The Influence of Original Regional Income on Regional Financial Independence in Soppeng Regency 2013-2022

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Article Info	Abstract
Local Original Income, Regional Finansial Independence	The study conducted aimed to explore the correlation between local original income and regional financial independence in Soppeng Regency during the period of 2013-2022. Employing a quantitative approach, the research utilized secondary data acquired from BPKPD Soppeng Regency. Analysis was carried out through simple linear regression using the SPSS 26 application. The findings revealed that the statistical test t for regional original income yielded a value of 3.508, surpassing the table t value of 1.85955. Additionally, the significance value was calculated to be 0.08, which is greater than the commonly accepted threshold of 0.05. Consequently, the hypothesis that regional original income influences regional financial independence was rejected. In other words, the study concluded that there exists a significant relationship between local original income and regional financial independence. The implications of these results suggest that as the local original income of a region increases, its level of financial independence tends to rise as well. Conversely, a higher amount of central transfers received by the region correlates with a diminished level of independence. This highlights the importance of fostering local economic development and generating revenue internally for regions to enhance their financial autonomy. The study contributes to the understanding of the dynamics between local income generation and regional financial autonomy, providing insights that can inform policymakers and stakeholders in Soppeng Regency and similar regions. It underscores the significance of strategies aimed at boosting local revenue sources to bolster regional self-sufficiency and reduce dependency on central transfers.

1. Introduction

Indonesia, as a developing country with a large territory, needs an effective government system. This system is important for implementing public services in each region and providing opportunities for the community to play a role in developing life in accordance with local conditions. During the New Order period, the central government strictly regulated various policies and powers. However, this results in limitations in the region's ability to carry out improvements and development.

Differences in the conditions and potential of each region influence their level of development and finances. To overcome this, the Indonesian government changed the government system from centralized to decentralized. Regional autonomy is the basis for this change, regulated in regulations such as Law no. 22 of 1999, which was later revised into Law no. 32 of 2004, Law no. 23 of 2014, and Law no. 33 of 2004 concerning the balance of central and regional finances.

Through decentralization, local governments are given the authority to regulate themselves and manage their economic resources. The main goal is to achieve regional financial independence, where local revenues can support government activities and public services. Soppeng Regency in South Sulawesi is one of the areas that has the potential for taxes, levies and Regional Owned Enterprises (BUMD) as a source of genuine income. However, to finance all regional needs, the government still needs balancing funds from the central government.

Data on the receipt of balancing funds by Soppeng Regency from 2013 to 2022 shows significant fluctuations. This shows the importance of further study on the influence of local revenue on regional financial independence. Therefore, the author is interested in preparing a research proposal with the title "The Influence of Original Regional

Income on Regional Financial Independence in Soppeng Regency in 2013-2022.

2   Research Methodology

This research will use a quantitative approach, where this method will test a predetermined sample using data collection techniques that suit research needs, to then test the truth of the research hypothesis and conclude the test results. The location of this research is the office of the Regional Financial and Revenue Management Agency (BPKPD) which is located on Jl. Salotungo No. 3, Watansoppeng, South Sulawesi, and will be carried out for two months in 2023.

The data used is secondary data, which is obtained indirectly from the source or from other parts in the form of historical record evidence that has been compiled in published archives. Data sources are obtained through documentation methods, namely by writing or collecting notes and conducting secondary data research. The population of this study is Soppeng Regency Regional Original Income data for 2013-2022, while the sample uses the Saturated Sampling Technique, where all the population in the study is sampled. The data collection technique used is documentation, where data is taken indirectly through books, archives, documents or internet media.

The independent variable in this research is Regional Original Income (X), while the dependent variable is Regional Financial Independence (Y). The data analysis method used is statistical analysis using SPSS 25. Testing is carried out through a series of classic assumption tests, hypothesis tests, and coefficient of determination tests (R^2). If the significance value is less than 0.05, then the hypothesis is accepted, which means the independent variable has a significant effect on the dependent variable. Meanwhile, if the significance value is more than 0.05, then the hypothesis is rejected, which means the independent variable does not have a significant effect on the dependent variable.

3.   Results and Discussion

The results of this research are based on the use of secondary data obtained from the Soppeng Regency Budget Realization Report (LRA) for 2013-2022 which was taken from the official website of the Ministry of Finance. First, regarding Original Regional Income (PAD), the table shows that Soppeng Regency has succeeded in maintaining the effectiveness of PAD revenue from 2018 to 2022, indicating the district's ability to maximize regional income potential from various sources.

Second, regarding Regional Financial Independence, the table shows that the level of financial independence of Soppeng district in 2013-2022 is still relatively low, ranging from 0-25%. Although there have been fluctuations from year to year, with the increase reaching its highest level in 2020, it has decreased in subsequent years. The lowest level of independence occurred in 2013 with only 6.70%, while the highest occurred in 2020, reaching 17.77%.

Then, in the results of the data analysis, the classical assumption test was first carried out. The Normality Test shows that the research data is normally distributed. Multicollinearity test shows that there is no multicollinearity between variables. Heteroscedasticity test shows that there is no heteroscedasticity in the data. Finally, the Autocorrelation test shows that there are no symptoms of autocorrelation in the data.

Next, in hypothesis testing, using simple linear regression analysis, the hypothesis regarding the influence of Regional Original Income on Regional Financial Independence is tested. The results show that Regional Original Income does not have a significant effect on Regional Financial Independence. The calculated t value of Original Regional Income (3.508) is greater than the t table value (1.85955) with a significance value of 0.08 > 0.05, so the hypothesis is rejected.

The discussion concludes that local original income does not have a significant influence on the regional financial independence of Soppeng Regency. This is different from previous research findings which show that regional original income influences regional financial independence. Thus, it is important for regional governments to pay more attention to optimizing PAD revenues in

accordance with existing potential, as well as efforts to increase regional financial independence so that they are not too dependent on balancing funds from the central government.

4. Closing
Conclusion

Based on the results of the research and discussion that the author conducted regarding the influence of local original income on the financial independence of the Regency in 2013-2022, with a significant value of 0.08 > 0.05 and a contribution of 60.6% and it can be concluded that local original income has no effect towards the financial independence of the Soopeng district area.

Suggestions

After drawing conclusions from the research results regarding the influence of local original income on the financial independence of the Soppeng district region, hopefully the government can further increase the potential for Soppeng district's original regional income revenue so that Soppeng district can be included in the independent category and Soppeng district can be even better in the future.

The advice for future researchers is that it can be used as reference material for conducting research in Soppeng district and hopefully future researchers will carry out the same research by adding other variables and different years so that we can see the changes that have occurred in Soppeng district.

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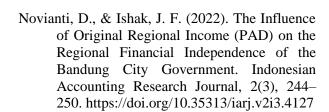
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