



# Analysis Of Regional Income And Expenditure Budget (APBD), Investment Level, Human Development Index (IPM) And Its Impact On Gross Domestic Products (GDP)

## "Empirical Studies in The Cities and Districts of West Sumatra Province in 2015-2019"

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**Abstract:** One indicator of the success of economic development is GRDP. West Sumatra Province, one of the provinces with the highest GRDP, increases every year. However, if the distribution of GRDP per district / city has a fairly high variation. Only a few districts / cities have the highest GRDP in West Sumatra, namely Padang. The aim of this study is to determine the Regional Income and Expenditure Budget Analysis (APBD), the Level of Investment Investment, the Human Development Index and its Impact on Regional Gross Domestic Product (PDRB). This type of research is quantitative. The population is empirical data for the last 5 years 2015-2019 which consists of 19 districts and cities of West Sumatra Province with a total population of 95 empirical data. Total sample sampling. Data were analyzed using multiple linear regression analysis. The results of the study were (1) the APBD variable had no effect on GRDP. (2) IPM variable has an effect on GRDP. (3) The investment variable variable has no effect on GRDP. In this study, there is an effect of HDI on GRDP, it is necessary to increase the HDI by providing study, training and education allowances. West Sumatra should open up to foreign investors in investing in order to increase GDP. In terms of APBD, it is better if more APBD is given to sectors that contribute more to GRDP in Cities and Regencies of West Sumatra.

**Keywords:** PDRB, APBD, IPM and investment.

### 1. INTRODUCTION:

Regional economic development is a process of cooperation carried out between the government and the community in the region, while the development aims to manage existing resources both human resources and even natural resources with the aim of forming a collaboration between local governments and the private sector in order to create fields new jobs and increase regional economic growth. Until now, economic growth is used as an indicator of economic progress, thus economic growth is important in analyzing economic development (Kristina, 2017). [1] Government spending in every economic activity is manifested in various expenditures. Expenditures to finance government administration, build and repair infrastructure, provide education and health facilities, finance the defense and security budget are expenditures that must be made by the government (Sukirno, 2015).[2]

The data used to measure the rate of economic growth at each level of the administrative area is the Gross Regional Domestic Product (GRDP) on the basis of boarding prices. There are 4 factors that cause economic growth: (1). Human Resources, (2) Natural Resources, (3) Capital Formation, and (4) Changes in Technology and Innovation (Pebrina, 2019).[3] Based on the theory of government expenditure which explains that government spending on various development activities will increase aggregate expenditure and increase the level of state economic activity (Sukirno, 2006: 168). [4], then if it is associated with local government spending which is reflected in the realization of APBD expenditure, the more The bigger the local government spending, the bigger the impact on the regional economy (Darise, 2006: 142 & 145).[5]

West Sumatra Province is one of the provinces that has the highest GRDP, in general the GRDP value of districts/cities in West Sumatra has increased from year to year. However, when viewed from the distribution of GRDP per district/city, the variation is quite high. Only a few regencies/cities have the highest GRDP in West Sumatra, namely Padang, Padang Pariaman, Agam, Solok, Tanah Datar, West Pasaman. The following is the GRDP of the Province of West Sumatra which consists of 19 cities and regencies, namely:



Table 1.1

Year	PDRB Price Applicable	PDRB at Constant Price
2015	179.951.980,32	5,33
2016	196.099.176,57	5,27
2017	213.893.468,18	5,29
2018	230.571.985,59	5,14
2019	246.422.724,79	5,05

GRDP of West Sumatra Province on the basis of current prices and on the basis of constant prices 2015-2019  
 Sumber : BPS Sumbar, 2019

Based on the table above, it can be seen that the increase in GRDP at current prices every year in both cities/districts in West Sumatra. The indicator used to see regional economic growth is the Gross Regional Domestic Product or GRDP. In the last five years, GRDP at current prices has an increasing trend every year, this can be seen in the picture above, in contrast to GRDP at constant prices, experiencing a downward trend over the last five years, which can be further presented in the following figure:



GRDP of West Sumatra Province at Current Prices and at Applicable Constant Prices 2015-2019

Based on previous studies, it can be indicated that the Regional Revenue and Expenditure Budget (APBD), Investment Investment and HDI can increase the growth of Gross Regional Domestic Product (GRDP). This is what underlies the author to conduct a research entitled "Realization of Regional Revenue and Expenditure Budget (APBD), Investment Level, Human Development Index and Its Influence on Regional Gross Domestic Product (GRDP)" Empirical Study of Cities and Regencies in West Sumatra Province for Fiscal Year 2015 - 2019.

## 2. LITERATURE REVIEW:

The determination of the size of the APBD each year greatly determines the success of development in the region. Realization of APBD which is representative of regional government expenditure will have an impact on regional economic performance which is reflected in GRDP. Regarding investment, what is understood according to Sukirno (2015)[6] are expenditures to buy capital goods and production equipment with the aim of replacing and especially adding capital goods in the economy that will be used to produce goods and services. in the future.

The Regional Revenue and Expenditure Budget (APBD) is essentially a form of regional financial management which is determined annually by regional regulations. For example: when a local government official is about to run for regent or governor, the local government official carries out regional development well, but the development is carried out only when he is going to run for office. So, based on this description, the researcher can conclude that some government spending has a positive value and some has a negative value. Higher education is education that prepares students to become members of the community who have a high level of academic and/or professional ability so that they can apply, develop, or create science, technology, and art in the context of national development and improving human welfare. With education, a person must increase the ability index in himself at work (Widowati, 2019)[7]. This



variable has an effect on Gross Regional Domestic Product as the results of Widowati's research (2019)[8] state that the Human Development Index (IPM) has a positive effect on GRDP.

### 3. MATERIALS:

- Budgeting Theori

An important component in a government is the budget. A budget is a financial plan for the company's future. The budget of a company is one of the important aspects in planning decisions that will be taken by the management of a company so that if there is an error or uncertainty in planning or implementing the budget, it can be bad for the company. In this case, the budget prepared must include a budget based on the principle of efficiency, namely using certain input values to produce the maximum output value (Damastu, 2017).[9]

- Operating Budget

The operational budget is a company work plan that includes all the company's main activities in obtaining income within a certain period (Damastu, 2017).[10] "Operational budget is a budget that aims to prepare profit and loss. The profit and loss budget is a budget in the form of a systematically compiled list of revenues, expenses, and profit and loss obtained by a company during a certain period.

- Economic Development and Growth

In general, economic growth is defined as an increase in the ability of an economy to produce goods and services. Economic growth is one of the most important indicators in analyzing the economic development that occurs in a country. Economic growth shows the extent to which economic activity will generate additional people's income in a certain period. Because basically economic activity is a process of using production factors to produce output, this process in turn will result in a flow of remuneration for production factors owned by the community (Basri, 2010),[11] With the existence of economic growth, it is expected that the income of the community as the owner of the factors of production will also increase.

### 4. METHOD:

This type of research is quantitative research. In this study the design of this study is a causal design. According to Sugiyono (2016) [12] that Causal Design research is research that is useful for analyzing the relationships between one variable and another. The nature of the relationships that may occur between the variables are symmetrical, asymmetrical and reciprocal. This study aims to examine the relationship between the independent variable (X) namely APBD, Investment Investment and Human Development Index (HDI) on the dependent variable (Y). namely Gross Regional Domestic Product ( GRDP ).

The sample used for this research is the Gross Regional Domestic Product at constant prices by Field of Business in City and District Governments in West Sumatra Province for the period 2015 to 2019. To obtain the best possible information with the assumption that the goals in writing can be achieved, the authors will use the following research methods: Field Research, Internet and the web, namely data collection carried out from internet media and government websites.

### 5. DISCUSSION:

West Sumatra City and Regency GRDP data for the 2015 – 2019 Fiscal Year. The GRDP data values differ from one city/regency to another. This difference is caused by the ability of each region to use existing resources. The data is also the increase in GRDP in the last 5 years because the graph curve increases during 2015 to 2019. The APBD consists of three main components, namely regional revenues, regional expenditures, and regional financing. Regional income consists of Regional Original Income (PAD), Balancing Funds, and Other Legitimate Regional Revenues. In the PAD post there are components of Regional Taxes and Regional Levies which are the main source of income from the local government itself obtained from taxpayers.

Furthermore, the Balancing Fund is a fund obtained by regional governments from the central government as a manifestation of the implementation of fiscal decentralization. In addition to the sources of income obtained from these regions and the central government, regional governments also receive income from other regions in the form of a Tax Revenue Sharing Fund component from the Province and other regional governments in the Other Legitimate Regional Income headings. Along with the increase in APBD each year, it is followed by an increase in GRDP in 2015-2019 (Data Attached). Many components related to the increase in GRDP such as the increase in DAU, DAK and PAD which also increase every year contribute to GRDP. Policies to increase the growth of gross regional domestic product (GRDP) by maximizing the potentials that exist in each region as a whole, such as maximizing existing human and natural resources so that people can be more productive.



## 6. ANALYSIS:

The following is a descriptive analysis of each variable, namely GRDP, APBD, HDI and investment to see the number of samples, maximum value, minimum value, standard deviation. The t-test was used to see the effect of each independent variable on the independent variable with the dependent variable. With the help of the SPSS version 26 program, it is known that the t-count value in table 4.9 is as follows:

**Table 4.9**  
t test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-24667300,060	10474475,636		-2,355	,021
	APBD	-3,653E-5	,000	-,033	-,326	,745
	IPM	462325,755	146708,030	,315	3,151	,002
	Investasi	,123	,180	,068	,686	,495

Source: Processed Secondary Data, 2021

From the results of multiple linear regression analysis, multiple linear regression equations can be made as follows:

$$\text{GRDP (Y)} = -246673000.060 - 3.653E-5 + 462325,755 + 0.123$$

From the regression equation formed, several things can be interpreted, as follows:

- The constant is -246673000.060, meaning that if before there was a APBD, HDI and the value was 0 ( $X_1=X_2=X_3=0$ ) then the value of the GRDP study in the City and District of West Sumatra for the 2015 – 2019 fiscal year was equal to a decreasing constant of -24667300,060 unit.
- The APBD coefficient is -3.653E-5 which means that the APBD is eligible to be negative against the empirical GRDP study in the City and Regency of West Sumatra in the 2015 - 2019 Fiscal year, where if the APBD increases by one unit then the GRDP of the empirical study in the City and Regency of West Sumatra in the 2015 - 2019 Fiscal year decreases by -3.653-5units.
- The HDI coefficient is 462325,755 meaning that the HDI is positive for the empirical GRDP study in the City and District of West Sumatra in the 2015 - 2019 fiscal year, where if the HDI increases by one unit, the empirical GRDP study in the West Sumatra City and District in the 2015 - 2019 fiscal year increases by 462325 ,755units.
- The investment coefficient is 0.123, meaning that investment is positive for the GRDP of empirical studies in the City and District of West Sumatra in the 2015-2019 Fiscal year, where if investment increases by one unit, the GRDP of the empirical study in the City and District of West Sumatra in the 2015-2019 Fiscal year increases by 0.123 units.

## 7. FINDINGS :

Determining the size of the APBD each year greatly determines the success of development in the region. Realization of APBD which is a representation of regional government expenditure will have an impact on regional economic performance in GRDP. Regarding investment, what is meant by Sukirno (2015) [13] is expenditures to buy capital goods and production equipment with the aim of replacing and especially adding capital goods to the economy that will be used to produce goods and services in the future. will come. Investment which means all capital expenditures for future economic progress also has a positive impact on improving the quality of human resources in this case means that it has an influence on increasing the Human Development Index in a region. Investment and investment also have an important role in increasing the Gross Regional Domestic Product.

This is due to an increase in equipment from capital expenditures for production purposes. Human Development is a comparative measure of life expectancy index, education level and standard of living for all countries around the world. The HDI is essentially directly proportional to the Regional Revenue and Expenditure Budget and Investment and Investment, meaning that the HDI is expected to increase in line with the Regional Revenue and Expenditure Budget and the Investment Investment Level. Gross Regional Domestic Product is the total net value of final goods and services produced by various economic activities in an area in one period (Hadi Sasana, 2006)[14]. GRDP of a region or region can be seen positive or negative changes from the APBD level, the level of investment and investment and the level of



the Human Development Index. This is because GRDP is the result of all economic activities supported by the APBD, the amount of investment and investment and the level of development of the Human Development Index.

## 8. RESULT :

Based on the results of the analysis using the t test can be explained as follows:

- The value of t count is -0.326 and the value (sig = 0.745 > 0.05). With df = 95-3 = 92, a ttable of 1.662 is obtained, from the above results it can be seen that tcount < ttable or -0.326 < 1.662, then the APBD variable has no effect on the GRDP of the empirical study in the City and District of West Sumatra for the 2015 - 2019 fiscal year.
- The value of t count is 3.151 and the value (sig = 0.002 < 0.05). With df = 95-3 = 92, a ttable of 1.662 is obtained, from the above results it can be seen that tcount > ttable or 3.151 > 1.662, the HDI variable has an effect on GRDP empirical studies in the City and District of West Sumatra for the 2015 - 2019 fiscal year.
- The t-count value is 0.686 and the value (sig = 0.495 > 0.05). With df = 95-3 = 92, a ttable of 1.662 is obtained, from the above results it can be seen that tcount < ttable or 0.686 < 1.662, then the investment variable has no effect on the GRDP of the empirical study in the City and District of West Sumatra for the 2015 – 2019 fiscal year.

Domestic investment is mostly channeled into the industrial economic sector, this may be because the Province of West Sumatra has established an industrial area in West Sumatra whose purpose is to control spatial planning, increase industrial efforts that are environmentally sound so that the development of industrial areas outside West Sumatra can also create equitable economic development and as the main movement of new growth centers.

Research conducted by (Pebrina, 2019) [15] found investment, private investment is absolute and needs to be developed to support economic growth, especially in Jambi Province. Based on the t-test with a significance level of 5%, while the significance value of the investment level is 0.531 and it is concluded that this level of investment has no significant effect on the economic growth of Jambi Province. Another study by (Naukoko, 2019)[16] found that research results showed that the investment variable had a positive and insignificant effect on GRDP. Domestic investment is mostly channeled into the industrial economic sector, this may be because the Province of West Sumatra has established an industrial area in West Sumatra whose purpose is to control spatial planning, increase industrial efforts that are environmentally sound so that the development of industrial areas outside West Sumatra can also create equitable economic development and as the main movement of new growth centers.

## 9. RECOMMENDATIONS:

- This study shows the effect of HDI on GRDP in the City and District of West Sumatra for the 2015-2019 Fiscal Year, therefore it is necessary to increase the HDI by providing learning allowances for employees, training and more education.
- West Sumatra should be more open to foreign investors in investing their capital in order to increase GRDP
- In terms of APBD, it is better to give APBD to sectors that contribute more to GRDP in the City and Regency of West Sumatra.

## 10. CONCLUSION :

- The APBD variable has no effect on the GRDP of the empirical study in the City and District of West Sumatra for the 2015 – 2019 Fiscal Year. There is no significant influence of the APBD on the GRDP in West Sumatra, this is due to the fact that a lot of spending is spent on employees. Personnel spending is looked at further, on a consolidated basis it is also projected that it will not change throughout 2018, considering the number of ASNs has not changed much because the moratorium on ASN acceptance has not been carried out. The Regional Government and the Central Government need to make implementable policies to encourage maximum absorption of the capital expenditure budget in the following year. Most of the APBD is allocated for infrastructure
- The HDI variable has an effect on the GRDP of an empirical study in the City and District of West Sumatra for the 2015 – 2019 Fiscal Year. Data on the West Sumatra City and District HDI for the 2015 – 2019 Fiscal Year. The data above shows different values between one city / district and city / other districts. Data on HDI shows fluctuations in the increase and decrease in the number of HDI each year. Therefore, cross-sectoral policies are needed to provide opportunities for employees to improve education through training and education
- Investment data for the City and District of West Sumatra for the 2015 – 2019 fiscal year. The data above shows different values from one city / district to another. Globally, the data every year is inconsistent due to the lack of foreign investors in investing in West Sumatra, this is due to the fact that several cities/districts in West Sumatra refuse the arrival of foreign investors.

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