

The Influence of Regional Original Income, Government Size, and Capital Expenditure on the Financial Performance of Provincial Governments in Indonesia

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ABSTRACT

This study was conducted with the aim of examining the influence of Locally-Owned Revenue, Government Size, and Capital Expenditure on the Financial Performance of Provincial Governments in Indonesia for the period 2020–2024. The population used in this study was the Regional Government Financial Reports (LKPD) of all 38 provinces in Indonesia. The sample obtained was 34 provinces out of 38 existing provinces, selected using a purposive sampling technique, resulting in 170 observational data. The collected data were analyzed using descriptive statistical analysis methods, panel data regression analysis, classical assumption tests, and hypothesis tests. Data analysis used the EViews 13 application. The results of this study indicate that Locally-Owned Revenue and Government Size partially have a positive and significant effect on Local Government Financial Performance, while Capital Expenditure partially has a positive but insignificant effect on Local Government Financial Performance. Locally-Owned Revenue, Government Size, and Capital Expenditure simultaneously have a positive and significant effect on Local Government Financial Performance.

A. INTRODUCTION

The implementation of regional autonomy as regulated in Law Number 23 of 2014 concerning Regional Government and Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments provides broad authority to regional governments to manage government affairs and the interests of local communities independently. The consequence of this autonomy is the demand for each region to be able to manage its finances effectively, efficiently, transparently, and accountably, and implement value for money as mandated in the Regulation of the Minister of Home Affairs Number 77 of 2020 concerning Technical Guidelines for Regional Financial Management. From the perspective of agency theory, regional governments act as agents responsible to the central government and the community as principals, so that the ability of regional governments to manage their financial resources independently becomes the main benchmark in assessing the success of the implementation of regional autonomy (Putri et al., 2025).

Regional government financial performance is the level of achievement of work results in the financial sector, including regional revenue and expenditure, based on indicators established through policies or statutory provisions during a budget period. According to Halim (2017), financial performance can be measured through the regional financial independence ratio, which is the ratio of local revenue (PAD) to total transfer revenue received. The results of measuring the financial performance of provincial governments in Indonesia during the 2020–2024 period are presented in Figure 1 below.

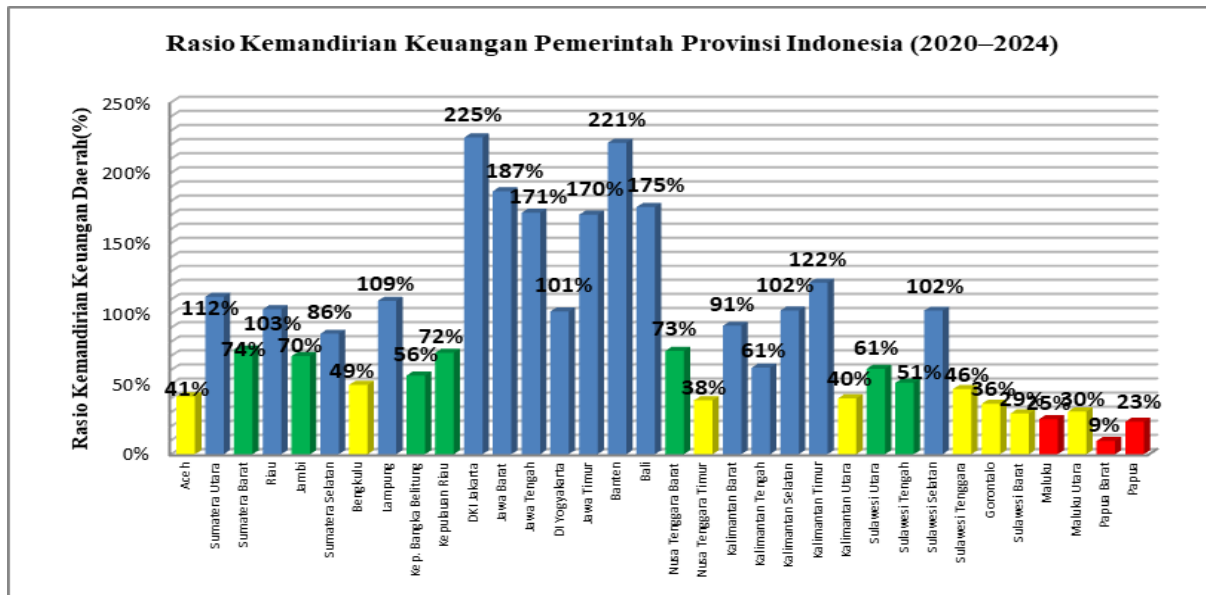


Figure Average Financial Independence Ratio of Provincial Governments in Indonesia 2020–2024

Source: *e-ppipd.bpk.go.id* (data processed by researchers, 2026)

Figure shows that the financial independence performance of provincial governments across Indonesia during the 2020–2024 period still varies widely. Most provinces are in the very low category with an Instructive relationship pattern, such as West Papua (9%), Maluku (25%), and Papua (23%). Meanwhile, provinces that have reached the high category with a Delegative relationship pattern include DKI Jakarta (225%), Banten (221%), and West Java (187%), reflecting a much stronger PAD base supported by economic activity and high population density (Halim, 2017).

This inequality indicates that most local governments still face limitations in optimizing local revenue (PAD) sources, as well as high fiscal dependence on the central government. This situation encourages further research into the factors influencing local government financial performance, particularly local revenue (PAD), government size, and capital expenditure. Several previous studies, such as those by Maharani & Armaini (2025), Putri et al. (2025), and Adinata & Efendi (2022), have partially demonstrated the influence of these variables, but inconsistencies remain in the results—particularly for capital expenditure and government size. Therefore, this study aims to simultaneously examine the influence of PAD, government size, and capital expenditure on the financial performance of provincial governments in Indonesia during the 2020–2024 period.

B. THEORETICAL STUDY

Agency Theory

Agency theory was first introduced by Jensen and Meckling (1976), which explains the contractual relationship between the principal as the party who grants authority and the agent as the party who receives authority to carry out certain tasks. In the context of regional government, the community as the principal gives a mandate to the regional legislature (DPRD), which then delegates authority to the regional executive (regional government) as the agent in managing regional finances. This theory is relevant to explaining the relationship between PAD, government size, and capital expenditures on financial performance, where the more optimal the management of these three aspects, the better the financial performance of the regional government as a form of agent accountability to the principal.

Locally-generated revenue

According to Law Number 1 of 2022, Regional Original Revenue (PAD) is revenue obtained by a region collected based on regional regulations in accordance with statutory provisions. According to Halim (2017:96), PAD is revenue obtained by a region from sources within its own territory consisting of regional taxes, regional levies, results from the management of separated regional assets, and other legitimate PAD. PAD reflects the ability of local governments to explore regional economic potential independently without relying on transfer funds from the central government (Putri et al., 2025). In this study, PAD is measured using the degree of fiscal decentralization, namely the comparison between PAD realization and total regional income.

Government Size

According to Putri et al. (2020), government size is a variable that indicates the size of a local government, which can be measured through total assets, number of employees, total revenue, and productivity levels. The larger the local government, the greater the resources it manages, thus supporting the smooth running of government operations and enabling improved service quality to the public (Millenia, 2022). In this study, government size is proxied using the natural logarithm of total local government assets sourced from the LKPD balance sheet.

Capital Expenditure

According to the Minister of Home Affairs Regulation Number 77 of 2020, capital expenditure is a budget expenditure for the acquisition of fixed assets and other assets that provide benefits for more than one budget year. According to Mardiasmo (2019:74), capital expenditure is an expenditure whose benefits exceed one budget year and will increase regional assets or wealth. Well-planned and managed capital expenditure can contribute significantly to the financial performance of local governments by creating infrastructure that supports economic growth and increases local revenue (PAD) (Maharani & Armaini, 2025). In this study, capital expenditure is measured using the proportion of realized capital expenditure to total regional expenditure.

Regional Government Financial Performance

Regional government financial performance is the level of achievement of work results in the financial sector, including regional revenue and expenditure, based on indicators established through policies or statutory provisions during a budget period. According to Halim (2017:231), financial performance can be measured through financial ratio analysis based on regional budget (APBD) data. In this study, financial performance is measured using the regional financial independence ratio, which is the ratio between local revenue (PAD) and total transfer revenue received. The higher the independence ratio, the greater the region's capacity to finance its own needs (Utami, 2023).

Research Hypothesis

The Influence of PAD on Regional Government Financial Performance

The higher the local revenue (PAD) generated by a region, the greater the region's ability to finance government activities without relying on transfer funds. From an agency theory perspective, high PAD reflects that the local government, as an agent, has successfully carried out its function of independently exploring the region's economic potential. Research by Maharani & Armaini (2025) and Putri et al. (2025) demonstrates that PAD has a positive and significant impact on local government financial performance.

H1: Regional Original Income has a positive and significant impact on the financial performance of provincial governments in Indonesia.

The Influence of Government Size on Regional Government Financial Performance

Larger local governments tend to have stronger fiscal capacity and a more established institutional infrastructure. From an agency theory perspective, the larger the scale of the local government organization as agent, the greater the accountability demands from the public as



principal, thus encouraging more optimal financial management. Research by Adinata & Efendi (2022) demonstrates that government size has a positive and significant impact on financial performance.

H2: Government size has a positive and significant effect on the financial performance of provincial governments in Indonesia.

The Impact of Capital Expenditure on Regional Government Financial Performance

Large capital expenditures reflect the commitment of local governments, as agents, to allocate budgets for long-term interests, benefiting the community as principals. Research by Maharani & Armaini (2025) and Anjani et al. (2026) found a significant positive effect of capital expenditures on local government financial performance.

H3: Capital expenditure has a positive and significant impact on the financial performance of provincial governments in Indonesia.

The Simultaneous Influence of PAD, Government Size, and Capital Expenditure on Regional Government Financial Performance

The combination of these three variables simultaneously reflects the quality of the regional government's accountability as an agent to the community as the principal as a whole.

H4: PAD, Government Size, and Capital Expenditure simultaneously have a positive and significant effect on the financial performance of provincial governments in Indonesia.

C. RESEARCH METHODS

This study employed a quantitative approach with descriptive methods. The data used were secondary data, in the form of Regional Government Financial Reports (LKPD) of Indonesian Provinces for 2020–2024, audited by the Supreme Audit Agency (BPK RI), obtained through the e-ppid.bpk.go.id portal.

The dependent variable in this study is the financial performance of local governments (Y), while the independent variables consist of Local Original Income (X1), Government Size (X2), and Capital Expenditure (X3). The operational definition and measurement of each variable are presented in table below:

Table Operational Definition and Measurement of Variables

No	Variables	Definition	Measurement	Scale
1	Regional Government Financial Performance (Y)	Output of program implementation results measured based on effective and efficient budget use (PP No. 12/2019)	PAD / Total Transfer Income × 100%	Ratio
2	Local Original Income (X1)	Regional income collected based on regional regulations (UU No. 1/2022)	PAD Realization / Total Regional Income × 100%	Ratio
3	Government Size (X2)	The size of the local government is reflected in the total assets managed (Putri & Amanah, 2020)	Ln (Total Assets)	Ratio
4	Capital Expenditure (X3)	Expenditures for the acquisition of fixed assets that provide benefits for more than one budget year (Minister of Home Affairs Regulation No. 77/2020)	Capital Expenditure Realization / Total Regional Expenditure × 100%	

Source: Processed by researchers (2026)

The study population comprised 38 provinces in Indonesia. The sample was selected using a purposive sampling technique, with the criteria being provinces that published their Budget Realization Report (LRA) and complete Balance Sheet on the e-ppid.bpk.go.id portal during the 2020–2024 period. Four provinces were excluded because they are New Autonomous Regions (DOB) that were only formed in 2022: South Papua, Central Papua,

Highland Papua, and Southwest Papua. The final sample consisted of 34 provinces with 170 observation data (34 provinces × 5 years).

The data analysis technique used was panel data regression using the EViews 13 application. The best model was selected using the Chow test, the Hausman test, and the Lagrange Multiplier test. Classical assumption tests included multicollinearity and heteroscedasticity tests. Hypothesis testing was performed using the t-statistic (partial) and F-statistic (simultaneous) tests with a significance level of 5%.

D. RESULTS AND DISCUSSION

RESULT

Descriptive Statistical Analysis

Descriptive statistical analysis was used to provide an overview of the characteristics of the research data. This analysis included the minimum, maximum, average (mean), and standard deviation values of each research variable. The results of the descriptive statistical analysis are presented in table below:

Table Descriptive Statistics

<i>Variables</i>	<i>N</i>	<i>Min.</i>	<i>Max.</i>	<i>Mean</i>	<i>Std. Dev</i>
Local Original Income (X1)	170	0.05	0.73	0.40	0.16
Government Size(X2)	170	28.50	34.24	30.37	0.97
Capital Expenditure (X3)	170	0.05	0.38	0.17	0.06
Regional Government Financial Performance(Y)	170	0.06	2.78	0.85	0.61

Source: Eviews13 management results (2026)

Panel Data Selection Analysis

Chow Test

The Chow test was conducted to determine the best model between the Common Effect Model (CEM) and the Fixed Effect Model (FEM). The results of the Chow test are presented in table below.

Table Chow Test Results

<i>Effects Test</i>	<i>Statistics</i>	<i>df</i>	<i>Prob.</i>
Cross-section F	5,900063	(33,133)	0.0000
Cross-section Chi-square	153.298479	33	0.0000

Source: EViews 13 (2026) Management Results

Based on table, the Cross-section Chi-square probability value is $0.0000 < 0.05$, so H1 is accepted and it is concluded that the Fixed Effect Model (FEM) is more appropriate than the Common Effect Model (CEM).

Hausman test

The Hausman test was conducted to determine the best model between the Fixed Effect Model (FEM) and the Random Effect Model (REM). The results of the Hausman test are presented in table below.

Table Hausman Test Results

<i>Test Summary</i>	<i>Chi-Sq. Statistic</i>	<i>Chi-Sq. df</i>	<i>Prob.</i>
Random cross-section	6.833971	3	0.0774

Source: EViews 13 (2026) management results



Based on table, the random cross-section probability value is $0.0774 > 0.05$, so H_0 is accepted and it is concluded that the Random Effect Model (REM) is more appropriate than the Fixed Effect Model (FEM).

Lagrange Multiplier Test

The Lagrange Multiplier test was conducted to determine the best model between the Common Effect Model (CEM) and the Random Effect Model (REM). The results of the Lagrange Multiplier test are presented in table below.

Table Lagrange Multiplier Test Results

	Cross-section	Time	Both
Breusch-Pagan	69.90961 (0.0000)	0.548646 (0.4589)	70.45826 (0.0000)

Source: EViews 13 (2026) management results

Based on table, the Breusch-Pagan probability value is $0.0000 < 0.05$, so H_1 is accepted and it is concluded that the Random Effect Model (REM) is more appropriate than the Common Effect Model (CEM).

Based on the three tests above, the Random Effect Model was selected twice (Hausman test and Lagrange Multiplier test), so the best model used was the Random Effect Model (REM).

Classical Assumption Test

In this study, the selected estimation model is the Random Effects Model (REM). Therefore, the classical assumption tests performed only include multicollinearity and heteroscedasticity tests. Normality and autocorrelation tests are not necessary because the REM is estimated using the Generalized Least Squares (GLS) method, which does not require these two assumptions (Basuki, 2021).

Multicollinearity Test

A multicollinearity test was conducted to determine whether there is a correlation between the independent variables in the regression model. A good regression model should not contain multicollinearity. The results of the multicollinearity test are presented in Table 6 below.

Table Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.351935	1361,954	NA
X1	0.016468	12,225	1,632
X2	0.000416	1485,183	1,514
X3	0.062934	8,275	1,111

Source: EViews 13 (2026) management results

Based on Table 6, the Centered VIF value of all independent variables is less than 10, so it can be concluded that the data does not experience multicollinearity problems.

Heteroscedasticity Test

A heteroscedasticity test was conducted to determine whether the regression model exhibited unequal variances from one observation's residuals to another. In this study, the test was conducted by examining the residual graph in EViews 13. The results of the heteroscedasticity test are presented in Figure 2 below.

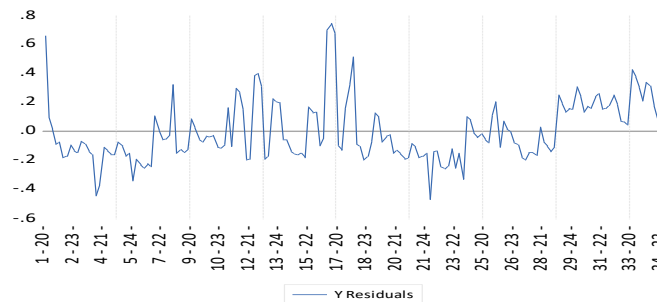


Figure Heteroscedasticity Test Results
Source: EViews 13 (2026) management results

Based on figure, the residual graph moves randomly above and below the zero line and does not form a particular pattern, so it can be concluded that the regression model does not experience heteroscedasticity.

Panel Data Regression Analysis

Based on model selection using the Chow test, the Hausman test, and the Lagrange Multiplier test, the best model used was the Random Effects Model (REM). The results of the panel data regression analysis are presented in table below.

Table Random Effect Model Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.189425	0.973747	-3.275413	0.0013
X1	3.524405	0.168575	20.90710	0.0000
X2	0.084240	0.033136	2.542221	0.0119
X3	0.311293	0.242133	1.285628	0.2004
Effects Specification				
			Elementary School	Rho
Random cross-section			0.149030	0.4995
Idiosyncratic random			0.149173	0.5005
Weighted Statistics				
R-squared	0.801784	Mean dependent var		0.351111
Adjusted R-squared	0.798202	SD dependent var		0.335884
SE of regression	0.150885	Sum squared residual		3.779223
F-statistic	223.8237	Durbin-Watson stat		0.974907
Prob(F-statistic)	0.000000			

Source: Eviews13 management results (2026)

Based on table, the following regression equation is obtained:

$$Y = -3.189425 + 3.524405X_1 + 0.084240X_2 + 0.311293X_3$$

The constant value of -3.189425 indicates that if all independent variables are 0, then the financial performance of the regional government will experience a decline of 3.189425. Coefficient X_1 of 3.524405 means that for every 1 unit increase in PAD, financial performance increases by 3.524405. The coefficient of X_2 of 0.084240 means that for every 1 unit increase in government size, financial performance increases by 0.084240. The coefficient of X_3 of 0.311293 means that for every 1 unit increase in capital expenditure, financial performance increases by 0.311293.



Coefficient of Determination (R^2) Test

The coefficient of determination test is used to measure the extent to which the independent variables explain the variation in the dependent variable. The results of the coefficient of determination test can be seen in Table 7 above, where the Adjusted R-squared value is 0.798202 or 79.82%. This indicates that the PAD, Government Size, and Capital Expenditure variables are able to explain 79.82% of the variation in local government financial performance, while the remaining 20.18% is influenced by other variables outside this study.

Partial Significance Test (t-Statistic Test)

The t-statistical test was used to determine the partial effect of each independent variable on the dependent variable. The test was conducted with a 5% significance level and a t-table value at $df = 168$ of 1.974017. The results of the t-statistical test are presented in Table 8 below.

Table Statistical Test Results t

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.189425	0.973747	-3.275413	0.0013
X1	3.524405	0.168575	20.90710	0.0000
X2	0.084240	0.033136	2.542221	0.0119
X3	0.311293	0.242133	1.285628	0.2004

Source: Eviews13 management results (2026)

Based on table, the test results for each variable are as follows. The PAD variable (X1) obtained a t-count value of 20.907 > t-table 1.974 with a significance level of $0.000 < 0.05$, so H1 is accepted, which means PAD has a positive and significant effect on the financial performance of local governments. The Government Size variable (X2) obtained a t-count value of 2.542 > t-table 1.974 with a significance level of $0.012 < 0.05$, so H2 is accepted, which means Government Size has a positive and significant effect on the financial performance of local governments. The Capital Expenditure variable (X3) obtained a t-count value of 1.286 < t-table 1.974 with a significance level of $0.200 > 0.05$ and a positive regression coefficient of 0.311293, so it can be concluded that Capital Expenditure has a positive but not significant effect on the financial performance of local governments, so H3 is rejected.

Simultaneous Significance Test (F Statistic Test)

The F-statistic test is used to determine whether all independent variables jointly influence the dependent variable. The results of the F-statistic test are presented in Table 9 below.

Table F Statistical Test Results

R-squared	0.801784
Adjusted R-squared	0.798202
SE of regression	0.150885
F-statistic	223.8237
Prob(F-statistic)	0.000000

Source: Eviews13 management results (2026)

Based on table, the F-count value of 223.824 > F-table of 2.659 with a significance level of $0.000 < 0.05$, thus H4 is accepted. This indicates that PAD, Government Size, and Capital

Expenditure together have a positive and significant effect on the financial performance of provincial governments in Indonesia.

Discussion

The Influence of PAD on the Financial Performance of Provincial Governments in Indonesia

The results of the PAD variable testing on local government financial performance are in accordance with the hypothesis formulated in the study. Based on the results of the panel data regression test of the Random Effect Model, the significance level of PAD is $0.0000 < 0.05$, so it can be concluded that PAD has a positive and significant effect on local government financial performance. These results support previous research conducted by Maharani & Armaini (2025), Putri et al. (2025), and Oktarida et al. (2024).

The results of this study are consistent with agency theory, which states that regional governments, as agents, are obligated to optimally manage financial resources as a form of accountability to the community as principals. High PAD reflects that agents have successfully carried out their function in independently exploring regional economic potential, thereby reducing dependence on transfer funds and increasing fiscal independence. Banten Province, which recorded the highest degree of decentralization at 0.73% in 2023, also had the highest independence ratio during the same period. Conversely, West Papua Province, with the lowest degree of decentralization at 0.05% in 2020, recorded the lowest independence ratio. This condition indicates that as PAD increases, regions will be increasingly able to improve their financial independence, resulting in improved financial performance, as mandated by Law Number 1 of 2022. Therefore, regional governments need to continue optimizing PAD through intensifying regional taxes, levies, and productive management of Regionally-Owned Enterprises (BUMD).

The Influence of Government Size on the Financial Performance of Provincial Governments in Indonesia

The results of the Government Size variable testing on local government financial performance are consistent with the hypothesis formulated in the study. Based on the results of the Random Effect Model panel data regression test, the significance level of Government Size is $0.0119 < 0.05$, thus it can be concluded that government size has a positive and significant effect on local government financial performance. These results support the research of Adinata & Efendi (2022) which stated that government size has a positive and significant effect on local government financial performance in East Java. However, these results refute the research of Millenia (2022) which found that government size has no significant effect because the role of total assets is not yet functioning properly.

This finding aligns with agency theory, which explains that the larger the scale of a local government organization acting as an agent, the greater the demands for accountability and transparency from the public acting as the principal, thus encouraging the government to manage its finances more optimally. Local governments with larger total assets tend to have stronger fiscal capacity and a more established institutional infrastructure. For example, DKI Jakarta Province, which recorded the highest Ln total assets value of 34.24 in 2024, also had a very high independence ratio, while Gorontalo Province, with the lowest Ln total assets of 28.50, reflected limited fiscal capacity that resulted in low financial independence. This significant difference—with DKI Jakarta having approximately 255 times greater total assets than Gorontalo—creates a significant disparity in regional financial management capabilities.

The Influence of Capital Expenditure on the Financial Performance of Provincial Governments in Indonesia

The results of the Capital Expenditure variable test on the financial performance of local governments do not match the hypothesis formulated in the study. Based on the results of the Random Effect Model panel data regression test, the Capital Expenditure regression coefficient value was 0.311293 (positive), but the significance level of 0.2004 was greater than



alpha 0.05 ($0.2004 > 0.05$), so it can be concluded that Capital Expenditure has a positive but insignificant effect on the financial performance of local governments, so H3 is rejected. These results support the research of Padang & Padang (2024) and Utami (2023) which also found no significant effect of capital expenditure. However, these results refute the research of Maharani & Armaini (2025) and Anjani et al. (2026) which found a significant positive effect of capital expenditure.

The results of this study can be explained through agency theory, that if capital expenditure is not managed properly by the agent, it can lead to budget waste and not provide optimal benefits for the principal, thus exacerbating agency conflicts due to increasing information asymmetry. In addition, the benefits of capital expenditure are long-term so that its impact on financial performance is not immediately felt in the same period, as stated by Mardiasmo (2019: 74) that capital expenditure will have the consequence of increasing routine expenditure in the form of operational and maintenance costs in the following period. The average proportion of capital expenditure during the 2020–2024 period was only 17.38%, far below the minimum requirement of 40% mandated by Law Number 1 of 2022. Even in 2020–2021, the proportion was depressed to only 15.88% and 16.85% respectively due to budget reallocation for handling the COVID-19 pandemic, so that regional infrastructure development was hampered and its impact on financial performance became insignificant.

The Simultaneous Influence of PAD, Government Size, and Capital Expenditure on the Financial Performance of Provincial Governments in Indonesia

Based on the results of the F-statistic test, the calculated F-value of 223.824 is greater than the F-table of 2.659 with a significance level of $0.000 < 0.05$. This indicates that PAD, Government Size, and Capital Expenditure jointly have a positive and significant effect on the financial performance of provincial governments in Indonesia. These results support the research of Maharani & Armaini (2025) which proves that PAD and capital expenditure simultaneously influence the financial performance of regional governments, as well as Adinata & Efendi (2022) which proves that government size influences the financial performance of regional governments.

The Adjusted R-squared value of 0.798202 explains that the three independent variables together are able to explain the variation in regional government financial performance by 79.82%, while the remaining 20.18% is influenced by other factors not examined, such as balancing funds, regional prosperity levels, BPK audit opinions, or regional fiscal stress. In the perspective of agency theory, the combination of these three variables reflects the quality of regional government accountability as an agent to the community as the principal, where optimization of PAD shows the region's commitment to exploring local potential, the size of the government reflects the capacity to manage public resources, and adequate allocation of capital expenditure reflects a long-term development orientation. These results indicate that regional government financial performance is the result of the interaction of managing various financial aspects as a whole.

E. CONCLUSION AND SUGGESTIONS

Conclusion

Based on the results of the data analysis and discussion that has been carried out, the following conclusions can be drawn.

1. PAD partially has a positive and significant effect on the financial performance of provincial governments in Indonesia (t-count = 20.907; sig. = 0.000).
2. Government size has a partial positive and significant effect on the financial performance of provincial governments in Indonesia (t-count = 2.542; sig. = 0.012).
3. Capital expenditure has a partial positive but insignificant effect on the financial performance of provincial governments in Indonesia (t-test = 1.286; sig. = 0.200), thus H3 is rejected. This is because the benefits of capital expenditure are long-term and the average proportion is only 17.38%, far below the 40% threshold set by Law No. 1 of 2022.

4. PAD, Government Size, and Capital Expenditure simultaneously have a positive and significant effect on the financial performance of provincial governments in Indonesia (F-count = 223.824; sig. = 0.000) with an Adjusted R² of 79.82%.

Suggestions

This study focused solely on provincial governments in Indonesia, with an observation period of 2020–2024. Therefore, the results cannot be generalized to all districts/cities. Based on these findings, provincial governments in Indonesia are expected to increase their Regional Original Revenue (PAD) through optimizing regional taxes, regional levies, and productive management of Regionally-Owned Enterprises (BUMD) to enhance fiscal independence. Furthermore, regional governments need to optimize regional asset management and improve the effectiveness of capital expenditure planning and oversight. For future researchers, it is recommended to add other variables such as balancing funds, regional prosperity levels, Supreme Audit Agency (BPK) opinions, or fiscal stress, and expand the research object by using different measurement proxies.

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