



**ASIAN CONFERENCE
ON BUSINESS, ECONOMICS
AND SOCIAL SCIENCES**

E - PROCEEDINGS ACBESS 2021



UNIVERSITI
TEKNOLOGI
MARA

Cawangan Melaka

JOINTLY ORGANIZED BY:



SUNWAY
UNIVERSITY
Business School



EDITORS

**Mohamed Saladin Abdul Rasool
Nor Tasik Misba
Noormala Rabu
Fadzlan Sufian
Abdul Rahim Ridzuan**

The Impact of Transfer Revenue, Personnel Expenditures and Capital Expenditures to Financial Distress in Local Government in Indonesia

Al Ansori¹, Nasir Azis², Yossi Diantimala², Syukriy Abdullah², Hendri Achmad Hudori³

¹Doktor Ilmu Manajemen Konsentrasi Akuntansi Sektor Publik, Faculty of Economics and Business, Universitas Syiah Kuala

²Faculty of Economics and Business, Universitas Syiah Kuala, Banda Aceh, Indonesia

³Statistics of Aceh Province, Banda Aceh, Indonesia,

*Corresponding Author: Al.ansori@bpk.go.id

Abstract: *This study aims to examine the effect of Transfer Revenue, Personnel Expenditure, and Capital Expenditure to Financial Distress in Local Governments in Indonesia. Previous research has not explored much of financial distress, making it quite difficult for stakeholders to make effective policies and an early warning system related to financial distress. This study strengthens the previous financial distress literature by using 3,024 observations, 504 local governments in Indonesia during the 2014-2019 period. Secondary data were obtained from Local Government Financial Reports which have been audited by Indonesian Supreme Audit Institutions. Data were analyzed using logistic regression. The results showed that high Transfer Revenue was able to reduce financial distress, accordance with the research hypothesis. Meanwhile, high Capital Expenditure actually increase financial distress, not in accordance with the research hypothesis. These findings can be used as a reference for the executive and legislature to make right policies about Transfer Revenue and allocate effective Capital Expenditure to encourage regional economic growth.*

Keywords: Transfer Revenue, Personnel Expenditure, Capital Expenditure, Financial Distress