

# Optimization Regional Original Income (PAD) of Economic Growth Bogor City 2015-2020 (During Covid-19)

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## Abstract

This study aims to find out how the development of Regional Original Income (PAD) and Economic Growth is included in the covid-19 pandemic and aims to know the influence between of that. This study uses primary and secondary data. This type of research is verificative. The object of research used is Regional Native Income and Economic Growth. Data collected from The Budget Realization Report. The analysis unit uses regional geography. The location of the research was conducted at the Bogor City Government. The analysis methods used are descriptive statistics, simple linear regression analysis, and hypothesis testing using the SPSS Ver 26 application. The result of this study is that the Bogor Municipality always optimizes in improving PAD, it's summarized in the program of activities. Bogor City Government is looking for a way to keep regional revenues running even during the pandemic by providing Treatment that facilitates services to become electronic bases and payment waivers. Economic growth in Bogor is monitored quite well Efforts of the Bogor City Government to restore the economy through SMEs activities and vaccinations conducted in the ballrooms of malls in the city of Bogor The effect of local revenues on the economic growth of Bogor 2015-2020 is negative.

**Keywords** : Economic Growth, Pandemic Covid-19, Regional Native Income, Regional Original Income (PAD), SMEs.

## 1. Introduction

Optimization of Regional Original Income (PAD) became a phenomenon that appeared in almost all districts / cities in Indonesia after the enactment of the era of regional autonomy. The local government can manage and manage its own government affairs according to the principle of autonomy and auxiliary duties and each region is given the authority to manage finances derived from the Regional Original Income (PAD). According to (Rahmawati, Somaji and Adenan, 2019) Broadly speaking, the implementation of fiscal decentralization is one form of solution undertaken by the government to improve and equal the welfare of the community by transferring power from the central government to the local government through authorities in the government financial sector. increase in Regional Original Income (PAD) becomes one of the fiscal instruments that can not be avoided in building the regional economy. According to Mardiasmo (2002), Regional Original Income is revenues obtained from the local tax sector, regional levies, the proceeds of regionally owned companies, the results of the management of regional wealth that is separated, and other legitimate local revenues.

One of the efforts to improve the ability in the field of funding the implementation of local government for economic growth development is to increase and explore every potential that exists in each region, and small medium enterprises (SMEs) in telematic field is one of the sector which is potential to develop according to industry 4.0 (Tosida et al. 2018, Tosida et al. 2019, Tosida et al. 2020) . According to (Akmaliyah, 2013) The amount and increase of adequate PAD contributions will determine the level of independence of the District /City Government in its regional development so that it does not always depend on assistance from the Central Government and provincial governments. The effort is always carried out by the Bogor City Government by always trying to increase the Regional Native Income (PAD) and Economic Growth. Various obstacles faced by the Bogor City Government in optimally improving regional native income and economic growth in the city of Bogor, including efforts made by the Bogor City Government during the covid-19 pandemic which is an extraordinary event that must be as soon as possible to find a solution to every problem that exists. According to Bima Arya, the Mayor of Bogor, at the PAD Evaluation Rackor mentioned that pad evaluation rackor is not just pursuing the annual routine target, but is intended to build a system so that pad Bogor city can be improved for the benefit of the community (Kotabogor.go.id, 2019). The following is the report on the Realization of The Original Revenue of Bogor City in the Regional Revenue Report showed in Figure 1.

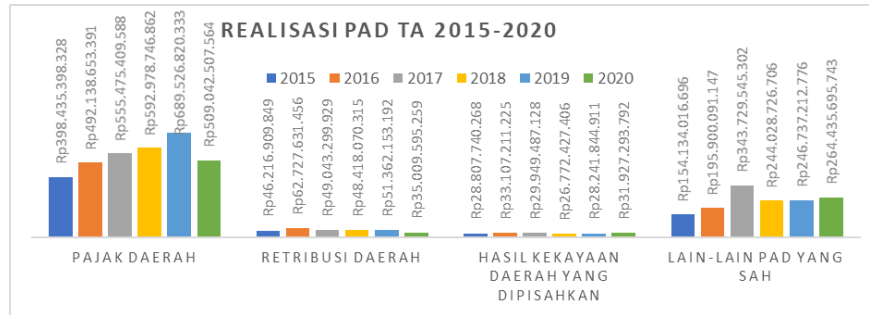


Figure 1. Realization PAD TA 2015-2020

This study focuses on optimizing local indigenous incomes conducted by the bogor city government during the pandemic period, showed in Figure 2.

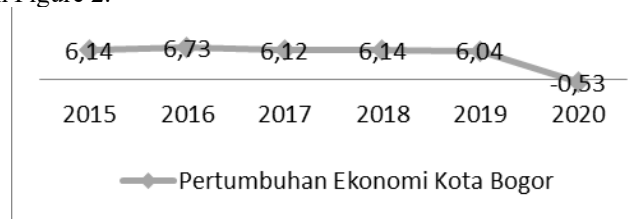


Figure 2. Economic Growth of Bogor City

When viewed from the chart, economic growth in Bogor is still unstable due to unstable increases and declines. Especially when entering the corona pandemic even experienced economic resisting.

## 2. Method

The type of research conducted is a verifikative research with the Explanatory Suvey method that aims to test a theory or the results of previous research, so that results are obtained that strengthen or abort the theory or results of previous research. This verifikative research also explains an empirical phenomenon accompanied by statistical data, characteristics and patterns of relationships between variables in the form of case studies on optimizing PAD to Economic Growth in Bogor City in 2015-2020. this study using a quantitative approach with statistic descriptive analysis method, hypothesis test, and simple linear regression analysis using SPSS Ver.26 application. The objects in this study are Regional Native Income (PAD) as variable independent and Economic Growth as dependent variables. The analysis unit in this study conducted is regional geography, the purpose of regional geography is region/region/country, so that data about or derived from (response) a particular region/region/country. The location of the research is a place or region where the research will be conducted. The research conducted by researchers is in the Bogor City Government. The type of data analyzed in this study is primary data sourced from the Realization Report of Bogor City Revenue Revenue in the Regional Revenue Agency (Bapenda Bogor City) and secondary data sourced from the official website of the Bogor City Statistics Central Agency (BPS Kota Bogor, n.d.) Primary data is data obtained by researchers directly from the analysis unit studied, namely individuals / people in companies / agencies / organizations, individual groups or from companies / agencies / organizations studied. While secondary data is data obtained by researchers indirectly, but obtained from providers such as: mass media, data provider companies, stock exchanges, data provided on statistics software, and so on.

## 3. Data Collection and Analysis

For primary data in this study using methods conducted by way of surveys, namely interviews and secondary data in this study is done by downloading data. This study uses samples and data of the Realization Report on Revenue Revenue of Bogor City In Fiscal Year 2015-2020 obtained directly from the Regional Revenue Agency (BAPENDA) bogor city and the official website of the Central Bureau of Statistics Bogor City. For primary data in this study using methods conducted by way of surveys, namely interviews and secondary data in this study is done by downloading data. The collected data is processed and then analyzed

The analytical methods used are quantitative and qualitative. Quantitative hypothesis testing using statistical tests with the help of SPSS Ver software. 26. And qualitative in the form of conducting live interviews and descriptions of variables. The method used is to analyze the data with steps, namely descriptive statistics, simple linear regression analysis, and hypothesis testing. Descriptive statistics are a method used to analyze by describing or describing the data that has been collected about the amount of Regional Native Income (PAD) and Economic Growth in bogor city in fiscal year 2015-2020. Descriptive statistics aim to answer the formulation of problems concerning the influence of regional income and economic growth (Kusumawati and Wiksuana, 2018). Simple linear regression analysis or in English simple linear regression is used to quantify the influence of one free variable or predictor variable or variable X against dependent variable or dependent variable or bound variable or Y variable. The models used in this study are as follows  $Y = a + bX$ .

information:

Y = Economic Growth as dependent

X = Regional Original Income as independent

a = Constant

b = Regression Coefficient (slope); response by predictors

## 4. Result and Discussion

### 4.1. Result of Descriptive Statistic

Descriptive statistical analysis is a statistic used to analyze power by describing or describing the collected data as i is without intending to make conclusions that apply to the public or generalization. Descriptive test of a power shows the minimum value, maxium, average, and standard deviation from the results of research conducted. Descriptive analysis of the author is done using SPSS Ver 26 software which then obtains. Descriptive statistics result showed in Table 1.

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
PAD	6	627594065.00	1015868031.00	859691081.1667	142253943.81711
PE	6	25298604.00	32253510.00	29284404.1667	2807726.27131
Valid N (listwise)	6				

Source : Data processing output with SPSS 26 (2021)

From the descriptive statistical output in the table above, it can be known that:

1. N = 6 means the amount of data processed in this study is 6, data for 6 years consisting of variable data of Regional Native Income and Economic Growth.
2. The lowest Regional Original Income was recorded at 627594065 while the highest was 1015868031.00 with an average of 859691081.1667 and standard deviation of 142253943.81711.
3. The lowest economic growth was recorded at 25298604 while the highest was 32253510 with an average of 29284404.1667 and standard deviation of 2807726.27131.

Simple regression analysis is a merode approach to modeling the relationship between one dependent variable and one independent variable. In a simple linear regression analysis, the relationship between variables is linear, where changes to variable X will be followed by changes to variable Y on a regular basis. While in non-linear relationships, variable X changes are not followed by proposional changes in Y variables. Like the quadratic model, the x change is followed by the square of the variable X. The relationship is non-linear (Huang, without date). The result of simple linear regression showed in Table 2.

Table 2. Simple Linear Regression Coefficient Test

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16602700.655	5700662.359		2.912	.044
	PAD	.015	.007	.747	2.250	.088

a. Dependent Variable: Pertumbuhan Ekonomi

Source : Processing output of SPSS 26 (2021)

From the table above can be known the model of regression equation is as follows:

$$Y = a + bX$$

$$Y = 16602700.655 + 0.015X$$

The partial regression coefficient shown in the table above obtains the result that:

- Constants of 16602700,655 mean that the variable consistent value of Economic Growth is 16602700,655.
- The regression coefficient X of 0.015 states that every addition of 1% of the value of Economic Growth, the value of Economic Growth increases by 0.015. The regression coefficient is positive, so it can be said that the direction of influence of variable X on Y is positive.
- Based on the significance value: from the table Coefficients obtained a significance value of 0.088 > 0.05, so it can be concluded that the variable Regional Native Income has no effect on the variable Economic Growth.
- Based on the value of t: known thitung value of 2,250 < ttabel 2.77645, so it can be concluded that the variable Regional Native Income (X) has no effect on the variable Economic Growth (Y).

Note : search for ttabel

$$Fable = (\alpha/2 ; n-k-1)$$

$$= (0.05/2 ; 6-1-1)$$

$$= (0.025 ; 4)$$

$$= 2.77645$$

#### 4.2. Result of Hypothesis test

Hypothesis testing aims to temporarily answer the formulation of problems that have not been proven to be true. Hypothesis testing consists of decentralized analysis, partial coefficient test (t test) and sumultan coefficient test (f test), showed in Table 3.

Table 3. Partial Regression Coefficient Test Results t Test

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16602700.655	5700662.359		2.912	.044
	PAD	.015	.007	.747	2.250	.088

a. Dependent Variable: Pertumbuhan Ekonomi

Source : SPSS 26 data processing output (2021)

The partial regression coefficient shown in the table above obtains the result that:

- Effect of Regional Original Income (X) on Economic Growth (Y) based on significance, if significance < 0.05 then H1 is accepted, and if significance >0.05 then H1 is rejected. Judging from the results of the table above, it is seen that the significance value of Regional Original Revenue is 0.088 which means > of 0.05 and Thitung of 0.747. Because

the significance of the t test is greater than 0.05 ( $0.088 > 0.05$ ) where the t value counts  $< t$  table ( $2,250 < 2.77645$ ) then the H1 is rejected. Thus it can be concluded that the Regional Native Income partially has no significant effect on Economic Growth.

The coefficient of determination (R<sup>2</sup>) describes how far the model can go in describing dependent variables. The coefficient of determination is zero and 1 or ( $0 < x < 1$ ). A small R<sup>2</sup> value means that the ability of independent variables to describe dependent variables is very limited. A value close to 1 in independent variables gives all the information needed to predict dependent variable variations. The results of determination coefficient test showed in Table 4.

Table 4. Results of Determination Coefficient Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.747 <sup>a</sup>	.559	.448	2085610.488 55
a. Predictors: (Constant), PAD				

Source : Data Processing Output With SPSS Ver 26 (2021)

The data table above describes the model summary, which consists of multiple correlation results (R), determination coefficient (R Square), adjusted determination coefficient (Adjusted R Square) and measurement of prediction errors (Std Error of The Estimate), among others:

The coefficient of determination of R Square (R<sup>2</sup>) or the square of R is 0.747. From the output obtained a coefficient of determination (R square) of 0.559, which contains the sense that the influence of free variables (Regional Native Income) on bound variables (Economic Growth) is as large as 55.9%.

The F test or regression coefficient test is jointly used to determine if the variable is dependent. All independent variables can be said to have a mutual influence on dependent variables. The simultaneous test results showed in Table 5.

Table 5. Simultaneous Test Results (F Test)

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22017549633232.617	1	22017549633232.617	5.062	.088 <sup>b</sup>
	Residual	17399084439718.209	4	4349771109929.552		
	Total	39416634072950.830	5			

a. Dependent Variable: Pertumbuhan Ekonomi

b. Predictors: (Constant), PAD

This study does not require a regression coefficient test (Test F), because this study only uses 1 independent variable namely Regional Native Income (X) and 1 dependent variable namely Economic Growth (Y), which there are no other variables together to be tested against dependent variables that are economic growth.

## 5. Conclusion

This study aims to determine the optimization of Regional Native Income to Economic Growth in Bogor City in Fiscal Year 2015-2020 (Covid-19 Pandemic). By using 1 variable X namely PAD and 1 variable Y namely Economic Growth. Based on the discussion that researchers have discussed previously the author concluded as follows:

1. Bogor Municipality always strives to improve PAD, starting from service to the community, which is now not only conventionally available to bapenda offices but taxpayers can pay their taxes through banks, post offices,

- alfamart, indomaret, QRIS BJB mobile cars, Tokopedia, open stalls, link aja, blibli, gojek, PPOB Masago, and PPOB bayarin aja. In addition, prospective taxpayers can also report sppt through online websites. Then, by the time of 2020, pandemic comes and the economy is very down. Including regional income, because during the pandemic all are limited to quarantine and freeze activities in order to break the chain of the covid-19 virus. Bogor City Government continues to find ways to keep regional revenues running even during pandemics like this. Therefore, there is a policy of leniency in paying taxes for taxpayers such as extended tax payment period, reduction of tax payable by BPHTB, free of UN fines, free of administrative sanctions on payment of local tax receivables (self), reduction of BPHTB payments, unanized tax discounts P2 and others. The waivers are done to relieve the taxpayer but the area still has the usual regional revenues.
2. Economic growth in Bogor city is monitored quite well. Bogor city as a strategic city for economic development and growth in the field of services and trade. Bogor City Government utilizes the resources owned by the City of Bogor, namely the tourism sector that is a mainstay in exploring the potential of the city. Bogor city is considered as an independent city and has the highest economic growth rate among other cities and districts around it. Bogor City is a city of services and tourism industry and creative economy so that the Bogor City Government prepares infrastructure that support it. Therefore, the city of Bogor has local destinations with their own characteristics that can attract tourists to the city of Bogor which will later increase economic growth in the city of Bogor. But at the time of the covid-19 pandemic in 2020, economic growth in Bogor city dropped and even touched a negative percentage of -0.53. Apart from that, bogor city government always strives to restore the economy that is now gradually rising through MSME activities and vaccinations conducted in the ballrooms of malls in Bogor City which one of the objectives is to attract visitors to make purchases of goods and services.
  3. Regional Original Income has no positive effect on the Economic Growth of Bogor City in Fiscal Year 2015-2020. This is evidenced by the significance value of 0.088 which is greater than 0.05 of thitung of  $2.250 < 2.77645$ . It hereby shows that the PAD level in the Bogor City Government has no significant effect on Economic Growth. This is an indication that the impact of PAD and Economic Growth on the impact of the pandemic that is sweeping around the world, especially the city of Bogor.

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