

CHAPTER 2

LITERATURE REVIEW

2.1 Theoretical Framework

2.1.1 Defense Budget

One of the supporting factors for the realization of defense capabilities is the carrying capacity of the budget. Budget can be interpreted as a plan that is realized in financial form (Ministry of Defense of the Republic of Indonesia, 2021), which includes proposed expenditures that are estimated for a period of time, as well as proposed ways to meet these expenditures (Abdul Halim, 2012). Meanwhile, according to Rudianto (2009), the budget is an organization's work plan in the future in quantitative, formal, and systematic forms. Thus, the budget can be interpreted as a quantitative, formal, and systematic work plan, which includes proposals for expenditures that have been estimated in one period. Budget is a form of government policy that is embodied in budget values and is valid for a certain period. In another sense, a budget can also be interpreted as a financial plan, which states the following:

- 1) Organizational plans in serving the community or other activities that can develop the organization's capacity in service.
- 2) Estimation of the amount of costs that must be incurred in realizing the plan.
- 3) Estimates of the sources that will generate income and the amount of income.

2.1.1.1 Budget Function

Within the scope of accounting, budgets are within the scope of management accounting. Thus, there are several budget functions related to management accounting:

- 1) Budget as a planning tool: With a budget, organizations can know what is being done and in which direction policies are made.

- 2) Budget as a control tool: Budgets Public sector organizations can avoid overspending or misspending.
- 3) Budget as a policy tool: The direction over a particular policy can be determined through the budget of a public organization.
- 4) Budget as a political tool: In public sector organizations, the commitment of managers in implementing promised programs can be seen from the budget.
- 5) Budget as a coordination and communication tool: Through a comprehensive budget document, a section or work unit or department that is a suborganization can know what must be done and what will be done by other parts of the unit / work unit.
- 6) Budget as a performance appraisal tool: Budget is a measure that can be a benchmark whether a part of the unit / work has met the target, both in the form of carrying out activities and meeting cost efficiency.
- 7) Budget as a motivational tool: Budget can be used as a communication tool by making nominal values listed as achievement targets with a note that the budget will be a good motivational tool if it meets the nature of "challenging, but still possible to achieve" meaning that a budget should not be too high so that it cannot be met, and also not too low so that it is easily achieved.

2.1.1.2 Approximate Compilation Approach

In preparing a budget, an agency can use several approaches. These approaches are a development on the weaknesses of previously used approaches. All agencies can choose the most appropriate budgeting approach and in accordance with the characteristics of the agency by paying attention to the advantages and disadvantages. Thus, budgeting has several approaches, including:

- 1) Traditional Approach

Traditional budget approach is often referred to as object of expenditures, incremental, or line item, the name has the

understanding that this traditional budget approach has a very simple paradigm in each cost control. The term incremental means that the determination of each type and cost in the budget of a period in an agency is based on a certain percentage increase of each type and the amount of cost of the same amount as the previous fiscal year.

The way to create a budget using this approach is to identify the type of spending that will be carried out by the organization, the types of spending that have similarities or similarities will be grouped in certain types of groups. The types of costs that are usually grouped include, employee costs, travel costs, maintenance costs, office administration costs, etc. The characteristics of the traditional budgeting approach are:

- a) Arranged based on the shopping list that will be carried out by the agency so that the shape looks like a list of shopping posts of an agency,
- b) Aims to limit production or control the organization's expenses,
- c) Generally incremental.

Budgeting using the traditional approach has several advantages, namely from the form which is very simple and easy to implement. But of the advantages possessed, of course, this approach has weaknesses that must be improved including:

- 1) Fixated on pre-existing resources.
- 2) Accountability is centered on a concept that refers only to the value of money and not to the outcome or benefit of a program.
- 3) Unable to provide sufficient information to assess the efficiency and effectiveness of the organization's activities.
- 4) Most budget items do not have to have a clear basis or reason.
- 5) Once a program has been budgeted, it will continue to be included in a budget for subsequent periods for an indefinite period of time.

- 6) Provide separate historical data and costs so that they are not efficient when evaluating work programs.
- 7) The resulting budget report does not contain much financial data that can be used when planning, preparing programs, and evaluating work program activities.
- 8) Input planning is prepared at a low level and increased little by little.
- 9) The goals and objectives of the organization are drawn up on the basis of the amount of money allocated to other activities.
- 10) Not providing too clear information on the wise allocation of resources.
- 11) Encourage wrong decision making.
- 12) Failing to accommodate problems related to policies over agency control.
- 13) Supporting spending rather than saving, organizational units are encouraged to spend all their budget that is needed or not needed. This arises because:
 - Performance appraisals tend to focus on spending and units that spend below the limit will be considered good. In spending less than budgeted, the unit's budget allotment will be reduced or even the expenditure will no longer be budgeted in a later period.
 - Performance Approach, Performance approach is an approach in budgeting that can overcome the weaknesses of budgeting using traditional approaches, especially weaknesses caused by the absence of benchmarks in the performance of an agency in achieving the goals and objectives of performance services compared to only cost savings.

In preparing a budget using a performance approach, it is necessary to know several characteristics, including:

- 1) Budgets are grouped by programs and activities
- 2) Each program or activity is equipped with performance indicators that can be used as a benchmark for the success of a program.
- 3) This approach is applied using cost costing, meaning the sum of multiplications of the standard cost per unit by the number of units of activity estimated in future periods. In accordance with other approaches, the performance approach certainly has advantages and disadvantages. The advantages obtained in using a performance approach, including:
 - 1) Divert attention from budget control to managerial control.
 - 2) Encourage better planning.
 - 3) Management has more control tools for its subordinates because it does not see much spent by its subordinates, but also assesses the performance of activities using standard units of currency or units of activity.
 - 4) Performance budgets emphasize activities that use budgets rather than the amount of budget already used.
 - 5) Considered more in line with the characteristics of public institutions that do not pursue profit and are more oriented to service quality.

While the disadvantages of the budgeting approach with this performance method, are:

- 1) Not many budget or accounting personnel have sufficient ability to identify units of measurement and carry out cost analysis.
- 2) Sometimes there are difficult conditions, even inadequate in performance measurement considering that many services and activities of public agencies cannot be directly measured in units of output or unit costs that can be easily understood
- 3) It often happens that direct activities are measured in detail and other detailed measurements are carried out without adequate consideration given to the need or failure of the activity itself.

2.1.1.3 State Budget (APBN)

APBN is an annual financial plan of the Indonesian state government that is approved by the House of Representatives or in other words APBN is a systematic list containing plans for state revenues and expenditures in one period. The APBN has stages of preparation, implementation, and accountability including the following:

1) APBN Compilation

At the stage of preparing the state budget, the government will submit a draft state budget in the form of a bill on the state budget to the DPR. After going through several discussions, the House of Representatives will determine the Law on the State Budget no later than 2 months before the period.

2) Implementation of APBN

In the process of implementing the State Budget, it will be further poured into the Resident Regulation. The state budget will usually undergo changes or revisions in the middle of the period. In revising the government, the government must submit a bill to amend the state budget to get approval from the DPR, the amendment to the state budget will take place no later than March after discussion with the DPR Budget Agency.

3) Accountability for the Implementation of the State Budget

No later than 6 months after the fiscal year ends, the President submits the Bill on Accountability for the implementation of the State Budget to the House of Representatives in the form of Financial Statements that have been examined by the Audit Board (BPK)

State expenditure according to Law of the Republic of Indonesia No. 12 of 2014 states that state expenditure is an obligation of the central government which is recognized as a reduction in the value of net worth consisting of central government spending and regional transfers. Included in the state expenditure are regional transfers, goods expenditures, social expenditures, employee expenditures, and capital expenditures. State

Expenditure is also one of the structures of the State Budget in addition to Regional Expenditure.

2.1.1.4 Realization of the State Budget

According to his understanding, the budget is a systematic work plan, of course, a plan will be followed up with the realization of a work plan. Each department or agency will make a budget in accordance with what is in the APBN. The thing realized in this case is the activities that have been planned in one period. Budget realization is a systematic direction or control or process that converts inputs into goods and services. In other words, what is meant by budget realization is the follow-up of the work plan that has been budgeted in accordance with the allocation of funds that have been stated in the State Budget.

In the process of realizing a budget, a budget manager will find an issue, namely quality, which is a major key in facing competition. In the face of competition, a manager must be able to provide quality products and services efficiently. According to the theory, there are two kinds of measures of quality as a competitive priority, including "high performance design" and "consistent quality". The quality of products and services provided by service providers or manufacturers is a measurable part of adjusting specifications, which is meant specifications in this case is "high performance design". Quality can be defined as a good product or service that serves a purpose in the hope of being paid.

2.1.1.5 Budget Realization Cycle

The budget realization cycle is covered from a series of activities after budgeting is established to continue with the implementation of the budget. The budget realization cycle is divided into 3 stages:

- 1) Disbursement of budget (expenditure), this activity is a preparatory stage in the form of making procedures and forms and making cash budgets, this stage is in the form of goods, services, and capital expenditure activities, the completion stage is in the form of collecting

evidence of activities for recording, completing procedures for recording goods and capital, and reporting service activities.

- 2) Revenue realization, at this stage the preparation consists of calculating potential activities and making regulations for revenue collection, and in the completion stage consists of recapitulation activities for revenue realization and the imposition of sanctions and incentives.
- 3) Program implementation, this stage begins with preparation in the formation of team activities and making rules and division of labor, in the implementation process consists of work implementation activities, while completion consists of product finalization activities and making reports.

The defense budget in particular serves as a measure to assess a country's capacity and policies in managing defense systems, as well as show how committed and resources are given to the armed forces. In the context of the 2000-2004 Defense Development Strategic Plan (RENSTRA), it is seen that the defense sector receives minimal attention, which is reflected in the limited budget allocated to it. This is because the main focus of national development at that time was on the economic sector. During the period, defense budget allocations tend to be determined by the country's existing financial capacity and development priorities.

So, the researcher concluded in the context of the defense budget, it was shown that the budget plays an important role as an indicator of commitment and resources given to a country's armed forces. However, there are challenges in budget allocation and management, as seen in the budget realization cycle involving budget disbursement, revenue realization, and program implementation. Regardless of changes in budget allocations from time to time, it is important for a country to ensure that the defense budget is adequate to meet national defense needs and measure the quality and efficiency in the implementation of defense programs.

2.1.2 Gross Regional Domestic Product

Domestic product is all goods and services resulting from the economy in the domestic area, regardless of the factors of production owned by the population in the area. While regional products are domestic products plus income received from outside the region and abroad reduced by income paid outside the region and abroad. So regional products are products produced due to production factors owned by the inhabitants of a region. GRDP is the gross value added of goods and services produced by a domestic region in a country that causes economic activity in a certain period without regard to the factors of production owned by residents or non-residents. GRDP on the basis of current prices is known as nominal GRDP which is arranged based on current prices which aims to see the structure of the economy. While GRDP at constant prices (rill) based on prices in the base year which aims to measure economic growth (BPS, 2016).

The overall picture of the regional economy can be found in the GRDP. The regional economy itself is an increase in the income of the community or population as a whole in the form of an increase in all added value that occurs in an area and then the calculation of the applicable price value is carried out, but to find out every year it is expressed in real form, which means it is formed at a constant price. GRDP is used as the basis for calculating forecasts, various ratios, and measures of regional disparities. GRDP data describes the ability of a region or region to manage its resources. So, the GRDP produced by each region or region is different because it depends on the potential of natural resources, human resources, technology (production factors) owned by each region or region. To calculate GRDP figures there are 3 approaches that can be used, namely:

2.1.2.1 Production Approach

GRDP is the amount of value added to goods and services produced by various units of production in the territory of a country in a

certain period of time (usually one year). The production units in this presentation are grouped into 17 business fields (sectors), namely:

- 1) Agriculture, Forestry and Fisheries
- 2) Mining and Quarrying
- 3) Processing Industry
- 4) Electricity and Gas Procurement
- 5) Water Procurement, Waste Management, Waste and Recycling
- 6) Construction
- 7) Wholesale and Retail Trade; Car and Motorcycle Repair
- 8) Transportation and Warehousing
- 9) Accommodation and Food & Drink Providers
- 10) Information and Communication
- 11) Financial Services and Insurance
- 12) Real Estate
- 13) Company Services
- 14) Government Administration, Defense, and Compulsory Social Security
- 15) Education Services
- 16) Health Services and Social Activities

2.1.2.2 Income Approach

GRDP is the amount of remuneration received by the factors of production that participate in the production process in a country in a certain period of time (usually one year). The remuneration of the factors of production in question is wages and salaries, land rent, capital interest and profits, all before income tax and other direct taxes are deducted. In this definition, GRDP also includes depreciation and net indirect taxes (indirect taxes minus subsidies).

2.1.2.3 Production Approach

The GRDP is all the components of the final request consisting of:

- 1) Consumption expenditure of households and private non-profit institutions
- 2) Government consumption expenditure
- 3) Gross domestic fixed capital formation
- 4) Inventory changes, and
- 5) Net exports (net exports are exports minus imports)

Conceptually all three approaches will produce the same number, the amount of expenditure will be equal to the amount of final goods and services produced and must be equal to the amount of income for the factors of production. The GRDP generated in this way is referred to as GRDP on the basis of market prices, because it is already covered by net indirect taxes (BPS, 2022).

So, researcher in this case define GRDP as an important indicator to assess the economic health of a region and can be calculated through three approaches: production, income, and expenditure. GRDP is useful in describing the economy of a region, measuring growth, and understanding the contribution of economic sectors to economic output. This data is important for economic planning, decision-making, and monitoring of regional performance.

2.1.3 Human Development Index

In order to build the nation, human capital that meets the qualifications of skills, knowledge in various fields of expertise is needed. Therefore, a benchmark is needed to assess the quality of human development, this underlies the measure set by UNDP (1990) in the theory of the Human Development Index, which is an approach used as a benchmark for high and low human development. The Human Development Index is used to measure how much impact efforts have on improving the capacity of basic human capital. Human Development is a component of development through population empowerment that focuses on improving human basis. Development is calculated using the size of education, health

and purchasing power. The higher the number obtained, the more achieved the goals of development.

Development is a process to make changes for the better (Nur Baeti, 2013). The success of human development can be judged by how big the problems that can be overcome, especially the most basic problems. The problems include poverty, unemployment, incomplete education and the success of human development from other economic aspects. The achievement of development goals reflected in the human development index is highly dependent on the government as a provider of supporting facilities (Marisca and Haryadi, 2016). In the process of achieving development goals, there are four components that must be considered in human development (UNDP, 1995). The four components are briefly described as follows:

a) Productivity

Humans must strive to increase productivity and participate fully in generating income and meeting the necessities of life. Therefore, economic development can be interpreted as part of human development.

b) Equitable

Everyone has equal opportunities to access economic and socio-political resources. Any barriers that could prevent access to such access must be removed, because everyone must have the opportunity to participate in taking advantage of the benefits that exist in order to improve the quality of life.

c) Continuity

Access to available opportunities must be ensured not only enjoyed by the present generation but also prepared for future generations. All resources must always be up-to-date

d) Empowerment

Everyone is expected to participate fully in determining the direction of their lives. Similarly, in utilizing the development process, you must participate in making decisions.

The concept of human development actually does not stop at the four components above. There are several concepts of resource development which in the macro context are the entire process of human capacity improvement activities which include various activities, namely: development of education and training, health and nutrition, employment opportunities, a healthy living environment, workplace development, and free political life (Sulaiman, 2012).

The growth and development of human resources must always be pursued by the government to prepare a generation that is able to improve people's welfare. Where the most basic problem in this development is in improving the basic abilities of the community both physically and non-physically (mental and spiritual). In this case, human development emphasizes improving the quality of life seen from three aspects, namely: health aspects, which are measured based on the size of life expectancy at birth, educational aspects measured based on the expected length of schooling and the average length of schooling, and purchasing power aspects measured based on the value of per capita expenditure. Based on the greater tendency towards the basic needs of the concept of human resource development, it needs intensive handling by the government in its management.

Judging from the relationship of these three aspects to other aspects, it shows that the good level in handling these three aspects, significantly provides a good level of economic and socio-political development. That is, by focusing on human resource development in aspects of health, education and the ability of people's purchasing power, it is able to have a positive impact on other aspects. The role of human capital formation is often associated with nation-building investment. The process of preparing

quality, skilled, productive and innovative resources is very important for a country in increasing national resilience. This resilience can be seen from how much success development has been in government, economy to science and technology.

2.1.3.1 Components of Human Development

UNDP has published a human resource development report called HDI (Human Development Index) in quantitative form. HDI is a benchmark that is formulated constantly in human resource development so that the picture of development will not be captured perfectly. There are three indicators used to measure HDI, namely (UNDP, Human Development Report, 1993):

- 1) Life Expectancy Index (longevity): measurement with indicators calculating life expectancy of birth (life expectancy of birth) and infant mortality rate per thousand population (infant mortality rate).
- 2) Educational achievement index: Measurement with two indicators, namely the literacy rate at the age of 15 years and over (adult literacy rate) and the mean years of schooling.
- 3) Eligible living index (access to resource): Measurement using per capita real production figures.

Since 2014 in Indonesia there have been changes in the calculation of HDI (Human Development Index), but in general the method of calculating human development is the same as that used by UNDP, namely:

- 1) Health Index: Life expectancy at birth can be known through the average number of births and deaths per year, the comparison of these variables is expected to reflect the average length of life expected by people in a region. The maximum and minimum values for calculating health have been agreed upon by all countries. The highest limit for calculating this component is 85 years and the lowest is at 20 years. This figure is in accordance with the standards set by UNDP.

- 2) Education Index: The calculation of this index is based on two indicators, namely, Expected Years of Schooling and Average Years of Schooling. The Old School Expectation Number is defined as the hope that can be taken by children. The expected length of school is calculated in children aged 7 years and over. The RLS calculation step is to calculate the number of residents according to the age of 7 years and over, then calculate the number of residents who are still in school according to the age of 7 years and over. After that, calculate the ratio of the population to still in school according to the age of 7 years and over and calculate the expected length of schooling.
- 3) Purchasing Power Index: Measurement of the purchasing power of the district/city community, using the average consumption that is considered the most dominant from the results of the National Socioeconomic Survey (SUSENAS) which has been standardized so that it can be used as a comparison between regions and time according to the purchasing power index (Purchasing Power Parity – PPP). There are 96 commodities selected, consisting of 66 commodities are food types while 30 other commodities are non-food types. Average per capita expenditure is kept constant with base year 2012=100.

2.1.4 Human Development Index Measurement

The measurement of the Human Development Index includes three indicators that have been agreed upon by UNDP, in the form of:

1. Health Index seen from life expectancy at birth.
2. Education index, judging from the expected length of schooling and the average length of schooling.
3. Purchasing power index, viewed by the value of production per capita.

So, in this case researcher define the Human Development Index (HDI) is a measure that describes the level of quality of life of residents in an area, including life expectancy, education, and purchasing power, with the aim of measuring the progress of human development in achieving welfare.

2.1.5 Dependency Ratio

Todaro (1995) in his book entitled Economics for Developing Countries said the dependency ratio or dependency burden rate is a number that expresses the ratio between the number of non-productive age population (population under 15 years old and population aged 65 years or more) with the number of productive age population (population aged 15-65 years). The faster the rate of population growth of a country, the greater the proportion of dependent children and the more difficult the burden of working productive age to help those who are not or have not worked. In other words, the macro dependency ratio can be used as an indicator that can roughly show the state of a country's economy whether classified as a developed country or a developing country.

Dependency ratio theory is a concept in economics and demography that measures the ratio between the number of economically inactive individuals (i.e., those outside the working age group, generally under the age of 15 and over 64) and the number of economically active individuals (i.e., those in the working age group, between 15-64 years). This concept is important because it gives an idea of the burden that the working population has to bear in supporting those who are not working. There are two main components to the dependency ratio:

- **Youth Dependency Ratio:** This refers to the ratio between the number of individuals under the age of 15 and the number of working adults. This ratio highlights the economic burden borne by the labor force to support children.

- **Old Age Dependency Ratio:** This is a comparison between individuals over the age of 64 with those in the working age group. This ratio shows the burden of funding pensions, health care, and other services for the elderly population.

This theory is often used to evaluate the economic sustainability and social policies of a country. For example, a country with a high youth dependency ratio may need to invest more in education and child services, while a country with a high old age dependency ratio may need to focus resources on health care and pensions. So, in this case the researcher interprets the Dependency Ratio is that this ratio is an important indicator in analyzing the demographic balance of a country and its impact on the economy. A high dependency ratio, be it in terms of the number of children (youth dependency) or the elderly (old age dependency), indicates a greater burden on the working population. This can have an impact on government policies in terms of resource allocation, such as education, health, and pension systems.

2.2 Previous Research

There are several previous studies that are referenced in this study because they have several similarities, especially in the variables used. Here's previous research:

- a. The research entitled "The Effect of Economic Growth, Local Original Income, General Allocation Funds and Special Allocation Funds on the Capital Expenditure Budget of Districts & Municipalities of South Sulawesi Province" was compiled by Muhammad Syukri and Hinaya (2019).
- b. The research entitled "The Effect of GRDP and Government Expenditure on HDI and Poverty Rate in the Districts / Cities of Bali Province" was compiled by Made Ade Dwi Ariwuni, I Nengah Kartika (2019).

- c. The research entitled "The Effect of Economic Growth, Local Original Income, and General Allocation Funds on Capital Expenditure Budget Allocation" was compiled by Ufi Rumefi (2018).
- d. The research entitled "The Effect of Investment, Labor, and Human Development Index on GRDP (Case Study of Districts / Cities in Central Java Province in 2016-2018)" was compiled by Andre Budihardjo, Fitri Arianti, and Fuad Mas'ud (2020).
- e. The research entitled "Analysis of the Effect of GRDP Percapita, Health Sector Budget, Education Sector on Human Development Index in Districts on Madura Island" was compiled by Rizal Amrullah (2022).
- f. The research entitled "The Effect of Decentralization Degree Ratio, Regional Financial Dependence Ratio, and SiLPA Financing Level Ratio to Capital Expenditure Allocation in District/City Governments in West Java Province" was compiled by Yulistiani Marlianita (2020).
- g. The research entitled "Analysis of the Relationship between Labor Force Participation Rate and Population Dependence Ratio to Economic Growth in Indonesia for the Period 1981 – 2018" was compiled by Mala Hayati (2019).
- h. The research entitled "Analysis of Demographic Bonus on Economic Growth in South Kalimantan Province" was compiled by Isra UI Huda, Anthonius J. Karsudjon, Ryan Darmawan (2021).
- i. The research entitled "The Effect of Human Development Index (HDI) and Unemployment Rate on Economic Growth in East Java Province in 2016-2018" was compiled by Siti Rahmawati Arifin (2021).
- j. The research entitled "Analysis of the Effect of Capital Expenditure on Poverty through Gross Regional Domestic Product (GRDP) in DKI Jakarta Province in 2004–2016" was compiled by Siti Rahmawati (2018).

Based on the description of the results of previous research above, similarities and differences can be arranged with the research examined by researcher in table 2.1 below:

Table 2.1 Similarities and Differences in Previous Research

No	Author and Year	Research Title	Methods and Theories	Equation	Difference	Result
1.	Muhammad Syukri and Hinaya (2019)	The Effect of Economic Growth, Local Original Revenue, General Allocation Fund and Special Allocation Fund on District & City Capital Expenditure Budget of South Sulawesi Province	The type of research used is applied research with quantitative data. The data used in this study is secondary data provided by the Central Statistics Agency (BPS).	Is quantitative research using secondary data	Does not discuss defense	Simultaneously, economic growth, local original revenue, general allocation funds and special allocation funds have a significant effect on the capital expenditure budget. Partial testing of the model, only the PAD variable has a significant effect on the capital expenditure budget. Economic growth, general allocation funds and special allocation funds do not have a significant effect on the level of regional progress.
2.	Made Ade Dwi Ariwuni, I Nengah Kartika (2019)	The Effect of GRDP and Government Expenditure on HDI and Poverty Rate in the Districts / Municipalities of Bali Province	The data of this study are secondary data. Data collection was carried out by non-participant observation. The analysis technique used is path analysis.	Using GRDP and HDI variables and is a quantitative study of secondary data	Does not discuss defense	The results showed that of the three independent variables in the form of GRDP, government expenditure in education, government expenditure in the health sector had a significant effect on the dependent variable, namely HDI.

3.	Ufi Rumefti (2018)	The effect of economic growth, local original revenue, and general allocation funds on the allocation of capital expenditure budgets	This study used classical assumption tests. Multiple Linear Equation Analysis, coefficient of determination and partial and simultaneous hypothesis testing.	Using budget variables, it is quantitative research.	The scope of research is regional and does not discuss the field of defense.	Regional original income variables and general allocation funds affect the allocation of capital expenditure budgets, while economic growth variables do not affect the allocation of capital expenditure budgets, all independent variables affect the allocation of capital expenditure budgets. And from the coefficient table, it is known that the General Allocation Fund has the most dominant influence on the allocation of capital expenditure budgets.
4.	Andre Budihardjo, Fitri Arianti, and Fuad Mas'ud(2020)	The Effect of Investment, Labor, and Human Development Index on GRDP (Case Study of Districts / Cities in Central Java Province in 2016-2018)	It is a quantitative research panel data with quantitative descriptive analysis techniques through secondary data	Using secondary data with descriptive data analysis	The research was only conducted in Central Java Province	Investment variables have no effect on the GRDP growth rate, labor variables have no effect on GRDP growth, and human development index (HDI) variables have a positive effect.

5.	Rizal Amrullah (2022)	Analysis of the Effect of GRDP per Capita, Health Sector Budget, Education Sector on HDI in Districts on Madura Island	This study uses quantitative descriptive methods and the variables used in this study are HDI, GRDP per capita, Health Sector Budget, and Education Sector Budget on Madura Island.	It is quantitative research, using GRDP, Budget, HDI.	Scope of research on districts on Madura Island.	The results of this study show that GRDP per capita has a positive effect, the Health Sector Budget has a negative effect, and the Education Sector Budget has a positive effect on the Human Development Index in all districts on Madura Island.
6.	Yulistians Marlianita (2020)	The effect of the decentralization degree ratio, regional financial dependence ratio, and SiLPA financing level ratio on capital expenditure allocation in district/city governments in West Java Province	The data used in this study was secondary data consisting of Statement of Budget Realization of 27 regencies/municipalities in West Java Province 2014-2018 which were obtained from report of audit findings (LHP) by national Audit Board (BPK) of West Java Province. Data	It uses secondary data and is a quantitative study, with variables Dependency Ratio, budget.	The scope of research is in the province of West Java and does not mention defense.	The results of this study show that simultaneously the degree of decentralization ratio, regional financial dependence ratio, and SiLPA Financing rate ratio has a significant effect on the allocation of capital expenditures. However, partially the degree of decentralization ratio and regional financial dependence ratio does not has a significant effect on the allocation of capital expenditure while the SiLPA financing rate ratio has a significant effect on the allocation of capital expenditure in regencies/municipalities in West Java Province with a coefficient determination value is 0.437352.

			analysis method in this research used Random Effect Model (REM) by using Eviews 9 software.			
7.	Mala Vital (2019)	Analysis of the relationship between labor force participation rate and population dependence ratio to economic growth in Indonesia for the period 1981 – 2018	Quantitative research with secondary data obtained from the official website of the World Bank and the Indonesian Central Bureau of Statistics	Using variable Dependency Ratio and GRDP, research with Indonesian scope	No defense offense, and research years 1981-2018.	The partial labor force participation rate has a significant effect on economic growth, the partial population dependence ratio has a significant effect on economic growth, the labor force participation rate and the dependency ratio together have a significant effect on economic growth.
8.	Isra UI Huda, Anthonius J. Karsudjon, Ryan Darmawan (2021)	Analysis of Demographic Bonus on Economic Growth in South Kalimantan Province	This research uses quantitative data analysis method	Is a quantitative research with variable dependency ratio	The scope of research is South Kalimantan Province	The results of the analysis conducted prove that the Dependency Ratio has no real effect on economic growth in South Kalimantan Province in 2010 to 2019. Then the number of workers has a real effect on economic growth in South Kalimantan Province in 2010 to 2019

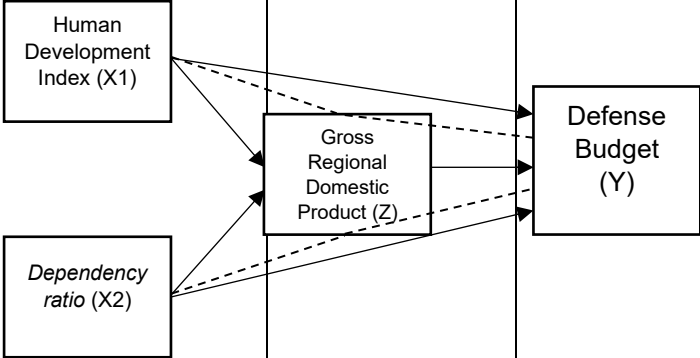
9.	Siti Rahmawati Arifin and Fadlan (2021)	The Effect of Human Development Index (HDI) and Unemployment Rate on Economic Growth in East Java Province in 2016-2018	The data in this study is a type of sakunder data obtained from the website of the Central Bureau of National Statistics and East Java Province. Multiple regression analysis test results with SPSS 20 application.	Using secondary data with HDI and GRDP variables, using the SPSS application	The research was conducted in East Java Province and in 2016-2018	The Human Development Index (HDI) has a significant partial effect on economic growth, the Human Development Index has a partial positive and significant effect on economic growth. The unemployment rate is negative and has no partial significant effect on economic growth. The partially negative unemployment rate has no significant effect on economic growth.
10.	City of Rahmawati (2018)	Analysis of the Effect of Capital Expenditure on Poverty through Gross Regional Domestic Product (GRDP) in DKI Jakarta Province in 2004–2016	Quantitative research using secondary data	Using secondary data and is quantitative research with GRDP and budget varibaels	The research year was 2004-2016 in DKI Jakarta Province	Partially, capital expenditure has a significant and positive direct influence on GRDP. Capital expenditure has a direct but not significant but positive effect on poverty. Partially showing that GRDP has a direct but not significant and positive effect on poverty, the results of the pathway analysis on the indirect effect of capital expenditure on poverty through GRDP show positive results.

Source: Processed by the researcher (2023)

2.3. Frame of Thought

The relationship and influence between variables in this study that have been compiled above can be described as follows:

Figure 2.1 Constellation of Relationships Between Research Variables

Independent Variables	Variable intervention	Variable Dependen	Measurement
 <p>Human Development Index (X1)</p> <p>Dependency ratio (X2)</p> <p>Gross Regional Domestic Product (Z)</p> <p>Defense Budget (Y)</p>			<p>Descriptive Statistics:</p> <ul style="list-style-type: none"> • Mean • Standard deviation • Maximum value • Minimum value <p>Inferential Statistics:</p> <ul style="list-style-type: none"> • Path Analysis <p>Classical assumption testing:</p> <ul style="list-style-type: none"> • Normality test, • Linearity test, • Multicollinearity test, • Autocorrelation test • Heteroscedasticity test.

Source: Processed by the researcher (2023)

2.4 Hypothesis

Based on the theoretical framework designed in figure 2.1 above, the test hypothesis in this study is as follows:

- a. The Human Development Index (X1) affects the Gross Regional Domestic Product (Z).
- b. Dependency Ratio (X2) affects Gross Regional Domestic Product (Z).
- c. Gross Regional Domestic Product (Z) affects the Defense Budget (Y).
- d. The Human Development Index (X1) has an effect on the Defense Budget (Y).
- e. Dependency Ratio (X2) affects Defense Budget (Y).
- f. The Human Development Index (X1) affects the Defense Budget (Y) with Gross Regional Domestic Product (Z) as the intervening variable.
- g. The Dependency Ratio (X2) affects the Defense Budget (Y) with Gross Regional Domestic Product (Z) as the intervening variable.