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Regional Investment Analysis through Gross Fixed Capital Formation (GFCF) Components in the Gross Regional Domestic Product (GRDP) of Way Kanan Regency

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Abtract

Investment is an asset intended to obtain economic benefits such as interest, dividends and royalties, and social benefits, so that it can improve the government's ability to provide services to the community. Investment is reflected in the Gross Fixed Capital Formation (GFCF) component, which is part of the Gross Regional Domestic Product (GRDP). This study aims to analyze the development of GFCF in Way Kanan Regency during the 2020-2024 period connecting it to the investment accounting perspective, the method used is descriptive quantitative with secondary data obtained from the publication of GRDP according to Way Kanan Regency expenditure 2020-2024 published by BPS (Central Statistics Agency).
Kata Kunci: *Investment, GRDP, PMTB, Investment Accounting, Way Kanan Regency.*

Abstrak: Investasi merupakan aset yang dimaksudkan untuk memperoleh manfaat ekonomi seperti bunga, dividen, dan royalti, serta manfaat sosial yang dapat meningkatkan kemampuan pemerintah dalam memberikan pelayanan kepada masyarakat. Investasi tercermin dalam komponen Pembentukan Modal Tetap Bruto (PMTB), yang merupakan bagian dari Produk Domestik Regional Bruto (PDRB). Penelitian ini bertujuan untuk menganalisis perkembangan PMTB di Kabupaten Way Kanan selama periode 2020–2024 dengan mengaitkannya dari perspektif akuntansi investasi. Metode yang digunakan adalah deskriptif kuantitatif dengan data sekunder yang diperoleh dari publikasi PDRB menurut pengeluaran Kabupaten Way Kanan tahun 2020–2024 yang diterbitkan oleh Badan Pusat Statistik (BPS).
Keywords: *Investasi, PDRB, PMTB, Akuntansi Investasi, Kabupaten Way Kanan.*

INTRODUCTION

The government makes investments as a form of financing expenditure. These investments can be made by both the central and regional governments. Investments made by government agencies typically take the form of equity participation in government-owned enterprises.

Gross Regional Domestic Product (GRDP) is a key macroeconomic indicator for measuring a region's performance. GRDP can be calculated from both production and expenditure perspectives. From the expenditure perspective, GRDP reflects patterns of consumption, investment, government spending, and inter-regional trade. Way Kanan Regency, as a region in Lampung Province, experienced significant economic dynamics, particularly during the 2020 Covid-19 pandemic, which led to a contraction in economic growth. Therefore, analyzing GRDP development using an expenditure approach is crucial to provide a snapshot of the region's economic structure and serve as a basis for policy formulation.
development.

From the expenditure side, household consumption is the largest component contributing to GRDP with an average contribution of around 65%, while Gross Fixed Capital Formation (PMTB) or investment contributes around 30% and plays an important role in increasing regional production capacity.

The government carries out several investment accounting activities. These include investment measurement, research methods, recognition of investment returns, disposal and transfer of investments, and presentation and disclosure of investments.

Based on Law Number 17 of 2003 concerning State Finance, Article 6 Paragraph (2) letter c, it is explained that the state's power in managing state finances is handed over to the governor/regent/mayor as the head of the regional government to manage regional finances and represent the regional government in the ownership of separated regional assets. Meanwhile, Article 7 paragraph (2) letter I of Law Number 1 of 2004 concerning State Treasury explains that the Regional Financial Management Work Unit as the Regional General Treasurer has the authority to carry out the placement of regional funds and manage/legalize investments. Based on this article, it is stated that the regional government is also involved in making investments, especially regional investments through (PMTB).

The Way Kanan Regency Government manages its own regional finances and prepares accountability reports for the implementation of the Regional Gross Regional Domestic Product (GRDP). The Way Kanan Regency Government invests in both production and consumption.

Based on the problem formulation above, this study aims to determine the investment accounting process in the Way Kanan Regency Regional Government, especially regarding the development of Way Kanan Regency's GRDP during the period 2020 to 2024, how each expenditure component (household consumption, LNPRT consumption, government consumption, PMTB, inventory changes, and net exports) contributes to the formation of Way Kanan Regency's GRDP).

METHODS

The method used in this study is a quantitative method. Quantitative research is a research approach that uses data in the form of numbers to answer research questions. This approach emphasizes objective measurement, standardized data collection, and the use of statistical analysis to test hypotheses or explain a phenomenon. Quantitative research is often used to study relationships between variables, measure frequency, or identify patterns in a specific population. The quantitative research approach is confirmatory because it focuses on testing hypotheses and theories. According to Marojahan (2020), quantitative research is defined as a methodology used to measure attitudes, opinions, behaviors, and other specific variables, producing numerical data to generalize results from a larger sample population. Through this approach, secondary data from the Central Statistics Agency (BPS) of Way Kanan Regency was utilized. The data analyzed was Gross Regional Domestic Product (GRDP) by expenditure in 2020-2024. The selection of the 2020-2024 period was based on significant dynamics due to the Covid-19 pandemic and the regional economic recovery phase. The research object is the expenditure components that make up the GRDP of Way Kanan Regency, including:

1. GRDP of Way Kanan Regency during the Covid-19 pandemic
2. Consumption of Non-Profit Institutions Serving Households (LNPRT)
3. Gross Fixed Capital Formation (PMTB)
4. Inventory Changes, and
5. Net Exports

RESULTS AND DISCUSSION

GRDP of Way Kanan Regency at Constant Prices 2010

Table 1. By Expenditure (billion rupiah), 2020-2024

Expenditure Components	2020	2021	2022	2023	2024
1. Household Consumption	5,575.97	5,689.48	5,962.22	6,260.19	6,598.23
2. Consumption of LNPRT	132.82	136.15	138.76	153.43	172.89
3. Government Consumption	654.95	658.88	659.03	674.01	698.73
4.PMTB	3,119.84	3,229.96	3,342.65	3,479.85	3,563.20
5. Inventory Changes	11.89	11.44	13.78	14.41	45.60
6. Net Exports of Goods and Services	-33.15	10.60	48.15	54.09	51.73
GRDP	9,462.31	9,736.50	10,165.60	10,635.97	11,130.37

Following the Covid-19 pandemic in 2020, Way Kanan Regency's economic growth was evident. Way Kanan Regency's GRDP expenditure at constant prices continued to increase from 2020 to 2024. This increase indicates economic recovery in Way Kanan Regency. This economic recovery occurred as economic activity slowly resumed after restrictions in 2020. In 2021-2022, the Regency entered a new normal adjustment period, with the period from 2023 to the present.

Table 2. Household Consumption Expenditure Development in Way Kanan Regency, 2020-2024

Description	**2020**	**2021**	**2022**	**2023**	**2024**
Total consumption House ladder					
a. ADHB (billion rupiah)	8,940.77	9,370.16	10,291.31	11,313.35	12,456.18
b. ADHK 2010 (billion rupiah)	5,575.97	5,689.48	5,962.22	6,260.19	6,598.23
Proportion to GRDP (%ADHB)	63.93	63.91	63.4	64.19	64.8
Average consumption per capita (million rupiah)					
a. ADHB (billion rupiah)	18.92				
b. ADHK 2010	11.8				
Growth (ADHK 2010)					
Total Consumption Household Per-Capita	-0.65	2.04	4.79	5	5.4
Per capita	-5.25	0.77	3.42	3.66	4.1
Amount population (people)	472,579	478,502	484,853	491,108	497,260

The table shows that nominal household final consumption has increased, in line with the increase in population, the increase in population encourages an increase in the value of household consumption, which in turn will encourage the rate of economic growth as a whole.

The proportion of household consumption expenditure to GRDP during the 2020-2024 period tended to increase. The highest point occurred in 2024, reaching 64.80%, and the lowest point in 2022, reaching 63.40%.

Table 3. Development of PMTB in Way Kanan Regency, 2020-2024

Description	2020	2021	2022	2023	2024
Total PMTB					
a. ADHB (billion rupiah)	4,506.26	4,823.81	5,208.68	5,604.57	5,830.04
b. ADHK 2010 (billion rupiah)	3,119.84	3,229.96	3,343.65	3,479.85	3,563.20
Proportion to GRDP (%-ADHB)	32.22	32.9	32.09	31.8	30.33

Growth of PMTB	-3.06	3.52	3.52	4.07	2.40

Over the past five years, Way Kanan Regency's PMTB has increased. Based on current prices, it rose from IDR 4,506.26 billion in 2020 to IDR 5,830.04 billion in 2024.

The contribution of GFCF to the Way Kanan economy is quite significant, ranging from 31 to 32 percent of the total GRDP in terms of real growth. From 2021 to 2024, GFCF consistently recorded positive growth, except in 2020. In 2020, GFCF performance declined due to the COVID-19 pandemic across the region. This resulted in negative growth of 3.06 percent. The highest growth occurred in 2023, reaching 4.07 percent.

Inventory Change (PI)

Conceptually, inventory changes are changes in the stock of various goods that have not been further used in production, consumption, or investment (capital). The changes referred to here can be either additions (positive) or reductions (negative).

Table 4. Development of Inventory Changes in Way Kanan Regency, 2020-2024

Description	2020	2021	2022	2023	2024
Total value inventory					
a. ADHB (billion rupiah)	26.64	13.81	16.88	17.97	58.89
b. ADHK 2010 (billion rupiah)	11.89	11.44	13.78	14.41	45.6
Proponsi to GRDP (%-ADHB)	0.19	0.09	0.1	0.1	0.31

Unlike other expenditure components, which can be analyzed in greater detail, inventory changes can only be analyzed in terms of their proportions. Differences in approaches and estimation methods mean that the inventory component is not subject to as much in-depth analysis as other expenditure components. The contribution of inventory changes to GRDP during the 2020-2024 period was relatively small, at less than one percent.

Table 4. Comparison of Household Final Consumption to Exports, 2020-2024

Description	2020	2021	2022	2023	2024
Total consumption Ruta (ADHB, billion rupiah)	8,940 .77	9,370 .16	10,29 1.31	11,31 3.35	12,45 6.18
Total Exports (ADHB, billion rupiah)	4,027 .57	4,653 .47	5,438. 86	6,124. 99	6,739. 10
Comparison consumption Route to export	2.22	2.01	1.89	1.85	1.85

This indicator shows the ratio between products consumed by households domestically and products exported. Household consumption has a very dominant contribution to Way Kanan Regency's GRDP (around 60 percent).

The data above shows that in 2024, total household consumption was 1.85 times greater than total exports. This indicates that a significant portion of domestic supply was absorbed to meet household final consumption demand, while export value continued to increase. The increase in the ratio was due to the increase in export value not exceeding the increase in household consumption. Conversely, the decrease was due to the increase in export value exceeding the increase in household consumption.

Table 5. Comparison of Household Final Consumption to PMTB, 2020-2024

Description	2020	2021	2022	2023	2024
Total consumption Households	8,94	9,37	10,29	11,31	12,45
(ADHB, billion rupiah)	0.77	0.16	1.31	3.35	6.18
Total PMTB (ADHB, billion rupiah)	4,50	4,82	5,208.	5,604.	5,830.
	6.26	3.81	68	57	04
Comparison consumption Route against PMTB	1.98	1.94	1.98	2.02	2.14

This ratio compares the products used for household final consumption to those used for physical investment (fixed capital formation). At first glance, it appears that the majority of available products in Way Kanan Regency are used for household consumption. Investment use accounts for only half of total household final consumption.

The household final consumption ratio in 2024 increased compared to the previous year. This indicates that household consumption increased faster than physical investment.

DISCUSSION

These results indicate that Way Kanan's economic growth remains heavily dependent on household consumption. The role of consumption as a primary driver aligns with Keynesian theory, where increased consumption drives output and income. The dominance of consumption also demonstrates that purchasing power is a crucial factor in regional economic stability.

Investment through GFCF contributes 31-32 percent of GDP. The year-over-year increase in GFCF indicates development activity and the addition of physical capital, which expands production capacity. This aligns with the Harrod-Domar theory, which emphasizes the importance of investment for long-term growth.

Overall, the 2020-2024 GRDP growth trend indicates a relatively positive post-pandemic economic recovery. This economic recovery occurred as economic activity slowly resumed following restrictions in 2020. In 2021-

2022, the country entered a new normal adjustment period from 2023 to the present. However, dependence on household consumption and the high net export deficit remain challenges that need to be addressed through more targeted regional policies, particularly in increasing productive investment and strengthening the export sector, as clearly seen in the table, Comparison of Household Final Consumption to Exports, 2020-2024. The decline was caused by a greater increase in export value than the increase in household consumption.

CONCLUSION

Way Kanan's GRDP experienced a significant contraction in 2020 due to pandemic, but managed to recover with positive growth until 2024. The structure of GRDP is dominated by household consumption (64.8%), followed by PMTB (30%), (5.54%). Net exports are always negative (-33.15), indicating the need for a strategy to strengthen the foreign power of local products.

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