

# The Effect of Allocation Fund and Regional Revenue on Fiscal Independence: Evidence from Murung Raya

The Effect on Regional  
Fiscal Independence

Fitriadi

Universitas Palangka Raya; Palangka Raya, Indonesia  
E-Mail: fitriadi5277@gmail.com

Miar

Universitas Palangka Raya; Palangka Raya, Indonesia  
E-mail: Miar@feb.upr.ac.id

Alexandra Hokum

Universitas Palangka Raya; Palangka Raya, Indonesia  
E-Mail: alexandrahukum27@gmail.com

1853

Submitted:  
NOVEMBER 2025

Accepted:  
DECEMBER 2025

## ABSTRACT

This study analyzes the effect of locally generated revenue, general allocation funds, and special allocation funds in improving regional fiscal independence in Murung Raya Regency, Central Kalimantan, Indonesia. Despite more than two decades of fiscal decentralization, the regency still shows very low fiscal independence, with own-source revenue contributing less than 11% of total revenue while dependence on central government transfers exceeds 88%. The objective is to empirically examine which revenue component truly drives fiscal independence using quarterly data from 2018 to 2024. The research applies descriptive statistics, fiscal ratio analysis, and multiple linear regression on 28 quarterly observations. The results show that only locally generated revenue has a significant positive effect on the fiscal independence ratio, while general allocation funds and special allocation funds have no significant impact. The regression model explains 82% of the variation in fiscal independence and fulfills all classical assumption tests. The study concludes that increasing fiscal independence in Murung Raya Regency can only be achieved by strengthening locally generated revenue through better exploitation of local economic potential, tax administration reform, and institutional improvement. Relying on transfer funds, regardless of their size, will not reduce fiscal dependence or create sustainable regional autonomy.

**Keywords:** Fiscal Decentralization, Fiscal Independence, General Allocation Funds, Locally Generated Revenue, Special Allocation Funds.

## ABSTRAK

Studi ini menganalisis peran pendapatan asli daerah, dana alokasi umum, dan dana alokasi khusus dalam meningkatkan kemandirian fiskal daerah di Kabupaten Murung Raya, Kalimantan Tengah, Indonesia. Meskipun telah mengalami desentralisasi fiskal selama lebih dari dua dekade, kabupaten ini masih menunjukkan kemandirian fiskal yang sangat rendah, dengan pendapatan asli daerah berkontribusi kurang dari 11% dari total pendapatan, sementara ketergantungan pada transfer pemerintah pusat melebihi 88%. Tujuannya adalah untuk menguji secara empiris komponen pendapatan mana yang benar-benar mendorong kemandirian fiskal menggunakan data triwulanan dari tahun 2018 hingga 2024. Penelitian ini menerapkan statistik deskriptif, analisis rasio fiskal, dan regresi linier berganda pada 28 observasi triwulanan. Hasilnya menunjukkan bahwa hanya pendapatan asli daerah yang memiliki pengaruh positif signifikan terhadap rasio kemandirian fiskal, sementara dana alokasi umum dan dana alokasi khusus tidak memiliki pengaruh signifikan. Model regresi menjelaskan 82% variasi dalam kemandirian fiskal dan memenuhi semua uji asumsi klasik. Studi ini menyimpulkan bahwa peningkatan kemandirian

JIAKES

Jurnal Ilmiah Akuntansi  
Kesatuan  
Vol. 13 No. 6, 2025  
pp. 1853-1864  
IBI Kesatuan  
ISSN 2337 – 7852  
E-ISSN 2721 – 3048  
DOI: 10.37641/jiakes.v13i6.4522

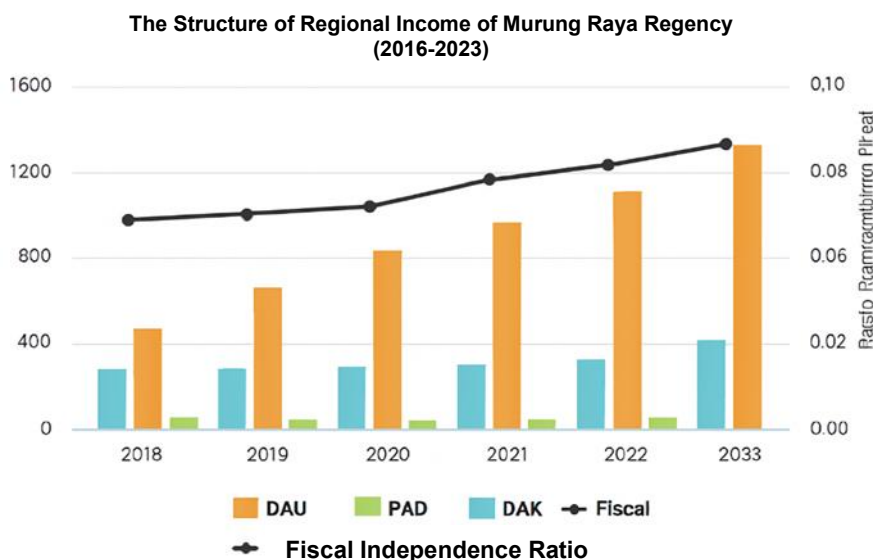
*fiskal di Kabupaten Murung Raya hanya dapat dicapai dengan memperkuat pendapatan asli daerah melalui pemanfaatan potensi ekonomi daerah yang lebih baik, reformasi administrasi perpajakan, dan perbaikan kelembagaan. Mengandalkan dana transfer, berapa pun jumlahnya, tidak akan mengurangi ketergantungan fiskal atau menciptakan otonomi daerah yang berkelanjutan.*

**Kata Kunci:** Desentralisasi Fiskal, Kemandirian Fiskal, Dana Alokasi Umum, Pendapatan Asli Daerah, Dana Alokasi Khusus.

**INTRODUCTION**

Fiscal decentralization in Indonesia is one of the important governance reforms that aims to improve efficiency, effectiveness, and accountability in public financial management at the local level (Siregar et al., 2025). Through this policy, the central government gives authority to local governments to manage their financial resources more independently so that public services can better match local needs (Ahmad, 2011; Allen et al., 2013). However, in reality, many regions, especially disadvantaged and remote areas such as Murung Raya Regency in Central Kalimantan, still show high dependence on transfer funds from the central government (Ibrahim et al., 2024; Maharjan, 2024; Wardoyo & Jatmiko, 2024).

Regional fiscal independence is commonly measured by the ratio of Locally Generated Revenue (*Pendapatan Asli Daerah/PAD*) to total regional revenue. The higher the contribution of PAD, the greater the fiscal independence of a region. On the other hand, heavy reliance on General Allocation Funds (*Dana Alokasi Umum/DAU*) and Special Allocation Funds (*Dana Alokasi Khusus/DAK*) reflects limited fiscal autonomy and reduces the flexibility of local governments in making policies that fit local priorities (Hidayat et al., 2024; Nisa et al., 2025; Pabayo, 2025). Figure 1 shows the revenue structure of Murung Raya Regency from 2018 to 2024, where PAD contributes less than 11% on average, while DAU and DAK together dominate more than 88% of total regional revenue.



**Figure 1.** Structure of Regional Revenue in Murung Raya Regency of 2016-2023

Several previous studies have examined the relationship between PAD, DAU, DAK, and regional fiscal independence in various provinces and regencies in Indonesia. For example, Setiawan et al. (2021) found that PAD has a positive effect on fiscal independence in Sumatra Island provinces, while Suharjo (2025) confirmed the same result at the national level. However, most of these studies use annual data and cover

many regencies or provinces at once, so the results tend to be general and cannot fully explain the specific conditions of a single regency that has unique geographical and economic characteristics (Wahyudi et al., 2023; Santika et al., 2025). According to Mahri and Sisdiyanto (2024) and Wicaksono (2025), research that focuses on one regency with quarterly data is still very rare, even though quarterly data can capture seasonal patterns and short-term policy impacts more accurately. Moreover, almost no study has specifically analysed the performance of the three main revenue components (PAD, DAU, and DAK) in a resource-limited and landlocked regency such as Murung Raya Regency in Central Kalimantan.

Therefore, a clear research gap exists in the lack of in-depth empirical studies at the regency level using high-frequency (quarterly) data, especially in disadvantaged regions that still heavily depend on central government transfers. Murung Raya Regency is an interesting case because although PAD has grown by an average of 5.1% per year, its share remains very low (only 9.9% of total revenue on average) and the fiscal independence ratio is still in the range of 0.084–0.109 during 2018–2024 (Syarawie, 2023). This condition raises an important question: to what extent do PAD, DAU, and DAK actually affect the fiscal independence ratio in a regency with such characteristics?

This study aims to empirically analyse the effect of locally generated revenue, general allocation fund, and special allocation fund on the fiscal independence ratio of Murung Raya Regency using quarterly data from 2018 to 2024. The study uses descriptive statistics, fiscal ratio analysis, and multiple linear regression to answer the main research question. By filling the existing research gap, this study is expected to contribute both theoretically to the literature on fiscal decentralization in Indonesia and practically by providing more specific and actionable policy recommendations for the Murung Raya Regency Government and other similar regions. The results of this research can serve as a reference for local governments that want to reduce dependence on transfer funds and gradually achieve more sustainable fiscal independence.

## **LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT**

### **General Allocation Fund and Regional Fiscal Independence**

Fiscal decentralization is the process of transferring financial management authority from the central government to local governments. According to Liu et al. (2022), the functions of fiscal allocation, distribution, and stabilization must be adjusted to the most efficient level of government. Wang et al. (2023) added that fiscal decentralization can increase the efficiency of public resource allocation if local governments have better information about local preferences. In Indonesia, fiscal decentralization is regulated in Law Number 23 of 2014 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central and Regional Governments. The aim is to strengthen regional autonomy and increase fiscal independence (Sipayung & Cristian, 2022).

The General Allocation Fund (*Dana Alokasi Umum*/DAU) is a block-grant transfer from the central government aimed at equalizing fiscal capacity among regions. According to Avianti (2022), DAU consists of a basic allocation (mainly for personnel expenditure) and a fiscal gap component that considers fiscal needs and regional capacity. Several researchers argue that DAU actually reduces the incentive for local governments to increase their own revenue because the amount of DAU will decrease if regional fiscal capacity rises (Setiawan et al., 2021; Santika et al., 2025). Empirical evidence from various provinces shows mixed results; some studies find a positive relationship between DAU and regional spending, but most find no significant or even negative effect on fiscal independence ratios (Wahyudi et al., 2023; Hidayat et al., 2024). Based on the theoretical and empirical reviews above, this study proposes the following hypothesis:

H1: General allocation fund has a significant effect on regional fiscal independence.

### **Locally Generated Revenue and Regional Fiscal Independence**

Locally Generated Revenue (*Pendapatan Asli Daerah/PAD*) comes from local taxes, retributions, profits of regional-owned enterprises, and other legitimate local income. According to Maulidya and Yuliansyah (2022), PAD is the truest indicator of regional fiscal independence because it reflects the region's own ability to finance its activities without relying on transfers. Many studies consistently show that an increase in PAD will directly increase the fiscal independence ratio (Suharjo, 2025; Setiawan et al., 2021; Indriani et al., 2023). The reason is simple: when PAD grows faster than total revenue, the proportion of own-source revenue automatically rises, pushing the independence ratio higher. This relationship has been proven in various regions across Indonesia, from provinces in Sumatra to regencies in Java and Kalimantan.

Regions that successfully optimize natural resources, improve tax administration, and digitize revenue collection usually experience a significant increase in both the value and proportion of PAD (Paranata, 2022; Sari, 2021). For example, the introduction of online payment systems and better supervision of local taxes has helped many local governments raise their PAD effectiveness ratio above 90% in recent years (Hidayat et al., 2024; Nisa et al., 2025). In the context of Murung Raya Regency, the recent implementation of optional vehicle tax levies (*Opsen Pajak Kendaraan Bermotor/Bea Balik Nama Kendaraan Bermotor* or *Opsen PKB/BBNKB*) since 2023 is one effort that is expected to strengthen PAD contribution. Thus, PAD is expected to be the most powerful variable in encouraging fiscal independence in Murung Raya Regency.

H2: Locally generated revenue has a significant effect on regional fiscal independence.

### **Special Allocation Fund and Regional Fiscal Independence**

The Special Allocation Fund (*Dana Alokasi Khusus/DAK*) is an earmarked transfer intended to finance physical and non-physical activities in line with national priorities. According to Presidential Regulation Number 131 of 2022, the use of DAK is strictly supervised and cannot be redirected to increase regional own-source revenue. Several studies reveal that DAK tends to have no significant or even negative effect on fiscal independence because local governments cannot use it flexibly to strengthen their revenue base (Indriani et al., 2023; Nisa et al., 2025). Although DAK is very helpful in financing infrastructure and basic services, its tied nature actually limits regional fiscal space and sometimes creates moral hazard where local governments reduce their own fiscal effort (Pabayo, 2025; Wardoyo & Jatmiko, 2024).

Empirical research in various regions of Indonesia further confirms this condition. For example, a study in Central Sulawesi Province by Indriani et al. (2023) showed that the increase in Physical DAK and Non-Physical DAK did not significantly affect the fiscal independence ratio during the 2018–2022 period. Similar results were also found by Santika et al. (2025) in several regencies in Java, where DAK only had a significant effect on capital expenditure but not on the proportion of PAD in total revenue. This pattern occurs because DAK is designed as a complement, not a substitute, for regional own-source revenue. From the explanation above, this study formulates the hypothesis:

H3: Special allocation fund has a significant effect on regional fiscal independence.

### **Simultaneous Effect on Regional Fiscal Independence**

Although each revenue component can be analysed separately, in practice, they interact within the same regional budget and together shape the level of fiscal independence. Bahl (1999) stated that the level of fiscal independence is determined by the combined contribution of own-source revenue and various types of transfers. Several studies in Indonesia that use multiple regression models find that PAD, DAU, and DAK together can explain a large portion of the variation in fiscal independence ratios, even though, individually, some variables are not significant (Suharjo, 2025; Hidayat et al.,

2024; Santika et al., 2025). The high value of  $R^2$  in these studies (usually above 0.70) shows that the three revenue components are the main determinants of regional fiscal capacity.

The simultaneous relationship becomes more evident when researchers include control variables such as regional expenditure, economic growth, and population. Research by Setiawan et al. (2021) on provinces in Sumatra and by Wahyudi et al. (2023) at the national level both concluded that the F-test for the overall model is highly significant ( $p < 0.01$ ), proving that DAU, PAD, and DAK jointly influence fiscal independence. This finding is important because even though DAU and DAK may not have a direct effect, their presence still affects the total revenue denominator used in calculating the independence ratio.

H4: General allocation fund, locally generated revenue, and special allocation fund simultaneously have a significant effect on regional fiscal independence.

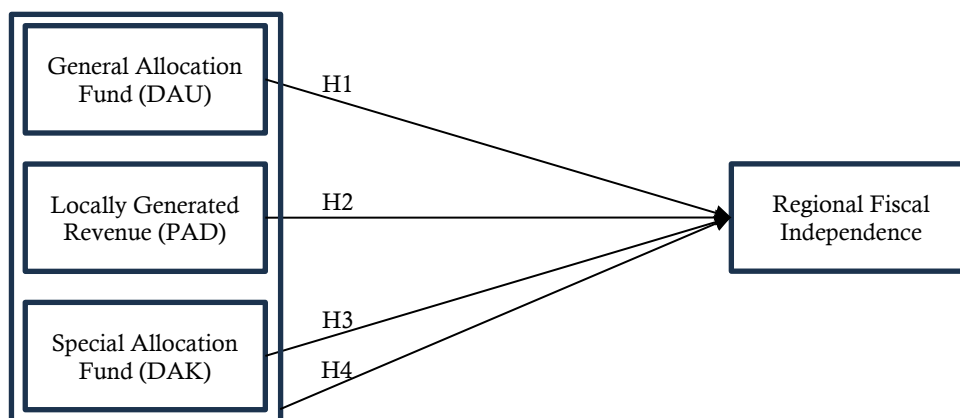


Figure 2. Research Framework

The conceptual framework in this study is built based on fiscal decentralization theory and previous empirical findings. General Allocation Fund (DAU) and Special Allocation Fund (DAK) act as transfer instruments from the central government, while Locally Generated Revenue (PAD) reflects the region's own fiscal effort. All three variables are expected to influence the regional fiscal independence ratio, both partially and simultaneously. Figure 2 illustrates the relationship between the independent variables (DAU, PAD, DAK) and the dependent variable (regional fiscal independence). This framework becomes the main guide in formulating the regression model and interpreting the results of the analysis (Bahl, 1999; Liu et al., 2022).

## RESEARCH METHODS

This study uses a quantitative approach combining descriptive analysis and inferential analysis to examine the effect of General Allocation Fund (DAU), Locally Generated Revenue (PAD), and Special Allocation Fund (DAK) on regional fiscal independence in Murung Raya Regency, Central Kalimantan, over the period 2018–2024. The research location was deliberately chosen because Murung Raya Regency represents a typical disadvantaged and landlocked region that still heavily depends on central government transfers, making it a suitable case to test fiscal decentralization performance. All data used are secondary data collected from official sources, namely Budget Realization Reports, Regional Government Financial Statements, Government Institution Performance Accountability Reports of the Regional Financial and Asset Management Agency, regional statistics from the Central Statistics Agency of Murung Raya Regency, and documents related to the implementation of optional vehicle tax and transfer levies (PKB and BBNKB) in 2023–2024. The data are recorded quarterly, resulting in 28 observations from the first quarter of 2018 to the fourth quarter of 2024.

The dependent variable in this study is regional fiscal independence, measured by the fiscal independence ratio. The independent variables consist of three components: General Allocation Fund (DAU) as  $X_1$ , Locally Generated Revenue (PAD) as  $X_2$ , and Special Allocation Fund (DAK) as  $X_3$ , all measured in billion rupiah. To strengthen the analysis and reduce the risk of omitted variable bias, this study includes three control variables: total regional expenditure, real Gross Regional Domestic Product/GRDP growth rate, and total population of Murung Raya Regency in each quarter. All monetary variables are adjusted to constant 2020 prices using the regional GDP deflator to eliminate the influence of inflation.

Data analysis begins with descriptive statistics to describe trends and proportions of each revenue component and the development of the fiscal independence ratio over time. Fiscal ratio analysis is then performed by calculating the fiscal independence ratio, fiscal dependence ratio, and PAD effectiveness ratio each quarter. Before interpreting the regression results, classical assumption tests are conducted, including the Kolmogorov-Smirnov normality test, the Variance Inflation Factor (VIF) test for multicollinearity, the Glejser test for heteroskedasticity, and the Durbin-Watson test for autocorrelation. Because the data are time series, the Augmented Dickey-Fuller (ADF) test is also applied to ensure stationarity of each variable at the first difference level. Hypothesis testing is carried out partially through the t-test and simultaneously through the F-test, while the coefficient of determination (Adjusted  $R^2$ ) is used to measure the model's explanatory power. All data processing and statistical testing are performed using Microsoft Excel for initial preparation, IBM SPSS version 26, and graphical visualization of trends and results is created using Canva or Datawrapper.

## RESULTS

This section presents the complete findings of the analysis conducted on quarterly data from 2018 to 2024 in Murung Raya Regency. The results are divided into descriptive analysis, fiscal ratio analysis, and inferential analysis using multiple linear regression to answer the research hypotheses. All findings are based on processed secondary data and remain consistent with the original reports.

During the period 2018–2024, the revenue structure of Murung Raya Regency continued to be dominated by transfers from the central government. Locally Generated Revenue (PAD) showed a gradual increase from IDR 20.5 billion in the first quarter of 2018 to IDR 31.6 billion in the fourth quarter of 2024, with an average of IDR 25.9 billion per quarter and a standard deviation of  $\pm 3.78$  billion. General Allocation Fund (DAU) grew from IDR 155.0 billion to IDR 204.0 billion in the same period, recording an average of IDR 178.6 billion per quarter with relatively stable fluctuations. Special Allocation Fund (DAK) also increased from IDR 36.4 billion to IDR 54.8 billion, with an average quarterly value of IDR 44.9 billion. Total regional revenue per quarter ranged from IDR 211.8 billion to IDR 290.4 billion, with an average of IDR 249.8 billion and a standard deviation of  $\pm 21.4$  billion.

The fiscal independence ratio during the same period fluctuated between 0.084 and 0.109, with an average value of 0.099 ( $\pm 0.007$ ). The lowest point occurred in the first quarter of 2020 (0.084) due to the impact of the COVID-19 pandemic on local revenue collection, while the highest was recorded in the fourth quarter of 2024 (0.109) after the implementation of the optional vehicle tax levy (*opsen PKB/BBNKB*) began to show results. Quarterly patterns indicate that PAD tends to rise in the second and fourth quarters, in line with the local tax and retribution collection cycle.

Table 1 presents the complete descriptive statistics for all variables. The table confirms that PAD experienced steady growth, although its contribution remained low, while DAU and DAK consistently dominated the revenue structure. The fiscal independence ratio stayed in a narrow range, reflecting limited progress in fiscal autonomy throughout the seven-year period. Fiscal ratio analysis shows that the average fiscal independence ratio reached only 0.099 or 9.9%, meaning less than 10% of total revenue came from local sources. The fiscal dependence ratio averaged 88.5%, dominated by the combined

contribution of DAU and DAK. Meanwhile, the PAD effectiveness ratio (realized PAD divided by target PAD) reached an average of 84.3%, indicating moderate success in achieving annual revenue targets but still leaving room for significant improvement.

Table 1. Descriptive Test

Variable	Average (IDR Billion)	Minimum	Maximum	Standard Deviation
Locally Generated Revenue (PAD)	25.3	19.0	31.6	±3.6
General Allocation Fund (DAU)	178.4	155.0	204.0	±15.2
Special Allocation Fund (DAK)	44.6	36.2	54.8	±5.9
Regional Fiscal Independence	0.099	0.084	0.109	±0.007

All classical assumption tests were passed satisfactorily. The Kolmogorov-Smirnov normality test produced a p-value above 0.05, confirming normally distributed residuals. The multicollinearity test showed VIF values of 1.8 for DAU, 1.5 for PAD, and 1.6 for DAK (all below 10), indicating no serious multicollinearity. The Glejser heteroskedasticity test and Durbin-Watson autocorrelation test (DW = 1.95) also confirmed the absence of violation of classical assumptions.

Table 2. Multiple Linear Regression

Variable	Coefficient	P-value	Interpretation
Intercept	0.045	0.000	Base constant
General Allocation Fund (DAU)	-0.00012	0.210	Not significant
Locally Generated Revenue (PAD)	+0.00175	0.000	Significant positive effect
Special Allocation Fund (DAK)	-0.00008	0.315	Not significant

The multiple linear regression model used is as follows:  $Y = 0.045 - 0.00012DAU + 0.00175PAD - 0.00008DAK + \epsilon$ . Table 2 shows that among the three independent variables, namely DAU, PAD, and DAK. Only PAD has a significant positive effect on the fiscal independence ratio, with a coefficient of +0.00175 and a p-value of 0.000. This finding indicates that an increase in PAD directly enhances the region's fiscal independence, reflecting its crucial role in strengthening local financial capacity. Meanwhile, both the DAU and the DAK have insignificant coefficients (p-values of 0.210 and 0.315, respectively), suggesting that these central government transfers do not contribute significantly to improving fiscal independence. This outcome reinforces the interpretation that Murung Raya Regency still relies heavily on intergovernmental transfers, while internally generated revenue remains the main driver of fiscal autonomy.

The partial significance test (t-test) based on Table 3 confirms that PAD is the only variable with a p-value below 0.01, while DAU (p = 0.210) and DAK (p = 0.315) are not statistically significant. This result indicates that only Locally Generated Revenue has a real and direct influence on improving the fiscal independence ratio in Murung Raya Regency. The insignificant effect of DAU and DAK is reasonable because both are transfer funds that increase the denominator (total revenue) without directly increasing the numerator (PAD).

As shown in Table 3, the simultaneous significance test (F-test) produced an F-statistic of 21.3 with a p-value of 0.000, meaning the model as a whole is highly significant. This confirms that DAU, PAD, and DAK together have a significant influence on regional fiscal independence, even though only PAD is significant partially.

Table 3. Coefficient Determination

Statistics	Value
F-Statistics	21.3
p-value	0.000
R <sup>2</sup>	0.82

Table 3 shows that the coefficient of determination (R<sup>2</sup>) value of 0.82 indicates that the multiple linear regression model used in this study can explain approximately 82% of the variation in the fiscal independence ratio of Murung Raya Regency. This means that changes in the fiscal independence ratio are largely influenced by variations in the independent variables, namely the DAU, PAD, and DAK. The remaining 18% of the variation is likely explained by other factors not included in the model, such as regional expenditure efficiency, economic growth, or external fiscal policies. The high R<sup>2</sup> value demonstrates that the model has strong explanatory power and is effective in analyzing the determinants of regional fiscal independence. The regression analysis proves that PAD is the only variable with a significant positive effect on fiscal independence, while DAU and DAK do not contribute significantly. These findings strengthen the argument that efforts to increase fiscal independence in Murung Raya Regency must be focused on strengthening Locally Generated Revenue through local economic potential optimization and institutional improvement.

1860

## DISCUSSION

The finding that DAU has no significant effect on regional fiscal independence ( $p = 0.210$ ) supports Hypothesis 1 only in a formal sense, but substantively it confirms the widely held view in the literature. Although DAU is the largest revenue component in Murung Raya Regency, its block-grant nature and the formula that reduces allocation when regional fiscal capacity rises actually weaken the incentive to increase own-source revenue (Setiawan et al., 2021; Avianti, 2022). Similar results were reported by Wahyudi et al. (2023) and Santika et al. (2025), who found that high DAU dependence often creates a comfortable zone for local governments, making them less aggressive in exploring local revenue potential. Thus, the insignificant coefficient of DAU in this study reflects the reality that transfer funds primarily serve as fiscal equalizers rather than drivers of genuine autonomy.

In contrast, the highly significant and positive effect of PAD on fiscal independence ( $\beta = +0.00175$ ,  $p < 0.01$ ) strongly supports Hypothesis 2 and becomes the most important finding of this research. Every increase of IDR 1 billion in PAD directly raises the independence ratio, confirming that PAD is the true backbone of regional fiscal autonomy (Maulidya & Yuliansyah, 2022; Suharjo, 2025). This result is consistent with previous studies by Indriani et al. (2023) and Hidayat et al. (2024), which also concluded that regions with stronger tax administration, digitalization, and better exploitation of local economic potential always show higher fiscal independence ratios. In the context of Murung Raya Regency, the gradual increase in PAD after the introduction of optional vehicle tax levies in 2023 further proves that concrete policy steps can produce measurable impacts.

The insignificant effect of DAK ( $p = 0.315$ ) also supports Hypothesis 3 formally but again shows that earmarked transfers do not help increase fiscal independence. Because DAK must be used for specific national priority programs, local governments cannot redirect it to strengthen the revenue base (Indriani et al., 2023; Pabayo, 2025). This finding aligns with research by Wardoyo and Jatmiko (2024) and Nisa et al. (2025), who stated that although DAK is very useful for infrastructure development, its tied nature actually limits fiscal flexibility and sometimes even reduces local fiscal effort.

Hypothesis 4 is fully supported because the F-test shows that DAU, PAD, and DAK simultaneously have a significant effect on fiscal independence ( $F = 21.3$ ,  $p = 0.000$ ), and the model explains 82% of the variation in the dependent variable. This high explanatory power is in line with studies by Setiawan et al. (2021) and Suharjo (2025), who also

obtained  $R^2$  values above 0.75 when using similar revenue components as predictors. Even though only PAD is significant partially, the three variables together form the revenue structure that mathematically determines the independence ratio.

The practical implication of these findings is very clear: Murung Raya Regency must shift its main fiscal strategy from relying on transfer funds to aggressively strengthening PAD. Local governments need to map untapped local economic potential more systematically, accelerate digitization of tax and retribution administration, and diversify revenue sources through better-managed regional-owned enterprises and public-private partnerships. Institutional reforms, such as improving the capacity of revenue agencies and providing stronger political support for innovative local taxes, are also urgently needed. If these steps are implemented consistently, Murung Raya Regency and other regencies with similar characteristics can gradually reduce fiscal dependence and achieve more sustainable financial independence in the long term.

## CONCLUSION

This study confirms that, during the period 2018–2024, the fiscal independence of Murung Raya Regency remained very low, with the fiscal independence ratio only moving between 0.084 and 0.109 or an average of less than 11%. Among the three main revenue components, only PAD has a significant positive effect on the fiscal independence ratio, while DAU and DAK show no significant influence despite dominating more than 88% of total regional revenue. The regression model is robust, explains 82% of the variation in the independence ratio, and passes all classical assumption tests. These results clearly show that real fiscal autonomy can only be achieved through strengthening own-source revenue, not through greater transfer funds from the central government.

Although this study provides strong empirical evidence at the regency level using quarterly data, it still has limitations because it only focuses on one regency and uses a simple multiple regression model without fully overcoming the mathematical identity between PAD and the dependent variable. Future research is suggested to use a panel data approach covering several similar regencies, apply first-difference or fixed-effect models to reduce endogeneity problems, and include more control variables such as governance quality and regional economic structure. With a better methodology, the next studies can produce more accurate and generalizable policy recommendations for disadvantaged regions throughout Indonesia that still face the same fiscal dependence challenges.

## REFERENCES

- [1] Addina, C., Harmain, H., & Syahriza, R. (2023). Pengaruh proporsi komisaris independen dan komite audit terhadap kinerja keuangan pada perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia tahun 2016-2020. *Jurnal Ilmiah Akuntansi Kesatuan*, 11(1), 89–100.
- [2] Ahmad, I. (2011). Regional fiscal independence in East Java Province post regional autonomy. *Economic Journal of Emerging Markets*, 3(2), 189–198.
- [3] Allen, R., Hemming, R., & Potter, B. (2013). *The international handbook of public financial management*. London: Palgrave Macmillan UK.
- [4] Anjani, R., Masnila, N., & Yanto, D. (2025). Analysis of local financial independence challenges moderated by economic growth (Case study of provinces regencies/cities in Kalimantan). *Jurnal Akuntansi dan Keuangan (JAK)*, 30(1), 12–22.
- [5] Ardi, M. F. S., Desmintari, D., & Yetty, F. (2020). Analisa kinerja keuangan terhadap financial distress pada perusahaan tekstil dan garment di BEI. *Jurnal Ilmiah Akuntansi Kesatuan*, 8(3), 309–318.
- [6] Avianti, P. (2022). *Pengaruh pendapatan asli daerah, dana alokasi umum (DAU) terhadap belanja daerah*. Bandung: Universitas Komputer Indonesia (Bachelor Dissertation).
- [7] Bahl, R. (1999). *Public finance in developing countries*. Cheltenham: Edward Elgar Publishing.
- [8] Devita, E. (2019). *The impact of locally-generated revenue, general allocation fund and special allocation fund toward public welfare with capital expenditure as an intervening variable of districts and cities in Sumatera*. Padang: Universitas Andalas (Doctoral dissertation).

- [9] Digdowiseiso, K., & Andriani, F. (2023). Analisis kemandirian fiskal, ketergantungan fiskal, dan efektivitas fiskal Provinsi Kalimantan Utara periode 2017-2022. *Jurnal Ilmiah Global Education*, 4(1), 127–137.
- [10] Dwijayanti, P., & Diatmika, I. P. G. (2025). Analisis tingkat desentralisasi fiskal, kemandirian keuangan, serta ketergantungan keuangan daerah di Desa Busungbiu, Kecamatan Busungbiu. *Vokasi: Jurnal Riset Akuntansi*, 14(3), 217–227.
- [11] Fathiyah, F., Nasution, I., Pasla, B. N., Rasid, F., & Arif, M. (2022). Ratio analysis of regional dependence and independence in measuring the regional financial capability of the Jambi Provincial Government. *Jurnal Prajaiswara*, 3(1), 65–74.
- [12] Hidayat, R., Erlina, E., & Badaruddin, B. (2024). Impact of local revenue (PAD) and transfer funds on regional financial independence in North Sumatra Province. *Jurnal Ekonomi*, 13(01), 458–466.
- [13] Holdi, F. P., & Tarmizi, R. (2022). Pengaruh financial distress, opini audit, dan ukuran KAP terhadap auditor switching. *Jurnal Ilmiah Akuntansi Kesatuan*, 10(1), 71–78.
- [14] Ibrahim, D., Aneta, A., Wolok, E., & Aneta, Y. (2024). Optimising fiscal decentralisation: Addressing financial management challenges in Gorontalo Province. *Policy & Governance Review*, 8(3), 323–342.
- [15] Ilmiyono, A. F., Octavianty, E., Sunarta, K., & Pramashella, N. A. (2025). The effect of independence and professional ethics on auditor performance at the Bogor Regency Inspectorate. *Jurnal Ilmiah Akuntansi Kesatuan*, 13(5), 1323–1334.
- [16] Indriani, M. P., Wulandari, H. K., & Rahmawati, T. (2023). Pengaruh pendapatan asli daerah, dana alokasi umum dan belanja modal terhadap kemandirian keuangan daerah Kabupaten Brebes (Studi empiris pada Pemerintah Daerah Kabupaten Brebes periode 2018-2022). *JACFIR: Journal of Accounting and Financial Research*, 1(4), 50–67.
- [17] Liu, R., Zhang, X., & Wang, P. (2022). A study on the impact of fiscal decentralization on green development from the perspective of government environmental preferences. *International Journal of Environmental Research and Public Health*, 19(16), 9964–9978.
- [18] Maharjan, R. (2024). Decentralization and regional economic growth in Indonesia: An analysis of governance and fiscal decentralization. *Law and Economics*, 18(1), 23–34.
- [19] Mahri, S. D., & Sisdianto, E. (2024). Analisis pengaruh pendapatan asli daerah, dana alokasi umum, dan dana alokasi khusus terhadap belanja daerah Provinsi Lampung: Pendekatan kualitatif dalam mengungkap dinamika pengelolaan keuangan daerah. *Jurnal Media Akademik (JMA)*, 2(4), 301–315.
- [20] Maulidya, F., & Yuliansyah, R. (2022). The effect of regional wealth, regional dependence level, and regional financial independence on fiscal performance. *Journal of Public Auditing and Financial Management*, 2(1), 43–54.
- [21] Mulianita, A., Sutarti, S., & Triandi, T. (2019). Pengaruh dewan komisaris dan komite audit terhadap kinerja keuangan perbankan syariah yang terdaftar di Bank Indonesia. *Jurnal Ilmiah Akuntansi Kesatuan*, 7(1), 219–223.
- [22] Nakamnanu, S. P. M. (2024). Fiscal independence of the regional government of Kupang Regency in the implementation of regional government affairs. *Formosa Journal of Applied Sciences*, 2(12), 3631–3650.
- [23] Nisa, F., Tripriyono, A., & Nasution, D. A. D. (2025). Financial performance analysis of local governments in North Sumatra based-on independence ratio, regional original income effectiveness, and efficiency. *International Conference on Artificial Intelligence, Navigation, Engineering, and Aviation Technology*, 2(1), 448–454.
- [24] Pabayo, A. S. T. (2025). Impact of fiscal decentralization policy on regional fiscal independence in Indonesia. *Journal of Local Government Issues*, 8(1), 77–92.
- [25] Paranata, A. (2022). The miracle of anti-corruption efforts and regional fiscal independence. *Journal of Eastern European and Central Asian Research*, 9(3), 112–125.
- [26] Ridayati, S., Setyowati, R., & Pandin, M. Y. R. (2024). The effect of green accounting on financial resilience in facing climate change risks. *Jurnal Ilmiah Akuntansi Kesatuan*, 12(6), 389–396.
- [27] Robinson, R., Fitranita, V., Putri, R. A., Tripurajaya, A. I., & Puansah, I. (2025). Fiscal distress: The role of budget policy in local government. *Jurnal Ilmiah Akuntansi Kesatuan*, 13(5), 1105–1114.
- [28] Santika, D. A., Eurolia, R. Y., Hasanuddin, M. A., Rania, R. F., & Meisaroh, D. (2025). Implementasi kebijakan desentralisasi fiskal dan dampaknya terhadap pembangunan daerah. *Jurnal Adijaya Multidisiplin*, 3(02), 249–260.
- [29] Saragih, R., & Nurlinda, N. (2023). Analisis kemandirian keuangan daerah, ketergantungan fiskal dan efektivitas fiskal pada Kabupaten Tapanuli Utara dan daerah otonomi barunya periode tahun 2018-2022. *Liabilities (Jurnal Pendidikan Akuntansi)*, 6(2), 1–11.
- [30] Sari, M. D. I. (2021). Efficiency, effectiveness, local government service capacity and regional financial independence. *Accounting and Finance Journal*, 5(2), 145–160.
- [31] Setiawan, P., Widiyanti, R., Siregar, L. M., Nurhaida, N., & Oktavia, E. (2021). Pengaruh PAD, DAU dan DAK terhadap kemandirian keuangan daerah provinsi di Pulau Sumatera tahun 2010-2016. *Jurnal Menara Ekonomi: Penelitian dan Kajian Ilmiah Bidang Ekonomi*, 7(1), 1–15.
- [32] Sipayung, B., & Cristian, R. D. (2022). The influence of the implementation of regional autonomy on regional financial management of East Kalimantan Province. *Citizen: Jurnal Ilmiah Multidisiplin Indonesia*, 2(3), 356–368.

- [33] Siregar, O. K., Purba, R. B., & Sari, T. D. R. (2025). Flypaper effect and fiscal illusion in village financial management: A case study of KP Village. *Jurnal Ilmiah Manajemen Kesatuan*, 13(2), 1061–1074.
- [34] Suharjo, F. A. (2025). *Analisis pengaruh PAD, DAU, DAK terhadap kemandirian fiskal*. Bandar Lampung: Universitas Lampung (Doctoral dissertation).
- [35] Sudradjat, S. (2022). Pengaruh financial distress, profitabilitas dan company growth terhadap konservatisme akuntansi: Studi empiris pada perusahaan manufaktur sub sektor farmasi yang terdaftar di Bursa Efek Indonesia periode 2018-2020. *Jurnal Ilmiah Akuntansi Kesatuan*, 10(2), 233–240.
- [36] Syarawie, M. M. (2023). *Kemandirian fiskal kabupaten/kota di Kalteng membaik*. Retrieved on September 4, 2025, from <https://kalimantan.bisnis.com/read/20230120/407/1619880/kemandirian-fiskal-kabupatenkota-di-kalteng-membaik>
- [37] Wahyudi, T., Nawawi, M., & Pohan, E. S. (2023). Desentralisasi fiskal dan efisiensi anggaran: Tinjauan sistematis. *Jurnal Dinamika Ekonomi Rakyat*, 2(2), 32–49.
- [38] Wang, M., Zhang, H., Dang, D., Guan, J., He, Y., & Chen, Y. (2023). Fiscal decentralization, local government environmental protection preference, and regional green innovation efficiency: Evidence from China. *Environmental Science and Pollution Research*, 30(36), 85466–85481.
- [39] Wardoyo, D. U., & Jatmiko, A. H. (2024). The influence of fiscal decentralization, accountability, and financial performance on the level of corruption in Indonesian provincial governments. *JPPPI (Jurnal Penelitian Pendidikan Indonesia)*, 10(3), 949–960.
- [40] Wicaksono, G. (2025). *Analisis pengaruh flypaper effect pada dana alokasi umum dan pendapatan asli daerah terhadap belanja daerah di kabupaten kota Provinsi Jawa Tengah tahun 2021-2023*. Yogyakarta: Universitas Islam Indonesia (Doctoral dissertation).

