Analysis of the Level of Regional Independence in Regencies and Cities in Central Java Province for 2019-2022

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Abstract

The research objective is to measure the level of regional independence in regencies & cities in Central Java Province in 2019-2022. This study uses a descriptive quantitative approach and trend analysis of regency & city financial reports in Central Java Province from 2019 to 2022. The research was conducted on Regional Government Financial Reports for regencies & cities in Central Java Province. The sample used is 10 regencies/cities based on PAD (Pendapatan Asli Daerah) in english Regional Original Revenue, namely 3 regencies/cities with the highest PAD, 3 regencies/cities with the lowest PAD and 4 regencies/cities with medium PAD. The data analysis technique in this study collected LRA data from each regency & city in Central Java province for the 2019-2022 period. Then the analysis uses the ratio of the degree of fiscal decentralization, the ratio of regional independence, the ratio of regional dependence. Then applied to trend analysis to see the tendency of the level of independence based on the ratio used. The results obtained from this study are that in the regencies/cities in Central Java Province, only Semarang City gets a Good categorization in terms of the percentage measurement of the ratio of fiscal decentralization and the ratio of regional independence. Meanwhile for the measurement of the regional dependency ratio, only Semarang that received an adequate categorization for the counting period 2019-2022.

Keyword: level of regional independence; decentralization fiscal; dependence regional; independence regional; financial statement regional.

1. Introduction

Regional autonomy is a concept that has been adopted by Indonesia in an effort to improve equitable development and empower regions across the country. The real background of regional autonomy in Indonesia is the dissatisfaction of people in regions that have a lot of natural resources, but they still live in poor conditions. Through regional autonomy, each region has greater authority to manage resources and make decisions that suit local needs (Harahap 2018).

However, despite decades of regional autonomy, the question of the level of regional self-reliance remains a complex and relevant issue. The level of regional independence reflects the ability of a region to manage resources and make decisions related to local development without excessive dependence on the central government. The level of regional independence involves interrelated economic, financial, political, and social aspects (Akhmad et al., 2020).

One important aspect in the level of regional independence is economic independence. At the economic level, regional independence includes the ability of the region to generate its own income through natural resources, industry, and the service sector. Regional independence involves three main sources of revenue, namely Regional Original Revenue, Transfer Revenue, and Other Legitimate Revenue (Nurkholis & Khusaini 2019)

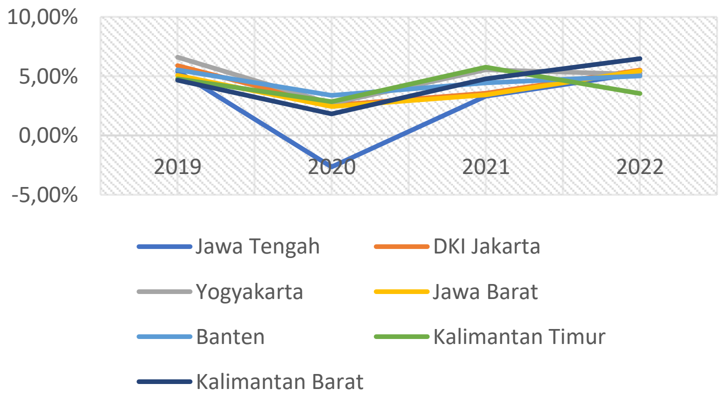

Figure 1 Economics Growth Province in 2019-2022
Source: Badan Pusat Statistik (2023)

It can be seen from Figure 1. in Central Java Province in 2020 experienced a significant decline in economic growth due to the pandemic. The percentage of decline was up to minus 2.65 percent, while none of the other comparator provinces in 2020 experienced a drastic decline in the percentage of economic growth to minus like Central Java Province.

The results of research by Prakoso et al., (2019) in analyzing the ratio of regional financial capability illustrates that most regencies and cities in Central Java Province face very serious financial challenges. In 2013, an evaluation of the regional financial independence ratio in regencies and cities in Central Java Province indicated that only two cities met the consultative financial independence criteria.

However, research conducted by Pascanarki (2021) in Ngawi regency shows that the regencies still faces a number of obstacles in terms of financing its government. In fact, an analysis of financial ratios over four budget years indicated that the average degree of fiscal decentralization was only 10.11%, which can be categorized as "low." In addition, the average regional dependency ratio reached 70.55%, which falls into the category of "very high."

Then Marselina & Herianti (2022) conducted research on major islands in Indonesia and revealed that in Indonesia the highest average level of regional financial independence is in the Java region, with a percentage reaching 35%. Followed by the Bali region which reached 23%, and Nusa Tenggara with an independence level of 18%.

Based on research conducted by Prakoso et al., (2019), Pascanarki (2021), and Marselina & Herianti (2022) there are differences in the level of independence of each region both using the ratio of the degree of fiscal decentralization, the ratio of regional independence and the ratio of regional dependence. The differences seen in the level of independence throughout Indonesia are the driving factor in the selection of this title.

2. Literature Review

2.1 Regional Autonomy

In order to enhance regional autonomy, both at the central and local government levels, it is important to have a strong and reliable legal foundation. In 2004, Law Number 32 of 2004 on "Regional Government" and Law Number 33 of 2004 on "Financial Balance between the Central Government and Regional Governments" were enacted. These two laws replaced Law Number 22 of 1999 and Law Number 25 of 1999.

Prakoso et al., (2019) stated that the implementation of regional autonomy is achieved through granting broad, specific, and professionally responsible powers to local governments. This includes regulating, distributing, and utilizing national resources wisely while maintaining financial balance between the central and regional governments. To achieve equitable development and mutually supportive cooperation among the government, provinces, regencies, and cities, as stipulated in Law Number 32 of 2004.

2.2. Regional Financial Statements

According to the definition provided in Article 1 of Government Regulation Number 58 of 2005, local finance refers to "All rights and obligations of the region in the context of regional governance that can be assessed in monetary terms. This includes all forms of wealth related to those rights and obligations of the region".

Government financial reports are designed with the general purpose of meeting comprehensive financial reporting requirements, rather than catering to the specific needs of each user. Financial reports are typically designed to meet the needs of the majority of users. The Government Accounting Standards regulated by Government Regulation Number 71 of 2010 and the Central Government Accounting System regulated by Peraturan Menteri Keuangan Nomor 213/PMK.OS/2013 are used to govern government financial reporting Sistem Akuntansi dan Pelaporan Keuangan Pusat (SiAP) (262.PMK 2014).

2.3. Analysis Regional Financial Statements

The analysis of local government financial reports involves examining the financial data presented in the reports with the aim of understanding the financial performance, stability, and position of the local government. This is intended to assist stakeholders, such as the public, internal stakeholders, and external stakeholders, in understanding the financial condition of the local government (Mahmudi, 2016).

The primary objective of financial statement analysis is to gain a deeper insight into the financial health of an entity. This includes aspects such as profitability, liquidity, operational efficiency, financial risk, as well as growth and potential value of the entity. By analyzing financial statements, relevant information can be obtained for better decision-making by various parties, including entity management, investors, creditors, financial analysts, and regulators (Kasmir, 2016).

According to Sukalmulja (2019), financial ratios are a relatively easy-to-calculate method and play a crucial role in evaluating the financial condition of an entity. Financial ratios are calculated by dividing one indicator by another in the entity's financial statements in such a way that it shows the comparison between the two indicators. The advantage of financial ratios lies in their relative nature, where the ratio calculations result in figures relative to that particular entity. This is different from absolute figures in the financial statements.

By analyzing financial ratios, you can assess the financial performance of an entity over time, compare it with similar entities, in this context local governments, and track trends and patterns that may affect decision-making (Mardiasmo, 2018). Financial ratios also assist in evaluating the financial risk and stability of the entity, which is crucial for external parties, the public, and others. Here are some of the ratios used in the calculation in the government sector in Indonesia:

a. Decentralization Fiscal Ratio

According to Mahmudi (2019), the degree of fiscal decentralization or fiscal autonomy of a region refers to the ability of local governments to raise local revenue to finance development. To measure the degree of fiscal decentralization, especially in terms of the component of Regional Original Revenue compared to the Total Regional Income, an interval scale is used as follows:

Tabel 2.1. Schale Interval Decentralization Fiscal

Decentralization Ratio (%)	Level
0-10	Very Low
11-20	Low
21-30	Moderate
31-40	Sufficient
41-50	Good
50 >	Very Good

Source: Depdagri, Kepmendagri No. 690.900.237.1996

The Degree of Fiscal Decentralization is calculated using the following ratio formula.

$$\text{Decentralization Fiscal Ratio} = \frac{\text{Regional Original Revenue}}{\text{Total Regional Revenue}} \times 100\%$$

b. Independency Ratio

The Regional Self-Sufficiency Ratio indicates the extent to which a region has the ability to fund government operations, development projects, and services to its population using revenue obtained from taxes and levies imposed on its residents. According to Mahmudi (2019), the formula for the self-sufficiency ratio is as follows:

$$\text{Independency Ratio} = \frac{\text{Regional Original Revenue}}{\text{Transfer Revenue}} \times 100\%$$

Halim (2016) classifies regions using the regional self-sufficiency ratio as shown in the following table:

Tabel 2.2. Categorize Patterns

Independency Ratio	Financial Capabilities	Patterns
0 - 25	Very Low	Instrucitve
25 - 50	Low	Consultative
50 - 75	Moderate	Partisipative
75 - 100	High	Delegative

Source: Halim (2016)

With this classification, the relationship between the central government and local government can be described as follows:

1) Instructive, indicating that the central government has a more dominant role than the local government, providing more instructions and guidance.
2) Consultative, signifying that the central government is starting to reduce its intervention and is providing more advice to the local government.
3) Participative, indicating that the role of the central government is diminishing because the level of autonomy of local governments is increasing, allowing them to carry out autonomous matters more independently.
4) Delegative, in a delegative situation, the central government is no longer significantly involved because local governments have the full capacity and autonomy to carry out local governance matters independently.

c. Dependency Ratio

Mahmudi (2019) states that the level of regional financial dependence can be measured by comparing the amount of income received in the form of transfers by the local government with the total income of the local government. The higher the value of this ratio, the more directly it corresponds to the level of dependence of the local government on the central and/or provincial government. Here is the formula to calculate this ratio:

$$\text{Dependency Ratio} = \frac{\text{Transfer Revenue}}{\text{Total Regional Revenue}} \times 100\%$$

There are criteria that can be used to determine the level of regional financial dependence, and these categories can be explained in the form of a table, as shown below:

Table 2.3. Categorize Result for Level Dependency

Dependency Ratio (%)	Level of Dependency
0 - 10	Very Low
11 - 20	Low
21 - 30	Moderate

31 - 40	Sufficient
41 - 50	High
> 50	Very High

Source: Tim Litbang Depdagri Dalam Oki, 2019

2.4. Level of Independency Regional

According to Prihatiningsih (2017), the financial capacity of a region is a crucial indicator for evaluating the success of decentralization in a particular area. Therefore, evaluating a region's financial capability is essential to understand the extent to which that region can support its own government operations.

Through this analysis, we can determine the extent of financial independence of the region in meeting budgetary needs and managing its financial resources. The financial capacity of the region encompasses aspects of regional income, regional expenditures, and the balance between these two aspects (Putra & Hidayat 2016).

According to Mahmudi (2019), one of the key indicators to assess the success of regional autonomy is the financial capability of the region to support its own government while reducing dependence on the central government. In this context, the importance of Regional Original Revenue (PAD) as the primary source of funding for regional government operations becomes highly relevant. PAD is a key factor in running a regional government based on the principles of genuine, comprehensive, and responsible autonomy.

With substantial Own-Source Revenue, regions can improve public service performance, finance infrastructure development, enhance human resource quality, and effectively implement government programs. This will also help create balance and fairness among regions within the country, ensuring even and sustainable development throughout Indonesia.

Therefore, it is essential for regional governments to tap into local economic potential, improve efficiency in managing regional finances, and reduce dependence on central government transfer funds. This will result in strong financial independence for regions to effectively carry out their governance responsibilities in line with the true spirit of regional autonomy.

3. Material and Method

3.1 Design Study

The data used in this study is into the secondary data category. This secondary data is obtained from various sources that are already available, such as regency and city government financial reports that can be accessed through the official website of the Direktorat Jenderal Perimbangan Keuangan (DJPK) at *www.djpk.kemenkeu.go.id*, while data from the Badan Pusat Statistik (BPS) can be downloaded from the official BPS website at www.bps.go.id. Some types of data required in this study include:

1) Regency & City Government Financial Reports in Central Java Province for 2019-2022.
2) Statistical data on economic growth in Central Java Province from the Central Bureau of Statistics for 2019-2022.

The samples used in this study were 10 samples with judgment sampling techniques, namely three regencies/cities with the highest PAD level namely Semarang City, Banyumas Regency and Cilacap Regency, three regencies/cities with the lowest PAD level namely Banjarnegara Regency, Salatiga City and Pekalongan City and four regencies/cities with medium PAD levels namely Magelang Regency, Demak Regency, Grobogan Regency and Pati Regency. So that the data amounts to 40 results from 10 regencies/cities for 4 years.

3.2 Data Analysis

In this study, a descriptive quantitative approach and trend analysis were used to analyze a number of sample financial statements from districts and cities in Central Java Province from 2019 to 2022. The following are the steps or stages carried out in the analysis process of this research:

1) Collection of the required data, such as the Financial Statements of the Regency & City Governments of Central Java Province for 2019-2022, from the official website.
2) Data calculation in the form of Fiscal Decentralization Degree Ratio, Regional Independence Ratio, and Regional Dependency Ratio. Variable operationalization process (Measurement Proxy) as follows:

Table 3 Financial Ratio Will be Use

Ratio	Formula
Decentralization Fiscal Ratio	$\frac{\text{Regional Original Revenue}}{\text{Total Regional Revenue}} \times 100\%$
Independency Ratio	$\frac{\text{Regional Original Revenue}}{\text{Transfer Revenue}} \times 100\%$
Dependency Ratio	$\frac{\text{Transfer Revenue}}{\text{Total Regional Revenue}} \times 100\%$

Source: Mahmudi, (2019)

3) Conduct a trend analysis:
   a) The first step in index creation is to set a base year as a reference with an index value of 100, which is taken from the year of change or any other relevant year..
   b) Subsequently, to calculate the index number for other years, the post number in the base year financial statements is used as the denominator.
   c) Then, an estimate of possible trends can be made based on the historical pattern of the financial statement items being analyzed.

Analyze and formulate conclusions related to the level of regional independence in regencies & cities in Central Java Province for 2019-2022.

4. Result

Table 4.1. Analysis Trend for Decentralization Fiscal Ratio

No.	Regency/City	Decentralization Fiscal Ratio				Trend Analys			
		2019	2020	2021	2022	2019	2020	2021	2022
1	Semarang City	45,3%	46,0%	49,5%	56,7%	100%	102%	109%	125%
2	Banyumas Reg.	19,99%	20,1%	21,8%	24,0%	100%	100%	109%	120%

3	Cilacap Reg.	17,5%	18,8%	22,2%	21,3%	100%	107%	127%	122%
4	Magelang Reg.	16,2%	13,9%	15,2%	16,9%	100%	86%	94%	104%
5	Demak Reg.	17,2%	18,8%	18,8%	19,0%	100%	109%	109%	110%
6	Grobogan Reg.	13,3%	13,9%	16,1%	16,4%	100%	104%	121%	123%
7	Pati Reg.	12,8%	14,0%	14,3%	14,4%	100%	109%	111%	112%
8	Banjarnegara Reg.	12,2%	12,0%	15,0%	13,9%	100%	98%	123%	114%
9	Salatiga Reg.	25,4%	24,7%	29,7%	26,3%	100%	97%	117%	103%
10	Pekalongan City	21,9%	24,1%	26,1%	26,6%	100%	110%	119%	122%

Source: processed by the author (2023)

From the analysis of the data above, it can be seen that there is significant variation in the degree of fiscal decentralization among districts over the four-year period. Some regions experienced a steady increase while others experienced greater fluctuations. An increase in the degree of fiscal decentralization could reflect the government's efforts in granting more autonomy to local governments. While this data provides an overview, for a more in-depth interpretation, it is necessary to consider external factors such as national policies, the state of the economy, and regional politics that may have influenced this trend.

Table 4.2. Analysis Trend Linear for Decentralization Fiscal Ratio

Year	**Decentralization Fiscal Ratio (Y)**	**X**	**XY**	**X^2**
2019	202%	-3	-606%	9
2020	206%	-1	-206%	1
2021	229%	1	229%	1
2022	236%	3	708%	9
∑	873%	0	125%	20

Source: processed by the author (2023)

Based on the data in table 4.2. The following are the measurement results of the linear trend analysis of the ratio of the degree of fiscal decentralization in regencies & cities in Central Java during the 2019-2022 period:

$a = \sum Y/n = 873\%/4 = 218,25\%$

$b = \sum XY/\sum X^2 = 125\%/20 = 6,25\%$

Thus a linear trend equation Y = 218% + 6.25% X is obtained. The linear equation shows that the ratio of the degree of fiscal decentralization tends to increase in the 2019-2022 period, indicated by the positive sign on the coefficient (+6.25%).

Table 4.3. Analysis Trend for Independency Ratio

No	**Regency/ City**	**Independency Ratio**				**Trend Analys**			
		2019	**2020**	**2021**	**2022**	**2019**	**2020**	**2021**	**2022**
1	Semarang City	113,4%	113,5%	135,2%	172,1%	100%	100%	119%	152%
2	Banyumas Reg.	29,3%	29,4%	33,4%	35,5%	100%	100%	114%	121%

3	Cilacap Reg.	25,4%	27,8%	34,6%	30,6%	100%	110%	136%	121%
4	Magelang Reg.	22,1%	18,5%	20,9%	22,9%	100%	84%	94%	104%
5	Demak Reg.	25,3%	34,3%	28,3%	29,0%	100%	135%	112%	114%
6	Grobogan Reg.	18,2%	19,3%	23,0%	22,0%	100%	106%	126%	121%
7	Pati Reg.	17,4%	18,9%	19,5%	19,0%	100%	108%	112%	148%
8	Banjarnegara Reg.	15,8%	15,6%	20,4%	17,9%	100%	99%	129%	113%
9	Salatiga Reg.	38,9%	37,2%	48,3%	40,3%	100%	96%	124%	104%
10	Pekalongan City	33,1%	36,7%	41,5%	42,6%	100%	111%	125%	129%

Source: processed by the author (2023)

From the analysis of the data in Table 4.3. above, it can be seen that there is significant variation in the level of financial independence between districts over the four-year period. Some areas experienced a steady increase while others experienced greater fluctuations. Increased levels of self-reliance may indicate progress in local economic development and good financial management. But as before, it is important to consider external factors such as national policies, economic conditions, and changes in funding allocations from the central government that might affect these trends.

Table 4.4. Analysis Trend Linear for Independency Ratio

Year	Independency Ratio (Y)	X	XY	X^2
2019	339%	-3	-1017%	9
2020	351%	-1	-351%	1
2021	405%	1	405%	1
2022	432%	3	1296%	9
∑	1527%	0	333%	20

Source: processed by the author (2023)

Then from table 4.4. can be interpreted to find the coefficient values a and b as follows:

a = ∑Y/n = 1527%/4 = 381,80%

b = $\sum XY/\sum X^2$ = 333%/20 = 16,64%

Based on trend analysis, it can be interpreted that the ratio of regency/city regional independence in Central Java tends to increase significantly from 2019 to 2022. This is because based on the formula, Y = 381.80% + 16.64% X, which shows a positive increase of 16.64% each year.

Table 4.5 Analysis Trend for Dependency Ratio

No.	Regency/City	Dependency Ratio				Trend Analys			
		2019	2020	2021	2022	2019	2020	2021	2022
1	Semarang City	39,9%	40,5%	36,6%	33,0%	100	102%	92%	83%
2	Banyumas Reg.	68,3%	68,2%	65,4%	67,5%	100	100%	96%	99%

3	Cilacap Reg.	68,9%	67,4%	64,1%	69,4%	100	98%	93%	101%
4	Magelang Reg.	73,1%	74,8%	72,8%	73,8%	100	102%	100%	101%
5	Demak Reg.	68,1%	56,9%	66,4%	68,5%	100	84%	98%	101%
6	Grobogan Reg.	73,2%	71,6%	70,1%	74,5%	100	98%	96%	102%
7	Pati Reg.	73,7%	74,0%	73,0%	75,5%	100	100%	99%	102%
8	Banjarnegara Reg.	77,5%	76,7%	73,6%	78,0%	100	99%	95%	101%
9	Salatiga Reg.	65,4%	66,3%	61,4%	65,3%	100	101%	94%	100%
10	Pekalongan City	66,2%	65,6%	62,9%	62,5%	100	99%	95%	94%

Source: processed by the author (2023)

From the analysis of the data in table 4.5., it can be seen that there is significant variation in the level of financial dependency among districts over the four-year period. Some districts managed to reduce their dependence on central government funds, while others experienced greater fluctuations. A decrease in the level of dependency may indicate the ability of the region to be more self-reliant in financing local operations and policies. However, as before, it is important to consider external factors such as changes in funding allocations from the central government and national policies that might influence this trend.

Table 4.6. Analysis Trend Linear for Dependency Ratio

Year	Dependency Ratio (Y)	X	XY	X^2
2019	674%	-3	-2023%	9
2020	662%	-1	-662%	1
2021	646%	1	646%	1
2022	668%	3	2004%	9
∑	2651%	0	-35%	20

Source: processed by the author (2023)

Based on the data in table 4.6. the following are the measurement results of the linear trend analysis of the dependency ratio in regencies & cities in Central Java during the 2019-2022 period:

$a = \sum Y/n = 2651\%/4 = 662{,}70\%$

$b = \sum XY/\sum X^2 = -35\%/20 = -1{,}75\%$

According to the trend analysis, the conclusion is that the regional dependency ratio in regencies/cities in Central Java has decreased from 2019 to 2022. This is shown by the trend equation, Y = 662.70% - 1.75% X, which shows a decrease of -1.75% each year. This is a positive thing because this ratio measures dependency which shows that regencies/cities in Central Java can reduce their dependence on the central government.

5. Discussion

Prakoso et al., (2019) research sheds light on the disparities among regencies and cities within Central Java Province in terms of financial independence. The fact that only two cities, Tegal and Semarang, initially met the criteria for consultative financial independence in 2013 underscored the prevailing dependency on the central government in other regions. This dependency posed a significant hurdle for local governments in realizing their fiscal autonomy and managing their financial affairs effectively.

The period from 2019 to 2022, however, witnessed a positive transformation as indicated by the observed improvements in financial independence ratios across most regions. This positive trend signifies a collective effort among local governments to diversify revenue sources and reduce reliance on central government funds. The variations in the rates of increase among different areas also highlight the nuanced strategies employed by regions to enhance their financial autonomy.

In essence, the positive changes in financial independence ratios underscore the resilience and adaptability of local governments in Central Java. By placing a stronger emphasis on internal resources and reducing dependency on central funds, these regions are taking significant strides towards achieving greater fiscal autonomy. This shift not only reflects a commitment to financial sustainability but also signifies a maturation of local governance, wherein regions are actively seeking ways to navigate financial challenges independently. of the regions to address financial challenges and take steps toward better financial sustainability.

While the research conducted by Pascanarki (2021) in Ngawi Regency indicates that the region still faces various obstacles in terms of its government financing, an analysis of financial ratios over a four-year budgetary period reveals specific challenges. In fact, the average degree of fiscal decentralization is only 10.11%, categorizing it as "low." Additionally, the average regional dependency ratio is 70.55%, falling into the "very high" category.

However, contrasting this with the analysis of dependency ratios in Central Java Province from 2019 to 2022, a trend emerges wherein the majority of regions experience a decline in dependence on central government funds over the four-year period. This indicates the concerted efforts of regions to strengthen their local revenue and reduce reliance on central government funds. Nevertheless, fluctuations observed in some areas suggest the influence of other factors affecting local finances, such as changes in fund allocation or the national economic conditions.

From the trend analysis of fiscal decentralization ratios, it can be concluded that the majority of regions experienced an increase in the degree of fiscal decentralization over the four-year period. However, complexity arises when this change is not uniform across all areas, and some regions undergo fluctuations. This indicates a more intricate dynamic in the implementation of fiscal decentralization policies at the regional level. In reality, even though most regions have successfully increased the level of fiscal decentralization, fluctuations in some areas suggest the presence of local factors influencing the policy implementation. This may include differences in the capacity of local governments, local economic conditions, or specific political factors affecting decentralization measures.

Thus, while there are common efforts to enhance fiscal decentralization, the complexity increases due to uneven responses across regions. This underscores the need for a more detailed and contextual approach in designing decentralization policies to better understand the dynamics of each region.

Marselina & Herianti (2022) research on the major islands in Indonesia provides insights into the financial independence levels of different regions in the country. The findings reveal that, on average, the highest level of financial independence is concentrated in Java, reaching a significant percentage of 35%. Following closely is the Bali region with a financial independence rate of 23%, and Nusa Tenggara with a level of independence at 18%. Meanwhile, Kalimantan stands out as the third-highest in terms of financial independence among the regions, with an average ratio of around 17.95% of total regional income during the years 2017-2018. Sumatra follows closely with a financial independence rate of 17.70%, Sulawesi at approximately 14%, and Papua & Maluku at around 6%.

These statistics illustrate the diverse landscape of financial autonomy among different islands and regions in Indonesia. Java, as the most populous island, emerges as a notable leader in achieving a higher level of financial independence, possibly due to its economic activities and robust local revenue generation. Bali and Nusa Tenggara also exhibit relatively strong financial independence, suggesting a positive trend in fiscal management in these regions.

The findings for Kalimantan showcase a notable level of financial autonomy, securing its position among the top three regions. This may be attributed to the economic activities and resource management strategies implemented in Kalimantan during the specified period.

On the other hand, Sumatra, Sulawesi, and Papua & Maluku, while displaying varying levels of financial independence, contribute to the overall diversity in Indonesia's fiscal landscape. Understanding these regional variations is crucial for policymakers in tailoring strategies that address the specific challenges and opportunities unique to each area, fostering a more balanced and sustainable financial ecosystem across the archipelago.

6. Conclusion, Implication, and Recommendation

Based on the research that has been presented, it can be concluded that the trend analysis shows a positive increase in the degree of fiscal decentralization of regencies/cities from 2019 to 2022, indicating positive growth in regional financial management. Regarding the self-reliance ratio, there are complex trend variations in regional efforts to be financially independent. Meanwhile, in the dependency ratio analysis, changes in trends affect regional dependency on the central government or external resources, which can illustrate progress in efforts to build regional independence.

This study aims to make a significant contribution to the development of the theory of regional self-reliance in the context of autonomy in Indonesia. By focusing on the attempt to measure and analyze the factors that influence the level of regional self-reliance, this study provides a deeper insight into the dynamics involved in developing regions independently. The implications of this research will hopefully have a broader impact in contributing to the theoretical understanding in this area.

This study has the potential to be an important source of information for decision makers at the local government level, especially in Central Java Province. The availability of information on the level of regional independence has a very significant impact on more effective planning and decision-making. With a deeper understanding of the level of self-reliance, stakeholders in the local government can have a better insight into the dynamics in their region. This allows them to design policies that are better suited to the specific characteristics and needs of each region, and to take into account local aspirations.

To overcome the limitations of the sample in this study, future researchers can consider using a larger and more representative sample that includes various regencies and cities in Central Java Province. By selecting a sample that includes geographical, social, and economic variations, the research results will have a stronger interpretation and the ability to generalize the findings can be done more accurately. Selecting a sample that reflects the diversity of the population will help avoid bias and provide a more accurate picture of the level of regional independence.

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