The Effect Of Household Consumption Expenditure, Government Expenditure And Per Capita Income On Economic Growth In Sidoarjo Regency

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Abstract

In learning to study the effect of per capita income, for economic growth in Sidoarjo Regency, pay attention to household consumption and government spending. The Central Bureau of Statistics has provided secondary data for 15 years (2007-2021) for research. IBM SPSS Version 26 program is used in multiple linear regression analysis with table α = 5% or 0.05. Based on research findings, household consumer spending, per capita income, and government spending have a significant and insignificant effect on the economic development of Sidoarjo Regency.

INTRODUCTION

Economic growth is a long-term economic problem, but it is also becoming a significant new phenomenon Increasing output per person over time is essentially the essence of economic growth. In other words, well-being over time is reflected by an increase in per capita output that simultaneously gives consumers more options to buy what and how to pay for it, followed by an increase in people's purchasing power. (Shahputra 2020) If a household's consumption expenditure does not fully deplete its income, excess money is referred to as saving. However, households will usually spend more on consumption the higher their income level. According to the definition of household consumers, these people are those who make purchases to meet their own needs or those who do so depending on their income (Sudirman & Alhudhori, 2018)

Measuring regional economic growth also includes the government's contribution in supporting programs that support development initiatives in the commercial and non-commercial sectors. Often, the term "government spending" is used to describe these costs. To determine how much government spends, summing up all direct and indirect expenditures allocated in the APBD can be used to calculate government spending. In the modern economy, the government plays an important role in regulating and supervising the economy. Proportional government spending will

boost economic growth. Actions that are impossible for other economic actors (Zahari 2017) Economic growth can increase per capita income, which increases consumer purchasing power and has an impact on high demand for commodities. (N. & S. S. Hanum 2019) The purpose of Zahari's (2017) research intends for government spending to greatly increase economic expansion. The data from this study is qualitative Ordinary Least Square (OLS) Econometrics method with Linear Regression Analysis. Hasil penelitiannya menunjukkan bahwa APBD Provinsi Jambi tidak selalu didukung oleh kemampuan keuangan daerah yang bersumber dari daerah dari tahun 2010 - 2016. Dalam kurun waktu yang sama, Provinsi Jambi pertumbuhan ekonomi meningkat sebesar 6,28 persen setiap tahun.

Research by Entrepreneurs, Pudjihardjo & Adis (2019) is to find out that economic growth has no effect on per capita income. To test the hypothesis by path analysis, the Multiple Regression method was used in this study together with the SPSS 17 program. The analysis produces a result of 0.101885 showing that there is no relevant relationship with 0.101885 Padli, Hailuddin & Wahyunadi's (2020) research shows that the lack of considerable impact of spending on consumption at the household level that contributes to economic growth has the least impact. With multiple linear regression analysis, quantitative approach. The results show that private investment also has minimal influence on economic expansion is household consumption expenditure. Which is the factor that has the least impact. Keynes believed that the sum of consumption and income from household expenditure could be used to calculate the economic changes of a country or region. Although there is no income, household expenditure always includes consumption; Keyness, often known as the absolute income hypothesis, is another theory of absolute consumption developed by Keynes's theory of absolute income. Keynes asserted that domestic consumption depended on income. (Sudirman & Alhudhori, 2018)

Keynes also demonstrated the relationship between government spending and aggregate demand by proposing the formula Y = C + I + G + X - M. Aggregate demand is the variable on the right, along with G representing government spending, I representing investment spending, X representing exports, and M representing imports. Aggregate demand is reflected in variable Y, which is national income, and is represented by the variable on the right. By periodically comparing the value of G with Y, it is possible to determine how much government spending contributes to consumer spending, which is the basis of national income. Microeconomic trends can affect how individual economies behave. Unlike traditional economic theory, which argues that potential output growth is the basis of economic processes. (Hakib 2019).

Literature review

Economic conditions for a province or district / city can be seen through a growth measuring tool by estimating the percentage of development of Gross Regional Domestic Product (GDP), assessing the economic condition of a province, district, or city. The GDP of a region is the value of all final products and services produced, or the gross value added of the region. So using the progress of the value of GDP determines the economy of a region. (Lestari, Nainggolan, & Damanik 2022)

Methods
Analysis Methods

Data are entered into the study after being collected using quantitative research methods of annual form after using secondary data. The Central Bureau of Statistics of Sidoarjo Regency provides research data, which is also collected through the internet, books, journals, papers, and other reference materials that can be used to strengthen the theoretical foundation. analytical methods with linear regression analysis using IBM Version 26 SPSS (Statistical Programs For Social Sciencies) application with tables α=5% (0.05) in this test will produce Best Linear Unbiased Estimator (BLUE) analysis especially through heteroscedasticity, multicollinearity, autocorrelation, and normality tests. Standard deviation values, variance, coefficient of determination (R^2), f testing, single-sample t testing,

layered sample t-examiners, and other outputs are generated from data analyzed using the SPSS application. (Swarjana 2022).

Multiple linear regression models must be developed before basic linear regression models can be created. Although there is only one dependent variable in a simple linear regression model and only one independent variable, there are more independent factors and independent variables in the equation:

$Y = β_0 + β_1X_1 + β_2X_2 + β_3X_3 + e$

Results and discussion

The first step in the elaboration of data is testing, and includes tests of normality, autocorrelation, multicollinearity, heteroscedasticity in scatterplots, descriptive statistics, and hypothesis testing. The plotted data (dots) that represent the actual data are considered normally distributed if they follow diagonal lines, which is a condition of normality tests for regression models. Following the direction of the line on the histogram graph or its diagonal line, the distribution of plotting data (points) is on the diagonal axis, based on the results of the normality test. In the normality test of this study, the data were shown to be regularly distributed.

Frame work 1. Normality Test

Source : Output SPSS

Next, an autocorrelation test was carried out. Assuming a Durbin Watson value between 2 and (4-du), the autocorrelation condition is satisfied. For autocorrelation test findings it is 0.850, which is between dU = 1.750 and 4 – dU = 2.25. 4 - dU is obtained from (4-(1.750) = 2.25) with the equation dU (1.750) > Durbin Watson (0.850) < 4-dU, then it can be interpreted that the data concerned does not show signs of autocorrelation.

Model Summaryᵇ

	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.866ᵃ	.750	.682	369.11382	.850

a. Predictors: (Constant), income per capita (x3), spending on household consumption (x1), government expenditures (x2)

Table 1. Autokorelasi test

Source : Output SPSS

Next, a multicollinearity analysis was carried out. If the Tolerance and VIF values are > 0.100 and < 10.00 The condition is the absence of symptoms. The results show that the tolerance and VIF values are as follows: x1 is 0.713 > 0.100 x2 is 0.669 > 0.100, x3 is 0.525 > 0.100 and x1 is 1.402 <

10.00, x2 is 1.495 < 10.00 x3 is 1.906 < 10.00. The result is that multicollinearity does not show any symptoms.

Table 2. multicollinearity test

		Unstandardized Coefficient		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Konstanta)	-914.452	198.008			
	(x1)	.444	.371	.214	.713	1.402
	(x2)	7.590	3.443	.406	.669	1.495
	(x3)	.924	.446	.431	.525	1.906

a.Dependent variable: Economic growth (Y)
Source: output SPSS

Next, heteroscedasticity tests for scatterplots were carried out. To meet the requirement of lack of heteroscedasticity, scatterplot images should not show visible patterns (wavy, widened and then narrowed), and Y-axis values of 0 should be equally surrounded by dots. Because the pattern meets the requirements, the results show that there is no indication of scatterplot heteroscedasticity in this study because the points are equidistant from 0 to the Y-axis, so there is no pattern

Frame work 2.Heterokedastisitas Scaterplots
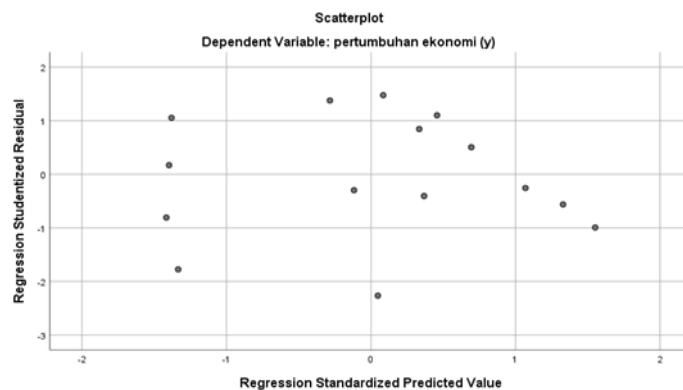
Source: output SPSS

The process is then continued by conducting descriptive statistical tests, f-tests, and evaluation of t-test hypotheses. R2 analysis one dependent variable and three independent variables. The R Square value is 0.322. and the coefficient of determination (R^2) X1 on the result Y, it can be concluded that the influence of variable (Y) on variable (X1) is 3.22%.

Table 3. Coefficient of Determination X1

Summary Model

	R	Rsquare	AdjustedRsquare	Std. Error Estimate
1	.567[a]	.322	.270	558.99846

a. Predictors: (Constant), spending on household consumption (X1)
Source: Output SPSS

Furthermore, since the coefficient of determination (R^2) X2 to Y is 0.517, that (Y) has an effect of 5.17% on (X2).

Table 4. Coefficient Determination X2

Model Summary

	R	R Square	Adjusted R Square	Std. Error the Estimate
1	.719ª	.517	.480	471.80555

a. Predictors: (constant): Government expenditure (x2)
Source: Output SPSS

In addition, the coefficient of determination (R^2) X3 of finding Y is known to be 0.608 as a result of which it can be responded that variable Y will be variable X3 by 6.08%.

Table 5. Coefficient Determination X2

Model Summary

	R	RSquare	Adjusted R Square	Std. Error the Estimate
1	.780ª	.608	.578	425.12114

a. Predictors (Constant): income per capital (X3)
Source: Output SPSS

If the Sig threshold ≤ 0.05 or t_{count} crosses t_{table}, based variable X has an impact on variable Y in table ANOVA. Then, an expert in statistical descriptive testing of test f. The formula for F in the table is F (k ; n – k) = F (3 ; 12) = 3 .49 which can be seen in the F distribution of the 0.05% significance table (Progress Of Freedom For Nominees) with the description K = some independent variable, and N = participants in the sample. The results of the f test in this study have a significance level of 0.001b < 0.05, while F_{count} 10.991 and F_{table} 3.49. In addition, the value of $F_{count} \geq F_{table}$ can be known

Table 6. F Test

ANOVAª

1		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4492225.253	3	1497408.418	10.991	.001ᵇ
	Residual	1498695.147	11	136245.013		
	Total	5990920.400	14			

a. Non-free variable: economic growth
b. Constanta prediktor : Predictor constants: per capita income, household consumption expenditure, government expenditure
Source: Output SPSS

The t-test hypothesis is then tested, with the caveat that variable X has an influence on variable Y if the level of α ≤ 0.05 aka $t_{count}t \geq t_{table}$. The t test findings of this study show that the T table is T(a/2; n–k−1) = T(0, 0.2.5; 11) = 2.2.00.1, as shown in Table T α=0.05

Table 7. t Test

Coefficient

1		Unstandardized Coefficient		Standardize Coefficient	t	Sig.
		B	Std. Error	Beta		
1	(Konstanta)	-914.452	198.008		-4.618	.001
	(x1)	.444	.371	.214	1.199	.256
	(x2)	7.590	3.443	.406	2.204	.050
	(x3)	.924	.446	.431	2.071	.063

a. Dependent Variable: economic growth (y)
Source: Output SPSS

CONCLUSION
The conclusion is that the economic growth of Sidoarjo Regency is not significantly influenced by household expenditure or per capita income. However, government spending provides considerable benefits and impacts on the economic growth of Sidoarjo Regency. In accordance with the combined findings, the economic growth of Sidorjo Regency is mainly influenced by bound and free variables

ADVICE
It is the task for the local government of Sidoarjo Regency to be able to improve various sectors that can support and increase household consumption expenditure, as well as increase investment that can open new jobs to increase per capita income

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