

THE IMPACT OF LOCAL OWN-SOURCE REVENUE (PAD), CAPITAL EXPENDITURE, AND SOCIAL EXPENDITURE ON ECONOMIC GROWTH

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ABSTACT

This study aims to analyze the influence of Local Own-Source Revenue (PAD), Capital Expenditure, and Social Expenditure on economic growth in 12 regencies and cities in Riau Province during the 2021–2024 period. The background of this research lies in the importance of regional fiscal policy management in supporting economic performance. A quantitative approach with multiple linear regression analysis is employed to examine both the partial and simultaneous effects of the variables, using secondary data obtained from the Central Statistics Agency (BPS) and the Regional Financial Information System (SIKD).

Hypothesis testing is conducted through t-tests and F-tests with a 5 percent significance level to determine the extent to which PAD, Capital Expenditure, and Social Expenditure contribute to regional economic growth. The results show that, simultaneously, PAD, Capital Expenditure, and Social Expenditure have a significant effect on economic growth. However, partially, PAD and Capital Expenditure do not have a significant effect, while Social Expenditure has a significant negative effect. These findings indicate that regional economic growth is influenced by the synergy of revenue and expenditure policies. Therefore, more effective fiscal management is required to support sustainable economic growth in Riau Province.

Keywords :Local Own-Source Revenue, Capital Expenditure, Social Expenditure, Economic Growth.