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The Finance Performance of the Autonomous Areas in Bengkulu Province

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INDONESIA

Abstract
There were four autonomous areas before the expansion in Bengkulu province such as Bengkulu city, Rejang Lebong regency, South Bengkulu regency, and North Bengkulu regency. Theoretically, these four areas have higher autonomy of organizing the local revenue due to the good experience and the natural resources they already have. This research aims at evaluating the performance of LKPD from the four autonomous areas by using the measurement of existed ratio. Another aim is to figure out the variables of finance before and after the regional autonomy or OTDA. Several findings of the research have shown that the four autonomous areas had high dependency toward the central government or relied on the balance fund. On the contrary, the contribution of PAD was still low. However, the efficiency ratio was adequately good, whereas the growth ratio got strong fluctuation especially in some major regencies because of the formation of new regencies. In addition, the main variable in measuring the degree of finance decentralization, finance autonomy, efficiency, and the growth of PAD got insignificant at all. There are some significant variables, but not as the main variable, such as Variable X12 (BHPBP:TPD), and variable X13 (SPP:TPD).

Key words: LKPD, APBD, OTDA, PAD, BHPBP, TPD, and SPP.
INTRODUCTION

Preceded by the economic crisis in 1997 which was also the collapse of The New Order power which conquered for more than 30 years, it then calls for regional autonomy (OTDA) extensively. OTDA not only demanded decentralization of power but also has implications for the financial decentralization at local level two. There are at least two reasons that have been perceived by the public. First, the intervention of society in the past has given rise to the problem of low capacity and effectiveness of local government in encouraging the development process and life of democracy in the area. Second, directives and statutory requirements that are too big from the central government lead initiatives and regional initiatives tend to go out so that local governments often make regulatory compliance as an end and not as a means to improve the public service (Mardiasmo, 2004).

The authority of Regional autonomy from the central government gives to local governments to regulate and administer the need of local communities own initiative based on the aspirations of the community in compliance with the applicable legislation. Regional autonomy has many implications, such as; financial decentralization and authority. Financial decentralization and the authority have made some areas act more concerned with personal and group by the local government in power at that time. In managing local finances, Local governments are no longer based on the principles of value for money for the public welfare. There are indications of some wasting financing programs or activities that are not supposed to be financed, for example, the utilization of BANSOS funds that is so large ahead of Election (Kamaludin, 2011). Experience shows that during the time that the financial management area is a concern. Local budgets, in particular spending areas have not been able to participate effectively in pushing the pace of development in the area. On the other hand the budget allocations are found not in accordance with the needs and priorities and less reflecting aspects of economy, efficiency, and effectiveness, because the quality of the local budget planning is relatively weak.

Weak budget planning is also followed by the inability of local governments to increase local revenues on an ongoing basis. Meanwhile local spending continues to increase, so it increased the fiscal gap. This situation would ultimately lead to under financing or over financing which in turn will affect the level of the economy, efficiency, and effectiveness of the Local Government work unit.

Law No. 22 of 1999 in conjunction with the Law No. 32 Year 2004 on Regional Government and Law No. 25 of 1999 Jo Law Number 33 Year 2004 on Financial Balance between Central and Local Government is the cornerstone of decentralization in the field of politics, administrative, and fiscal in order to realize regional autonomy. Law No. 22 of 1999 in conjunction with Law No. 32 of 2004 cored division of powers and functions (power sharing) between the central and local governments. Law No. 25 Jo Act No. 33 of 2004 is regulating the distribution of financial resources (financial sharing) between the center and the regions as a consequence of the division of authority. Both of these laws emphasize that the development of regional autonomy was held with regard to the principles of democracy, participation, equity, justice, and considering the potential and diversity of regional resources.
Before the two Laws, No 22 and 25, enacted in 1999, the various activities of government services, especially the development program, even more decided and implemented by the central agency through the vertical instance in the local area (Regional Office and KANDEP). Since the two laws were enacted on January 1, 2001 the area received the great authority. To carry out all the programs, the central government provides a general allocation fund (DAU) which is generally greater than the budget revenue and expenditure (budget) in previous years. The responsibilities of DAU allocation is given entirely to the area. In fact DAU received less than the need to be able to manage the authority of government services as well. In addition to the lack of funds, the local authorities for more than three decades earlier had been accustomed to receive "orders" from the central government, which is why it still needs time to adapt to the new administration system of this government. The time needed to adapt from one region to another is adequately diverse that there is a delay in the implementation of the law.

The implementation of the decentralization policy and OTDA that have lasted more than ten years the chances of success of this new policy is still doubted by many parties. Doubts arise due to various factors inhibiting negative and many indications that occurred in the field so that the implementation of the policy OTDA judged inappropriate with the mandate of legislation. Until now, the central government has not completed its responsibility to make rules and regulations to support the implementation of Law (Act) No., 22, 1999, on the other hand, the central government has issued several regulations that contradict each other. Provinces and areas / cities do not have the same perception in outlining its authority. Similarly shades of collusion, corruption and nepotism in various areas of government considered more fertile. Meanwhile, the space of participation should be given broadly to society which has not been consistently implemented (SMERU, 2002).

Some researchers have indicated that before creating the OTDA, the financial performance of the autonomous regions had diverse results. Some researchers such as; Akai (2007), Thiessen (2003), Malik et al (2006), Iimi (2005), Fajar Sembiring et al (2007), and Wibowo (2008) suggest the financial decentralization has a positive impact on economic growth. Instead some other researchers found a opposite result, as suggested by Xie et al (1999), Zhang and Zou (1998), and Jin and Zou (2005). Likewise with the financial performance of the autonomous region some researchers also obtained different results depending. Some suggested a relatively good performance sendangkan other states are no better than before the OTDA.

**LITERATURE REVIEW**

**Directions of OTDA in Indonesia**

The autonomy granted to regional areas and municipalities are conducted with giving real and broad authority, and responsibility of paragraph proportionally to the local government. This means that the transfer of responsibility will be followed by a sharing arrangement and equitable utilization of national resources, and financial balance between central and local (Mardiasmo, 2004).

The law basically wants to encourage community empowerment, initiative and creativity development, community participation, and developing a functional role of
Parliament. The law also gives full autonomy to local counties and cities to establish and implement policies and initiatives according to the aspirations of its people. In its way, many have questioned the implementation of the law can realize the autonomous regional government that is efficient, effective, transparent, and accountable on an ongoing basis. Since conducting the OTDA almost all local governments affected by the law case, however, only five areas that have not been tripped by the law case. This indicates that financial decentralization in the areas does not implement all five of these principles. During the OTDA implemented almost all of the areas seek to recruit civil servants as many as possible with a pretext to improve public services. Though, everyone knows that the recruitment is full of Collusion, Corruption and Nepotism.

The law was intended to empower local governments, as the perspective changes a chill in the areas of financial management and local budgets are as follows:
1. The area of financial management should be based on public interest.
2. Clarity of mission areas of financial management in general and in particular the local budget.
3. Decentralization of financial management and clarity of roles related participants, such as; Parliament, Regional Head, Regional Secretary, and others.
4. The legal and administrative framework for the financing, investing and cash management areas based on the rules of the market mechanism, value for money, Transparency and accountability.
5. Clarity about the financial position of Parliament, Head of Region, and regional civil servants, both the ratio and the considerations.
6. Provision about the form and structure of the budget, the budget performance, and multi-annual budget.
7. Principles of procurement and management of local goods more professional.
8. Accounting Principle of local government, the financial statements, the role of Parliament, and public accountants in control, giving opinions and budgetary performance rating, and transparency of budget information to the public.
9. Aspect of coaching and coaching supervision which includes restrictions, association role, and the role of community members to the professional development of local government officials.
10. Development of regional financial information system to provide accurate budget information and the development of the local government's commitment to the dissemination of information so as to facilitate reporting and control, as well as facilitate getting information.

Regional Financial Management

Law No. 22 and No.25 in 1999 which regulates regional autonomy in Indonesia is a very important milestone in the management of local government in Indonesia. Both of those item of law is decentralization which allowing local governments to regulate self-administration and flexible (Sumarsono, 2010). According to Government Regulation No. 58 of 2005 Article 1 in paragraph 5, Local Finance is all the rights and obligations within the framework of local governance areas that can be valued in money including all forms of wealth associated with the rights and obligations of the area. State Finance is all
rights and obligations in the area of regional governance framework that can be valued in money, including all forms of wealth associated with the rights and obligations of the area, in terms of budget and revenue and expenditure (budget). Therefore, understanding of local finance is always attached with the understanding that the budget; an annual financial plan of the area defined by the rules.

According to Mardiasmo (2004), Financial Management can be divided into two parts, namely the management of local revenue and expenditure management area. Furthermore Mardiasmo (2004) also explains that the principles in the areas of budgeting and financial management are comprehensive and discipline, flexibility, and predictable.

Financial Performance of Local Government

Performance measurement is a tool to assess the success of the organization. In the context of public sector organizations eg local government. The success of the organization will be used to gain legitimacy and public support. Society will judge the success of local government through the organization's ability to provide public services are relatively cheap and quality. The public service to make the bottom line in local government (Mahmoodi, 2007).

Performance measurement is an essential part of business process management control or public good. However, due to the nature and characteristics of the different public and private sectors, so that the emphasis and orientation of any performance measurements are different. The purpose of the assessment of performance in the public sector are: determine the level of achievement of the objectives of the organization, providing a means of employee learning, improving the performance of the next period, giving systematic consideration in decision-making, motivate employees, and create public accountability.

Measuring the performance can come from within and outside the public organization. If only use the measurement of internal performance, the assessment is very subjective. Then we should consider the value and perception to the community. It must be considered that the public is society organizations were subjected to the final of the value for the money budgeted by the local government budget. If people do not have any benefit to the program is carried out by a local government that is actually just a waste of budget. In fact, there are many programs that are designed not oriented to public interest.

Determination of performance indicators need to consider the following components (Mahmoodi, 2007): Cost of service, utilization rates, and quality of service standards, service coverage, and community satisfaction. According to the Regulation of the Minister of Home Affairs No. 13 of 2006 Article 1 paragraph 37 definition of performance is the output / result of the activities / programs that will be or has been achieved with respect to the use of the budget by the quantity and quality measured. The financial performance of Local Government is the level of achievement of a work in areas that include finance revenue and public spending by using the financial indicators.

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set by a policy or statutory provisions for the budget period. Local government performance is the ability of an area to explore and manage the financial resources in filling their needs to support the passage of the system of government, public service and regional development by not depend entirely on the central government and have flexibility in the use of funds for interests of local communities within the limits prescribed legislation. Public sector organization or a government organization that aims to provide public services to the community as well as possible, for example in the fields of education, health, security, law enforcement, transportation and so on. Public services provided because the community is one of the stakeholders of public sector organizations. So the government is not only submit an accountability report to the central government, but also to the wider community. Therefore, the necessary performance measurement system that aims to help public managers to assess the achievement of a strategy by means of financial and non-financial measure.

Measurements of performance according to Ekawarna, et al (2009) is a method or device used to record and assess the achievement of the implementation of activities based on goals, objectives and strategies. The traditional view of measuring the performance of an organization is often only emphasize on minimizing costs (inputs), for example, with operational cost savings. Modern performance measurement system in addition to assessing the inputs and outputs are also assessing the degree of flexibility of the organization serving customers. Thus, measurement of performance be broad in scope because it considers the customer satisfaction (customer satisfactions). In measuring the performance of the government it is proper to leave the traditional view and switch on the modern view. This is because all of the services and products the government aimed to meet the expectations and desires of the community.

According Mardiasmo (2002) performance measurement also has several benefits, namely:

1. Provides an understanding of the measure used to assess the performance of management.
2. Provide direction to achieve performance targets that have been set.
3. To monitor and evaluate the achievement of the performance and compare it with the performance targets and take corrective action to improve performance.
4. As a basis for reward and punishment (reward and punishment). Objectively top achievement as measured in accordance with the performance measurement system that has been agreed upon.
5. As a means of communication between subordinates and leaders in order to improve organizational performance.
6. Helps to identify whether customer satisfaction are met.
7. Helps to understand the activities of government agencies.
8. Ensure that decisions made objectively.

While Mahmudi (2007) explains that the purpose of assessment of performance in the public sector are: determine the level of achievement of the objectives of the
organization, providing a means of employee learning, improving the performance of the next period, giving systematic consideration in decisions giving reward and punishment, motivating employees, and creating accountability public.

Ekawarna, et al (2009), performance indicator is a variable that is used to express quantitatively the effectiveness and efficiency the process or operations based on the targets and goal of the organization. Performance indicator of an organization should be understood in the same way, either by management and stakeholders. The same indicators and the same perception of efficacy assessment are expected to use the same criteria so that more objective. So, through the clear indicators, is expected to create a consensus of various parties, both internal and external to avoid interpretation error during the execution of the program and in assessing the success of a government agency. The use of performance indicators is essential to determine whether an activity or program has been carried out efficiently and effectively.

One of the ways to analyze and manage the financial performance of local government finance to implement local financial is the analyzed ratio of the APBD exist established and implemented (Suprapto, 2006).

Financial ratio analysis is done on the APBD exist by comparing the result achieved from one period compared to the previous period so that it can be seen how the trend is going. Moreover, it can also be done by comparing the ratio of local government finance certain financial ratios or others areas nearby regions are relatively equal potential to be seen how the government’s financial position against other local governments (Suprapto, 2006).

PREVIOUS STUDY

The following researchers obtain different result, but there are some similarities as well, especially related to OTDA or decentralization. According to Ahadiyati (2005) the impact of decentralization policy towards autonomous regions is very varied. It can be said that the level of achievement of the performance in the implementation of regional autonomy period 1999-2003 is still low, although in most of the indicators showed a positive change. Meanwhile, according to Azhar (2008) there are differences in performance before and after the OTDA in Aceh and North Sumatera, however, the efficient use of the budget has no significant differences. It means that after OTDA the efficiency budget used became intensified because of the impact of fiscal decentralization. SMERU’s Finding (2002) in Lampung showed that financial realization is increasing continuously to the third sectors since OTDA existed although in the perception SMERU there is no significant change. Hofman, et al (2006) considered that fiscal decentralization in Indonesia has an impact on the budget allocation errors and lost the use of the principle of budgetary efficiency. Shleifer and Vishny (1993) said that structure of government and the political process is the most decisive factors level of corruption, weak governance that will affect if difficult to control the bureaucracy. Condition like this happens to the local level in our country, where surveillance is very weak and contains the institutional collusion.
OTDA or the impact of the financial decentralization of some other researchers has different effects. Akai (2007), Thiessen (2003), Malik et al (2006), Iimi (2005), Fadjat et al (2007) and Wibowo (2008) found the fiscal decentralization has a positive effect on economic growth. While the result of study by Xie et al (1999), Ahang and Zou (1998) and Jin and Zou (2005) said that fiscal decentralization has the negative one. Fadjar and Sembiring (2007) and Wibowo (2008) explained that fiscal decentralization happened in Indonesia. Efforts to complete the implementation of fiscal decentralization in Indonesia recently implemented effective in 2001 since issues in Law no. 22 and 25 of 1999 on regional autonomy. With relatively short implementation period, it seems that there are many matters which remain a matter for the central government and implication for the budget of revenues and expenditure domination by the central government. During period 2002-2008, the value of transfers to the regions to central government spending is relatively not too high., the average was only 31,31 percent, while transfers to this area is the largest component in the reception area . Zulyanto (2010) the composition of government revenue areas / city in the province of Bengkulu still shows a high dependence on central government transfers, especially in the form of a general allocation found (DAU) and special allocation found (DAK).

PURPOSE AND THE Advantage of OBSERVATION

Based on the problem especially in connection with performance indicator of government finance area, therefore the purpose that will be studied specifically in this observation is:
1. In order to know the fiscal decentralization degree from the autonomous region in Bengkulu province
2. To assess the region finance autonomy in Bengkulu Province
3. To assess the native efficiency of autonomy income in Bengkulu Province
4. To assess the native growth of income in region native of Bengkulu Province
5. To assess the effect for the autonomy region finance performance in Bengkulu Province after OTDA and before OTDA
6. To assess the ratio of financial performance that can make the difference effect in before and after OTDA in Bengkulu province.

Some usefulness which gained from the result of observation, there is an a evaluation material for government to determin the region positioning that relevant as autonomy region to go to finance autonomy and material to determine the wisdom in the future.

THE METHOD OF THE RESEARCH

The observation was done by analyzing the manner based on the finance report of government region. The report has been analyzed before and after enforcing OTDA by the approach of ratio analysis and statistic. The ratio is measured through; decentralization of the fiscal degree, financial autonomy, efficiency of PAD, and the growth of ratio, and also index of financial ability. The analysis statistic approach used the discriminator analysis.

Population in observation is the autonomous areas in Bengkulu province which have ten (10) regions, they are: Bengkulu city; North Bengku Regency, South Bengkulu Regency, Rejang Lebong Regency, Muku – muko Regency, Kaur Regency,
The middle of Bengkulu regency, Kepahyang Regency, Lebong Regency and Seluma Regency. In order to remember that all of the ten of regencies were not able to be the sample, it is because of the new autonomy areas and surely no data before OTDA, so that we took the sample using judgment sampling. The criteria of sample was autonomy areas that already have APBD report before OTDA and although after it enforced. Six regions as the last called constitute new autonomy region that is formed after the Law of OTDA until only four autonomy regions which reasonably to be observed, they are: Bengkulu City, North Bengkulu Regency, South Bengkulu Regency, and Rejang Lebong Regency.

**Variable Operationalization**

These are some variables of observation which are defined operationally and also use some measurement in each variables.

**Table 1: Operationalization of Variables**

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<td>1</td>
<td>Degree of decentralization fiscal</td>
<td>The Measurement that shows the degree of authority and responsible given by centre government to region government in excavating and obtaining the income</td>
<td>PAD:TPD BHPBP:TPD SPP : TPD</td>
</tr>
<tr>
<td>2</td>
<td>Autonomy ratio of region financial</td>
<td>The Measurement that shows how far the acceptance which come from the region in purpose to fulfill the region necessity.</td>
<td>PAD:TKD PAD:TKR PAD+BHBP:TKD</td>
</tr>
<tr>
<td>3</td>
<td>The efficiency ratio of origin region income</td>
<td>The Measurement that shows the degree of efficiency from each of the utilization of region money in order to build the region.</td>
<td>TSA:TBD TPL:TBD</td>
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<tr>
<td>4</td>
<td>PAD Growth Ratio</td>
<td>The Measurement that shows how big the government region ability in maintaining and enhancing the success that already achieve from one period into next period</td>
<td>RPADXn - RPADXn-1</td>
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Description:

RPAD = Actual Source Revenue (Realisasi Pendapatan Asli Daerah)
TPAD = Target Local Revenue (Target Pendapatan Asli Daerah)
RPADXn = Actual Receipts Local Revenue this year (Realisasi Penerimaan Pendapatan Asli Daerah tahun ini)
RPADXn-1 = Actual Receipts Local Revenue prior year (Realisasi Penerimaan Pendapatan Asli Daerah tahun sebelumnya)
TSA = Total Time Budget (Total Sisa Angggaran)
TBD = Total Shopping Area (Belanja daerah)
TPL = Total Other Expenditures (Pengeluaran Lainnya)
SPP = Contribution of the central Government (Sumbangan Pemerintah Pusat)
PAD = Local Revenue (Pendapatan Asli Daerah)
TPD = Total Revenue Regions (Total Penerimaan Daerah)
TKD = Total Spending Regions (Pengeluaran Daerah)
TKR = Total Expenditure Routine (Pengeluaran Rutin)
BHBP = Tax Sharing / Non-Tax (Bagi Hasil Pajak/Bukan Pajak)

To answer the purpose from the first observation until the fifth, we were using ratios of analysis: decentralization fiscal degree, ratio of autonomy finance, Efficiency PAD ration, effectiveness ratio and PAD growth ratio. To measure the degree of fiscal decentralization, the measurement is used as follows.
Table 2: Scale Of Interval Degree Of Fiscal Decentralization

<table>
<thead>
<tr>
<th>PAD/TPD (%)</th>
<th>Autonomy of region financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10.00</td>
<td>Very less</td>
</tr>
<tr>
<td>10.01 - 20.00</td>
<td>Less</td>
</tr>
<tr>
<td>20.01 - 30.00</td>
<td>Enough</td>
</tr>
<tr>
<td>30.01 - 40.00</td>
<td>Average</td>
</tr>
<tr>
<td>40.01 - 50.00</td>
<td>Good</td>
</tr>
<tr>
<td>&gt;50.00</td>
<td>Very Good</td>
</tr>
</tbody>
</table>

Source: Munir, 2004:106

In order to measure the autonomy in region, the sample used the size as follows:

Table 3: The Criteria Of The Measurement of Local Financial Independence

<table>
<thead>
<tr>
<th>Percentage of PAD to Fund Balance</th>
<th>Regional Financial Independence</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00 – 10.00</td>
<td>Better</td>
</tr>
<tr>
<td>10.01 - 20.00</td>
<td>Good</td>
</tr>
<tr>
<td>20.01 - 30.00</td>
<td>Fair</td>
</tr>
<tr>
<td>30.01 - 40.00</td>
<td>Average</td>
</tr>
<tr>
<td>40.01 - 50.00</td>
<td>Poor</td>
</tr>
<tr>
<td>&gt; 50.00</td>
<td>Very Poor</td>
</tr>
</tbody>
</table>

Source: Tim Litbang Depdagri – Fisipol UGM, 1991

The effectiveness performance of region financial in each autonomy region is measured with criteria as follows:

Table 4: The Criteria of The Effectiveness of Financial Performance

<table>
<thead>
<tr>
<th>RPAD : TPAD</th>
<th>Financial Performance Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up 100%</td>
<td>Highly Effective</td>
</tr>
<tr>
<td>90%-100%</td>
<td>Effective</td>
</tr>
<tr>
<td>80%-90%</td>
<td>Fairly Effective</td>
</tr>
<tr>
<td>60%-80%</td>
<td>Less Effective</td>
</tr>
<tr>
<td>Less than 60%</td>
<td>Not Effective</td>
</tr>
</tbody>
</table>

Source: Ministry of Home Affairs No.690900-327 1996

As for assessing the growth of an autonomous region that is used as a sample by using the following criteria:

Table 5: Growth Criteria of PAD

<table>
<thead>
<tr>
<th>Growth</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10%</td>
<td>Very Less</td>
</tr>
<tr>
<td>10%-20%</td>
<td>Less</td>
</tr>
<tr>
<td>20.01%-30%</td>
<td>Enough</td>
</tr>
<tr>
<td>30.01%-40%</td>
<td>Medium</td>
</tr>
<tr>
<td>40.01%-50%</td>
<td>Good</td>
</tr>
<tr>
<td>&gt;50%</td>
<td>Very Good</td>
</tr>
</tbody>
</table>

Source: Tangkilisan and Hessel (2005)
The purpose of the seventh study was using the discriminant analysis. As the given size is more than one variable so some discriminant models are used for selecting the best model. Discriminant analysis model is as follows:

\[ D = b_0 + b_1 X_{11} + b_2 X_{12} + b_3 X_{13} + b_4 X_{14} + b_5 X_{15} \]

where:

D is the discriminant scores before and after the OTDA
b1, b2, b3, b4 is the discriminant coefficient predictor variables X1, X2, X3, X4
X11 is an indicator variable degree of fiscal decentralization
X12 is an indicator variable ratio of financial independence
X13 is an indicator variable efficiency ratio of PAD
X14 is an indicator variable effectiveness ratio of PAD
X15 is variable and the ratio of revenue growth VI.

RESULTS AND DISCUSSION
The Degree of Fiscal Decentralization

The ratio of the degree of fiscal decentralization was using three indicators; firstly the ratio between area income with the total local revenue; second the ratio between the Tax Sharing and Non-Tax Revenue to Total Area and third; the ratio between the central government contribution to total local revenue. PAD. The higher the ratio of local revenue (PAD), means that local governments rely on it to cost regional development. Local government planned to use PAD in APBD as a financial source to support the development cost. On the contrary, the lower the ratio of PAD, means that local governments rely less on admission revenue to finance local development.

Referring to the results of such analysis in Table 6.1, it is known that before and after the OTDA in Bengkulu, South Bengkulu, Rejang Lebong and North Bengkulu, all of this places are categorized as places that has a very less financial capability. Based on three indicators, Bengkulu as one of the region has a worse condition based on fiscal decentralization measurements after OTDA. While all three other regions, namely South Bengkulu, Bengkulu Utara and Rejang Lebong tend to be better than before OTDA seen from PAD:TPD indicators. However, for two other indicators, they have the same conclusion that the post-OTDA has been worse.

The Increasing of PAD from year to year is not significant if this is compared with an increase of central government transfer or balanced fund. The big amount of leakage that happen to the PAD, as reported by some local media which have led to a relatively low contribution basis. It also indicates that the OTDA which gives wide breadth of the financial management areas were not able to significantly increase the contribution of PAD.
### Tabel 6: The Degree Of Fiscal Decentralization

<table>
<thead>
<tr>
<th>Region</th>
<th>Indicator</th>
<th>Before OTDA</th>
<th>After OTDA</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>Max</td>
<td>Min</td>
</tr>
<tr>
<td>Bengkulu</td>
<td>1. PAD:TPD</td>
<td>9.39%</td>
<td>14.72%</td>
<td>4.26%</td>
</tr>
<tr>
<td></td>
<td>2. BHPBP:TPD</td>
<td>7.78%</td>
<td>10.74%</td>
<td>4.64%</td>
</tr>
<tr>
<td></td>
<td>3. SPP : TPD</td>
<td>75.88%</td>
<td>87.61%</td>
<td>64.54%</td>
</tr>
<tr>
<td>for the category of financial capability, before and after OTDA in Bengkulu City is in the category of very less</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bengkulu Selatan</td>
<td>1. PAD:TPD</td>
<td>3.42%</td>
<td>8.97%</td>
<td>0.90%</td>
</tr>
<tr>
<td></td>
<td>2. BHPBP:TPD</td>
<td>9.93%</td>
<td>15.34%</td>
<td>7.26%</td>
</tr>
<tr>
<td></td>
<td>3. SPP : TPD</td>
<td>83.47%</td>
<td>88.62%</td>
<td>67.49%</td>
</tr>
<tr>
<td>in the category of financial capability, Before and after OTDA Areas South Bengkulu is in the category of very less</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North Bengkulu</td>
<td>1. PAD:TPD</td>
<td>2.39%</td>
<td>2.63%</td>
<td>1.98%</td>
</tr>
<tr>
<td></td>
<td>2. BHPBP:TPD</td>
<td>8.86%</td>
<td>10.74%</td>
<td>7.74%</td>
</tr>
<tr>
<td></td>
<td>3. SPP : TPD</td>
<td>85.75%</td>
<td>87.65%</td>
<td>83.19%</td>
</tr>
<tr>
<td>in the category of financial capability, North Bengkulu is in the category of very less</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rejang Lebong</td>
<td>1. PAD:TPD</td>
<td>3.73%</td>
<td>4.55%</td>
<td>2.02%</td>
</tr>
<tr>
<td></td>
<td>2. BHPBP:TPD</td>
<td>7.37%</td>
<td>11.27%</td>
<td>5.20%</td>
</tr>
<tr>
<td></td>
<td>3. SPP : TPD</td>
<td>86.25%</td>
<td>87.64%</td>
<td>83.61%</td>
</tr>
<tr>
<td>in the category of financial capability, Rejang Lebong is in the category of very less</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Research Findings, 2013

The figures in Table 6 indicate that the general category of financial capability is very less. The low contribution of revenue was also due to one of the new autonomous regional expansion. For example, South Bengkulu has been divided into three autonomous regions, two of which are new autonomous regions, namely Seluma and Kaur. Rejang Lebong and North Bengkulu also have the same conditions. Kepahyang and Lebong separated from Rejang Lebong and Muko-Muko and The Middle of Bengkulu separated from North Bengkulu. However, this factor is not entirely true because in Bengkulu city who doesent have a new autonomous region, its condition is worse than the condition of all three other areas. Bengkulu town which relies on the service sector and trade seems to have not been able to significantly improve the economic stretching by the City besides the leakage factor as described previously.

### Ratio of Regional Financial Independence

Based on all three indicators, the Conditions of Bengkulu after OTDA indicate a worse condition if we compare it with the condition before OTDA. For South Bengkulu, the condition is better after OTDA especially for the 2nd and 3rd indicators, while for the first indicator suggests the same conclusion. For North Bengkulu, its financial independence after OTD is better for all three indicators. Meanwhile in Rejang Lebong, only indicator of PAD: TKD which indicates a better condition after the OTDA.
Table 7: Regional Financial Independence
Regency/ City Indicators Before OTDA After OTDA Specification

<table>
<thead>
<tr>
<th>Regency/City</th>
<th>Indicator</th>
<th>Before OTDA</th>
<th>After OTDA</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>Max</td>
<td>Min</td>
</tr>
<tr>
<td>Bengkulu</td>
<td>1. PAD:TKD</td>
<td>9.98%</td>
<td>16.14%</td>
<td>4.43%</td>
</tr>
<tr>
<td></td>
<td>2. PAD:TKR</td>
<td>16.37%</td>
<td>26.43%</td>
<td>6.76%</td>
</tr>
<tr>
<td></td>
<td>3. (PAD+ BHPBP) : TKD</td>
<td>10.40%</td>
<td>16.80%</td>
<td>5.06%</td>
</tr>
<tr>
<td>South Bengkulu</td>
<td>1. PAD:TKD</td>
<td>3.64%</td>
<td>9.92%</td>
<td>0.93%</td>
</tr>
<tr>
<td></td>
<td>2. PAD:TKR</td>
<td>5.45%</td>
<td>14.20%</td>
<td>1.22%</td>
</tr>
<tr>
<td></td>
<td>3. (PAD+ BHPBP) : TKD</td>
<td>4.75%</td>
<td>11.61%</td>
<td>0.98%</td>
</tr>
<tr>
<td>North Bengkulu</td>
<td>1. PAD:TKD</td>
<td>2.35%</td>
<td>2.72%</td>
<td>2.01%</td>
</tr>
<tr>
<td></td>
<td>2. PAD:TKR</td>
<td>4.20%</td>
<td>4.77%</td>
<td>3.65%</td>
</tr>
<tr>
<td></td>
<td>3. (PAD+ BHPBP) : TKD</td>
<td>4.77%</td>
<td>5.52%</td>
<td>4.34%</td>
</tr>
<tr>
<td>Rejang Lebong</td>
<td>1. PAD:TKD</td>
<td>3.81%</td>
<td>4.65%</td>
<td>2.11%</td>
</tr>
<tr>
<td></td>
<td>2. PAD:TKR</td>
<td>6.15%</td>
<td>7.62%</td>
<td>4.16%</td>
</tr>
<tr>
<td></td>
<td>3. (PAD+ BHPBP) : TKD</td>
<td>4.96%</td>
<td>5.65%</td>
<td>4.10%</td>
</tr>
</tbody>
</table>

Sources: Research Findings, 2013

THE RATIO OF LOCAL REVENUE EFFICIENCY

There are two sizes that are used to look at the efficiency of PAD; first is the Total Expenditure Budget toward the total local budget and second is viewed from total Other Expenses to Total Expenses. In general, all four Areas/ City budget shows better efficiency than before OTDA. The main factor that causes the efficiency of the use of the budget is due to the use of performance-based budget and programs so not all of this be absorbed by the budget runs out.

There are two sideS in measurement budget absorption, if observed from the side of absorption ability show the good size, but if we measure from the efficiency side of budget utilization it show that we can do budget saving to the next year. The other spending after OTDA incline smaller, because the budget items is already regulated until making the possibility that the budget item can be included in the other budget and pressed it become smaller.
Table 8: The Efficiency The Local Revenue

<table>
<thead>
<tr>
<th>Regency/City</th>
<th>Indicator</th>
<th>Before OTDA</th>
<th>After OTDA</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>Max</td>
<td>Min</td>
</tr>
<tr>
<td>Bengkulu</td>
<td>1. TSA:TBD</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td></td>
<td>2. TPL:TBD</td>
<td>5.48%</td>
<td>7.05%</td>
<td>3.83%</td>
</tr>
<tr>
<td>South Bengkulu</td>
<td>1. TSA:TBD</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td></td>
<td>2. TPL:TBD</td>
<td>6.19%</td>
<td>11.50%</td>
<td>4.27%</td>
</tr>
<tr>
<td>North Bengkulu</td>
<td>1. TSA:TBD</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td></td>
<td>2. TPL:TBD</td>
<td>3.93%</td>
<td>4.47%</td>
<td>2.43%</td>
</tr>
<tr>
<td>Rejang Lebong</td>
<td>1. TSA:TBD</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td></td>
<td>2. TPL:TBD</td>
<td>4.64%</td>
<td>5.04%</td>
<td>4.16%</td>
</tr>
</tbody>
</table>

Source: Observation Result, 2013

After the OTDA, in fact the fourth of autonomous areas show growth of PAD are better than before OTDA. Based on the existing size, South Bengkulu and North Bengkulu indicate the better growth, while Bengkulu city indicated the growth in average criteria and Rejang Lebong in passably criteria. The real sector growth and service is a little bit already help to push ahead PAD growth moreover with the each of OTDA in every head of region must be driven to increase PAD to fund RAPBD which already planned. But, the increase of that PAD not comparable with outcome increase which caused by some things; there are Civil Servants recruitment in a big amount that is not adjusted with the financial ability of the region, in-efficiency budget, and also some program which do not have priority based.

Table 9: Growth of The Local Revenue

<table>
<thead>
<tr>
<th>Regency/City</th>
<th>Before OTDA</th>
<th>After OTDA</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Max</td>
<td>Min</td>
</tr>
<tr>
<td>Bengkulu</td>
<td>4.54%</td>
<td>70.30%</td>
<td>-41.36%</td>
</tr>
<tr>
<td>South Bengkulu</td>
<td>-6.90%</td>
<td>52.17%</td>
<td>-50.20%</td>
</tr>
<tr>
<td>North Bengkulu</td>
<td>20.11%</td>
<td>62.72%</td>
<td>-13.75%</td>
</tr>
<tr>
<td>Rejang Lebong</td>
<td>16.39%</td>
<td>107.36%</td>
<td>-37.00%</td>
</tr>
</tbody>
</table>

Source: Observation Result, 2013
**Discrimination Analysis**

If this refer to Wiks Lamda and Signification value (Tabel 10) it can be drawn that explanatory variable or predictor able to distinguish between OTDA before and OTDA after. Some of variable that is; fiscal decentralization degree, region financial autonomy ratio, PAD efficiency ratio, and PAD growth ratio. The degree of fiscal decentralization divided into three degree there are: PAD:TPD (X11), BHPBP:TPD (X12), and SPP: TPD (X13). Region financial autonomy ratio it divided into three degree: PAD:TKDSA:TBD (X31), and TPL: TBD (X32). PAD growth ratio only represented with one degree it seem from PAD growth compare with last year.

**Table 10: Discriminant Function Test**

<table>
<thead>
<tr>
<th>Wilks' Lambda</th>
<th>Chi-square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>.590</td>
<td>32.445</td>
<td>9</td>
<td>.000</td>
</tr>
</tbody>
</table>

**Eigenvalues**

<table>
<thead>
<tr>
<th>Function</th>
<th>Eigenvalue</th>
<th>% of Variance</th>
<th>Cumulative %</th>
<th>Canonical Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.695a</td>
<td>100.0</td>
<td>100.0</td>
<td>.640</td>
</tr>
</tbody>
</table>

a. First 1 canonical discriminant functions were used in the analysis.

Source: Observation Result, 2013

The output above shows that canonical correlation value is 0.70 and there is a connection between variables that make difference between ratio before OTDA and after OTDA have a tight connection. The certainty of this model in classification before and after OTDA in each of observation is 82%. As for the discrimination function which make difference between before and after OTDA as follow:

\[ D = 0.79X_{11} + 0.82X_{12} + 0.08X_{13} - 1.31X_{21} + 0.73X_{22} - 0.01X_{23} - 0.32X_{31} + 0.20X_{32} - 0.26X_{41} \]

The variable which significant to distinguish performance LKPD PEMDA regency/city in Bengkulu province is X12 Variable and X13, meanwhile if the degree of certainty is 90% is X12,X13,X22, and X32. From that similarity, it can be drawn that the four significant variables refer to positive coefficiency so that, the four variables also refer to positive effect.

The significant variable for fiscal decentralization is X12 variable and X13 variable. X12 variable=BHPBP:TPD refer to the ratio average more less after OTDA, it is before OTDA with 8.5% average after OTDA with 5.6%. X13 Variable = SPP:TPD the average ratio is bigger after OTDA is 86% compare with 83% before OTDA. The autonomy variable financial only Variable X22 = PAD:TKR refer to the ratio average which lower after OTDA with total 6% it compare to 8% before OTDA. The last significant variable is...
financial efficiency is \( X_{32} = \frac{TPL}{TBD} \) refer to the average ratio which lower after OTDA that is 3% compare with 5% before OTDA. Coefficient discriminant function is calculated as follow: 

\[
(20X \cdot 1.272) + (48 \cdot X \cdot -0.530))/2 = 25.44 - 25.44 = 0.
\]

CONCLUSION AND SUGGESTION

Conclusion

Based on the discussion in previous chapter, it can be taken some conclusion. First, the degree of fiscal decentralization after OTDA is worse than before OTDA and the financial ability is in the less category, whether is before OTDA although after OTDA. Both of financial autonomy to South Bengkulu, North Bengkulu, and Rejang Lebong is tend to be better than before OTDA, meanwhile Bengkulu city tends to be worse after OTDA. Thirdly efficiency in the fourth PAD organized by Regency/City tends to be better than before OTDA. Fifthly, ratio of PAD growth tends to be better than before OTDA, and it generally refers to average category until become a better category. Sixthly, there is a space of four variable that distinguish LKP performance in Government city/regency in Bengkulu province as follow: \( X_{12} = \frac{BHPBP}{TPD} \), \( X_{13} = \frac{SPP}{TPD} \), \( X_{22} = \frac{PAD}{TKR} \), and \( X_{32} = \frac{TPL}{TBD} \).

Suggestion

The height of the dependency of local regency government in Bengkulu province especially in Bengkulu city government centre and also in south Bengkulu, North Bengkulu and Rejang Lebong, even from the data that donation from government centre have bigger contribution after OTDA. Contribution average PAD only 2% until 9% from the total of region output. In that financial condition, it needs an effort from the side of increasing income as well as from the side of spending efficiency. The PAD growth is still low because of many things namely; the potential sources for PAD which are not explored optimally and the realization of PAD target that is still lack. As though local media reported that there were found other fact which indicated the PAD leakage. As of the acceptance side it needs an effort and together commitment to increase PAD in each region start from Regent/Mayor until the existed government officers who directly involved in PAD reaping. From side of outlay, the City/regency Government must try to optimize all the civil servants and do not do a recruitment in a very short time. Except done with the purpose to avoid leak and budget inefficiencies, for example the budget is based from priority program, they must decrease the official trip which is not essential. The Low of LKPD financial performance which is described from discriminant analysis in the way to show some main variables does not have differences between before and after OTDA. This condition explained that OTDA’s main mission to increase the society welfare and the public service is not reached. After all, this condition makes a big warning for autonomous areas to prepare in all of aspects, especially in effort to optimize APBD in each region which has value for money orientation.

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Peraturan Direktur Jenderal Perbendaharaan Nomor PER.51/PB/2008 tentang Pedoman Penyusunan Laporan Keuangan Kementerian Negara/Lembaga.