

# Economic and Fiscal Determinants of Regional Own-Source Revenue: Evidence from Kapuas Regency (2015–2024)

Determinants of  
Regional Own-Source  
Revenue

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## ABSTRACT

*In Indonesia's fiscal decentralization framework, many local governments face ongoing challenges in achieving stable and adequate regional revenues despite having greater autonomy to manage economic potential. This study provides an empirical analysis of economic, demographic, and fiscal factors influencing regional own-source revenue during the period 2015–2024. Using time series data and a multivariate regression method, the research examines the effects of gross regional domestic product, population size, number of restaurants, and government spending on regional own-source revenue. Data were obtained from official statistical publications and regional fiscal reports and supported by national-level literature to strengthen contextual interpretation. The findings indicate that economic growth, demographic expansion, and government expenditure have significant impacts on regional own-source revenue, while the restaurant sector also contributes positively as a potential source of revenue enhancement. The study recommends intensifying tax collection, optimizing the role of the restaurant sector, and improving the strategic allocation of government expenditure to strengthen revenue capacity. It further highlights the importance of adaptive fiscal strategies in response to economic transformation and evolving regulatory frameworks over the past decade.*

**Keywords:** Government Spending, Gross Regional Domestic Product, Regional Own-Source Revenue, Multivariate Regression, Population.

## ABSTRAK

*Dalam kerangka desentralisasi fiskal Indonesia, banyak pemerintah daerah menghadapi tantangan berkelanjutan dalam mencapai pendapatan daerah yang stabil dan memadai meskipun memiliki otonomi yang lebih besar untuk mengelola potensi ekonomi. Studi ini memberikan analisis empiris faktor-faktor ekonomi, demografi, dan fiskal yang memengaruhi pendapatan asli daerah selama periode 2015–2024. Dengan menggunakan data deret waktu dan metode regresi multivariat, penelitian ini mengkaji dampak produk domestik regional bruto, jumlah penduduk, jumlah restoran, dan belanja pemerintah terhadap pendapatan asli daerah. Data diperoleh dari publikasi statistik resmi dan laporan fiskal daerah dan didukung oleh literatur tingkat nasional untuk memperkuat interpretasi kontekstual. Temuan menunjukkan bahwa pertumbuhan ekonomi, ekspansi demografi, dan belanja pemerintah memiliki dampak signifikan terhadap pendapatan asli daerah, sementara sektor restoran juga berkontribusi positif sebagai sumber potensial peningkatan pendapatan. Studi ini merekomendasikan intensifikasi pemungutan pajak, optimalisasi peran*

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sektor restoran, dan peningkatan alokasi strategis belanja pemerintah untuk memperkuat kapasitas pendapatan. Studi ini selanjutnya menyoroti pentingnya strategi fiskal adaptif dalam menanggapi transformasi ekonomi dan kerangka peraturan yang terus berkembang selama dekade terakhir.

**Kata kunci:** Pengeluaran Pemerintah, Produk Domestik Regional Bruto, Pendapatan Asli Daerah, Regresi Multivariat, Populasi.

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## INTRODUCTION

Regional own-source revenue is the main indicator in measuring fiscal independence and the effectiveness of the implementation of regional autonomy in Indonesia (Holtzappel & Ramstedt, 2009; Madani, 2016; Putra et al., 2023). Since the enactment of Law Number 23 of 2014 concerning Regional Government and Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (*Hubungan Keuangan antara Pemerintah Pusat dan Pemerintahan Daerah/HKPD*), local governments have greater flexibility in managing their sources of income directly and are also required to explore the potential of the local economy optimally. In the midst of efforts to realize an independent and competitive local government, increasing Regional Own-Source Revenue (*Pendapatan Asli Daerah/PAD*) is an urgent strategic issue, in line with efforts to reduce dependence on central transfer funds and maintain the sustainability of regional development financing.

Kapuas Regency, a strategic area in Central Kalimantan Province, has implemented various innovations in tax collection, levy management, Regional Government-Owned Enterprises (*Badan Usaha Milik Desa/BUMD*) optimization, and local business sector development to increase regional own-source revenue. However, regional own-source revenue contribution to the regional budget remains volatile and relatively low a common challenge in districts outside Java (Rahula & Bowo, 2021). Based on Central Bureau of Statistics publications and regional financial statements, regional own-source revenue realization during 2015–2024 shows fluctuating trends requiring deeper analysis of key determinants, including local Gross Regional Domestic Product (GRDP), demographic dynamics, restaurant sector development reflecting consumption and tourism activities, and government expenditure effectiveness.

**Determining Factors of Local Revenue of  
Kapuas Regency 2015-2024**

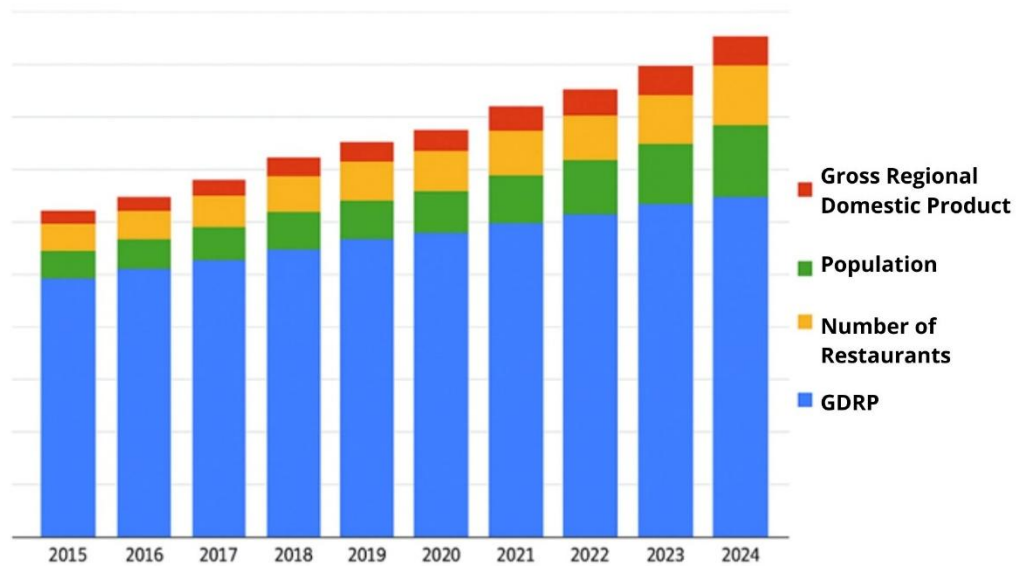


Figure 1. Determinants of Regional own-source revenue

Based on Figure 1, the graph and the results of the descriptive analysis per component show that regional taxes are the largest and most stable component throughout the period, exhibiting a consistently increasing trend that reflects the effectiveness of tax intensification efforts, particularly in restaurant, hotel, and land and building taxes. The dominance of regional taxes indicates that the fiscal base of Kapuas Regency is highly dependent on formal economic activities and public consumption (Lewis, 2023). The implication local governments need to maintain compliance and expand the tax base through digitalization and taxpayer education.

Regional levies occupy the second position in regional own-source revenue contributions but show volatility, with several years displaying decreased proportions. This can be caused by changes in tariff policies, the efficiency of public services, or decreased demand for government services, reflecting broader challenges in consumption-based revenue sources documented by Ariyanti et al. (2018). Nisa and Bahari (2022) suggest that user charges and levies remain under-optimized across Indonesian regions. The implication is that evaluation of less productive levy types and improvement in public service quality is necessary to optimize this revenue stream.

The results of separated regional wealth management are relatively small but stable. This source comes from regional government-owned enterprises profits or regional assets managed separately, consistent with the limited contribution of this component observed in other Indonesian regions (Siwi et al., 2021). It does not show significant growth, indicating that the potential has not been maximized. The implication, local governments can restructure or expand village-owned enterprises business to increase the regional own-source revenue contribution from this sector.

Other legal regional own-source revenue is the smallest and most volatile component, sourced from service fees, fines, and incidental income (Le & Young, 2023). Its sharp year-to-year fluctuations show reliance on non-structural factors, indicating the need for stronger regulations and accounting systems. The regional own-source revenue trend shows steady growth from 2015–2024, aligned with economic and population expansion as well as government spending. However, the structure remains dominated by local taxes, highlighting the need for revenue diversification. The descriptive graph analysis shows that while Kapuas Regency's regional own-source revenue has grown positively over the last decade, fluctuations in levies and other revenues signal the urgency for fiscal stabilization policies.

This article aims to fill the gap in local research by providing the latest data-based empirical analysis and robust models that are relevant to the development of post-HKPD fiscal policy, as well as the changing needs of the business sector in Kapuas, which is increasingly growing. In addition, this research specifically relates the macro-economic aspects, demographics, and fiscal behavior of the regional government, accompanied by a synthesis of various official documents of Kapuas and nationally reputable literature. The study enriches the literature by adding a perspective on data updates through 2024, including policy analysis and the impact of the implementation of the HKPD Law.

The main purpose of this study is to identify and analyze the determinants of regional own-source revenue in Kapuas Regency in the period 2015–2024 through a quantitative approach, examining the significance of the influence of gross domestic product, population, number of culinary MSMEs, and government spending on regional own-source revenue, and providing strategic recommendations for the Regional Government of Kapuas Regency in optimizing local revenue based on empirical findings.

## **LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT**

### **Gross Regional Domestic Product and Regional Own-Source Revenue**

Gross Regional Domestic Product (GRDP) serves as a key macroeconomic indicator reflecting the overall economic activity and output within a region, which directly influences the generation of Regional Own-Source Revenue (*Pendapatan Asli Daerah/PAD*) by expanding the tax base and enhancing local fiscal capacity. As regions experience GRDP growth through increased production, consumption, and investment,

this translates into higher PAD collections from taxes, levies, and other local sources, reducing dependency on central government transfers. Fiscal decentralization represents a core paradigm in Indonesian local government practices, providing regions with greater autonomy to manage financial resources (Mardiasmo, 2002; Lewis, 2023; Maharjan, 2024; Mukhlis, 2025). Martinez and McNab (2003) argue that fiscal decentralization enhances economic growth by improving allocative efficiency and strengthening local accountability.

Empirical evidence demonstrates that Gross Regional Domestic Product (GRDP) exerts a positive and significant influence on regional own-source revenue performance (Jasman & Hwihanus, 2023; Fauji & Syafitri, 2024; William & Harjanto, 2024). Juwita and Widia (2022) found that gross regional domestic product significantly affects regional own-source revenue in West Sumatra districts, while Ariyanti et al. (2018) confirmed that GRDP, population, and hotel taxes significantly determine regional own-source revenue outcomes. Studies in Central Java and West Kalimantan identified positive elasticity of regional own-source revenue to GRDP growth exceeding 0.5, indicating that regional economic expansion directly translates into enhanced local revenue capacity (Hermajiwandini, 2023; Istikharoh & Purnomo, 2023; Hidayat et al., 2024).

H1: Gross regional domestic product has a significant effect on regional own-source revenue.

### **Population and Regional Own-Source Revenue**

Population is an important factor in determining the fiscal capacity of local governments. Larger populations increase the number of taxpayers, stimulate economic activity, and expand demand for public services, which in turn supports higher local revenue collection (Bird & Bahl, 2008). Empirical studies confirm this relationship; for example, Saldi et al. (2021) found that both Gross Regional Domestic Product (GRDP) and population size significantly influence regional own-source revenue in Kerinci Regency.

Population effect revenue through multiple channels, creating diverse impacts on regional fiscal systems (Octavyanthi & Basuki, 2022). It broadens the tax base by incorporating more individuals and households into the revenue framework, leading to greater returns from direct and indirect taxes (Andria et al., 2019). Furthermore, it also improves consumption patterns, as a larger population drives demand for goods and services, resulting in increased sales and value-added taxes. This demographic expansion also drives business growth by attracting investment and encouraging job creation, which in turn generates more taxable transactions across the economy. Higher population density indirectly supports key sectors such as retail, hospitality, and services, where increased foot traffic and market size create a multiplier effect that spreads throughout the local economy, ultimately increasing overall fiscal capacity (Albab et al., 2020). Therefore, population size is a key determinant of Regional own-source revenue, which shapes direct tax potential and the broader economic environment that impacts local fiscal performance on an ongoing basis.

H2: Population has a significant effect on regional own-source revenue.

### **Number of Restaurants and Regional Own-Source Revenue**

In this context, regional own-source revenue is defined as all legally recognized regional revenues within a given fiscal year, which are derived from various sources, including regional taxes, levies, profits from the management of regional assets, and other legitimate income streams. According to Law Number 33 of 2004, the main components of regional own-source revenue consist of regional taxes, such as those imposed on restaurants, hotels, entertainment venues, billboards, and street lighting services (Arifin, 2020). These tax revenues play a fundamental role in enabling local governments to

finance public services, support infrastructure development, and maintain fiscal sustainability.

Empirical studies emphasize the significant contribution of the restaurant and food service sector to regional own-source revenue at both district and city levels (Ariyani, Yetti, & Lastiningsih, 2018; Hermajiwandini, 2023). Taxes collected from restaurants and food services not only serve as direct sources of revenue but also act as indicators of broader economic activity. The growth of this sector stimulates complementary industries, including tourism, hospitality, and small and medium-sized culinary enterprises, generating multiplier effects that enhance regional economic development. Consequently, the restaurant and food service sector contributes to both immediate fiscal gains and long-term economic spillovers, strengthening the overall financial capacity and sustainability of local governments.

H3: Number of restaurants has a significant effect on regional own-source revenue.

### **Local Government Spending and Regional Own-Source Revenue**

Regional levies consist of charges for public services, business-related services, and various permits, alongside dividends generated from regional-owned enterprises and other legitimate sources, including fines and interest income. The enactment of Law Number 1 of 2022 on the Harmonisation of Regional Tax Regulations has introduced new regulatory structures that focus on improving revenue collection efficiency, simplifying administrative procedures, and strengthening the quality and accountability of regional expenditures. Such measures aim not only to streamline fiscal operations but also to ensure that local governments can mobilize resources more effectively to meet developmental needs.

Government spending patterns, particularly capital expenditures and strategically targeted productive expenditures, function as critical catalysts for stimulating local economic activity and enhancing fiscal competitiveness (Payapo et al., 2023; Tanaka, 2024; Ochieka, 2025). These expenditures directly influence business growth, infrastructure development, and service provision, creating a conducive environment for increased regional revenue generation. In the context of fiscal decentralization, Arifin (2020) highlighted that the performance of regional own-source revenue is closely tied to the efficiency and effectiveness of regional spending, while Fitria et al. (2024) found that well-managed expenditure significantly supports sustainable revenue growth in North Sumatra districts.

Moreover, Siwi et al. (2021) employed a multilevel mixed-effect model across 34 Indonesian provinces and demonstrated considerable spatial heterogeneity, indicating that fiscal variables such as government spending and revenue mobilization affect local revenue outcomes differently depending on regional characteristics, economic structure, and governance capacity. This suggests that while policies and regulations provide a standardized framework, their effectiveness in enhancing regional own-source revenue requires careful adaptation to local contexts, emphasizing the need for tailored fiscal strategies, capacity building, and continuous monitoring to maximize revenue performance across diverse regions.

H4: Local government spending has a significant effect on regional own-source revenue.

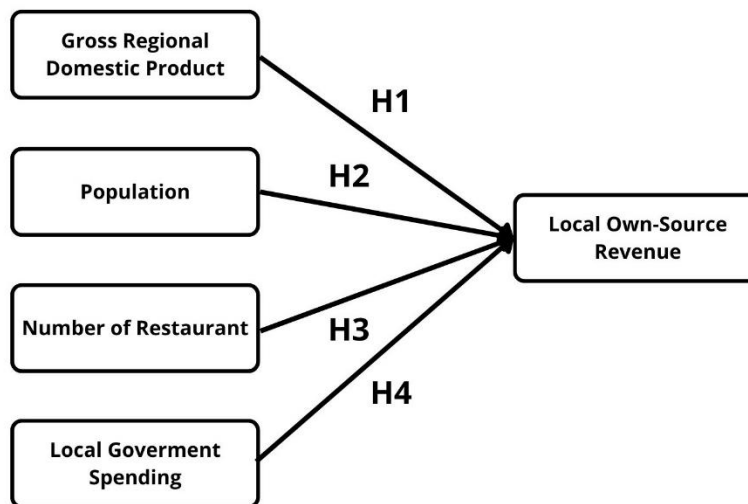


Figure 2. Conceptual Framework

Figure 2 illustrates the conceptual framework showing four key determinants influencing regional own-source revenue. Gross regional domestic product is hypothesized to have a positive effect (H1), followed by population (H2), which is also expected to contribute positively. The number of restaurants (H3) is proposed to enhance revenue through increased economic activity, while local government spending (H4) is hypothesized to further support revenue growth. Figure 2 highlights the direct relationships between these variables and regional own-source revenue.

## RESEARCH METHODS

This study uses an associative quantitative design with a 2015–2024 time series approach to examine the relationship between key economic indicators and the growth of regional own-source revenue in Kapuas Regency. The dataset includes annual regional own-source revenue realizations and targets, Gross Regional Domestic Product (GRDP) at current and constant 2010 prices, annual population totals, the number of restaurants and culinary MSMEs reported by local agencies, and regional expenditure realizations (operational, capital, and transfers). Secondary data are obtained Complementary fiscal documents regional government work plan (*Rencana Kerja Pemerintah Daerah/RKPD*), (*Kebijakan Umum Anggaran dan Prioritas Plafon Anggaran Sementara/KUA-PPAS*, Budget Realization Report (*Laporan Realisasi Anggaran/LRA*). All data are sourced from the Kapuas Regency Statistics Bureau, the regional revenue office, and officially audited regional financial reports published annually.

Multivariate regression is widely used in regional economic studies to model the relationship between regional own-source revenue and several independent variables, both in panel and time series contexts. A common multivariate regression model is formulated as:

$$\text{Regional own-source revenue}_t = \beta_0 + \beta_1 \cdot \text{GRDP}_t + \beta_2 \cdot \text{Population}_t + \beta_3 \cdot \text{Number of Restaurant}_t + \beta_4 \cdot \text{Regional Government Spending}_t + \varepsilon_t$$

Time series analysis requires stationarity testing, residual diagnostics, multicollinearity checks, and independence tests to ensure model validity, while indicators such as Wilk's Lambda, Eta Square, and  $R^2$  serve as measures of the model's explanatory power. In line with national fiscal reform, regional fiscal policy since 2022 has focused on optimizing regional own-source revenue through intensification and extensification of tax and levy sources, the application of electronic transactions, strengthening the capacity of human resources and tax collection institutions, innovation in exploring new revenue sources,

and sharpening the allocation of capital and goods expenditures in accordance with the HKPD Law. Various regional government work plan and budget realization report documents indicate that Kapuas adopts similar strategies, emphasizing the optimization of business sector potential and productive government spending programs (Diamond, 2006)

The dependent variable in this study is regional own-source revenue (Y), encompassing all locally generated revenues from taxes, levies, regional assets, and other legitimate sources, measured in rupiah per year. Independent variables include Gross Regional Domestic Product (GRDP) (X1) in billion rupiah at current and constant 2010 prices, population (X2) in thousands of residents, number of culinary MSMEs (X3) in registered units, and regional government spending (X4) covering operational, capital, and transfer expenditures in billion rupiah. Prior to estimation, classical assumption tests Kolmogorov–Smirnov for normality, Variance Inflation Factor (VIF) for multicollinearity, Durbin–Watson for autocorrelation, and Glejser for heteroscedasticity are conducted. Model significance is assessed jointly via the F-test and individually through t-tests, while explanatory power is evaluated using R<sup>2</sup> and Eta Square to determine the proportion of regional own-source revenue variance explained by the independent variables. The data analysis software used in this study includes SPSS Statistics for classical assumption tests and regression analysis, and EViews 12 for time series data analysis.

## RESULTS

Data on the realization of regional own-source revenue in Kapuas Regency from 2015 to 2024 exhibit a dynamic pattern with notable fluctuations in recent years, as summarized in Table 1.

**Table 1.** Summary of realization and budget 2015-2024 Kapuas Regency

Year	Realization of Regional Own-Source Revenue (IDR)	Regional Own-Source Revenue Target (IDR)	Percentage (%)
2015	88.439.860.851	87.267.852.000	101.3
2016	85.832.949.196	92.673.563.000	92.6
2017	110.135.646.511	90.207.111.000	122.1
2018	116.493.874.889	112.546.127.000	123.2
2019	125.678.934.113	112.546.127.000	111.7
2020	109.805.420.233	115.789.562.000	94.8
2021	133.018.254.789	124.084.161.000	107.2
2022	149.288.101.293	135.409.876.000	110.2
2023	138.169.280.021	120.000.000.000	115.1
2024	224.955.110.975	150.000.000.000	149.9

Table 1 presents a summary of the realization and target of regional own-source revenue in Kapuas Regency from 2015 to 2024. The revenue shows a positive trend with an average annual growth of approximately 7–10%, reflecting gradual improvement in regional fiscal capacity. Several years, notably 2017, 2018, and 2024, exceeded their targets, largely driven by strong economic performance and additional income from Regional Government-Owned Enterprises (*Badan Usaha Milik Desa*/BUMD) profits in 2024. Conversely, the revenue experienced a temporary decline in 2016 and 2020, the latter coinciding with the COVID-19 pandemic, highlighting the sensitivity of local revenue to external shocks. Despite these fluctuations, the general pattern indicates a consistent upward trajectory in regional own-source revenue over the decade.

Table 2 presents the economic growth of Kapuas Regency from 2015 to 2024, measured by the Gross Regional Domestic Product (GRDP) in billion IDR. The data show that Kapuas Regency experienced consistent economic growth throughout the period. In 2015, the GRDP was IDR 19.456.5 billion, which increased steadily to IDR 34.102.1 billion by 2024. The annual growth rate ranged between 4.9% and 8.5%, with the highest growth observed in 2017 (8.5%) and the lowest in 2021 (4.9%). This trend

indicates a positive and sustained economic expansion in Kapuas Regency over the past decade.

**Table 2.** Economic Growth of Kapuas Regency 2015-2024

Year	ADHB's GRDP (Billion IDR)	Growth (%)
2015	19.456.5	-
2016	21.067.3	8.3
2017	22.849.6	8.5
2018	24.345.7	6.5
2019	26.234.4	7.8
2020	27.567.9	5.1
2021	28.903.3	4.9
2022	30.567.4	5.8
2023	32.234.6	5.5
2024	34.102.1	5.8

The demographic and economic indicators of Kapuas Regency show steady growth over the past decade. The population increased from 348.049 in 2015 to 417.850 by the end of 2024, with urban areas such as the Selat sub-district experiencing a higher rate of growth. In parallel, the number of registered restaurants also rose, reflecting the expanding local economy and consumption demand. According to data from the Trade Office and Central Bureau of Statistics, there were approximately 97 restaurants in 2015, 115 in 2020, and 129 by 2024, indicating a consistent upward trend in the food service sector.

**Table 3.** Kapuas' Government Spending

Year	Total Spend (IDR)	Operating Expenditure (IDR)	Capital Expenditure (IDR)
2015	1.429.897.370.000	742.096.287.000	405.084.818.000
2020	1.235.706.389.000	620.179.840.000	324.559.780.000
2024	2.723.682.206.290	1.554.834.197.401	789.605.277.277

Table 3 presents the government spending in Kapuas Regency from 2015 to 2024, broken down into total, operating, and capital expenditures. Local government spending is a key part of the fiscal structure, reflecting development priorities and public service needs. The data show a steady increase in both operating and capital expenditures, highlighting the government's growing investment in public services and infrastructure.

Operating expenses include routine expenses such as employee salaries, goods and services, as well as grant and social assistance spending. Throughout the five-year period, operating spending showed a consistently increasing trend. In 2015 it amounted to IDR 1.429.970.300.000, in 2016 IDR 1.487.897.300.000, in 2017 IDR 1.601.561.700.000, in 2018 IDR 1.658.407.900.000, and in 2019 reached IDR 1.681.994.200.000. The increase in operating expenditure from 2015 to 2019 reached around 17.6%, reflecting the increase in operational needs of local governments, including expenditure on employees and basic services. The largest surge occurred between 2016 and 2017, which amounted to Rp 113.664.400,000 or around 7.6%.

Capital expenditure reflects government investment in the form of infrastructure development and fixed assets. Although volatile, capital expenditure shows moderate growth trends. In 2015 it amounted to IDR 168.870.700.000, in 2016 IDR 150.684.700.000, in 2017 IDR 156.981.800.000, in 2018 IDR 169.507.700.000, and in 2019 IDR 180.681.700.000. After experiencing a decline in 2016, capital expenditure increased gradually again until it reached IDR 180.681.700.000 in 2019. The increase from 2016 to 2019 amounted to IDR 30.000.000.000 or around 19.9%, showing the commitment of local governments in strengthening infrastructure and public service capacity. For five years, operating expenditure has consistently dominated the regional expenditure structure, with an average contribution of more than 90% to total expenditure. This dominance of operating expenses indicates that most budgets are focused on routine expenses, while allocations for capital expenditures are relatively limited.

The implication of this spending structure is the need for fiscal reorientation towards increasing productive capital expenditure, in order to encourage regional economic growth and expand the PAD revenue base. Effective capital expenditure can create a multiplier effect on GDP and strengthen regional fiscal capacity in a sustainable manner.

**Table 4.** Descriptive Tests and Assumptions

Test	Method	Result	Interpretation
Stationarity	Augmented Dickey-Fuller (ADF)	All variables stationary ( $\alpha=5\%$ )	Variables are stationary
Residual Normality	Kolmogorov-Smirnov	$p > 0.05$	Residuals are normally distributed
Multicollinearity	VIF	$VIF < 5$	No excessive collinearity
Autocorrelation	Durbin-Watson	1.5–2.5	No serious autocorrelation
Heteroscedasticity	Glejser test	$p > 0.05$	No heteroscedasticity

Table 4 shows the results of descriptive tests and classical assumption checks. The Augmented Dickey-Fuller test confirms that all variables are stationary at the 5% significance level, ensuring data stability. The Kolmogorov–Smirnov test indicates that residuals are normally distributed ( $p > 0.05$ ). Multicollinearity is not present, as shown by VIF values below 5. The Durbin–Watson statistic falls within the acceptable range of 1.5–2.5, indicating no serious autocorrelation. Lastly, the Glejser test shows  $p > 0.05$ , confirming the absence of heteroscedasticity. These results demonstrate that the model meets all key assumptions required for valid regression analysis

**Table 5.** Multivariate Regression Estimation

Variable	Coefficient ( $\beta$ )	Significance	Interpretation
GRDP	+0.65	*** ( $p < 0.001$ )	Positive and highly significant
Population	+0.21	** ( $p < 0.05$ )	Positive and significant
Home Dining / Restaurants	+0.17	** ( $p < 0.05$ )	Positive and significant
Government Spending	+0.28	*** ( $p < 0.01$ )	Positive and highly significant
Intercept	+2.38	n.s.	Not significant
Model R <sup>2</sup>	0.925	—	92.5% of variation explained

Table 5 presents the results of the multivariate regression estimation. GDP shows a strong positive and highly significant effect ( $\beta = 0.65$ ,  $p < 0.001$ ), indicating its substantial influence on the dependent variable. Population also exhibits a positive and significant impact ( $\beta = 0.21$ ,  $p < 0.05$ ), while home dining/restaurants contributes positively with similar significance ( $\beta = 0.17$ ,  $p < 0.05$ ). Government expenditure demonstrates a highly significant positive effect ( $\beta = 0.28$ ,  $p < 0.01$ ). The intercept, however, is not statistically significant. The model explains 92.5% of the variation in the dependent variable, reflecting strong explanatory power.

**Table 6.** Significance and Goodness-of-Fit of Model

Test / Measure	Value	Interpretation
Wilk's Lambda ( $\Lambda$ )	0.072	The model is simultaneously significant (F significance $< 0.01$ )
Partial t-test	All variables are significant at $\alpha < 0.05$	Each variable contributes significantly
$\Lambda^2$ measure ( $1-\Lambda$ )	0.928	Very good model; 92.8% of response variation explained

Table 6 summarizes the significance and goodness-of-fit of the model. Wilk's Lambda ( $\Lambda = 0.072$ ) indicates that the model is simultaneously significant at the 1% level. The partial t-tests show that all variables are significant at  $\alpha < 0.05$ , meaning each predictor contributes meaningfully to the model. The  $\Lambda^2$  measure ( $1-\Lambda = 0.928$ ) reflects an excellent model fit, explaining 92.8% of the variation in the response variables.

## **DISCUSSION**

The regression results demonstrate that GRDP exerts the strongest influence on Kapuas Regional own-source revenue, with every 1 billion rupiah increase in GRDP generating approximately IDR 650 million in revenue annually. This finding aligns with Martinez and McNab (2003) and is consistent with regional studies by Saldi et al. (2021) in Kerinci Regency and Juwita and Widia (2022) in West Sumatra, confirming that economic growth expands revenue space through regional taxes, levies, and productive business activities. During stable periods (2017–2018, 2022–2024), GRDP growth directly correlated with revenue increases, while the COVID-19 contraction in 2020 revealed vulnerability in this relationship, echoing Ariyanti et al.'s (2018) findings on external shocks. Optimization strategies must target high-multiplier sectors, including restaurants, trade, and processing industries, consistent with Smoke's (2015) recommendations for sustainable local revenue bases.

Population growth significantly affects regional own-source revenue through consumption taxes, levies, and service sector expansion, supporting findings by Siwi et al. (2021) and Fitria et al. (2024) across Indonesian provinces. This aligns with Subri's (2014) framework on demographic-fiscal relationships and Ariyanti et al. (2018) evidence on consumption-driven revenue. However, as Santosa and Rahayu (2005) and Bahl and Bird (2008) caution, population increases only sustain revenue growth when accompanied by enhanced human capital and infrastructure development. Kapuas requires refined population profiling, including urbanization mapping and consumption pattern analysis, to maximize the demographic dividend for revenue generation (Halim, 2014).

The restaurant sector contributes significantly both directly through taxes and indirectly via tourism and MSMEs, reflecting the digitalization era documented by Hoque (2021). Following Ariyanti et al. (2018), consumption-based taxes respond dynamically to local economic conditions. The increase in restaurant establishments during 2015–2024 coincides with local business revival and tax digitization. Optimization requires simplified tax procedures, taxpayer education, and culinary tourism development, consistent with Bird and Bahl's (2008) principles of administrative efficiency and taxpayer engagement in developing countries.

Government spending substantially impacts regional own-source revenue through economic multipliers and improved business climate. Infrastructure, education, and MSME support attract business expansion and broaden the tax base, supporting Martinez and McNab's (2006) framework on expenditure quality. This mirrors Arifin's (2020) findings on spending-revenue feedback loops in fiscal decentralization. Strategic policies, including investment incentives, effective use of transfer funds, and strengthened regional government-owned enterprises, can amplify this effect (De Renzio, 2006; Shah, 2007; Boex & Martinez, 2007). However, Lledo et al. (2010) emphasize that effectiveness depends on institutional quality and allocation efficiency, underscoring the need for continued budget reform in Kapuas to ensure sustainable revenue growth and fiscal autonomy.

The policy implications for optimizing regional own-source revenue in Kapuas focus on strategic recommendations across key aspects to enhance fiscal performance and regional development. For taxes and levies, intensification and extensification strategies are recommended, which involve expanding the tax base, improving IT systems for payments, and implementing education and strict supervision to ensure compliance. In the restaurant sector, policies emphasize tax digitization and promotion, including the promotion of culinary tourism, MSME events, and strengthening business licenses alongside electronic tax transactions to boost economic activity. Government spending should be focused on productive areas, sharpening allocations toward infrastructure, public services, and subsidies for strategic sectors to maximize impact.

Regarding GRDP and effort, local economic transformation is advocated through stimulating investment and developing manufacturing, agriculture, and trade sectors, along with establishing industrial areas. Finally, for human resources and institutions, strengthening fiscal management is key, involving improvements in the quality of regional

apparatus personnel and simplifying budget and reporting processes. These findings illustrate how fiscal decentralization empowers local governments to optimize regional own-source revenue through autonomous management of taxes, levies, and strategic expenditures, highlighting the policy relevance of enhancing local fiscal capacity. These recommendations align with the Kapuas Regional Medium-Term Development Plan and the post-HKPD national fiscal strategy, ensuring cohesive and sustainable regional growth.

## CONCLUSION

This study empirically demonstrates that GRDP, population, number of restaurants, and government spending simultaneously and partially have a significant influence on the regional own-source revenue of Kapuas Regency during 2015–2024. GDP emerges as the most dominant factor, followed by government spending, demographic variables, and the restaurant business sector. The multivariate regression model explains more than 92% of the variation in regional own-source revenue, validating the theories and empirical findings from national research.

Increasing Kapuas' regional own-source revenue in the future can be achieved through a combination of tax intensification strategies, optimization of the food business sector, implementation of selective and productive regional spending, and strengthening of fiscal institutions. Prioritizing transaction digitization, human capital development, and innovation in regional government-owned enterprises management and transfer spending is essential. This research provides a foundation for fiscal authorities and Kapuas's policymakers to develop sustainable and adaptive strategies for boosting regional own-source revenue in response to economic changes and national regulations.

This study relies on secondary data and the realization of regional own-source revenue, which may experience delayed reporting or reconciliation at the beginning of the current fiscal year. External factors such as pandemics, inflation, and various central policies can introduce interventions that are challenging to fully account for in statistical models. Suggestions for further research include the use of panel analysis across comparative regions, exploration of tourism sector variables, and the application of machine learning for Regional own-source revenue forecasting.

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