



The Influence of Population and Government Expenditure on Surakarta City Original Revenue 2006-2023

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Abstract : One of the problems that still occurs in the region until now is the problem of regional finance. This study aims to determine whether population and government expenditure have an influence on local revenue in Surakarta City in 2006-2023. This study uses an associative quantitative approach and the method used is multiple linear regression processed with the help of STATA 13. The results showed that population and government expenditure have a positive and significant effect on local revenue. Simultaneously, both variables have a significant effect on local revenue in Surakarta City.

Keywords : Population, Government Expenditures, Regional Original Income.

INTRODUCTION

Indonesia is a country that has a very large area and consists of many islands. Each region certainly has different natural and cultural potential, so it is necessary to have maximum management and utilization in order to increase development in each region. The existence of a development process in the state system is expected to realize the welfare of society (Pratiwi et al., 2022). Various development efforts are made so that there is equitable development in each region. One of the efforts in realizing national development is by implementing regional autonomy and fiscal decentralization policies (Saldi et al., 2021).

Regional autonomy is a government policy that aims to mobilize resources independently in improving development in a region. The current regional autonomy policy is to provide flexibility to local governments to manage their own regions. In addition, regional autonomy can increase the role and level of regional independence in an effort to improve the welfare and prosperity of the community. To realize a regional independence, the contribution of local revenue to the APBD structure must be increased. This is because the acquisition of local revenue is one of the benchmarks for the ability and independence of a region (Octavyanthi & Basuki, 2022). In principle, if the contribution of PAD to regional revenue is

getting bigger, it shows that the level of dependence of the local government on the central government is getting smaller (Rizaldi & Guspul, 2021).

According to Carunia in (Ratag et al., 2023) to fulfill regional development financing, the contribution of PAD can be said to be good if the percentage achievement level exceeds 70% of total PAD revenue. Based on the publication of BPS Surakarta City, the realization data of Surakarta City Local Revenue from 2006-2023 has fluctuated every year. The highest percentage of realization of Surakarta City Local Revenue in the last 18 years was in 2012 with a realization of Rp 231,672,100,429 which increased by 120.10% from the budget target of Rp 192,902,940,603. However, in 2018 - 2019 the percentage of PAD realization decreased, namely 103.92% and 96.17%.

The success of a region's economy can be seen from its population, where this population is the driving force of existing economic sectors. The existence of residents in each region is a very important factor as taxpayers (Muhammad, 2021). This is because tax is a social phenomenon, which means that taxes only exist in society (Putri & Najicha, 2021). If there is no society, then there is no tax, because taxes are collected by the government for the benefit of the community in supporting development. Therefore, the relationship between taxes and society is very close. In principle, if the local tax obtained is high, then the local revenue is also high (Rizqy Ramadhan, 2019).

The economic condition of a region can be influenced by a government policy. This government policy is reflected in government spending. If the government decides to make a policy that requires the purchase of goods and services, the government must pay for its implementation. The government certainly does not only make expenditures, but also revenues (Hikmahyanti & Soelistyo, 2021). Government revenue and expenditure are included in the concept of guided state revenue and expenditure. This role can be carried out in the form of direct and indirect interventions. In this case, the government issues a lot of budgets to finance its activities, but these expenditures are not only to carry out daily government activities, but also to finance economic activities (Mangkoesebroto, 1998).

According to Sukirno in Ramadhan and Syahidin (2020) the implementation of regional development programs requires the participation of all elements in society. To ensure the implementation of sustainable development, the government, which acts as a catalyst and facilitator, certainly needs various kinds of supporting facilities and facilities, including the budget to run the project. Research from Doni (2018) states that population has no correlation with PAD, while government spending has a positive correlation with PAD. Ariyani's research

(2018) found that the population variable, and hotel tax have a positive correlation with PAD. Further research by Zein (2018) shows that there is no correlation between the population variable and PAD. In contrast, government expenditure has a positive correlation with PAD. Based on the above background and the inconsistencies found in the research results, the author raises the title of the influence of population and government expenditure on local revenue of Surakarta City in 2006 - 2023 with the aim of knowing the factors that influence local revenue.

RESEARCH METHODS

The type of research used by the author uses associative quantitative methods. Where the purpose of this research is to determine the effect of the independent variable on the dependent variable which has a causal relationship, especially on factors that affect Regional Original Income (PAD) in the Surakarta City area. The type of data used is secondary data obtained in the form of numbers, time series data for the period 2006-2023. The data source used in this research comes from the Surakarta City Statistics Agency. The variables of this study are Population and Government Expenditure which are independent variables and Local Revenue as the dependent variable. The data taken is then analyzed using multiple linear regression with a significance value of 5% and using the STATA 13.1 tool. The following is the equation of the multiple linear regression model used in this study:

$$PAD = \alpha + \beta_1 JP + \beta_2 PP + e$$

Description:

<i>PAD</i>	: Regional Original Revenue,	<i>PP</i>	: Government Spending,
α	: Constant,	$\beta_1, \beta_2,$: Regression Coefficient,
<i>JP</i>	: Total Population,	<i>e</i>	: Error.

Research Hypothesis: H1: It is suspected that Total Population has an effect on Local Revenue, H2: It is suspected that economic growth affects local revenue, H3: It is suspected that government spending has an effect on local revenue, H4: It is suspected that population, economic growth, and government spending affect local revenue.

RESULTS AND DISCUSSION

Before analyzing the data, a classical assumption test is carried out as a prerequisite for conducting an analysis using multiple linear regression. The classical assumption test aims

to ensure that the resulting regression equation is free from bias, provides precise estimates, and shows consistency.

Table 1. Shapiro-Wilk Test

Variable	Obs	W	V	z	Prob>z
JP	18	0.928	1.569	0.902	0.183
PP	18	0.909	1.995	1.383	0.083
PAD	18	0.913	1.894	1.278	0.100

In table 1, it can be seen that the three variables used have a Prob>z value of more than the significance value used, which is 0.05. So it can be said that the data used is normally distributed.

Table 2. Multicollinearity Test

Variable	VIF	1/VIF
JP	2.86	0.349
PP	2.86	0.349
Mean VIF	2.86	

In table 2, the tolerance value of the three variables is obtained with a value > 0.10. For the VIF value of the four variables shows a value < 10.00. So it can be said that in this model there is no multicollinearity problem.

Table 3. Breusch-Pagan Test

Chi2 (1)	Prob > chi2
0.36	0.5501

Table 3, shows the results of the heteroscedasticity test with a probability value of 0.5501 So it can be said that the data model does not occur symptoms of heteroscedasticity.

Table 4. Durbin-Watson Test

Durbin-Watson d-statistic (3, 18) = 1.676569

In table 4, the autocorrelation test results are presented with a value of 1.676 If the Durbin Watson test value lies between -2 and 2 ($-2 < 1.676 < 2$), then there is no indication of an autocorrelation problem in this research model.

Table 5. Multiple Linear Regression Test

Source	SS	df	MS			
Model	6.9606e+23	2	3.4803e+23	Number of obs =	18	
Residual	3.5197e+22	15	2.3465e+21	F(2, 15) =	148.32	
Total	7.3126e+23	17	4.3015e+22	Prob > F =	0.0000	
				R-squared =	0.9519	
				Adj R-squared =	0.9455	
				Root MSE =	4.8e+10	

PAD	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
JP	1.12e+07	2126445	5.25	0.000	6624568	1.57e+07
PP	195.7601	35.81843	5.47	0.000	119.4149	272.1053
_cons	-5.64e+12	1.05e+12	-5.38	0.000	-7.87e+12	-3.41e+12

Based on the test results that have been carried out, a multiple linear regression model can be arranged as follows: $PAD = -5.64e+12 + 1.12e+07 JP + 195.7601 PP + e$. From the multiple linear regression equation, it is known that the constant value has a negative coefficient value of -5,640,000,000,000. This condition shows that if the population, economic growth, and government expenditure are considered fixed or unchanged, the amount of PAD in Surakarta City will decrease by -5,640,000,000,000 rupiah. The test results show that the regression coefficient of population is 11,200,000, which means that when the population increases by 1 person, the amount of PAD in Surakarta City will increase by 11,200,000 rupiah. The value of the regression coefficient of government expenditure is 195,760, which means that when government expenditure increases by 1 rupiah, the amount of PAD in Surakarta City will increase by 195,760 rupiah.

After testing the classical assumptions, hypothesis testing is then carried out. Hypothesis testing is used to answer problems in research using simultaneous and partial statistical significance tests to determine whether the independent variable has a significant effect on the dependent variable. 1) Effect of Total Population on Local Revenue. Based on the test above, the results show that the $P>|t|$ value of the total population variable is 0.000 meaning $0.000 < 0.05$. From these results it can be concluded that the population variable partially has a positive and significant effect on PAD. The results of this study are also in line with research from Ariyani (2018) and Purba (2023) whose research results show that when there is an increase in population, it also has an impact on the amount of PAD revenue. 2) The Effect of Government Expenditure on Local Revenue. Based on the test above, the result shows that the $P>|t|$ value of the Government Expenditure variable is 0.000, which means $0.000 < 0.05$. From these results it can be concluded that government spending has a positive and significant effect on PAD. These results are also supported by research from Zein (2018)

and Doni (2018) where the results of their research show that there is a positive correlation from government spending to PAD. 3) The Effect of Population and Government Expenditure on Regional Original Revenue. Based on the tests conducted, the results show that population and government expenditure have a positive and significant effect on PAD in Surakarta City in 2006-2023.

CONCLUSIONS

Total population has a positive and significant influence with PAD in Surakarta City, which means that if there is an increase in population, it will be able to increase local revenue. Government spending has a positive and significant effect on PAD in Surakarta City, which means that if there is an increase in government spending, it will be able to increase local revenue as well. Simultaneously, the variables of population and government expenditure have a significant effect on PAD in Surakarta City, which means that if there is an increase in population and government expenditure, it will be able to increase local revenue as well.

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