International Journal of Health, Economics, and Social Sciences (IJHESS)
Vol. 8, No. 1, January 2026, pp. 215~221
DOI: 10.56338/ijhess.v8i1.9483
Website: https://jurnal.unismuhpalu.ac.id/index.php/IJHESS

The Influence Of Profit And Operational Performance Of Regionally-Owned Enterprises On Regional Original Income In Badung Regency

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Article Info

Article history:

Received 19 Sep, 2025
Revised 18 Nov, 2025
Accepted 02 Jan, 2026

Keywords:

Regionally-Owned Enterprises (BUMD), Regional Original Income (PAD), profit, operational performance, operational efficiency, multiple linear regression, Badung Regency

ABSTRACT

This study aims to empirically examine the effect of profit and operational performance of Regionally-Owned Enterprises (BUMD) on Regional Original Revenue (PAD) in Badung Regency. This study is based on a research gap in previous studies. Some studies place BUMD profit as the dominant factor in increasing PAD, while others emphasize that operational aspects and management efficiency of regional companies contribute more significantly to increasing regional revenue. The data used in this study comes from the financial reports of BUMDs in Badung Regency for the 2019–2023 period and were analyzed using multiple linear regression with SPSS version 27 software. The analysis results indicate that profit and operational performance simultaneously have a significant effect on Badung Regency's PAD, as reflected in the coefficient of determination (R^2), which indicates the model's ability to explain variations in PAD between periods. Partially, operational performance is proven to have a positive and significant effect on PAD, while profit shows a positive but insignificant effect. These findings confirm that the effectiveness of BUMD operational management plays a greater role than accounting profit in driving PAD growth. Practically, the results of this study provide implications for local governments and BUMD management to place greater emphasis on strategies to increase operational efficiency, strengthen corporate management practices, and optimize service quality in order to maximize BUMD's contribution to PAD and support sustainable regional economic development.

INTRODUCTION

Locally-Owned Revenue (PAD) is a crucial component in achieving fiscal independence and supporting sustainable development at the regional level. Optimizing PAD is a strategic agenda for local governments, particularly in strengthening development financing capacity without heavy dependence on transfers from the central government. Among the various PAD sources, the contribution of Regionally-Owned Enterprises (BUMD) plays a crucial role because these institutions were established to manage local economic potential, provide public services, and generate revenue for the region.

However, the contribution of BUMDs to increasing PAD has not shown consistent consistency. Previous literature indicates a research gap regarding the variables most influential in the magnitude of this contribution. Some studies suggest that BUMD profits are the primary determinant of PAD growth, while others place operational aspects—such as efficiency, productivity, and corporate governance—as more influential factors. These differing findings indicate the need for more in-depth research to gain a more comprehensive understanding.

Badung Regency, as a region with strong economic dynamics in Bali Province, has several BUMDs that play a significant role in supporting the provision of public services and increasing regional revenue. Variations in the financial and operational performance of regionally-owned enterprises (BUMD) over the past few years provide an important basis for examining the extent to which profit and operational performance impact local revenue (PAD).

Against this background, this study aims to empirically examine the influence of profit and operational performance of BUMDs on Badung Regency's local revenue (PAD) during the 2019–2023 period. The analysis was conducted using multiple linear regression with the aid of SPSS version 25 software. The findings of this study are expected to contribute to the development of literature on BUMD management and provide practical recommendations for local governments and BUMD management in improving operational efficiency and optimizing company performance to strengthen local revenue (PAD) and support sustainable regional development.

RESEARCH METHODS

This study applies a quantitative approach using multiple linear regression to analyze the influence of financial variables on the performance of Regional Water Company (PDAM) in Badung Regency. This study uses a quantitative approach using multiple linear regression to analyze the influence of Regional-Owned Enterprise (BUMD) profit and operational performance on Regional Original Revenue (PAD) in Badung Regency. The research data sources are Badung Regency BUMD financial reports and PAD realization reports for the 2019–2023 period, obtained through official local government documentation and related BUMD publications. The variables analyzed include two main indicators: BUMD Profit and Operational Performance, with PAD as the dependent variable.

The regression model used is formulated as follows:

Description:

Y = Locally-Owned Enterprise (PAD)

X_1 = Regionally-Owned Enterprise Profit

X_2 = Regionally-Owned Enterprise Operational Performance

β_0 = Intercept

β_1–β_2 = Regression coefficient of each independent variable

ε = Error term

Data analysis was performed using SPSS version 27, with the following steps:

Descriptive Analysis

This analysis is used to present descriptive statistics for each research variable, such as minimum, maximum, average, and standard deviation values. The goal is to provide an overview of the characteristics of BUMD financial data and PAD between periods.

Classical Assumption Test

To ensure the feasibility of the regression model, a series of classical assumption tests were carried out as follows:

Normality: The distribution of residuals was tested using a Residual Histogram and a Normal P–P Plot to ensure that the residuals were approximately normally distributed.

Multicollinearity: Tested using the Variance Inflation Factor (VIF) and Tolerance value to ensure that there is no strong collinear relationship between independent variables.

Homoscedasticity: Tested through a Scatterplot between the residuals and predicted values to ensure that the residual variance is constant at each prediction level.

Autocorrelation: Checked using Durbin–Watson to assess whether the residuals have a sequential correlation that could affect the reliability of the model.

Model Significance Test

F Test: Used to evaluate whether the profit and operational performance variables have a significant simultaneous effect on PAD.

t-test: Used to test the partial influence of each independent variable, profit and operational performance on Badung Regency's PAD.

This method allows the study to assess both the collective and individual impact of profit and operational performance on Regional Original Income (PAD). Furthermore, the regression analysis and classical assumption tests ensure that the model is valid, reliable, and can be used as a basis for strategic decision-making related to the management of regionally-owned enterprises (BUMD) to maximize their contribution to Badung Regency's PAD.

RESEARCH RESULT

Statistik Deskriptif					
	N	Minimum	Maksimum	Mean	Std. Dev
PAD (Y)	25	820.11	1,905.22	1,321.54	287.93
Laba BUMD (X_1)	25	12.45	63.77	35.29	14.88
Kinerja Operasional (X_2)	25	61.22	92.55	78.43	8.97

Table 1: This table displays the three main variables analyzed in this study: Regional Original Income (PAD), Regionally-Owned Enterprises (BUMD) Profit (X_1), and Operational Performance (X_2). Each variable has 25 observations, providing a sufficient quantitative data base to assess the empirical relationship between BUMD financial performance and its contribution to Badung Regency's PAD.

PAD (Y)

The PAD variable showed a minimum value of 820.11 and a maximum of 1,905.22, with an average value of 1,321.54 and a standard deviation of 287.93. This relatively high level of variation indicates a significant difference between periods, reflecting the unstable dynamics of PAD revenue. These fluctuations can be caused by differences in the performance of regionally-owned enterprises (BUMD), regional economic conditions, or other external factors that influence regional income.

BUMD profit (X_1)

The profit variable showed a range of values between 12.45 and 63.77, with a mean of 35.29 and a standard deviation of 14.88. These results indicate that regional-owned enterprise (BUMD) profits tend to be moderate, but still exhibit significant variation between periods. These profit differences may reflect variations in operational efficiency, business scale, and financial strategies among the BUMDs in the study sample.

Operational Performance (X_2)

The operational performance variable has a minimum value of 61.22 and a maximum of 92.55, with an average of 78.43 and a standard deviation of 8.97. The relatively small variation indicates that operational performance between periods or between BUMD units tends to be stable. This stability may indicate that BUMD operational aspects have been managed consistently despite variations in other financial factors.

Based on the descriptive statistics, it can be concluded that the three variables have different distribution characteristics. Locally-generated revenue (PAD) exhibits a high level of fluctuation, while regional-owned enterprise (BUMD) profits exhibit moderate variation, and operational performance is relatively stable. These findings provide an initial indication that changes in PAD are likely more sensitive to external factors and the financial dynamics of regional-owned enterprises, while operational performance tends to play a more consistent role in supporting regional performance. These findings provide an important basis for further analysis using regression models to determine the partial and simultaneous effects of each variable on Badung Regency's PAD.

Uji Normalitas	
	Sig
Kolmogorov–Smirnov & Normal P–P Plot	0.200 (>0.05)

Table 2: This table shows that the normality test shows that the significance value (Sig) in the Kolmogorov–Smirnov test is 0.200, which is greater than the general significance limit of 0.05.

Sig = 0.200 (> 0.05) indicates that there is no significant difference between the residual data distribution and the normal distribution.

The residuals of the regression model are normally distributed, so the normality assumption is met.

Supporting graphs such as the Normal P–P Plot also confirm that the residual distribution follows a diagonal line pattern, which strengthens the conclusion that the model meets the normality requirements.

Based on the research results, it can be concluded that not all analyzed variables have the same influence on increasing Badung Regency's Regional Original Income (PAD). Of the two main indicators tested, only operational performance was proven to have a positive and significant impact on PAD, while regional-owned enterprise (BUMD) profits, although positive, did not show statistical significance. This finding indicates that the effectiveness of operational management plays a more decisive role in driving BUMD contributions to PAD than the amount of profit generated. These results also provide a basis for local governments and BUMD management to focus policies more on strengthening operational quality as a primary strategy in increasing regional revenue.

Uji Multikolinearitas		
	Tolerance	VIF
Laba BUMD (X_1)	0.742	1.347
Kinerja Operasional (X_2)	0.742	1.347

Table 3: This table indicates whether there is an excessively strong linear relationship (multicollinearity) between the independent variables BUMD Profit (X_1) and Operational Performance (X_2) in the regression model.

BUMD Profit (X_1) and Operational Performance (X_2) do not exhibit multicollinearity issues. This means that the two independent variables do not influence each other excessively and are suitable for use in the regression model.

Heteroscedasticity Test

The scatterplot shows a random pattern → No heteroscedasticity occurs.

Uji Autokorelasi	
Durbin-Watson	1.912

Table 4: This table shows the Autocorrelation Test, with a Durbin-Watson value of 1.912 indicating whether there is autocorrelation (a relationship between one residual and the previous residual) in the regression model.

The value of 1.912 is very close to 2, indicating that the residuals in the regression model are random and independent, thus meeting one of the classical assumptions of regression.

ANOVA		
Sumber	F	Sig.
Regresi	19.773	0.000

Table 5: This table shows the regression model which is stated to be significant, meaning that BUMD profits and operational performance simultaneously influence Badung Regency's PAD.

Uji t				
Variabel	B	Std.Error	t	Sig.
Konstanta	402.887	142.311	2.832	0.009
Laba BUMD (X_1)	12.445	3.288	3.786	0.001
Kinerja Operasional (X_2)	8.772	2.901	3.023	0.006

Table 6: This table shows that Regional-Owned Enterprise (BUMD) profit (X_1) has a positive and significant effect on Regional Original Revenue (PAD).

A significance value of 0.001 (<0.05) and a coefficient of 12.445 (B) indicate that any increase in BUMD profit significantly increases PAD.

Operational performance (X_2) also has a positive and significant effect on PAD.

With a significance value of 0.006 (<0.05) and a coefficient of 8.772 (B), this indicates that improved BUMD operational performance directly increases PAD.

Partially, the two independent variables of regional-owned enterprise (BUMD) profit and operational performance have been shown to make a positive and significant contribution to increasing Badung Regency's Regional Original Income (PAD). This means that the better the BUMD's financial and operational performance, the greater its contribution to increasing PAD.

Model Summary			
R	R square	Adjusted R Square	Std. Erro
0.783	0.613	0.582	186.04

Table 7: This table indicates whether the regression model experiences multicollinearity issues that could potentially compromise the validity of the research results. The main indicators used in this assessment are the Condition Index and Variance Proportions.

R value = 0.783

This indicates the strength of the relationship between the independent variables (regional-owned enterprise profit and operational performance) and the dependent variable (PAD).

value of 0.783 is considered a strong correlation, indicating a very strong relationship between the two independent variables and PAD.

R Square = 0.613

It means:

61.3% of the variation (change) in PAD can be explained by BUMD profits and operational performance.

In other words, the regression model used is strong enough to explain the influence of the two variables on PAD.

Adjusted R Square = 0.582

This value adjusts the R^2 to the number of variables in the model.

A value of 58.2% indicates that after adjustment, the model still performs reasonably well and remains robust.

Adjusted R^2 is typically used for models with more than one independent variable, indicating the model is valid and not overfitting.

Std. Error = 186.04

This is the magnitude of the prediction error, or the average distance between the model's predicted PAD value and the actual PAD value.

The smaller the number, the better the model. A value of 186.04 is considered quite good, depending on the PAD units used.

Overall, this indicates that the regression model has strong ability to explain the influence of regional-owned enterprise (BUMD) profits and operational performance on local revenue (PAD).

With an R^2 value of 61.3%, the model is considered sufficiently robust for use in analysis and drawing conclusions.

Multiple Linear Regression Equation

From the coefficients obtained, the regression model can be formulated as follows:

Meaning of equation:

Every 1 unit increase in BUMD profit will increase PAD by 12.445 billion (ceteris paribus).

Every 1 point increase in operational performance will increase PAD by 8.772 billion.

DISCUSSION

The results of this study provide a deeper understanding of the relationship between regional-owned enterprise (BUMD) profits, operational performance, and their contribution to Badung Regency's Regional Original Revenue (PAD). Descriptive analysis reveals that the three variables studied have varying distribution characteristics. PAD appears to have a relatively high level of fluctuation, indicating regional economic dynamics, changes in local government policies, and differences in BUMD performance over time. Meanwhile, BUMD profits exhibit a moderate level of variation, indicating that BUMD financial performance is adaptive to changes in managerial strategies and market conditions. In contrast to these two variables, operational performance exhibits a more stable pattern with a relatively low standard deviation. This condition reflects that BUMD operational processes are consistent despite variations in financial factors. This difference indicates that PAD is more sensitive to external influences, while operational performance tends to be a stable internal indicator supporting BUMD's contribution to regional revenue.

Testing of the classical regression assumptions demonstrates that the model used meets analytical feasibility to produce accurate estimates. The Kolmogorov–Smirnov normality test, with a significance value of 0.200, indicates that the residuals are normally distributed, thus the regression model can be applied appropriately. Furthermore, the results of the multicollinearity test indicate that regional-owned enterprise (BUMD) profit and operational performance do not significantly influence each other, thus both independent variables are valid for inclusion in the model. The heteroscedasticity test revealed a random distribution of residuals, indicating no difference in residual variance between observations. This is supported by the results of the autocorrelation test, where the Durbin–Watson value of 1.912, approaching 2, indicates that the model residuals are uncorrelated. With all classical assumptions met, the regression estimation results can be interpreted with a high degree of confidence.

Furthermore, the results of the simultaneous F-analysis test confirmed the overall significance of the regression model. Regional-owned enterprise (BUMD) profit and operational performance were shown to

jointly influence Badung Regency's regional revenue (PAD). This finding is supported by the R value of 0.783, indicating a strong relationship between the independent and dependent variables. With an R-square value of 0.613, it can be concluded that 61.3% of the variation in PAD can be explained by these two variables, while the remaining 38.7% is influenced by factors outside the model. The adjusted R Square of 0.582 indicates that after adjusting for the number of independent variables, the model still has good explanatory power. This finding confirms that the contribution of regionally-owned enterprises (BUMD) to regional revenue (PAD) is not solely influenced by profit generated, but also by the effectiveness of their ongoing operational performance.

Partial analysis shows that each independent variable has a significant influence on PAD. BUMD profit, with a significance value of 0.001 and a regression coefficient of 12.445, indicates that increased BUMD profits contribute directly to increased PAD. This result aligns with BUMD's role as a regional business entity that contributes a portion of its profits to the regional government. On the other hand, operational performance, with a significance value of 0.006 and a coefficient of 8.772, indicates that increased operational effectiveness has a positive impact on increasing regional revenue. This confirms that BUMD operational quality not only supports profit achievement but also directly contributes to regional fiscal capacity.

Overall, the results of this study indicate that the regression model has a high level of validity and strong explanatory power. Both regionally-owned enterprise (BUMD) profits and operational performance have been shown to be significant factors in increasing Badung Regency's regional original revenue (PAD), both simultaneously and partially. These findings provide important implications: efforts to increase BUMDs' contribution to PAD should focus not only on profit-boosting strategies but also on strengthening sustainable operational aspects. Therefore, BUMD management policies that emphasize operational efficiency, improved service quality, and revenue optimization can have a significant impact on increasing regional income. These findings provide an important foundation for local governments in formulating strategies to strengthen the role of BUMDs as economic instruments and strategic sources of regional revenue.

CONCLUSION

Based on the analysis results obtained, this study confirms that the financial and operational aspects of regionally-owned enterprises (BUMD) significantly influence Regional Original Revenue (PAD) in Badung Regency. Simultaneously, BUMD profit and operational performance variables were shown to play a significant role in explaining variations in PAD, as reflected in the R-square value of 0.613. This finding indicates that 61.3% of changes in PAD can be explained by these two variables, thus providing adequate predictive power for the regression model. The remaining 38.7% is influenced by other variables outside the scope of the study, such as regional fiscal policy, macroeconomic conditions, and the performance of other business sectors.

Partially, both BUMD profit and operational performance have a positive and significant impact on PAD. BUMD profit contributes directly through the profit transfer mechanism to the local government, while operational performance plays a role in improving efficiency, productivity, and service quality, ultimately supporting regional revenue generation. This finding confirms that increasing PAD is determined not only by the amount of profit generated by BUMDs, but also by the effectiveness of operations managed consistently and measurably.

Thus, this study highlights the importance of strengthening regional-owned enterprise (BUMD) management strategies, focusing on two key dimensions: profitability and operational efficiency. Local governments need to promote professional, transparent, and sustainable governance to optimize BUMDs' contribution to local revenue (PAD). Furthermore, this research provides an opportunity for further research to investigate other external factors that could potentially influence PAD, thereby broadening our understanding of the determinants of regional revenue.

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