



Determinants of Regional Fiscal Independence of Local Governments in Ciayumajakuning: A Panel Data Analysis of Local Tax, GRDP, Transparency, and Intergovernmental Transfers

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Abstract

Background: Regional fiscal independence in the Ciayumajakuning region remained critically low, as local governments continued to rely heavily on intergovernmental transfers rather than locally generated revenue, severely constraining their capacity for autonomous regional development.

Objective: This study aimed to determine the effects of local tax revenue, Gross Regional Domestic Product (GRDP), transparency and accountability, and intergovernmental transfers on regional fiscal independence.

Methods: This study employed a quantitative approach using panel data regression based on secondary data obtained from regional financial statements and government statistics.

Results: Local tax revenue and GRDP had positive and significant effects on fiscal independence, while intergovernmental transfers had a negative and significant effect. Transparency and accountability had no statistically significant effect on fiscal independence.

Conclusion: Strengthening regional fiscal autonomy requires a more balanced composition of local revenue sources and reduced dependence on transfer funds, supported by the substantive implementation of governance practices to improve local government performance.

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INTRODUCTION

Fiscal decentralization constitutes a fundamental aspect of public fiscal policy, decentralized from the bottom up to empower subnational governments to provide public services within their jurisdictions (Syafri et al., 2024). The principal legal framework governing the implementation of fiscal decentralization in Indonesia is Law Number 1 of 2022 concerning Financial Relations Between the Central Government and Regional Governments (UU HKPD). This legislation primarily aimed to enhance the fiscal capacity of subnational entities while addressing vertical disparities between levels of government and horizontal disparities among regions.

One of the key components of fiscal decentralization is regional fiscal independence, which refers to a region's capacity to fund its development initiatives and public service provision with minimal dependence on intergovernmental transfers from the central government (Bahl & Linn, 1992). In the Indonesian context, regional fiscal independence serves as an indicator of a region's ability to manage its revenues and expenditures effectively. This capacity is supported by appropriate coordination and collaboration among subnational stakeholders, both vertically with higher levels of government, such as provincial and national governments, and horizontally across regions (Fariyanda et al., 2025). However, underlying sociopolitical dynamics may also

significantly influence this process.

Regional financial performance can be assessed through regional fiscal independence, commonly measured using the fiscal independence ratio, namely the proportion of locally generated revenue (Pendapatan Asli Daerah [PAD]) to total regional revenue. An increase in PAD realization indicates a higher degree of fiscal autonomy at the regional level. Conversely, a larger share of intergovernmental transfers, particularly balancing funds, in total regional revenue indicates a lower level of regional fiscal autonomy.

The significant variation in fiscal independence ratios among regions highlights the persistent challenges in achieving regional fiscal autonomy in Indonesia. Nevertheless, the practical implementation of regional fiscal independence remains a multifaceted issue. Locally generated revenue (PAD) serves as a crucial income source for strengthening regional autonomy; however, potential revenue streams, particularly local taxes and user charges, are frequently underexploited and poorly managed (Christia & Ispriyarso, 2019). Furthermore, many regions continue to depend heavily on fiscal transfers from the central government, including balancing funds and special allocation funds, which remain the primary sources of regional revenue.

Table 1. Fiscal Independence Disparities Data in Ciayumajakuning

Local Government	LOR	Total Revenue	RFI-Ratio	Criteria
2023				
Cirebon City	Rp532,65 M	Rp1.457,20 M	36,55	Low
Cirebon Regency	Rp673,84 M	Rp3.717,74 M	18,12	Very Low
Kuningan	Rp292,42 M	Rp2.828,46 M	10,34	Very Low
Majalengka	Rp488,46 M	Rp2.847,59 M	17,15	Very Low
Indramayu	Rp582,84 M	Rp3.264,08 M	17,86	Very Low
2024				
Cirebon City	Rp559,13 M	Rp1.554,93 M	35,96	Low
Cirebon Regency	Rp772,49 M	Rp4.464,64 M	17,30	Very Low
Kuningan	Rp313,33 M	Rp2.858,29 M	10,96	Very Low
Majalengka	Rp530,22 M	Rp3.137,44 M	16,90	Very Low
Indramayu	Rp651,64 M	Rp3.650,58 M	17,85	Very Low

Table 1 illustrates disparities in regional fiscal independence among local governments in the Ciayumajakuning area of West Java Province in 2023 and 2024. Cirebon City consistently maintained a relatively higher fiscal independence ratio, at 36.55% in 2023, declining slightly to 35.96% in 2024, while remaining in the “low” category. In contrast, Cirebon Regency declined from 18.12% in 2023 to 17.30% in 2024, reflecting weakened fiscal capacity and placing it firmly in the “very low” category. Kuningan Regency recorded the lowest fiscal independence ratio, at only 10.34% in 2023, rising marginally to 10.96% in 2024, indicating persistent and severe dependence on external funding. Majalengka Regency and Indramayu Regency consistently posted fiscal independence ratios below 20% across both years, ranging between 16% and 18%, underscoring their limited capacity to generate local own-source revenue. The primary drivers of this persistently low fiscal independence include underdeveloped local tax capacity, limited economic diversification, and structural overreliance on central government transfers. These conditions collectively restrict local governments’ ability to mobilize own-source revenue, thereby constraining regional fiscal autonomy (Syafri et al., 2024; Haptari et al., 2024).

At the same time, empirical research on the factors influencing regional fiscal independence has yet to reach a consensus. Variables such as local taxes have been found to positively and significantly affect regional fiscal independence (Novitasari & Novitasari, 2019; Rizki et al., 2022; Siregar & Kusmilawaty, 2022). Similarly, Gross Regional Domestic Product (GRDP) has been reported to have a positive and significant relationship with regional fiscal independence (Melani (2020), Mirsan (2019), Novitasari (2019) highlighting two critical components of fiscal decentralization: economic capacity and local revenue enhancement. Nevertheless, notable inconsistencies remain regarding the impact of intergovernmental transfers. Most studies indicate a negative effect, implying that reliance on central government transfers reduces fiscal autonomy (Ginting et al., 2019; Haptari et al., 2024; Yüksel & Songur, 2025). Conversely, some studies suggest that transfers may produce positive outcomes when

managed effectively. These conflicting findings indicate that the effects of transfers are contingent on the quality of governance and institutional capacity at the local level (Pabayo, 2025). Therefore, further research is needed to clarify the conditions under which intergovernmental transfers either strengthen or weaken regional fiscal independence.

Earlier studies have often used broad scopes or aggregated data, limiting their ability to capture diverse fiscal characteristics across regions. In addition, regional economic structure, tax capacity, and governance quality may shape fiscal outcomes differently across local governments, particularly in less developed regions with lower taxpayer activity and limited GRDP growth. These methodological limitations underscore a significant empirical gap: the lack of context-specific investigations into fiscal determinants within subregional economic clusters such as Ciayumajakuning.

This study aims to: (1) analyze the effect of local taxes on regional fiscal independence in Ciayumajakuning; (2) examine the effect of GRDP per capita on regional fiscal independence; (3) assess the effect of transparency and accountability on regional fiscal independence; and (4) evaluate the effect of intergovernmental transfers on regional fiscal independence. The novelty of this research lies in its application of panel data regression to a subregional economic cluster, Ciayumajakuning, over a ten-year observation period from 2015 to 2024, while integrating governance quality variables alongside conventional fiscal and economic determinants. This approach addresses a gap in the existing literature, which predominantly focuses on provincial- or national-level aggregation, thereby providing more granular and policy-relevant insights for local fiscal governance reform.

METHOD

This study employed a quantitative research design using panel data regression to examine the determinants of regional fiscal independence. The research object comprised five local governments in the Ciayumajakuning area: Cirebon City, Cirebon Regency, Kuningan Regency, Majalengka Regency, and Indramayu Regency. The study covered a ten-year observation period from 2015 to 2024, yielding 50 balanced panel observations across five cross-sectional units and ten time periods. Secondary data were collected from Regional Budget Implementation Accountability Reports (LKPJ), Regional Financial Statements (LKPD), and official publications of Statistics Indonesia (BPS).

The operational definitions of the variables were as follows: (1) Regional Fiscal Independence (Y) was proxied by the regional fiscal independence ratio, calculated as locally generated revenue (PAD) divided by total regional revenue; (2) Local Tax (X1) was measured by total realized local tax revenue per fiscal year; (3) GRDP (X2) was measured using GRDP per capita at current prices based on BPS data; (4) Transparency and Accountability (X3) was operationalized as a dummy variable, assigned a value of 1 if the regional government published its APBD realization report on the official JDIH website and 0 otherwise; and (5) Intergovernmental Transfers (X4) was measured by total realized balancing fund transfers received per fiscal year. Three panel data regression models were evaluated: the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Model selection was conducted using the Chow test, Hausman test, and Lagrange Multiplier (LM) test. Hypothesis testing was performed using the partial t-test and simultaneous F-test. All analyses were conducted using EViews 12. The panel regression model was specified as follows:

$$RFI = C + \beta_1 \text{Local Tax} + \beta_2 \text{GRDP} + \beta_3 \text{T\&A} + \beta_4 \text{Intergovernmental Transfer} + \varepsilon$$

RESULTS AND DISCUSSION

Results

This study sought to examine the factors influencing fiscal independence through four variables: regional revenue, economic conditions, government policy, and intergovernmental transfer funds. These variables were selected based on the determinants of fiscal autonomy identified in the existing literature. The analysis in this study relied on field data derived from the Accountability Reports on APBD Implementation.

In this study, the regional revenue variable was represented by local taxes collected within a single fiscal year, which was conceptually associated with a positive relationship with regional

fiscal independence. This indicates that regions with higher local tax revenues have greater capacity for independent financing. The economic dimension was assessed using Gross Regional Domestic Product (GRDP) per capita, with data obtained from the Central Statistics Agency (Badan Pusat Statistik [BPS]), and was expected to show a positive relationship with fiscal autonomy.

The government policy variable, indicated by transparency and accountability measures, was evaluated using a dummy variable based on the availability of Regional Budget (APBD) realization reports on the official website of the Regional Legal Documentation and Information Network (*Jaringan Dokumentasi dan Informasi Hukum [JDIH]*). This factor was also expected to positively influence regional fiscal independence. Conversely, the intergovernmental transfer variable, represented by balancing funds, was theoretically expected to negatively affect regional fiscal independence. This negative relationship may stem from limited innovation in increasing Local Own-Source Revenue and excessive dependence on central government transfers, which ultimately reduces regional fiscal autonomy. Accordingly, the conceptual framework employed in this study is presented in Figure 1.

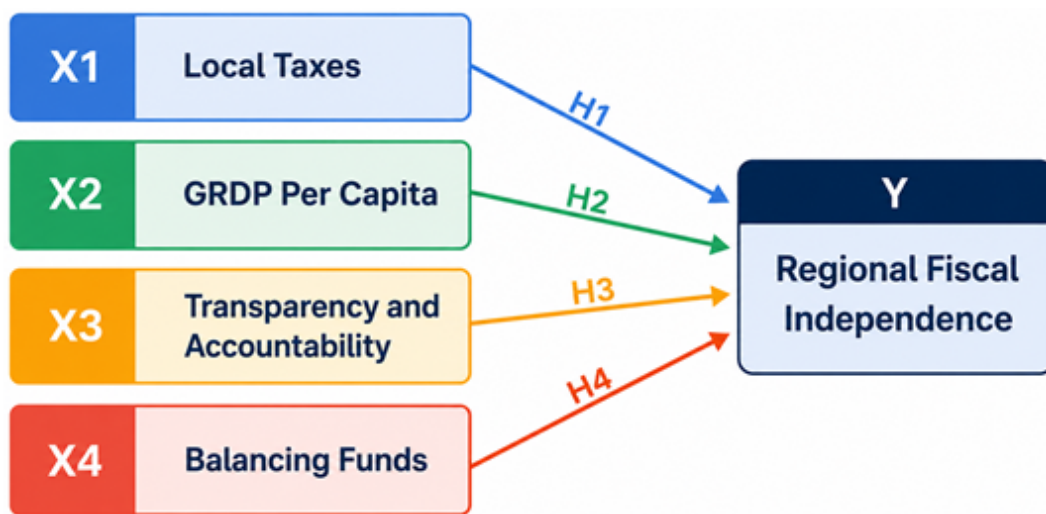


Figure 1. Research Model

A. Model Selection

Based on a series of tests using the Chow Test and the Lagrange Multiplier (LM) Test, the following results were obtained:

1) Chow-Test

Redundant Fixed Effect Tests
Equation: Untitled
Test cross-section fixed effects

Table 2. Chow test results

Effect Test	Statistic	d.f.	Prob.
Cross-section F	2.976043	(4,41)	0.0302
Cross-section Chi-square	12.745509	4	0.0126

The Chow Test result shows a probability value of 0.0302 (< 0.05), indicating that the Fixed Effect Model is appropriate.

2) Hausman-Test

The Hausman Test result shows a probability value of 0.0181(< 0.05), indicating that the Fixed Effect Model is appropriate.

Correlated Random Effects – Hausman Test
Equation: Untitled
Test cross-section fixed effects

Table 3. Hausman test results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.904174	4	0.0181

Based on both test results, it can be concluded that this study uses the Fixed Effect Model.

B. Classical Assumption Tests

1) Multicollinearity Test

Table 4. Multicollinearity test results

Variable	X1	X2	X3	X4
X1	1	0.218708	0.353967	0.127050
X2	0.218708	1	0.092239	-0.633411
X3	0.353967	0.092239	1	-0.179616
X4	0.127050	-0.633411	-0.179616	1

The results of the multicollinearity test indicate that all independent variables have significance values above (> 0.10). This suggests that there is no strong linear relationship among the independent variables in the regression model. Therefore, it can be concluded that the model is free from multicollinearity issues.

2) Heteroskedasticity Test

Table 5. Heteroskedasticity test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.658395	9.010315	0.406023	0.6868
X1	0.002007	0.004350	0.461251	0.6471
X2	0.056035	0.754366	0.074281	0.9411
X3	0.330981	0.633045	0.522840	0.6039
X4	-0.347242	0.897203	-0.387027	0.7007

The results of the heteroskedasticity test show that all independent variables have significance values >0.05 . This indicates that there is no heterogeneity in the variance of residuals within the regression model. Thus, it can be concluded that the model is free from heteroskedasticity problems.

C. Hypothesis Testing

Dependent Variable: Y

Method: Panel Least Squares

Date: 04/11/26 time: 09.00

Periods included: 10

cross-sections: 5

Total panel (balanced) observations: 50

Table 6. Hypothesis test results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	89.11531	15.20818	5.859695	0.0000
X1	0.058951	0.007342	8.028772	0.0000
X2	3.033424	1.273266	2.382396	0.0219
X3	-1.230465	1.068493	-1.151589	0.2562
X4	-12.01442	1.514356	-7.933682	0.0000

The results of the regression analysis of the panel data are as follows:

$$\text{Regional Fiscal Independence} = 89.1153050375 + 0.058950922007 \cdot X_1 + 3.03342425371 \cdot X_2 - 1.23046466515 \cdot X_3 - 12.0144177263 \cdot X_4 + e$$

1) Partial t-Test

The results of the partial t-test indicated that the local tax variable, which served as a proxy for the regional revenue factor, had a coefficient of 0.058951 and a p-value of 0.000. These statistical findings supported the acceptance of Hypothesis 1 (H1), demonstrating that local taxes had a significant effect on regional fiscal independence in the Ciayumajakuning area. This implied that an increase in local tax revenue was associated with a higher level of fiscal autonomy, as Local Own-Source Revenue (LOSR) played a crucial role in assessing regional fiscal independence.

Furthermore, the economic aspect was represented by the GRDP per capita variable, which had a coefficient of 3.033424 and a p-value of 0.0219. Consequently, Hypothesis 2 (H2) was accepted, indicating that GRDP per capita had a positive and significant influence on fiscal autonomy in the Ciayumajakuning region. This suggested that GRDP per capita was an important determinant of fiscal autonomy in these areas, which may be attributed to the relatively stable annual economic growth observed across Ciayumajakuning. Notably, Cirebon City, as an autonomous city in West Java Province, showed a higher GRDP than the surrounding regencies illustrated in the accompanying graph.

The transparency and accountability variable, identified as the government policy factor, had a coefficient of -1.230465 and a p-value of 0.2562. These findings indicated that Hypothesis 3 (H3) was rejected, suggesting that transparency and accountability did not have a significant effect on regional fiscal independence in Ciayumajakuning. Therefore, transparency and accountability mechanisms appeared to function more as regulatory requirements for good governance than as factors directly influenced by the availability of revenue or transfer funds.

In contrast, the intergovernmental transfer variable, which measured the total realization of transfer funds within one fiscal year, had a coefficient of -7,777 and a p-value of 0.000. Based on these results, Hypothesis 4 (H4) was accepted, indicating that transfer funds had a negative influence on regional fiscal independence in the Ciayumajakuning region. This implied a negative relationship between the proportion of total revenue derived from transfer funds and the level of regional fiscal autonomy.

2) Simultaneous F-Test

Table 7. Simultaneous F-test results

R-squared	0.895442	Mean dependent var	17.81060
Adjusted R-squared	0.875040	S.D. dependent var	7.402295
S.E. of regression	2.616688	Akaike info criterion	4.923245
Sum squared resid	280.7292	Schwarz criterion	5.267409
Log likelihood	-114.0811	Hannan-Quinn criter.	5.054304
F-statistic	43.89069	Durbin-Watson stat	1.972889
Prob(F-statistic)	0.000000		

The simultaneous F-test results show an F-statistic of 43.89069 with a probability value of 0.000000, which is smaller than the significance level of $\alpha = 0.05$. This indicates that the model is statistically significant. From these results it can be concluded that the regional revenue factor (local taxes), economic factor (GRDP), government policy (transparency and accountability), and intergovernmental transfer funds simultaneously have a significant impact on Regional Fiscal Independence in the Ciayumajakuning region. The Adjusted R-squared value of 0.875040 indicates that 87.50% of the variation in regional fiscal independence is explained by the four independent variables in the model.

Discussion

The Effect of Local Taxes on Regional Fiscal Independence

The local tax variable served as a proxy for the regional revenue factor in this analysis. Local taxes are defined as mandatory charges levied on individuals or organizations within a designated area under existing laws, without direct compensation in return (Mardiasmo, 2018). The regression analysis revealed that the local tax variable had a coefficient of 0.058951 with a p-value of 0.000 (< 0.05), indicating a positive and statistically significant effect on regional fiscal independence.

This finding suggests that increases in local tax revenue directly enhanced the fiscal capacity available for local development, thereby reducing structural reliance on intergovernmental transfers. Empirically, this observation aligns with a substantial body of previous research highlighting the critical role of local tax policy in fiscal decentralization. As stated by Pali (2025), local tax revenue is a vital element in financing decentralization and strengthening fiscal capacity. Moreover, Grigoryan (2025) and Yüksel (2025) showed that local tax reforms improved tax capacity and strengthened regional fiscal autonomy frameworks. This finding is further supported by Berçintürk (2022) and Šehović (2021), who affirmed that fiscal decentralization through enhanced tax efforts led to greater fiscal autonomy and improved financial management outcomes. In the context of Indonesia, Hasanah (2025) and Kii (2022) similarly demonstrated that local taxes had a positive and significant effect on regional fiscal independence.

The favorable correlation discussed in this paper can be theoretically interpreted through the lenses of fiscal decentralization theory and fiscal capacity theory. A region that improves its ability to generate revenue independently, particularly through taxation, expands its fiscal space and increases discretionary budgetary flexibility. An expanded tax base allows local governments greater autonomy in determining spending priorities and development strategies, thereby reducing their structural reliance on intergovernmental transfers. Consequently, both methodologically and empirically, local taxes can be viewed as a primary driver of regional fiscal sustainability and independence in response to fluctuations in regional economic conditions.

The Effect of GRDP per Capita on Regional Fiscal Independence

In this study, the economic variable was measured using Gross Regional Domestic Product (GRDP) per capita at current prices in West Java Province. GRDP, which represents the total value of goods and services produced within a specific region, serves as a fundamental indicator of regional economic growth and income development (Todaro & Smith, 2020). The empirical findings indicated that GRDP per capita had a positive and statistically significant effect on regional fiscal independence, as evidenced by a coefficient of 3.033424 and a p-value of 0.0219 (< 0.05). This result supported the initial hypothesis that higher regional GRDP per capita positively influenced regional fiscal independence, reflecting greater economic capacity and an enhanced ability to generate Local Own-Source Revenue (LOR). Consequently, Hypothesis H2 was supported.

These findings are consistent with most previous studies, which reported a positive and statistically significant relationship between economic growth or GRDP per capita and regional fiscal independence (Mirsan et al., 2019; Nurhayati et al., 2023; Rosidin & Saputra, 2020; Shi, 2018; Ulah, 2025). However, these results differ from those reported by Karamoy (2014), who found that economic development in regencies and municipalities in North Sulawesi had no statistically significant effect on regional fiscal independence.

One plausible explanation for these findings is that, in Ciayumajakuning, increases in GRDP per capita have been consistently accompanied by improvements in the optimization of Local Own-Source Revenue (LOR). A growing regional economy expands the tax base by increasing income levels and the volume of economic transactions, thereby strengthening the potential for local tax revenue generation. Furthermore, the formalization of economic activities, improvements in tax administration, and enhanced local public financial management capacity have enabled local governments to capture a larger share of the economic gains generated by regional growth, thereby strengthening regional fiscal independence.

The Effect of Transparency and Accountability on Regional Fiscal Independence

The government policy variables in this study are proxied by policies that encourage transparency and accountability in regional expenditure (APBD) reporting, measured using a dummy variable based on the disclosure of annual APBD realization reports. Transparency refers to the extent to which the government discloses its financial condition and activities to stakeholders as a form of public accountability (Mardiasmo, 2018). Meanwhile, accountability refers to the obligation of those entrusted with public funds to manage them responsibly and implement policies in accordance with the mandate given to them (Bovens, 2007).

The empirical test results, with a coefficient of -1.230465 and a p-value greater than 0.05 (p-value = 0.2562), indicate that transparency and accountability did not have a significant effect on regional fiscal independence. In practice, transparency in financial reporting and accountability mechanisms may remain limited to administrative compliance rather than functioning as strategic instruments that support revenue generation or improve fiscal performance. Several previous studies, including conceptual studies on public sector performance, support the view that governance dimensions, particularly transparency and accountability, do not always significantly affect local fiscal capacity.

Jitmau (2017) and Oktari (2024) argued that accountability has no significant effect on local government performance. Similarly, Esni (2020) found that transparency has only a weak effect on local financial performance. These findings suggest that good governance may not automatically be associated with improved financial performance and local fiscal autonomy during the implementation period. Furthermore, in the absence of punitive enforcement, sufficient oversight, and integration with local revenue optimization strategies, transparency and accountability may not lead to an increase in locally generated revenue (PAD). However, this result contradicts Jatmiko (2020) and Shi (2018), who underlined that governance quality, particularly transparency and accountability, significantly increases fiscal capacity and reduces local governments' reliance on central government transfer funds.

From a contextual perspective, in the Ciayumajakuning region—comprising Cirebon City, Cirebon Regency, Indramayu, Majalengka, and Kuningan—transparency and accountability are theoretically expected to play strategic roles in improving regional fiscal performance. However, the empirical results indicate that these variables were not influential determinants of fiscal performance in this study. This suggests that transparency mechanisms, such as open financial reporting, digitalization of fiscal information, and participatory oversight, have not been sufficiently institutionalized to translate into fiscal discipline or enhanced budget effectiveness. Furthermore, increased transparency has not demonstrably contributed to expanding the regional economic base or increasing locally generated revenue (PAD). This finding is further supported by the observation that Majalengka Regency, for instance, still lacks an easily accessible JDIH platform, indicating that political commitment to transparency and accountability at the bureaucratic level remains insufficiently robust to meaningfully influence fiscal performance outcomes.

The Effect of Intergovernmental Transfers on Regional Fiscal Independence

In this study, the transfer factor was indirectly conceptualized through total balancing funds received within a fiscal year. Balancing funds refer to transfers from the central government to regional governments intended to reduce fiscal disparities and support the implementation of regional autonomy (Halim, 2016). The empirical results, with an intergovernmental transfer coefficient of -12.01442 and a p-value of 0.00 (< 0.05), indicate that intergovernmental transfers, or equalization funds, had a significant negative effect on local fiscal autonomy. This finding suggests that a higher share of transfers received was associated with a lower level of fiscal independence. Technically, heavy reliance on central government transfers, such as GAF, SAF, and RSF, tended to discourage local governments from maximizing Local Own-Source Revenue (LOR). This means that regional fiscal capacity was derived more from transfers than from locally generated revenue.

This result is consistent with most prior studies reporting a negative and significant relationship between intergovernmental transfers and regional fiscal independence. Empirically demonstrated that intergovernmental transfers intensified fiscal dependency and reduced regional financial autonomy. Contrasting findings have also been documented (Andriani, 2018;

Ginting et al., 2019; Kii et al., 2022; Wasil et al., 2020; Yüksel & Songur, 2025). Andriana (2020), and Pabayo (2025) reported that certain transfer components, particularly DAK and DBH for priority sectors, may exert a positive and significant effect. Meanwhile, Andjarwati (2021) and Novitasari (2019) found no significant effects, while Kiak (2018) identified a negative but statistically insignificant impact. These divergences suggest that the effectiveness of balancing funds critically depends on policy design, governance quality, and the institutional capacity of local governments to strategically leverage such transfers.

In the context of local governments in the Ciayumajakuning region, namely Cirebon City, Cirebon Regency, Indramayu, Majalengka, and Kuningan, this negative relationship indicates fiscal complacency among local governments and a reduced willingness to explore PAD potential due to the stable inflow of transfer funds. Although regional entitlements such as DBH should, in principle, reflect local economic growth, centrally calculated subnational allocations and fiscal rigidity often positioned local governments merely as recipients and implementers of these funds. In addition, the earmarked characteristics of many transfer funds limited regional fiscal innovation. As a result, although DBH was derived from the regional economic base, its contribution did not fully reflect genuine fiscal freedom because it was not matched by an equivalent improvement in the region's capacity to raise its own revenue.

CONCLUSION

The study concluded that regional fiscal independence in the Ciayumajakuning area was simultaneously influenced by regional revenue, economic conditions, governance policy, and intergovernmental transfers. Local taxes and GRDP per capita exerted a positive and statistically significant impact, confirming their central role in strengthening local own-source revenue (LOR) and advancing fiscal autonomy. Conversely, intergovernmental transfers demonstrated a negative and significant effect, indicating that greater dependence on central government transfers was associated with the erosion of regional fiscal independence.

Transparency and accountability, however, did not yield a statistically significant effect on fiscal independence in this study. This outcome could be attributed to the predominance of compliance-oriented implementation, in which transparency practices served primarily as administrative requirements rather than strategic fiscal management tools. In many of the study regions, financial disclosure mechanisms remained underdeveloped, enforcement was limited, and the link between governance transparency and revenue optimization had not been effectively institutionalized. These structural weaknesses prevented transparency and accountability from functioning as meaningful drivers of fiscal capacity (Jitmau et al., 2017; Esni et al., 2020).

These findings suggested that enhancing local fiscal autonomy required a focus on maximizing local tax revenue and promoting strategic economic growth, as measured by gross regional domestic product (GRDP) per capita, to increase fiscal space. At the same time, intergovernmental transfers should be managed carefully to avoid excessive dependence and adverse effects on fiscal autonomy. Although transparency and accountability showed no statistically significant direct effect, their more substantive implementation could still support better governance and indirectly improve fiscal performance. Therefore, policy should integrate the appropriate combination of revenue, economic, institutional, and intergovernmental transfer factors to ensure sustainable regional fiscal independence.

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