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REGIONAL ECONOMIC GROWTH IN VIEW OF THE FACTORS AFFECTING REGIONAL LEVIES

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Abstract
In an economic area such as Jabodetabekjur, these areas interact with each other, both in terms of the movement of production factors and the exchange of commodities. Spatial disparities between regions can occur due to disparities in productivity levels between regions triggered by the misery of concentration or concentration of economic activities. As a result, economic growth arises that is not parallel between regions within one region. The gap in economic growth between regions in the Greater Jakarta area can be seen in the following table. The research model is formulated recursively in a tiered regression analysis used to study the Cobb-Douglas linear function from panel data through the EViews-10 application. The results of the analysis show that: The results show that per capita income, population, and regional investment simultaneously have a significant effect on retribution area. The JABODETABEK government needs to pay attention to the conditions that occur, especially those related to the quality of per capita income, population, and regional investment in the JABODETABEK area because these three variables have a close relationship with economic growth and are a source of economic growth in regional retribution to promote regional development. The research is expected to provide input for the JABODETABEK Government in implementing regional financial management to further increase regional fees.
Keywords : Economic growth, Regional economy, Regional levies

INTRODUCTION

Within the Jabodetabekjur area, the city of Jakarta is expected to become a center of growth (growth pole) capable of stimulating economic growth, both internally and externally (to the hinterlands). Geographically, the city of Jakarta is a location that has many facilities and conveniences so that it becomes the center of attraction (pole of attraction). Even so, it is not yet known whether the City of Jakarta has become a center of growth with its characteristics: a) the existence of internal relations from various economic sectors that create added value; b) there is a multiplier effect from the existence of sectors that are interrelated and mutually supportive; c) there is a geographical concentration of various sectors or facilities that create efficiency; d) is pushing the rear area (Nizar et al., 2013).

In an economic area, such as Jabodetabekjur, the regions interact with each other, both in terms of the flow of production factors and the exchange of commodities (Mahzalena & Juliansyah, 2019). Spatial disparities between regions can occur due to disparities in productivity levels that are triggered by an imbalance in the concentration or concentration of economic activities (DARMAWAN, 2020). As a result, economic growth arises that is not parallel between regions in one region. The gap in economic growth between regions in the Greater Jakarta area can be seen in the following table (Heryanti et al., 2019).

One important factor that can affect economic growth in the region (increase in GRDP) is regional fiscal independence. As the expected implications of the implementation of Law no. 33 of 2004 concerning the Financial Balance between the Central Government and Regional Governments and Law no. 23 of 2014 concerning Regional Autonomy, fiscal independence is a manifestation of the increasing role of local governments as agents of development, as well as strategic factors in local government policies to encourage economic

growth through increased synchronization of economic development plans. As a ratio of Regional Original Income (PAD) to regional expenditure, fiscal independence measures the extent to which PAD contributes to financing regional expenditures/spending, both routine expenditure and development expenditure (local government investment). So far, it is not yet known how the effects of fiscal independence in regional expenditures have on economic growth in the regions, especially in the Greater Jakarta area (Machfud & Asnawi, 2021).

Along with the unbalanced economic growth between regions in the Jabodetabekjur region, fiscal independence between regions is also still skewed. In the 2015-2019 period, the DKI Jakarta Province's fiscal independence was 77.94%; relatively higher than the entire coordination area of West Java Province with an average fiscal independence of 35.52%; Likewise, it is higher than the entire coordination area of Banten Province with an average fiscal independence of 46.6%. The Directorate General of Budget reports that for 2019, fiscal independence in DKI Jakarta Province is 82.44%, while in West Java and Banten Provinces it is only around 53.34% and 60.43% (Directorate General of Budget, 2020). The average fiscal independence for the six Jabodetabekjur regions under the coordination of West Java Province in 2019 is 34.96%, while for the three regions under the coordination of Banten Province it is 41.85%.

As a source of regional expenditure funding, the acquisition of Regional Own Revenue (PAD) is more dominated by regional tax revenues, regional levies, and regional operating profits than other PAD. The theory of structural change shows that the increase in regional tax revenues, regional levies, and regional business profits in PAD; as a form of transformation of the government revenue structure; can increase fiscal independence as a form of transformation in the use of resources (Chenery, 1979 in Marjanovic, 2015). In line with the development of inter-regional fiscal independence in the Jabodetabekjur area, the distribution of PAD from sources of taxes, user fees, and operating profits between regions also show an unequal distribution.

Table 1. Regional Taxes, Regional Levies, and Inter-Regional Business Profits in the Jabodetabekjur Region (2015-2019 Period, in billions of rupiah)

No.	Region/City	Tax	Retribution	Business profit	PAD
1	**Prov. DKI Jakarta**	**35.782**	**610**	**534**	**41.685**
2	**Bogor Reg.**	**1.662**	**139**	**45**	**2.537**
3	**Bogor City**	**532**	**51**	**30**	**849**
4	**Depok City**	**766**	**54**	**10**	**983**
5	**Tangerang Reg.**	**1.571**	**120**	**53**	**2.375**
6	**Tangerang City**	**1.456**	**77**	**16**	**1.783**
7	**South Tangerang City**	**1.259**	**90**	**11**	**1.487**
8	**Bekasi Reg**	**1.543**	**199**	**27**	**2.070**
9	**Bekasi City**	**1.452**	**99**	**13**	**2.074**
10	**Cianjur Reg.**	**162**	**27**	**9**	**523**

In the 2015-2019 period, regional tax revenues, regional levies, and regional operating profits for DKI Jakarta Province amounted to 35,782 billion rupiahs, 610 billion rupiahs, and 534 billion rupiahs; relatively higher than the entire coordination area of West Java Province with average revenue of 1,020 billion rupiahs, 95 billion rupiahs, and 22 billion rupiahs; likewise higher than all the coordination areas of Banten Province with average revenue of 1,429 billion rupiahs, 96 billion rupiahs, and 27 billion rupiahs. Inter-regional PAD revenues

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in the Jabodetabekjur area are still dominated by regional tax revenues, namely: 85.8% for DKI Jakarta Province; 63.6% for the entire coordination area of West Java Province; and 77.5% for the entire coordination area of Banten Province. For 2019, regional tax revenues, regional levies, and regional operating profits in DKI Jakarta Province are 44,180 billion rupiahs, 710 billion rupiahs, and 758 billion rupiahs; while in West Java Province it was 18,394 billion rupiahs, 48 billion rupiahs, and 367 billion rupiahs; and in Banten Province around 6,968 billion rupiahs, 19 billion rupiahs, and 55 billion rupiahs (G. Saputro et al., 2022). The average regional tax revenues, regional levies, and regional operating profits for the six Jabodetabekjur regions in coordination with West Java Province in 2019 amounted to 1,202 billion rupiahs, 120 billion rupiahs, and 26 billion rupiahs; while for the three areas under the coordination of Banten Province, it is 1,542 billion rupiahs, 80 billion rupiahs, and 11 billion rupiahs (Anjani et al., 2015).

Various previous studies have indicated that, as a source of regional expenditure funding, the acquisition of PAD by the government, which is more dominated by tax sources, depends on the per capita income of the people in the region, as well as the population and investment in the region. PAD receipts tend to be low in areas with low per capita income, population, and investment.

Table 2. Per capita income and total population between regions Jabodetabekjur Region (2015-2019 Period)

No.	Region/City	Income per capita (Rp million)	Total Population (million people)
1	**Prov. DKI Jakarta**	**230,18**	**10,37**
2	**Bogor Region**	**35,25**	**5,71**
3	**Bogor City**	**36,00**	**1,08**
4	**Depok City**	**26,11**	**2,26**
5	**Tangerang Region**	**33,43**	**3,59**
6	**Tangerang City**	**69,79**	**2,14**
7	**South Tangerang City**	**41,59**	**1,65**
8	**Bekasi Region**	**81,05**	**3,50**
9	**Bekasi City**	**29,31**	**2,86**
10	**Cianjur Region**	**17,38**	**2,26**

The high disparity in per capita income and population distribution between DKI Jakarta Province and areas in West Java and Banten Provinces is another problem phenomenon that has arisen in the Jabodetabekjur area. In the 2015-2019 period, the DKI Jakarta Province's per capita income was IDR 230.18 million; relatively higher than the entire coordination area of West Java Province with an average per capita income of IDR 37.52 million; alike higher than the entire coordination area of Banten Province with an average per capita income of IDR 48.27 million. BPS reported that for 2019, per capita income in DKI Jakarta Province was Rp. 269 million (the highest in Indonesia), while in West Java and Banten Provinces it was only around Rp. 43 million and Rp. 51 million (BPS, 2020). The average per capita income for the 6 Jabodetabekjur regions in the coordination of West Java Province in 2019 is IDR 42 million, while for the 3 regions in the coordination of the Banten Province it is IDR 63 million.

Regarding the gap in population distribution, the population of DKI Jakarta Province for the 2015-2019 period was 10.37 million people; higher than the entire coordination area of West Java Province (2.95 million people); likewise higher than the entire coordination area of Banten Province (2.46 million people). For 2019, the population of DKI Jakarta Province has reached 10.56 million; while the population of West Java Province and Banten Province only reached 49.32 million and 12.93 million people respectively. The average population for the 6

Jabodetabekjur areas under the coordination of the West Java Province in 2019 was 3.09 million people, while for the 3 areas under the coordination of the Banten Province it was 1.99 million people.

As with per capita income and population, inter-regional investment is one of the factors that determine PAD revenue. [7] Investment in the regions is obtained from local government investment and private investment. [8] Local government investment (government investment) is an allocation of local government savings or government savings (excess revenue over routine expenditure). Investment can be treated as spending on capital goods, both by the government and the private sector, in the context of carrying out the process of producing goods and services.

Based on theoretical studies, previous research, relevant variables, and descriptions of the relations between variables, the research paradigm as a model of functional relations between variables in this study is as follows:

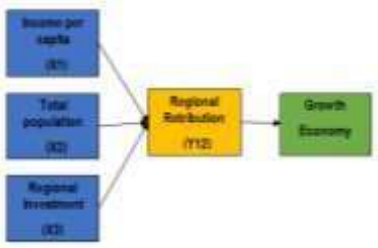

Figure 1. Research paradigm

METHOD RESEARCH

The subjects in this study are the autonomous regions in the Jabodetabekjur region. The research population is all autonomous regions in the Jabodetabekjur region, a total of ten (10) autonomous regions: DKI Jakarta Province, Kab. Bogor, Bogor City, Depok City, Kab. Tangerang, Tangerang City, South Tangerang City, Kab. Bekasi, Bekasi City, and Cianjur Regency during the construction period. The 2010–2019 development range was used to study the sample (10 years). The convenience sampling strategy was adopted because the relevant study data was readily available (Siregar & Harahap, 2019). Secondary data in the form of panel data (pooled data) which is a combination of cross-sectional data (between regions) and time series is used to measure research variables (between years) obtained from the Directorate General of Central Budgets, Central Bureau of Statistics (BPS), Bank Indonesia (BI), and the Jabodetabekjur Development Cooperation Agency are part of the Ministry of Finance (BKSP). An explanatory study, also known as a hypothesis testing study, is a study used to explain and test hypotheses about the relationship between variables. a secondary data documentation study (Ratnasari & Budiyanto, 2016). The documentation

The relationship described is the causation or influence between variables as has been modeled in the research paradigm, namely the causal relationship between the variables of Local Own Revenue originating from local taxes, regional levies, and BUMD profits; Regional Own Revenue sourced from regional taxes, regional levies, and profits of regionally owned enterprises; Regional Own Revenue sourced from regional taxes, regional levies, and profits of regionally owned enterprises; fiscal independence; and economic growth in the Greater Jakarta area. The data collection instrument used in this study was study was conducted at the Directorate General of Budget, the Jabodetabekjur Development Cooperation Agency, Bank Indonesia, the Ministry of Finance, the Central Statistics Agency (BPS) (BI), and the Jabodetabekjur Development Cooperation Agency (BKSP). The eViews-10 for Windows computer software was used to complete the complete data processing and analysis process in this investigation.

RESULT AND DISCUSSION

Table 3. The Regression Equation of the Effect of Per Capita Income, Total Population, and Regional Investment on Regional Retribution

Dependent Variable: Y12
Method: Panel EGLS (Cross-section random effects)
Sample: 2010 2019
Periods included: 10
Cross-sections included: 10
Total panel (balanced) observations: 100
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.124507	0.356527	3.154058	0.0021
X1	**0.389294**	0.152574	2.551515	**0.0123**
X2	**0.665500**	0.162134	4.104639	**0.0001**
X3	**0.148760**	0.063356	2.348017	**0.0209**

Weighted Statistics

R-squared	0.584056	Mean dependent var	1.551064
Adjusted R-squared	**0.571058**	S.D. dependent var	0.453119
S.E. of regression	0.296764	Sum squared resid	8.454630
F-statistic	44.93347	Durbin-Watson stat	1.422234
Prob(F-statistic)	**0.000000**		

The magnitude of the effect of per capita income, population, and regional investment on local levies simultaneously is indicated by the adjusted coefficient of determination (Adjusted R2), which is 57.1% with an F-statistic = 44.933 and a p-value = 0.000. Referring to the value of the multiple correlation coefficient, namely R = 0.756 (as the root of Adjusted R2), it indicates that the simultaneous influence of all the factors studied on regional retribution is strong, with an R-value between 0.60 – 0.80.

From the results of the significance test, it is known that p-value = 0.000 is less than □ = 0.05 which indicates that per capita income, population, and regional investment have a significant simultaneous effect on regional retribution at an error rate of 5%. Thus, H0 is rejected and the research hypothesis regarding the simultaneous effect of per capita income, population, and regional investment on regional retribution is accepted. The magnitude of the effect, in other words, also shows the large variation in regional fees which can be explained by all the causative variables simultaneously, namely Adjusted R2 = 57.1%. The remaining variation, equal to 42.9% or 1 – Adjusted R2, is explained by other factors not examined.

The table above shows the results of a significant test showing the positive effect of per capita income, population, and regional investment (X) simultaneously on regional retribution (Y). Integrating contributions from per capita income, population, and regional investment increases the effectiveness of achieving regional levies. The partial effect of per capita income on regional retribution is shown by the regression coefficient b12 = 0.389 with a statistical value of t- = 2.552 and p-value = 0.0123. From the results of the significance test, it is known that the p-value is less than □ = 0.05 which indicates that per capita income has a partial positive effect on regional retribution at an error rate of 5%. Thus H0 is rejected and the research hypothesis regarding the positive effect of partial per capita income on local retribution is accepted. The existence of this positive direction of influence indicates that the higher the per

capita income, the higher the regional levies.

The table above shows that per capita income (X1), population (X2), and regional investment (X3) have a partially positive and significant effect on local levies (Y). Thus, for both per capita income and population and regional investment, H0 is rejected and the research hypothesis regarding the positive effect of per capita income, population, and regional investment partially on regional retribution is accepted. The positive effect of per capita income, population, and regional investment on regional levies indicates that higher per capita income, population, and regional investment, while other independent variables are constant, can encourage regions to produce higher regional levies.

The results of the study show that per capita income, population, and regional investment simultaneously have a significant effect on regional levies, as well as per capita income, population, and regional investment having a partial positive effect on local taxes. These results reveal that per capita income, population, and regional investment play a role in generating higher local levies.

Based on the results of the analysis, the dominant variables in the model are Total Population. Total Population is the dominant variable that constructively influences Regional Retribution (t b22 value = 4.105). The population also has the largest elasticity (regression coefficient) (b22 = 0.666). It shows that the population is the most powerful driver in supporting the increase in regional fees. In addition, it also shows that an increase in population results in a greater increase in regional earnings compared to other independent variables (Wati et al., 2019). However, the combined effect of per capita income, population, and regional investment imply that an increase in per capita income, population, and regional investment jointly or synergistically has the ability to increase regional levies higher (G. E. Saputro, 2019).

Based on the results of the study, the findings of this study indicate that the model of the influence of the factors studied on regional retribution has a high degree of suitability as reflected in the adjusted coefficient of determination (Nurillah & Muid, 2014). However, within the framework of alternative solutions to increasing regional fees, the results of this modeling open up opportunities for further research to develop a model composed of other untested factors which theoretically also affect regional charges (Marjanović, 2015).

As a solution model for increasing regional levies, the results of model testing show that efforts to increase regional levies can be carried out through efforts to increase per capita income, population, and regional investment which are proven to have a positive direction of influence together (Engkus, 2019). Relevant development policies are empowering population productivity supported by the development of community income sources and investment development (Hasan & Azis, 2018).

CONCLUSION

The results show that per capita income, population, and regional investment simultaneously have a significant effect on regional retribution. The JABODETABEK government needs to pay attention to the conditions that occur, especially those related to the quality of per capita income, population, and regional investment in the JABODETABEK area because these three variables have a close relationship with economic growth and are a source of economic growth in regional retribution in promoting regional development. The research is expected to provide input for the JABODETABEK Government in implementing regional financial management so that it can further increase regional retribution.

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