

EXPORT, IMPORT, MINIMUM WAGE ON LOCALLY GENERATED INCOME OF BANTEN PROVINCE IN INDONESIA

Darwin Simanjuntak
darsiman2112@gmail.com
Universitas Esa Unggul

Francis M. Hutabarat
fmhutabarat@unai.edu
Universitas Advent Indonesia

Abstract

Banten is a regent located intersecting Jakarta and West Java. Banten was part of West Java province, but the growth of industry in the regent shows the need of Banten to be a province. Recent report by Bank Indonesia in 2019 shows that Banten Province Regional Budget (APBD) in 2019 increases expenditure compared to 2018. This recent development beg the question of the contribution of locally-generated revenue (PAD) of Banten. What factors also contribute to the increase of locally-generated revenue of Banten. This study is descriptive associative and uses data from Banten Province, a province listed in Indonesia from year 2008 to 2015. The variables used in the analysis of data are independent variables and dependent variables. Independent variables in the study are Export, Import, and Wage and the dependent variables of the study is Locally Generated Income or PAD of Banten Province from year 2008-2015. Thus the sample of the study obtained is 8 year data of export, import, wage and locally generated income of Banten Province from year 2008-2015. The statistical analysis on Banten Province locally generated income is done using Descriptive statistics of Mean, Standard Deviation, Minimum and Maximum, Correlation Matrix, Regression analysis, F-test, t-test. The result of the study indicates that there is significant relationship between export, import, wage on locally generated income of Banten province from year 2008-2015. The descriptive statistic result on the variables also indicates that locally generated income of Banten province show a yearly increase with mean result of Rp.3.244.043 (in million rupiah). Based on this result, it recommended for Banten province management to consider wage and import in their policy decision making to increase locally generated income since it has a significant result based on data studied from year 2008-2015.

Keywords: *Export, Import, Wage, Locally Generated Income, Banten*

Introduction

Indonesia is a country with vast resources and every part of the country needs special attention. Decentralization in the administration of government is seen as a solution to developing regions by providing opportunities and flexibility for regions to implement regional autonomy, as described in Law Number 32 of 2004 concerning Regional Government. In order to carry out the functions and authority of regional governments in the form of implementing fiscal authority, regions must be able to recognize the potential and identify the resources they have. With these regulations the regional, provincial and district governments have been given the authority to regulate regional households and naturally can prioritize regional independence or regional autonomy.

Economic growth shows the extent to which economic activity will generate additional community income in a given period. Because basically economic activity is a process of using factors production to produce output, then this process will in turn produce a flow of compensation for the factors of production owned by the community. Economic growth is expected to increase the income of the people. Looking at the economy of a local government, it well verse to look at the locally generated income of the region. Thus to support its growth, the regional government needs to explore the potential of the region related to local own-source revenue. This needs to be done so that regional dependence on the central government can be reduced. Aside from regional taxes and levies, to increase regional potentials related to local own-source revenue, local government try to induce the trade in and out of the region, basically export and import activities, and to add to it, the minimum wage of workers in the region.

Banten is a regent located intersecting Jakarta and West Java. Banten was part of West Java province, but the growth of industry in the regent shows the need of Banten to be a province. Recent report by Bank Indonesia (2019) shows that Banten Province Regional Budget (APBD) in 2019 increases expenditure compared to 2018. By region, the increase was supported by the provincial government and the Tangerang Regency, Serang City and Serang Regency, while based on the type of expenditure, supported by funds for the Special Allocation Fund (DAK) and the Village Fund (DD) through the budget allocation of TKDD (Transfer to Regions and Village Funds) nationally sponsored by Strengthening Fiscal Decentralization and Nawacita. This recent development beg the question of the contribution of locally-generated revenue (PAD) of Banten. What factors contribute to the increase of locally-generated revenue of Banten? The study look on several factors such as export, import and minimum wage as factors to increase locally generated income. Therefore, the study would like to look at the factors affecting locally-generated income of Banten using export, import, and minimum wage as its proxy from previous government with the title EXPORT, IMPORT, MINIMUM WAGE ON LOCALLY GENERATED INCOME OF BANTEN PROVINCE IN INDONESIA.

Hypothesis

Locally Generated Income is one of the goal of every local government. The locally generated income generally covered the local tax, local levies, and others that are restricted as locally generated income in

the Law (Siahaan, 2005). Since decentralization and autonomous status was granted by the government to local government, every local government need to find ways in increasing their locally generated income. Several studies pointed out factors that can affect the increase of locally generated income (Rawung, 2016; Nasir, 2019). Other studies point out that Export and Import can affect the growth of economy (Suharjon et al, 2017; Asbiantari et al, 2018; Astuti & Ayuningtyas, 2018). Thus, this study would like to look on how export, import and minimum wage can affect locally generated income of one of the province in Indonesia, which is Banten province. The following hypothesis are given in the study:

H1: Export has significant relationship on locally generated income

H2: Import has significant relationship on locally generated income

H3: Minimum Wage has significant relationship on locally generated income

Methodology

This study is descriptive associative and uses data from Banten Province, a province listed in Indonesia from year 2008 to 2015. The variables used in the analysis of data are independent variables and dependent variables. Independent variables in the study are Export, Import, and Wage and the dependent variables of the study is Locally Generated Income or PAD of Banten Province from year 2008-2015. Thus the sample of the study obtained is 8 year data of export, import, wage and locally generated income of Banten Province from year 2008-2015.

The statistical analysis on Banten Province locally generated income is done using Descriptive statistics of Mean, Standard Deviation, Minimum and Maximum, Correlation Matrix, Regression analysis, F-test, t-test.

Result of the Study

Descriptive Statistic

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
PAD	8	1661169.00	4972738.00	3244043.0000	1331781.72695
Export	8	5806.30	10231.20	8769.0375	1620.95519
Import	8	5516.43	12330.08	9624.8450	2558.68650
Upah	8	837000.00	1600000.00	1105600.0000	251364.12405
Valid N (listwise)	8				

Based on the table above the result shows that the variables of the study has a mean result of Rp.3.244.043 (in million rupiah). The mean results for Export is Rp. 8.769 (in million rupiah), and for import is Rp. 9.624 (in million rupiah) with Wage at Rp.Rp.1.105 million rupiah mean result from year 2008-2015. PAD and Wage variables shows yearly increase in their data.

Regression Model

Variables	Coefficient	Sig.
EXPORT	-.076	.649
IMPORT	.511	.031
WAGE	.694	.000
R	.995	
Adj. R-Square	.982	
Model F-stat.	125.206	
p-value		.000
No. of Observation	7	

The regression model indicates that the increase of EXPORT by 1 point will decrease PAD by -.076, and the increase of IMPORT and WAGE by 1 point will increase PAD by .511 and .694, respectively. Based on result table above, the study indicate that there is significant relationship between EXPORT, IMPORT, WAGE on Locally Generated Income (PAD) of Banten province from year 2008-2015 with F-test 125.206 and $p = 0.00$ at $\alpha = 5\%$ and $\alpha = 1\%$. The result is significant at 5% for IMPORT at $0.031 < 0.05$ and WAGE at $0.00 < 0.01$.

Conclusion

Based on the result of the study indicates that there is significant relationship between export, import, wage on locally generated income of Banten province from year 2008-2015. The descriptive statistic result on the variables also indicates that locally generated income of Banten province show a yearly increase with mean result of Rp.3.244.043 (in million rupiah). Based on this result, it recommended for Banten province management to consider wage and import in their policy decision making to increase locally generated income since it has a significant result based on data studied from year 2008-2015.

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