

# The Contribution of Empowerment of The Palm Oil Industry on Regional Original Revenue in Bangka Belitung Island Province

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**Abstract.** The palm oil industry's development prospects are currently quite promising, as the amount of palm oil produced is expanding in pace with the community's growing needs. Obviously, how much creation that can be made well affects the Indonesian economy, both as far as its commitment to state and territorial incomes. One of the provcontributecontributes to the national economy through the palm oil sector is Bangka-Belitung Islands. The realization of regional revenue from the Bangka Belitung Islands Province's regional original revenue (PAD) in 2021 has increased significantly and has even exceeded the aim. The rise in regional original revenue for the Province of Bangka.

**Keywords:** empowerment, palm oil industry, regional original revenue

## 1. Introduction

Because of rising product costs, palm oil has not just arisen as the main supporter of the cash of the US, however it has likewise arisen as a main impetus for the nearby economy, engrossing work and diminishing neediness in country regions. According to data from GAPKI, the production of oil palm has grown from 300,000 hectares in 1980 to 16.1 million hectares today, producing forty million piles of CPO. The piece of smallholder estates continues to create, and it by and by addresses 52% of complete farm area. Rather than the 6,000,000 ha that was recently guaranteed, the absolute area of smallholder estates is currently remembered to be 9,000,000 ha [1]

This sustainable Indonesian palm oil industry scheme is concerned with a number of issues, including the licensing system and plantation management, technical cultivation implementation, environmental monitoring, worker responsibility, community economic empowerment, community social responsibility, and sustainable business improvement. The tremendous work put in so far to develop and implement a sustainable palm oil plantation system has resulted in the country having the world's biggest share of certified sustainable palm oil. Indonesia accounts for 59% of global certified palm oil production, whereas Malaysia accounts for only 27% [2]

One of the regions whose palm oil industry adds to the public economy is the Bangka Belitung Islands territory. It turns out that the Province of the Bangka Belitung Archipelago is more than just a place to mine tin ore; There is more potential in this area in the east of Sumatra Island. This potential is palm oil, an item that essentially affects the Bangka Belitung economy. During the pestilence, Bangka Belitung's rural business contributes 20.47 percent to the local

economy in 2020 and serves as a financial engine. The plantation subsector contributed 36.09 percent of these figures to agriculture. The estate sub-area's improved presentation has also contributed to the exhibition of the handling industry, particularly the food handling industry. [3]

Fresh fruit bunches (FFB) from smallholder oil palm plantations produced 141,452.28 tonnes. Meanwhile, productivity stands at 2.68 tonnes per hectare. The majority of the production, 39,429.38 tons, came from smallholder oil palm plantations in South Bangka. While Belitung had the least with 4,690.10, the Bangka Regency Agriculture and Food Service reported that the area's output volume of fresh fruit bunches (FFB) reached 4,050 tons per day. Based on factory capacity statistics when it is operational, the FFB production capacity of oil palm collected by farmers is 4,050 tons per day. The area's productive oil palm plantations are estimated to cover roughly 39,000 hectares for plantations owned by firms or managed by individuals [4]

Aside from investment and jobs, how much the palm oil sector contributes to the province's and each regional original revenue (PAD) is also crucial. The Bangka Belitung Islands Province's Regional Revenue from regional original revenue (PAD) realization in 2021 has increased significantly, even exceeding the objective. PAD realization in 2021 exceeds the target by Rp. 895 billion, or 116.76 percent. The realization of the Babel Province Regional Original Revenue in 2021 is the largest realization this year or since the province's inception.

In the first quarter of 2021, the share of realized regional original revenue (PAD) that shows regional fiscal independence is 31.28% of total regional income, an increase over the first quarter of 2020, when it was 24.12% of total revenue. This suggests that regional fiscal independence will grow in the first quarter of 2021. PAD realization in the first quarter of 2021 is IDR 145.46 billion, or 19.41% of the 2021 objective, which is greater than the previous year's realization of 15.87% or Rp. 118.74 billion. The increase in nominal PAD realization in the first quarter of 2021 was attributed to a Rp. 134.81 billion increase in realized regional tax income [5]

The growth in regional original revenue for the Province of Bangka Belitung in 2021 is due to economic improvement in Babel, which has resulted in greater payment of regional taxes and levies, as well as contributions from industry and oil palm farms. Regional original revenue from the cultivation of oil palm plants will fall in 2021. The weather component with relatively heavy rainfall is thought to be the key factor reducing plantation commodity yield, where fertilization activities and fertilizer absorption are not optimal. Furthermore, according to the cyclical pattern, the productivity of plantation crops decreases at the start of each year following the end of the primary harvest at the end of the year.

## **2. Literature Review**

### **2.1 Palm Oil Industry Empowerment**

Reinforcing is a work to collect neighborhood, by engaging, prodding, exposing issues of their actual limit and endeavoring to frame that potential into certifiable movement [6]

By empowering, inspiring, and bringing issues to light of its true capacity and endeavoring to foster it, strengthening is a work to assemble that power. [7]

Basically, empowerment means giving clients the ability to make decisions and take the actions they need to take, including removing personal and social obstacles to their actions. [8]

Basically, empowerment is the ability to make decisions and take actions that clients need to take, including removing personal and social obstacles. [1]

Personal and social empowerment go hand in hand. Individual autonomy, skills, creativity, and freedom of action. [11]

Jacq's *Elaeis guinensis* Palm oil comes from a type of *Arecaceae* plant that produces edible oil. Palm oil can likewise be handled into unrefined substance for cleanser, candles, and the restorative business, and the rest of the handling can be utilized as a combination of creature feed and manure fertilizer, which are all advantages and benefits of the oil palm plant. The plant produces crude palm oil in the fruit section, which is processed into cooking oil raw materials. [9]

## 2.2 Regional Original Revenue

The term "regional original revenue" refers to any valid revenue that comes from the regional tax sector, regional levies, regionally owned businesses, segregated regional wealth management, or other sources. [10]

One of the essential objectives of financial decentralization is provincial autonomy. Neighborhood legislatures are supposed to oversee nearby monetary assets, especially Territorial unique income. Regional original money is money a region collects in accordance with applicable rules and regulations from sources within its own territory. [11]

The following are the four components of regional initial revenue: the results of separate regional wealth management, regionally owned businesses, local taxes, regional levies, and other legal PAD [12]

## 3. Research Methods

This study's statistics assessment methodologies were inferential data and panel statistics regression evaluation. Cooperative examinations are the review procedure that is steady with the degree of clarification of this exploration. Studies that aim to ascertain the connection between two or more variables are known as associative studies. in light of the kind of accounts and assessment quantitative realities types [13] Data processing in this study used E-views 10. The model form of regression equations from the above panel data is as follows:

$$Y = \alpha + \beta X_t + \epsilon_t$$

Y = Regional Original Revenue

X = Empowerment Of The Palm Oil Industry

$\alpha$  = Constant

$\epsilon_t$  = Term error

$\beta$  = Variable Regression Coefficient

The study's hypotheses are that the empowerment of the palm oil industry has a significant and beneficial effect on the regional initial revenue of the Bangka Belitung Islands.

## 4. Analysis and Discussion

### 4.1. The Contribution of Empowerment Of The Palm Oil Industry On Regional Original Revenue In The Bangka Belitung Island

Table 1. Fixed Effect Model Results

Dependent Variable: REVENUE?  
 Method: Pooled Least Squares  
 Date: 04/26/23 Time: 16:19  
 Sample: 2016 2022  
 Included observations: 7  
 Cross-sections included: 6  
 Total pool (balanced) observations: 42

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.513277	0.402809	8.721946	0.0000
<b>Ln_PALM OIL?</b>	<b>0.982361</b>	<b>0.065947</b>	<b>14.89629</b>	<b>0.0000</b>
Fixed Effects (Cross)				
_BANGKA--C	1.893049			
_BANGKABRT--C	1.856198			
_BANGKATGH--C	1.248854			
_BANGKASLTN--C	1.499117			
_BELITUNG--C	0.810471			
_BELITUNG TMR --c	0.035969			
<b>Effects Specification</b>				
<b>Cross-section fixed (dummy variables)</b>				
<b>R-squared</b>	<b>0.799510</b>	Mean dependent var	9.513382	
Adjusted R-squared	0.789409	Durbin-Watson stat	1.765327	
Prob(F-statistic)	0.000000			

Source: Data processed Eviews 10

The statistical t value of palm oil business empowerment is 14.89629, with a probability fee (P-value) of 0.0000, as shown in table 1. H<sub>0</sub> (no longer significant influence) is rejected and H<sub>1</sub> (significant impact) is accepted because this number falls below the 0.05 significance level. A one-way link is suggested by a high statistical t value. As a result, it has been established that the regional original revenue in Bangka Belitung Islands Province is significantly and positively impacted by the long-term empowerment of the palm oil industry.

R-Squared = 0,799510 demonstrates the significance of the empowerment in terms of the impact on regional original revenue on the Bangka Belitung Island's palm oil industry.

## 5. Conclusion

The findings demonstrated that the province of Bangka Belitung Islands' initial revenue increased significantly and positively as a result of the empowerment of the palm oil industry. This demonstrates that the palm oil industry may be developed and operated in such a way that it will continue to positively impact local unique income for a considerable amount of time.

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