

Analysis of regional government financial performance and impact on welfare society

Nur Nida Karimah¹, Sarwani², Ade Adriani³

^{1,2,3}Faculty of Economics and Business, Lambung Mangkurat University, Banjarmasin.

¹Email: nurnidakarimah1995@gmail.com

²Email: sarwanifekon123@gmail.com

³Email: adrianibaihaqi@gmail.com

Abstract

This study aims to determine and analyze the influence of local government financial performance consisting of variables of regional independence, effectiveness of regional finances, regional revenue growth, and the suitability of regional spending on welfare society. The study was conducted in 13 regencies/cities in South Kalimantan Province using secondary data from 2013-2017. The study was conducted using 65 data, which were analyzed using multiple linear regression analysis. The results of the study provide empirical evidence that only the regional independence variable has a significant influence on the welfare society in all regencies/cities in South Kalimantan Province.

Keywords: Financial performance of local governments; regional independence; effectiveness of regional finance; regional revenue growth; suitability of regional spending; welfare society

INTRODUCTION

The mandate of the 1945 Constitution (UUD) required the government to ensure all of the actions have held for improvement on the welfare of society. The responsibility on the welfare of society in public sector organization, the especially regional government can be explained with agency theory. This theory explains the relationship of government as an agent who is used authority to achieve welfare society. Todaro & Smith (2015) explain that welfare of society is a condition to be good, which is in the basic definition means is health, good food, suitable dress, capable literature, and long-life.

The concept of welfare of society is considering society as the true wealth of the nation, then the achievement of welfare have to be focused on human development (BPS, 2015). This concept is the forerunner of the Human Development Index (HDI) and has been an indicator to assess welfare. Based on the data published by the Central Statistics Agency, the average Human Development Index (HDI) of Indonesia in 2017 is 69,75 and it is in the medium category. Overall the scores' Province of HDI in Indonesia of 1st table below:

Tabel 1. HDI of province in Indonesia 2017

	PROVINCE	IPM		PROVINCE	IPM
1	DKIJakarta	80.06	18	Bengkulu	69.95
2	D.I Yogyakarta	78.89	19	Sulawesi Tenggara	69.86
3	Kalimantan Timur	75.12	20	Kalimantan Utara	69.84
4	Kep. Riau	74.45	21	Kalimantan Tengah	69.79
5	Bali	74.3	22	Kalimantan Selatan	69.65
6	Riau	71.79	23	Sumatera Selatan	68.86
7	Sulawesi Utara	71.66	24	Lampung	68.25
8	Banten	71.42	25	Maluku	68.19
9	Sumatera Barat	71.24	26	Sulawesi Tengah	68.11
10	Jawa Barat	70.69	27	Maluku Utara	67.2
11	Aceh	70.6	28	Gorontalo	67.01
12	Sumatera Utara	70.57	29	Nusa Tenggara Barat	66.58
13	Jawa Tengah	70.52	30	Kalimantan Barat	66.26
14	Sulawesi Selatan	70.34	31	Sulawesi Barat	64.3
15	Jawa Timur	70.27	32	Nusa Tenggara Timur	63.73
16	Jambi	69.99	33	Papua Barat	62.99
17	Kep. Bangka Belitung	69.99	34	Papua	59.09

The value of HDI data above indicates that the Province of South Kalimantan is the 22nd of HDI value from 34 provinces in Indonesia. The achievement of HDI in South Kalimantan Province is 69,65. From the data above, the HDI value of South Kalimantan Province is still below the average of the nation with a difference of 0.10 from the national average of 69.75. Tribunnews.com (2018) states that the time of school of South Kalimantan people is only 8 years. It turns out that this is one of the main factors why HDI is in 22nd position of 34 provinces.

The size of the HDI indicates that the results of community development in achieving a better life. The purpose of a better life includes increasing the ability and equitable distribution of basic necessity such as food, housing, health and protection, increasing living standards, income levels, increasing of attention to human culture and values, and expanding economies of scale and availability social choices of individuals and nations (Todaro & Smith, 2015).

Accounting as a social science is demanded to be able to create a welfare society mechanism as a form of government success in budgeting and channeling funds which are for the importance of society (Iyhig & Bastian, 2005). Public sector accounting is a very fundamental role in the recording of every transaction that occurs. Public sector accounting must be able as an active playing role in realizing welfare society through efforts that lead to the provision of reliable financial data. The available accounting information will be used by public sector managers, namely the local government as an agent for making decisions relating to the interests of the community (principal). The role of accounting, particularly public sector management accounting, in interpreting financial information is useful in the

performance appraisal process. The results of the performance appraisal process can be used as consideration in making a decision.

Public sector management accounting system was designed as a beneficial device for controlling spending, projecting expected revenues and providing reliable accountability reports as a means of evaluating government performance in the context of continuous improvement. Lubis (2010) explains that the responsibility accounting system is designed to produce reports on government activities to be held accountable to society.

Government performance can be assessed by analyzing the financial statement. The financial statement is one of the tools to assess financial performance (Orniati, 2009). Financial performance is the ability to explore and manage original financial resources to finance the running of government systems, development, and services to society (Syamsi, 1986).

Badrudin (2016) explained that the current of regional government financial performance is not optimal yet, because there are still regions that rely on central government finances and have not been able to explore resources in the regions. The financial performance of regional governments that have not been maximized will increase the welfare of society is not as expected (Putry & Badrudin, 2017).

Chandra & Badrudin's research (2017) found that government financial has a positive effect on welfare society. The results of this study are parallel with Ningsih, Utama, & Yasa research (2015). However, other studies have found that the financial performance of regional governments through assessing regional financial dependency and regional effectiveness does not influence the welfare of society (Handayani & Sriyuni, 2016).

The difference in the results of research conducted by Chandra & Badrudin (2017) with the research conducted by Handayani & Sriyuni (2016) encouraged researchers to reexamine the effect of regional financial performance on the welfare of society. Research on the influence of local government financial performance associated with the welfare of society has never been conducted in districts/cities in South Kalimantan then the real impact of financial performance's influence on the welfare of society cannot be proven concretely based on research results. The importance of research into the influence of regional government financial performance in improving the welfare of society must be proven concretely through research results for evaluation and to encourage improved regional government performance in the future. Therefore, the research on the influence of regional government financial performance on welfare in all districts/cities in South Kalimantan is very interesting to do.

This is the reason for the study entitled "Analysis of Regional Government Financial Performance and Impact on Welfare Society (Empirical Study of Regencies / Cities in South Kalimantan Province 2013-2017).

Literature review

Agency theory

Agency theory emphasizes the existence of collaborative affiliation between two parties, who distributes the authority (principle) to who receive authority (agent), namely is the manager (Jensen & Meckling, 1976). This agency theory assumes that what is done by the government as an agent should not conflict with the wishes or interests of the society as the principal (Jensen & Meckling, 1976). This is a basic theory that explains that all work capabilities achieved and achievements obtained by regional government is a description of the performance that regional government as the agent to realize the interests of the society (principal).

Welfare of society

The Central Statistics Agency (2015) explains that the welfare of society will be realized when development is earmarked for society. Society is considered as the real source of the nation's wealth, then to achieve prosperity must be focused on human development. This concept is the forerunner of the emergence of the HDI Index. HDI can explain how people can access the results of development in obtaining income, health, education, and so on (BPS, 2015).

Regional government financial performance

Regional financial performance is the ability of the region to explore and manage the sources of original regional finance. The original region financial resources are used to finance the approach of the

government system, development, and services to society (Syamsi, 1986). Financial performance appraisal is very necessary because from the results of the assessment will be known whether the potential or resources that have been managed properly and correctly. Therefore, one of the most important elements in evaluating the performance of the regional government is paying attention to how good financial management in the administration of government and development, then it is appropriate with development aspirations and society demands.

Halim (2007) explains that financial performance analysis requires that can be used to carry out the analysis process. One of the equipment is often used to determine the performance of an organization is to use financial ratios. Financial ratios are numbers obtained from the results of comparisons between one financial statement post and another post that has a relevant and significant relationship (Hery, 2015). Halim (2007) explains that the measurement of regional government financial performance can be done with 4 financial ratios namely, regional independence, the effectiveness of regional finance, regional income growth, and the harmony of regional spending.

The effect of regional independence on welfare society

Regional independence indicates the ability of regional government to finance own government activities, development, and services to society who have paid taxes and levies as a source of revenue needed by the region. Locally generated revenue (PAD) is one of the components in calculating the ratio of regional independence (Setyowati & Suparwati, 2012). The independence of regional finance is indicated by the size of the PAD compared to the regional income that comes from other sources. The higher the ratio of regional financial independence means the higher the regional financial independence (Halim, 2007).

The higher the independence of the region, the higher the funds that can be used by the government for building public services for the society. If public services can be fulfilled properly, the welfare of society will increase. The welfare of society is proxied by HDI. This regarding because society as a human being is the wealth of the state which development must be pursued. Therefore human development can indicate the level of welfare of society.

Previous studies have indicated that the higher ratio of regional independence, the more regional government has the potential to provide good public services so that the increase in HDI can be achieved. The ratio of regional financial independence influences HDI (Amalia & Purbadarmaja, 2014). Based on the description, the following of research hypotheses are developed:

H1: Regional independence is influential of welfare society

The effectiveness of regional finance influence on welfare society

The effectiveness of regional finances illustrates the ability of regional governments to realize PAD which has planned and compared to targets set based on the real potential of the region (Halim, 2007). The regional government that manages PAD effectively are expected to have sufficient resources to carry out duties in terms of providing public services. Then, with public services that can be met properly, the welfare of society will increase. The welfare of society is proxied by HDI. This is because of the community as a human being is the wealth of the state that development must be pursued. Therefore human development can indicate the level of welfare of society.

The higher the ratio of effectiveness, the more effective of regional government finances. The regional government is increasing to manage PAD that exceeds the target, to provide more and better public services, then the increase in HDI can be achieved. PAD has a significant positive effect on HDI (Setyowati & Suparwati, 2012), (Ardiansyah & Widiyaningsih, 2014). The effectiveness ratio of PAD has a positive effect on HDI (Prakoso, 2017). However, the research conducted by Handayani and Sriyuniarti (2016) concluded that the effectiveness of PAD harms HDI. Based on the description, the following research hypotheses are developed:

H2: The Effectiveness of regional finances is influential of welfare society

The effect of regional revenue growth on welfare society

Regional income growth indicates how much the government's ability in maintaining and trying for improving, the success has been achieved from period to period. If growth for each component of sources of income and expenditure is known then the information can be used to evaluate potentials which need attention (Halim, 2007). Revenue Growth and expenditure is very important to know about

the development. Because shopping tends to always go up every year. The increase in spending and movement in rupiah can be caused by the exchange rate, price increases, and expansion of service coverage. Spending growth must be balanced with balanced income growth. If not balanced with revenue growth, it can annoy the sustainable and regional fiscal health (Mahmudi, 2010).

If the regional government has a healthy income and expenditure growth, should be called that the regional government has a good financial condition. If the financial condition is healthy, the regional income in the form of PAD will be used to finance regional expenditure such as financing development in sectors related to human development, then to improve the welfare of society. The welfare of society is proxied by HDI. Because of the community as a human being is the wealth of the country. Therefore human development can indicate the level of welfare of society.

The higher the ratio of PAD growth every year, the regional income growth also increases, then the government has sufficient sources of revenue to be able to provide public services for increasing every year, then an increase in HDI can be achieved. PAD growth has positive a significant effect on HDI (Setyowati & Suparwati, 2012). Based on the description, the following of the research hypotheses are developed:

H3: Regional revenue growth is influential on welfare society

The effect of suitability of regional spending on welfare society

The suitability of regional spending is useful to know the extent of the balance of spending. This is related to the function of the budget as a distribution, allocation, and stabilization, then the regional government needs to create of the suitability of spending, to keep the function of a budget is well (Mahmudi, 2010).

Regional Government has to prioritize the allocation of funds to operating expenditure and capital expenditure optimally. The higher the percentage of funds allocated for operating expenditure, then the percentage of capital expenditure used to provide social economic to be shorter and vice versa, if capital expenditure is higher than operating expenditure, the expenditure for the infrastructure of public interest tends to be large. Increased of facilities and infrastructure will support the improvement of the quality of human development in education, health, and facilities which can support a decent of life.

The suitable spending illustrates how regional government prioritizes the allocation of funds to routine expenditures and public spending optimally. This research uses the ratio of the proportion of public expenditure to total regional expenditure because capital expenditure is directly intended to be able to improve the welfare of society. The suitable of regional spending has a positive effect on the welfare of society (Amalia & Purbadharmaja, 2014) (Swandewi, 2014). Based on the description above, the hypothesis is made:

H4: The suitable for regional spending affects the welfare of society

METHOD

The 2nd table is presented about the operational definitions of variables and the measurement of variables has used by the researcher.

Table 2. Operational definitions of variables and the measurement

No	Variabel	The Definition of Operasional	Measurement
1	Regional independence	Regional independence is indicated by the size of the Regional Original Revenue (PAD) compared the total regional expenditure in 11 district governments and 2 city governments in South Kalimantan Province every year, during 2013 – 2017 in percent.	$\frac{\text{Original Government Revenue}}{\text{Tr. Center} + \text{Tr. Province} + \text{Loan}} \times 100\%$
2	The Effectiveness of regional finances	The effectiveness of regional finances is indicated by the size of the realization of PAD revenue compared to the PAD in 11 district governments and 2 city governments in South Kalimantan Province every	$\frac{\text{Acceptance realization of PAD}}{\text{Target of PAD}} \times 100\%$

		year, during 2013 – 2017 in percent.	
3	The growth of regional revenue	The growth of regional revenue (X3) is indicated by comparing the realized PAD of the realization of the previous year, PAD divided by the realization of the previous year PAD in 11 district governments and 2 city governments in South Kalimantan Province every year, during 2013 - 2017 in percent.	$\frac{PAD_{t1} - PAD_{t0}}{PAD_{t0}} \times 100\%$ <p>Information: PAD_{t1} = Realization of PAD PAD_{t0} = Realization of PAD in last year</p>
4	The suitable of regional spending	The suitable of regional expenditure (X4) is shown by comparing the realization of capital expenditure with the total of regional expenditure in 11 district governments and 2 city governments in South Kalimantan Province, during 2013 - 2017 measured in percent.	$\frac{\text{Capital expenditure of realization}}{\text{The total of expenditure}} \times 100\%$
5	Welfare of society	Welfare of society (Y) in this research uses the Human Development Index (HDI) in 11 (eleven) district governments and 2 (two) city governments in South Kalimantan Province every year, during 2013 – 2017 one index unit.	$IPM = \frac{1}{I_{\text{health}} \times I_{\text{education}} \times I_{\text{spending}}} \times 100$

This research is quantitative. The population used in this research were all districts or cities in South Kalimantan Province in the period 2013-2017. The type of data used in this research is secondary data. The secondary data was obtained from www.djpk.depkeu.go.id and www.bps.go.id. Exogenous variables in this research are regional government financial performance (X) which is proxied by regional independence variable (X1), the effectiveness of regional finance (X2), the growth of regional revenue (X3), and the suitable of regional expenditure (X4). The endogenous variable in this research is the welfare of society (Y).

The technique of data analysis used multiple linear regression analysis in SPSS 16.0 with the following models:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Information:

- Y = Welfare of Society
- a = constant
- X₁ = Regional independence
- X₂ = Effectiveness of regional finances
- X₃ = The growth of regional revenue
- X₄ = The suitable of regional spending
- e = error

RESULT AND DISCUSSION

The results of multiple regression in analysis of data conducted in SPSS 16.0 include descriptive statistics, the results of the classic assumption test, the regression model test (F test) and the results of the hypothesis test (t-test).

Descriptive statistics

Based on the results of descriptive statistics, the minimum value of regional independence is 3.98, the maximum value is 32.01, the average is 11.16 and the standard of deviation is 5.10. The minimum value of regional financial effectiveness is 73.50, the maximum value is 328.88, the average is 141.38 and the standard of deviation is 41.57. The minimum value of the growth of regional revenue is -16.00,

the maximum value is 101.00, the average is 24.92, and the standard deviation is 25.81. The minimum value of the suitable of regional expenditure is 14.15, the maximum value is 44.08, the average is 27.71, and the standard deviation is 6.56. The minimum value on the welfare of society is 60.77, the minimum value is 78.32, the average is 67.82, and the standard of deviation is 4.25.

Classical assumption

The tests include (1) autocorrelation test where is the Asymp. Sig (2- tailed) value is 0.527, this indicates that the research variable has no autocorrelation symptoms because all of the considerations and conditions of the autocorrelation test have been fulfilled, (2) normality test where is the Asymp. Sig (2-tailed) value is 0.112 then it can be stated that the variable data is normally distributed because it has a value greater than the 0.05 significance level, (3) multicollinearity test where the tolerance value of each independent variable > 0.10 and the VIF value of each independent variable < 10. This indicates that the research does not have symptoms of multicollinearity, because all the considerations and research requirements for multicollinearity tests have been met, (4) heteroscedasticity test where is no clear pattern in scatterplots. This indicates that the research did not occur heteroscedasticity.

The test of coefficient of regression determination (r²)

Based on the R Square value of 0.532, it indicates that the independent variable taken in this research has a level of relationship with the dependent variable of 53.2% then the rest of 46.8% are other variables not stated in this research.

Model of feasibility test

Based on the ANOVA test the results of the F value of 16.477 and the level of significance indicates that the value of Sig. < 0.05, which is 0.00. This indicates that the variable Regional Autonomy (X1), Effectiveness of Regional Finances (X2), Regional Revenue Growth (X3) and the suitable of Regional Expenditure (X4) have a significant effect on Welfare of Society (Y).

The test of individual parameter statistics (t test)

The results of the test of individual parameter statistics (t-test) can be seen in the following the 3rd.

Table 3. Statistical test results of individual parameters (t test)

No.	Variable	Value t	Significance Value
1	Regional independence	6.945	0,000
2	The effectiveness of regional finances	-0.067	0,947
3	The growth of regional revenue	-1.974	0,53
4	The suitable of regional spending	-0.247	0,805

Based on the table above can be seen that the Regional Independence variable (X1), has a t count of 6,945 with a significant level of 0,000. The results indicate that Regional Independence (X1) has a significant effect on the Welfare Society (Y). The proof of this statement is based on a t-value greater than the t-table value (6.945 > 2,0003) and a significant value that is smaller than the significant level (0.00 < 0.05), then the first hypothesis is accepted.

The Regional Financial Effectiveness Variable (X2) has a t count of -0.067 and a significant level of 0.947. The t-count value is smaller than the t-table value (-0.067 < 2,0003) and the significant value is bigger than the significant level (0.947 > 0.05), then the second hypothesis to be rejected.

The Growth of Regional Income Variable (X3) has a t-value of -1.974 and a significant level of 0.53. The t-count value is smaller than the table value (-1,974 < 2,0003) and the significant value is bigger than the significant level (0.53 > 0.05), then the third hypothesis to be rejected.

The Suitable of Regional Expenditure Variable (X4) has a t count of -0.274 and a significant level of 0.805. The t-count value is smaller than the t-table value (-0.274 < 2,0003) and the significant value is bigger than the significant level (0.805 > 0.05) so that the fourth hypothesis is rejected.

Multiple linear regression analysis

The results of testing individual parameter statistics produced that the following regression models:

$$Y = 14,78 + 0,32 X1 + 0,00 X2 - 0,01 X3 - 0,09 X4 + e$$

Information:

Y	= Welfare of Society
X ₁	= Regional independence
X ₂	= Effectiveness of regional finances
X ₃	= The growth of regional revenue
X ₄	= The suitable of regional spending
e	= error

Based on the above equation that the value of the Regional Independence regression coefficient (X₁) is positive at 0.32, the Regional Financial Effectiveness (X₂) regression coefficient is negative at 0.00, the Growth of Regional Revenue (X₃) regression coefficient is negative at -0.01, and the Regional Coefficient (X₄) regression coefficient value is negative of -0.09.

The effect of regional independence on welfare of society

The results of testing the first hypothesis (H1) show that Regional Independence (X₁) has a significant effect on welfare society (Y), so it can be stated H1 is accepted. The results of this research are interpreted that the increasing independence of an area can increase the achievements of the welfare of society. The results of this research are following previous studies from Swandewi (2014) and Hamid (2018) which state that regional independence has a significant effect on the welfare of society.

The results of this study indicate that the increasing independence of the region then the funds is higher that can be used by regional governments in building public services for the society. If public services can be fulfilled properly, the welfare of society will increase. The higher of the independence of the region, the regional government has the potential to provide good public services then an increase in the welfare of society can be achieved (Amalia & Purbadharmaja, 2014). This research is following agency theory which explains that agents are responsible for maximizing principal profits. In this research, the regional government was given authority by the central government to assume that the authority of the bureaucracy delegated. Therefore, regional governments have to account for this authority with the central government. On the other hand, regional governments have to maximize the welfare of the society in own environment.

The results of this research proved that regional independence as measured by the ratio of independence can influence the welfare of society. The level of welfare of society will increase as a result of increasing regional independence. Based on the explanations above, H1 is accepted.

The effectiveness of regional finances on welfare of society

The results of this study indicate that H2 was rejected because the results of the t-test of The Effectiveness of Regional Financial (X₂), has a t count of -0.067 with a significant level of 0.947. The results of the research by Handayani and Sriyuniarti (2016) also state that the effectiveness of regional finance harms the welfare of society. An increase in the effectiveness of regional finances indicates the government's success in obtaining PAD that exceeds the planned target, which in turn will affect the amount of PAD that can be used to finance sectors related to the livelihoods of the general public. However, the results of this research have not been able to prove that the effectiveness of regional finance affects that on the welfare of society. This research because any regional government samples have decreased in the effectiveness of PAD but the level of welfare of society still be increase.

These results have the relationship of the independence of the region which is still low and the pattern of the relationship of independence between the central government and the regional governments in South Kalimantan which are still classified as instructive. Regional governments are very dependent on transfer revenues from the central government in the form of DAU, DAK, DBH, and other transfer funds. Transfer income is certainly aimed at equitable development then the level on the welfare of society will continue to increase whether the effectiveness of PAD increases or not. Based on the explanation above, it can be explained that H2 is rejected.

The effect of the growth of regional revenue on the welfare of society

Based on the t-test results of The Growth of Regional Revenue (X₃), has a t count of -1.974 with a significant level of 0.053. This indicates that H3 is rejected, where the value of t is smaller than the table value (-1.974 < 2,0003) and a significant value bigger than the significant level (0.053 > 0.05).

The results of this research indicate that H3 is rejected. The growth of regional income indicates the success of the government in maintaining and realizing new PAD resources which in turn will affect

the amount of PAD that can be used to finance fields related to the livelihood of the community in general. However, the results of this research have not been able to prove the effect of regional income growth on the welfare of society.

This research has a relationship with the pattern of independence relations between the central government and the district/city governments in South Kalimantan which are still classified as instructive. Regional governments are very dependent on transfer revenues from the central government in the form of DAU, DAK, DBH, and other transfer funds. Transfer income is certainly aimed at equitable development so that the level of welfare of society will continue to increase even though the PAD does not grow. Based on the explanation above, the results can be explained that H3 is rejected.

The effect of the suitable of regional spending on welfare of society

Based on the t-test results of the growth of Regional spending (X4), has a t count of -0.274 with a significant level of 0.805. This indicates that H4 is rejected, where the value of t is smaller than the table value ($-0,247 < 2,0003$) and a significant value bigger than the significant level ($0.805 > 0.05$).

The results of this research indicate that H4 was rejected. Suitable regional spending indicates that the government is trying to harmonize operating expenditure and capital expenditure. If the allocation for capital expenditure continues to increase, facilities and infrastructure facilities in the fields related to the livelihood of the community, in general, will be increasingly numerous. However, the results of this research have not been able to prove the effect of suitable in regional spending on welfare society. That event is can occur because some regional government samples have decreased of regional spending but on the welfare of society is still increase.

This research has a relationship with other expenditure items that affect the improvement in the welfare of society. The spending post is a social assistance spending post. The social assistance expenditure is intended for poverty alleviation expenditure, social security expenditure, social protection expenditure, social empowerment expenditure, and social rehabilitation expenditure. Spending for social assistance is certainly aimed at equitable distribution on the welfare of society. This has resulted in the welfare of society will continue to increase despite the decline in regional expenditure represented by capital expenditure. Based on the explanation above, can be explained that H4 is rejected.

CONCLUSIONS

Based on the results of an analysis of the influence of regional government financial performance which is proxied by the independence of regional finances, the effectiveness of regional finances, the growth of regional income, and the harmony of regional spending on the level of welfare of society, it can be concluded that only the regional independence variable has a significant effect on the level of welfare of society. The researcher suggests to the regional government to make efforts to increase the fiscal capacity of the region by calculating the Original Local Government Revenue through better policies and the expansion of regional tax collection spaces that are comprehensive and always in favor of the society. To increase regional financial independence, regional governments must be able to explore regional income potentials that have not been touched and conduct effective supervision of tax collection and levies as a major component of Original Local Government Revenue. Dependence on income must also continue to be reduced. The regional government should also prioritize the appropriateness or harmony of the budget in the balancing fund budget, to increase the regional expenditure budget to capital expenditure posts, in the health, education and economic sectors. Then, for further research, researchers suggest adding new variables, especially non-financial variables, such as aspects of public policy, aspects of financial management and psychological aspects of making decision personalities in government.

REFERENCES

- Amalia, F. R., & Purbadharmaja, I. B. (2014). Pengaruh Kemandirian Keuangan Daerah dan Keserasian Alokasi Belanja Terhadap Indeks Pembangunan Manusia . E-Jurnal EP Unud.
- Ardiansyah, & Widiyaningsih, V. A. (2014). Penagruh Pendapatan Asli Daerah, Dana Alokasi Umum dan Dana Alokasi Khusus Terhadap Indeks Pembangunan Manusia Kabupaten/Kota di Provinsi Jawa Tengah. SNA 17 Mataram. Lombok: Universitas Mataram.
- Badrudin. (2016). Budgeting Politic For Supporting Competitive Industry Sector. International Journal of Business and Commerce (IJBC), 49-64.
- BPS. (2015). Indeks Pembangunan Manusia Metode Baru 2014. Jakarta: Badan Pusat Statistik.
- Chandra, N. A., & Badrudin, R. (2017). Pengaruh Kinerja Keuangan Daerah Terhadap Opini Audit dan Kesejahteraan Masyarakat.
- Halim, A. (2007). Akuntansi sector Publik Akuntansi Keuangan Daerah. Jakarta: Salemba Empat.
- Hamid, A. A. (2018). ANALISIS PENGARUH KINERJA KEUANGAN DAERAH TERHADAP TINGKAT KESEJAHTERAAN MASYARAKAT KABUPATEN MAJALENGKA – JAWA BARAT . Jurnal Sekuritas, 38-51.
- Handayani, D., & Sriyuniati, F. (2016). Analisis Kinerja Keuangan Terhadap Indeks Pembangunan Manusia Kabupaten Kota Di Sumatera Bagian Tengah. National Conference of Applied Science s, Engineering, Business and Information Technology. Padang.
- Hery. (2015). Analisis Laporan Keuangan Edisi I. Yogyakarta: Center For Academic Publishing Services.
- Iyhg, W., & Bastian, I. (2005). Rancangan Sistem Kesejahteraan Sosial (Social Security System) di Indonesia dalam Perspektif Akuntansi (Studi Empiris Provinsi Daerah Istimewa Yogyakarta). SNA VIII. Solo.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. Cambridge: Journal of Financial Economics.
- Lubis, A. I. (2010). Akuntansi Keperilakuan Edisi 2. Jakarta: Salemba Empat.
- Mahmudi. (2010). Analisis Laporan Keuangan Pemerintah. Yogyakarta: UPP STIM YKPN.
- Ningsih, N. N., Utama, M. S., & Yasa, I. M. (2015). Dampak Kinerja Keuangan Pemerintah Daerah Terhadap Kesejahteraan Masyarakat di Kab/Kota Bali.
- Orniati, Y. (2009). Laporan Keuangan sebagai Alat untuk Menilai Kinerja Keuangan. Malang: Jurnal Ekonomi dan Bisnis.
- Prakoso, L. I. (2017). Pengaruh Kinerja Keuangan Terhadap Indeks Pembangunan Manusia dengan Alokasi Belanja Modal Sebagai Variabel Moderasi di Kabupaten/Kota Se-Provinsi Lampung. E-Journal Unila.
- Putry, N. A., & Badrudin, R. (2017). PENGARUH KINERJA KEUANGAN DAERAH TERHADAP OPINI AUDIT DAN KESEJAHTERAAN MASYARAKAT DI DAERAH ISTIMEWA YOGYAKARTA. JRBM, 25-34.
- Setyowati, L., & Suparwati, Y. (2012). Pengaruh Pertumbuhan Ekonomi DAU, DAK, PAD Terhadap Indeks Pembangunan Manusia dengan Pengalokasian Anggaran Belanja Modal Sebagai Variabel Intervening. Prestasi 9 (01).
- Swandewi, A. A. (2014). Pengaruh Dana Perimbangan dan Kemandirian Keuangan Daerah Terhadap Keserasian Anggaran dan Kesejahteraan Masyarakat Pada Kabupaten/Kota di Provinsi Bali . E-Jurnal Ekonomi dan Bisnis Universitas Udayana .

-
-
- Syamsi, I. (1986). Pokok-Pokok Kebijaksanaan. Perencanaan. Pemrograman dan Penganggaran Pembangunan Tingkat Nasional dan Regional. Jakarta: Rajawali.
- Todaro, M., & Smith, S. (2015). Pembangunan Ekonomi Edisi Kesebelas Jilid 1. Jakarta: Erlangga.
- Tribunnews.com. (2018, April 4). Retrieved from www.banjarmasin.go.id:22-begini-kata-bapedda
[http://banjarmasin.tribunnews.com/2018/04/04/indeks-pembangunan-manusia-kalsel-diposisi-](http://banjarmasin.tribunnews.com/2018/04/04/indeks-pembangunan-manusia-kalsel-diposisi-22-begini-kata-bapedda)