

ABSTRACT

The decline in the financial performance of local governments can result in the community not enjoying the maximum amount of public services and not achieving a predetermined target. Utilization of financial resources and realization that is not in accordance with predetermined policies can result in local government financial performance. This results in the community not being able to fully enjoy public services. This causes local governments to still need assistance from the central government.

This study aims to determine the Influence of Regional Original and Regional Government Financial Performance Balancing Funds either simultaneously or partially. The research was conducted in all provinces in Indonesia within a span of one year, namely 2020.

The research used quantitative with research data sources in the form of secondary data in the form of APBD Realization Reports for all Provinces in Indonesia in 2020 obtained through the official website of the Directorate General of Fiscal Balance (DJPK) of the Ministry of Finance. The data collection technique used is purposive sampling technique. The sample consists of 33 provinces in Indonesia. The analysis technique used is Multiple Linear Regression Analysis using SPSS 23.

The results of this study indicate that the Regional Original Income and the Balanced Fund simultaneously have a significant effect on financial performance. Partially Local Original Income has a negative effect on financial performance. Meanwhile, the Balancing Fund has a positive influence on financial performance.

This research is expected to be used as an evaluation of the financial performance of the provincial government in 2020. Furthermore, to add other variables such as capital expenditure, government size, and other factors, and can use other ratios in measuring regional financial performance

Keywords: Local Government Revenue, Intergovernmental revenue, Regional Financial Performance