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The Influence of Regional Original Income, Special Allocation Funds, General Allocation Funds and Revenue Sharing Funds on Capital Expenditures in Regencies and Cities in North Maluku Province in 2017-2024

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Abstract:

The purpose of this study is to identify the effect of Local Revenue, Special Allocation Fund, General Allocation Fund and Revenue Sharing Fund on Capital Expenditure in Regencies and Cities in North Maluku Province in 2017-2024. The data of this study are secondary data obtained from the Directorate General of Fiscal Balance. The data collection method uses statistical tests, which means that the entire population is used as a sample. The number of samples studied in this study was 80 samples. The research instrument used was multiple linear regression test using Eviews. The results of the study showed that Local Revenue and General Allocation Fund had a positive and significant effect on Capital Expenditure. While General Allocation Fund and Revenue Sharing Fund did not affect Capital Expenditure.

Keywords: *Local Original Income, Special Allocation Fund, General Allocation Fund, Revenue Sharing Fund, Capital Expenditure*

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1. Introduction

According to Law No. 33 of 2004, amended by Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, it serves as an example of how regional government administration prioritizes the values of democracy, equality, and justice, as well as the unique characteristics of each region within the Unitary State of the Republic of Indonesia (NKRI). Regional development aims to increase regional competitiveness and accelerate the realization of public welfare through improved services, strengthening citizen capacity, and active involvement. The main components of the Regional Budget (APBD) with the largest contributions are PAD and balancing funds. Regional Original Revenue (PAD) includes regional taxes, regional levies, the results of the management of separated regional assets, and other legitimate regional resources. All of this is income sourced from the region's original potential, obtained within the region, and

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serves as the main foundation for regional governance. Meanwhile, balancing funds come from the Central Government and include General Fund Allocations, Special Fund Allocations, and Revenue Sharing Funds. The greater a region's income, the greater its ability to provide and meet the needs of the community.

Due to differences in economic potential, socio-cultural characteristics, and available resources, each region in Indonesia has varying revenue potential. To obtain a comprehensive picture of the potential for regions to become autonomous, a separate study is necessary, specifically for the regencies and cities in North Maluku Province.

North Maluku is a province in Indonesia with the provincial capital located in Sofifi and encompassing eight regencies and two cities. The regional budgets of regencies/cities within North Maluku Province still rely heavily on regional revenue. This situation indicates that the contribution of regionally generated revenue (PAD) to regional financial independence is still very small. Therefore, regencies and cities in North Maluku Province must utilize all natural resources significantly, particularly in the mining, fisheries, and agricultural industries. Currently, regencies and cities in North Maluku Province are more dependent on the central government than the regional government's capacity to manage PAD. This situation indicates that the district/city governments in North Maluku Province are not yet fully capable. Funding transfers from the central government can stimulate regional revenue growth. However, in practice, transfers from the central government are used primarily as funding for crucial daily operations rather than as regional original revenue.

Table 1. North Maluku Province Regional Budget 2017-2024

Years	APBD	Capital Expenditures	Balance Fund	PAD
2017	IDR. 2.275,58 Billion	IDR. 561,61 Billion	IDR. 1.880,41 Billion	IDR. 327,47 Billion
2018	IDR. 2.489,07 Billion	IDR. 513,35 Billion	IDR. 2.100,78 Billion	IDR. 358,33 Billion
2019	IDR. 2.688,17 Billion	IDR. 671,27 Billion	IDR. 2.214,23 Billion	IDR. 433,45 Billion
2020	IDR. 2.581,18 Billion	IDR. 571,75 Billion	IDR. 2.114,63 Billion	IDR. 447,29 Billion
2021	IDR. 2.876,95 Billion	IDR. 821,98 Billion	IDR. 2.324,41 Billion	IDR. 552,35 Billion
2022	IDR. 3.088,71 Billion	IDR. 850,39 Billion	IDR. 2.309,31 Billion	IDR. 779,23 Billion
2023	IDR. 3.138,21 Billion	IDR. 710,95 Billion	IDR. 2.333,04 Billion	IDR. 804,96 Billion
2024	IDR. 2.541,01 Billion	IDR. 185,87 Billion	IDR. 1.917,02 Billion	IDR. 623,86 Billion

Source: Directorate General of Fiscal Balance 2024

The degree of decentralization and regional fiscal autonomy in regencies/cities in North Maluku Province is low due to the dependence of regency/city governments on balancing funds from the central government, which is greater than the proportion of regional governments' ability to realize PAD. A frequent phenomenon is that many regional governments ultimately rely on transfer funds to cover their regional spending needs due to transfer funds from the central government to the regions. Furthermore, based on the Capital Expenditure data in Table 1.1 above, it shows that North Maluku Province's Capital Expenditure fluctuated from 2017 to 2024, with 2018 and 2024 being the lowest years and 2021 and 2022 being the highest years. The increase in Capital Expenditure demonstrates the capacity of regional governments to provide better public infrastructure. Regional governments provide funds from the General Allocation Fund (DAU), Special Allocation Fund (DAK), Regional Revenue Sharing (DBH), and Regional Original Income (PAD) to increase Capital Expenditure and public services. Expenditure on Capital Expenditure is expected to increase in line with strong economic growth and increased regional income.

This research uses stakeholder theory as the Grand Theory. Stakeholders refer to individuals or groups with interests in the allocation and use of regional budgets, as well as the impact of fiscal policy on regional development. Stakeholder theory is used in this research because the Regional Government, legislature, community, and private sector all have different interests in the allocation and use of regional funds, including Capital Expenditures. Stakeholder theory helps identify and analyze the various parties involved and their influence on fiscal decisions. In the context of the influence of Regional Original Revenue (PAD), Special Allocation Fund (DAK), General Allocation Fund (DAU), and Revenue Sharing Fund (DBH) on Capital Expenditures, stakeholder theory is useful for examining how fiscal policies affect various stakeholders. For example, Regional Governments need to ensure that the budget received is used for projects that directly impact the quality of life of the community.

The purpose of this research is to identify the extent of the influence of Regional Original Revenue (PAD), Special Allocation Fund (DAK), General Allocation Fund (DAU), and Revenue Sharing Fund (DBH) on Capital Expenditures. It is hoped that the results of this study will contribute to the advancement of public sector accounting science and broaden insight into the influence of Regional Original Revenue (PAD), Special Allocation Fund (DAK), General Allocation Fund (DAU), and Revenue Sharing Fund (DBH) on Capital Expenditures in Regencies and Cities in North Maluku Province. The research results are expected to be a reference for future researchers who wish to conduct further research with the same theme or as a comparison with the research results

2. Theoretical Background

Stakeholder Theory

The term "stakeholder" was first used in internal communications at the Stanford Research Institute (SRI) in 1963. As stated by SRI, one group that can support the existence of an organization is its stakeholders. According to Freeman & Reed (1983), stakeholder theory serves as an example of how a party, group, or business will be held accountable. Stakeholder theory explains the involvement of many parties from all institutions or groups, including investors, surrounding communities from various environments, governments and shareholders, institutions outside the company or agency, and others involved in stakeholder theory. Whether a group has power in society, either directly or indirectly, the existence of a process within an organization is greatly influenced by the decisions and actions of a group or individual. Individuals or organizations that have an interest in something are called stakeholders (Nur Savitri & Permata Sari, 2022).

The application of stakeholder theory in public sector literature seems appropriate in line with the "New Public Management" wave. The aim of this theory is to bring business-based concepts to the public sector. Stakeholder theory, in this context, can be seen as a method by which public decision-makers examine their environment for threats and opportunities (Oktavia & Rohman, 2024). Stakeholder theory assumes that the relationship between the government, as the holder of power in the wheels of government, must emphasize the interests of the people and ensure the satisfaction of the community as stakeholders. Article 33 of the 1945 Constitution states that all natural resources controlled by the government must be used and utilized for the prosperity of the people. The government must effectively manage regional wealth, revenue, and assets to improve the welfare of its people (Eksandy et al., 2018).

Capital Expenditure

According to Regulation of the Minister of Home Affairs of the Republic of Indonesia (Permendagri) Number 77 of 2020 concerning Technical Guidelines for Regional Financial Management, Capital Expenditure is the purchase of other assets and fixed assets with a useful life of more than one year. Purchases of fixed assets, including machinery, buildings, land, equipment, and other fixed asset expenditures, are funded through Capital Expenditure. Furthermore, maintenance costs used to maintain or increase the value of assets and for the Regional Government to provide public services, including fixed assets, are funded through Capital Expenditure.

The basis for this capital expenditure budget is the need for infrastructure and facilities, both for public facilities and for the efficient performance of government functions. Regional governments often purchase fixed assets annually in accordance with their priority allocation of funds and public services that have a sustainable financial impact (Eksandy et al., 2018)

Regional Original Revenue

Based on Law No. 33 of 2004, which has been revised by Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, Regional Original Revenue is a source of regional income derived from the financial potential within the region itself. Sources of Regional Original Revenue include revenue from regional taxes, regional levies, management of separated regional assets, and other legitimate Regional Original Revenue.

To increase their revenue, regions must assess the potential use of their natural resources to finance regional development expenditures and routine expenses. In the era of regional autonomy, regions cannot rely solely on balancing funds from the central government, as regional development requires a substantial budget. Regional Original Revenue can be used as a primary benchmark to determine the degree of regional government autonomy

Special Allocation Fund

Referring to Law Number 33 of 2004, which has been amended by Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, DAK is funding originating from the State Budget (APBN) and subsequently transferred to each specific region to finance the physical development of basic facilities and infrastructure whose quality does not meet minimum service criteria. The determination is based on national development priorities and takes into account fiscal capacity and budget availability at the central level (Citra & Kurnia, 2024). These special needs include:

- Needs that cannot be estimated using the general allocation formula, and/or
- Needs that are national commitments or priorities
- 40 percent of state revenue from reforestation funds is allocated to producing regions as a Special Allocation Fund

General Allocation Fund

The General Allocation Fund (DAU) is funding sourced from the State Budget (APBN) transferred from the Central Government to Regional Governments. This aligns with the mandate of Law No. 33 of 2004, amended by Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, which stipulates that, in the implementation of fiscal decentralization, the General Allocation Fund (DAU) is distributed with the aim of reducing the gap in financial capacity between regions and helping finance regional spending needs. This fund is a "block grant," meaning its use is delegated to Regional Governments according to the needs and priorities of each region, in order to maximize the quality of public services and support the implementation of regional autonomy (Alpi & Sirait, 2022).

Revenue Sharing Fund

According to Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, the definition of Revenue Sharing Fund is funds sourced from State Budget (APBN) revenues allocated to regions, taking into account the potential of producing regions based on a proportional basis, to finance regional needs within the framework of implementing regional autonomy

Taking into account the potential of productive regions, the Revenue Sharing Fund (DAP) seeks to improve the vertical balance between the central and regional governments. In addition to the General Allocation Fund (DAU) and Special Allocation Fund (DAK), the Revenue Sharing Fund (DAP) is a potential source of revenue and an essential financial basis for regional governments to obtain development budgets and cover regional expenses not covered by Regional Original Revenue (PAD). It is natural for regional governments to use the funds they receive in the form of Revenue Sharing Funds to manage regional assets professionally and proportionally, build sustainable infrastructure, and include capital expenditures. The more a region receives from the Revenue Sharing Fund, the higher its capital expenditures will typically be, as the balancing funds provide additional revenue to the region (Waskito et al., 2019).

Hypothesis Development

The Effect of Regional Original Revenue (PAD) on Capital Expenditures

To optimize revenue from its own region, specifically PAD, regional governments use the principle of independence in budget management. As PAD increases, it is expected that government investment in capital expenditures will increase. As a manifestation of decentralization, Regional Original Revenue (PAD) becomes a source of income for regions, with the aim of delegating authority to regional governments so they can finance the implementation of regional autonomy based on their potential. Regions that experience a positive increase in PAD tend to have a greater opportunity to achieve higher per capita income, which in turn can have a positive impact on the economic growth of the region (Ramadiana, 2024).

The government uses local revenue (PAD) as a reference in preparing the Regional Budget (APBD) to increase subsequent regional spending because any policy that increases spending in a region results in increased collection of Locally-Owned Revenue (PAD). Social, political, economic, historical, geographical, and administrative aspects are some of the factors that contribute to varying levels of PAD revenue in each region (Ardanareswari et al., 2019). Research also conducted by Susanti & Fahlevi (2016), Susanto & Berliani (2024), and Suryatiningrum et al., 2020 found that Locally-Owned Revenue (PAD) has a positive effect on Capital Expenditures. Based on the explanations presented, the following hypothesis is formulated:
H1: Locally-Owned Revenue (PAD) has a positive effect on Capital Expenditures
Effect of Special Allocation Funds on Capital Expenditures

The Impact of Special Allocation Funds on Capital Expenditures

Special Allocation Funds (DAK) are funds distributed to specific regions to help fund specific programs and activities in accordance with government guidelines and aligned with national priorities. They are sourced from APBN revenues. Regions that receive DAK in their APBN must allocate DAK matching funds of at least 10% of the total DAK allocation received in accordance with what has been explained in Law No. 33 of 2004 which was amended to Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments

Since the enactment of regional autonomy, the utilization of Special Allocation Funds has covered seven government service sectors: government infrastructure, the environment, education, fisheries, public works, agriculture, and health. Special Allocation Funds are financed from the State Budget (APBN), so their utilization and use are based on the authority of the Regional Government. The purpose of using Special Allocation Funds is to increase regional capital expenditure capacity and support regional revenues. Therefore, the use of Special Allocation Funds will optimize service quality and improve public welfare in various sectors, as well as encourage improvements in human development (Hutabarat & Kumendong, 2020). Research conducted by Nuarisa (2013), Marliana et al. (2022), and (Mutiara & Astuti, 2020) shows that Special Allocation Funds have a positive effect on Capital Expenditures. Based on the explanations presented, the following hypothesis is formulated:
H2: Special Allocation Funds have a positive effect on Capital Expenditures

The Impact of the General Allocation Fund on Capital Expenditures

The disparity in financial capacity between regions is due to differences in the capacity of local governments to fund their activities. The government's allocation of funds from the State Budget (APBN) to fund regional activities within the framework of regional autonomy is an effort to address this fiscal imbalance (Wiliantara & Budiasih, 2016). The General Allocation Fund (DAU) is a financial allocation within the APBN, distributed to targets to equalize fiscal capacity across regions to meet local needs in the implementation of regional autonomy

The General Allocation Fund (DAU) is a block grant, based on regional priorities and without any contribution from the Central Government. The use of these funds is determined solely by the regions. Consequently, the distribution of the General Allocation Fund to regions with significantly larger financial capacity will be smaller, while regions with smaller financial capacity will receive significantly larger amounts. This characteristic allows regional needs to be met through targeted management of the General Allocation Fund for regional development (Wisnuwardana & Kurnia, 2023). Research by Dini et al. (2021), Hidayat et al. (2024), and Jayanti (2020) indicates that the General Allocation Fund (DAU) has a positive effect on Capital Expenditures. Based on the explanations presented, the following hypothesis is formulated:
H3: The General Allocation Fund has a positive effect on Capital Expenditures

The Effect of Revenue Sharing Funds on Capital Expenditures

In the context of decentralization, Revenue Sharing Funds (DBH) are funds sourced from the State Budget (APBN) distributed to regions according to a certain percentage of the region's potential to meet regional needs. The balancing fund aims to address intergovernmental disparities, encourage regional spending on national strategic development agendas, trigger the provision of services and minimum standards, stimulate revenue generation, and equalize the capacity of regional governments (Rahma & Riharjo, 2020)

High community income reflects increased human resources, and higher revenue from Revenue Sharing Funds (DDP) indicates a broader range of community activities. For example, increased raw material quality is due to excise revenue. Good quality results in a positive environment and fosters social harmony. Allocating funds to meet regional needs also requires maximizing Revenue Sharing Funds (Kurniasari & Kurnia, 2021). Research conducted by Trisnani & Isthika (2022), Marwanto et al. (2022), and Megasari & Wahidahwati (2022) indicates that Revenue Sharing Funds have a positive effect on capital expenditures. Based on the explanation above, the following hypothesis is formulated
H4: Profit Sharing Funds have an impact on Capital Expenditure

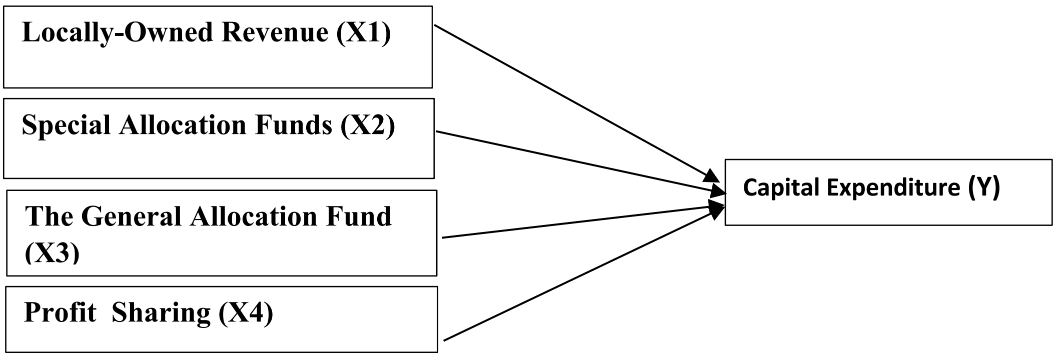

Figure 1. Framework of Thought

3. Methodology

Data Types and Sources

This study uses quantitative data. The data source used in this study is secondary data in the form of time series panel data regression for 2017-2024, consisting of two cities and eight regencies in North Maluku Province, obtained from the Directorate General of Fiscal Balance (DJPK).

Data Collection Techniques

This study employed a documentary study technique for data collection. This data collection included secondary data in the form of a list of Transfers to Regions and Village Funds (TKDD) and a list of Regional Revenue and Expenditure Budgets (APBD) for the 2017-2024 fiscal years, obtained from the DJPK (Directorate General of Fiscal Balance) website, books, articles, and other data related to this study through recording and management.

Data Analysis Model

The data analysis model used is a panel data analysis model. The purpose of this data analysis model is to test and analyze the variables in the study with the assistance of EVIews software.

The equation model for multiple linear regression analysis is as follows:

$$\textbf{Capital Expenditure} = \beta_0 + \beta_1 \textbf{PAD it} + \beta_2 \textbf{DAK it} + \beta_3 \textbf{DAU it} + \beta_4 \textbf{DBH it} + \varepsilon \textbf{i}$$

Description:
BM = Capital Expenditure
PAD = Regional Original Revenue
DAK = Special Allocation Fund
DAU = General Allocation Fund
DBH = Revenue Sharing Fund
i = Number of cross-sections or regencies/cities
t = Time period or time series
$\beta 0$ = Constant
$\beta 1 \ldots \beta 4$ = Regression Coefficient
εi = Error term

Operational Definition of Variables

Capital Expenditures

Capital expenditures are budget allocations allocated to raise funds to improve fixed assets or other assets so that they can provide benefits over several accounting periods, expenditures on costs that exceed the capitalization time threshold for assets or other assets set by the government.

Regional Original Revenue

Regional Original Revenue (PAD) is income earned by regional governments at the Regency/City level, collected in accordance with regional regulations and in accordance with the existing legal basis, Law No. 33 of 2004, which was amended by Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, with the aim of delegating freedom to regions in exploring funding for the implementation of regional autonomy as a manifestation of the principle of decentralization

Special Allocation Fund

Government Regulation No. 33 of 2004, amended by Law No. 1 of 2022, stipulates that the Special Allocation Fund is a funding source obtained from the State Budget (APBN) used by regions with specific needs or activities to support regional interests, including national priority activities.

General Allocation Fund

Law No. 33 of 2004, amended by Law No. 1 of 2022, stipulates that the General Allocation Fund is a funding source derived from the APBN directed at balancing financial capacity between regions, with the aim of supporting the financing of autonomous regions' needs in the context of realizing decentralization.

Revenue Sharing Fund

According to Law No. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, Revenue Sharing Funds are defined as funding derived from APBN revenues, including tax Revenue Sharing Funds and natural resource Revenue Sharing Funds, distributed to regions in certain proportions to finance local needs within the context of implementing regional autonomy

4. Empirical Findings/Result

Descriptive Statistics

Descriptive statistics is a statistical analysis that provides a general explanation of the characteristics of each research variable, as seen from the average (mean), maximum, and minimum values, standard deviation, skewness, kurtosis, sum, and sum sq. deviation. In this study, the discussion of descriptive statistics will illustrate the explanation of each variable. To provide an overview, descriptive statistics are further explained in Table 2 below:

Table 2. Descriptive Statistics

	BM (IDR)	PAD (IDR)	DAK (IDR)	DAU (IDR)	DBH (IDR)
Mean	230.669.000.000	58.679.250.000	175.068.625.000	486.173.000.000	133.433.550.000
Median	210.210.000.000	47.130.000.000	160.465.000.000	469.400.000.000	63.960.000.000
Maximum	821.980.000.000	228.250.000.000	357.080.000.000	767.330.000.000	1.358.300.000.000
Minimum	43.140.000.000	4.380.000.000	94.600.000.000	48.130.000.000	12.610.000.000
Std. Dev.	1.196707	4.615275	6.084441	1.167390	2.104923
Skewness	1.996719	1.457474	1.116571	0.054246	3.625884
Kurtosis	9.815102	5.268654	3.873167	4.847070	1.803097
Observations	80	80	80	80	80

Source: Secondary data processed by researchers (2025)

Based on the descriptive statistical analysis results in Table 4.1, the following can be explained:

a) Capital Expenditure
The statistical analysis of the Capital Expenditure variable shows an average score of IDR 230,669,000,000, with a highest score of IDR 821,980,000,000 in Taliabu Island Regency in 2020. The lowest score was IDR 43,140,000,000 in Taliabu Island Regency in 2024, with a standard deviation of 1.196707.

b) Locally Generated Revenue
The Locally Generated Revenue variable shows an average score of IDR 58,679,250,000, with a highest score of IDR 228,250,000,000 in South Halmahera Regency in 2024. The lowest score was IDR 1.196707. 4,380,000,000 occurred in West Halmahera Regency in 2024 with a standard deviation of 4.615275.

c) Special Allocation Fund
The statistical analysis shows that the average score for the Special Allocation Fund variable is IDR. 175,068,625,000 with a standard deviation of 6.084441. The highest score for the Special Allocation Fund is IDR. 357,080,000,000 in South Halmahera Regency in 2022, and the lowest score is IDR. 94,600,000,000 in Central Halmahera Regency in 2024.

d) General Allocation Fund
The statistical analysis shows that the average score for the General Allocation Fund variable is IDR. 486,173,000,000 with a standard deviation of 1.167390. The General Allocation Fund had the highest value of IDR. 767,330,000,000 in South Halmahera Regency in 2019 and the lowest value of IDR. 48,130,000,000 in Taliabu Island Regency in 2019

e) Revenue Sharing Fund
The statistical analysis shows that the average score for the Revenue Sharing Fund variable is IDR 133,433,500,000 with a standard deviation of 2.104923. The highest Revenue Sharing Fund value, IDR 1,358,300,000,000, occurred in Central Halmahera Regency in 2023, and the lowest value, IDR 12,610,000,000, occurred in Morotai Island Regency in 2017

Classical Assumption Test

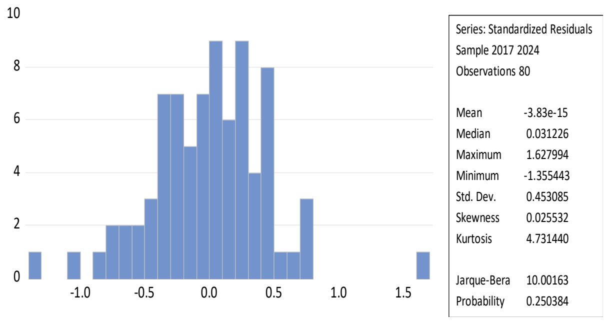

Figure 2. Classical Assumption Test

Figure 2 shows a Jarque-Bera value of 10.00163 with a probability of 0.250384. Therefore, it can be concluded that the model in this study is normally distributed, as the probability value of 0.250384 is greater than 0.005.

Table 3. Multicollinearity Test Results

	BM	PAD	DAK	DAU	DBH
BM	1.000000	0.335796	0.332077	0.063184	0.236767
PAD	0.335796	1.000000	0.158357	0.486596	0.304867
DAK	0.332077	0.158357	1.000000	0.329666	0.175320
DAU	0.063184	0.486596	0.329666	1.000000	0.087993
DBH	0.236767	0.304867	0.175320	0.087993	1.000000

Source: Secondary data processed by researchers (2025)

Referring to Table 3, it can be concluded that the test results for each model variable do not experience multicollinearity issues because the coefficient values are less than 0.8.

Hypothesis Testing

Table 4. Coefficient of Determination Test Results

Model	**R Square**	**Adjusted R^2**
1	0.240673	0.200176

Source: Secondary data processed by researchers (2025)

Based on the test in Table 4, the coefficient of determination (Adjusted R Square) is 0.200176. This concludes that the independent variable contributes 20.01% to explaining the dependent variable, with the remaining 79.99% influenced by factors outside the research variables.

Table 5. F-Test Results

Variable	**F Statistic**	**Prob (F Statistic)**
Capital Expenditures	5.942926	0.000329

Source: Secondary data processed by researchers (2025)

The test results in Table 5 yield an F-statistic of 5.942926 with a probability value of 0.000329. This significance value is less than the 0.05 (5%) level, indicating that PAD, DAK, DAU, and DBH simultaneously influence Capital Expenditure.

Table 6. Regression Equation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.43208	6.309584	2.128837	0.0366
PAD	0.288210	0.071821	4.012871	0.0001
DAK	0.472140	0.181521	2.601028	0.0112
DAU	-0.233013	0.185678	-1.254933	0.2134
DBH	-0.015209	0.050315	-0.302282	0.7633

Source: Secondary data processed by researchers (2025)

Based on the calculation results from the Multiple Regression Analysis in Table 6, it is concluded that the regression equation model in this study is as follows:

$$\mathbf{Y = 13{,}432 + 0{,}288PAD + 0{,}472DAK - 0{,}233DAU - 0{,}015DBH + \varepsilon}$$

The regression model formulation can be explained as follows:

a) The constant in the multiple regression is 13.432, meaning that Capital Expenditure will be 13.432 if the PAD, DAK, DAU, and DBH variables are all 0.
b) The regression coefficient X1 for PAD is 0.288. This condition indicates that if variable X1 (Regional Original Revenue) increases by one, then the value of Y (Capital Expenditure) will increase by 0.288 units, assuming the other independent variables are constant.
c) The regression coefficient X2 (Special Allocation Fund) is 0.472. This condition indicates that if variable X2 (Special Allocation Fund) increases by one, then the value of Y (Capital Expenditure) will increase by 0.472 units, assuming the other independent variables are constant.
d) The regression coefficient X3 (General Allocation Fund) is -0.233. This condition indicates that if variable X3 (General Allocation Fund) increases by one, then the value of Y (Capital Expenditure) will increase by -0.233 units, under the hypothesis that the other independent variables are constant.
e) The regression coefficient of X4 (Revenue Sharing Fund) is -0.015. This condition indicates that if variable X4 (Revenue Sharing Fund) increases by one, then the value of Y (Capital Expenditure) will increase by -0.015 units, under the hypothesis that the other independent variables are constant

5. Discussion

The Influence of Regional Original Revenue on Capital Expenditures

Regional Original Revenue (Pendapatan Asli Daerah/PAD) plays a strategic role in determining the magnitude of capital expenditures at the local government level. Research findings indicate that PAD has a positive and significant influence on capital expenditures. This reinforces the view that the greater the PAD a region possesses, the higher its fiscal capacity to allocate budgets for capital spending, such as infrastructure development or procurement of regional assets. Conversely, a low PAD constrains the fiscal ability of a region to realize productive development expenditures. In the context of North Maluku Province, where budget limitations often pose challenges, optimizing PAD becomes crucial in enabling capital expenditures to effectively drive regional growth (Faiz & Huda, 2020; Pratiwi & Sari, 2024; Oktafiani & Surya, 2025).

From the stakeholder theory perspective, PAD allows local governments to meet the expectations of various stakeholders, including communities, businesses, and the central government. A strong regional revenue base enables greater autonomy in responding to public needs and promoting sustainable development (Bea & Rahmat, 2020; Amir & Lestari, 2024; Citra & Nugroho, 2025). Pramesti and Wibowo (2023) also highlight PAD as a critical indicator in designing regional fiscal policies aimed at long-term economic value creation.

The Effect of Special Allocation Funds on Capital Expenditures

Special Allocation Funds (Dana Alokasi Khusus/DAK) have been proven to contribute positively and significantly to local government capital expenditures. As a fiscal transfer instrument from the central to local governments, DAK aims to fund national priority programs that fall under regional responsibility. Through DAK, regions receive additional financing for capital expenditures such as education, healthcare facilities, and basic infrastructure. Targeted allocation and effective absorption of DAK directly impact development acceleration and reduction of inter-regional disparities (Dewi & Suyanto, 2020; Pramesti & Wibowo, 2023; Amir & Lestari, 2024).

From the lens of stakeholder theory, DAK represents a form of collaboration between central and local governments to fulfill agreed development needs. Local governments must manage DAK accountably and transparently to maximize its impact on the community (Faiz & Huda, 2020; Sutrisno & Indrawati, 2024; Citra & Nugroho, 2025). Pratiwi and Sari (2024) argue that the effectiveness of DAK is strongly influenced by the institutional capacity of regions to design programs and manage budgets efficiently.

The Effect of the General Allocation Fund on Capital Expenditures

Unlike PAD and DAK, the General Allocation Fund (Dana Alokasi Umum/DAU) does not show a significant effect on capital expenditures. This is primarily because most of the DAU is allocated to routine expenditures, such as salaries, government operations, and other general goods and services. In practice, DAU functions more to maintain fiscal balance across regions rather than to directly fund the development of capital assets (Oktafiani & Surya, 2025; Faiz & Huda, 2020; Pramesti & Wibowo, 2023).

According to stakeholder theory, DAU management should still consider long-term development needs. Allocating a portion of DAU to capital spending could potentially improve public services and regional productivity (Bea & Rahmat, 2020; Pratiwi & Sari, 2024; Dewi & Suyanto, 2020). However, the urgency of routine spending needs often limits the potential use of DAU for development purposes.

The Effect of Revenue Sharing Funds on Capital Expenditures

Research findings also show that Revenue Sharing Funds (Dana Bagi Hasil/DBH) do not significantly affect capital expenditures. This is largely due to the relatively small amount of DBH received, which limits its impact in driving regional capital spending. Most DBH is utilized for routine expenditures such as personnel honorariums and operational costs, thus minimizing its role in infrastructure development (Amir & Lestari, 2024; Citra & Nugroho, 2025; Faiz & Huda, 2020).

Within the stakeholder theory framework, DBH should ideally serve as a means to promote equitable development through productive regional investments. However, due to limited allocations and flexibility in use, the potential of DBH to support regional development remains suboptimal (Bea & Rahmat, 2020; Pratiwi & Sari, 2024; Sutrisno & Indrawati, 2024). Therefore, more effective DBH management strategies are required to ensure that it contributes meaningfully to public welfare through targeted capital spending.

6. Conclusions

The purpose of this study is to determine the effect of Regional Original Revenue, Special Allocation Funds, General Allocation Funds, and Revenue Sharing Funds on Regional Government Capital Expenditures in Regencies and Cities in North Maluku Province. Based on the analysis and discussion of the research data, the researcher can conclude:

1) Regional Original Revenue has a positive and significant effect on Capital Expenditures. Therefore, the first hypothesis, which states that Regional Original Revenue (PAD) has a positive effect on Capital Expenditures, is accepted. This indicates that the greater the regional income, the greater the region's ability to allocate Capital Expenditures
2) The Special Allocation Fund (DAK) has a positive and significant effect on Capital Expenditures. Therefore, the second hypothesis, stating that DAK has an effect on Capital Expenditures, is accepted. This indicates that the greater the DAK received by a region, the higher its Capital Expenditure allocation.
3) The General Allocation Fund (DAU) has no effect on Capital Expenditures. Therefore, the third hypothesis, stating that DAK has a positive effect on Capital Expenditures, is rejected. This indicates that a higher DAU received by a regional government does not necessarily increase its Capital Expenditure allocation.
4) Revenue Sharing Funds (DAU) have no effect on Capital Expenditures. Therefore, the fourth hypothesis, stating that DBH (Regional Revenue Sharing Fund) has a positive effect on Capital Expenditures, is rejected. This indicates that an increase in DBH does not guarantee an increase in Capital Expenditures.

Future research is expected to expand the research area beyond just the regencies and cities in North Maluku Province so that the research findings can be applied comprehensively across all regencies and cities in Indonesia. Furthermore, it is recommended to include a longer time period and use more recent data so that the research results can be applied as input to the government in formulating policies. Further research is also expected to add independent variables that can influence Capital Expenditure

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