Research Article

The Influence of Human Resources and Investment on Regional Original Income

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Abstract. According to this research, human capital and investment have a significant impact on local revenue in the Regency/City of Bangka Belitung. Purposive sampling is the method used to select the samples. In 2018-2019, the province of Bangka Belitung has six regions and cities. Model path analysis is used to gather data. Path analysis, normality test, multicollinearity test, multiple linear regression test, F test, R determination test, and t-test are some of the analytical tools used in this study. SPSS 22.0 was then used to analyze the data. Results from an investigation found that human resources had a significant impact on local revenue in Bangka Belitung Province's districts and cities. Investment in Bangka Belitung's districts and cities has a significant impact on local revenue, according to the study.

Keywords: Human Resources, Investment, Local Revenue.

A. INTRODUCTION

Development must be viewed as a multi-dimensional process that includes economic development as well as significant changes in social structure, behavior, and institutional structures and practices (Momuat, 2013). In addition to attempting to achieve the highest possible growth, economic development must strive to eliminate or reduce the level of poverty, income inequality, and unemployment rates, as well as efforts to create job opportunities for the population, because people will receive income to meet their needs if they have job opportunities (Menajang, 2019).

Regional autonomy and national resource regulation provide opportunities to improve democracy and regional performance, as well as to improve people's welfare, in order to achieve a civil society free of collusion, corruption, and nepotism in order to achieve a civil society free of collusion, corruption, and nepotism (Syahputra, 2017). It is intended to increase the efficiency and effectiveness of government administration and public services as an autonomous region, with the Regency/City acting as a "motor." The provincial government will be implemented into the state sub-system. Instead, the provincial government, in its capacity as coordinator, has the authority and responsibility to organize community interests based on the principles of openness, community participation, and accountability to the people of the province (Djaenur, 2012).

Local governments and communities in the region work together to create new jobs or job opportunities and stimulate economic growth by managing existing resources in a collaborative manner (Setiyawati & Hamzah, 2007). It is necessary for the development to be carried out to investigate all of the potential in each region in order to be beneficial. Natural resources, human resources, cultural potentials, and other potentials are among the resources that must be pursued and empowered to their fullest extent under the circumstances. To further develop each region's capabilities and independence, it is critical to fully exploit all of the potential that is currently available (Sudiar, 2017).
It is possible to consider macroeconomic issues over the long term, such as economic growth. Between periods, the country's ability to produce goods and services will rise or fall. Production factors are always increasing in quantity and quality, so this ability to increase production is a result of this. (Maharani & Isnowati, 2014). Because of this investment, there will be an increase in the number of capital goods. A clear indication of the importance of human resources in development is demonstrated by the allocation of investment and regional spending to improve the quality of these human resources (Sjafii, 2009). Human resources investments do not yield immediate returns because they are made over time. Since there is often a trade-off between physical infrastructure investments and human resources investments in the government's annual budget (Sari & Umrah, 2020).

Based on Law no. 32 of 2004, one of the sources of regional income is Regional Original Revenue (PAD) which consists of regional tax proceeds, regional retribution proceeds, separated regional wealth management results, and other legitimate PAD. The increase in PAD is expected to increase investment in local government capital expenditures so that the quality of public services is getting better but what happens is that the increase in local revenue is not followed by a significant increase in the capital expenditure budget (Adi, 2006). According to Devita et al. (2014), the proportion of DAU from year to year has increased. With the general allocation fund that is too large, it will create a perception that the region is not fiscally independent and will eventually lead to dependence of the regional government on the supply of funds from the central government (Harianto & Adi, 2007).

B. LITERATURE REVIEW

1. Human Resources

   Human resources are a central factor in an organization (Rahman, 2020). Human resources are the main supporting pillar and the organization's driving force to realize its vision and mission goals (Sembiring, 2013). Human resources have an extraordinary strategic value for the organization (Sedarmayanti, 2014). Human resources are an essential factor for the creation of quality financial reports. The success of an entity is not only influenced by its human resources but the competence of its human resources (Wati et al., 2014).

2. Investment

   In carrying out national development, a country needs capital funds to catch up with the development of its government from other countries. Capital funds can be met through various sources, one of which is an investment. Simple definition: investing is the act of putting money into one or more assets with the hope of making a profit or seeing the value of the investment rise over the course of a set period of time (Margaretha, 2005). Increasing government spending in relation to national income is a good indicator of the role of government in a country, according to Eliza (2015).

3. Local Revenue

   Regional original income, which will be abbreviated as PAD from here on out, refers to income that is generated and collected by the regional government. In addition to provincial taxes and regional retributions as well as profits from Regional Owned Enterprises (BUMD) and other legitimate regional original revenues, PAD from regional taxes and the regional levy sector is also significant. Equally significant is the distribution of profits from equity participation in regionally owned corporations (BUMD). It is hoped that this will result in an increase in PAD from local taxes, regional levies, and the results of regional wealth management as a result of this. It has been shown that regional income, economic development,
and community well-being are all linked. The greater the amount of income received by the region, the greater the opportunity for the region to develop its economy (Supriati, 2019).

PAD aims to give regions greater flexibility in seeking funding to implement regional autonomy, which is a manifestation of the decentralization principle enshrined in Law Number 33 of 2004, which was passed in 2004. Regional levies are provincial levies that are collected as payment for services or as a condition for granting specific permits that are explicitly provided or given by the Regional Government for the benefit of individuals or entities, according to Law Number 28 of 2009. In accordance with the provisions of these articles, based on regional authority According to Article 1 of Law Number 33 of 2004, "Regional Original Revenue is the revenue obtained by a region from sources within its territory, which is collected in accordance with regional regulations in accordance with applicable laws and regulations."

4. Framework
Based on the description above, the following framework can be arranged:

![Figure 1 Research Framework](image)

**Hypothesis:**
- H₁: Human Resources Have a Significant Influence on Regional Original Income
- H₂: Investment has a Significant effect on Regional Original Income

C. METHOD
For this study, the population of interest is the Regency or City in the Province of Bangka Belitung, which uses a quantitative approach. Purposive sampling is the sampling strategy employed in this study. The population includes the sample (or representative of the population studied). Samples for this study include regional budget reports, the human growth index table, and the gross domestic growth table. A report on the amount of investment financing is used to determine the sample size in this study (Equity Participation). An extension of multiple linear regression analysis (MLRA) called path analysis was used in this study in order to estimate the causality between variables (causal model). In path analysis, a variable serves as both an independent and a dependent variable, depending on the context.

D. RESULT AND DISCUSSION
1. Classical Assumption Test
Problems commonly occur in multiple linear regression models are the multicollinearity test, normality test, and heteroscedasticity test. So, the classical assumption test was carried out regarding the problem's existence.
a. **Normality test**

A normality test determines whether the sample used comes from an average population. This test uses the One-Sample Kolmogorov-Smirnov Test method by comparing the Asymptotic Significance (probability) with the significance level. From the table, it can be seen that the Unstandardized Residual usually is distributed, with values of 0.397 and 0.628, so that the test can be continued.

b. **Multicollinearity Test**

Using the Tolerance Value and Variance Inflation Factor (VIF), we performed a multicollinearity test and found that all of the independent variables had tolerances greater than or equal to 0.1 (> 0.1), and a VIF value lower than or equal to 10. As a result, it can be concluded that the regression model does not exhibit symptoms of multicollinearity. Analysis results show that all independent variables have a tolerance greater than 0.1 (> 0.1) and a VIF value less than 10. As a result, it can be concluded that the regression model does not suffer from multicollinearity.

c. **Heteroscedasticity Test**

In equation 1, the results of the heteroscedasticity test calculation show no heteroscedasticity disorder because the p value > 0.05 or not significant at = 5%. Thus overall, it can be concluded that there is no heteroscedasticity problem in this study. The analysis results show that the results of the heteroscedasticity test calculation show that there is no heteroscedasticity disorder because the p value > 0.05 or not significant at = 5%. Thus overall, it can be concluded that there is no heteroscedasticity problem in this study.

2. **Discussion of Hypothesis Results**

a. **The Influence of Human Resources on Increasing Regional Original Income**

Based on the first hypothesis, it shows that the Human Resources variable affects Regional Original Income (PAD) as evidenced by the value of sig. of 0.001 is smaller than 5%, so H1 is accepted, meaning that Human Resources have a statistically significant effect on Regional Original Income (PAD).

Human resources influence increasing local revenue (PAD), for that it is necessary to improve the quality of human resources. To support the quality of competent human resources, organizations or agencies can provide training to their employees to achieve effective performance and organizational goals. From this result, the first hypothesis is proven true.

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Pay taxes and levies from the community to increase local revenue. Both in quantity and quality, the readiness of Human Resources (HR) plays an essential role in improving local revenue. It is realized that with a system that is still not fully integrated, the number of human resources to collect taxes and levies is still deficient. Understanding human resources related to regional taxes and levies is essential because human resources in the field must provide explanations that are easily understood by the public. Understanding HR is the spearhead to building awareness of its importance.

b. **The Effect of Investment on Increasing Regional Original Income**
There is evidence that regional original income (PAD) is affected by investment, as evidenced by the value of \( \text{sig} \). It is accepted that Physical Investment has a statistically significant effect on Regional Original Income if the 0.000 is smaller than 5%. (PAD). Here, the second hypothesis has been confirmed.

It is expected that the implementation of regional autonomy will increase services in various sectors, particularly in the public sector, in order to attract investors to invest in the region. Investors will support an area if it has adequate infrastructure, and residents will be able to go about their daily lives more easily, which will lead to greater productivity. PAD will rise as the number of investors and community productivity are both improved. This, in turn, will lead to an increase in regional spending (Abimanyu, 2005).

E. CONCLUSION

Based on the findings of this study's research and discussion, it can be concluded that the human resource variable has a positive and statistically significant impact on regional Original Income, with a significance level of 0.029, which is significantly lower than the threshold of \( = 0.05 \). Meanwhile, the investment variable has a positive and statistically significant impact on regional original income, with a significance level of 0.004, which is a lower value than the significance level of \( = 0.05 \) for the Investment Variable.

REFERENCES


