, each regional government must make a financial plan budget which forms the basis for the implementation of services. This budget is known as the APBD. According to the Regulation of the Minister of Home Affairs of the Republic of Indonesia number 37 of 2012 concerning Guidelines for the Preparation of the Regional Revenue and Expenditure Budget for the 2013 Fiscal Year article 1 paragraph 1, the Regional Revenue and Expenditure Budget, hereinafter abbreviated as APBD, is the annual regional government financial plan that is discussed and agreed upon jointly by local government

and DPRD, and determined by regional regulations. This means that each regional government has its own budget plan which is allocated according to the needs of the region without violating applicable regulations.

The Directorate General of Fiscal Balance (DJPK) (2013) states that personnel expenditures and other expenditures in APBD are consumptive in nature, while capital expenditures and expenditures for goods and services are investment in nature, both short term and long term. For this reason, expenditure analysis is needed to find out to what extent government spending for development purposes is dominated by consumption spending or investment spending. The shift from consumption spending to investment spending is a good indication, because investment spending can benefit more than one year. One of the allocations for regional government spending that is investment in nature and is closely related to the implementation of public services and regional development is capital expenditure.

Capital expenditure according to Government Accounting Standards is a budget expenditure for the acquisition of fixed assets and other assets that benefit more than one accounting period. Capital expenditures include, among other things, capital expenditures for the acquisition of land, buildings and structures, equipment, as well as irrigation and networks. In Presidential Decree No. 5 of 2010 concerning the 2010-2014 National Medium-Term Development Plan stated, to improve the quality of regional spending in the APBD, the government set a target percentage of capital expenditure to total regional spending in 2010 of 26%, in 2011 of 27%, in 2012 by 28%, in 2013 by 29%, and in 2014 by 30%. However, provincial local governments in Indonesia have not followed Presidential Decree No. 5 of 2010 in the allocation of capital expenditures. In 2010, only 14 provinces allocated capital spending $\geq 26\%$ of total regional spending. In 2011, only 10 provinces allocated capital expenditures of $\geq 27\%$ of the total regional expenditure budget. In 2012, only North Maluku and DKI Jakarta allocated capital spending $\geq 28\%$ of the total regional budget. In 2013, only North Maluku and DKI Jakarta allocated capital spending $\geq 29\%$ of the total regional budget. And in 2014 only DKI Jakarta allocated capital spending $\geq 30\%$ of the total regional budget.

Several studies have been conducted to examine the factors that influence the allocation of regional government capital expenditures. Research conducted by Wandira (2013) found that partially Revenue Sharing Funds (DBH) affect the allocation of capital expenditures. Research conducted by Khoiriah (2014) obtained partial results that DBH did not affect the allocation of capital expenditure. But simultaneously, together with other variables, DBH affects the allocation of capital expenditure. Apart from DBH, several studies have shown that financial performance affects the allocation of capital expenditures. That is why the financial performance that is intended to affect the allocation of capital expenditure is the financial performance of the previous fiscal year. Halim (2002: 126) states "one of the tools for analyzing the performance of local governments in managing their regional finances is to perform a financial ratio analysis of the APBD that has been determined and implemented". The ratio that shows the financial performance of local government is the ratio of independence,

Research conducted by Hidayat (2013) which was conducted in regencies and cities in East Java found that the ratio of effectiveness affects the allocation of capital expenditure. Research conducted by Ardhini (2011) in regencies and cities in Central Java found that the ratio of effectiveness affects the allocation of capital expenditures, but the ratio of independence does not affect the allocation of capital expenditures. Research conducted by Novianto and Hanafiah (2015) which was conducted in regencies and cities in West Kalimantan obtained the results that the ratio of independence did not affect the allocation of capital expenditure, but the ratio of effectiveness did affect the allocation of capital expenditure. Research conducted by Gerungan (2015) which was conducted in regencies and cities in North Sulawesi found that the ratio of independence, ratio of effectiveness,

Because inconsistent results were obtained regarding the effect of DBH on the allocation of capital expenditures, the researcher wanted to re-examine the effect of revenue sharing on the allocation

of capital expenditures to find out whether revenue sharing was a determining factor in the allocation of capital expenditures to provincial governments in Indonesia in 2016-2020. In addition, previous researchers have obtained research results that the previous year's financial performance is a determining factor in the allocation of capital expenditure. However, all of the previous research on the effect of the previous year's financial performance on the allocation of capital expenditure was carried out in district and city governments.

LITERATURE REVIEW
Regional autonomy
According to Halim (2002: 1) Regional autonomy is "the authority possessed by an autonomous region to regulate and manage its people according to their own will based on the aspirations of the community, in accordance with the applicable laws and regulations". Meanwhile, according to Article 1 paragraph 6 of Law no. 23 of 2014 concerning Regional Government, regional autonomy is the right, authority and obligation of an autonomous region to regulate and manage its own government affairs and the interests of the local community within the system of the Unitary State of the Republic of Indonesia. The implementation of regional autonomy in Indonesia was marked by the issuance of Law no. 22 of 1999 concerning Regional Government and Law no. 25 of 1999 concerning Financial Balance between the Central and Regional Governments as the basis for implementing regional autonomy. Then in 2004 the government changed Law No. 22 of 1999 concerning Regional Government to become Law no. 32 of 2004 concerning Regional Government and amended Law no. 25 of 1999 concerning Financial Balance between Central and Regional Governments became Law no. 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments. "Granting broad autonomy to the regions is directed at accelerating the realization of social welfare through improving services,

Regional Financial Budgeting
The Regional Revenue and Expenditure Budget (APBD) is prepared using a performance approach. The main focus of this approach is on the efficiency level of activity implementation (Nordiawan, 2009: 58). A public sector organization is said to have good performance if all its activities are within the framework of the budget and objectives set and in the long run are able to realize the strategy they have.

Capital Expenditures
Capital expenditure is one of the elements in the APBD and budget realization report. According to Government Accounting Standards (SAP), capital expenditures are budget expenditures for the acquisition of fixed assets and other assets that benefit more than one accounting period. Meanwhile Halim (2002: 72) states the following:
1. Capital expenditures are regional government expenditures whose benefits exceed one fiscal year and will add regional assets or wealth and will then add to routine expenditures such as operating and maintenance costs.
2. In SAP, capital expenditure can be categorized into five main categories, namely land capital expenditure; equipment and machinery capital expenditures; building and construction capital expenditures; capital expenditure for roads, irrigation and networks; and other physical capital expenditures.

APBD
In a democratic country, the government is a representative in fighting for the interests of the people, the money owned by the government is money from the people. For this reason, the government

must be accountable and transparent in managing its finances. So it is important for the government to make a budget that shows the government's plan to spend people's money. In Indonesia, local governments are required to prepare a regional financial management budget every year. This budget is known as the Regional Revenue and Expenditure Budget (APBD).

Local Own Revenue

According to Halim (2014: 101) "Original regional income (PAD) is all regional revenues originating from regional original economic sources". The original regional income group is separated into four types of income, namely as follows: Local tax, Regional Retribution, Results of Separated Regional Owned Wealth Management, Other Legitimate PAD

Balance Fund

allocated to regions to fund regional needs in the context of implementing decentralization". Permendagri No 13 of 2006 states that balancing fund income is divided according to the type of income consisting of Revenue Sharing Funds (DBH), General Allocation Funds (DAU), and Special Allocation Funds (DAK). Where the Revenue Sharing Fund (DBH) includes tax-sharing funds and natural resource revenue-sharing funds. This balancing fund aims to reduce the fiscal gap between the government and regional governments and between regional governments. Balancing funds are a source of regional income besides Regional Original Income (PAD). Regional revenues are allocated for regional spending. That means, if the balancing funds obtained by the regional government increase, regional spending should also increase. One type of regional expenditure is capital expenditure. So if the balancing fund increases, the capital expenditure allocation also increases. What's more, the current capital expenditure target has been set in Presidential Decree no. 5 of 2010.

Revenue Sharing Fund

Revenue Sharing Funds are funds originating from APBN revenues allocated to regions based on percentage figures to fund regional needs in the context of implementing decentralization. Because the nominal figures for profit-sharing tend to be large in financial reports, several studies change profit-sharing funds into ratios.

Regional Financial Performance

According to Sularso and Restianto (2011), performance is the achievement of what is planned, both by individuals and organizations. "The public sector performance measurement system is a public system to assess the achievement of a strategy through financial and non-financial measurement tools" (Mardiasmo, 2009: 121). Performance is a multidimensional concept. "The performance measurement for public services is not only financial, but also must be measured from the results which are performance variables that represent the organizational mission and operational activities, both financial and non-financial aspects" (Bastian, 2005: 61).

Board Size

Management is a collection of administrators known as the Chief Executive Officer. Directors work as agents or related employees who are fully responsible for the company's operational activities. In addition, the commissioners' committee must provide data to the commissioners and the committee must detail all questions of the Directors. Hamdani (2016) explicitly states that the Board of Directors can be an organ of the company. One of the roles of the Board of Directors is managing investor funding and managing company resources. In this case the company's short term and long term strategies will be different, as long as the company's management decides which policy to take. Directors may not sue the

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interests of the company for various interests other than the interests of the company, such as the interests of individuals, business groups, families and other parties. Each member of the board is also required to apply and understand the principles of good corporate governance.

METHODS

This research was conducted at provincial local governments in Indonesia in 2016 – 2020. This research uses data in the form of APBD and Budget Realization Reports (LRA) obtained from the official website of the Directorate General of Balance and Finance www.djpk.depkeu.go.id. The time of the research was conducted in January 2016 until completion. The population in this study are all Provinces in Indonesia in 2016-2020. The data used in this study are in the form of the 2016-2020 Provincial Regional Government APBD and the 2008-2012 Provincial Government Budget Realization Report (LRA) which were obtained by downloading them on the Directorate General of Balance and Finance website www.djpk.depkeu.go.id.

RESULTS AND DISCUSSION
1. Descriptive Statistical Analysis

Descriptive statistical analysis is used to determine the statistical value of the variables used in the study. Information known through descriptive statistics includes: minimum value, maximum value, average (mean), and standard deviation. The results of descriptive statistical tests for the variables used in this study can be seen in the following table:

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Means	std. Deviation
Capital Expenditure Allocation	45	.06	.33	.1827	.07466
Profit Sharing Fund	45	.03	.39	.1291	.09412
Ratio Of Regional Independence	45	.03	.89	.4347	.24238
Regional Effectiveness Ratio	45	.71	.2.55	.1.222	.29729
Regional Expenditure Compatibility Ratio	45	.45	.92	.7220	.13073
Valid N (listwise)	45				

1. The dependent variable in this study, namely the Capital Expenditure Allocation (BM), has a minimum (smallest) value of 0.06, a maximum (largest) value of 0.33, a mean (average) value of 0.1827 and a standard deviation (standard deviation) of 0.07466 with the number of samples (N) as many as 45 provincial regional governments.
2. The first independent variable, namely the Profit Sharing Fund (DBH) ratio, has a minimum (smallest) value of 0.03, a maximum (largest) value of 0.39, a mean (average) value of 0.1291 and a standard deviation (standard deviation) of 0.09412 with a total sample (N) of 45 provincial local government.
3. The second independent variable, namely the ratio of regional independence (KM) has a minimum (smallest) value of 0.03, a maximum (largest) value of 0.89, a mean (average) value of 0.4347 and a standard deviation (standard deviation) of 0.24238 with a total sample (N) of 45 provincial regional governments.
4. The third independent variable, namely the regional effectiveness ratio (EF) has a minimum (smallest) value of 0.71, a maximum (largest) value of 2.55, a mean (average) value of 1.2220 and a standard deviation (standard deviation) of 0.29729 with a total sample (N) of 45 provincial

regional governments.

5. The fourth independent variable, namely the regional expenditure compatibility ratio (KBD) has a minimum (smallest) value of 0.45, a maximum (largest) value of 0.92, a mean (average) value of 0.7220 and a standard deviation (standard deviation) of 0.13073 with the number of samples (N) was 45 provincial regional governments.

2.   Multiple Regression Analysis

Multiple regression analysis is used to determine the effect of the independent variables on the dependent variable (Ghozali, 2018:94). This test is used to determine the effect of Capital Expenditure, Hedging, Independent Commissioner, and Board Size on Firm Value. The following are the results of the research regression test:

Table 2. Multiple Regression analysis

Model		UnstandardizedCoefficients	
		B	std. Error
1	(Constant)	2,129	.507
	Capital Expenditure Allocation	.928	.239
	Profit Sharing Fund	.845	.139
	Ratio Of Regional Independence	.413	.209
	Regional Effectiveness Ratio	3,807	.230
	Regional Expenditure Compatibility Ratio		

Based on table 4.9, it can be seen the relationship between the independent variables and the dependent variable which can be formulated in the following equation:

$$BM = a + b_1DBH + b_2KM + b_3EF + b_4KBD + \varepsilon$$
$$BM' = 0.311 + 0.187DBH' - 0.086\,KM' + 0.031\,EF' - 0.292\,KBD' + \varepsilon$$

The multiple regression interpretation above can be explained as follows:

A constant value of 0.311 indicates that without the influence of DBH', KM', EF', and KBD', then the value of BM' is 0.311.

a. The variable regression coefficient of DBH' is 0.187. That is, for every increase of 1 (one) DBH' unit, it will cause an increase in BM' of 0.187 assuming the other variables are the same or equal to zero. And if DBH' decreases by one unit, it will cause a decrease in BM' by 0.187 assuming the other variables are the same or equal to zero.

b. The variable regression coefficient of KM' is -0.086. That is, every increase of 1 (one) unit of KM' will cause a decrease of BM' of 0.086 assuming the other variables remain the same or equal to zero. And if KM' decreases by one unit, it will cause an increase in BM' of 0.086 assuming the other variables are the same or equal to zero

c. The variable regression coefficient of EF' is 0.031. That is, every increase of 1 (one) unit of EF' will cause an increase in BM' of 0.031 assuming the other variables are the same or equal to zero. And if EF' decreases by one unit, it will cause a decrease in BM' by 0.031 assuming the other variables are the same or equal to zero.

d. The variable regression coefficient of KBD' is -0.292. That is, for every increase of 1 (one) KBD unit', it will cause a decrease in BM' of 0.292 assuming the other variables are the same or equal to zero. And if the KBD' decreases by one unit, it will cause an increase in BM' of 0.292 assuming

the other variables are the same or equal to zero.

3. Determination Coefficient Test

Table 3. Determination Coefficient Test
Summary model[b]

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.787[a]	.620	.587	1.45996

Based on table above, an R value of 78.7% is obtained. This means that there is a close relationship between the independent variable and the dependent variable (Situmorang and Lufti, 2011). And the adjusted R Square value is 0.581. This means that the variable profit-sharing ratio, regional independence in the previous year, regional effectiveness in the previous year, and the harmony of regional spending in the previous year were able to explain the capital expenditure allocation variable of 58.1%. Where the remaining 42.9% (100% - 58.1%) is influenced by variables that are not included in the regression transformation model of this study.

4. Hypothesis testing

The t test is used to determine how far the influence of the independent variables is partially in explaining the variation of the dependent variable. Based on the results of the t test that has been carried out, it is known that $df = n - k = 44 - 5 = 39$ at a significance of 0.05, a t-table value of 2.02269 is obtained. The results of partial hypothesis testing are as follows:

Table 4. Test Result t

hypothesis	Var. Independent	t count	Sig.	Information
H1	DBH	1,976	0.055	H1 is rejected
H2	km	-2,490	0.017	H2 is accepted
H3	EF	1.235	0.224	H3 is rejected
H4	KBD	-4,017	0.000	H4 is accepted

a. Testing the influence of the Profit Sharing Fund (DBH) ratio on the allocation of capital expenditure in provincial local governments in Indonesia
Based on table 4.10 obtained from the regression results of the transform variable, for the variable Profit Sharing Fund (DBH) ratio, a tcount value of 1.976 is obtained, where the value is 1.976 <2.02269 and a significance value is obtained of 0.055 where the value is 0.055> 0.05, so it can be draw the conclusion that H1 is rejected. This means that the Profit Sharing Fund (DBH) ratio has no effect on the allocation of capital expenditure to provincial governments in Indonesia in 2016-2020.

b. Testing the influence of the previous year's regional independence ratio (KM) on the allocation of capital expenditure in provincial local governments in Indonesia
Based on table 4.10 obtained from the results of the regression of the transform variable for the previous year's regional independence variable, a tcount value of 2.490 is obtained in a negative direction, where the value is 2.490> 2.02269 and a significance value is obtained of 0.017 where the value is 0.017 <0.05, so it can be withdrawn conclusion that H2 is accepted. This means that regional independence in the previous year affected the allocation of capital expenditure to provincial governments in Indonesia in 2016-2020.

c. Testing the effect of the previous year's regional effectiveness ratio (EF) on the allocation of capital expenditure in provincial local governments in Indonesia
Based on table 4.10 obtained from the regression results of the transform variable for the previous year's regional effectiveness variable, a tcount value of 1.235 was obtained, where the value was 1.235 <2.02269 and a significance value was obtained of 0.224 where the value was 0.224> 0.05, it can be concluded that H3 rejected. This means that regional effectiveness in the previous year had no effect on the allocation of capital expenditures to provincial governments in Indonesia in 2016-2020.

d. Testing the influence of the previous year's regional expenditure compatibility ratio (EF) on the allocation of capital expenditure in provincial regional governments in Indonesia

Based on table 4.10 obtained from the regression results of the transform variable for the previous year's regional expenditure compatibility variable, a tcount value of 4.017 is obtained in a negative direction, where the value is 4.017> 2.02108 and a significance value of 0.000 is obtained where the value is 0.000 <0.05, so it can be draw the conclusion that H4 is accepted. This means that the harmony of regional spending in the previous year has affected the allocation of capital expenditure to provincial governments in Indonesia in 2016-2020.

5. F Test (Simultaneous Test)

The F test is used to determine how far the influence of the independent variables simultaneously explains the variation of the dependent variable. Based on the results of the F test that has been carried out, it is known that df quantifier = k – 1 = 4 (k = number of independent variables + dependent variable) and df denominator = n – k = 44 – 5 = 39 (n = number of samples) at significance 0 .05 obtained an F-table value of 2.61 . The results of simultaneous hypothesis testing are as follows:

Table 5. Simultaneous Test
ANOVAª

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	.161	4	.040	15.898	.000ᵇ
	residual	.099	39	2,131		
	Total	.260	43			

From table 4.11 it can be seen that for simultaneous testing obtained from the regression results of the transform variable, the Fcount value is 15.898, where the value is 15.898> 2.61 and a significance value is obtained of 0.000 where the value is 0.000 <0.05, so it can be concluded that H5 received. This means that the DBH ratio, the previous year's regional independence, the previous year's regional effectiveness, and the harmony of previous year's regional expenditures simultaneously affected the allocation of capital expenditures to provincial governments in Indonesia in 2016-2020.

Discussion
Effect of DBH on Capital Expenditure Allocation (H1)

The test results in this study obtained empirical evidence that the H1 hypothesis was rejected. This shows that the Revenue Sharing Fund (DBH) has no effect on the allocation of capital expenditures. So that the size of the Revenue Sharing Fund (DBH) does not affect the size of the value of capital expenditure allocations to provincial regional governments in Indonesia in 2016-2020.Revenue Sharing Fund (DBH) is a fund sourced from the APBN which is allocated to regions based on percentage figures to fund regional

needs in the context of implementing decentralization. Profit-sharing funds consist of revenue-sharing funds originating from taxes and revenue-sharing funds originating from natural resources. Profit Sharing Fund (DBH) in this study is measured by a ratio that compares the allocated DBH to the total allocated income in the research year concerned. The results in this study show that DBH has no effect on capital expenditure allocations. This is because the sample is too small to allow it not to describe the actual reality. The results of this study are consistent with research conducted by Khoiriah (2014). In the results of his research, the results showed that profit-sharing funds did not have a significant effect on the allocation of capital expenditure.

Effect of the Previous Year's Regional Independence Ratio on Capital Expenditure Allocation (H2)

The test results in this study obtained empirical evidence that H2 was accepted. This shows that the ratio of regional independence in the previous year had an effect on the allocation of capital expenditures. So that the size of the previous year's regional independence affects the size of the value of capital expenditure allocations to provincial regional governments in Indonesia in 2016-2020. Regional financial independence is indicated by the size of the original regional income compared to the total regional income. The test results in this study indicate that regional independence in the previous year had a negative effect on the allocation of capital expenditure. Which means the more independent the region in the previous year, the lower the capital expenditure allocation, and vice versa. This negative relationship indicates that the allocation of capital expenditure is still influenced by the amount of income outside PAD. These results indicate that local governments are not fully independent.

According to Halim (2002, 128) Regional financial independence shows the ability of the Regional Government to finance its own government activities, development and services to the people who have paid taxes and fees as a source of income needed by the region. Based on the definition of regional financial independence according to Abdul Halim above, it is said that an area that is said to be independent is a region that is able to finance its own development activities. This statement is in line with the statement of Leiwakabessy & Solichin in the Public Sector Accounting Lecturer Forum (2006) that a region may be independent, but regional independence will only be achieved if the area is able to finance its development with existing PAD.

So the results of the study showing the negative effect of regional independence in the previous year on the allocation of capital expenditures indicate that provincial governments in Indonesia in 2016-2020 are not yet fully independent. This is due to the fact that the provincial governments in Indonesia in 2016-2020 are still allocating capital expenditure allocations by looking at external revenues from outsiders, not the amount of PAD they are able to realize. This conclusion also refers to the statement of Leiwakabessy & Solichin in the Public Sector Accounting Lecturer Forum (27: 2006): "Even though the regions have been given the rights, authorities and obligations to regulate and manage their own government affairs and the interests of the local community, the reality is that regional finance and regional development funding still depend on or hope for financial contributions from the center for the success of regional development programs." In this study obtained research results that are different from previous studies. Gerungan (2015) conducted research on districts/cities in North Sulawesi and obtained the results of the previous year's regional independence research which had a positive effect on the allocation of capital expenditures.

Effect of the Previous Year's Regional Effectiveness Ratio on Capital Expenditure Allocation (H3)

The test results in this study obtained empirical evidence that the H3 hypothesis was rejected. This shows that the previous year's regional effectiveness ratio has no influence on the allocation of capital expenditure. So that the size of the previous year's regional effectiveness does not affect the size of the value of capital expenditure allocations to provincial regional governments in Indonesia in 2016-2020.

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Regional effectiveness in this study is a comparison of the realization of planned regional original revenues with the targets set. The rejection of H3 in the test results in this study is in line with the negative relationship between the results of the test for H2. The results of the H2 test indicate that provincial governments in Indonesia allocate capital expenditures in view of the amount of external income, not in terms of the regional ability to realize PAD.

This indicates that the realization of PAD is not used as a reflection for the allocation of capital expenditures, but is used for other expenditures. For this reason, the effectiveness of the previous year's PAD has no effect on the allocation of capital expenditure. The results of this study contradict those of Ardhini (2011), Hidayat (2013), Novianto and Hanafiah (2015), and Gerungan (2015). Where all of the previous research above conducted research on various districts/cities in Indonesia and obtained the results of regional effectiveness research in the previous year affecting the allocation of capital expenditure.

Effect of the Harmonization Ratio of the Previous Year's Regional Expenditures on the Allocation of Capital Expenditures (H4)

The test results in this study obtained empirical evidence that H4 was accepted. This shows that the ratio of regional expenditure compatibility in the previous year had an effect on the allocation of capital expenditure. So that the size of the compatibility of regional spending in the previous year affects the size of the allocation of capital expenditure to provincial regional governments in Indonesia in 2016-2020. The compatibility of spending in this study uses the ratio of compatibility of operating expenses. Where if operating expenditure is high, then capital expenditure tends to be small, and vice versa (Halim, 2002). The test results in this study show that the ratio of compatibility of operating expenditures in the previous year has a negative effect on the allocation of capital expenditures.

Which means, the higher the previous year's operating expenditure, the lower the capital expenditure allocation. The results of this study are in accordance with Hidayat's statement (2013) that local governments reflect on the performance of the previous year to determine targets that are feasible to achieve in the following year. So that the amount of operating expenditure in the previous year affected the amount of capital expenditure allocation. The results of this study are in line with Gerungan's research (2015). Where in the results of his research on district/city regional governments in North Sulawesi, it was found that the results of the previous year's regional expenditure harmony affected the allocation of capital expenditure.

The Effect of Profit Sharing Funds, the Previous Year's Independence Ratio, the Previous Year's Regional Effectiveness Ratio, and the Harmony of the Previous Year's Regional Expenditure Against Capital Expenditure Allocation (H5)

The test results in this study obtained empirical evidence that simultaneously obtained an Fcount value of 15.898, where the value of 15.898 was greater than the Ftable of 2.61 and a significance value of 0.000 was obtained where the value of 0.000 <0.05, it can be concluded that hypothesis H5 received. This shows that the Revenue Sharing Fund (DBH), the previous year's regional independence ratio, the previous year's regional effectiveness ratio, and the compatibility of previous year's regional expenditures jointly have an influence on the allocation of capital expenditures. So that the size of the Revenue Sharing Fund (DBH), the ratio of regional independence in the previous year, the effectiveness of the previous year's area, and the compatibility of regional spending in the previous year jointly affect the size of the allocation of capital expenditure to provincial regional governments in Indonesia in 2016-2020. Although partially the Revenue Sharing Fund (DBH) and the effectiveness of the previous year's regions did not affect the allocation of capital expenditures, together DBH and the effectiveness of the previous year's regional finances together with the previous year's regional independence and the harmony of the previous year's regional expenditures affected the allocation of capital expenditures.

CONCLUSION

This study examines the influence of Revenue Sharing Funds (DBH), regional independence in the previous year, regional effectiveness in the previous year, and the compatibility of regional spending in the previous year on the allocation of capital expenditure in provincial regional governments in Indonesia in 2016-2020. The results of this study indicate that:

1. Testing hypothesis 1 (H1) obtained from the results of the regression of the transform variable Profit Sharing Fund (DBH) as measured by the ratio or comparison between DBH and total income, has no effect on capital expenditure allocation, then H1 is rejected.
2. Testing hypothesis 2 (H2) obtained from the results of the regression of the transform variable of the previous year's regional financial independence as measured by comparing the amount of Local Own Revenue (PAD) with total regional income affects the allocation of capital expenditure in a negative direction, then H2 is accepted.
3. Testing hypothesis 3 (H3) obtained from the results of the regression transform variable of the previous year's regional effectiveness as measured by comparing the amount of Realized Local Revenue (PAD) with the allocated PAD does not affect the allocation of capital expenditure, then H3 is rejected.
4. Testing hypothesis 4 (H4) obtained from the regression results of the harmony transform variable of the previous year's regional expenditures as measured by comparing the realization of operating expenditures with total regional expenditures has an effect on the allocation of capital expenditures in a negative direction, then H4 is accepted.
5. Testing hypothesis 5 (H5) obtained from the results of the simultaneous regression of the transform variable from the Revenue Sharing Fund (DBH), the previous year's financial independence, the effectiveness of the previous year, and the compatibility of the previous year's regional expenditures affect the allocation of capital expenditures, then H5 is accepted.

Based on the research that the researchers have done, the researchers suggest future researchers to examine the effect of the previous year's DBH realization on capital expenditure allocations, consider using a sample of all local district governments in Indonesia, and re-examine the effect of the ratio of independence and effectiveness on capital expenditure allocations. Researchers suggest local governments to be independent in managing regional finances. Because independence is the goal of holding regional autonomy. Local governments must understand that regions that are said to be independent are not only regions that have PAD higher than total regional income. Instead, an independent region is a region that carries out development from funds originating from PAD. So that local governments do not depend on external funding sources.

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