


## Study Of Tuban Regency Regional Budget Independence In Regional Economic Development 2019-2023

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Article Info	ABSTRACT
<b>Keywords:</b> Regional Financial Independence Ratio, APBD	This study aims to analyze the Independence of the Tuban Regency Regional Budget through the analysis of the regional financial independence ratio. The data used are secondary data in the form of regional financial reports obtained from the Regional Financial and Asset Management Agency during the period 2019 to 2023. The analysis method applied is quantitative descriptive. The results of this study indicate that the independence ratio of Tuban Regency is still low, reflecting a consultative relationship pattern, namely dependence on transfer funds from the government. The description of the condition of regional financial independence of the Tuban Regency government from 2019-2023 averaged 28.10% with a consultative relationship pattern, and low regional financial capacity of 28.10%. Government intervention of 71.90%, decreased because the regional government was considered to be starting to be able to implement regional autonomy. However, in 2023 regional financial independence decreased, namely at a value of 25.51% because PAD in that year was lower than the previous year.
This is an open access article under the <a href="https://creativecommons.org/licenses/by-nc/4.0/">CC BY-NC</a> license 	<b>Corresponding Author:</b> Parikesit Penangsang Universitas 17 Agustus 1945 Surabaya <a href="mailto:parikesit_1@untag-sby.ac.id">parikesit_1@untag-sby.ac.id</a>

### INTRODUCTION

Regional Economic Development is one of the targets that must be implemented by the regional government so that the community becomes prosperous, just and prosperous. According to Septiana and Salahudin (2021) Each region has different development priorities depending on the needs, resources, and capabilities of each region. The Central Government gives authority to regions to regulate their own households which are regulated in Law Number 23 of 2014. The implementation of the authority and duties of autonomous regions to regulate and manage government affairs and community interests in the fields of administration, politics, and economics as well as management of regional government finances.

Regional Autonomy began with the enactment of Law Number 32 of 2004 concerning the government which gives authority to regional governments to regulate and manage their own government affairs and the interests of their communities. With the implementation of regional autonomy, it is expected that all regions can rely on Regional Original Income (PAD) to carry out all government and development tasks. Autonomous regions are required to find alternative sources of financing for development without reducing assistance and portions from the central government and using public funds according to development priorities and

community aspirations.

According to Halim (2008) stated that the main characteristic of a region that is able to implement autonomy is that it must have the ability and authority to examine financial sources, manage and use its own finances so that it is sufficient to finance the implementation of its government activities. And dependence on financial assistance from the center should be minimized as much as possible so that PAD becomes the largest source of regional finance and the role of regional government becomes more influential. With a greater role of regional government, it shows that the independence of regional government in managing finances and is able to finance activities and development aimed at improving services to the community.

Financial independence measurement is carried out to evaluate the success of public organizations over a certain period of time, so that it can improve performance in the future. According to Susanto (2019) Accountability assessment not only includes the budget used by the local government, but also how the budget is allocated according to the established plan with the principle of effective and efficient budget allocation.

Good regional financial performance can be seen from the lower dependence of regional governments on the central government, and a larger portion of PAD to finance regional development. The Minister of Finance of the Republic of Indonesia, Sri Mulyani stated that the current national average PAD is still very limited, regional dependence on transfers to regions is still very high. This dependence reaches 80.1% and the contribution of PAD is only around 12.87%.

With regional autonomy, local governments have the authority to regulate financial management independently to meet the needs of government in their regions, especially in providing public services and building infrastructure that supports community welfare. Tuban Regency, as one of the regencies in East Java Province, is required to optimize local revenue (PAD) and manage regional spending appropriately to support sustainable development.

From Table 1, the 2023 Regional Revenue and Expenditure Budget (APBD) of Tuban Regency experienced a deficit, and showed an imbalance between regional original income, transfers from the central government, and regional spending including operational and capital expenditures. According to Darma (2019) the financial management system is a description of the vision, mission, and strategy of the regional government, which shows the level of success or failure of the implementation of a program and policy that is implemented.

**Table 1.** Realization of Tuban Regency Regional Budget 2019-2023

APBD COMPONENTS	YEAR (Billion Rp)				
	2019	2020	2021	2022	2023
<b>Regional Income</b>	<b>2,650.23</b>	<b>2,578.84</b>	<b>2,693.89</b>	<b>2,643.59</b>	<b>2,956.70</b>
PAD	518.00	566.08	614.73	574.70	636.56
TKDD	1,818.92	1,774.90	1,723.27	1,844.56	2,118.27
Other Income	313.31	237.86	355.89	224.33	201.87
<b>Regional Shopping</b>	<b>2,554.65</b>	<b>2,463.77</b>	<b>2,464.98</b>	<b>2,721.19</b>	<b>3,216.49</b>
Employee Shopping	986.01	982.06	927.17	1,000.03	1,008.57
Shopping for goods and services	511.03	485.11	561.88	638.19	656.40
Capital expenditure	474.26	309.23	384.85	520.35	990.81
Other shopping	583.36	687.37	591.08	562.63	560.71
<b>Regional financing</b>	<b>307.74</b>	<b>407.35</b>	<b>522.46</b>	<b>0.00</b>	<b>1,347.15</b>
Regional Financing Receipts	311.90	407.35	522.46	751.42	1,347.15
Regional financing expenditure	4.16 M	0.00	0.00	0.00	0.00

: <https://djpk.kemenkeu.go.id>

The Regional Independence Ratio measures the ability of local governments to finance their own operational activities without relying on assistance from the central government. The Regional Independence Ratio shows the pattern of the relationship between aid funds sourced from the central government, provinces, or loans given to local governments. This is the basis for conducting research on "Study of the Independence of the Tuban Regency APBD in Regional Economic Development in 2019-2023 " so that it can be seen how much financial independence Tuban Regency has in regional economic development.

## METHOD

This study uses a quantitative descriptive method approach, namely a method that presents data in the form of numbers and the data analysis used is statistical in nature with the aim of testing hypotheses and explaining. This study uses secondary data, the data used for this study is the Tuban Regency APBD data . Data obtained from Central Statistics Agency (BPS) Tuban Regency 2019-2023.

### *Regional Financial Independence Ratio*

$$\text{Rasio Kemandirian} = \frac{\text{Pendapatan Asli Daerah}}{\text{Total Dana Bantuan}} \times 100\%$$

To analyze the Regional Financial Independence Ratio using the calculation of Regional Original Income (PAD) divided by the Total Assistance Funds sourced from the central government, provinces, or loans. From the results of the calculation, a percentage is produced that can assess the independence of regional financial performance, namely very low, low, medium, high. And can assess financial performance including in the pattern of instructive, consultative, participatory, and delegative relationships.

**Table 2.** Relationship Patterns and Levels of Independence

No	Financial capability	Independence (%)	Relationship Patterns
1	Very low	0% - 25%	Instructive
2	Low	25% - 50%	Consultative
3	Currently	50% - 75%	Participatory
4	Tall	75% - 100%	Delegative

Source: (Halim, 2014)

The following are four forms of reference patterns used to see the level of financial independence of a region, namely:

- Instructive Relationship Pattern, namely the role of the central government is more dominant than the independence of the regional government.
- The Consultative Relationship Pattern, namely the intervention of the central government, has begun to decrease because the regions are considered to be slightly more capable of implementing regional autonomy.
- Participatory Relationship Pattern, namely the role of the central government is decreasing and the level of independence is approaching being able to implement regional autonomy.
- Delegative Relationship Pattern, namely the role of the central government is no longer interfering because the regions are independent and able to implement regional autonomy.

## Discussion

### Data analysis

The Regional Financial Independence Ratio describes the level of regional ability to finance government activities. This can be seen from the amount of realization of financial assistance from the central government and provincial governments. The following is a calculation of the ratio which can be seen in the table below.

**Table 3.** Regional Financial Independence Ratio of Tuban Regency 2019-2023

Year	PAD	Total Government Assistance	Financial Capability	Independence %	Relationship Patterns
2019	518,003,562,562.47	2,036,412,128,195.00	Low	25.44%	Consultative
2020	566,077,757,668.16	1,918,625,184,979.00	Low	29.50%	Consultative
2021	614,733,285,905.09	1,915,685,809,151.00	Low	32.09%	Consultative
2022	574,696,171,350.18	2,055,219,182,012.36	Low	27.96%	Consultative
2023	681,338,444,915.23	2,671,074,443,166.81	Low	25.51%	Consultative
	Average		Low	28.10%	Consultative

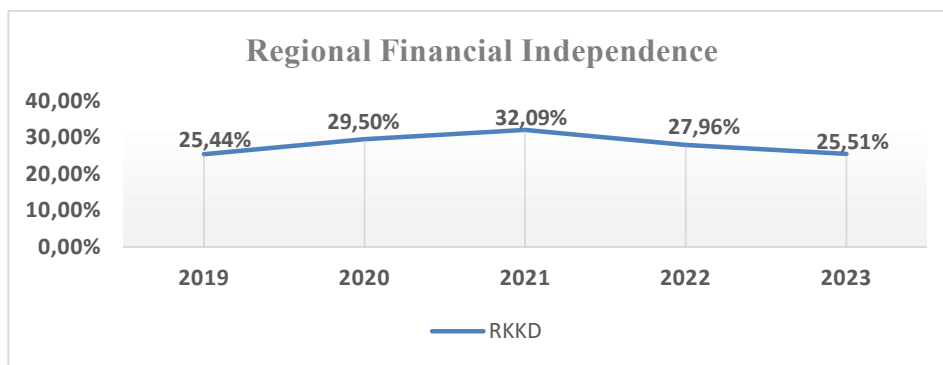
Source: Regional Revenue, Financial Management and Asset Service (2024), processed

Based on the data calculation in Table 3, the average level of regional financial independence of the Tuban district government from 2019 to 2023 was 28.10%, falling into the consultative relationship pattern, with low regional financial capacity of 28.10%. Where government intervention was 71.90%, starting to decrease because the regional government was considered to be starting to be able to implement regional autonomy. However, in 2023

regional financial independence decreased, namely at a value of 25.51% because PAD in that year was lower than the previous year. So that the results of the percentage of regional financial independence show a low value.

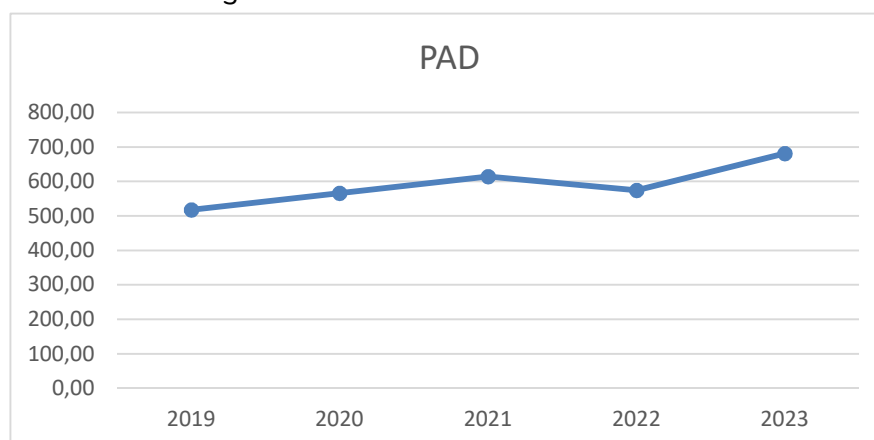
### DISCUSSION

The regional financial independence ratio is a calculation used to assess the dependence of regional governments on external assistance, especially assistance from the provincial government or central government. In calculating regional financial independence, the higher the percentage value of independence, the lower the regional dependence on central or provincial government assistance, and vice versa. The results of the calculation of changes from 2019-2023, the independence ratio of Tuban Regency can be displayed in a graph .



**Figure 1.** Independence Ratio Graph Tuban Regency 2019-2023

From Figure 1, the change in the ratio of regional financial independence of Tuban Regency for 5 years from 2019 to 2023 is in a consultative relationship pattern. This is because the average independence ratio of 28.10% is between 25% - 50%, where the intervention of the central government has begun to decrease slightly. so that the independence ratio of Tuban Regency is in the low category. This means that most of Tuban Regency's income still depends on Transfer Funds such as General Allocation Funds (DAU), Special Allocation Funds (DAK), and Revenue Sharing Funds (DBH) are decreasing and revenue from PAD is increasing.



**Figure 2.** PAD graph Tuban Regency 2019-2023

In Figure 2, the PAD revenue of Tuban Regency in 2019-2021 increased, decreased from 2021 to 2022 where this condition was caused by the effects/consequences of COVID-19 and increased again in 2023 which was a period of recovery from economic activities starting to grow and get better.

The ratio of regional financial independence of Tuban Regency for 5 years has been in a consultative relationship pattern, where the intervention of the central government has begun to decrease slightly and revenue from PAD has increased. In Table 4 PAD for 2021-2022 decreased, the decrease occurred in all items, namely Regional Tax Revenue, Regional Retribution Revenue, Separated Regional Asset Management Revenue, Other Legitimate Regional Original Revenue.

**Table 4.** Realization of Tuban Regency APBD 2021 and 2022 PAD revenues

URAIAN	REFF	ANGGARAN 2022	REALISASI 2022	%	REALISASI 2021
PENDAPATAN	7.5.1.1	2.487.002.667.484,00	2.643.590.232.822,54	106,30	2.693.892.209.851,81
PENDAPATAN ASLI DAERAH	7.5.1.1.1	547.254.397.095,00	574.696.171.350,18	105,01	614.733.285.905,09
Pendapatan Pajak Daerah	7.5.1.1.1.1	275.091.686.000,00	295.826.042.123,00	107,54	310.086.279.270,00
Pendapatan Retribusi Daerah	7.5.1.1.1.2	32.306.066.926,00	30.610.672.534,00	94,75	55.579.430.221,00
Pendapatan Hasil Pengelolaan Kekayaan Daerah Yang dipisahkan	7.5.1.1.1.3	18.380.278.033,00	18.032.633.647,34	98,11	17.822.251.456,36
Lain-lain Pendapatan Asli Daerah yang Sah	7.5.1.1.1.4	221.476.366.136,00	230.226.823.045,84	103,95	231.245.324.957,73

Source: Tuban Regency Government Financial Report

Efforts are made to increase regional financial independence by increasing PAD through the 4 items. The Tuban Regency Government needs to explore the 4 items so that PAD increases and the ratio of regional financial independence increases and the dependence of local governments on external assistance, especially assistance from the provincial government or central government, decreases. The decline follows the pattern of relationships from consultative to participatory and to delegative.

## CONCLUSION

The Regional Financial Independence Ratio of Tuban Regency for 5 years starting from 2019 to 2023 is in a consultative relationship pattern. This is because the average independence ratio is 28.10%, and central government intervention has begun to decrease. The Regional Financial Independence of Tuban Regency can be increased by increasing PAD revenues.

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