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The Influence of the Effectiveness of Local Revenue and Regional Expenditure Management on Regional Financial Independence with Economic Growth as a Moderating Variable (Study on Regencies/Cities in West Java Province for the 2020-2024 Period)

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Abstract

This article's main goal is to investigate how well local revenue works and how regional spending is managed, and how they affect financial independence in West Java's local areas, also considering how economic growth plays a moderating role in the regencies and cities. This research focuses on the 27 local governments, including regencies and cities, within West Java Province, covering a period from 2020 through 2024. This research uses a numerical method, specifically multiple linear regression, using information already gathered from sources such as the Budget Execution Report, the Statistics Indonesia, and West Java Open Data. The research indicates that when local revenue performs well, it greatly helps regional financial independence. However, the way regional spending is handled does not seem to affect financial independence in any noticeable way. The implication of this is that despite efforts to manage regional spending, it hasn't yet directly boosted the regions' financial independence. Moreover, the rate of economic growth does not change this connection, meaning it neither strengthens nor weakens it. The study points out that making local revenue work well is the most important thing for boosting financial independence for local governments in West Java.

INTRODUCTION

Indonesia is a unified nation composed of diverse geographical areas and governmental divisions like island, provinces, regencies, sub-districts, and local communities. This structure is informed by the establishment of Act number 32 from 2004, focuses on enacting local self-governance to foster enhanced public prosperity, as well as act number 33 from 2004, centered on overseeing fiscal stability. The country operates under a system of devolved power, embracing the idea of regional independence that was formally put into practice on the first day on January in 2001; this grants each local area the power to handle its economic affairs independently. Regional autonomy is an initial step towards national economic development with higher growth potential by providing a better life for the people in the regions. Regional governments are required to carry out government functions effectively, efficiently, and oriented towards increasing the welfare of the people through the optimization of regional potential (Devinci et al., 2022).

Regional financial management must be conducted in an orderly manner, in compliance with regulations, effectively, efficiently, economically, transparently, and responsibly, while taking into account the principles of justice and benefit (Nabilah & Hernadi Moorcy, 2022). In practice, regional financial management cannot be separated from the dynamics of the local economic conditions. In West Java Province, the economic conditions in 2025 showed signs of pressure,

reflected in a deflation of 0.19% in August 2025, primarily contributed by the expenditure groups of food, beverages, tobacco, and transportation. This decrease in prices was seen in almost all municipal and regional areas of West Java, with Cirebon experiencing the most substantial drop, recording a -0.31% change (Saleh, 2025). The reduced pace of financial activity may present challenges to local municipalities as they seek to identify regional income sources and administer spending in the most effective manner. The economic health of local government is a vital component in funding self-directed growth, within the framework of independence local administration. The primary financial resource for local government is revenue generated internally, which is collected through local levies, service fees, earnings from the administration of specific local holdings and other approved income streams as set out in legal requirements (Amanda & Praptoyo, 2023)

In Indonesia, the majority of local administrations still rely on financial support channeled from the national government. A report from the People's Representative Council indicates that a significant 90.3% of Indonesia's regions are supported by national funds, showing that 493 out of 546 regions have not attained strong financial capabilities and depend on central transfers. Only a small number of regions, specifically 26 (or 4.76%), possess the capacity to be financially, self-sufficient, demonstrating that their local income surpasses the funding received from the central government (Nasdem, 2025). Besides locally generated income, a region's financial autonomy is also affected by other variables, notably the amount of money spent by the local authority. A region's economic growth and fiscal independence are influenced by its spending, which acts as a tool of economic strategy deployed by its government (Amanda & Praptoyo, 2023). As fiscal decentralization is pursued, local governments are expected to utilize public funds effectively to enhance their financial self-sufficiency (Fitriani & Hendaris, 2023).

The financial independence of a region, which reflects its capacity to fund governmental operations and growth initiatives, can be measured by evaluating the proportion of its internally generated revenue relative to funds received from intergovernmental and provincial source (Hakiki et al., 2023). An analysis focusing on municipalities within West Java Province reveals a general pattern of very limited regional financial independence, demonstrated by financial autonomy ratio below 25%. In specific areas such as Bekasi Regency, Bogor Regency, Bandung City, Bekasi City, Bogor City, and Depok City, the regional financial autonomy ratio exceeds 75% denoting a classification of high financial autonomy. The observed decline in regional financial independence within these municipalities points to disparities in the structure of regional income (Hendaris & Sastradipraja, 2024).

The impact of Local Own-Source Revenue, Regional Spending Management, and More Factors like how effectively local funds are raised and how regional expenses are controlled are noted in previous studies as potentially influencing a region's financial self-sufficiency. Research on the relationship between local revenue generation and regional economic independence indicates a positive connection with local revenue generation (Dian & Farouq, 2022 ; Amanda & Praptoyo, 2023).

Earlier investigations into the effect of managing regional expenses on a region's economic autonomy have shown that properly managing these expenses has a positive impact (Ramadhan et al., 2022 ; Permatasari & Trisnaningsih, 2022). However, research by (Hendaris, 2025 ; Hakiki et al., 2023) suggests that local spending does not positively affect a region's financial independence.

Taking all of this into account, previous research findings have not been dependable or definitive, indicating the possibility of adding more elements to enhance the influence of local

revenue efficiency and management of regional spending on financial independence at the local level. One of the signs of successfully achieving development in a region economic progress (Sinaga & Sembiring, 2024). Studies conducted by (Burhan et al., 2022) suggest that economic development has the potential to reinforce relationships among variables, while (Nurjanah et al., 2024) shows that economic development, in fact, does not moderate local own-source revenue and regional financial independence.

Nevertheless, even though many studies demonstrate a positive impact, the results have been varied and inconsistent, especially regarding the financial independence of the West Java province. Furthermore, The amount of research looking at economic growth as a factor that influences how local authorities manage their income and spending in relation to regional financial independence is limited.

Therefor, this study seeks to fill existing void in the research by closely analyzing how effectively local revenue and spending control work in managing the West Java area. It is expected that the findings from this study will offer local governments a better approach to handling their resources in order to achieve their goals.

Considering the information provided earlier, the researcher defines the key research issue in this way:

1. In the period 2020-2024, how does the efficiency of local revenue collection affect the financial autonomy of West Java Province's regencies/cities?
2. In the period 2020-2024, how does the management of regional expenditures affect the financial autonomy of West Java Province's regencies/cities?
3. In the period 2020-2024, how do the efficiency of local revenue collection and the management of regional expenditures, simultaneously, affect the financial autonomy of West Java Province's regencies/cities?
4. In the period 2020-2024, does the economic growth of West Java Province strengthen the effect of efficiency of local revenue collection on financial autonomy of West Java Province's regencies/cities?
5. In the period 2020-2024, does the economic growth of West Java Province strengthen the effect of regional expenditure management on the financial autonomy of West Java Province's regencies/cities?

METHODS

The study employs a technique called quantitative research since the data involves numbers, and analyzing it requires figures along with different statistical techniques. Because this approach has been utilized for a long time, the quantitative method (Sugiyono, 2023;16) is acknowledged as traditional and is currently viewed as a standard practice in research. This research examined all 27 regions in West Java Province, including every municipality and district within that area, during the years 2020 to 2024. The study period lasted from 2020 to 2024, focusing on the entire local government population of West Java Province, which includes 27 districts and cities. Data for this research were obtained from the annual budget realization reports (LRA) for each district/city, gathered from the official DJPK Kemenkeu website djpk.kemenkeu.go.id and the Gross Regional Domestic Product/PDRB figures based on steady prices.

Based on the Sugiyono text, a sample is define as a unit of study that is representative of the number and the specific attributes of a given population (Sugiyono, 2023;127). This study used a census technique (total sampling) where the entire population was surveyed.

Based on his work, descriptive statistical analysis is used to process data without bias to the prevailing data or on any data; therefore, no efforts will be made to arrive at a novel determination that will apply broadly or to generalization (Sugiyono, 2023;206). E-Views 12 was the data analysis software used in this research. In the case of the three estimation techniques, being the Common Effect, Fixed Effect, and Random Effect, the selection of one model is done in a statistical way, and is aimed at identifying the model that is most appropriate to the given data. In the model selection process, three out of the available four tests, namely the Chow, the Lagrange Multiplier, and the Hausman tests, were used for the selection.

A linear method is considered good if it meets the statistical assumptions known as classical assumption tests to understand and test the feasibility of the regression model used (Ghozali, 2021;157). Normality, multicollinearity, heteroscedasticity, and autocorrelation are among the classical suspicion test performed in this think about. Within the domain of different direct relapse, these suspicions must be watched in arrange to surrender coefficient gauges that are fair and measurably sound. The approach connected in this consider in numerous direct relapse investigation in arrange to survey subordinate and free factors, and the think about too utilizes relapse examination through the Directed Relapse Investigation (MRA) system to evaluate what directing part, on the off chance that any, economic development plays within the relationship between the viability of nearby ow-source income and territorial consumption administration in terms of territorial money related independence.

To what extent does the independent variable influence the dependent variable:

a. Coefficient of Determination Analysis

   Essentially, it measures the degree to which a show can clarify the variety within the subordinate variable. The esteem of coefficient of assurance is near to 1, it shows that the impact of the free factors on the subordinate variable is more grounded. Alternatively, in the event that the esteem is closer to 0, the capacity of the autonomous factors to clarify the subordinate variable is frail.

b. Partial Regression Coefficient (t-Test)

   Typically the preface of speculation testing. The t-test advise how much impact a specific autonomous variable has on the subordinate variable (Sugiyono, 2023;250). In the event that the calculated t is more prominent that the table t, and the likelihood esteem surpasses 0.05, at that point Ha is acknowledged, and H0 is rejected, meaning that autonomous variable does, in

reality, I part apply a critical affect on the subordinate variable, and, of course, typically moreover appropriate within the inverse heading.

c. Simultaneous Regression Coefficient (F Test)

The factual test is utilized to appear whether X is related to or incorporates a combined impact on Y (Sugiyono, 2023;257). In the event that Fcount > Ftable, at that point H0 is rejected and Ha is acknowledged, meaning all relapse coefficient are mutually noteworthy as a 5% centrality level.

RESULTS AND DISCUSSION

Table 1 shows the outcomes of the descriptive statistical analysis pertaining to the effectiveness of regional own-source revenue, regional expenditure management, regional financial independence, and economic growth.

Table 1. Descriptive Statistics

	KKD_Y	EPAD_X1	PBD_X2	PE_M	EPAD_PE	PBD_PE
Mean	0.376741	0.936815	0.998963	0.099704	0.095185	0.094000
Median	0.250000	0.950000	1.000000	0.050000	0.040000	0.050000
Maximum	1.120000	1.450000	1.140000	8.710000	8.320000	7.960000
Minimum	0.070000	0.420000	0.910000	-0.040000	-0.040000	-0.040000
Std. Dev.	0.249913	0.172392	0.031723	0.747041	0.713621	0.682545
Skewness	0.886092	-0.239897	0.368285	11.46814	11.46692	11.46402
Kurtosis	2.485953	3.989276	5.349730	132.6843	132.6657	132.6220
Jarque-Bera	19.15246	6.799894	34.10869	97560.51	97532.68	97467.56
Probability	0.000069	0.033375	0.000000	0.000000	0.000000	0.000000
Sum	50.86000	126.4700	134.8600	13.46000	12.85000	12.69000
Sum Sq.	8.369166	3.982330	0.134855	74.78139	68.24017	62.42624
Observation	135	135	135	135	135	135

Source: Data processed using Eviews 12

The mean, median, maximum, minimum, and standard deviation values for each research variable are presented in order to gain an understanding of the data through the descriptive statistical analysis.

Panel Data Regression Model Selection

The board information relapse show was chosen after expressive measurable examination and the Chow, Hausman, and Lagrange Multiplier test were utilized to decide which show to utilize some time recently relapse investigation was completed

Table 2. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	25.873606	(26,103)	0.0000
Cross-section Chi-square	272.572370	26	0.0000

Source: Data processed using Eviews 12

From the estimation comes about over, it can be concluded that the likelihood esteem of the Cross-section Chi-squared of 0.0000 < 0.05 implies that the Settled Impact Show is chosen for this test. A test is at that point run to discover the foremost fitting demonstrate between the Settled Impact Show and the Arbitrary Impact Show, which is displayed in Table 3.

Table 3. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	6.385461	5	0.2705

Source: Data processed using Eviews 12

Table 4. Lagrange Multiplier Test

Test	Statistic	d.f.	Prob.
Breusch-Pagan LM	512.1879	351	0.0000
Pesaran scaled LM	6.083645		0.0000
Pesaran CD	6.234634		0.0000

Source: Data processed using Eviews 12

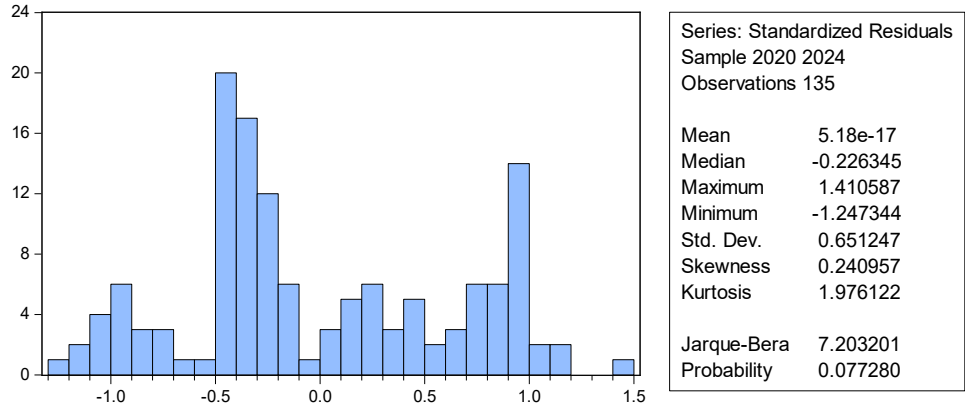
From the Lagrange Multiplier test, the Breusch-Pagan LM likelihood esteem was 0.0000 < 0.05 meaning the Irregular Impact Demonstrate is chosen.

The Irregular Impact Show (REM) is the chosen demonstrate, hence it is critical to perform an examination of classical suspicious.

Classical Assumption Test

For regression models to provide estimations that are not biased and to achieve the BLUE (Best Linear Unbiased Estimator) criteria, it has to meet classical assumptions. These classical assumptions comprise the tests for normality, multicollinearity, heteroscedasticity, and autocorrelation. A p-value of 0.077 (0.077 > 0.05) imply that the data passes the normality test. Before testing is carried out, all data normality tests aim to ensure that the analysis results can be interpreted accurately.

Table 5. Normality Test Results



Source: Data processed using Eviews 12

Based o the normality comes about with log-transformed information, A p-value of 0.077 (0.077 > 0.05) suggest that the information passes the typicality test. Concerning the multicollinearity test, it is aiming to appear that autonomous factors don't have all relationship which surpasses 0.09 was conducted, and it was concluded that there's no multicollinearity. Table 6 presents this testing.

Table 6. Multicollinearity Test

	LOG(EPAD_X1)	LOG(PBD_X2)	PE_M	EPAD_PE	PBD_PE
LOG(EPAD_X1)	1.000000	-0.062078	0.021568	0.029824	0.021977
LOG(PBD_X2)	-0.062078	1.000000	-0.261790	-0.261102	-0.261831
PE_M	0.021568	-0.261790	1.000000	0.299938	0.599988
EPAD_PE	0.029824	-0.261102	0.299938	1.000000	0.099931
PBD_PE	0.021977	-0.261831	0.599988	0.099931	1.000000

Source: Data processed using Eviews 12

The multicollinearity test results show that the correlation values are less than 0.90, indicating that multicollinearity as not present and that the data pass the test.

Furthermore, the heteroscedasticity test was conducted to assess whether the regression model displays heterogeneity in residual variance. The results are reported in Table 7.

Table 7. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.101502	0.013912	7.295878	0.0000
LOG(EPAD_X1)	-0.047696	0.067506	-0.706552	0.4811
LOG(PBD_X2)	0.059137	0.290983	0.203232	0.8393
PE_M	0.594327	2.774105	0.214241	0.8307
EPAD_PE	1.160189	1.687208	0.687638	0.4929
PBD_PE	-1.876455	2.581881	-0.726778	0.4687

Source: Data processed using Eviews 12

The comes about of the Glajser heteroscedasticity test for the board information appeared a likelihood esteem > 0.05 which 0.4811, 0.8393, 0.8307, 0.4929, and 0.4687 demonstrating that the show isn't influenced by heteroskedasticity. In addition, autocorrelation test was conducted to set up in the event that the straight relapse demonstrate has relationship between the error terms in period t and those within the going before period. The comes about of this test are displayed in Table 8.

Table 8. Autocorrelation Test

R-squared	**0.058497**	**Mean dependent var**	**-0.223870**
Adjusted R-squared	**0.036936**	**S.D. dependent var**	**0.268770**
S.E. of regression	**0.263759**	**Sum squared resid**	**9.113529**
F-statistic	**2.713068**	**Durbin-Watson stat**	**1.675873**
Prob(F-statistic)	**0.047561**		

Source: Data processed using Eviews 12

The Durbin-Watson measurement includes a esteem of 1.675873 based on the Durbin-Watson test comes about appeared over. The Durbin-Watson measurement esteem is between 1 and 3, to be specific 1.675873, which is more noteworthy than 1 and less than 3. This demonstrates that the remaining values don't appear signs of over the top autocorrelation. In other words, the information passes the autocorrelation test.

Multiple Linear Regression Analysis

The results of the multiple linear regression test are presented in Table 9.

Table 9. Multiple Linear Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.157745	0.122503	-9.450746	0.0000
LOG_EPAD_X1	0.374506	0.145293	2.577582	0.0110
LOG_PBD_X2	-0.847989	0.762301	-1.112408	0.2680

source: Data processed using Eviews 12

As for the results of multiple linear regression analysis shown in Table 9, the multiple linear regression equation can be defined as follows:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$ / $Y = \alpha + \beta_1 LOG(EPAD\_X_1) + \beta_2 LOG(PBD\_X_2) + e$

$Y = -1.157745 + 0.374506X_1 - 0.847989X_2 + e$

The equation supports a constant value of negative 1.157745 suggesting that if the variables X1 and X2 are both null, the expected value of Y would be negative 1.157745. The coefficient for X1 is 0.374506 meaning that X1 positively contributes to Y and for every additional unit of X1, Y increases by 0.374506. The coefficient for X2 is -0.0847989 which means that X2 contributes negatively to Y and an additional unit of X2 would reduce Y by 0.0847989.

Moderate Regression Analysis

The results of the regression analysis test using MRA are presented in Table 10.

Tale 10. Moderate Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.127011	0.119396	-9.439265	0.0000
LOG_EPAD_X1	0.552665	0.205507	2.689279	0.0081

LOG_PBD_X2	-0.729370	0.800538	-0.911101	0.3639
PE_M	9.969875	7.771059	1.282949	0.2018
EPAD_PE	-5.452946	4.857018	-1.122694	0.2637
PBD_PE	-5.218951	7.121461	-0.732848	0.4650

Source: Data processed using Eviews 12

Referring to the results of the regression analysis employing the Moderated Regression Analysis (MRA) approach in Table 10, the corresponding regression equation can be expressed as follows:

$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3M + \beta_4X_1M + \beta_5X_2M + e$

$Y = -1.127011 + 0.552665 - 0.729370 + 9.969875 - 5.452946 - 5.218951 + e$

The regression equation for MRA given a value of -1.127011 means that for X1, X2, M, X1_M, and X2_M being zero, the value of Y would be -1.127011. For MRA, an additional unit of X1 increases Y by 0.552665. In addition, 0.729370 decreases Y for every additional unit of X2. An additional unit of M increases Y by 9.969875. An additional unit of X1_M decreases Y by 5.452946. An additional unit of X2_M also decreases Y by 5.218951.

Tabel 11. MRA Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.177813	0.115876	-10.16441	0.0000
EPAD_PE	3.282004	3.398683	0.965670	0.3360
PBD_PE	-3.430668	3.548828	-0.966704	0.3355

Source: Data processed using Eviews 12

The MRA test comes about clarify that X1 through M on Y encompasses a p-value >0.05, which is 0.3360, meaning that M cannot direct X1 on Y. Additionally, X2 through M on Y features a p-value >0.05, which is 0.3355, meaning that M cannot direct X2 on Y.

Hypothesis Testing

Using the Coefficient of Determination (R^2), we can gauge the degree to which the model's independent variable(s) can account for the variation of the dependent variable. The test results are presented in Table 12.

Table 12. Coefficient of Determination (R2)

R-squared	**0.058497**	**Mean dependent var**	**-0.223870**
Adjusted R-squared	**0.036936**	**S.D. dependent var**	**0.268770**
S.E. of regression	**0.263759**	**Sum squared resid**	**9.113529**
F-statistic	**2.713068**	**Durbin-Watson stat**	**1.675873**
Prob(F-statistic)	**0.047561**		

Source: Data processed using Eviews 12

An R-squared (adjusted) value of 0.03 (3%) means that the variables X1, X2, M, X1_M, and X2_M account for 3% of the variation of the dependent variable (Y), while 97% of the variation is due to other variables that are not considered in the study's model. To determine the independent variable's separate influence on the dependent variable, the partial (t) test is applied.

The outcomes of this test are in Table 13.

Table 13. Partial Regression Coefficients (t-Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.157745	0.122503	-9.450746	0.0000
LOG_EPAD_X1	0.374506	0.145293	2.577582	0.0110
LOG_PBD_X2	-0.847989	0.762301	-1.112408	0.2680

Source: Data processed using Eviews 12

Based on the results of the t-test, it can be concluded that:

1. X1 on Y has a probability value < 0.05, which is 0.0110, meaning X1 has a significant effect on Y.
2. X2 on Y has a probability value > 0.05, which is 0.2680, meaning X2 does not have a significant effect on the variable Y.

The F-test is utilized to evaluate whether the free factors mutually have F test to decide Viability of Territorial Unique Income and Territorial Use Administration affect Territorial money related Freedom. The level of importance for this test is 0.05. The yield of this factual test can be seen in Table 14

Table 14. Regression Coefficients Simultaneously (F Test)

R-squared	**0.058497**	**Mean dependent var**	**-0.223870**
Adjusted R-squared	**0.036936**	**S.D. dependent var**	**0.268770**
S.E. of regression	**0.263759**	**Sum squared resid**	**9.113529**
F-statistic	**2.713068**	**Durbin-Watson stat**	**1.675873**
Prob(F-statistic)	**0.047561**		

Source: Data processed using Eviews 12

The result gotten demonstrate that the Prob (F-statistic) of 0.047561 less than 0.05 importance level appears that the autonomous factors combinedly having a critical impact on the subordinate variable.

DISCUSSION

The Effect of the Effectiveness of Regional Revenue on Regional Financial Independence.

For the variable of local revenue effectiveness, the result of the t-statistic shows that local revenue effectiveness significantly improves regional financial independence. This leads to the acceptance of the first hypothesis. Local revenue effectiveness is a function of local authorities' capacity to manage and achieve the revenue that was planned (Anynda & Hermanto, 2020). This means that there seems to be a relationship that if the region is able to meet its revenue target, it can self-finance development activities that can be socio-economic promoted with the least dependency on central government budget (Permatasari & Trisnaningsih, 2022).

The discoveries of this think about too affirmed a comparable finding of (Hendaris, 2025) who set that nearby income has an impact on territorial money related autonomy. Advance, within the consider of (Permatasari & Trisnaningsih, 2022) it is appeared that, partially, nearby

income contains a positive impact on territorial budgetary execution. This execution is measured by the autonomy proportion which reflects the capacity of a locale to self-back its financial obligations with small or no help from central government. The t-test comes about appear that the t calculated for the territorial investing administration variable is negative and appears no noteworthiness on territorial money related freedom.

The Influence of Regional Spending Management on Regional Financial Independence

This implies the theory is negative. Neighborhood government tend to spend more than what is budgeted which appears to result in a the moo monetary execution of a nearby government (Saputri, 2020).

These investigate discoveries are in line with the consider by (Hakiki et al., 2023), which appears that territorial investing does not have a positive impact on regional financial autonomy. This finding demonstrates that an increase in territorial investing isn't essentially went with by an change within the region's capacity to autonomously back financial needs. In this way, ineffectual and misled territorial investing has the potential to prevent the realization pf territorial monetary freedom and increment reliance on the central government.

The Influence of the Effectiveness of Regional Original Revenue and Regional Expenditure Management on Regional Financial Independence

The results of the speculation testing on the factors of the adequacy of neighborhood income and administration oof territorial consumption vis-à-vis territorial budgetary freedom appears a Prob(F-statistic) esteem which is less than 0.05 which implies that both factors combinedly have a critical impact on territorial budgetary autonomy.

The discoveries authenticate the considers of (Ramadhan et al., 2022) which expressed amid the completely independent period, the capacity of each locale to execute territorial independence is accomplished as the locale is able to investigate the region's income and manage the territorial uses beside the exchange from the central government. For the districts to oversee the uses, they must investigate the income potential and oversee territorial uses themselves, with negligible dependence on the central government exchanges

Economic Growth strengthens the relationship between Regional Original Revenue Effectiveness and Regional Financial Independence

Agreeing to the comes about of the MRA, there's no prove that financial development moderates the relationship between the adequacy of prosses source income and the budgetary autonomy of the locale, as appeared by the likelihood esteem which is more prominent than 0.05. this shows that financial development has no directional impact, either positive or negative, o the viability of proses source income with regard to the money related autonomy of the locale.

Moreover, the nearness of financial development does not naturally move forward a regional capacity to oversee and utilize its own-source income viably to achieve monetary independence. This affirms the discoveries of (Nurjanah et al., 2024) where financial development or financial advancement did not direct the impact of territorial unique income on the monetary freedom of a locale.

Economic Growth strengthens the relationship between Regional Expenditure Management and Regional Financial Independence

Likewise, the results of the MRA test on economic growth as a moderating variable show

that economic growth does similarly not moderate the relationship between regional expenditure management and regional financial independence as the probability value is > 0.05. This supports the findings of (Nurjanah et al., 2024) which claimed that economic growth did not moderate the effect of regional expenditure management on regional financial independence.

This scenario shows that a particular region may grow economically but this does not guarantee an improvement in the regional spending management quality, which in turn stagnates growth in fiscal autonomy. This is why it is important to highlight the fact that the improvement of the financial autonomy of the region is not determined solely by the rate of economic growth but is also largely a consequence of how well the local government is able to plan, distribute, and oversee the use of resources.

CONCLUSION

There's a noteworthy positive affect of the adequacy of neighborhood government unique income on money related independence of West Java. This appears that the adequacy of neighborhood government unique income contributes to the budgetary independence of regional governance. Be that as it may, there's a negative and inconsequential impact of neighborhood government investing control on the budgetary independence of territorial administration. This implies that the potential increment in neighborhood government investing does not, in any way, make strides the monetary independence of the locale, and may in truth make it more awful. Still, on the other hand, it implies that the viability of neighborhood government unique income and nearby government investing control, when considered together, does affect the money related independence of territorial administration.

In expansion, the balance test comes about show that financial development does not direct the impact of territorial own-source income viability and territorial consumption management on territorial money related freedom, as there's no control or interaction factors have a critical impact. Based on these discoveries, neighborhood governments are exhorted to proceed progressing the adequacy of their own-source income to reinforce territorial financial capacity, whereas future investigate is prescribed to incorporate other significant factors and grow the information scope to get more comprehensive comes about.

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