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THE INFLUENCE OF ALLOCATION OF CAPITAL EXPENDITURE, EXPENDITURE ON GOODS AND SERVICES, GOVERNMENT INVESTMENT, AND FINANCIAL PERFORMANCE ON LOCAL OWN REVENUE THROUGH ECONOMIC GROWTH IN CITY DISTRICTS IN SOUTH SULAWESI PROVINCE

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Abstract

This study aims to determine the level of influence of Capital Expenditure Allocation, Expenditure on Goods and Services, Government Investment, and Financial Performance on Regional Original Income through Economic Growth. This research method was a quantitative method, and the analysis tool used PLS (Partial Least Square). Data collection was done through library documentation. The results of this study reported that Capital Expenditures, Expenditure on Goods and Services, Government Investment, and Financial Performance demonstrated a direct effect on Regional Original Income; Capital Expenditures, Expenditure on Goods and Services, Government Investment, and Financial Performance illustrated no effect on economic growth; Economic Growth affected Regional Original Income; Capital Expenditures, Expenditures for Goods and Services, Government Investment, Financial Performance had no effect on Regional Original Income through Economic Growth.

Keywords: Capital Expenditure, Goods and Services Expenditure, Government Investment, Financial Performance, Economic Growth, Local Own Revenue

INTRODUCTION

The implementation of regional autonomy which is marked by the enactment of Law No. 22 of 1999 concerning Regional Government and Law No. 25 of 1999 concerning the financial balance between the Central Government and Regional Governments, which was later amended by Law Number 32 of 2004 and Law Number 33 of 2004 to become a new direction for relations between the central government and local governments. The policy on regional autonomy provides very broad autonomy to the regions, especially cities, and regencies. Regional autonomy is carried out in order to restore the dignity of the people in the regions, provide opportunities for political education in order to improve the quality of democracy in the regions, increase the efficiency of public services in the regions, increase the acceleration of development in the regions, and at the end it is hoped that the creation of good governance (good governance) will be carried out. Governance) with independence in funding and implementing development in the region.

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One important aspect of the relationship between the central government and the regions is reflected in intergovernmental fiscal relations. Delegation of tasks to local governments in autonomy must be accompanied by a delegation of finances (money follows functions). The delegation of expenses (expenditure assignment) is a consequence of giving broad authority and responsibility for public services, which of course, must be followed by the delegation of income (revenue assignment). Without this delegation, autonomy becomes meaningless (Huda 2007). Expenditure delegation is one of the consequences of decentralization, making self-supporting capabilities in the financial sector an important criterion for knowing the real ability of regions to regulate and run their household affairs (Kaho 1997). In other words, the financial factor is one of the benchmarks in an assessment of whether a region is implementing its autonomy, which means that the region needs funds to carry out its government activities (Aslym, 1999). Cheema and Rondinelli (1983) explain that decentralization from a policy and administrative perspective is a form of transfer of planning, decision-making, or administrative authority from the central government to its organizations in the field, local administrative units, semi-autonomous organizations, and parastatal organizations, government local (regional) or non-governmental organizations. Fiscal decentralization is basically one of the derivatives of the pattern of relations between central and regional governments. In the context of regional autonomy, one of the factors that influence regional economic growth is fiscal decentralization. Most economists believe that fiscal decentralization can encourage economic growth, improve equity, and improve the quality of public services and social welfare and some others hold the opposite view (Saputra & Mahmudi, 2012). Research by Amagoh & Ajab Amin (2012) states that effective fiscal decentralization is influenced by a comprehensive institutional framework so that fiscal decentralization policies generate additional benefits for accountability, revenue, and political autonomy, as well as improving the quality of public services. The research concludes that the theoretical literature is more inclined to support a positive relationship between fiscal decentralization and economic growth.

To implement Regional Autonomy, there are four important elements handed over by the Central Government to the Regional Governments. The four elements are political decentralization, degree of decentralization, administrative decentralization, and economic decentralization. These four elements become regional obligations to manage them efficiently and effectively. So that in this way, there will be the ability/independence of a region to carry out its functions properly. 1 One of the elements handed over by the central government to regional governments is the degree of decentralization. The degree of decentralization is the main component of the decentralization of the implementation of regional autonomy and marks the start of a new chapter in developing the region and its people in managing the resources they have to achieve regional prosperity and progress. The ability of local governments to manage finances is reflected in the Regional Revenue and Expenditure Budget (APBD), which illustrates the ability of local governments to finance activities for carrying out development tasks, as well as equity and justice by developing all the potential possessed by each region. One of the main characteristics of a region capable of implementing regional autonomy lies in the financial capacity of the region to finance the administration of its regional government with the level of dependence on the central government having a smaller proportion, and it is

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hoped that Regional Original Revenue (PAD) must become the largest part in mobilizing government administration funds. Area. This policy challenges local governments to manage their own resources efficiently and effectively according to the capacities of their respective regions. As a result, this policy created regional fiscal preparedness that differed from one another, bearing in mind that the previous local government management system was still centralized. With the implementation of regional autonomy, fiscal decentralization becomes a logical consequence that accompanies it. So that the regions are expected to be able to explore sources of income, manage their own finances in the context of regional development and encourage regional economic growth.

Along with the assignment of greater and more complex responsibilities, the roles of provinces and districts/cities are increasing in various aspects. Therefore, besides being real and broad, the autonomy that is exercised must be carried out responsibly. One of the duties and obligations in the implementation of regional autonomy is the welfare of the community. In order to carry out these duties and obligations, the basic essence of regional autonomy policy is the granting of authority that is determined by the limits of authority that the region has to regulate and manage its own household. Regional Own Revenue (PAD), which is a source of regional income, has an important role in supporting the smooth running of government in the regions, especially in the province of South Sulawesi. In its realization from 2011-2020, the Regency/City of South Sulawesi Province's Original Regional Revenue (PAD) has continued to increase. The following presents the progress of the Realization of PAD Revenues for the 2011-2020 districts/cities of South Sulawesi Province.

Table 1: Realization of Revenue and PAD Receipt of South Sulawesi Province Regency/City Level for Fiscal Year 2011-2020 (000 IDR)

Year	Total Revenue	Absorption of PAD to Revenue (%)	Local Original Revenue (PAD)
2011	32.695.682.958	6,5	2.130.674.316
2012	34.855.230.220	7,9	2.764.015.080
2013	40.580.464.534	8,8	3.591.016.192
2014	46.349.940.592	11,4	5.292.368.634
2015	55.278.772.242	10,5	5.793.622.106
2016	63.447.590.906	11,1	7.039.502.496
2017	62.514.528.110	14,6	9.107.402.790
2018	64.327.119.818	13,1	8.416.143.522
2019	67.923.022.736	13,6	9.219.739.558
2020	64.718.359.464	13,9	8.969.888.660

Source: BPS South Sulawesi Province

In Table 1 above, there has been an increase in the district/city revenue in South Sulawesi in the last ten years with a significant increase. With the enactment of regional autonomy authority, it is hoped that all regions will be able to carry out government and development affairs in accordance with regional autonomy authority affairs by relying on Regional Original Revenue (PAD) as their source of revenue. Various sources of revenue are expected to help and encourage the development process in the region. Over the last 10 years, the percentage of

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PAD to total regional income has also experienced a positive trend. This shows that slowly the implementation of fiscal decentralization and regional autonomy can run positively in the districts/cities in the province of South Sulawesi. According to Oates (1993), Fiscal Decentralization has become an important reference for making economic growth in the region better and more efficient. By transferring some of the authority and financial management from the central government to the regional governments, it is hoped that the public policies made will be better and more efficient, besides that the services and provision of public needs will be aligned with the needs of the community and local governments. The granting of authority to each region is, of course, a basic essential in the implementation of regional autonomy in which the regions have sufficient scope for movement in using their potential, both originating from the regions themselves and from those granted by the central government according to regional needs and the welfare of their people. Thus, the Regional Government must be able to manage finances originating from the center and self-generated in financing the implementation of regional governance, which provides output for regional development in improving people's welfare through regional economic growth. Managing regional finance means managing the regional budget because all regional government activities are almost certain to be related to the management of receipts and disbursements of funds presented in the regional income and expenditure budget, which is better known as the APBD. APBD management activities are intended to include budget planning activities, budget execution, and budget supervision and control, including budget reporting on all components or structures of the APBD, namely expenditure and financing revenues.

Regional Original Revenue consists of 1) Regional Tax; 2) Regional Retribution; 3) Results of separated regional wealth management; 4) Other legal PAD. Transfer Income consists of 1) Central Government Transfer Income; 2) Revenue transfers between regions. Other valid regional revenues consist of grant income. Operational Expenditure consists of 1) Personnel Expenditure; 2) Shopping for Goods and Services; 3) Flower Shopping; 4) Subsidy Expenditures; 5) Grant Expenditures; 6) Shopping for Social Assistance. Capital Expenditure consists of 1) Land Capital Expenditure; 2) Equipment and Machinery Capital Expenditures; 3) Building and Construction Capital Expenditure; 4) Capital Expenditures for Roads, Networks, and Irrigation; 5) Other Fixed Assets Capital Expenditures. and for Transfer spending consists of Profit sharing Expenditure and Financial Assistance Expenditures. Funding Receipts consist of 1) Silpa; 2) Disbursement of Reserve Funds; 3) Proceeds from the Sale of Regional Assets, 4) Receipt of Regional Loans; 5) Receipt of Regional Loan Provision, and 5) Receipt of other Financing in accordance with the provisions of laws and regulations. Financing Expenditures consist of 1) Payment of Maturity Debt Principal Installments; 2) Regional Equity (Investment); 3) Establishment of a Reserve Fund; 4) Provision of Regional Loans; 5) Expenditures for other financing in accordance with the provisions of the laws and regulations. Regional finance is one of the basic criteria for knowing in real terms the ability of the region to manage its own household. This implies that automatically the regional government must also carry out regional finance.

Research conducted by Nobuo Akai (2002) using cross-section and time series data for 50 states in the United States and following the equations made by Xie, Zou, and Davoodi (1999)

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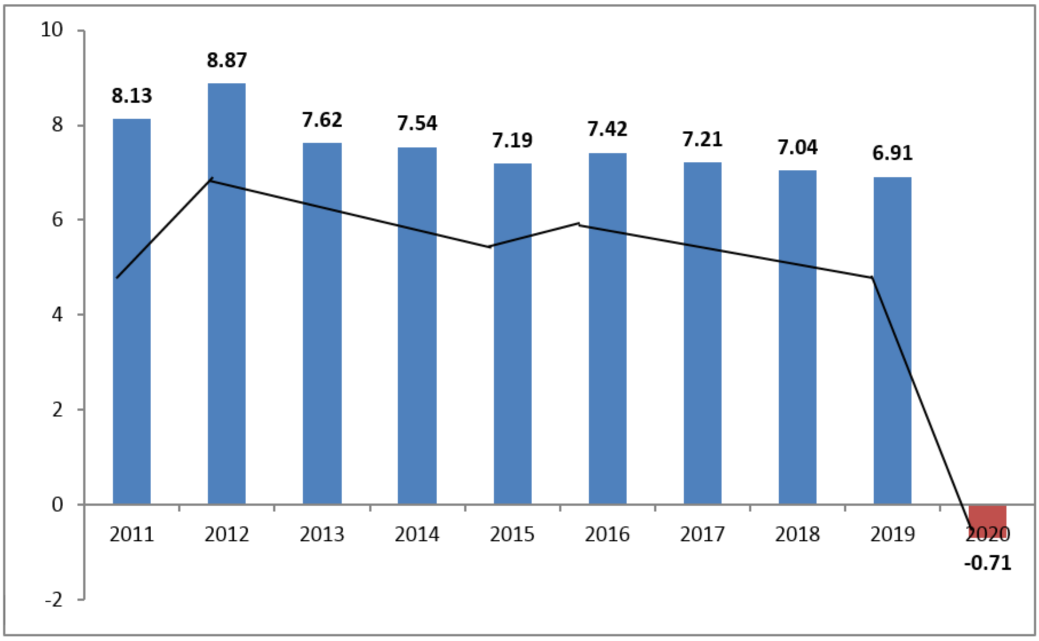
found that fiscal decentralization will has an impact on economic growth. The economy in these states. The measure of regional or state capacity in implementing regional spending related to the delegation of authority from the central government shows a positive value on gross domestic product. Based on the theories and research results presented above, there are no theories and research results that reveal the effect of capital expenditures, goods and services expenditures, local government investment, and financial performance on PAD through economic growth. Economic growth is very important to be maintained by various regional and central policies. Economic growth is also expected to be of high quality, which means that growth is obtained from all economic activities and is mainly engaged by the wider community. It does not only occur in activities involving capital or from sectors that do not have a broad impact on employment. The Gross Regional Domestic Product (GDP) data series is one of the tools to measure the success of development from time to time. GRDP data can be used as a basis for determining economic growth targets and as material for evaluating the success of development that has been carried out. Measurement using GRDP data can describe the contribution and growth of each business field in developing the economy. Achievement of high economic growth indicates the growing development of economic activity. However, these achievements are certainly not limited to achievements, but this high level of economic growth can reflect the achievement of the level of social welfare, such as the availability of jobs and so on. The following is a graph of the economic growth of South Sulawesi Province from 2011 to 2020.

Graph 1: Economic Growth Rate of South Sulawesi Province in 2011-2020



Source: BPS South Sulawesi Province

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From Figure 1, the Economic Growth Rate of Sulawesi Province from 2011 to 2020 tends to be dynamic. The highest economic growth rate was only achieved in 2011 and 2012 in the range of 8 percent. But from 2013 to 2019, it tends to decline; even in 2020, the economic growth of South Sulawesi Province will experience a contraction of minus 0.71 percent. The contraction in the rate of economic growth in 2020 was caused by the global economic crisis due to the Covid-19 outbreak, which affected the economic growth of each country, including Indonesia, both nationally and at the provincial and district/city levels, which resulted in sluggish economic activity. One of the factors that indirectly affect the economic growth of a region is government spending. Government spending is the use of economic resources controlled by the government and indirectly owned by the community through the tax burden that is collected by the government on the community. Government spending includes fiscal policy aimed at spurring or encouraging economic growth in a region. If the local government issues a policy on purchasing goods and services, then regional expenditure reflects the costs incurred to implement the policy. Government spending in the form of regional spending that has direct contact with the public sector is Capital Expenditure and Goods and Services expenditure. In addition, Government Expenditure in the form of investment can be seen from how much the Regional Government's Equity Participation to third parties is contained in the Financing Expenditures structure in the APBD. To measure the financial performance of the local government, it can be seen how much the achievement of the realization of original regional income is against the revenue target set in the APBD. Capital Expenditure in the Regency/City APBD of South Sulawesi Province is very fluctuates from year to year. The following presents the total Realization of Regional Expenditure and Realization of Capital Expenditure and the percentage of Realized Capital Expenditure to the Realization of Total regional expenditure in the Regencies/Cities of South Sulawesi Province from 2011 to 2020.

Table 2: Total realization of Regional Expenditure and Capital Expenditure of South Sulawesi Province at the District/city level in 2011-2020 (000 Rp)

Year	Total Regional Expenditure	Absorption of Capital Expenditure to Regional Expenditure (%)	Capital Expenditure
2011	31.249.018.186	20,9	6.539.167.708
2012	33.531.862.570	18,5	6.205.764.922
2013	38.174.214.326	19,7	7.534.480.790
2014	44.953.461.946	21,5	9.670.063.378
2015	54.384.745.926	23,2	12.614.447.062
2016	63.201.040.628	27,3	17.241.786.368
2017	61.669.469.914	24,6	15.165.349.602
2018	64.675.349.308	20,9	13.500.762.688
2019	66.942.114.062	20,5	13.709.924.612
2020	64.108.197.784	17,5	11.187.346.578

Source: BPS South Sulawesi Province

In Table 2, the realization of District/City Regional Expenditure in South Sulawesi Province in a period of 10 years, namely from 2011 to 2020, tends to increase, as well as the realization of capital expenditure tends to increase from year to year. The highest realization of Capital

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Expenditures in 2017 reached IDR 17,241,786,368, - with a percentage of spending reaching 27.3 percent, which shows that the allocation of capital expenditures was relatively high in 2017 compared to 2017-2020. The low percentage of capital expenditure in 2020 was due to the presence of Covid-19, which had an impact on sluggish activity and activity restrictions which affected the level of absorption of capital expenditure. The percentage of realized capital expenditure to the realization of total regional expenditure tends to increase. It's just that in 2020 the percentage of realized capital expenditure to total expenditure is very low compared to the previous 9 years, only around 17.8 percent of total realized capital expenditure. This is directly proportional to the achievement of economic growth in the province of Sulawesi in 2020, which experienced a contraction due to sluggish economic activity as a result of Covid-19, which limited activities in the economic sector, including the aspect of government spending in the capital expenditure sector. According to Anasmen (2009), the program to increase the allocation of capital expenditure can directly touch the increase in the development of various infrastructures, such as agricultural facilities, transportation, and other infrastructure that directly supports the productivity and welfare of the people. The infrastructure budget, agriculture, health, and transportation sectors are multiplied, and operational costs, official travel, or even unproductive capital expenditure must be reduced.

In addition to Capital Expenditure which has a large portion of the Regional Government APBD Structure, Government Expenditure for routine expenditure also has the largest portion in the APBD structure, which is almost comparable or comparable to regional government capital expenditure. Expenditure on goods and services is expenditure to accommodate the purchase of goods and services that are used up to produce goods and services that are marketed or not marketed, and the procurement of goods intended to be delivered or sold to the public and travel expenses. This expenditure is used for spending on the purchase/procurement of goods whose value is not more than 12 (twelve months) and/or the use of services in implementing local government programs and activities. Purchasing/procurement of goods and/or use of these services includes spending on consumables, materials, office services, insurance premiums, motor vehicle maintenance, printing, duplicating, rental of office equipment and supplies, food and beverages, uniforms and their attributes, clothing work, special clothing on certain days, business trips, changing assignments, and returning employees. (Kemenkeu.go.id). Expenditure on goods and services in the APBD of the Regency/City of South Sulawesi Province is very fluctuates from year to year. The following shows the total Realization of Regional Expenditure, Realization of Goods and Services, and the Percentage of Absorption of Goods and Services Expenditure to Regional Expenditure in District Cities of South Sulawesi Province from 2011 to 2020.

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Table 3: Total realization of Regional Expenditures and Expenditures for Goods and Services for the Province of South Sulawesi at the Regency/City level in 2011-2020 (000 Rp)

Year	Total Regional Expenditure	Absorption of Goods and Services Expenditure on Regional Expenditure (%)	Shopping for Goods and Services
2011	31.249.018.186	17,3	5.419.029.446
2012	33.531.862.570	18,0	6.029.689.314
2013	38.174.214.326	19,9	7.580.522.150
2014	44.953.461.946	21,9	9.842.338.494
2015	54.384.745.926	21,3	11.559.305.636
2016	63.201.040.628	20,8	13.168.478.946
2017	61.669.469.914	25,4	15.648.371.832
2018	64.675.349.308	25,7	16.622.952.376
2019	66.942.114.062	26,5	17.746.637.930
2020	64.108.197.784	24,8	15.868.446.134

Source: BPS South Sulawesi Province

In Table 3, the realization of spending on goods and services tends to increase from year to year, with the percentage level of realization to the total realization of total regional spending tending to increase. Even in 2020, actual spending on goods and services will still be around 15 billion, and even the percentage of actual spending will still be around 24 percent. Goods expenditure is the purchase of goods and services that are used up to produce marketed and non-marketed goods and services. Expenditure on goods, among others, can be grouped into 3 categories of expenditure, namely: 1. Expenditures for the procurement of goods and services. Expenditures for the procurement of goods that do not meet the capitalization value in the financial statements are categorized into operational expenditures and non-operational expenditures. Spending on the procurement of consulting services is not included in the category of services expenditure group. 2. Maintenance spending. Maintenance expenditures that are incurred and do not increase and extend the useful life and or are unlikely to provide future economic benefits in the form of capacity, production quality, or improvement of performance standards are still categorized as maintenance expenditures in the financial statements. 3. Shopping trip. Travel expenditure incurred not for the purpose of acquiring fixed assets is categorized as travel expenditure in the financial statements. (PP 71 of 2010 regarding SAP).

Regional capital participation (investment) is any business in regional capital participation in a joint venture between regions and/or with private business entities/other entities and/or utilization of regional capital of business entities/other entities with a specific purpose, objective, and reward. In the APBD, local government capital participation in regional companies is one form of regional government activity/business to increase regional income for the welfare of the community. Based on the statutory regulations, it is stated that any capital participation or additional capital participation to regional companies must be regulated in a separate regional regulation regarding participation or additional capital. It should be remembered that regional government equity participation can be carried out if the amount to

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be included in the relevant fiscal year has been stipulated in the regional regulation regarding the relevant regional capital participation. Equity participation by the Regional Government originates from the APBD of the current fiscal year at the time the participation or additional equity participation is made. Central/regional government capital participation is the transfer of ownership of state/regional property which was originally not segregated wealth into segregated wealth to be accounted for as state or regional capital/shares in State-Owned Enterprises, Regional-Owned Enterprises, or other legal entities that state-owned. In macroeconomic theory, from the expenditure side, gross regional income is the sum of various variables, including investment. Investment is very influential on the progress of the economic growth of a country or a region. In the economic sense, investment means expenditure made to increase the stock of capital goods (capital stock) in a certain period (Ibrahim, 2013). The government's financial performance can be measured by how much the local government's ability to explore the potential of the region so that it is able to contribute to regional revenue growth every year. Local government financial performance in this study is measured using the ratio of regional income growth. According to Halim (2008: 241), the ratio of regional income growth can show how much ability the local government has to maintain or increase its revenue growth from one period to the next. The higher growth of regional income and the positive value every year indicate that the regional government has been able to increase the growth of its regional income. Regional revenue growth has increased every year, causing local governments to be able to meet all their regional needs and giving an indication that regional finances have been managed properly by local governments.

Rondonuwu et al. (2015) state that the ability to manage finances carried out by local governments is reflected in the Regional Revenue and Expenditure Budget, such as the ability of local governments to increase their regional revenues and are able to finance regional development and social services provided to the community. The Regional Revenue and Expenditure Budget is the scope of regional finance at the local government level which consists of three components, namely revenue, expenditure, and financing (Halim and Kusufi, 2016:31). Regional financial management which is reflected in the Regional Revenue and Expenditure Budget of each region can be used as an instrument for making regulations in regional development so that regional financial accountability reports are required to be provided annually (Lucky, 2013). According to Halim (2008: 230), a tool for analyzing local government financial performance in terms of managing regional finances is to apply financial ratios to APBD, which include regional financial independence ratios, efficiency ratios, growth ratios, and effectiveness ratios.

Research on each variable or interrelationship between them has been examined by previous researchers with different research results and conclusions on each interrelationship between variables. An empirical study by Darza Nuhhirto (2021) found that original regional income, balancing funds, and capital expenditures have no partial and simultaneous effect on economic growth. Syavitri S. Utama Rambe and Doddy Aditya Iskandar (2021) Road infrastructure have no significant effect on economic growth. Ramadhan Pirade (2017) states that Fiscal Decentralization, Capital Expenditures, and Economic Growth have a positive effect on Regional Original Income. Based on the description of the empirical study, it proves that (1)

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there is a link between Capital Expenditures on Regional Original Income and economic growth, (2) there is a link between spending on goods and services on economic growth, (3) there is a link between government investment on economic growth, (4) there is a link between public financial performance on local revenue. (5) There is a link between PAD and economic growth, and (6) there is a link between economic growth and PAD). For the context of South Sulawesi Province, it is necessary to examine the phenomena that occur in the amount of capital expenditure allocation, goods, and services expenditure, government investment, and financial performance, whether these variables have a correlation and influence each other either positively and significantly or do not influence each other or negatively and not significant. South Sulawesi Province is a province in Indonesia that is located in the southern part of Sulawesi Island. South Sulawesi Province consists of 3 Cities and 21 which have implemented regional autonomy in the administration of local government. With the current fiscal decentralization, each region has dynamics and differences in the implementation of fiscal decentralization. This is caused by the very diverse financial capacities of each region, bearing in mind that the regional sources of original income (PAD) are very different according to the conditions and characteristics of each region. The author raises research on capital spending, spending on goods and services which are component parts of regional spending, as defined in Government Regulation Number 90 of 2019 concerning Regional Financial Management. As well as local government investment contained in the regional budget in the form of local government capital participation and local government financial performance as independent variables. At the same time, regional economic growth as an intervening variable and local revenue (PAD) as a dependent variable become a conceptual framework model to demonstrate research novelty. As for the author's standing position, the author makes Regional Original Income (PAD) an effort by local governments to finance regional economic development and reduce dependence on the central government in terms of financing so that the government needs to allocate regional spending that encourages economic growth as an effort to increase original regional income (PAD). As the main basis of regional autonomy in terms of fiscal decentralization. Based on the various descriptions that have been presented in the background, this research was compiled under the title "The Influence of Allocation of Capital Expenditures, Expenditure on Goods and Services, Government Investment and Regional Financial Performance on Regional Original Income through Economic Growth in District Cities in South Sulawesi Province."

RESEARCH METHODS

Research Approach

This study focuses on empirical testing of theory through testing between variables with a quantitative approach, which aims to identify the variables that are the object of research and determine the relationship between one variable and another through statistical figures as a basis for rejecting or accepting hypotheses. According to Sugiyono (2017: 2), the research method is a scientific way to obtain data with specific purposes and uses. According to Bandur (2014), quantitative research is a scientific activity carried out by researchers by formulating problems, specific research, collecting data, and analyzing these figures using statistics. Based

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on the level of explanation, this research is included in causality research. According to Sugiono (2008), causality research was conducted to test hypotheses regarding the causal relationship between one or several variables with one or several other variables.

Data Types and Sources

1. Data Type

This study uses panel data types. Panel data is a combination of time series and cross-sectional data. Cross Section data shows that the number of entities (regencies/cities) studied is 24 regencies/cities. Time Series data shows data for the research period, namely 2011-2020. According to Gujarati (2004), the use of panel data and larger observations can reduce violations of serial correlation and multicollinearity symptoms.

2. Data source

The data in this study are sourced from secondary data, namely data that has been collected and has been published by related parties such as the APBD and GRDP data on a constant basis of the City Districts used as samples. The data used is limited to the APBD data that will be used for analysis, namely the realization of original regional income, the realization of capital expenditures, the realization of goods and services expenditures, government investment in the form of equity participation, which is contained in financing expenditures and Regional Financial Performance which is processed based on Realization Report data. APBD, Economic Growth Rate, and GRDP of City Districts of South Sulawesi Province from 2011 to 2020 are sourced from the Central Bureau of Statistics of South Sulawesi Province and the Regional Financial Management Agency of South Sulawesi Province.

Research Stages

The stages of research carried out by the author started from the preliminary stages, data collection, data processing, and conclusions. The preliminary stage starts with observations related to the topic to be studied. The topic to be studied is followed up with a literature and literature review on previous studies to obtain a theoretical basis and research results related to the topic to be studied.

Data Collection Techniques

The technique used to collect data in this study is the Literary Survey Method. This method is used to obtain secondary data, namely documents and records issued by related institutions.

Population and Sample

The population in the study was 21 regencies and 3 cities in the province of South Sulawesi, making all regencies and cities in the province of South Sulawesi research objects.

Analysis Method

The research data will be analyzed using statistical analysis tools using the Partial Least Square-Structural Equation Model (PLS-SEM). The following are the stages of data analysis in research.

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RESEARCH RESULTS AND DISCUSSION

The mediation effects analysis contains 3 sub-analyses, including: (a) direct effects; (b) indirect effects; and (c) total effects.

a. Direct Effect

The criteria for testing the direct effect hypothesis are shown in the section below. First, the path coefficient: (a) If the path coefficient value is positive, then the effect of a variable on other variables is unidirectional; if the value of a variable increases/increases, then the value of other variables also increases/increases; and (b) If the value of the path coefficient (path coefficient) is negative, then the influence of a variable on other variables is in the opposite direction, if the value of a variable increases/increases, then the value of other variables will decrease/lower. Second, the probability/significance value (P-Value): (1) If the P-Values < 0.05, then it is significant; and (2) If the P-Values value is > 0.05, then it is not significant (Juliandi, 2018). Table 4 below presents the Direct Effect or the relationship between one variable and another.

Table 4

Construct	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (| O/STDEV|)	P Values	Ket.
Capital Expenditure Against Economic Growth	-0.020	0.094	0.490	0.042	0.967	No effect
Capital Expenditure on Local Original Revenue	0.570	0.273	0.445	1.280	0.201	Influential
Spending on Goods and Services on Economic Growth	-0.359	-0.100	0.430	0.836	0.404	No effect
Goods and Services Expenditure - Local Original Revenue	0.109	0.208	0.370	0.294	0.769	Impactful
Government Investment - Economic Growth	-0.448	-0.246	0.423	1.059	0.290	No effect
Government Investment - Local Original Revenue	0.362	0.345	0.313	1.156	0.248	Impactful
Financial Performance - Economic Growth	-0.009	-0.077	0.276	0.032	0.975	No effect
Financial Performance - Local Original Revenue	0.322	0.208	0.192	1.677	0.094	Impactful
Economic Growth - Local Revenue	0.065	0.122	0.393	0.165	0.869	Impactful

Data processed in 2022

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From Table 4 above, the Direct Effect between variables can be explained as follows:

1. Direct Effect of Capital Expenditures on Economic Growth

The magnitude of the parameter coefficient for the Capital Expenditures variable on Economic Growth is -0.020, which means that there is a negative effect of Capital Expenditures on Economic Growth. Based on calculations using bootstrap or resampling, where the results of the estimated coefficient test for Capital Expenditures on Regional Original Income, the bootstrap result is 0.094 with a t-count value of 0.042 and a standard deviation of 0.490. So the p-value is 0.967 > 0.05. So it can be concluded that the direct effect of capital expenditure on economic growth is negative.

2. Direct Effect of Capital Expenditures on Regional Original Income

The magnitude of the parameter coefficient for the Capital Expenditure variable on Regional Original Income is 0.570, which means that there is a positive influence of Capital Expenditure on Regional Original Income. Based on calculations using bootstrap or resampling, where the results of the estimated coefficient test for Capital Expenditures on Regional Original Income, the bootstrap result is 0.273 with a t-value of 1,280 and a standard deviation of 0.445. So the p-value is 0.201 > 0.05. So it can be concluded that the direct effect of capital expenditure on local revenue is positive.

3. Direct Effect of Spending on Goods and Services on Economic Growth

The magnitude of the parameter coefficient for the variable Expenditures for goods and services on economic growth is -0.359, which means that there is a negative effect of spending on goods and services on economic growth. Based on calculations using bootstrap or resampling, where the results of the estimated coefficient test of spending on goods and services on economic growth from the bootstrap result are -0.100 with a t-value of 0.836 and a standard deviation of 0.430. So the p-value is 0.404 > 0.05. So it can be concluded that the direct effect of spending on goods and services on economic growth is negative.

4. Direct Effect of Expenditure on Goods and Services on Regional Original Income

The magnitude of the parameter coefficient for the variable Expenditures for goods and services on the Local Own Revenue is 0.109, which means that there is a positive influence on Expenditures for goods and services on Regional Own Revenue. Based on calculations using bootstrap or resampling, where the results of the estimated coefficient test of spending on goods and services on local revenue, the bootstrap result is 0.208 with a t-value of 0.294 and a standard deviation of 0.370. So the p-value is 0.769 > 0.05. So it can be concluded that the direct effect of spending on goods and services on local revenue is positive.

5. Direct Effect of Government Investment on Economic Growth

The magnitude of the parameter coefficient for the variable Government Investment on Economic Growth is -0.448, which means that there is a negative effect of Government Investment on Economic Growth. Based on calculations using bootstrap or resampling, where the results of the estimated coefficient test of Government Investment on Economic Growth

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bootstrap results are -0.246 with a t-value of 1.059 and a standard deviation of 0.276. Then the p-value is 0.094> 0.05. So it can be concluded that the direct effect of government investment on regional economic growth is negative

6. Direct Effect of Government Investment on Regional Original Income

The magnitude of the parameter coefficient for the variable Government Investment on Regional Original Income is 0.362, which means that there is a negative effect of Government Investment on Regional Original Income. Based on calculations using bootstrap or resampling, where the results of the estimated coefficient test of Government Investment on Regional Original Income, the bootstrap result is 0.345 with a t-count value of 1.677 and a standard deviation of 0.313. So the p-value is 0.248 <0.05. So it can be concluded that the direct effect of government investment on local revenue is positive.

7. Direct Effect of Financial Performance on Economic Growth

The magnitude of the parameter coefficient for the variable financial performance on economic growth is -0.009, which means that there is a negative effect of financial performance on economic growth. Based on calculations using bootstrap or resampling, where the results of the estimated coefficient test of Financial Performance on Economic Growth, the bootstrap result is -0.077 with a t-value of 0.032 and a standard deviation of 0.313. So the p-value is 0.975 <0.05. So it can be concluded that the direct effect of financial performance on economic growth is negative.

8. Direct Effect Financial Performance Original Regional Revenue

The magnitude of the parameter coefficient for the variable financial performance on local revenue is 0.322, which means there is a positive influence on financial performance on local revenue. Based on calculations using bootstrap or resampling, where the results of the estimated coefficient test of Financial Performance on Local Revenue, the bootstrap result is 0.208 with a t-value of 1.677 and a standard deviation of 0.192. So the p-value is 0.094 > 0.05. So it can be concluded that the direct effect of financial performance on local revenue is positive.

9. Direct Effect of Economic Growth on Regional Original Income

The magnitude of the parameter coefficient for the variable economic growth on regional original income is 0.065, which means that there is a positive influence of economic growth on regional original income. Based on calculations using bootstrap or resampling, where the results of the estimated coefficient test of economic growth on local revenue, the bootstrap result is 0.122 with a t-value of 0.165 and a standard deviation of 0.393. So the p-value is 0.869 > 0.05. So it can be concluded that the direct effect of financial performance on local revenue is positive.

b. Incorrect Effect

The purpose of the indirect effect analysis is useful for testing the hypothesis of the indirect effect of an influencing variable (exogenous) on the affected variable (endogenous), which is

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mediated/mediated by an intervening variable (mediating variable) (Juliandi, 2018). In Table 5, the Indirect Effect or indirect effect of exogenous variables on endogenous variables is presented.

Table 5: Indirect Effect

Variable	Specific Indirect Effects
Capital Expenditure - Economic Growth - Local Original Revenue	-0.001
Goods and Services Spending - Economic Growth - Local Original Income	-0.023
Government Investment - Economic Growth - Local Revenue	-0.029
Financial Performance- Economic Growth - Local Original Revenue	-0.001

Source: Data processed 2022

From Table 5 above, the Relationship between Exogenous and Endogenous Variables through Intervening variables can be concluded as follows:

1. There is no positive relationship between Capital Expenditure and District Natural Income through Economic Growth.

   The results of the data analysis show that the hypothesis of a positive influence of capital expenditure on local revenue through economic growth is stated negatively with a path coefficient of -0.001.

2. There is no positive relationship between Spending on Goods and Services and Regional Natural Income through Economic Growth.

   The results of the data analysis show that the hypothesis that there is a positive effect of spending on goods and services on local revenue through economic growth is stated negatively with a path coefficient of -0.023.

3. There is no positive relationship between government investment and local revenue through economic growth.

   The results of data analysis show that the hypothesis of a positive influence of government investment on local revenue through economic growth is stated negatively with a path coefficient of -0.029.

4. There is no positive relationship between financial performance and regional original income through economic growth.

   The results of the data analysis show that the hypothesis that there is a positive influence of financial performance on regional original income through economic growth is stated to be negative with a path coefficient of -0.001.

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DISCUSSION

Based on the results of the research using secondary data from 2011-2020, which has been processed on the research variables, it can be explained as follows:

a. Effect of Capital Expenditures on Economic Growth

Based on the results of this study, it can be seen that Capital Expenditure had no effect on Economic Growth in City Regencies in South Sulawesi Province from 2011 to 2020 that the realization of capital expenditure on targets set has no effect on the rate of economic growth which means the hypothesis that there is an influence capital spending on economic growth is unacceptable. In the APBD structure, the government's capital expenditure allocation is classified as getting a large portion, apart from personnel expenditure and goods and services expenditure. Capital expenditure 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 buildings, equipment, and intangible assets. Regional expenditure is one of the instruments in encouraging regional economic growth, so it is hoped that regional expenditure planning as public expenditure can contribute to the sectors that form regional GRDP. Capital Expenditures as regional expenditures for asset acquisition should touch more production sectors in accordance with the characteristics and demographics of regional potentials. Capital Expenditure, which is spending on public infrastructure, has not been able to boost regional economic growth. This indicates that the allocation of capital expenditure does not touch GRDP according to the business sector. The results of this study are in line with the results of research by Schaltegger and Togler (2006), which suggest that government capital expenditure has no effect whatsoever on economic growth. This research is also in line with the results of Ahmad Fajri's research (2016) which suggests that capital expenditure does not have a significant effect on economic growth. In addition, this study is in line with Pressman's theory (2000), explaining that economic growth is related to the combined effects of high productivity and a large population. Of these two factors, productivity growth is clearly the more important because, as adam smith pointed out, it is productivity growth that results in increases in living standards. Kuznets places a strong emphasis on technological change and innovation as a way of increasing productivity growth related to the redistribution of labor from less productive sectors (i.e., agriculture) to more productive sectors (i.e., manufacturing industry).

b. The Effect of Capital Expenditure on Regional Original Income

Based on the results of this study, it can be seen that Capital Expenditure has a positive influence on Regional Original Income in City Regencies in South Sulawesi Province from 2011 to 2020. This indicates that the realization of Capital Expenditure against the targets set has an effect on increasing the Original Income of Blood. Capital expenditure allocation is based on regional needs to meet government facilities and infrastructure, and public services in one fiscal year that has a long-term impact. Capital expenditures are also government expenditures that reflect expenditures in the form of purchasing or procuring or constructing tangible fixed assets used to support government activities such as land, equipment and

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machinery, buildings and structures, roads, irrigation, and other fixed assets, with the hope that through capital expenditures creating economic development that has an impact on increasing people's welfare, the progress of the region itself and becoming an independent region so that infrastructure, both roads and other things, can be directly felt by the community. With a large number of budget allocations for capital expenditures, it will be able to realize the creation of more and more infrastructure and facilities. The more development that is carried out by the government, the later it can also increase the growth of economic activity, which can form sources of regional income. Development in the public service sector will stimulate the community to be more active and enthusiastic in developing economic activities because it is supported by adequate facilities. In addition, investors will also be attracted to the region because of the facilities provided by the region. Increasing the productivity of the community and investors in the regions will have an impact on increasing local revenue (PAD). Higher PAD will stimulate regional governments to further improve the quality of their services to the public. This is in line with Nugroho's theory, 2012. Efforts to boost capital expenditures are a very important matter for local governments because they can increase economic productivity so that they can reduce dependence on the central government and increase the allocation of capital expenditures in the following year. The research conducted by the author is not in line with the research conducted by Ni Ketut Ayu Anggreni Luh Gede Sri Artini (2019), with the results of the research that capital expenditure has no significant effect on Regional Original Income (PAD). The research conducted by the author is in line with research that has been conducted by Ramadhan Pirade (2018) that Capital Expenditure has a Positive and Significant Impact on Regional Original Income in Regencies/cities in the province of South Sulawesi.

c. The Influence of Expenditure on Goods and Services on Economic Growth

Based on the results of this study, it can be seen that Goods Expenditure did not have a significant effect on Economic Growth in City Districts in South Sulawesi Province from 2011-2020. This indicates that the realization of spending on goods and services against the target set has no effect on the rate of economic growth. Expenditure on goods and services is Expenditure on goods and services is Expenditure to accommodate the purchase of goods and/or services that are consumable to produce goods and/or services that are marketed or not marketed and the procurement of goods intended to be handed over or sold to the public/Regional Government (local government) and travel shopping. As regional government routine and operational spending, regional spending that does not have a long-term impact cannot contribute to regional GRDP sectors. The high allocation of spending on goods and services is expected to touch sectors that contribute to regional GRDP, which can also contribute to the rate of regional economic growth in accordance with the characteristics and typology of a region. The results of this study are in line with the theory of Mohammad Yusuf, 2021, that spending on goods and services is an expense to procure the purchase of goods and/or services whose purpose is to be used up to produce goods and/or services that will be sold or not sold and the procurement of goods which are intended to be handed over or marketed to the public outside the category of social assistance expenditure and expenditure for a trip. And also the theory from Sukirno (1996, 33), economic growth is a process of increasing per capita output continuously in the long term. This research is in line with the

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research conducted by Juwenda Siska Gosal, Agnes Lutheran Ch. P. Lapian, Irawaty Masloman (2022) that spending on goods and services has a negative effect on economic growth. The author's research is not in line with the results of research by Eka Cindy Pangestu (2018) and Mohammad Yusuf / (2018), which suggests that spending on goods and services has a positive effect on economic growth

d. The Influence of Goods and Services Expenditures on Regional Original Income

Based on the results of this study, it can be seen that spending on goods and services has a positive influence on Local Own Revenue in City Districts in South Sulawesi Province from 2011 to 2020. Goods and Services Expenditures are expenditures that are used to purchase/procure goods whose useful value is less than 12 (twelve) months and are routine in nature because they occur continuously. Expenditure on goods and services allocated is government spending in the context of procuring non-investment goods/services to support government operational activities. Expenditures for goods and services receive a sizeable portion of the budget allocation in the regional budget apart from capital expenditures because goods and services expenditures are expenditures that are used to support routine activities or government operations. In addition, spending on goods and services also involves third parties or providers of goods and services to meet the operational needs of local governments. Every provider of goods and services used by the local government must pay taxes in accordance with the laws and regulations that apply to every purchase of goods and services. This is in line with the theory put forward by Mangkoesoebroto, 2002, that government spending reflects government policy. If the government has established a policy to buy goods and services, government spending reflects the costs that must be incurred by the government to implement the policy. In addition, the theory of Saragih, 2003 and Stine, 1994 Expenditure utilization should be allocated for productive things such as carrying out development activities and for public service programs. In addition, the theory put forward by Mardiasmo (2002) explains that an increase in income which is a source of regional revenue is a problem that the local government cannot avoid. This is because when revenue can be encouraged to increase, then this will be good for carrying out government affairs because it relates to the use of regional spending. The research that has been conducted by the author is not in line with the results of research conducted by Suparman, Syapsan, and Dahlan Tampubolon Expenditures for goods and services have a negative and insignificant effect on Regional Fiscal Capacity (2022).

e. Effect of Government Investment on Economic Growth

Based on the results of this study, it can be seen that government investment has no significant effect on economic growth in urban regencies in South Sulawesi province from 2011-2020. This indicates that the realization of government investment against the target set has no effect on the rate of economic growth. Regional Equity Participation is any effort to participate in the regional capital in a joint venture between regions and/or with private business entities/other entities and/or utilization of regional capital by other business entities/agencies with a specific purpose, objective, and reward. Local government investment allocated to regionally owned enterprises (BUMD) and regional companies (Perusda) does not really affect regional economic growth. Even the allocation of capital participation, which is distributed more to

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banking institutions, only affects original regional income in the form of dividends. This is in line with the theory according to Rostow (in Todaro, 2000), explaining that every effort to "take off" in the concept of national development of a country requires the mobilization of domestic and foreign savings with the intention of creating sufficient investment. According to Husnan (2000: 5) states that "an investment project is a plan to invest resources, both giant projects and small projects to obtain benefits in the future." In general, these benefits are in the form of monetary value.

f. Effect of Government Investment on Regional Original Income

Based on the results of this study, it can be seen that Government Investment has a positive influence on Regional Original Income in City Regencies in South Sulawesi Province from 2011 to 2020. This indicates that the realization of Regional Government Investment in the form of Equity Participation has an effect on the targets set, significantly on Original Blood Revenue. This is in line with Government Regulation Number 52 of 2012 concerning Guidelines for Regional Government Investment Management, that local governments place a number of regional funds and/or goods in the long term for investment in the purchase of securities and direct investment, which is able to return the principal value plus the benefits economic, social and/or other benefits within a certain period of time, aims to: 1. Increase regional economic growth and development 2. Increase regional income 3. Improve community welfare. Regional government investment in the form of capital participation in Regional Owned Enterprises (BUMD), Regional Companies (Perusda), or banking institutions will have an impact on receiving dividends or profit sharing for local governments, which are obtained from businesses that are run which are included in income. Native to the region in the form of separated regional wealth. The higher the capital participation allocated, the higher the dividend that will be obtained against the Regional Original Income. In general, in district/city regional governments in the province of South Sulawesi, the largest allocation of equity participation is in the banking sector. Particularly at PT. Bank Sulselbar, as a regional bank and local government partner in the process of regional cash flow receipts and expenditures. This research is in line with research that has been conducted by Henrikus Triyanto 2017 that Regional Government Investment/Equity Participation has a significant effect on Regional Original Income, especially Equity Participation in Banking. In addition, this research is in line with research conducted by Batik (2013), which that government investment/government capital participation has a large influence on original regional income.

g. Effect of Financial Performance on Economic Growth

Based on the results of this study, it can be seen that financial performance has no significant effect on economic growth in urban regencies in South Sulawesi province from 2011-2020. This indicates that the regional government's financial performance on financial management has no effect on the rate of regional economic growth. Regional financial performance is a reflection of the region in carrying out fiscal decentralization. Regional government financial performance is closely related to the level of regional fiscal dependence in implementing regional development needs. The level of the regional financial independence ratio is a measure of regional financial performance. The higher ratio of independence then explains the financial

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performance of local governments as well as explains the level of dependence of local governments on transfers from the center in financing development in the region. Research conducted by the authors resulted that the financial performance of local governments has no significant or negative effect on economic growth. This is in line with Radianto's theory, 1997 in A Halim, 2001, that regional fiscal autonomy is an important aspect of regional autonomy as a whole. In line with this, the same theory was put forward by Martinez & McNab (2001) and the World Bank (1997), stating that fiscal decentralization also has a negative impact on economic growth. Fiscal decentralization can lead to macroeconomic instability, which in turn will hamper economic growth. The same thing was confirmed in research by Phillips & Woller (1997) and Davoodi & Zou (1998) that there is a negative effect of fiscal decentralization on economic growth in the case of developing countries. This is also consistent with research in Indonesia by Jumadi, Maski, & Khusaini (2013) and Saputra & Mahmudi (2012), which show a negative effect. The results of this study are in line with research conducted by Greydi Normala Sari, Paulus Kindangen, and Tri Oldy Rotinsulu (2016) that financial performance has a negative or insignificant effect on economic growth. When dependence increases, it will reduce the rate of economic growth because, with transfer funds that are still high, it causes the region to have a dependence on the center to fund or finance its regional needs so that the region is not yet independent in managing its finances, so that regional autonomy has not run as it should.

h. Effect of Financial Performance on Regional Original Income

Based on the results of this study, it can be seen that the Government's Financial Performance has had a positive influence on Local Own Revenue in City Districts in South Sulawesi Province from 2011 to 2020. This indicates that the financial performance of the Regional Government has a significant effect on Blood Original Revenue. Financial performance is the achievement of what is planned. If the achievement exceeds what was planned, it reflects that financial performance gives a positive thing to the degree of decentralization, which shows the contribution of PAD to total regional revenue. The higher the contribution of PAD, the higher the capacity of the regions to implement decentralization. Improving financial performance will have an impact on increasing PAD in the sense that local governments are able to optimize strategic steps in achieving the PAD targets that have been set by making past PAD achievements as indicators in formulating PAD target policies. Financial performance, as measured by financial independence as an indicator, illustrates regional dependence on external sources of income; in this case, the central and provincial governments are getting lower and vice versa. The financial independence ratio describes the level of community participation in regional development. The higher the ratio of independence, the higher the participation of the community in paying regional taxes and levies, which are the main components of Local Own Revenue (PAD). This research is in line with the theory that Halim (2008) financial analysis is an attempt to identify financial characteristics based on available financial reports. Regional financial performance can actually be proxied by various indicators, including the ratio of the level of independence, the ratio of the level of dependency, the ratio of PAD effectiveness, the efficiency ratio, the profit contribution ratio of BUMD, the effectiveness of spending, the debt service coverage ratio (DSCR), the ratio of SiLPA financing levels, the ratio fiscal space, and

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so on. The author's research is in line with the results of research conducted by Verawaty, Septiani Fransisca, and Richa Rahmawati (2017) that Regional Original Income and Regional Financial Performance have a positive influence. On the other hand, the author's research is not in line with the results of research conducted by Verawaty, Ade Kemala Jaya, Intan Puspanita, and Nurhidayah (2020) that between PAD and Financial Performance have a negative influence.

i. Effect of Capital Expenditures on Regional Original Income through Economic Growth

Based on the results of the author's research, capital expenditure has a direct positive effect on Regional Original Income. Capital expenditure has no positive effect on economic growth. Capital expenditure has no effect on original regional income through economic growth as an intervening variable. Regional Governments are expected in allocating capital expenditures to pay attention to capital expenditures in supporting the formation of production or industrial sectors as one of the components in the formation of economic structures in encouraging economic growth. As stated by Irawan (2014), Activities from the economic structure have an impact on increasing other economic sectors that are interrelated. An area can be said to be developed if it is supported in terms of high public knowledge and the existence of sufficient natural resources managed by human resources who have great potential to achieve regional development progress. The economic developments that have been achieved by countries in the world cannot be simply imitated by developing countries. Nonetheless, the form of economic development depends to a large extent on the solution of some basic problems. These main issues include capital accumulation and maximum use of human and natural resources to increase and improve Irawan's production of goods and services. 2014).

j.The Effect of Expenditure on Goods and Services on Regional Original Income through economic growth

Based on the results of the author's research, that spending on goods and services has a direct positive effect on regional original income. Expenditure on goods and services does not have a positive effect on local revenue through economic growth. Expenditure on goods and services has a negative effect on economic growth. Regional expenditures made by the government, both in the form of operational expenditures and capital expenditures, are expected to increase activities that trigger economic growth. Economic growth is expected to be in line with an increase in the allocation of people's income for the consumption of primary needs. Expenditure on goods and services is used for spending on the purchase/procurement of goods with a benefit value of less than 12 (twelve) months and/or use of services in implementing local government programs and activities. Expenditure on goods and services is generally budgeted to finance operations in support of the implementation of government programs and activities, such as spending on office stationery, official employee travel, and maintenance of assets. Expenditures on goods and services are expenditures for the procurement of goods within the government environment whose use value is less than one year in the accounting period and/or the use of services in carrying out government activities in a region. When spending on goods and services is properly met, government employees will be able to maximize public services (Pangestu, 2018). Expenditure on goods and services is used by the

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government as a supporter of the smooth running of tasks in providing services to the community so that the higher the realization of spending on goods and services by the local government will increase the economic activity of the region which will ultimately affect the level of economic growth (Hutabarat, 2013). The research conducted by the author is not in line with the results of research conducted by Pusporini (2020), which suggests that spending on goods and services has a positive effect on economic growth. The author's research is in line with the results of research conducted by Juwenda Siska Gosal, Agnes Lutherani Ch. P. Lapian, Irawaty Masloman (2022), that Expenditure on Goods and Services has a negative effect on economic growth

k. The Effect of Government Investment on Regional Original Income through economic growth

Based on the results of the author's research, government investment has a direct positive effect on regional original income. Government investment does not have a positive effect on regional original income through economic growth. Government investment has a negative effect on economic growth. Regional government investment includes regional cooperation with third parties in the form of using/utilizing regional assets, regional capital participation in BUMD and/or other business entities, as well as other investments owned by the regional government to generate income or improve services to the community, including funds set aside by the government regions in the context of community services/empowerment such as working capital assistance, establishing revolving funds for community groups, providing funding facilities to micro and medium enterprises. Government investment is the use of government budgets used to fund activities involving a longer time dimension than one fiscal year. Government investment is aimed at building assets (stock of capital goods) in the future, which are expected to generate a larger and more sustainable multiplier effect. The results of the author's research are not in line with the results of research by Kurnia Maharani Sri Isnowati (2014), which states that government investment has a positive effect on economic growth

l.Effect of Financial Performance on Regional Original Income through economic growth

Based on the results of the author's research, the government's financial performance has a direct positive effect on local revenue. The government's financial performance does not have a positive effect on local revenue through economic growth. Financial performance. The government has a negative effect on economic growth. According to Hasugian (2006), fiscal decentralization policies that are focused on districts/cities will give regions the flexibility to see and determine the priority scale of development financing, which has implications for increasing regional revenues and is accompanied by the flexibility of regional governments to spend the allocated funds received. The authority to increase Regional Original Revenue is expected to give. Economic growth is a process of a country's ability to provide needs in the form of goods and services to the community so that it is possible to increase the country's standard of living, which has an impact on reducing unemployment rates in the long term (Hamzah, 2013). In economic activity, economic growth means fiscal, economic development that occurs in a country, such as the increase in the number and production of industrial goods, infrastructure development, and increase in the number of schools, increase in the production

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of existing economic activities, increase in consumer purchasing power and other developments. The indicator used to measure economic growth in a region is the growth rate of real Gross Regional Domestic Product (GRDP). Budget-related performance is financial performance in the form of a comparison between the components contained in the budget. Regional financial performance in this study is in the form of independence ratios, effectiveness ratios, and efficiency ratios. The independence of the area in question is how much the level of independence of the local government in terms of funding or financing all its activities. The effectiveness of regional financial performance is the ability of regional governments to realize the planned Regional Original Income (PAD) compared to the targets set based on the real potential of the region (Halim, 2012). The author's research is in line with the results of Suci Nurulita's research, Hamdani Arifulsyah, and Yefni (2018), which suggest that financial performance does not directly affect economic growth. The author's research is not in line with the results of Ani and Dwirandra's research (2014), which suggests that financial performance can encourage economic growth or financial performance has a positive effect on economic growth.

m. The Effect of Economic Growth on Regional Original Income

Based on the results of this study, it can be seen that economic growth has a positive influence on regional original income in urban regencies in South Sulawesi province from 2011-2020. This indicates that Regional Economic Growth has a significant effect on Blood Original Income. The main target of regional development is to create economic growth and equitable development. Economic growth is an illustration of the results of the government's work for the welfare of society. Economic growth has always been an indicator of increasing the welfare of the population of a region. Regional development, as an integral part of national development, is essentially an effort to increase regional growth capacity so that it is able to run good governance. Economic growth also has an impact on increasing Regional Original Income (PAD), where PAD ideally becomes the main source of regional government costs for carrying out regional development. Regions with positive economic growth have the possibility of getting an increase in PAD. This should make local governments concentrate more on empowering local economic power to create economic growth rather than just issuing regulatory products related to taxes or levies. This research is in line with the theory of Peacok and Wiseman (1961) in their theory regarding the development of the best government spending, concluding that economic performance growth causes tax collections to increase even though tax rates do not change, and increased tax revenues cause government spending to also increase (Mangkoesoebroto, 1991). Therefore, under normal circumstances, an increase in GNP causes greater government revenue, as well as greater government spending. This research is also in line with the results of previous research conducted by Faishal Fadhly 2016 with results research which stated that economic development would affect the increase in original local income. The better the economy or, the more added value generated by each sector in the economy, the ability or potential of the community to pay taxes and levies will increase. The author's research is not in line with the results of Krest D Tolosang's research (2018) which suggests that economic growth does not have a positive effect on original regional income.

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RESEARCH FINDINGS

From the research, it can be explained as follows:

a) Research conducted by the author showed that Capital Expenditure had no effect on economic growth in urban districts in the province of South Sulawesi from 2011 to 2020.

b) Research conducted by the author shows that Capital Expenditure has an effect on Regional Original Income in urban districts in South Sulawesi province from 2011 to 2020.

c) Research conducted by the author showed that spending on goods and services had no effect on economic growth in urban districts in the province of South Sulawesi from 2011 to 2020.

d) Research conducted by the author showed that Expenditures for Goods and Services had an effect on Regional Original Income in urban districts in the province of South Sulawesi from 2011 to 2020.

e) Research conducted by the author showed that Government Investment had no effect on economic growth in urban districts in South Sulawesi province from 2011 to 2020.

f) Research conducted by the author shows that government investment has an effect on local revenue in urban districts in the province of South Sulawesi from 2011 to 2020.

g) Research conducted by the author showed that Financial Performance had no effect on economic growth in urban districts in South Sulawesi province from 2011 to 2020.

h) Research conducted by the author shows that financial performance has an effect on Regional Original Income in urban districts in the province of South Sulawesi from 2011 to 2020.

i) Research conducted by the author shows that Capital Expenditure, Expenditure on goods and services, Government investment, and financial performance does not affect local revenue through economic growth.

j) Research conducted by the author that economic growth affects Regional Original Income

k) Of all the dependent variables consisting of capital expenditures, goods and services expenditures, government investment, financial performance, and intervening variables, namely economic growth, only the intervening variables have a very strong influence on local revenue with an effective level of 0.65, while Spending on goods and services has an effective level of 0.109, financial performance with an effective level of 0.322, government investment of 0.362 and capital expenditure with an effective level of 0.570

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RESEARCH LIMITATIONS

Limitations in this study are weaknesses in this study. So it is hoped that future researchers can develop this research at a higher level for its perfection. The limitations of this study are that the data used is secondary financial data in urban districts for the last 10 years from 2011-2020. Not yet using 2021 data considering that the data had not yet been finalized in the data source when the authors conducted the research.

CONCLUSIONS AND SUGGESTIONS

CONCLUSIONS

Based on the results of the research and discussion that have been put forward in the previous chapter, several conclusions will be described from the results of the analysis, namely:

a) Capital Expenditure has no effect on Economic Growth in Regencies and Cities in South Sulawesi Province.

b) Capital Expenditure has an effect on Regional Original Income in Regencies and Cities in South Sulawesi Province.

c) Expenditure on goods and services has no effect on economic growth in regencies and cities in the province of South Sulawesi.

d) Expenditure on goods and services affects Regional Original Income in districts and cities in the province of South Sulawesi.

e) Local Government Investment has no effect on Economic Growth in City Districts in South Sulawesi Province.

f) Local Government Investment has an effect on Regional Original Income in City Districts in South Sulawesi Province.

g) Financial Performance has no effect on Economic Growth in City Districts in South Sulawesi Province.

h) Financial Performance Affects Original Regional Income in City Regencies in South Sulawesi Province.

i) Capital Expenditure has no effect on original regional income through economic growth in urban districts in the province of South Sulawesi

j) Expenditure on goods and services has no effect on local revenue through economic growth

k) Government investment has no effect on local revenue through economic growth

l) Financial performance has no effect on original regional income through economic growth

m) Economic growth affects local revenue

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SUGGESTION

Suggestions that can be given regarding the results of this research and conclusions are as follows:

1. It is hoped that the Regional Municipal Governments of City Districts in South Sulawesi Province will allocate capital expenditures to touch more sectors that can encourage regional economic growth.
2. It is hoped that the Regional Municipal Governments of City Regencies in South Sulawesi Province will allocate spending on goods and services as far as possible to touch sectors that can encourage regional economic growth.
3. It is hoped that the Regional Municipal Governments of City Regencies in South Sulawesi Province will invest or Equity Participation, not only allocated to the banking sector. It is hoped that government capital participation can also be directed to the industrial sector through BUMD, which can absorb labor.
4. The Municipal District Government in South Sulawesi Province maximizes the potential and sources of regional income to increase PAD as a regional effort to reduce dependence on the central government.

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