

THE INFLUENCE OF LOCAL OWN-SOURCE REVENUE, EQUALIZATION FUNDS, CAPITAL EXPENDITURES AND ECONOMIC GROWTH ON GOVERNMENT FINANCIAL PERFORMANCE REGIONAL GOVERNMENT OF WEST JAVA PROVINCE YEAR 2019 – 2022

Ikbal Bahtiar, Rohma Septiawati, Trias Arimurti

Universitas Buana Perjuangan Karawang
Email: ak19.ikbalbahtiar@mhs.ubpkarawang.ac.id

Abstrak

Tujuan penelitian ini adalah untuk mengetahui, menguji dan menganalisis pengaruh pendapatan asli daerah, dana perimbangan, belanja modal, dan pertumbuhan ekonomi terhadap kinerja keuangan pemerintah daerah. Sampel penelitian ini terdiri dari seluruh kabupaten/kota di Provinsi Jawa Barat, dengan teknik sampling jenuh menghasilkan sampel sebanyak 27 kabupaten/kota dari tahun 2019 sampai dengan tahun 2022. Untuk menguji hipotesis digunakan regresi linier berganda. Hasil pengujian hipotesis menunjukkan bahwa pendapatan asli daerah berpengaruh positif dan signifikan terhadap kinerja keuangan pemerintah daerah, sedangkan dana perimbangan dan belanja modal berpengaruh negatif dan signifikan terhadap kinerja keuangan pemerintah daerah. Di sisi lain, pertumbuhan ekonomi tidak mempengaruhi kinerja keuangan pemerintah daerah. Namun, jika dilihat secara simultan, pendapatan daerah, dana perimbangan, belanja modal, dan pertumbuhan ekonomi secara bersama-sama berpengaruh terhadap kinerja keuangan pemerintah daerah.

Kata kunci: pendapatan asli daerah, dana perimbangan, belanja modal, pertumbuhan ekonomi dan kinerja keuangan pemerintah daerah

Abstract

The purpose of this study is to know, test and analyze the effect of local original revenue, equalization fund, capital expenditure, and economic growth on the financial performance of local governments. The sample of this study consisted of all districts/cities in West Java Province, with saturated sampling techniques producing samples of 108 districts/cities from 2019 to 2022. To test the hypothesis multiple linear regression was used. The results of hypothesis testing show that local original revenue has a positive and significant effect on local government financial performance, while equalization funds and capital expenditure have a negative and significant effect on local government financial performance. On the other hand, economic growth does not affect the financial performance of local governments. However, when viewed simultaneously, regional revenues, equalization funds, capital expenditures, and economic growth together affect the financial performance of local governments.

Keywords: local original revenue, equalization fund, capital expenditure, economic growth and financial performance of local governments

Introduction

The implementation of regional autonomy is expected to bring significant transformations in local government, especially in government interactions, financial interactions, and in local government administration. The implementation of regional autonomy is based on the principle that local governments have superior knowledge of the circumstances that exist in their respective regions. As a result, each region is

considered to have good information about the fiscal needs required to facilitate government operations and promote development (Heryanti et al., 2019).

Furthermore, according to (Heryanti et al., 2019) the introduction of regional autonomy entails the establishment of delegations and responsibilities, particularly in the areas of infrastructure development, facilities and financial resources. These initiatives are an integral part of the fiscal decentralization framework. Delegation of funding authority to local governments by considering the financial potential of each region, as well as implementing a mechanism for channeling central to local financial balance funds.

Responsibility for the use of regional financial potential itself is carried out through Regional Original Revenue (PAD). Based on Law No. 1 of 2022 Article 1, local taxes, local levies, the results of the management of separated regional assets and other legitimate PAD are sources of original regional income. In addition to PAD, balancing funds are one of the significant sources of funding for the APBD (Regional Revenue and Expenditure Budget).

Based on data from the directorate general of financial balance (djpk), the figure for regional own-source revenue is still not optimal for the contribution of regional income. The contribution of PAD to the local government of West Java Province in 2019-2022 averaged Rp46,071,120,000,000 or 35.18% of the total average regional revenue in 2019-2022, and local taxes became the main source of income within the framework of local revenue. From the structure of the APBD data, it is known that regional dependence on the center is still relatively high, this is evidenced by data showing that the average balance funds for West Java Province in 2019-2022 were obtained at Rp61,710,512,500,000 or 47.27% of the total average regional revenue in 2019-2022.

The low percentage of the use of Capital Expenditure funds is another problem that occurs in regional financial management. Capital expenditure, which in theory would greatly support regional economic growth, only received a low percentage. Based on data obtained from djpk, the average use of capital expenditure funds was Rp16,019,400,000,000 or only took 12.44% of the total average realization of regional expenditure in 2019-2022. This occurred because of the high proportion of the budget in operating expenditure, especially personnel expenditure and expenditure on goods and services.

Economic growth in West Java Province in 2019-2022 experienced a growth of 2.92%. In 2020 the economy in West Java experienced a minus of 2.52%, this occurred due to the COVID-19 pandemic. However, in 2021 the economy began to increase to 3.74%, the increase in West Java's economic growth is the impact of a fairly good COVID-19 pandemic control and handling policy in West Java as evidenced by the decreasing COVID-19 cases, the decline in the spread of COVID-19 is due to the successful vaccination process accompanied by fast-acting local government policies (Djpb.kemenkeu.go.id).

In this study, what will be used as a measure of the financial performance ratio is the regional independence ratio. The purpose of using the regional independence ratio is to describe the dependence in the region regarding the use of external sources of funds and to describe the level of participation of the community in regional development.

Based on djpk data, it is known that the Financial Performance of West Java Province during the last 4 (four) years in the 2019-2022 budget period has fluctuated. In 2019-2022, the average Independence Ratio of the West Java regional government was 57.99%, this value was classified as moderate and the relationship pattern that occurred

was participatory, which meant that the West Java regional government was not fully independent in carrying out its government activities.

Several studies on local revenue have been conducted, for example research (Wahyudin & Hastuti, 2020) says that the original opinion in the region has a positive and significant influence on financial performance in local government, then (Apridiyanti, 2019) states that local revenue (PAD) simultaneously has a significant influence on financial performance in local government. However, this research contradicts the research conducted (Putri & Darmayanti, 2019) by saying that local own-source revenue has a negative and significant effect on financial performance in local government and research (Niswani et al., 2022) says that partially local own-source revenue has no significant effect on the financial performance of local governments.

The results of research conducted by (Maulina et al., 2021) and (N. Sari et al., 2020) regarding the balance fund, state that partially the balance fund has a positive and significant effect on the financial performance of local governments. The results of research (Rahma Putri & Amanah, 2020) and (Ardelia et al., 2022) state that the balance fund has a negative and significant effect on the financial performance of local governments. Then the results of his research contradict research from (Nauw, 2021) which states that equalization funds do not have a significant effect on financial performance in local government.

Research on capital expenditure conducted (Digdowiseiso et al., 2022) and (Lathifa, 2019) states that there is a positive and significant effect of capital expenditure on financial performance in local government and research conducted by (Nadia Febrianty & Gerry Hamdani Putra, 2023) and (Antari & Sedana, 2018) states that capital expenditure has a negative and significant effect on financial performance in local government. However, research conducted (Prastiwi & Aji, 2020) states that capital expenditure has an insignificant effect related to financial performance in local government.

Economic growth is one of the factors that influence the financial performance in regional areas, then research on economic growth conducted by (Nurhayati, 2020) states that economic growth has a positive and significant influence on financial performance in local government. However, research from (Heryanti et al., 2019) states that economic growth has an insignificant effect on financial performance in local government and research conducted (Setiani, 2022) states that economic growth has no significant effect on financial performance in local government.

This research is important to do because this study will try to develop previous studies, one of which is research from (Ardelia et al., 2022). In addition, researchers will add novelty to the independent variable, namely economic growth. Therefore, researchers will focus research on local revenue, balancing funds, capital expenditures and economic growth which will have an influence on the financial performance of local governments.

The purpose of this study is, to determine, test and analyze the partial and simultaneous effects of local revenue, balancing funds, capital expenditures and economic growth on the financial performance of the local government of West Java Province in the 2019-2022 fiscal year.

Research Method

The framework is useful for knowing a clearer picture of the relationship between research variables. The framework in this study is about the effect of local revenue, balancing funds, capital expenditure and economic growth on local government financial performance. For hypothesis development, the framework for this research can be seen in Figure 1.

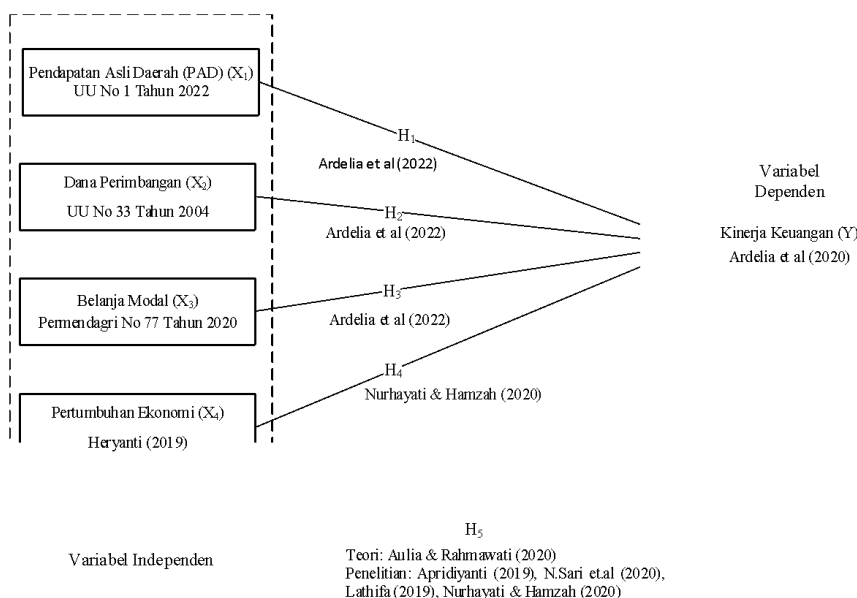


Figure 1 Research Paradigm

Research conducted by (Wahyudi Ihsan, 2020) and (Apridiyanti, 2019) revealed that local own-source revenue partially and simultaneously has a positive and significant influence on financial performance in local government. According to the description above, the following hypothesis is proposed.

H₁: Local Original Revenue Affects Local Government Financial Performance

Research on equalization funds carried out (Maulina et al., 2021) and (N. Sari et al., 2020) states that equalization funds have a positive and significant effect on financial performance in local governments. Meanwhile, research (Rahma Putri & Amanah, 2020) and (Ardelia et al., 2022) state that equalization funds have a negative and significant effect on financial performance in local governments. According to the description above, the following hypothesis is proposed.

H₂: Equalization Funds Affect Government Financial Performance

Research on capital expenditures conducted (Digdowiseiso et al., 2022) and (Lathifa, 2019) found that capital expenditures have a positive and significant effect on financial performance in local governments and research conducted (Nadia Febrianty & Gerry Hamdani Putra, 2023) and (Antari & Sedana, 2018) found that capital expenditures have a negative effect on financial performance in local governments. According to the description above, the following hypothesis is proposed.

H₃: Capital Expenditure Affects Local Government Financial Performance.

Research on economic growth conducted by (Nurhayati & Hamzah, 2020) concluded that economic growth has a positive and significant influence on financial

performance in local government. According to the description above, the hypothesis below is proposed.

H: Economic Growth Affects Local Government Financial Performance.

Research on local revenue, balancing funds, capital expenditure and economic growth has been carried out (Apridiyanti, 2019), (N. Sari et al., 2020), (Lathifa, 2019) and (Nurhayati & Hamzah, 2020), the results of these studies state that local revenue, balancing funds, capital expenditure and economic growth affect the financial performance of local governments. According to the description above, the following hypothesis is proposed.

H: Local Revenue, Balancing Funds, Capital Expenditure and Economic Growth affect the financial performance of local governments.

In the research carried out, this is included in quantitative research because the data in the research are numbers that are analyzed using statistics and aim to test hypotheses. In particular, this quantitative study concentrates on measuring and analyzing the causal relationship between different variables, while having a descriptive nature (Pridana & Sunarsi, 2021: 51).

This study will conduct hypothesis testing using causal research. According to (Sugiyono, 2020: 37) the nature of causal research implies a causal relationship, indicating that this study involves independent variables that will have an impact on the dependent variable. The aim is to determine the extent of the influence exerted by the independent variable on the dependent variable.

In the research conducted, the population is all cities or regencies in West Java with a total of 27 cities or regencies in the 4-year period starting from 2019-2022. Furthermore, the data will be processed using *software* SPSS in version 26. A sample used in the research carried out is a total of 108 samples (27 districts or cities X 4 years).

The sampling technique in this research was conducted using non-probability techniques (known as non-random selection), specifically using the saturated sampling method. Saturated sampling involves all members of the population as a sample, thus minimizing errors when making generalizations. The main purpose of saturated sampling is to achieve very accurate generalizations (Sugiyono, 2020: 85).

Data analysis in quantitative research aims to answer problem formulations and test hypotheses that have been formulated in the proposal (Sugiyono, 2020: 243). Statistical calculations in the research carried out in this study using data analysis were carried out through the use of IBM SPSS 26 software. The analysis is useful for testing and analyzing data so that it can make conclusions.

Results and Discussion

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PAD	108	100745	3761911	879660,07	835407,914
Dana Perimbangan	108	493297	3712400	1748000,67	736619,318
Belanja Modal	108	57422	1701254	512958,15	324212,741
Pertumbuhan Ekonomi	108	-3,80	7,85	3,2195	2,92376
Kinerja Keuangan	108	6,92	139,04	35,4819	25,58655
Valid N (listwise)	108				

Sumber: data diolah peneliti, tahun 2023

Based on the table above, the minimum result on the regional own-source revenue variable from 2019 - 2022 is 100,745, the value is obtained by Banjar City in 2019, while the maximum value is 3,761,911, the value is obtained by Bogor Regency in 2021. For the average value of the regional own-source revenue variable, it was obtained at 879,660.07 with a standard deviation of 835,407.914.

The minimum value of the balance fund variable from 2019 - 2022 is 493,297, the value is obtained by Banjar City in 2020, while the maximum value is 3,712,400, the value is obtained by Bogor Regency in 2022. The average value of the equalization fund variable was obtained at 1,748,000.67 with a standard deviation of 736,619.318.

The minimum value on the capital expenditure variable from 2019 - 2022 is 57,422, the value is obtained by Banjar City in 2020, while the maximum value is 1,701,254, the value is obtained by Bogor Regency in 2021. The average value of the capital expenditure variable is 512,958.15 with a standard deviation of 324,212.741.

The minimum value on the economic growth variable from 2019 - 2022 is -3.80%, this value was obtained by Karawang Regency in 2020, while the maximum value of 7.85% was obtained by Cimahi City in 2019. For the average value of the economic growth variable, 3.2195 was obtained with a deviation value of 2.92376.

The minimum value on the regional government financial performance variable from 2019 - 2022 is 6.92%, this value was obtained by Pangandaran Regency in 2020, while the maximum value of 139.04% was obtained by Bekasi City in 2019. For the average value of the regional government financial performance variable, 35.4819 was obtained with a deviation value of 25.58655.

Normality Test. The value at significance based on the *one sample Kolmogorov Smirnov test* is 0.200 or higher than 0.05. Therefore, the variable data in this study can be said to be normally distributed or have good regression.

Table 3 Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	PAD	0,529	1,891
	DP	0,515	1,943
	BM	0,424	2,361
	PE	0,953	1,049

Sumber: data diolah peneliti, tahun 2023

Uji Multikolinearitas. Based on table 3, it is known that the value of tolerance *tolerance* of the variables of local revenue, balance funds, capital expenditure and economic growth is greater than 10% (0.10) and the value of VIF derived from the 4 (four) variables is less than 10. The results of the multicollinearity test that have been carried out can be concluded that there is no correlation between the independent variables, which means that the regression model can be said to be good.

Heteroscedasticity Test. It is known that the results of the heteroscedasticity test using the *scatterplot* graph show that the points spread above and below the number 0

(zero) of the Y axis. Therefore, it can be concluded that the data in the research carried out does not occur heteroscedasticity.

Tabel 4 Uji Autokorelasi

Std. Error of the Estimate	Durbin-Watson
0,03923	1,778

Sumber: data diolah peneliti, tahun 2023

Autocorrelation test. According to the results of testing an autocorrelation in table 4, it is found that the durbin watson result is 1.778. These results are compared with the durbin watson table, with a significance value of 0.05. The number of samples (n) 127 and the number of independent variables (k) 4. Based on the durbin watson table, the DU value is 1.763 and DL 1.608. Therefore, it can be concluded that $DU < DW < (4 - DD)$ or $1,763 < 1,778 < 2,237$, so based on the above results it can be concluded that the research data carried out does not have autocorrelation.

Table 5 Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	1,402	0,114	
PAD	0,368	0,007	1,289
DP	-0,295	0,013	-0,571
BM	-0,084	0,009	-0,242
PE	-0,014	0,007	-0,036

Source: data processed by researchers, year 2023

Multiple Linear Regression Analysis. Based on the results of multiple linear regression testing in table 3, the following equation is obtained:

$$Y = 1.402 + 0.368X_1 - 0.295X_2 - 0.084X_3 - 0.014X_4 + e$$

In the multiple linear regression equation, a constant value of 1.402 is obtained, this states that if the variables of local revenue, balancing funds, capital expenditure and economic growth have a value of zero (0), then financial performance will have a value of 1.402.

The coefficient obtained by local revenue is 0.368, in this case it states that with the increase in local revenue, the financial performance variable will also increase by 0.368.

The coefficient obtained by the balance fund is -0.295, meaning that it has a negative regression. With this coefficient, it can be concluded that if the balance fund increases, the financial performance variable will decrease by 0.295.

Capital expenditure obtained a coefficient of -0.084, meaning it has a negative regression. With the coefficient obtained, it can be concluded that if capital expenditure increases, the financial performance variable will decrease by 0.084.

Economic growth obtained a coefficient of -0.014, meaning it has a negative regression effect. With the coefficient obtained, it can be concluded that if economic growth increases, the financial performance variable will decrease by 0.014.

Table 6 Coefficient of Determination

Model	R	R Square	Adjusted R Square
1	,984 ^a	0,968	0,967

Source: data processed by researchers, 2023

Coefficient of Determination. The results of the analysis in table 4 obtained the coefficient of determination (R^2) of 0.967 or 96.7%. Based on these results, it can be concluded that the variables of local revenue, capital expenditure, equalization funds, and economic growth have an influence on the financial performance of local governments in the amount of 96.7%. Meanwhile, the remaining 3.30% is given the influence of other independent variables not examined.

Model		t	Sig.
1	(Constant)	12,301	0,000
	PAD	53,080	0,000
	DP	-23,203	0,000
	BM	-8,938	0,000
	PE	-1,973	0,051

Source: data processed by researchers, 2023

Partial Test. The X1 variable (local revenue) obtained a value at a significance of 0.000 or the value was <0.05 and obtained a value at the t-count of 53.080. According to the results of the above tests, it can be concluded that local own-source revenues have a positive and significant influence on the financial performance of local governments.

Variable X2 (balancing funds) obtained a significance value of 0.000 or the value <0.05 and obtained a value on the t-count of -23.203. According to the results of the above tests, it can be concluded that equalization funds have a negative and significant influence on the financial performance of local governments.

The capital expenditure variable obtained a value on its significance of 0.000 or the value is lower than 0.05 and obtained a value on its t-count of -8.938. According to the test results, it can be concluded that capital expenditure has a negative and significant effect on local government financial performance.

The economic growth variable obtained a significance value of 0.051 or the value is higher than 0.05. these results mean that economic growth does not have a significant effect related to the financial performance of local governments.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4,783	4	1,196	776,858	,000 ^b
	Residual	0,157	102	0,002		
	Total	4,940	106			

Source: data processed by researchers, 2023

Simultaneous Test. In the results of the F test in table 6, the value of significance is 0.000 or the value is smaller than the amount of 0.05. According to the test results, it can be concluded that local revenue, capital expenditure, balancing funds and economic growth simultaneously have an influence related to financial performance in local government.

Discussion

Agency Theory. Agency theory is used as the *grand theory* in this study. *Agency theory (Agency Theory)* is a theory introduced by Jensen and Meckling in 1976. According to Jensen in (Aulia & Rahmawaty, 2020) agency theory is an agreement between the principal and the agent, in which the principal will give trust or power to the agent to make decisions. According to (Rahma Putri & Amanah, 2020) agency theory can also be implemented in public sector organizations, especially local governments. In this case, the role of the principal is the community (public) and the role of the agent is the local government. Building a framework of a relationship between the principal and the agent which is one of the most important approaches in analyzing the commitments of public policies.

The Effect of Local Revenue on Local Government Financial Performance. According to the results of the analysis in table 7, it can be concluded that partially local own-source revenue has a positive and significant effect on the financial performance of local governments. Resources must be owned by each region and can be used to generate revenue to run the economy and the wheels of government, while this opinion is often referred to as local revenue (pad) (Maulina et al., 2021). According to (Wahyudi Ihsan, 2020) regional original income is an income generated by utilizing the potential contained in a particular region, in accordance with regional regulations and related laws and regulations.

These results mean that if there is an increase in local revenue, the financial performance in local government will also increase. The results of this analysis are in line with the results of previous research conducted by (Wahyudi Ihsan, 2020) and (Apridiyanti, 2019) because with partial tests, the variable of local revenue in the research carried out has similarities with the results of previous studies.

The Effect of Balance Funds on Local Government Financial Performance. Based on the results of the analysis in table 7, it can be concluded that the balance fund has a negative and significant effect on the financial performance of local governments. Law of the Republic of Indonesia Number 33 of 2004 Article 1 paragraph 19 explains

that balancing funds are funds that come from an APBN revenue which is then allocated to the regions in providing funds for regional needs. According to (Maulina et al., 2021) Equalization funds also function as an additional source of funding for local governments to carry out government activities and regional economic activities. Based on Law Number 33 of 2004 concerning Financial Balance between the central government and regional governments in Article 10, it is stated that the balancing fund is formed from revenue sharing funds, allocation funds.

According to (Ardelia et al., 2022) the purpose of local government financial performance is to interpret the success of a financial achievement as well as to support higher benchmarks in regional financial management. According to (Maulina et al., 2021) there are several ratios used in measuring the financial performance of local governments, namely the effectiveness ratio, independence ratio, efficiency ratio, revenue growth ratio and capital compatibility ratio. The performance of financial performance in local governments in this study was measured using the independence ratio. According to (Mahmudi, 2019: 140) to determine the ratio of independence in regional finances, it can be divided by the total revenue of a region against the combined revenue from transfers that the central government, local government, and regional loans provide.

These results mean that if the balance fund increases, a decrease will occur in the financial performance of the local government, because if the local government has dependence on the government at the center, the level of independence in the area will decrease. The results of the analysis are in line with previous research conducted (Rahma Putri & Amanah, 2020) and (Ardelia et al., 2022) because based on the partial test results, the balance fund variable of the research carried out has similar results with previous research.

The Effect of Capital Expenditure on Local Government Financial Performance. According to the results of the analysis in table 7, it is concluded that capital expenditure has a negative and significant effect on financial performance in local government. Local government budget expenditures known as capital expenditures are allocated for the acquisition of fixed assets that have a useful life of more than 1 year. One type of capital expenditure carried out by the blood government is the construction of an infrastructure, then the development is expected to have an impact on increasing local government revenue in the coming year (Lathifa, 2019). This means that with the increase in capital expenditure, the financial performance will become lower. The results of this analysis are in line with research (Nadia Febrianty & Gerry Hamdani Putra, 2023) and (Antari & Sedana, 2018) because based on the partial test results, the capital expenditure variable in the research carried out has similar results with previous studies.

The Effect of Economic Growth on Local Government Financial Performance. According to the results of the analysis in table 7, it is concluded that economic growth has no influence related to the financial performance of local governments. According to (Nurhayati & Hamzah, 2020) the concept of economic growth includes economic expansion and progress, which results in increased production of goods and services in a community. This increase in productivity has the potential to improve the overall welfare of individuals. According to (Setiani & Ismunawan, 2022) economic growth can be attributed to four main factors, namely, human resources, technology, natural resources and capital. These elements are widely recognized as important drivers of economic prosperity.

In this case, it means that high or low economic growth will not affect the financial performance of local governments, because local governments have not been able to maximize human resources (HR), natural resources (SDA) and technology in the area. The results of the research analysis carried out are in line with research conducted (Setiani & Ismunawan, 2022) and (Heryanti et al., 2019) because according to the results of partial testing, the economic growth variable in the research carried out has similar results with previous research.

The Effect of Local Revenue, Balance Funds, Capital Expenditures and Economic Growth on Local Government Financial Performance. According to the results of the analysis in table 8, it can be concluded that local revenue, capital expenditure, balancing funds, and economic growth simultaneously have an influence on the financial performance of local governments. This means that if local revenue, capital expenditure, balancing funds and economic growth increase, the financial performance in local government will also increase.

The results of this analysis are in line with research conducted (Apridiyanti, 2019), (N. Sari et al., 2020), (Lathifa, 2019) and (Nurhayati & Hamzah, 2020) because based on the results of simultaneous tests in the research carried out this has similar results with previous research.

Conclusions

Based on the results of data analysis and discussion in the previous chapter regarding the effect of local revenue, balancing funds, capital expenditures and economic growth on the financial performance of local governments in West Java Province in 2019-2022, conclusions can be made. Partially local own-source revenue has a positive and significant effect on local government financial performance, balancing funds and capital expenditures have a negative and significant effect on local government financial performance, partially economic growth has no effect on local government financial performance. Simultaneously local revenue, capital expenditure, balancing funds, and economic growth simultaneously have an influence on the financial performance of local governments.

District and city governments in West Java Province are encouraged to effectively utilize the potential that exists in their respective regions, especially in the aspect of increasing local revenue. This will help reduce dependence on central government funds allocated for balancing purposes. In addition, it is important to optimize the allocation of capital expenditure funds, ensuring that the funds are directed to initiatives that are well-targeted and aligned with the overarching goal of promoting economic growth.

For future research, it is hoped that it can replace or add to the research time span, replace or add to the research object and increase the district / city sample to be used in the study. In addition, future researchers are expected to increase the number of other variables, which can have an influence on financial performance in local government and can add financial performance calculation ratios other than the ratio of regional independence.

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