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Analysis of Factors Affecting Local Own-Source Revenue in Regency/City of Bali Province in 2010-2019

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Abstract: Local own-source revenue (PAD) is one indicator to determine the independence of regional autonomy in exploring the potential to support sources of revenue. All regions are trying to increase PAD in their area by continuously increasing the potential found in their regions, and Bali Province is one of them. This research aims to analyze the effect of gross regional domestic product (GRDP), investment, and general allocation fund (DAU) on local own-source revenue in the regencies/cities of Bali Province in 2010-2019. Based on the analysis, the results obtained that jointly, all independent variables affected local own-source revenue. Individually or partially, the investment variable had a negative and insignificant effect on local own-source revenue. Meanwhile, the GRDP and general allocation fund (DAU) variables had a positive and significant impact on local own-source revenue in the regencies/cities of Bali Province.
Keywords: Local Own-Source Revenue (PAD); Gross Regional Domestic Product (GRDP); Investment; General Allocation Fund (DAU)
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Introduction

Indonesia, which consists of 34 provinces, has a variety of tribes, cultures, and languages. Indonesia also has a wealth of nature and culture that never runs out to be explored. Of course, because of this diversity, Indonesia has become an exciting place for everyone to visit. In this case, the tourism sector is one of the income sources for developing countries such as Indonesia. The vital role of the tourism sector will affect the economy and local own-source revenue. Hence, the government can provide facilities to build and develop tourism sites so that the tourism sector can contribute to economic development. According to Wijaya and Sudiana (2017), the tourism sector is one of the efforts made to increase local own-source revenue (PAD).

According to Law No. 33 of 2004 concerning the financial balance between the central government and regional governments, "the relationship in the field of finances, public services, exploitation of the natural and other resources between the central government and the regional governments and among the regional governments need to be established fairly and harmoniously." Under Law No. 33 of 2004 article 6, PAD comes from: Regional Tax; Regional Retribution; Proceeds from the management of regional assets set aside for the purpose; Other legal PAD.

Moreover, local own-source revenue (PAD) is an indicator to determine the independence of regional autonomy in a region. In a study conducted by Wijaya and Sudiana (2017), local governments need to increase local own-source revenue by extracting regional potential to reduce dependence on the central government. PAD can support the implementation of governance and development to reduce regional dependence in obtaining funds from the central government. Improving the effectiveness and efficiency of public services and creating community welfare is also a crucial goal in increasing local own-source revenue. By paying attention to the large amount of local own-source revenue that an area can obtain, it can measure the ability of the region to carry out autonomy in the area.

Specifically, Bali Province is an area with cultural diversity and natural beauty. Bali is a prime destination for foreign tourists, having a variety of tourism objects, in natural, historical, and cultural. It can also be said that the Bali tourism sector can increase PAD if the local government adequately develops it. According to Sari (2014), the tourism sector has a strategic role and function in development. For the state, the benefits obtained in the tourism sector are as a foreign exchange earner, while the region will get income, increasing the community's economic growth. Looking at the number of foreign tourists visiting Bali can show the tourism sector's development.

Table 1 Data on the Number of Tourist Visits to Bali in 2015-2019

No	Year	Number of Foreign Tourists
1.	2015	4,001,835
2.	2016	4,927,937
3.	2017	5,697,739
4.	2018	6,070,473
5.	2019	6,275,210

Source: Statistics Indonesia of Bali Province

The Table 1 shows presented that the number of tourist visits to Bali from 2015 to 2019 has increased. The Table 1 also shows that the number of tourist visits with the most tourist visits in 2019 was 6,275,210 million people, while the smallest number of tourist visits was in 2015 with 4,001,835 million people.

Therefore, it makes Bali and the tourism sector inseparable since it can be said that the tourism sector is the most significant income contributor, and the Balinese population is very dependent on the tourism sector for income. The tourism sector's increase has a very large or positive impact on increasing PAD.

Table 2 Total Local Own-Source Revenue (PAD) of Bali Province 2015-2019 (Billion Rupiahs)

No.	Year	Local Own-Source Revenue (Billion rupiahs)	Growth rate (%)
1.	2015	3,041,266,607	4.14
2.	2016	3,041,295,258	0.009
3.	2017	3,398,472,278	11.74
4.	2018	3,718,499,635	9.40
5.	2019	4,023,156,316	8.20

Source: Statistics of Bali Province

Based on the Table 2, it can be seen that the PAD of Bali Province has increased every year starting from 2015 to 2019. In 2015, the PAD growth rate of 4.14% amounted to 3,041,266,607 billion rupiahs. The PAD growth rate experienced a decrease, only realized by 0.009% with 3,041,295,258 billion rupiahs in 2016. Meanwhile, in 2017, the PAD growth rate showed a very high increase to 11.74%, 3,398,472,278 billion rupiahs. This increase was due to an increase in local taxes and retributions. An increase in the PAD contribution can further predict the independence of local governments, not to depend on the central government and provincial governments.

Efforts to improve the economy in Bali Province, especially in the tourism sector, have so far been very dependent on the world economy; such as from tourist-producing countries to Bali, the investment is significant. On the other hand, improving the public infrastructure for the community undoubtedly requires significant capital; therefore, it can take advantage of regional advantages to attract foreign and domestic investors. One of the capabilities of the regions to improve the quality of service to the community and policies related to investment depends on the ability of the regions to formulate policies themselves (Wadjaudje et al., 2016). The following is investment data for Bali Province in 2015-2019:

Table 3 Bali Province Investment 2015-2019 (Million Rupiahs)

No.	Year	Investment (Million rupiahs)	Growth rate (%)
1.	2015	19,007,670	8.07
2.	2016	12,057,640	16.05
3.	2017	11,267,739	6.55
4.	2018	16,293,534	13.74
5.	2019	14,870,000	17.06

Source: Statistics of Bali Province

From the Table 3, the development of investment in Bali Province in 2015 recorded a growth rate of 8.07% or 19,007,670 million rupiahs, which increased in the following year, namely in 2016 by 16.05% with 12,057,640 million rupiahs. In 2017, the investment growth rate in Bali Province decreased by 6.55% or 11,267,739 million rupiahs. Then, in the following year, 2018, the investment growth rate increased again by 13.74% or reached 16,293,534 million rupiahs, and 2019 was the most considerable growth rate in the last five years with 17.06% or 14,870,000 million rupiahs. With an increase in investment realization, both from domestic and foreign investments, it is expected to increase income in the area. Based on research (Gitaningtyas & Kurrohman, 2014), investment positively and significantly affected local own-source revenue (PAD). Meanwhile, according to another study (Lestari, 2016), investment did not significantly return on PAD.

Furthermore, economic success can be seen through several macro indicators, one of which is gross regional domestic product (GRDP). GRDP can determine a region's economic condition in a certain period. GRDP data can also describe the ability of a region to manage its development resources. Therefore, the amount of GRDP of each region varies according to each region's potential and production factors (Jaya & Widanta, 2013).

Table 4 Gross Regional Domestic Product at 2010 Constant Prices by Business Field of Bali Province 2015-2019 (Thousand Rupiah)

No.	Year	GDP (Thousand rupiahs)	Growth rate (%)
1.	2015	129,126,562	6.03
2.	2016	137,296,445	6.33
3.	2017	144,933,312	5.56
4.	2018	154,072,662	6.31
5.	2019	162,694,325	5.60

The Table 4 shows that the number of GRDP each year has increased. Based on the Table 4, GRDP at constant prices in 2016 was the highest growth rate of 6.33% or 137,296,445 thousand rupiahs. Thus, the magnitude of this GRDP contribution is expected to increase the economy or income in an area.

Further, according to Law No. 33 of 2004 article 1, paragraph 19, a balancing fund means a fund sourced from APBN allocated to a region to finance the region's need to implement decentralization. The balancing fund has three sources. According to Law No. 33 of 2004 article 10 paragraph 1, the balancing fund consists of: 1) Revenue Sharing Fund (DBH); 2) General Allocation Fund (DAU); 3) Special Allocation Fund (DAK)

Besides, most funds in implementing development and public services come from balancing funds, especially DAU and DAK.

Table 5 Balancing Funds of Bali Province 2015-2019 (Billion Rupiah)

No.	Year	Balancing Fund (Billion rupiahs)	Growth rate (%)
1.	2015	1,070,197,147	5.32
2.	2016	1,946,340,453	8.86
3.	2017	2,673,596,252	7.36
4.	2018	2,493.979,973	6.71
5.	2019	2,548,063,873	2.16

Source: Ministry of Finance of the Republic of Indonesia

The highest balancing fund occurred in 2016, which reached 8.86% or 1,946,340,453. Meanwhile, in 2019, the growth rate was 2.16%, with a total balancing fund of 2,548,063,873 thousand rupiahs. Based on research (Rasulong, 2012), most balancing funds positively and significantly affected local own-source revenue (PAD).

In conducting this research, the researchers refer to several previous studies conducted by Batik (2013), Aslim et al. (2014), Lestari (2016), Muslim et al. (2019), and Rasulong (2012). Based on the research conducted by Batik (2013) entitled "Analysis of the Effect of Investment, GRDP, Population, Development Revenue, and Inflation on Local Own-Source Revenue (PAD) in West Lombok Regency, with a time series from 1980-2007, the research method used was multiple linear regression using the OLS (Ordinary Least Square) method. The dependent variable in the study was PAD, while the independent variables were an investment, GRDP, population, development revenues, and inflation. The study found that the population and inflation variables did not significantly affect

PAD, whereas of the five independent variables, investment, GRDP, and development revenues significantly influenced PAD.

Multiple linear research methods were also used based on Aslim et al. (2014) research. The dependent variable in their study was PAD, while the independent variables comprised GRDP and population. It was uncovered that the two independent variables positively affected the PAD of Banda Aceh City.

In addition, research conducted by Lestari (2016) employed multiple linear regression research methods. The dependent variable of her study was PAD, whereas the independent variables consisted of GRDP per capita, private investment, and inflation. The research showed that partially, GRDP per capita had a significant positive effect on PAD. However, private investment and inflation had no significant positive effect on PAD. Next, research conducted by Muslim et al. (2019) used the multiple linear regression research method. The dependent variable in their study was PAD, while the independent variables were GRDP, total population, and inflation. The result of their research revealed that the GRDP variable had a negative and insignificant effect on Kendiri City's local own-source revenue (PAD). Meanwhile, population and inflation had no significant positive effect on Kendari City's local own-source revenue (PAD).

Moreover, Rasulong (2012) used multiple linear regression research methods, with the dependent variable of PAD and the independent variables of GRDP, balancing funds, and economic growth. The results obtained uncovered that GRDP, balancing funds, and economic growth had a positive and significant effect on PAD.

Research Method

This study employed an analytical method, namely the panel data analysis method, where the panel data regression analysis aimed to know the effect of the independent variables used in this study on the dependent variable. The quantitative analysis method was then used in analyzing this research. In addition, quantitative methods were utilized in this study to analyze the panel data analysis method, which is a combination of time-series data and the cross-section data (Basuki & Yuliadi, 2015). With the function of local own-source revenue (PAD) = f (GDP, investment, and general allocation fund), the following is the regression model in this study:

$$LOG(PAD) = \beta_0 + \beta_1*LOG(PDRB)1it + \beta_2*LOG(INVESTASI)2it + \beta_3*LOG(DAU)3it + et \quad (1)$$

Description: β_0 = Coefficient intercept; β_{123} = Variable coefficient; I = Regency/city; t = Time; LogPAD = Local own-source revenue; LogPDRB = Gross Domestic Product; LogINVESTASI = Investment; LogDAU = General fund allocation; *et* = *Error distribution.*

Result and Discussion

The best way to find out which model to use is the Chow test, Hausman test, and Lagrange multiplier test. The Chow test determines which model is the best between the Fixed Effect Model and the Pool Effect Model. Then, the Hausman test is conducted to determine between the Fixed Effect Models and the Random Effect models appropriate for estimating panel data. If the Chow test and Hausman test find that the best model is the Fixed Effect Model, the Lagrange Multiplier (LM) test does not need to be carried out. On the other hand, if the Chow test and Hausman test find a hypothesis that the best model is the Common Effect Model, the LM test needs to be used.

Based on the Chow Test and Hausman Test results, it was found that the best panel data model to use was the Fixed Effect Model in estimating the effect of Gross Regional Domestic Product, investment, and general allocation funds on local own-source revenue in regencies/cities in Bali province. The selection of these models can be seen in the Table 6.

Table 6 Estimated Results of *Common Effect*, *Fixed Effect*, and *Random Effect*

Dependent Variable: LOG(PAD)	Model		
	Common Effect	**Fixed Effect**	**Random Effect**
Constant (c)	-	-26.06965	-22.02666
Standard error	-	1.748927	2.784687
Probability	-	0.0000	0.0000**
LOG(PDRB)	1.392491	1.998092	1.717961
Standard error	0.100458	0.194002	0.157904
Probability	0.0000	0.0000	0.0000**
LOG(INVESTASI)	-0.019125	-0.012744	-0.021783
Standard error	0.030272	0.012242	0.020289
Probability	0.5292	0.3011	0.2860
LOG(DAU)	-0.153887	0.652717	0.683479
Standard error	0.073830	0.135271	0.157593
Probability	0.0401	0.0000	0.0000**
R^2	0.759076	0.988002	0.707331
F-Stat	-	583.9192	69.28252
Probability	-	0.000000	0.000000*
Durbin-Watson stat	0.457064	1.293518	1.298852

Note: **= Significant at 5%, *= Significant at 10%

The Table 6 is the regression results with the *standard effect model*, *fixed-effect model*, and *random effect model*. Next is how to choose the best model among the three models using the Chow test, Hausman test, and the Lagrange multiplier test.

1. Chow Test

This test was carried out to obtain the best model between the Fixed Effect and Common/Pooled Effect Model. The following are the model selection results on panel data using the Chow Test:

Table 7 *Chow* test

Effect Test	Statistics	df	Prob
Cross-section F	132.836564	(8.78)	0.0000**

Note: **= Significant at 5%

Based on the estimation results in the Table 7, showing that prob = 0.000 for *Cross-section F,* smaller than 0.05 (5%), the null hypothesis was rejected. Thus, from the *Chow* test results, it can be concluded that the best model to be used for this research was the *Fixed Effect Model* method.

2. Hausman Test

This test was conducted to choose between *Fixed Effect* and *Random Effect*. If it turns out that the *Hausman* test results accept the null hypothesis, it can be concluded that the best model to use is the *Random Effect*. On the other hand, if the *Hausman* test results reject the null hypothesis, the best model to use is the *Fixed Effect* model.

Table 8 Hausman test

Test Summary	Chi-sq Statistics	Chi-sq df	Prob.
Cross-Section Random	33.825364	3	0.0000**

Note: **= Significant at 5%

Based on the *Hausman* test results in the Table 8, the probability value of *Cross-Section Random* was 0.0000, smaller than 0.05 (5%), so the null hypothesis was rejected. Therefore, it can be concluded that the most appropriate model to be used in this research was the *Fixed Effect Model* method.

Based on the model test carried out, it can be inferred that the most appropriate model to use was the *Fixed Effect Model*. The *Fixed Effect* model is a panel data estimation model that uses a *dummy* variable to determine the difference in intercepts between *cross-sections*. This difference occurs because of differences in each company, such as work culture, managerial, and incentives. This estimation model can also be called the *Least Square Dummy Variable* (LSDV).

The purpose of this LSDV estimation is to reduce the level of heteroscedasticity between *cross-sectional* units. This use is very appropriate to see changes in the data of each variable so that the data can be more dynamic in interpretation.

Based on the estimation results in the Table 9, a panel data analysis model can be made of the factors that affect the local own-source revenue of regencies/cities in Bali Province, which are interpreted as follows:

$$LOG(PAD) = \beta_0 + \beta_1*LOG(PDRB) + \beta_2*LOG(INVESTASI) + \beta_3*LOG(DAU) + et \quad (2)$$

Information: PAD = Local Own-Source Revenue; GDP = Gross Regional Domestic Product; INVESTMENT = Investment; DAU = General Allocation Fund; *et* = *Error* Distribution.

Table 9 Fixed Effect Model Estimation Results

Dependent Variable: Local Own-Source Revenue in Regency/City of Bali Province	Model
	Fixed Effect
Constant (c)	-26.06965
Error standard	1.748927
Probability	0.0000**
LOG(GDP)	1.998092
Error standard	0.194002
Probability	0.0000**
LOG(INVEST)	-0.012744
Error standard	0.012242
Probability	0.3011**
LOG(DAU)	0.652717
Error standard	0.135271
Probability	0.0000**
R^2	0.988002
F-Stats	583.9192
Probability	0.000000*
Durbin-Watson Stat	1.293518

Note: **= Significant at 5%, *= Significant at 10%

The regression results are obtained as follows:

$LOG(PAD) = \beta_0 + \beta_1*LOG(PDRB) + \beta_2*LOG(INVESTASI) + \beta_3*LOG(DAU) + et$

$LOG(PAD) = -26.06965 + 1.998092*LOG(PDRB) + -0.012744*LOG(INVESTASI) + 0.652717*LOG(DAU) + et$ (3)

β_0 = The value of -26.06965 means that when the independent variables, including GRDP, investment, and DAU, are considered constant or do not change, the local own-source revenue in Bali Province is -26.06965.

β_1 = The value of 1.998092 can be interpreted that if GRDP increases by 1%, the local own-source revenue will increase by 1.998092, assuming that other factors are considered constant or unchanged.

β_2 = The value of -0.012744 indicates that if the investment increases by 1%, the local own-source revenue will increase by -0.012744, with the assumption that other factors are considered constant or unchanged.

β_3 = The value of 0.652717 means that if the general allocation fund increases by 1%, the local own-source revenue will increase by 0.652717, assuming that other factors are considered constant or unchanged.

Based on the estimation results in Table 9, panel data analysis was obtained on the factors affecting local own-source revenue (PAD) by regencies/cities in Bali Province, interpreted as follows:

LOG_PAD_JEMBRANA	= -0.192343 (area effect)	–
	1.998092*LOG(PDRB_JEMBRANA)	+
	-0.012744*LOG(INVESTASI_JEMBRANA)	+
	0.652717*LOG(DAU_JEMBRANA)	+
LOG_PAD_TABANAN	= -0.289815 (area effect)	–
	1.998092*LOG(PDRB_JEMBRANA)	+
	-0.012744*LOG(INVESTASI_JEMBRANA)	+
	0.652717*LOG(DAU_JEMBRANA)	+
LOG_PAD_BADUNG	= 0.957516 (area effect)	-
	1.998092*LOG(PDRB_JEMBRANA)	+
	-0.012744*LOG(INVESTASI_JEMBRANA)	+
	0.652717*LOG(DAU_JEMBRANA)	+
LOG_PAD_GIANYAR	= -0.324892 (area effect)	-
	1.998092*LOG(PDRB_JEMBRANA)	+
	-0.012744*LOG(INVESTASI_JEMBRANA)	+
	0.652717*LOG(DAU_JEMBRANA)	+
LOG_PAD_KLUNGKUNG	= 0.885595 (area effect)	-
	1.998092*LOG(PDRB_JEMBRANA)	+
	-0.012744*LOG(INVESTASI_JEMBRANA)	+
	0.652717*LOG(DAU_JEMBRANA)	+
LOG_PAD_BANGLI	= 0.990910 (area effect)	-
	1.998092*LOG(PDRB_JEMBRANA)	+
	-0.012744*LOG(INVESTASI_JEMBRANA)	+
	0.652717*LOG(DAU_JEMBRANA)	+
LOG_PAD_KARANGASEM	= 0.125167 (area effect)	-
	1.998092*LOG(PDRB_JEMBRANA)	+
	-0.012744*LOG(INVESTASI_JEMBRANA)	+
	0.652717*LOG(DAU_JEMBRANA)	+
LOG_PAD_BULELENG	= -1.352160 (area effect)	-
	1.998092*LOG(PDRB_JEMBRANA)	+
	-0.012744*LOG(INVESTASI_JEMBRANA)	+
	0.652717*LOG(DAU_JEMBRANA)	+
LOG_PAD_DENPASAR	= -0.799979 (area effect)	-
	1.998092*LOG(PDRB_JEMBRANA)	+
	-0.012744*LOG(INVESTASI_JEMBRANA)	+
	0.652717*LOG(DAU_JEMBRANA)	+

According to the estimation model results, it can be concluded that there was an effect of *cross-section* variables in regencies/cities in Bali Province on local own-source revenue. Regencies with positive *cross-section* effects or operational areas included Badung regency with a coefficient of 0.957516, Klungkung with a coefficient of 0.885595, Bangli regency with a coefficient of 0.990910, and Karangasem with a coefficient of 0.125167. Meanwhile, for regencies with a negative cross-section effect or operational area effect, there was Jembrana Regency with a coefficient value of -0.192343, Tabanan Regency with a coefficient value of -0.289815, Gianyar Regency with a coefficient value

of -0.324892, Buleleng Regency with a coefficient value of -1.352160, and Denpasar City with a coefficient value of -0.799979.

Based on these results, it can be concluded that Bangli Regency was the area with the most significant *cross-sectional* influence among regencies/cities in Bali Province on local own-source revenue. Meanwhile, the regency with the slightest *cross-section* effect was Jembrana Regency with -0.192343.

Statistic Tests

1. T-Statistic Test

The t-statistical test was carried out to determine the significance between the independent and dependent variables. When performing this t-statistic test, if the probability value is < = 5%, H0 is accepted, indicating that the independent variables do not affect the dependent variable.

Table 10 T-Statistics Test Results

Variable	Coefficient	T-stats	Probability
Gross Regional Domestic Product (GRDP)	1.998092	10.29931	0.0000
Investment	-0.012744	-1.041019	0.3011
General Allocation Fund (DAU)	0.652717	4.825237	0.0000

The Table 10 shows that the investment variable had a probability value of 0.3011, greater than 0.05, and a t-statistic value of -1.041019. It can be concluded that the investment variable had a negative and insignificant effect on local own-source revenue in Bali Province. Meanwhile, the GRDP variable had a probability value of 0.0000, smaller than 0.05, and a t-statistic value of 10.29931. It can be denoted that the GRDP variable had a positive and significant effect on local own-source revenue in Bali Province. In addition, the general allocation fund (DAU) variable had a probability value of 0.0000, smaller than 0.05, and a t-statistic value of 4.825237. Thus, it can be inferred that the DAU variable had a positive and significant effect on local own-source revenue in Bali Province.

2. F-Statistic Test

The F-statistical test was conducted to determine the independent variables' influence on the dependent variable simultaneously or together. The regression can be used if the F-statistical test result is less than 0.05.

Table 11 F-Statistic Results on Fixed Effect Model

Information	Coefficient
R-squared	0.988002
Adjusted R-squared	0.986310
F-statistics	583.9192
Prob (F-statistic)	0.000000
Durbin-Watson stat	1.293518

Based on the Table 11, which is the regression result with *Fixed Effect Model* estimation, it can be concluded that the model had an F-statistical probability of 0.000000, where the F-statistic value was less than 5% (0.05). Therefore, it can be concluded that the independent variables simultaneously or jointly affected the dependent variable.

3. R^2 Test (Coefficient of Determination)

The R^2 test has the objective to measure how far the ability of independent variables can explain the dependent variables and measure the goodness of a model by stating in Figures 0-1. If the value of R^2 is close to 1, all independent variables can explain all the information to predict the dependent variable. However, when R^2 approaches 0, the ability of the independent variables on the dependent variable variation is limited.

Based on the test results, the value of R^2 of 0.988002 means that independent variables influenced the dependent variable of 98.8002%, while 1.1998% was influenced by other variables outside the research.

Classic Assumption Test

1. Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is an inequality of variance in the regression model from the residuals of one observation to another observation. A regression model can contain heteroscedasticity problems if it has many data variations from the *cross-section* used in a study, so a good regression model is a model that does not contain heteroscedasticity problems.

This heteroscedasticity test must have the overall probability value of the independent variables above 0.05 or 5%, so it can be said that the regression model does not contain heteroscedasticity problems. On the other hand, if the probability value of all independent variables is less than 0.05 or 5%, the regression model contains a heteroscedasticity problem. The following is the heteroscedasticity test results in this study:

Table 12 Heteroscedasticity Test

Variable	Coefficient	Std. Error	T-Statistics	Prob.
C	-20.29958	16.10205	-1.260683	0.2112
LOG(GDP)	4.554096	2.393758	1.902488	0.0608
LOG(INVEST)	0.090141	0.096222	0.936796	0.3518
LOG(DAU)	-2.952007	1.579059	-1.869473	0.0653

It can be seen from the Table 12 that, from the heteroscedasticity test results, it can be concluded that the probability value of all variables was more than 0.05, including the GRDP variable of 0.0608, investment of 0.3518, and DAU of 0.0653. Thus, it can be concluded that this regression model did not contain heteroscedasticity problems.

2. Multicollinearity Test

A multicollinearity test was conducted to see whether there was a high correlation between the independent variables in the regression model. In test multicollinearity, when R^2 the dependent variable is more significant than R^2 between the independent variables, the regression model contains no multicollinearity problems.

Table 13 Multicollinearity Test

	PAD	GDP	INVESTMENT	DAU
PAD	1.0000000	0.734191	0.239648	-0.288618
GDP	0.734191	1.0000000	0.426146	0.114066
INVESTMENT	0.239648	0.426146	1.0000000	0.202618
DAU	-0.288618	0.114066	0.202618	1.0000000

Based on the Table 13, it can be concluded that there was no coefficient between variables with a value above 0.8. Hence, it can be said that the *Fixed Effect Model* in this study did not contain multicollinearity problems.

Conclusion

Based on the research results and discussion on the influence of GRDP, investment, and DAU on local own-source revenue in the regencies/cities of Bali Province in 2010-2019, it can be concluded that the Gross Regional Domestic Product (GRDP) variable had a positive and significant effect on local own-source revenue (PAD). Thus, an increase in the regional Gross Regional Domestic Product (GRDP) will increase local own-source revenue. However, the investment variable had a negative and insignificant effect on local own-source revenue due to the fluctuating annual investment value in each regency/city in Bali Province, so it has not impacted PAD directly. Meanwhile, the general allocation fund (DAU) variable had a positive and significant effect, meaning that an increase in the DAU would increase local own-source revenue.

Suggestion

Based on the research results, suggestions can be conveyed. It is hoped that the government will continue to encourage increasing GRDP in each business sector to increase its local own-source revenue. It can be achieved by exploring the potential of regional tourism objects and improving existing tourism object facilities to attract tourists to visit tourist objects in the regencies/cities of Bali Province. It is also expected that the government can provide policies to increase investment to support high economic growth efforts, such as being more aggressive in encouraging investors to invest. Thus, with many investors, it is hoped to help build or improve tourist attraction facilities in the regencies/cities of Bali Province. Therefore, it will attract tourists to visit and increase local own-source revenue. Even more, it is expected that local governments can make and implement policies that spur an increase in general allocation funds, such as equity in allocating funds to each region in funding regional needs for their contribution to the decentralization implementation to increase local own-source revenue.

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