

THE EFFECT OF LOCAL REVENUE ON CAPITAL EXPENDITURE, INFRASTRUCTURE FINANCING, GOVERNMENT ACCOUNTABILITY PERFORMANCE SYSTEM AND BUDGET REFOCUSING IN CENTRAL JAVA PROVINCE DURING PANDEMIC

Desy Meliawati¹, Novi Dirgantari², Eko Hariyanto³, Bima Cinintya Pratama⁴

University of Muhammadiyah Purwokerto, Indonesia^{1,2,3,4}

E-mail : desymeliawati46@gmail.com¹ novidirgantari@gmail.com²
ekoh0361@gmail.com³ pratamabima@gmail.com⁴

Abstract: The COVID 19 pandemic has an effect on regional income and expenditure in Central Java Province. One of the efforts made by the government is to refocus the budget aimed at Emergency Spending. The purpose of this study is to test the Effect of Local Revenue (PAD) on Capital Expenditure, Infrastructure Financing, Accountability Performance System and Budget Refocusing. The research method used is quantitative. The sampling technique used was saturated samples and obtained data on 35 districts and cities in Central Java. Data analysis techniques use GLM Manova analysis. Theoretically, this study offers a new research model to explain effect Local Revenue to Capital Expenditure, Infrastructure Financing, Accountability Performance and Refocusing. The results of this study show that the variable of Local Revenue has a negative impact on Capital Expenditure, Infrastructure Financing, Government Accountability System, while Local Revenue has positive impact on Budget Refocusing. Theoretically, this study offers a new research model to explain effect Local Revenue to Capital Expenditure, Infrastructure Financing, Accountability Performance and Refocusing, because the government of each region can manage PAD even though it is less than optimal so it tends to have low Capital Expenditure. By the decrease in Local Revenue, it has implications for Local Revenue contributed to Capital Expenditure, Infrastructure Financing, Accountability Performance and Budget Changes. In this study, Local Revenue contribute to Capital Expenditures including infrastructure and Budget Changes.

Keywords: *Local Revenue, Capital Expenditure, Infrastructure Financing, Accountability Performance, Refocusing*

1. Introduction

At the end of 2019 the world was faced with the emergence of a new virus, namely the Corona virus (COVID 19). As a result of this pandemic, it has impacted local revenues and regional spending. PAD is all local revenues derived from Local Taxes, Regional Levies, Segregated Regional Wealth Management Results and Other – other legitimate local original income. (PAD) in Central Java Province experienced a significant decrease, amounting to Rp. 1.9 trillion which came from a decrease in motor vehicle tax (Bappeda.jatengprov, 2020). Not only that, the declining PAD was also caused by several tourist attractions that were temporarily closed and a decrease in the number of domestic and foreign tourists. With the weakening of the tourism industry, this can also weaken local governments, especially in areas whose income is very dependent on tourism, because tourism is the largest tax

contributor and this will certainly have an impact on PAD (Sabuna et al., 2022). The pandemic has also affected Small Business Entities (SME) in Central Java. SME affected by the pandemic are mostly from the food and beverage sector and in the textile handicraft sector (Pratama et al., 2020). There are 11 Regencies and Cities in Central Java that experienced a decrease PAD in 2019-2020. On average, the Regional Budget in Districts and Cities in Central Java Province also experienced a decrease in the revenue budget by 11.01%. The components that experienced a decrease were the Regional Tax down by 25.93% and other legitimate PAD down by 15.83%. (Economic Report of Central Java Province, 2021). The decrease in the Regional Tax also comes from restaurant and hotel taxes, due to social restrictions imposed in each region, causing a reduction in hotel and restaurant visitors. In addition, the pandemic also had an impact on the realization of capital expenditure which decreased from 92.02% to 89.92%.

The amount of incoming PAD will be adjusted to the allocation of capital expenditure. If PAD experiences a decrease, this has an effect on Capital Expenditure. This is shown in research (Juniawan, 2018) which states that PAD has a positive influence on capital expenditure. Penelitian conducted by (Jouzar Farouq Ishak, 2022) who examined the variable PAD on Capital Expenditure also had similar results that PAD had a positive influence on Capital Expenditure. However, in research (Rohardian & Jaeni, 2022) shows different results, PAD negatively affects Capital Expenditure. In 2019, the amount of provincial and local government spending was on average less than 0.1% of total expenditure, but for 2020 this figure decreased, due to an increase in emergency spending of 3.32% of total provincial and regional expenditures. (Annual Report of the Directorate General of Budget, 2020). Data from the Directorate General of Budget (DJA) shows that the increase in emergency spending for handling COVID has increased to Rp. 122,250,716,000 and absorbed by Rp. 118,364,523,299, which is used for personal expenses, goods expenditures and capital expenditures. In order to overcome this, the government is faced with the challenge of continuing to strive to maintain the stability of regional spending so as not to hinder services to the community.

In the context of infrastructure, if regions can create good infrastructure with the aim of advancing their regions, it will affect accountability performance (Haryanto & Suprianto, 2022). However, during the pandemic, there was a refocusing of the budget to finance the impact of covid, so that infrastructure financing activities decreased (Central Java Province Economic Report, 2021). The 2019 budget, which was supposed to be realized in 2019, such as infrastructure development that has a large profit, was forced to be refocused to 2020 using silpa funds in 2019. Previous research on PAD on infrastructure financing has also been researched by (Wong, 2004) which states that infrastructure development has an impact on increasing local taxes, this is consistent with research (Utama, 2018) which states Local Revenue has a positive influence on short-term infrastructure financing. And this proves that PAD has a positive effect on Infrastructure Financing. With the advancement of public facilities, the community will be more comfortable in running their business so that more and more people participate in infrastructure development. According to (Mardiasmo, 2002) if capital investment is getting more and more high then can increase the level of public participation in development due to by the increasing quality of public services and this can be reflected in the increase in PAD.

The high PAD of a region, the level of independence of funds from the central government is also getting lower. One of them is the decrease in the level of regional independence based on Out Look data in 2020, which is characterized by the increasing

number of transfer funds from the center both in the form of Grants and Special Allocation Funds as bailouts for handling the pandemic. This shows that PAD can affect the accountability of a region. Previous research on the effect of PAD on Accountability Performance has also been conducted by (Sari & Wati, 2021) and revealed that PAD has a positive effect on accountability performance. The research conducted (Maulina et al., 2021) also stated that PAD has a positive effect on accountability performance.

During the pandemic, the government has refocused a lot of infrastructure such as physical development (construction activities) for emergency spending in line with the Minister of Finance Regulation number 43 / PMK.05 / 2020 concerning the mechanism of expenditure charged to the State Budget to deal with the COVID-19 pandemic (Annual Report of the Directorate General of Budget, 2020) Finance Minister Sri Mulyani also stated that in the year 2021 The government will make changes to the budget for handling the COVID-19 pandemic which is used for vaccination, tracing, testing the costs of health workers and patient care of Rp. 26.2 trillion for handling the COVID 19 pandemic. (Publication Kemenkeu.go.id). The refocusing of the budget has an impact on the capital expenditure used to encourage PAD, so that some regions experience a decrease in the performance of local governments. Based on research from (Ozili, 2020), (De Villiers et.al.,2020), (Andrew et.al., 2020), (Curristine et.al.,2020), (Ahrens & Ferry , 2020) and (Borroy, 2020) which concluded that budget behavior during this pandemic is a form of economic response to situations that occur suddenly, and is a form of adjustment to budget pressure conditions. This conclusion was obtained from the results of research during the pandemic in Australia, several European countries and in Africa. In ceteris paribus economic conditions, the increase in Local Revenue will be followed by an increase in other budget posts, such as an increase in Capital Expenditure and infrastructure expenditure, which in turn will be able to improve the accountability performance of local governments (Andrew et.al, 2020). This is due to the increasing Local Revenue that will make it easier for regions to set aside revenue sides outside of routine operational financing to be allocated into productive matters (Nkundabanyanga, et.al., 2021).

Budget is the operationalization of the organization's strategy to achieve a goal (Hariyanto, 2018). The phenomenon of unique budgeting patterns during the pandemic, until now, there is still little empirical support that can explain the causality factor. The average of previous existing research, using the framework of each increase in Local Revenue will flow in addition to capital expenditures, because unexpected expenditures that drive increased budget diversions are relatively stagnant (Auerbach, A. J., & Gale, W, 2020). Research related to PAD variables on Budget Changes has been carried out by (Equator, 2021) and reveals that PAD has a positive influence on Budget Changes, this is in line with research (Bahri, et al, 2020) which states that budget changes due to covid 19 have an impact on Regional Native Income, especially the realization of APBD. The Annual Report of the Directorate General of Budget 2020 also explains that budget changes affect regional revenues, including the realization of capital expenditures. There have been many studies that discuss the effect of PAD on Capital Expenditure including Infrastructure and Accountability Performance, but the existing findings have produced varying conclusions, and there have been no studies that use the variable Budget Changes, so it is felt necessary to examine further related to the decline of PAD during the pandemic which affects several factors including Capital Expenditure, Infrastructure Financing, Performance Accountability and Budget Changes.

The purpose of this study is to determine the effect of Local Revenue on Capital Expenditure, Infrastructure Financing, Performance Accountability and Budget Changes during the pandemic empirically. Research is a development of research (Isaac, 2022) that examines Local Revenue to Capital Expenditure. Through this research, it is hoped that it can contribute theoretically to the influence of PAD on Capital Expenditure, Infrastructure Financing, Accountability Performance and Budget Changes, as well as provide theoretical support in a new perspective, namely the Habitus Theory which views budget behavior in times of economic pressure as a response to power relations that will determine the performance of local governments.

2. Literature Review

Contingency Theory

Theory Contingency (Fiedler) is a leadership theory in which a leader exerts influence depending on the situation of his group, leadership style and personality and the approach that proper his group. (Harrison, 2020). In a brief sense according to Fiedler the leader is not based on his personality but also because of the factors of the situation and the way the leader mixes with his group. This theory is often referred to as situational theory because leadership is very dependent on the situation (Fiedler 1967). The high and low of a group's work achievements is influenced by the leadership style and the way the leader copes with the situation (Harrison, 2020). This theory states that all decisions made by the leader will adjust to the situation/condition. In the context of the pandemic, the decision in allocating the regional budget will adjust to its macroeconomic conditions and public service needs. With the existence of public services, it is hoped that it can provide quality services for the community so that its function can run well. The problem of hampering the implementation of public services is also a challenge during the COVID-19 pandemic. Some of the grievances experienced by the community affect government functions which have the potential to reduce public trust (Dewi & Tobing, 2021). Leaders are shifting public or private services to focus on public services that can suppress the increase in cases, including providing social assistance to those affected by the pandemic, urging tourists not to return to their villages, closing tourist attractions and the availability of PPE for health workers, as well as odp (people in monitoring) facilities that were originally athletes' guesthouses (Dewi & Tobing, 2021).

Theory of Habitus

Pierre Bourdieu's applied theory of habitus in regional budgeting views that capital can be obtained if one is in the right habitus, which allows one to gain knowledge, experience and other capital that facilitates one's opportunity. The habitus of regional financial managers generates knowledge and experience capital, while emotional attachment because they share the same preferences, and the long-lasting socialization process, generates cultural capital for local government structures. It is through this greater power of capital that local governments have power to operate in the realm of decision-making. They have ability to control other forces in the budget discussion arena.

This is inseparable from the budget politics associated with the attention of local government organizers to compile budgets based on the interests of the community. Although it must be realized that it is impossible for all people's aspirations to obtain the allocation and distribution of budgets, due to the limited resources owned by the regions. In certain situations, where there is certain political pressure, either from the internal local government

itself or regulations from the central government driven by the economic situation, encourage local governments to change their existing financing priorities. This has resulted in the emergence of a *budget refocusing* program, where part of the budget will be diverted to certain sectors that are urgent to be financed. The consequences of the emergence of *budget refocusing* include an impact on the resilience of the government's budget. It caused the shift source of Regional Revenue is not proportional to the number of programs that must be financed, while infrastructure financing and capital expenditure as part of productive expenditure must continue, in order to generate regional revenue streams from (Ozili, 2020; De Villiers et.al., 2020). In the end, such a budgeting pattern will impact the performance of the government. The financial resilience of local governments is determined by capability the regions for mapping needs and allocating resources according to target (Padovani, E., et al 2021). In the allocation process, the local government's view of budget as an "arena" in the context of Pierre Bourdieu's Habitus theory became the main determinant for maintaining the performance of local government. It gives consequence to the budgeting process that there is a tug-of-war of interests, and, parties who have stronger power relations will be the determinants of budget policy. The mindset of power relations holders will determine the direction of alignment of budget patterns during economic pressure. If the allocation of the budget during a period of economic pressure prioritizes the interests of the community while still considering efficiency, effectiveness and economic level (*value for money oriented*), then the government's financial resilience will still be maintained so that the government's performance does not decrease. However, if it is the other hand, the potential for a decrease in performance will be even greater (Ahrens & Ferry, 2020 and Borroy, 2020).

For local governments that have high Local Revenue and already have an adequate capital expenditure and infrastructure budgeting formula, through an e-government-based budget planning mechanism, power relations can be suppressed in such a way, so that the implementation of an all-measurable performance-based budget can be achieved (Andrew et.al. ;2020, and Curristine et. al;2020). Similarly, the existence of high Local Revenue will make it easier for local governments to divert budgets during economic pressure (Klimanov V, Kazakova S, Mikhaylova A .et al,2021)

Hypothesis Development

a. Effect of Local Revenue on Capital Expenditure

Local Revenue affects capital expenditure, if Local Revenue increases, Capital Expenditure will also increase. Jaya and Dwirandra (2014) stated in their research that high amount in Local revenue acquisition in an area will be used by local governments to provide public services through increasing capital expenditure. Nabukeera Madinah 2021 stated that Local Revenue has a significant positive effect on Capital Expenditure. Ishak 2022 also stated the same thing, Local Revenue has a significant positive effect on Capital Expenditure. According to Contingency Theory and Habitus Pierre Bourdieu, who views that budgeting practices during economic pressure can change budget orientation according to the conditions faced by the regions, Local Revenue will be able to have a positive impact on Capital Expenditure if stakeholders in the regions are able to implement performance-based budgeting, taking into account the allocation in terms of budget productivity (Andrew, et.al. 2020). In research (Jaya and Dwirandra, 2014) that the acquisition of high PAD will increase the capital expenditure budget by providing good public services for the community. (Nabukeera Madinah, 2021) stated that Local Revenue has a

significant positive effect on Capital Expenditure. (Isaac, 2022) also stated the same thing, namely PAD has a significant positive effect on Capital Expenditure.

H₁ : Local Revenue Positively Affects Capital Expenditure

b. The Effect of Local Revenue on Infrastructure Financing

Infrastructure Assets are significantly dominant in government assets. According to Contingency, Local Revenues affects capital expenditures, in which capital expenditures are included infrastructure financing. If the macroeconomic conditions are stable, then the government will allocate a budget in the form of an overpaid Unsuspending Funds or SILPA which is stored in the form of a reserve fund, and one day it can be used for infrastructure financing to support infrastructure, for resulting productive programs. This is in line with the Theory of Contingencies and Habitus, which states that the budget is a response of budget policymakers to the economic situation they face. If local governments are able to maintain budget resilience by maintaining the stability of SILPA overpayments in the period before economic pressures, then when local government flows during economic pressure decrease, infrastructure financing will still be able to continue, relying on SILPA funds in the previous year (Ozili, 2020) . Research conducted by Setyowati and Himawan in 2021 stated that Local Revenue has a positive effect on short-term infrastructure.

H₂ : Local Revenue positively affects infrastructure in the short term

c. The Effect of Local Revenue on Accountability Performance

Local Revenue has an important role for a region to meet its needs. The more the amount of Local Revenue increases, will produce the better local government welfare realization. Local Revenue also has an important role in total revenue growth so that local governments do not depend on the central government (Sari & Wati, 2021). Performance Accountability is the final comprehensive assessment of budget implementation from various aspects. In Pierre Bourdieu's Habitus theory and Contingency theory, the accountability performance of local governments is a description of the budget behavior of budget actors. The accuracy of budget allocation in during economic pressure can be seen from the local government accountability performance achievement. This is included how the efforts of local governments in flowing Local Revenue into various sources of expenditure and financing effectively and efficiently, so as to be able to produce the set achievement targets, this is what will be able to improve the performance of accountability during economic pressure. According to the condition that all existing spending and financing is carried out with measurable planning (Andrew *et.al.* ,2020, and Churistine, 2020). (Sari & Wati , 2021) stated that Local Revenue has a positive influence on accountability performance. The research conducted (Maulina et al., 2021) also stated that Local Revenue has a positive influence on accountability performance.

H₃: Local Revenue positively affects Accountability Performance

d. Effect of Local Revenue on Budget Refocusing

Local Revenue comes from the income of various sources within their respective regions which are taken based on local regulations and complies with applicable laws and regulations. The Local Government budget refocusing is an adjustment to the predetermined target but must be refocused for one reason or another (Nellyanti, 2016). In this case, Local Revenue is very important for regions, if the Local Revenue is high, the local government can set aside a part of the income to be stored as a reserve fund, which at any time when conditions are urgent can be used to increase financing or expenditure in certain sectors (Andrew, et. al, 2020). The form of budget changes can be into many forms such as adding financing to all expenditure items or diverting part of the allocation of expenditure and financing in one sector that is considered to be delayed implementation to sectors that are urgent to be funded immediately. The higher Revenue will be potential for sifting a big amount of budget for refocusing. According to the 2021 Equatorial research, Budget Refocusing was affected by Local Revenues. According to (Bahri, et al, 2020) stated that the budget refocusing due to covid 19 had an impact on Local Revenues, especially the realization of the Regional Budget. The annual report of the Directorate General of Budget 2020 also explains that budget refocusing affect local revenues, including the realization of capital expenditures.

H4 : Local Revenue positively affects Budget Changes

3. Research Methods

This study uses a quantitative research. This study's population was all districts and cities government in Central Java Province during 2019-2020. The sampling technique in this study is a saturated sample, which takes all 35 Regencies and Cities Governments in Central Java Province. This research use the documentation method, namely reading, studying and processing data for this study. The data used in this study is secondary data , consist of Local Government Financial Statements (LKPD) sourced from BPK PPID and Regional Regulations from the Legal Documentation and Information Network (JDIH). Data processing uses SPSS software. The analysis tool used is GLM Manova, it is caused the purpose of this research is to predict the impact of one variable X, namely Local Revenue on several variables Y partially namely Capital Expenditure, Infrastructure Financing, Accountability Performance, Budget Refocusing.

Operational Definition of Variables

a) Local Revenue (X)

According to Government Regulation Number 12 of 2019 Article 30 Local Revenue is regional revenues derived from local economic sources consisting of local regional levies, taxes, the results of regional equity management that are separated and other legitimate income. Local Revenue has an important role because from this sector it can be seen the power of regions to finance local development and government (Law No. 12 of 2019) Local Revenue is obtained from Regional Tax Proceeds, Regional Levies, Management of Segregated Regional Equity and other legitimate income.

b) Capital Expenditures (Y1)

In Government Regulation no. 19 of 2019 in article 55, it is explained that Regional Expenditures are classified into 4, namely operating expenditures, capital expenditures,

unexpected expenditures and transfer expenditures. Meanwhile, capital expenditure is a budget expenditure in the form of fixed assets that have benefits of more than 1 year accounting periode. Capital Expenditure is derived from land expenditure, equipment and facilities, building and construction expenditure, road, irrigation and network expenditure, other expenditure and Intangible Asset Expenditures.

$$\text{Capital expenditure} = \text{Land Expenditure} + \text{Equipment and Machinery Expenditure} + \text{Building and Building Expenditure} + \text{Road, Irrigation and Network Expenditure} + \text{Other Fixed Asset Expenditure} + \text{Intangible Asset Expenditure}.$$

c) Infrastructure Financing (Y2)

Infrastructure development is an important part of driving economic growth. Infrastructure also has an important role in increasing investment and increasing the number of community participation and in equitable distribution of development outcomes. Infrastructure also has an influence in improving the quality of life and welfare of the community such as an increase in the value of people's consumption, labor productivity and access to employment. Infrastructure itself is calculated from the amount of Network Spending, Roads and Irrigation (Utama,2018).

$$\text{Infrastructure} = \text{Network Spending, Roads and Irrigation}.$$

d) Performance Accountability System(Y3)

Accountability is a form of obligation to report progress on successes or failures in the implementation of the organization's mission in achieving the goals and objectives that have been set through a medium of accountability that is carried out periodically (Yesinia 2018). . To measure accountability performance in a government, SAKIP data is needed.

e) Budget Refocusing (Y4)

Budget is the operationalization of the company's strategy to achieve a goal (Hariyanto, 2018).Etymologically recofusing a budget has the meaning of concentrating or refocusing the budget. Meanwhile, in terminology (according to the term) budget recofusing is to concentrate or refocus the budget for activities that were previously budgeted through budget changes. Budget refocusing is closely related to the Local Government Budget or APBD which consist of 3 divisions, namely local revenue, expenditure and financing.

$$\text{Budget Changes} = (\text{Total Revenue}-\text{Total expenditure}) + \text{regional financing receipts} - \text{regional financing expenditures}$$

Analysis Techniques

Multivariate GLM is a regression analysis involving more than 1 dependent variable. Analysis Techniques used using GLM Manova analysis with equations

$$X = y1 + y2 + y3 + y4 + e$$

4. Results and Discussion

4.1. Result

Table 3.1
Descriptive Statistics

In Hundreds of Millions					
	N	Minimum	Maximum	Mean	Standart Deviations
Local Revenue	70	2128	20663	4085.46	2995.039
Capital Expenditures	70	17	10548	3165.40	1589.701
Infrastructure	70	147	4032	1275.16	842.862
Perform Accountability System	70	56	75	64.94	4.376
Budget Refocusing	70	.00	9510	1509.50	1720.558
Valid N (listwise)	70				

Based on the data above, low PAD is found in Pekalongan City, caused by the covid19 virus outbreak which caused several tourist attractions to be temporarily closed and a decrease in the number of domestic and foreign tourists. Handling covid19 uses other posts outside the PAD which makes government policies regulate the allocation of equalization funds. The amount of PAD received will be adjusted to the capital expenditure allocation (Rohardian & Jaeni, 2022).

The lowest Capital Expenditure data is Rp. 1. 7 00.000.000 from Salatiga City in 2020 and the highest is Rp. 1. 054. 8 00.000.000 from Semarang City in 2019, if PAD experiences a decrease, this has a positive influence on Capital Expenditure.

Meanwhile, infrastructure financing data is the lowest at Rp. 14.700.000.000 from Temanggung Regency in 2020 and the highest is Rp. 403.200.000.000 from Wonogiri Regency in 2019. Good regional infrastructure tends not to have high Capital Expenditures. Regions that attach importance to infrastructure to advance their regions can affect accountability performance.

Accountability Data (SAKIP) is the lowest at 56 from Jepara Regency in 2020 and the highest at 75 from Banyumas Regency in 2020.

However, during the pandemic, there was a refocusing of the budget to finance the impact of covid, so that infrastructure financing activities decreased. The budget that was supposed to be realized in 2019 was forced to be refocused to 2020 using Silpa funds in 2019. During the pandemic, the budget was also refocused a lot to Emergency Shopping for handling Covid-19. Data Budget Change is the lowest amount of Rp. 0 from Jepara Regency, Boyolali Regency, Wonosobo Regency, Tegal City and Pekalongan City in 2019 and a maximum of Rp. 951,000,000,000 from Semarang City in 2020.

Normality Test

Tabel 3.2
Normality Test

One Sample Kolmogrov Smirnov	
	Unstandardized Residual
N	70
Asymp. Sig. (2-tailed)	.200

Based on the data above, it is known that the normality test results show an Asymp Sig (2-tailed) value of $0.200 > 0.05$, this shows that the data has been distributed normally.

Manova GLM Test Results

Tabel 3.3
Manova GLM Test

X Local Revenue	Dependen Variabel	F	Sig	Obsent Power
	Capital Expenditure	16.817	.192	.209
	Infrastructure Financing	12.240	.224	.181
	Accountability Performance	18.472	.183	.219
	Budget Refocusing	168.170	.061	.587

Manova GLM Analysis Equations

$$X = y1 + y2 + y3 + y4 + e$$

$$X = 0,209 + 0,181 + 0,219 + 0,587 + e$$

4.2. Discussion

a) Effect of Local Revenue on Capital Expenditure

Based on the results above, the significance value of Capital Expenditure was obtained at 0.192, which means that Local Revenue has no effect and is significant to Capital Expenditure with a significance level of 10%. The amount of Capital Expenditure will be adjusted to the amount of PAD. If PAD increases, the budget for Capital Expenditure and refocusing will be more. The high pad of a region also illustrates the level of regional independence not to rely on funds to the central government. Local governments before the Covid-19 pandemic could manage local income optimally, so they tended to have low capital expenditures (Dewi & Tobing, 2021). In accordance with contingency theory and Habitus which views that budgeting practices in times of economic pressure (pandemic) can change shape according to the conditions of each region, PAD will still have a positive impact on Capital Expenditure. These results are inconsistent with research (Nabukeera Madinah, 2021) and (Jaya and Dwirandra, 2014) which stated that PAD has a positive effect on Capital Expenditure. This result is consistent with the research conducted (Dewi & Tobing, 2021) which states that PAD has no effect on Capital Expenditure. Thus, the first hypothesis stating that Local Native Income had a positive effect ,**was rejected**.

b) Effect of Local Revenue on Infrastructure Financing

Based on the results above, the significance value of Infrastructure Financing was obtained by 0. 224 which means that Local Revenue has no effect and is significant to the Infrastructure Financing with a significance level of 10%. If PAD increases, the budget for Capital Expenditure and refocusing for handling Covid-19 will be well allocated, so that the capital expenditure budget, especially infrastructure financing aimed at providing services to the community, can be carried out properly. However, if PAD decreases, the budget for capital expenditure, especially infrastructure, will be refocused for unexpected expenditures such as handling covid 19. This supports the

Theory of Contingencies and Habitus, which states that the budget is a response from the local government to the economic situation it faces. As per the 2020 instruction of the Minister of Finance, the entire budget including regional revenues is allocated for covid handling funds, leaving almost no budget for infrastructure. The results of the research conducted (Sugiyanta, 2016) stated that PAD does not affect infrastructure financing, if the increase in PAD that occurs in one area is not able to meet the needs of routine operational financing so as not to leave a budget for infrastructure.

Thus, the second hypothesis stating that Local Revenue has a positive effect on Infrastructure Financing, is **rejected**.

c) Effect of Local Revenue on Accountability Performance

Based on the results above, the significance value of Accountability Performance was obtained at 0.1803, which means that Local Revenue has no effect and is significant to Accountability Performance with a significance level of 10%. Thus, the third hypothesis stating that Local Revenue has a positive effect on Accountability Performance, is **rejected**. The results of this study are consistent with the Habitus Theory, which when applied to budget practice views that the financial resilience of local governments is determined by how capable the regions are in mapping needs and allocating resources on target (Padovani et al, 2021) In the allocation process, the local government's view of the budget as an "arena" in the context of Habitus theory is the main determinant in order to maintain performance local government. This is because in the budgeting process there is a tug-of-war of interests, and, parties who have stronger power relations will be the determinants of budget policy. The mindset of power relations holders is what will determine the direction of alignment of budget patterns in times of economic pressure. If the allocation of the budget during a period of economic pressure prioritizes the interests of the community while still considering efficiency, effectiveness and economic level (value for money oriented), then the government's financial resilience will still be maintained so that the government's performance does not decrease. However, if it is the other way around, then the potential for a decrease in performance will be even greater (Ahrens & Ferry, 2020 and Borroy, 2020).

This research supports the results of research from (Ozili, 2020) that uses several African countries as samples, which shows that the government's inability to maximize revenue has a serious impact on budget resilience as seen from the financial performance of governments.

d) Effect of Local Revenue on Budget Refocusing

Based on the results above, the significance value of the Budget Change was obtained by 0.061, which means that the Local Revenue has a positive and significant effect on Budget Change with a significance level of 10%. The more PAD of an area, the more the budget for refocusing will also increase. If the PAD is high, the local government can set aside its budget to be kept as a reserve fund for refocusing the handling of covid19, which can be used at any time (Ahrens & Ferry, 2020, Borroy, and Ozili, 2020). In Contingency and Habitus Theory, which views budgeting practices during a pandemic can change according to conditions in each region, PAD will have a positive impact on Budget Changes if local governments allocate budgets in accordance with financial performance orientations such as effectiveness, economy and efficiency. The results of this study support research (Equator, 2021) which states that Budget

Changes affect Regional Original Income. According to Bahri, et al in 2020 stated that the budget changes due to covid 19 had an impact on Regional Original Revenues, especially the realization of the APBD. The annual report of the Directorate General of Budget 2020 also explains that budget changes affect regional revenues, including the realization of capital expenditures.

Thus, the fourth hypothesis stating that Local Revenue has a positive effect on Budget Changes, is **accepted**.

5. Conclusion

This study used 70 data samples from the Local Government Financial Statements year 2019 and 2020 and Regional Regulations obtained from the Financial Audit Agency (BPK) and the Legal Documentation and Information Network (JDIH). Based on the research results of the hypothesis test using regression analysis, conclusions can be taken from this research is:

- 1) Local Revenue has a negatively effect on Capital Expenditure
- 2) Local Revenue has a negatively effect on Infrastructure Financing
- 3) Local Revenue has negatively affects Accountability Performance System
- 4) Local Revenue has positively affects Budget Refocusing

Limitations and Suggestions

This study only explains the effect of local revenue variables on capital expenditure, infrastructure financing, accountability performance and budget changes in terms of empirical tests using statistical tests. In order to support further empirical evidence on the work of the Habitus Theory of Accountability in budgeting practice in times of economic pressure, data explanations are still needed. Among other things, explanations of:

- 1) How each actor responds to economic pressures through the power relations they have so that local revenues can have different influences for each region. (Kenno, Michelle and Barbara, 2018).
- 2) How budgetary actors view budgetary actors differently about budgets as an arena of power relations, resulting in different budget habitus in each region (Auyero and Claudio, 2017).
- 3) How the actor of the budget actor plays his mindset (doxa) of thinking which ultimately determines certain patterns or habitus in the implementation of the budget in times of economic pressure. This refers to research (Rana, Enrico, Mouhcine and Riccardo, 2021), which states that a budget mindset that determines the knowledge of budget actors will determine budgeting patterns in practice.

This is the limitation of this study to draw comprehensive conclusions about the existence of three elements in Habitus theory, namely Power Relations, Doxa and Arena in working to influence budget practice.

Suggestion

Based on the above limitations, in order to support the drawing of comprehensive conclusions in order to support the work of the Habitus Theory in budget practice in times of economic pressure, it is advisable to supplement the next research with a qualitative approach, one of which is with ethnomethodology, where budget actors are seen as individuals who can change decisions, when faced with different situations (Sinclair, 1995).

Implication

The results of this study have implications for the explanation of the effect of Local Revenue on the components of the APBD component in times of economic pressure, which uses a new perspective, namely the Habitus theory from Pierre Bourdieu. Where public budget behavior in times of economic pressure must also be reviewed from the sociological side, because it involves various patterns of behavior of budget actors. These patterns of behavior include the existence of arenas, doxa, and power relations that influence budget practices. (Rana, Enrico, Mouhcine and Riccardo, 2021) .

References

- Ahrens, T., & Ferry, L. (2020). Financial resilience of English local government in the aftermath of COVID-19. *Journal of Public Budgeting, Accounting and Financial Management*, 32(5), 813–823.
- Anas, M. (2021). Impact of Pandemic COVID-19 on Local Government's Financial Performance in Indonesia. *Journal of Southwest Jiaotong University*, 56(3), 196–206. <https://doi.org/10.35741/issn.0258-2724.56.3.16>
- Andrew, J., Baker, M., Guthrie, J., & Martin-Sardesai, A. (2020). Australia's COVID-19 public budgeting response: the straitjacket of neoliberalism. *Journal of Public Budgeting, Accounting and Financial Management*, 32(5), 759–770. <https://doi.org/10.1108/JPBAFM-07-2020-0096>
- Auerbach, A. J., & Gale, W. (2020). The effects of the COVID pandemic on the federal budget outlook. *Business Economics*, 55(4), 202–212. <https://doi.org/10.1057/s11369-020-00188-y>
- Auyero, J., & Benzecry, C. (2017). The Practical Logic of Political Domination: Conceptualizing the Clientelist Habitus. *Sociological Theory*, 35(3), 179–199. <https://www.jstor.org/stable/26541773>
- Barroy, H. (2020). How to Budget for Covid -19 response? A rapid scan of budgetary mechanisms in highly affected countries.
- Chan, J., Jones, R., & Lüder, K. (1996). Modeling Governmental Accounting Innovations. *Research in Governmental and ...*, 9, 01–19. http://jameslchan.com/papers/E1_ChaneJonesLuder1996Modeling.pdf
- Desdiani, N.A., Sabrina, S., Husna, M. et al . *Local Budget Resilience in Times of COVID-19 Crisis : Evidence from Indonesia*.
- De Villiers, C., Cerbone, D., & Van Zijl, W. (2020). The South African government's response to COVID-19. *Journal of Public Budgeting, Accounting and Financial Management*, 32(5), 797–811. <https://doi.org/10.1108/JPBAFM-07-2020-0120>
- Dewi, D. S., & Tobing, T. N. W. (2021). Optimalisasi Penyelenggaraan Pelayanan Publik Dalam Masa Perubahan Melawan Covid-19 Di Indonesia. *Journal of Information System, Applied, Management, Accounting and Research*, 5(1), 210. <https://doi.org/10.52362/jisamar.v5i1.362>
- Green , D., & Loualiche, E. (2020). *State and Local Government Employment in the Covid 19 Crisis*. Harvard University. Boston: Harvard Business School.
- Harrison, C. (2020). Contingency Leadership Theory. *Traditional Paradigms of Leadership*, 1(1), 76–87. https://doi.org/10.1007/978-3-030-40805-3_3
- Hariyanto, E. (2018). *Effect of Participatory Budgeting on Manager Performance: Goal Commitment and Motivation as Moderating Variable*. 231(Amca), 334–337. <https://doi.org/10.2991/amca-18.2018.91>

- Haryanto & Suprianto. (2022). Pengaru Pendapatan Asli Daerah Terhadap Belanja Modal Dengan Pandemi Covid-19 sebagai Variabel Moderasi Pada Pemerintah Provinsi di Indonesia.
- Ishak, J. F. (2022). The Impact of the COVID-19 Pandemic on the Capital Expenditures of Province in Indonesia. *Portal*, 22(4), 879–917. <https://doi.org/10.1353/pla.2022.0046>
- Jorge, S., Mattei, G. (2018). Contingency Model of Reforms in Public Sector Accounting. In: Farazmand, A. (eds) *Global Encyclopedia of Public Administration, Public Policy, and Governance*. Springer, Cham. https://doi.org/10.1007/978-3-319-20928-9_2295
- Kemenkeu.go.id / Publikasi. Recofusing Anggaran Rp 26,2 Triliun untuk Penanganan Covid/19
- Kenno, S. A., Lau, M. C., & Sainty, B. J. (2018). In Search of a Theory of Budgeting: A Literature Review. *Accounting Perspectives*, 17(4), 507–553. <https://doi.org/10.1111/1911-3838.12186>
- Khatulistiwa, A. (2021). the Effect of Budget Recofusing During the Covid-19 Pandemic on the Realization of the APBD in Central Java Province. *Marginal : Journal of Management Accounting, General Finance and International Economic Issues*, 1 (1), 65–71. <https://doi.org/10.55047/marginal.v1i1.89>
- Klimanov V, Kazakova S, Mikhaylova A .et al (2021). *Fiscal resilience of Russia's regions in the face of COVID-19*. *Journal of Public Budgeting, Accounting and Financial Management* (2021) 33 (1) 87–94
- Laporan Perekonomian Jawa Tengah Februari 2020
- Lüder, K. (2002). Research in Comparative Governmental Accounting Over the Last Decade — Achievements and Problems —. *Innovations in Governmental Accounting*, 1–21. https://doi.org/10.1007/978-1-4757-5504-6_1
- Lüder, K. G. (1992). A Contingency Model of Governmental Accounting Innovations in the Political- Administrative Environment. *Research in Governmental and Nonprofit Accounting*, 7, 99–127.
- Kuruppu & Andhikari et.al., 2020. Participatory budgeting in A Sri Lanka urban council : A Practice of power and domination . <https://doi.org/10.1016/j.cpa.2016.01.002>
- Mkasiwa, T.A. (2020), "Budgetary practices in a Tanzanian University: Bourdieu's theory", *Journal of Public Budgeting, Accounting & Financial Management*, Vol. 32 No. 3, pp.399–420. <https://doi.org/10.1108/JPBAFM-08-2019-0119>
- Nellyanti, dkk. (2016). Belanja Tidak Langsung (Studi Pada Pemerintah Kabupaten / Kota Di Aceh). 5(2), 68–78.
- Ngurah, I. P., & Kartika, P. (2014). Pengaruh Pendapatan Asli Daerah pada belanja Modal dengan Pertumbuhan Ekonomi sebagai Variabel Pemoderasi. *E-Journal Akuntansi Universitas Udayana*, 1, 79–92.
- Nkundabanyanga S.P., J., & K., A. E. et al. (2011). *Contingency factors and budget actors' behaviour during COVID-19: the case of Uganda*. 1–28.
- Okfitasari, A., Rachmadani, W. S., Rosadi, S., Lestari, I. P., & Hastuti, I. (2021). Review of Refocusing and Reallocation of The Local Government Budget in Handling Covid-19 in Indonesia. *International Conference Health, Science And Technology (ICOHETECH)*, 1, 269–273. <http://ojs.uadb.ac.id/index.php/icohetech/article/view/1139>

- Ozili, P. (2022), "COVID-19 in Africa :socio-economic impact,policy response and opportunities", International Journal of Sociology and Social Policy, Vol.42 No 3/4,pp. 177-200. <https://doi.org/10.1108/IJSSP-05-2020-0171>
- Padovani, E., Iacuzzi, S., Jorge, S., & Pimentel, L. (2021). Municipal financial vulnerability in pandemic crises: a framework for analysis. *Journal of Public Budgeting, Accounting and Financial Management*, 33(4), 387–408. <https://doi.org/10.1108/JPBAFM-07-2020-0129>
- Pratama, B., Darmawan, A., & Innayah, M. (2020). Covid-19 impact on MSME Business Operations around Banyumas Regency: Overview, Problems, and Suggestions. February 2021. <https://doi.org/10.4108/eai.5-8-2020.2301226>
- Rana, T., Bracci, E., Tallaki, M., & Ievoli, R. (2021). The doxa of accountability knowledge: A socioanalysis of accountability research in accounting. *Financial Accountability and Management*, July 2020, 582–607. <https://doi.org/10.1111/faam.12308>
- Rifa'i, A., Tuba, S., & Purwanto, E. (2020). *Economic Capital, Health Crisis, and the Governmental Habitus in the Age of Covid-19 in Indonesia: A Critical Review*. 104699. https://mpa.ub.uni-muenchen.de/id/eprint/104699%0Ahttps://mpa.ub.uni-muenchen.de/104699/1/MPRA_paper_104699.pdf
- Riharjo, I. B., & Mustika, H. (2020). Regional budget politics: Versus consensus of power. *Systematic Reviews in Pharmacy*, 11(5), 789–796. <https://doi.org/10.31838/srp.2020.5.116>
- Sabuna, A., Kellen, P. B., & Libing, Z. S. (2022). Strategi Peningkatan Pendapatan Asli Daerah (Pad) Dari Sektor Pajak Hotel Dan Restoran Di Kota Kupang Pada Masa Pandemi Covid *NUSANTARA: Jurnal Ilmu ...*, 9(1), 170–181. <http://jurnal.um-tapsel.ac.id/index.php/nusantara/article/view/5864%0Ahttp://jurnal.um-tapsel.ac.id/index.php/nusantara/article/download/5864/3366>
- Sari, B. I., & Wati, H. (2021). Pengaruh Pendapatan Asli Daerah, Dana Alokasi Umum dan Belanja Daerah terhadap Kinerja Keuangan Pemerintah Daerah Kabupaten/Kota di Provinsi Sumatera Barat. *Jurnal Eksplorasi Akuntansi*, 3(1), 1–11. <https://doi.org/10.24036/jea.v3i1.356>
- Schirato, T., & Roberts, M. (2020). The logic of practice. *Bourdieu*, 208–239. <https://doi.org/10.4324/9781003115083-9>
- Sinclair, A.(1995). The Chameleon of Accountability: Forms and discourses
- Soeparno, M. E. D. (2022). Political Budgeting Dynamics: Executive-Legislative Interaction for COVID-19 Budget Policy in Indonesia and Singapore [Dinamika Politik Anggaran: Interaksi Eksekutif-Legislatif dalam Kebijakan Anggaran Penanganan COVID-19 di Indonesia dan Singapura]. *Jurnal Politica Dinamika Masalah Politik Dalam Negeri Dan Hubungan Internasional*, 13(1), 21–42. <https://doi.org/10.22212/jp.v13i1.2824>
- Sugiyanta, S. (2016). Analisis Belanja Modal Dan Faktor-Faktor Yang Mempengaruhinya Pada Pemerintah Kabupaten/Kota Di Indonesia. *Jurnal Akuntansi Universitas Jember*, 14(1), 19. <https://doi.org/10.19184/jauj.v14i1.2504>
- Undang Undang No 12 Tahun 2019 Tentang Pengelolaan Keuangan Daerah
- Yuniza, M.E., Inggawati, M.P., et all. *Government Policy on Refocusing Activity and Reallocation Budget of Local Government in Pandemic and New Normal Period*.

Advances in Social Science, Education and Humanities Research, volume 659
Zarista, E., & Ichsan, M. (2020). the Roles of Political Power in Budget Process: How To Accomodate Them? a Case Study. *Jurnal Tata Kelola Dan Akuntabilitas Keuangan Negara*, 6(1), 87–102. <https://doi.org/10.28986/jtaken.v6i1.412>