

Fiscal Independence and Effectiveness of Regional Revenue on Human Development Index: A Path Analysis

*Fiscal Independence
and the Effectiveness
Regional*

Erlangga Wijaya

Univeritas Palangka Raya; Palangka Raya, Indonesia

E-Mail: erlanggawijayalann@gmail.com

Sunaryo N. Tuah

Univeritas Palangka Raya; Palangka Raya, Indonesia

E-Mail: sunaryo_n_tuah@feb.upr.ac.id

Harin Tiawon

Univeritas Palangka Raya; Palangka Raya, Indonesia

E-Mail: harin.tiawon@feb.upr.ac.id

1713

Submitted:
OCTOBER 2025

Accepted:
DECEMBER 2025

ABSTRACT

Human development is strongly influenced by regional fiscal capacity, particularly the management of local own-source revenue and fiscal independence. This study examines the direct and indirect effects of local own-source revenue and fiscal independence on the human development index. This study employs a quantitative method, using secondary data on local own-source revenue, fiscal ratios, and human development index indicators, and applies path analysis to estimate the relationships among the variables. Results show that local own-source revenue significantly and positively affects fiscal independence ($\beta = 0.68$), which in turn has a strong positive effect on the human development index ($\beta = 0.52$). Local own-source revenue also exerts a direct effect on the human development index ($\beta = 0.32$), yielding a total effect of 0.674 through fiscal independence. These findings underscore the strategic role of locally generated revenue and fiscal autonomy in promoting human development. Strengthening the management of local own-source revenue and enhancing fiscal governance can reduce reliance on intergovernmental transfers and accelerate inclusive development.

Keywords: Fiscal Independence, Human Development Index, Inclusive Development, Local Own-Source Revenue, Path Analysis.

ABSTRAK

Pembangunan manusia sangat dipengaruhi oleh kapasitas fiskal daerah, khususnya dalam pengelolaan pendapatan asli daerah dan kemandirian fiskal. Penelitian ini menganalisis pengaruh langsung dan tidak langsung pendapatan asli daerah dan kemandirian fiskal terhadap indeks pembangunan manusia. Penelitian ini menggunakan pendekatan kuantitatif dan data sekunder mengenai pendapatan asli daerah, rasio fiskal, dan indikator indeks pembangunan manusia dikompilasi, kemudian analisis jalur digunakan untuk mengestimasi hubungan antarvariabel. Hasil menunjukkan bahwa pendapatan asli daerah berpengaruh signifikan dan positif terhadap kemandirian fiskal ($\beta = 0.68$), yang selanjutnya memiliki pengaruh positif kuat terhadap indeks pembangunan manusia ($\beta = 0.52$). Pendapatan asli daerah juga memiliki efek langsung terhadap indeks pembangunan manusia ($\beta = 0.32$), sehingga total efek melalui kemandirian fiskal mencapai 0.674. Temuan ini menegaskan peran strategis pendapatan daerah dan kemandirian fiskal dalam mendorong pembangunan manusia. Penguatan pengelolaan pendapatan asli daerah dan

JIAKES

Jurnal Ilmiah Akuntansi
Kesatuan
Vol. 13 No. 6, 2025
pp. 1713-1724
IBI Kesatuan
ISSN 2337 – 7852
E-ISSN 2721 – 3048
DOI: 10.37641/jiakes.v13i6.4491

peningkatan tata kelola fiskal dapat mengurangi ketergantungan pada transfer antar pemerintah serta mempercepat pembangunan manusia yang inklusif.

Kata kunci: *Kemandirian Fiskal, Indeks Pembangunan Manusia, Pembangunan Inklusif, Analisis Jahur, Pendapatan Asli Daerah.*

INTRODUCTION

Human development has long been the main benchmark in assessing the success of regional development, not only from an economic perspective but also in efforts to create a healthy, educated, and prosperous society (Bahl et al., 1992; Wicesa et al., 2024; Baskara & Dahlan, 2024). In contemporary public policy discourse, the quality of human life is increasingly viewed as the ultimate development goal and a key determinant of long-term productivity, social stability, and regional competitiveness. The Human Development Index (HDI), as a composite indicator measuring achievements in longevity and healthy living, knowledge, and decent living standards, is receiving broader attention at the provincial and district/city levels in Indonesia. Its role is central because it not only reflects socio-economic outcomes but also illustrates the effectiveness of government institutions in delivering essential public services.

Central Kalimantan Province, as a region striving to accelerate development, continues to face major challenges related to dependence on central government funding and the effectiveness of local financial management. With its extensive geographical conditions, uneven population distribution, and diverse economic structure, the province must confront disparities in infrastructure access, administrative capacity, and fiscal strength. Strengthening the financial autonomy of each district/city has therefore become increasingly crucial, especially as development priorities expand to include education quality improvement, health service enhancement, and economic diversification (Tan, 2020; Khoirunisa & Sulaeman, 2022; Pabayo, 2025).

Regional autonomy, since the implementation of Law Number 23 of 2014 and fiscal decentralization, has provided a wider space for the regions, but the realization of fiscal independence in Central Kalimantan is still relatively low (Musgrave & Musgrave, 1989; Bird & Vaillancourt, 1998; Mardiasmo, 2009; Mardiasmo, 2018). Although the regulatory framework encourages local governments to develop their fiscal capacity, many still rely heavily on transfers from the central government due to limited efforts to explore new financial sources and optimize existing potential. The role of Local Own-Source Revenue (*Pendapatan Asli Daerah/PAD*) as a reflection of the region's ability to explore local potential has not been optimal in supporting the Regional Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Daerah/APBD*), so that most districts/cities in Central Kalimantan are still dependent on central transfer funds. This limited capacity suggests that local governments need more strategic policies, innovations in revenue collection, and improved administrative efficiency to build a stronger fiscal foundation.

In fact, the literature shows that fiscal independence and the effectiveness of managing local revenue have the potential to strengthen the fiscal base and accelerate the improvement of the quality of human development. Efficient financial management not only creates flexibility in budget allocation but also enables the government to prioritize spending on strategic sectors that directly affect people's welfare, such as education access, health infrastructure, and community empowerment programs (Musiega et al., 2024; Nakpodia et al., 2024; Miranda et al., 2024; Mustofa & Satria, 2024; Al Mamun et al., 2025). Regions with stronger financial autonomy are typically more capable of designing long-term development strategies, reducing reliance on unpredictable external funding, and ensuring continuity of public service provision.

On the other hand, Central Kalimantan's achievements in improving welfare continue to increase, even though disparities between regions remain, and performance has not reached the very high category. These regional inequalities often stem from differences in natural resource endowment, economic structure, administrative capacity, and

demographic distribution. Such disparities highlight the urgency of understanding how fiscal instruments influence development outcomes across districts/cities. These conditions demonstrate that fiscal independence and financial management effectiveness play a critical role in shaping the quality of human development (Marbun, 2010; Harliyani & Haryadi, 2016). Strengthened regional fiscal governance marked by greater autonomy and more effective management of locally generated revenue serves as a key driver in advancing equitable and sustainable human development in Bumi Tambun Bungai.

This study aims to examine the influence of fiscal independence and the effectiveness of local revenue management on the development performance of districts/cities in Central Kalimantan Province. By applying the path analysis approach, the study seeks to uncover both direct and indirect effects, including potential mediating roles of expenditure patterns such as spending on education, health, infrastructure, and public welfare programs. This article not only presents the latest theoretical frameworks and empirical reviews but also integrates updated fiscal and development data and offers evidence-based fiscal policy recommendations. Through this comprehensive approach, the research is expected to make a significant contribution in encouraging effective regional fiscal governance to ensure equitable distribution and acceleration of inclusive human development in Central Kalimantan.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

The Effect of Local Own-Source Revenue on Fiscal Independence

Local own-source revenue represents all lawful income received by local governments, including regional taxes, levies, returns on separated regional wealth management, and other legitimate revenues. Its effectiveness, measured by the ratio of revenue realization to annual targets, reflects the government's ability to optimize local economic potential. A realization rate above 90% is considered effective, while below 60% is deemed ineffective (Kartika & Kusuma, 2020). Studies such as Rahula et al. (2021) and Wardana and Firmansyah et al. (2025) show that effective and optimized local own-source revenue, supported by policy innovation, good governance, and community participation, enhances fiscal accountability and strengthens financial autonomy. However, many regions in central Indonesia still record low effectiveness due to a limited tax base, low taxpayer literacy, and the dominance of the informal sector. Optimal local own-source revenue not only reinforces fiscal structure but also broadens fiscal space for financing human development programs, thereby improving competitiveness and welfare distribution.

Fiscal independence refers to a region's capacity to fund its development without heavy reliance on central government transfers (Boex & Martinez, 2007; Halim, 2016; Rahayu & Junaidi, 2022). It is often measured through the ratio of local own-source revenue to total regional revenue or transfer funds, where a higher ratio indicates stronger fiscal capacity and greater autonomy in determining development priorities. High fiscal independence also reflects efficient, innovative financial governance that leverages local potential. According to Law Number 23 of 2014, fiscal independence is categorized into instructive (low), consultative/participatory (medium), and delegative (high). Regions with higher fiscal independence tend to be more responsive, accountable, and adaptive to local economic conditions. However, many regions, especially in central and eastern Indonesia, remain in the "towards independence" or "not yet independent" categories due to a weak economic base, limited fiscal innovation, and insufficient human resource capacity in financial management (Oates, 1999).

H1: Local own-source revenue has a significant effect on fiscal Independence.

The Influence of Local Own-Source Revenue on Human Development Index

The Human Development Index (HDI) is a composite indicator used to measure human development achievements across three fundamental dimensions: longevity and healthy living, reflected by life expectancy at birth; knowledge, measured through

expected years of schooling and mean years of schooling; and decent living standards, proxied by adjusted per capita expenditure (Suranta et al., 2019; Arfandi et al., 2025). HDI functions as a strategic instrument for planning, monitoring, and evaluating regional development performance, as well as serving as one of the key considerations in the allocation of the General Allocation Fund (*Dana Alokasi Umum/DAU*). Regions with higher HDI values generally exhibit better access to education, stronger health infrastructure, and higher household purchasing power, although substantial interregional disparities persist due to unequal access to basic public services.

Local governments are granted broader authority to manage development financing. However, fiscal independence in regions such as Central Kalimantan remains relatively low, with local governments still heavily dependent on central government transfers due to suboptimal Local Own-Source Revenue (*Pendapatan Asli Daerah/PAD*) performance (Mardiasmo, 2018). Empirical studies suggest that stronger fiscal autonomy and effective PAD management enhance budgetary flexibility and enable greater investment in education, health, and community empowerment, which are crucial determinants of HDI improvement (Al Mamun et al., 2025). Because locally generated revenue provides greater discretion in budget allocation compared to central transfers, higher PAD enables local governments to invest more consistently in education, health services, and income-generating programs, which are the core components of the human development index.

H2: Regional own-source revenue has a significant effect on human development index.

Fiscal Independence on Human Development Index

Empirical evidence in Indonesia indicates a generally positive, though sometimes non-linear, relationship between fiscal independence, the effectiveness of local own-source revenue, and the human development index (Rosid et al., 2020; Rahayu & Jaeni, 2025). Marbun and Sukanto (2023) further show that fiscal independence and local government expenditure significantly improve the human development index, with regional own-source revenue, along with its effectiveness, acting as a key fiscal lever for financing human development. However, Maulana (2022) finds that fiscal variables explain only a limited share of human development index variation in certain regions, suggesting that many non-fiscal factors also play major roles. Panel data analyses indicate that economic growth, Gross Domestic Product (GDP) per capita, and population size tend to strengthen fiscal independence, which subsequently supports improvements in the human development index. In contrast, real sector investment often shows no significant effect, suggesting that the effectiveness and quality of fiscal allocation play a more crucial role than merely increasing investment volume.

Fiscal independence reflects the extent to which local governments can generate and manage their own financial resources without excessive reliance on central transfers. Greater fiscal independence enhances budgetary discretion and allocation efficiency, enabling local governments to consistently invest in education, health services, and income-supporting programs that constitute the core dimensions of the Human Development Index (Mardiasmo, 2018). Many local governments still depend heavily on central transfers due to limited optimization of PAD, constraining budget flexibility and long-term development planning.

H3: Fiscal independence has a significant effect on human development index.

Mediation of Fiscal Independence

The mediating role of fiscal independence is increasingly recognized in recent decentralization and development research. Local own-source revenue may not directly influence human development outcomes unless local governments possess sufficient autonomy to allocate resources effectively. Fiscal independence strengthens this linkage by enabling regions to convert locally generated revenue into strategic expenditures that enhance education, health services, and community welfare. Recent decentralization

literature highlights that greater fiscal autonomy improves local government responsiveness and allocative efficiency, ultimately fostering better development outcomes (Rondinelli et al., 1983; Aritenang & Chandramidi, 2023; Syarif et al., 2023). When fiscal independence increases, local governments gain more flexibility to prioritize spending based on community needs, ensuring that the benefits of revenue generation translate into tangible improvements in human development.

Likewise, Sofilda et al. (2023) find that fiscal capacity acts as an intermediary channel through which regional revenues influence human capital indicators, specifically education and health achievements. More recent panel studies also indicate that regions with stronger fiscal independence achieve better development outcomes because autonomous fiscal systems tend to be more innovative and responsive in allocating resources (Mardiasmo, 2018; Suranta et al., 2019). These findings imply that fiscal independence does not merely function as a financial condition but as a governance mechanism that amplifies the developmental impact of local own-source revenue. Therefore, fiscal independence is expected to mediate the effect of local own-source revenue on the human development index, strengthening the indirect pathway through improved fiscal capacity and more effective public service delivery.

H4: Fiscal independence mediates the effect between local own-source revenue and the human development index.

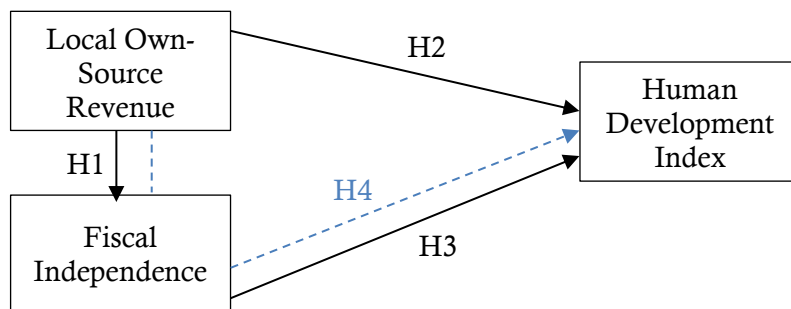


Figure 1. Conceptual Framework

Figure 1 illustrates the hypothesized relationships among the study variables. Local own-source revenue is posited to directly influence both fiscal independence (H1) and the human development index (H2). Fiscal independence, in turn, is hypothesized to have a direct effect on the human development index (H3). Additionally, fiscal independence is expected to serve as a mediating variable, transmitting the effect of local own-source revenue on the human development index (H4). This conceptual model highlights both the direct and indirect pathways through which regional financial capacity may impact human development outcomes, emphasizing the critical role of fiscal autonomy in optimizing the use of locally generated resources for societal well-being.

RESEARCH METHODS

This study uses a quantitative-descriptive and inferential approach, with a cross-sectional design (cross-time) and panel data processing that records differences between districts/cities in Central Kalimantan Province in 2023–2024 (Sugiyono, 2019). The main analysis model uses path analysis to measure the direct and indirect influence between fiscal independence and local own-source revenue effectiveness on the human development index, with control variables in the form of GDP per capita and population, in accordance with supporting literature.

The research focuses on 14 districts and cities in Central Kalimantan Province, based on the administrative structure during 2018–2024. Both time series and cross-sectional data were collected from multiple sources to ensure comprehensive coverage. First, data from the Central Kalimantan Central Statistics Agency were used, including regional

financial statistics and Human Development Index data, which encompass components such as life expectancy, Healthy Life Expectancy (HLS), Relative Living Standards (RLS), and per capita expenditure. Second, information from the Directorate General of Financial Balance of the Ministry of Finance was obtained, covering reports on the realization and targets of local own-source revenue, the amount of transfer funds, and documents related to the consolidated regional budgets. Third, the study also utilized Regional Budget Realization Reports published by provincial and district/city governments. Finally, official publications and news statistics were consulted to update data on APBD realization, PAD ratios, and fiscal effectiveness measures, with the latest available data up to May 2025.

In this study, the operational definitions of the research variables are as follows. First, the Human Development Index (HDI) is a composite index published by Central Statistics Agency (*Badan Pusat Statistik/BPS*), based on three main dimensions: health, education, and decent living standards. The most recent data for 2023–2024 are used. Second, fiscal independence is measured by the ratio of local own-source revenue to total revenue and transfer income, classified according to the provisions of the Ministry of Finance and the Financial and Development Supervisory Agency (*Badan Pemeriksa Keuangan/BPK*) through the Directorate of Fiscal Balance. Third, local own-source revenue effectiveness is assessed using the ratio of local own-source revenue realization to its target, with a region considered effective if the ratio exceeds 90% and very effective if it exceeds 100%.

Based on theoretical and empirical studies, the path analysis model assumes that Fiscal Independence and local own-source revenue effectiveness directly and indirectly affect the human development index. The model is mathematically expressed as:

$$\begin{aligned} \text{Fiscal Independence} &= \gamma_0 + \gamma_1 \cdot \text{PAD Effectiveness} + v \\ \text{HDI} &= \beta_0 + \beta_1 \cdot \text{Fiscal Independence} + \beta_2 \cdot \text{PAD Effectiveness} + \varepsilon \end{aligned}$$

The path analysis model was used to identify direct and indirect influences between variables by the multiple regression statistical method using SPSS Version 25 (Winarno, 2017).

RESULTS

This study aims to examine the causal relationship between PAD, Fiscal Independence, and HDI at the district/city level of Central Kalimantan during 2018–2024. Local own-source revenue in all districts and cities of Central Kalimantan showed a consistent increasing trend during 2018–2024. The highest local own-source revenue was generally observed in Palangka Raya City, the administrative and economic center of the province, while regencies such as West Kotawaringin, Kapuas, and South Barito also recorded relatively high local own-source revenue, reflecting their capacity to generate local revenues. In contrast, districts with more challenging geographical conditions and limited economic bases had lower local own-source revenue. The variation of local own-source revenue between regions was significant, ranging from tens to hundreds of billions of rupiah, with Palangka Raya exceeding IDR 160 billion in the final years of observation. Newly established autonomous regions initially had lower local own-source revenue but showed upward trends as their local economies developed.

Fiscal independence, measured as the ratio of local own-source revenue to total regional revenue, gradually increased across Central Kalimantan during the same period, indicating progress in regions' ability to manage their own revenues. Palangka Raya City maintained the highest fiscal independence, reaching over 7%, whereas smaller and remote districts remained below 4%, reflecting higher reliance on central transfers. Annual fluctuations were influenced by national fiscal policies and regional economic conditions.

Human Development Index (HDI), combining health, education, and living standards, also showed improvement across all districts and cities. Palangka Raya led

with an HDI above 74 in 2024, while districts with lower HDI remained below 70 but generally demonstrated steady improvement. The increase in HDI was largely supported by the availability of health facilities, access to education, and effective socio-economic management. Regions with higher local own-source revenue and fiscal independence tended to achieve better HDI, as greater financial capacity enabled more optimal public service provision.

Table 1. Comparison Between Regions

Regency/City	Average PAD (IDR Billion)	Average Fiscal Independence (%)	Average HDI
Palangka Raya	150 - 170	6.5 - 7.3	73 - 74.3
West Kotawaringin	90 - 105	5.0 - 5.7	71 - 72.5
Kapuas	80 - 95	4.8 - 5.5	70.5 - 72
South Barito	85 - 110	4.0 - 5.1	70 - 72
Other (average)	40 - 65	3.2 - 4.5	69 - 71.5

Table 1 presents the descriptive analysis, which shows that there has been a significant increase in local own-source revenue, fiscal independence, and Human Development Index (HDI) across all districts and cities in Central Kalimantan during 2018–2024. Palangka Raya City consistently ranks highest in all indicators, reflecting its status as a more developed administrative and economic center. Regions with higher local own-source revenue and fiscal independence generally achieve higher HDI, suggesting a positive relationship between regional fiscal capacity and the quality of human development. At the same time, variations among districts indicate substantial disparities, highlighting opportunities for fiscal policy improvements and more equitable social development.

Table 2. Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max
Local Own-Source Revenue (IDR Billion)	75.454	32.121	37.8	180.0
Fiscal Independence (%)	4.38	1.03	3.2	7.3
Human Development Index	71.56	1.98	69.2	74.7

Based on Table 2, the descriptive statistical analysis shows that local own-source revenue across Central Kalimantan districts and cities averaged around IDR 75.454 billion, with a standard deviation of IDR 32.121 billion, indicating considerable variation between regions. The local own-source revenue values ranged from a minimum of IDR 37.8 billion to a maximum of IDR 180 billion. The highest revenues were recorded in Palangka Raya City and several economically significant districts, while smaller districts exhibited lower income levels, reflecting disparities in economic and fiscal capacity.

Fiscal independence averaged 4.38% with a standard deviation of 1.03%, fluctuating between 3.2% and 7.3%. Regions with higher fiscal independence generally correspond to areas with substantial local own-source revenue and effective revenue management, whereas lower ratios indicate greater dependence on central government transfers. The Human Development Index (HDI) across the districts averaged 71.56, with a standard deviation of 1.98, ranging from 69.2 to 74.7. HDI generally showed an upward trend over the years, with Palangka Raya City and districts with higher local own-source revenue achieving better scores. This pattern reflects a positive relationship between regional fiscal capacity and the quality of human development.

Table 3. Regression Analysis Model 1

Coefficient	B	Std. Error	Standardized Beta	T-Statistic	P-value
(Constant)	0.847	0.296		2.86	0.007
Local Own-Source Revenue	0.035	0.005	0.68	7.56	<0.001
Model sig.	R ² = 0.46				

Based on Table 3, the regression analysis of local own-source revenue on fiscal independence indicates a strong and positive relationship. The regression coefficient of 0.68 suggests that for every 1 unit increase in local own-source revenue (e.g., in billions of IDR), fiscal independence increases by 0.68 units, assuming other variables remain constant. This relationship is highly statistically significant, as evidenced by a t-statistic of 7.56 and a p-value of less than 0.001, indicating that the observed effect is unlikely to occur by chance. The coefficient of determination (R^2) of 0.46 shows that 46% of the variation in fiscal independence can be explained by local own-source revenue, while the remaining 54% is influenced by other factors.

This result highlights the crucial role of local own-source revenue in strengthening regional fiscal independence. Regions with higher local own-source revenue are more financially autonomous, reducing their reliance on central government transfers. From a policy perspective, local governments should focus on increasing local own-source revenue by improving tax collection systems, managing local levies more effectively, and developing the local economic potential to enhance fiscal independence. The validity of the regression model is supported by a significant F-test ($p < 0.05$), confirming that the model is suitable for explaining the relationship between local own-source revenue and fiscal independence. In summary, increasing local own-source revenue is a key strategy for enhancing regional fiscal autonomy and supporting independent and sustainable development in Central Kalimantan.

Table 4. Regression Analysis Model 2

Coefficient	B	Std. Error	Standardized Beta	T-Statistic	P-value
(Constant)	69.715	0.520		134.07	<0.001
Local Own-Source Revenue	0.053	0.013	0.32	4.00	<0.001
Fiscal Independence	0.618	0.083	0.52	7.43	<0.001
Model sig.	R ² =0.64				

The second regression analysis tested the effect of fiscal independence and local own-source revenue effectiveness on the Human Development Index (HDI) in Central Kalimantan. The model is significant, with an R^2 value of 0.64, indicating that together, fiscal independence and local own-source revenue effectiveness explain 64% of the variation in HDI, while the remaining 36% is influenced by other factors.

The regression coefficients show a positive relationship for both variables. Fiscal independence has a coefficient of 0.52, meaning that a 1 percent increase in fiscal independence corresponds to an increase of 0.52 points in HDI, assuming other variables remain constant. Local own-source revenue effectiveness has a coefficient of 0.32, indicating that a 1 percent increase in its effectiveness leads to a 0.32-point increase in HDI. Both variables are highly statistically significant, with t-statistics greater than the t-table and p-values below 0.001, confirming that improvements in fiscal independence and local own-source revenue effectiveness significantly contribute to enhancing human development.

These results highlight the importance of independent and efficient fiscal management in promoting human development at the regional level. Enhancing fiscal independence and improving the efficiency of local own-source revenue management are key strategies to increase the quality of life and community welfare. Simultaneous or partial improvements in either variable are likely to result in significant increases in HDI, suggesting that regional policies should focus on strengthening fiscal autonomy and optimizing PAD management to support sustainable and optimal human development.

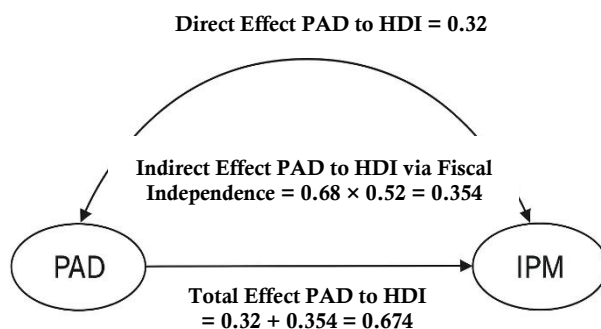


Figure 2. Direct and Indirect Effects

Based on Figure 2, descriptive statistics and linear regression analysis, the study examined both the direct and indirect effects of local own-source revenue on the Human Development Index (HDI) through fiscal independence. The direct effect of local own-source revenue on HDI is 0.32, while the indirect effect, mediated through fiscal independence, is calculated as $0.68 \times 0.52 = 0.354$. Consequently, the total effect of local own-source revenue on HDI amounts to 0.674, indicating a substantial influence.

These results confirm that local own-source revenue has a significant and strong impact on regional fiscal independence ($\beta = 0.68$), which in turn is positively associated with HDI ($\beta = 0.52$). Local own-source revenue also directly affects HDI ($\beta = 0.32$), and the combined effect highlights the critical role of local own-source revenue in promoting human development. Therefore, development policies in Central Kalimantan should prioritize increasing local own-source revenue and strengthening fiscal independence, as these measures are essential for advancing the quality of human development in the region.

DISCUSSION

Data and analysis show that local own-source revenue has a positive and significant effect on fiscal independence. The path coefficient of 0.68 indicates that an increase in local own-source revenue encourages greater regional fiscal independence. This aligns with the observation that increasing local own-source revenue strengthens the regional revenue base, reduces dependence on central fund transfers, and enhances regional fiscal capabilities. Previous studies by Saragih and Nurlinda (2023) reinforced this point, highlighting that building fiscal capacity through local own-source revenue is crucial to support fiscal autonomy and enable regions to develop independently. However, some studies also caution that local own-source revenue management must be effective to ensure that fiscal capacity is truly optimal and supports sustainable development.

Regarding the influence of local own-source revenue and fiscal independence on the Human Development Index (HDI), pathway analysis indicates that local own-source revenue has a direct positive effect on HDI with a coefficient of 0.32. This suggests that increasing local own-source revenue provides greater fiscal space for financing human development programs, including education, health, and social services, supporting the literature that emphasizes local own-source revenue as a primary source of funding for human development in autonomous regions (Swandewi, 2014; Darmawan, 2025). Fiscal independence also has a significant effect on HDI, with a path coefficient of 0.52, showing that regions with higher fiscal independence are able to implement services and development programs that substantially improve the HDI. Greater fiscal independence allows flexibility and effectiveness in budget allocation, reducing the risks associated with dependence on central government policies (Marwati, 2024).

The model further demonstrates that fiscal independence mediates the influence of local own-source revenue on HDI. The indirect effect, calculated by multiplying the local own-source revenue to fiscal independence coefficient and the fiscal independence to HDI

coefficient ($0.68 \times 0.52 = 0.3536$), exceeds the direct effect of local own-source revenue on HDI (0.32). Consequently, the total effect of local own-source revenue on HDI is 0.674, indicating that most of the influence of local own-source revenue on human development occurs through strengthening fiscal independence. This underscores that improving local own-source revenue management in a way that not only increases revenue but also enhances fiscal independence produces the greatest impact on human development.

In terms of policy implications, local governments should continue to optimize local own-source revenue by expanding the tax base, improving levies, and increasing collection efficiency to strengthen fiscal independence. Strengthening fiscal independence enhances self-sufficiency in development financing, reduces reliance on central government transfers, and provides greater flexibility and responsiveness in human development programs. Finally, investments in local own-source revenue and fiscal independence should be directed toward sectors that directly affect HDI, particularly health, education, and social services, to ensure sustainable and effective human development outcomes. This pattern is consistent with international evidence showing that locally generated revenue enhances human development outcomes when accompanied by stronger fiscal autonomy, although the magnitude of the mediating effect varies across institutional and decentralization contexts (Miranda-Lescano et al., 2024).

This study is limited to data from 2018 to 2024 and focuses on a limited set of key variables. Therefore, further research is recommended to incorporate economic growth as a mediating variable, extend the study period, and include additional independent variables to provide a more comprehensive analysis. The results of the path analysis, supported by relevant literature, indicate several important findings. First, local own-source revenue significantly enhances fiscal independence. Second, both fiscal independence and local own-source revenue have direct and indirect positive effects on the HDI. Finally, the findings underscore that independent and effective regional fiscal management serves as a fundamental foundation for promoting human development at the regional level.

CONCLUSION

This study demonstrates that local own-source revenue has a positive and significant influence on fiscal independence in Central Kalimantan regencies and cities during 2018–2024. Increased local own-source revenue strengthens regional fiscal autonomy by reducing dependence on central government transfers, reflecting that higher local revenue generation enhances financial independence. Fiscal independence, in turn, has a significant positive effect on the HDI providing local governments with flexibility to allocate budgets for programs that improve education, health, and social welfare. The path analysis indicates that the majority of local own-source revenue influence on HDI occurs indirectly through fiscal independence, highlighting that effective financial management is crucial to translate revenue growth into improved human development outcomes. The model explains 65% of the variation in HDI, underscoring the central role of regional fiscal capacity and autonomy in shaping human development.

From a policy perspective, local governments should focus not only on increasing PAD but also on strengthening fiscal governance to ensure that additional revenues are efficiently and strategically allocated to sectors that directly impact human development. Enhancing financial management capacity and budgetary flexibility can further optimize the relationship between local revenue and HDI, promoting sustainable regional development and competitiveness. This study is limited to the 2018–2024 period and considers only local own-source revenue and fiscal independence as key variables. Future research is recommended to expand the analysis by including economic growth and other socio-economic indicators as mediators, extending the study period, and incorporating additional independent variables to obtain a more comprehensive understanding of the factors influencing HDI.

REFERENCES

- [1] Aditiya, N. Y., & Dirgantari, N. (2017). Pengaruh pendapatan asli daerah (PAD), dana alokasi umum (dau), dana alokasi khusus (dak) dan sisa lebih pembiayaan anggaran (Silpa) terhadap belanja modal pada kabupaten dan Kota di Jawa Tengah Tahun 2013-2015. *Kompartemen: Jurnal Ilmiah Akuntansi*, 15(1), 4-6.
- [2] Al Mamun, T. G., Abdur, R. M., Hassan, M. S., Amin, M. B., & Oláh, J. (2025). Public sector efficiency in delivering social services and its impact on human development: a comparative study of healthcare and education spending in India, Pakistan, and Bangladesh. *arXiv preprint arXiv*, 2(4), 43-45.
- [3] Arfandi, S. N., Hasanuddin, B., Madris, M., & Saudi, N. D. S. (2025). The effects of government expenditure on the human development index. In *9th International Conference on Accounting, Management, and Economics 2024 (ICAME 2024)* (pp. 2944-2951). Paris: Atlantis Press.
- [4] Aritenang, A. F., & Chandramidi, A. N. (2023). The spatial effects of fiscal decentralization on regional convergence: the case of regions in Indonesia. *GeoJournal*, 88(2), 2011-2030.
- [5] Bahl, R. W., Linn, J. F., & Banque mondiale. (1992). *Urban public finance in developing countries* (Vol. 165). New York: Oxford University Press.
- [6] Baskara, A., & Dahlan, D. (2024). Pengaruh anggaran pendidikan terhadap human development index (hdi) di indonesia periode tahun 2004 sampai dengan tahun 2023. *PEKA*, 12(1), 39-53.
- [7] Bird, R. M., & Vaillancourt, F. (1998). Fiscal decentralization in developing countries: An overview. *Fiscal decentralization in developing countries*, 1(2), 1-48.
- [8] Boex, J., & Martinez-Vazquez, J. (2007). Designing intergovernmental equalization transfers with imperfect data: Concepts, practices, and lessons. In *Fiscal equalization: Challenges in the design of intergovernmental transfers* (pp. 291-343). Boston, MA: Springer US.
- [9] Darmawan, W. R. K. (2025). Pengaruh kinerja keuangan daerah terhadap kesejahteraan masyarakat di kabupaten/kota se-provinsi Kalimantan Tengah tahun 2020 dan 2021. *Journal of Culture and Economic Development*, 2(3), 41-45.
- [10] Halim, A. (2016). *Akuntansi sektor publik: Akuntansi keuangan daerah*. Jakarta: Salemba Empat.
- [11] Harliyani, E. M., & Haryadi, H. (2016). Pengaruh kinerja keuangan pemerintah daerah terhadap indeks pembangunan manusia di provinsi Jambi. *Jurnal Perspektif Pembiayaan dan Pembangunan Daerah*, 3(3), 129-140.
- [12] Kartika, D., & Kusuma, I. C. (2020). Analisis rasio kemandirian, efektivitas PAD, dan efisiensi PAD pada laporan realisasi APBD Kabupaten Sukabumi. *Jurnal Akuntansi dan Keuangan Daerah*, 3(1), 35-48.
- [13] Khoirunisa, I., & Sulaeman, A. S. (2022). Fiscal decentralization: Is there a simultaneous relationship between regional independence and social welfare? *Jurnal Tata Kelola dan Akuntabilitas Keuangan Negara*, 8(2), 213-226.
- [14] Marbun, G. (2010). Pengaruh kapasitas fiskal terhadap indeks pembangunan manusia pada Pemerintahan Kota/Kabupaten di Sumatera Utara. *Jurnal Manajemen dan Bisnis*, 2(2), 64-78.
- [15] Marbun, H. S. B., & Sukanto. (2023). *Pengaruh belanja pemerintah dan kemandirian fiskal terhadap indeks pembangunan manusia di kabupaten/kota Provinsi Lampung tahun 2014-2023*. Palembang: Universitas Sriwijaya (Bachelor dissertation).
- [16] Mardiasmo. (2009). *Fiscal decentralization and regional financial management*. Yogyakarta: Andi Publisher.
- [17] Mardiasmo. (2018). *Perencanaan dan penganggaran publik*. Yogyakarta: Andi.
- [18] Marwati, D. (2024). Analisis pengaruh tingkat kemandirian keuangan daerah dan tingkat ketergantungan keuangan daerah terhadap indeks pembangunan manusia di Provinsi Nusa Tenggara Timur. *Jurnal Manajemen dan Bisnis*, 2(4), 21-24.
- [19] Maulana, S. (2023). Pengaruh desentralisasi fiskal dan ketergantungan keuangan daerah terhadap indeks pembangunan manusia di Kabupaten/Kota Provinsi Sulawesi Selatan. *Jurnal Metaverse ADPERTISI*, 2(2), 10-16.
- [20] Miranda-Lescano, R., Muinelo-Gallo, L., & Roca-Sagales, O. (2024). Human development and inequalities: The importance of social public spending. *Structural Change and Economic Dynamics*, 69(1), 363-377.
- [21] Musgrave, R. A., & Musgrave, P. B. (1989). *Public finance in theory and practice* (5th ed.). McGraw-Hill.
- [22] Musiega, A., Tsofa, B., & Barasa, E. (2024). How does Public Financial Management (PFM) influence health system efficiency: A scoping review. *Wellcome Open Research*, 9, 566.
- [23] Mustofa, M. A., & Satria, P. B. (2024). Improving human development in Asia: Do government expenditure and good governance matter?. *Jurnal Ekonomi dan Pembangunan*, 32(2), 158-176.
- [24] Nakpodia, F., Sakariyahu, R., Fagbemi, T., Adigun, R., & Dosumu, O. (2024). Sustainable development goals, accounting practices and public financial management: A pre and post COVID-19 assessment. *The British Accounting Review*, 2(4), 14-16
- [25] Oates, W. E. (1999). An essay on fiscal federalism. *Journal of Economic Literature*, 37(3), 1120-1149.

- [26] Pabayo, A. S. T. (2025). Impact of fiscal decentralization policy on regional fiscal independence in Indonesia. *Journal of Local Government Issues*, 8(1), 76-79.
- [27] Rahayu, S., & Junaidi, J. (2022). Pengaruh desentralisasi fiskal, kemandirian keuangan daerah, efektivitas dan efisiensi terhadap pertumbuhan ekonomi dengan indeks pembangunan manusia sebagai variabel intervening (studi empiris pada Pemerintahan Kabupaten Kota di Provinsi Jambi Tahun 2016-2019). *JAKU (Jurnal Akuntansi & Keuangan Unja)(E-Journal)*, 7(2), 82-92.
- [28] Rahula, S. A., & Bowo, P. A. (2021). The effect of general allocation funds and local own-revenue on regional government expenditure in Central Java Province. *Indicators: Journal of Economic and Business*, 2(1), 50-59.
- [29] Rondinelli, D. A., Nellis, J. R., & Cheema, G. S. (1983). Decentralization in developing countries. *World Bank staff working paper*, 581(3), 13-28.
- [30] Rosid, T., Hidayah, S., & Priyagus. (2020). Pengaruh kemandirian keuangan daerah, efektivitas PAD, dan kontribusi BUMD serta alokasi belanja modal terhadap pertumbuhan ekonomi Kabupaten Berau. *Jurnal Ilmu Ekonomi Mulawarman*, 5(2), 85-102.
- [31] Saragih, R., & Nurlinda. (2023). Analisis kemandirian keuangan daerah, ketergantungan fiskal dan efektivitas fiskal pada Kabupaten Tapanuli Utara dan daerah otonomi barunya periode tahun 2018-2022. *Liabilitas: Jurnal Pendidikan Akuntansi*, 7(1), 55-70.
- [32] Sofilda, E., Zilal Hamzah, M., & Kusairi, S. (2023). Analysis of fiscal decentralisation, human development, and regional economic growth in Indonesia. *Cogent Economics & Finance*, 11(1), 22-52.
- [33] Sugiyono. (2019). *Metode penelitian pendidikan (pendekatan kuantitatif, kualitatif, dan R&D)*. Bandung: CV Alfabeta.
- [34] Suranta, S., Bandi, B., Perdana, H. D., & Syafiqurrahman, M. (2019). Regional financial performance and human development index: Study in Central Java and South Kalimantan provinces. *Journal of Contemporary Accounting*, 2(5), 85-94.
- [35] Swandewi, N. K. (2014). Pengaruh dana perimbangan dan kemandirian fiskal daerah terhadap kesejahteraan masyarakat. *Jurnal Desentralisasi Fiskal*, 2(5), 54-56.
- [36] Syarif, A. (2023). Fiscal decentralization and corruption: The facts of regional autonomy policies in Indonesia. *Jurnal Ilmu Sosial Dan Ilmu Politik*, 27(1), 60-73.
- [37] Tan, A. (2020). Raising local fiscal autonomy in the local autonomy management: A study in Bogor Regency. *Jurnal Bina Praja*, 12(1), 53-63.
- [38] Wardana, M. F. K., & Firmansyah, A. (2025). Strengthening regional revenue through governance and strategic local spending synergy. *Riset: Jurnal Aplikasi Ekonomi Akuntansi dan Bisnis*, 7(1), 78-92.
- [39] Wicesa, N. A., Setyanti, A. M., & Prestianawati, S. A. (2024). Towards equity: projecting and converging the human development index in Indonesia. *Jurnal Ekonomi Kuantitatif Terapan*, 17(1), 90-107.
- [40] Winarno, W. W. (2017). *Analisis ekonometrika dan statistika dengan eviws*. Yogyakarta: UPP STIM YKPN.