

Assessment of The Success of Regional Autonomy (Regional Expansion) In Terms of Regional Financial Performance in Jambi Regencies

¹Agung Rizki Putra, ²Yanto

Universitas Bangka Belitung, Indonesia

agungrizkiputra@ubb.ac.id, yantoo1612@gmail.com

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Abstrak

Penelitian ini bertujuan untuk: Untuk Menganalisis Kinerja Keuangan Daerah Pemekaran Dan Daerah Induk Di Kabupaten/Kota Di Provinsi Jambi.Periode 2009-2021.,Adapun alat Analisis yang digunakan dalam penelitian ini: untuk menganalisis Kinerja Keuangan Daerah. Hasil Penelitian Kinerja Keuangan Daerah pemekaran dan daerah induk selama periode penelitian tergolong tidak otonom. Hal ini dikarenakan banyaknya daerah yang telah dimekarkan belum siap dan belum mampu mencari sumber-sumber pendapatan asli daerah, serta menggali potensi-potensi daerahnya sedangkan untuk daerah induk kehilangan sumber pendapatan asli daerahnya hal ini dikarenakan adanya pembagian sumber pendapatan asli daerah dengan daerah pemekaran.

Kata Kunci: Keuangan, Ekspansi, Otonomi

Abstract

This research aims to: Analyze the Financial Performance of Expanded Regions and Parent Regions in Regencies/Cities in Jambi Province. Period 2009-2021. The analytical tool used in this research is: to analyze Regional Financial Performance. Research Results on Financial Performance of the expansion regions and parent regions during the research period were classified as non-autonomous. This is because many regions that have been expanded are not yet ready and have not been able to find sources of original regional income, as well as explore the potential of their regions, while the parent regions have lost their original sources of regional income, this is due to the division of original regional sources of income with the expansion areas.

Keywords: Finance, Expansion, Autonomy

INTRODUCTION

Since the enactment of Law No. 22/1999 and Law No. 25/1999, there have been changes in the regulation of relations between central and regional governments, especially in the areas of regional government and finance. The pattern of relations between the central government and regional governments changed from a centralized government system to a decentralized one (Kusuma, 2016; Silver, 2003). With a decentralized system, the central government hands over authority to the regions to regulate government in their own regions (Duncan, 2007). The implementation of this regulation has caused many regions to expand themselves as a form of implementing regional autonomy, one of which is the province of Jambi.

Until 2023, Jambi Province has expanded its regions into 5 regencies/cities. Table 1 below presents data on regencies/cities that have expanded in Jambi Province.

Table 1. Main District/City Areas and Expansion Areas in Jambi Province

No.	Parent Regional District	Regency Expansion area	Year of Expansion
1	Day Trunk	Muara Jambi	1999
2	Moaning	Sarolangun	1999
3	Bungo	Tebo	1999
4	West Cape Jabung	East Cape Jabung	1999
5	Kerinci	Full River City	2008

One of the causes of the expansion of regency/city areas is because the implementation of development and services to the community has not been optimal. So, in order to overcome this problem, new autonomous regions were formed in order to shorten the government's span of control in order to carry out development and services to the community (Yusran, 2007).

According to Arzaghi & Henderson (2005) states that regional expansion is analogous to a perfect competitive economic model where local governments have the power to maintain low tax levels, provide efficient services, and allow each individual in the community to express their preferences for each type of service from various different levels of government.

Referring to this Kitschelt & Wilkinson (2007) issued a statement that smaller, more homogeneous communities would find it easier to implement policies that met the preferences of the majority of society.

Regional expansion should not be a problem when the government can see the quality of the areas where regional autonomy will be implemented (Trisakti & Djajasinga, 2021). This research uses several indicators to assess the implementation of regional autonomy in Jambi Regency/City such as Regional Financial Performance.

According to Simangunsong (2014) defines government agency performance measurement as a management tool used to improve the quality of decision making and accountability in order to assess the success or failure of implementing activities (programs) in accordance with the goals and objectives and mission of government agencies.

In measuring the level of success of performance and implementation of regional autonomy, it is necessary to measure regional performance in order to see how the government manages its government properly and correctly, starting from comparing actual results/output with regional strategic targets and objectives so that it can be measured whether the region is advanced or autonomous.

There are many ways to measure regional government performance and manage regional finances and one of them is by looking at the ratio analysis of the APBD that has been determined and implemented. Because not many people use ratio analysis in the public sector, theoretically there is no agreement regarding precise measurement rules. However, in order to implement good regional financial management, namely transparent, honest, democratic, efficient, accountable and effective, ratio analysis of regional financial reports needs to be carried out even though regional financial reports are different from private financial reports. (Pamungkas et al., 2018)

In measuring Regional Financial Performance, it is necessary to know the Degree of Regional Autonomy, Regional Financial Dependence, and Regional Expenditure Performance, based on research conducted by (Priyarsono et al., 2010) This indicator is one that can describe whether regional autonomy is being implemented or not

To measure the Degree of Regional Autonomy, use the following formulation(Mahmudi, 2016)

$$DOF_t = \frac{PAD_t}{TPD_t} \times 100\%$$

Where :

DOF_t : Fiscal Autonomy Degree Ratio in year t

PAD_t : Total Value of Original Regional Income in year t

TPD_t : Total Value of Regional Income in year t

With Assessor Criteria An is if the DOF value is <40% then it is classified as non-autonomous, if DOF > 40% then it is classified as autonomous

To measure the degree of regional financial dependence, use the following formulation:(Saputra & Mahmudi, 2012)

$$RKKD_t = \frac{DBP_t}{TPD_t} \times 100\%$$

Where :

RKKD_t :Regional Financial Dependency Ratio in year t

DBP_t :Central Assistance Fund Year t

TPD_t : Total Value of Regional Income in year t

The assessment criteria are if the RKKD value is > 40% then it is classified as highly dependent (not independent), if RKKD < 40% then it is classified as not dependent (independent).

To measure the Degree of Regional Expenditure Performance, use the following formulation:

$$KBD_t = \frac{BL_t}{TPD_t} \times 100\%$$

Where :

KBD_t :Regional Expenditure Performance in year t

BL_t :Direct Shopping t

TPD_t : Total Value of Regional Expenditures in year t

The assessment criteria are, if KBD value < 40% means that spending performance is classified as poor, meaning that spending is not used much for the development sector, if KBD > 40% then spending is mostly used for the development sector

Based on this description, the aim of this research is to determine the financial performance of the main regions and expansion regions in the districts/cities of Jambi Province.

METHOD

This research is a quantitative research that explains in detail the description of the regional financial performance of districts/cities in Jambi Province from 2009 to 2021. The objects in this research are districts/cities in Jambi Province that have carried out regional expansion, including Batang Hari Regency. , Merangin Regency, Bungo Regency, West Tanjung Jabung Regency, and Kerinci Regency as the parent areas, with Muaro Jambi, Sarolangun, Tebo, East Tanjung Jabung Regency, and Sungai Full City being the expansion areas.

The type of data used in this research is secondary data in the form of regional financial report data. The data collection technique is library research where data is available on the BPS website and Bank Indonesia reports.

RESULT

To find out the financial performance of the expansion regions and parent city districts in Jambi Province, it is necessary to calculate the Degree of Fiscal Autonomy, Regional Financial Dependency Ratio and Regional Expenditure Performance. The Degree of Fiscal Autonomy (DOF) is said to be good if the DOF value is $> 40.1\%$ (Saputra & Mahmudi, 2012), while for the Regional Financial Dependency Ratio (RKKD) < 40.1 then the RKKD is said to be good % (Mahmudi, 2016), and for Regional Expenditure Performance (KBD) $> 40.1\%$, the KBD is said to be Good (Priyarsono et al., 2010).

Table. 2 Average Pattern of Regency/City Financial Performance of Main Regions and Expansion Regions in Jambi Province 2009-2021

Average	DOF	RKKD	KBD
Parent	6.89 %	79.56 %	46.51 %
Expansion	5.09 %	83.44 %	56.23 %

Source: Data Processed Results

From the table above, it can be analyzed that the DOF of the parent area is higher than the expansion area, although the DOF between the parent area and the expansion area is not implemented well because the DOF value is lower than the reference figure, namely $< 40.1\%$, however, the DOF value for the parent area is higher. is large, namely 6.89%, while the expansion area is only 5.09%, meaning that the degree of fiscal autonomy of the parent region is better in finding sources of income to achieve regional independence compared to the expansion area which is still relatively new and has to look for other sources of income. Meanwhile, the Regional Financial Dependency Ratio has a KBD Ratio value of $> 40.1\%$, which means that regional dependence on assistance from the central government is very large. This indicates that there is no regional independence, both in the expansion regions and in the parent region, the regions that have undergone expansion still have very high financial dependence. in order to run the wheels of government so that the dependency of the expansion regions is higher compared to the parent region.

Regional expenditure performance is still quite good, namely $> 40.1\%$, which means that the direct expenditure performance of expansion regions and parent regions./ regional expenditure performance is quite good, expansion regions channel more regional expenditure funds compared to parent regions, this is because the regions expansion requires a lot of infrastructure development costs to run the government.

In principle, regional expansion is a form of implementing regional autonomy, where with this regional autonomy, the implementation of services and independence from the regions can be carried out well, however, based on the analysis carried out, the expansion regions and parent regions are still very dependent on assistance from the central government, this is of course it is not in accordance with the objectives of autonomy, this dependence is caused by the low level of original regional income receipts, and the potential for regional original income is still not optimal, so the need for funds for regional spending for regional development is still very dependent on assistance/transfers from the central government, this This is in line with research Priyarsono et al., (2010) that regional spending needs are still very dependent on the central government.

CONCLUSION

Analysis of the Financial Performance of Parent Regions and Regency/City Expansion Regions in Jambi Province shows that in terms of regional financial performance, parent regions are superior to expansion regions even though both regions are classified as non-autonomous. The implementation of regional autonomy in districts/cities in Jambi Province is not effective.

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