

Regional Financial Transformation: Analysis of the Influence of Public Funds on Regional Expenditures

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Abstract: Regional Expenditure is used by the provincial, district/city governments primarily to provide public services and to finance the implementation of government affairs authority based on statutory regulations. Regional Expenditure must include the priority of spending to be carried out by the regional government so that it directly impacts the welfare of its people. This study aims to analyze whether or not a flypaper effect has occurred in the influence of DAU, DAK, DBH, and PAD on regional Expenditure in Central Java Province in 2018-2020. This research is included in the type of quantitative research. The data collection method uses secondary data documentation techniques, namely district/city budget realization reports (LRA) in Central Java Province for the 2018-2020 fiscal year obtained from the Central Java Province BPKAD. The population and sample in this study were all district/city governments in Central Java Province, totaling 35. The sampling method was the census method. The data analysis method used is multiple linear regression with the help of SPSS 25 software. The results showed that (1) DAU has a significant positive effect on regional expenditures, (2) DAK does not have a significant effect on regional expenditures, (3) DBH has a significant effect on regional expenditures, (4) PAD has a significant positive effect on regional expenditures, (5) DAU, DAK, DBH and PAD have a simultaneous effect on regional expenditures, (6) the phenomenon of the flypaper effect occurred in Central Java Province.

Keywords: DAU; DAK; DBH; PAD; regional expenditure; and flypaper effect.

1. Introduction

Regional Expenditure is primarily used by provincial and district/city governments to provide public services and finance the implementation of government affairs authority based on statutory regulations (Herman, A. A., & Hayat, M. J., 2021). In implementing autonomy, regional governments are required to manage provincial finances effectively and efficiently; this must be done because if the Expenditure in the budget is significant then large costs will also be needed to fund it. Regional spending must include spending priorities that will be carried out by provincial governments so that they directly impact the welfare of the community (Siregar, B., 2019). However, in general, financial problems mainly concern the

current income of regional governments in the APBD; the PAD contribution is smaller than the balancing fund, which makes regional expenditures financed more by the balancing fund than PAD.

The phenomenon that occurred in Central Java Province, the PAD target in 2020 was reduced by IDR 1.9 trillion. The Governor of Central Java explained that the most significant decline in revenue came from motor vehicle taxes. The figure of IDR 1.9 trillion is estimated to be almost 12.5%; according to him, the biggest loss of income is from motor vehicle taxes, especially on motor vehicle title transfer fees (BBNKB); on the one hand, this is an indication that consumption and people's purchasing power, especially tertiary needs, are declining. This should be taken into consideration by local governments to revive themselves economically by looking at local economic opportunities in each region (Bappeda et al., 2020). The reason why the researcher did not use research data from the most recent year's budget realization report was that during the data submission process to the Central Java Province PPID, which was directed to the Central Java Province BPKAD, the researcher had already submitted it until the 2021 budget year because at that time the 2021 budget realization report year It is still in the consolidation or audit stage with BPK RI, so the data used in this research is the 2018-2020 budget year.

When local governments respond to regional spending using balance funds more than PAD, the flypaper effect phenomenon occurs (Desi, 2014). The flypaper effect occurs when the output from the test shows that the coefficient of the balancing fund is greater than the PAD coefficient and when the PAD coefficient value is not significant (Maimunah, 2006). Then, the assumption for determining the existence of a flypaper effect is by comparing the influence of PAD and balancing funds on regional spending. The flypaper effect implies more broadly that balancing funds will increase regional spending more than transfer revenues.

Research conducted by (Melda & Syofyan, 2020) states that DAU, DAK, and PAD have a positive influence on regional spending, but DBH has no influence on regional spending. There has been a flypaper effect on district/city governments in West Sumatra, and it shows that regional governments in West Sumatra are still dependent on central government transfer funds. Then there was research (Fadilah & Helmayunita, 2020) which stated that DAU, DBH, and PAD had a positive influence on regional spending, but DAK had no influence on regional spending, and there was a flypaper effect on regional spending by Provincial Governments in Indonesia. Research conducted (Ekawarna, 2017) states that PAD and DAU have an influence on regional spending, while the DAK and DBH variables have no influence on regional spending, and there is no flypaper effect in the central region and expansion in Jambi Province, meaning that the policy Regional spending in the main region and the expansion of districts/cities in Jambi province in the 2011-2013 budget year was dominated by PAD revenues rather than DAU. The differences in the results of this research cannot be realized equally in all regions in Indonesia because each region has conditions and backgrounds and has differences in receiving transfer funds from the central government, which are adjusted to the needs of each region. The existence of differences or inconsistencies in the results of previous research prompted researchers to re-examine these variables, with the research object being the district/city government in Central Java Province.

2. Literature Review

2.1. Stewardship Theory

Stewardship theory defines that management is not driven by individual goals, but rather they aim for the interests of the organization/institution, which is their main target. The rationale for this theory is that there is a strong connection between organizational success and

satisfaction. The success of the organization is illustrated by the maximum benefit of the principals and management. Maximizing the utility or usefulness of the group ultimately maximizes the benefits of members in the organization. Because their main performance objective is for the benefit of the organization (Donaldson and Davis, 1989, 1991).

2.2. Regional Revenue and Expenditure Budget (APBD)

In Law Number 33 of 2004, the Regional Revenue and Expenditure Budget (APBD) is the regional government's annual financial plan, which is discussed and approved by the regional government and the Regional People's Representative Council (DPRD), which is then determined through a Regional Regulation (Perda). Regional governments must have a mature financial plan that can be used as a guide in implementing the rights and obligations as well as state goals to achieve the stated goals.

2.3. Balancing Fund

Based on Law Number 33 of 2004, balancing funds are funds sourced from the State Revenue and Expenditure Budget (APBN), then allocated to regional governments to finance activities in implementing decentralization. The balancing fund components consist of general allocation funds (DAU), special allocation funds (DAK), and profit-sharing funds (DBH).

2.4. General allocation fund (DAU)

According to Law Number 33 of 2004, DAU is funds allocated for the purpose of equalizing fiscal capacity between regions sourced from APBN revenues to fund regional needs in the context of implementing decentralization. DAU is a block grant, meaning its use must be delegated to the regions according to regional priorities and to improve public services as part of the implementation of regional autonomy.

2.5. Special allocation funds (DAK)

Based on Law Number 33 of 2004, Special Allocation Funds (DAK) are defined as transfers allocated to regions sourced from the APBN with the aim of helping to fund special activities that are regional affairs and in accordance with national priorities.

2.6. Profit-sharing funds (DBH)

Law Number 33 of 2004, concerning the financial balance between central and regional governments, explains that revenue-sharing funds (DBH) are funds allocated to regions based on percentage figures to fund regional needs in the context of implementing decentralization. The aim of DBH is, among other things, to reduce the vertical imbalance between the central government and regional governments.

2.7. Regional Original Income (PAD)

Based on Law Number 33 of 2004, Regional Original Income (PAD) is defined as income entering the regional treasury, which is collected and obtained based on regional regulations, sourced from within the regional area, collected based on statutory regulations, and used to meet regional needs and requirements. The PAD is a component of income other than the receipt of balancing funds (DAU, DAK, DBH) and other legitimate income.

2.8. Regional Expenditure

Regional Expenditure is regional Expenditure financed by regional income, either obtained from regional wealth sources or central government transfer funds (Rahmawati, 2015). “

Regional Expenditure is grouped into two, namely direct and indirect Expenditure. Direct Expenditure is budgeted and is directly related to the implementation of regional programs or activities. Then, indirect Expenditure is the expenditure budget that has no direct connection to the implementation of regional programs or activities (Adiputra, 2014).

2.9. Flypaper Effect

The Flypaper Effect is a phenomenon in which local governments respond to regional expenditures not from PAD, but instead use transfer funds/ unconditional grants (transfers), resulting in wastage of regional spending. The flypaper effect provides a broad connection with the existence of transfer funds, resulting in an increase in regional spending rather than the transfer receipts themselves. The Flypaper effect occurs when DAU, DAK, and DBH have a greater influence than PAD on regional Expenditure (Armawaddin et al., 2017).

2.10. Hypothesis

The stewardship theory, which is the basis for this research, is because DAU is a fund sourced from the APBN, which is intended for regional governments with the aim of fiscal equalization between regions to support financing for the implementation of decentralization. The DAU allocation prioritizes the principles of justice and equal distribution in government activities. The use of transfer funds in the form of DAU by local governments is none other than to provide maximum public facilities and services. DAU management is carried out by the regional government in full, and its use is adjusted to the needs and requirements of each region.

H1: DAU has a significant positive effect on regional spending in district/city governments in Central Java Province

Based on stewardship theory, DAK is primarily aimed at regions that meet the requirements and criteria for receiving transfers from the APBN, namely DAK. DAK transfers are expected to be utilized for physical activities that have a long economic life, such as investment activities, development, procurement, and improvement of public facilities and infrastructure; this aims to improve public services through regional spending. This suggests that there is a relationship between DAK transfers and regional budget allocations.

H2: DAK has a significant positive effect on regional spending to the district/city government in Central Java Province

The stewardship theory that is the basis for this research is because profit sharing funds (DBH) are part of the transfer funds from the APBN, which are intended for regional governments as an instrument for equalizing regional fiscal capacity. In the sense that if the local government has a high income, the tendency to obtain DBH will be high. If regional governments receive higher DBH, their ability to finance regional spending will also be better. Therefore, DBH has an important role as a source of funds in financing regional Expenditures.

H3: DBH has a significant positive effect on regional spending in district/city governments in Central Java Province

Regions must be able to develop their regional potential because this will affect the size of the amount of PAD received. PAD is the primary source of income for regions to support

the financing of their Expenditure. PAD is obtained through regional economic potentials, such as regional taxes and levies. The higher the PAD revenue, the greater the possibility of regional budget allocation. The independence factor of a region can be influenced by its PAD revenue. The higher the PAD revenue, the lower the possibility of the region depending on central government transfers because it is possible for the region to meet regional spending needs with PAD.

H4: PAD has a significant positive effect on regional spending in district/city governments in Central Java Province

Based on the stewardship theory, which is the basis for this research, DAU, DAK, DBH, and PAD are sources of income to finance regional Expenditure. The size of the regional spending allocation depends on the size of the DAU, DAK, DBH, and PAD.

H5: DAU, DAK, DBH, and PAD simultaneously influence regional spending in district/city governments in Central Java Province

There is a strong relationship between central government transfer funds and regional spending, so the policies made by regional governments are usually closely aligned with the receipt of transfer funds from the central government, causing an asymmetric response (Astutik, 2016). This is confirmed by research (Azhar, 2018), which states that there is a *flypaper effect* on regional spending in Central Java province; the standard coefficient and significance level of DAU are greater than PAD.

A *flypaper effect* occurred in the provinces of West Java, Central Java, and East Java for the 2012-2013 fiscal year. Based on the explanation above, it is clear that PAD receipts and transfer funds are closely related to the regional government's response to regional spending. If the response to regional spending uses more transfer funds, the *flypaper effect phenomenon* occurs.

H6: There is a flypaper effect on DAU, DAK, DBH, and PAD on regional spending in district/city governments in Central Java Province

3. Research Methods

This research uses a quantitative approach; the type of research used is causality research. This research takes data in the form of APBD realization reports over a period of 3 years from 2018-2020 in districts/cities throughout Central Java Province. The population in this study was 35 district/city governments in Central Java with details of 29 districts and six cities over a period of 3 years, for a total of 105 data. The sampling technique in this research uses a saturated sampling technique or census method in which the entire population is sampled. This research uses secondary data in the form of LRA districts/cities in Central Java Province for three budget years, namely 2018-2020, obtained from the BPKAD of Central Java Province. Data collection techniques use documentation techniques. The analysis tool used is SPSS version 25.

4. Results and Discussion

4.1. Descriptive Statistical Analysis

Table 1. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
DAU	105	416722396000	1437036239000	957516535008.36	247401452102.646
DAK	105	67289220399	497906166804	293035832762.03	101261567494.317

	N	Minimum	Maximum	Mean	Std. Deviation
DBH	105	17113151303	235660116745	45065174319.99	39452762589.643
PAD	105	179224408698	2066333418588	396614801647.74	289062807996.439
Regional Shopping	105	798353191714	4633934340973	2208027902793.90	688353128006.980

Source: Data processed 2022, with SPSS Version 25

4.2. Classic Assumption Test

4.2.1. Normality test

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residuals
N	105
Statistical Tests	,074
Asymp. Sig. (2-tailed)	.188 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Data processed 2022, with SPSS Version 25

The table above shows the results of the one sample Kolmogorov Smirnov test; the significance value of 0.188 is greater than 0.05, so it can be concluded that the data is normally distributed. This provides information that the normality test has been met.

4.2.2. Multicollinearity Test

Table 3. Multicollinearity Test Results

Model	Coefficients ^a	
	Collinearity Statistics	
	Tolerance	VIF
DAU	,145	6,883
DAK	,168	5,955
DBH	,797	1,255
PAD	,518	1,931

a. Dependent Variable: Regional Expenditures

Source: Data processed 2022, with SPSS Version 25

Based on the table presented above, the overall independent variable VIF value is < 10, and the tolerance value is > 0.10. Thus, it can be interpreted that there are no problems related to multicollinearity.

4.2.3. Heteroscedasticity Test

Table 4. Spearman's Rho Heteroscedasticity Test Results

			DAU	DAK	DBH	PAD	Unstandardized Residuals
Spearman's rho	DAU	Correlation Coefficient	1,000	,864 ^{**}	.123	,569 ^{**}	-.058

		DAU	DAK	DBH	PAD	Unstandardized Residuals
	Sig. (2-tailed)	.	,000	,211	,000	,554
	N	105	105	105	105	105
DAK	Correlation Coefficient	,864 **	1,000	,055	,362 **	-.008
	Sig. (2-tailed)	,000	.	,574	,000	,933
	N	105	105	105	105	105
DBH	Correlation Coefficient	,123	,055	1,000	,345 **	,118
	Sig. (2-tailed)	,211	,574	.	,000	,231
	N	105	105	105	105	105
PAD	Correlation Coefficient	,569 **	,362 **	,345 **	1,000	-.085
	Sig. (2-tailed)	,000	,000	,000	.	,391
	N	105	105	105	105	105
Unstanda	Correlation Coefficient	-.058	-.008	,118	-.085	1,000
rdized	Sig. (2-tailed)	,554	,933	,231	,391	.
Residuals	N	105	105	105	105	105

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Data processed 2022, with SPSS Version 25

The results of the heteroscedasticity test using *Spearman rank* for each variable show a sig value. (2-tailed) is greater than 0.05, it can be concluded that the regression model is free from symptoms of heteroscedasticity.

4.2.4. Autocorrelation Test

Table 5. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,984 ^a	,968	,967	125924682549.081	1,418

a. Predictors: (Constant), PAD, DAK, DBH, DAU

b. Dependent Variable: Regional Expenditures

Source: Data processed 2022, with SPSS Version 25

Based on the results of the autocorrelation test, it is known that the Durbin-Watson (DW) value obtained is 1.418. This value lies in the range of -2 to +2. In accordance with these criteria, the regression model in the research can be concluded that there are no symptoms of autocorrelation.

4.3. Multiple Linear Regression Analysis

Table 6. Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-177838229411.324	53170381224.110		-3,345	,001
DAU	1,886	,131	,678	14,402	,000
DAK	,458	,298	,067	1,538	,127
DBH	1,115	,351	,064	3,179	,002
PAD	,998	,059	,419	16,810	,000

a. Dependent Variable: Regional Expenditures

Source: Data processed 2022, with SPSS Version 25

4.4. Hypothesis Testing

4.4.1. *t* Test (Partial)

Table 7. T-test results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-177838229411.324	53170381224.110		-3,345	,001
DAU	1,886	,131	,678	14,402	,000
DAK	,458	,298	,067	1,538	,127
DBH	1,115	,351	,064	3,179	,002
PAD	,998	,059	,419	16,810	,000

a. Dependent Variable: Regional Expenditures

Source: Data processed 2022, with SPSS Version 25

From the results above, it can be concluded that:

- The significance value of the DAU variable is $0.000 < 0.05$, and $t_{\text{count}} \text{ is } 14.402 > t_{\text{table}} 1.660$. From these results, it is known that the DAU variable has a significant positive effect on regional spending.
- The significance value of the DAK variable is $0.0127 > 0.05$, and $t_{\text{count}} \text{ is } 1.538 < t_{\text{table}} 1.660$. From these results, it is known that the DAK variable does not have a significant effect on regional spending.
- The significance value of the DBH variable is $0.002 < 0.05$, and $t_{\text{count}} \text{ is } 3.179 > t_{\text{table}} 1.660$. From these results, it is known that the DBH variable has a significant positive effect on regional spending.
- The significance value of the PAD variable is $0.000 < 0.05$, and $t_{\text{count}} \text{ is } 16.810 > t_{\text{table}} 1.660$. From these results, it is known that the PAD variable has a significant positive effect on regional spending.

4.4.2. *F* Test (Simultaneous)

Table 8. F Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.769E+25	4	1.1923E+25	751,916	,000 ^b
	Residual	1.586E+24	100	1.5857E+22		

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Total	4.928E+25	104			

a. Dependent Variable: Regional Expenditures

b. Predictors: (Constant), PAD, DAK, DBH, DAU

Source: Data processed 2022, with SPSS Version 25

calculated F value of 751.916 and a significance value of 0.000, the calculated F value > F_{table}, namely 751.916 > 2.46. Thus, the fifth hypothesis (H₅) is accepted because the significance value is <0.05 and F_{count} > F_{table}. Shows that general allocation funds (DAU), special allocation funds (DAK), profit-sharing funds (DBH), and local original income (PAD) have a joint or simultaneous effect on regional spending.

4.4.3. Coefficient of Determination Test (R²)

Table 9. Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,984 ^a	,968	,967	125924682549.081

a. Predictors: (Constant), PAD, DAK, DBH, DAU

Source: Data processed 2022, with SPSS Version 25

From the table above, it can be seen that the Adjusted R Square value is 0.967. It can be interpreted that the ability of the variable's general allocation funds, special allocation funds, profit sharing funds, and local original income to have the ability to influence regional expenditure variables is 96.7% (0.967 x 100%) while 3.3% (100% - 96.7%) explained other variables not examined in this study.

4.5. Flypaper Effect Analysis

Table 10. Simultaneous Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,936 ^a	,877	,873	245078587800.670

a. Predictors: (Constant), DBH, DAK, DAU

Source: Data processed 2022, with SPSS Version 25

Table 11. PAD Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,705 ^a	,497	,492	490715470106.062

a. Predictors: (Constant), PAD

Source: Data processed 2022, with SPSS Version 25

Tables 12. Results of simultaneous comparison of DAU, DAK, DBH, and partial PAD

Variable	Adjusted R Square
DAU	0.873
DAK	

Variable	Adjusted R Square
DBH	
PAD	0.492

Source: Data processed 2022, with SPSS Version 25

The table above shows that the *Adjusted R Square value* of DAU, DAK, and DBH simultaneously for regional Expenditure is 0.873 (87.3%). And the *Adjusted R Square* PAD value for regional spending is 0.492 (49.2%). From the results of this comparison, it can be concluded that DAU, DAK, and DBH have more influence on regional spending simultaneously than the influence of PAD on regional spending.

In Table, it can be seen from the standard beta coefficient value that the standard beta coefficient value for DAU is 0.678, DAK 0.067, DBH 0.064, and PAD 0.419. Because the regression coefficient value of one of the transfer funds, namely DAU, is greater than the coefficient value of PAD. This shows that there is a *flypaper effect* phenomenon in DAU, DAK, DBH, and PAD on regional Expenditure in districts/cities in Central Java Province in 2018-2020.

4.6. Discussion

The following is a discussion of research results from testing research hypotheses.

4.6.1. The influence of DAU on regional spending

Based on previous test results, the calculated t-value for DAU is 14.402, and the significance value is $0.000 < 0.05$. The t-test results show $t_{\text{count}} > t_{\text{table}}$ ($14.402 > 1.660$). Thus, the first hypothesis (H1) is accepted, meaning that DAU has a significant positive effect on regional spending.

This shows the high level of DAU transfers received by district/city regional governments in Central Java. DAU transfers provided by the central government to district/city regional governments in Central Java in 2018-2020 are the highest nominal source of income compared to other regional income sources. DAU is needed by district/city governments in Central Java to reduce regional development gaps; in addition, DAU is also used to finance regional spending, such as improving public services, public facilities, and district/city infrastructure in Central Java.

Theoretically, DAU is a *private grant* that allows regions to use it according to regional priorities and needs to improve services to the community in encouraging the implementation of regional autonomy. DAU has an important role in helping regions, especially regions whose PAD is relatively small. This means that the higher the DAU transfer received by district/city governments in Central Java, the greater the impact on regional Expenditure (UU No. 33 of 2004). So, there is evidence that DAU has an influence on regional spending.

The results of this research are in line with research conducted (Ferdiansyah et al., 2018); in their research, it was stated that DAU had a significant effect on district/city regional expenditure in East Kalimantan. Research conducted by (2017) explains that DAU has a significant influence on regional spending in the Nganjuk Regency regional government.

4.6.2. The influence of DAK on regional spending

Sourced from previous test results. It is known that the calculated t-value for DAK is 1.538 and the significance value is $0.127 > 0.05$. The t-test results show $t_{\text{count}} < t_{\text{table}}$ ($1.538 < 1.660$). Thus, the second hypothesis (H2) is rejected, meaning that DAK has no significant effect on regional spending.

Based on data on revenue from districts/cities in Central Java, total DAK revenue in

districts/cities in Central Java from 2018-2020 experienced fluctuations, but not significantly and remained in the range of 10 trillion, but this did not have an impact on the increase in the value of Expenditure. District/city areas in Central Java in 2018-2020. The reasons why DAK does not have a significant effect on regional spending include that DAK is a part of the balancing fund whose value is relatively small and is only used to fund special activities that are part of programs that are national priorities and are regional affairs. The central government does not allocate DAK for routine spending in regional governments. DAK has a role in assisting in funding special activities in certain areas, especially funding in the construction of public service facilities and infrastructure that have not yet reached certain standards as an effort to accelerate regional development.

In Law Number 33 of 2004, it is only explained that the amount of DAK is determined in the APBN; there are no provisions regarding the amount, percentage, and proportion in the APBN. According to Usman Mawardi (2008), this is what causes DAK to be flexible as a component of balancing funds, which causes local governments to be unable to estimate the amount of DAK that will be allocated, resulting in less than optimal use of DAK effectively and efficiently.

This research is in line with research conducted (Ferdiansyah et al., 2018) stating that DAK has no effect on regional spending; this is influenced by the size of the DAK transfer obtained by the regional government. The results of the research are not in line with the research conducted (Melda & Syofyan, 2020), stating that DAK has a positive effect on district/city regional expenditure in West Sumatra. In their research, it is explained that if the amount of DAK transfer is large, the regional government will budget significant regional Expenditures as well.

4.6.3. *The influence of DBH on regional spending*

Based on previous test results, it is known that the calculated t-value for profit-sharing funds is 3.179, and the significance value is $0.002 < 0.05$. The t-test results show $t_{\text{count}} > t_{\text{table}}$ ($3.179 > 1.660$). Thus, the third hypothesis (H3) is accepted, meaning that DBH has a significant positive effect on regional spending.

Theoretically, DBH allocation is based on the *by-origin* concept (Fadilah & Helmayunita, 2020). In the sense that if the local government has high income from taxes and natural resources, the tendency to obtain DBH will be high. Regional governments with high DBH transfers tend to increase regional spending also. Based on the results of data analysis, it can be interpreted that DBH has great potential to finance regional Expenditure in districts/cities in Central Java. DBH revenue is based on a percentage according to each producing region, its use is for development, infrastructure, and regional spending apart from DAU, DAK, and PAD, so there is evidence that DBH also influences regional spending.

The same research was also conducted by Nurdini et al. (nd), who stated that DBH had a positive effect on regional spending. However, the results of the research are not in line with those conducted by (Fatimah et al., 2020), which state that DBH has an effect but is not significant on regional spending, because the size of DBH revenues does not have a significant influence on regional spending.

4.6.4. *The influence of PAD on regional spending*

Based on the previous test results, it is known that the calculated t-value for PAD is 16.810 and the significance value is $0.000 < 0.05$. The t-test results show $t_{\text{count}} > t_{\text{table}}$ ($16.810 > 1.660$). Thus, the fourth hypothesis (H4) is accepted, meaning that PAD has a significant positive effect on regional spending.

Theoretically, stewardship theory assumes that there is a strong connection between the success and satisfaction of an organization; in this case, the local government is given a mandate by the people and the central government to improve its performance capabilities in optimizing PAD by making efforts to open information to the public and improve the welfare of its people, through the allocation of regional spending.

Increasing PAD will show positive developments in increasing regional financial independence in financing government and providing good public services and is also a benchmark for the success of regional autonomy. Increasing regional income tends to increase regional Expenditure. So, there is evidence that PAD can influence local governments' regional spending. With increased regional spending, it is hoped that PAD will also increase and not only get sources of revenue from the tax sector, regional levies, separated wealth management results, and other legitimate regional original income, but also from other regional potentials.

Regions that are able to explore the regional potential to increase PAD indicate that the regional government's ability to manage resources is carried out effectively and efficiently, which will reduce regional government dependence on the transfer of funds from the central government.

This research is in line with research by (Baghiu et al., 2021), showing the results that PAD has a positive effect on regional spending. This research is in line with that conducted by (Susilowati, 2021) and (Suardana, 2018), that PAD has a positive and significant effect on regional spending on the grounds that PAD is an effort by regional governments to collect funds to finance regional needs, both routine activities and regional development. The higher the PAD, the greater the regional spending allocation.

4.6.5. *The influence of DAU, DAK, DBH and PAD on regional spending*

Based on the analysis results from the F test, it is explained that the $F_{\text{calculated}}$ value is 751.916 and the significance value is 0.000, the $F_{\text{calculated}} > F_{\text{table}}$, namely $751.916 > 2.46$. Thus, the fifth hypothesis (H_5) is accepted, because the significance value is < 0.05 and $F_{\text{count}} > F_{\text{table}}$, it can explain that general allocation funds (DAU), special allocation funds (DAK), profit sharing funds (DBH) and original income regions (PAD) have a joint or simultaneous influence on regional spending. Regional spending issued by district/city regional governments in Central Java is influenced by increases in DAU, DAK, DBH, and PAD in accordance with regional needs.

The results of this research are in line with those conducted by Pujiati (2018), who stated that PAD, DAU, and DAK have a simultaneous influence on regional spending. Research conducted by Mali et al. (2021) stated that PAD, DAU, DAK, and DBH had a simultaneous influence on regional Expenditure in districts/cities in NTT Province in 2017-2019.

4.6.6. *Flypaper effect analysis*

Based on the *Adjusted R Square* value of DAU, DAK, and DBH simultaneously on regional Expenditure is 0.873 (87.3%). And the *Adjusted R Square* PAD value for regional spending is 0.492 (49.2%). From the results of this comparison, it can be concluded that DAU, DAK, and DBH have more influence on regional spending simultaneously than the influence of PAD on regional spending. In other words, the fifth hypothesis (H_5) is accepted. Judging from the standard beta coefficient value, it shows that the standard beta coefficient value for DAU is 0.678, DAK 0.067, DBH 0.064, and PAD 0.419. Because the regression coefficient value of one of the transfer funds, namely DAU, is greater than the coefficient value of PAD. This shows that there is a *flypaper effect* phenomenon in DAU, DAK, DBH, and PAD on regional Expenditure in districts/cities in Central Java Province in 2018-2020.

This shows that district/city regional governments in Central Java Province are still dependent on balanced fund transfer allocations from the central government, where regional governments in exploring the potential of the regions are still not optimal to support optimal regional expenditure budgets. Looking at the condition of the people in the Central Java region, it is more possible to explore the potential of the region through planning programs that can increase PAD revenues, such as optimizing regional revenues from the tax sector by providing regional tax stimuli to the community.

The research results are in line with research conducted by (Wulansari, 2015), which stated that a flypaper effect occurred in the provinces of West Java, Central Java, and East Java for the 2012-2013 fiscal year. This explains that PAD receipts and transfer funds are closely related to the regional government's response to regional spending; if the response to regional spending uses more transfer funds, then the flypaper effect phenomenon occurs. However, research conducted by (Khoiri, 2015) explains that there is no *flypaper effect* on regional spending in West Java Province because the average local income owned by districts/cities in West Java is quite large.

5. Conclusion

The conclusion is that DAU has a significant positive effect on regional spending. It means the more DAU received by the regional government will also impact greater regional Expenditure. DAK does not have a significant effect on regional spending. DAK is only used to fund special activities that are part of programs that are national priorities and are regional affairs. DBH has a significant positive effect on regional spending. This means that regional governments that transfer high revenue-sharing funds will tend to increase regional spending also. PAD has a significant positive effect on regional spending, which means that the higher the PAD, the regional Expenditure will also increase. DAU, DAK, DBH, and PAD together or simultaneously influence regional spending. This is because regional spending issued by district/city regional governments in Central Java is influenced by increases in DAU, DAK, DBH, and PAD in accordance with regional needs. The flypaper effect phenomenon occurred in district/city governments in Central Java Province.

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