Difference Analysis of the Autonomy of Extended Regencies in Aceh Province Indonesia

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Abstract

Purpose – This research study aims to answer the question of how good is the development of the extended regency, and which shows better autonomy of development—before or after expanding. The implications of this study is to answer whether expanding a regent is truly needed to improve the economic development and welfare of the remote regions and their people. This study analyzes the autonomous state of three regencies, North Aceh, Bireuen and Lhokseumawe districts, which have expanded. The analysis takes into consideration the difference in the proportion of their regional revenues, budgeting perfomance, and economic growth as indicators of regional autonomy.

Design/Method/Approach – The data used in this research are secondary data sourced from the budget realization report and the accountability report of North Aceh, Bireuen, and Lhokseumawe districts from 2006 to 2013. The data analysis methods used in this study are the analysis of financial ratios and the comparative mean of one way anova.

Finding – The results showed a significant value or a probability value more than 0.05. Thus, the hypothesis (H1) is rejected, and therefore the hypothesis (H0) is received.

Research Impication – The implication is that there is no difference in the average of regional autonomy of North Aceh Regency, Bireuen, and Lhokseumawe districts as seen from the proportion of local revenue, budgeting perfomance, and regional growth. It means that with regard to financial performance there is no difference in the level of independence in autonomy among the three regions. The proportion of local revenue, financial permormance area, and the development of North Aceh, Bireuen, and Lhokseumawe districts demonstrate no influence on the level of independence in autonomy.

Keywords Regional autonomy, financial performance area

1. Introduction

The momentum of peace in Aceh between the Government of Indonesia and the Free Aceh Movement (Gerakan Aceh Merdeka, GAM) in 2006 spawned Law no. 11/2006 on the Aceh Government which has special autonomy authority. This makes it possible for each regency in Aceh to rebuild its economy and lag behind during the conflict.

The Central Government has previously implemented regional autonomy policy since 1999. The management and policy of the local government, both at the provincial and regency levels, entered a new era after the issuance of Law no. 32/2004 and Law no. 33/2004, which is a revision of Law no. 22/1999 and 25 of 1999 governing regional autonomy and fiscal decentralization. While in 2000, North Aceh Regency bloomed into the North Aceh Regency and Bireuen Regency followed by another division in 2001 into the North Aceh Regency and Lhokseumawe. The splitting of North Aceh Regency into three regions certainly has an impact for the regions, especially in the economic, social, and political fields.

The differences in the acquisition of locally generated revenue in the regencies of North Aceh, Bireuen, and Lhokseumawe districts illustrate regional readiness in terms of regional autonomy following expanded areas and the peace agreement in Aceh. Table 1 shows the readiness and capability of the Original Regional Revenue in question is the extent to which regions can use their own financial resources to finance their needs without having to always rely on central government aid and subsidies (Kaho, 1997).

The target and realization of local revenue generally increases every year as shown in Table 2. With regard to financial activities (Budgeting Perfomance), the realization of local government revenue is still dominated by the central government's contribution within the local government's revenue structure.

Tahun	Aceh Utara	Bireuen	Lhokseumawe
2006	112.872.199.885	11.771.138.079	19.012.089.077
2007	119.857.843.058	13.593.522.043	21.093.748.566
2008	79.720.897.563	19.287.961.040	20.604.686.381
2009	80.051.460.844	38.623.926.591	21.580.801.976
2010	31.191.301.009	9.833.381.189	19.414.993.504
2011	42.269.082.420	16.919.864.823	19.901.901.475
2012	61.832.710.342	77.330.537.631	28.230.886.878
2013	99.878.003.409	32.030.844.810	36.213.933.082

Source: DPKKA, BPK Aceh dan Bappeda Aceh (2013).

Table 1.
Actual Regional Revenue North Aceh, Bireuen and Lhokseumawe 2006–2013

Tahun	Aceh Utara	Bireuen	Lhokseumawe
2006	1.143.673.780.000	455.385.610.000	305.363.895.225
2007	1.092.471.740.724	507.163.441.042	365.364.600.791
2008	980.701.175.202	596.866.950.608	387.364.219.427
2009	733.890.710.053	548.666.261.633	386.173.541.065
2010	904.916.260.860	618.001.501.194	411.680.580.530
2011	1.115.418.331.429	706.002.463.481	520.817.290.063
2012	1.260.246.258.763	892.910.360.787	582.615.583.256
2013	1.493.215.908.115	981.481.877.803	643.373.365.018

Source: DPKKA, BPK Aceh dan Bappeda Aceh (2013).

Table 2.
Realization of Regency Revenue North Aceh, Bireun, and Lhokseumawe 2006–2013

The financial performance of the regions shows the ability of local governments in managing the finances contained in the Regional Budget (APBD) and describes the ability of local governments in financing the implementation of development tasks and regional autonomy.

In terms of building self-reliance, it is necessary to prioritize the allocation of the expenditure budget on the development/capital expenditure used to provide economic infrastructure and facilities of the community. Assessing the independence of the regions with regard to regional autonomy can be done by way of performing regional financial ratio analysis of APBD, which has been established and implemented (Halim, 2007).

This research has contributed to answer the question of how the development of regency independence has been expanded. This research aims to analyze the difference of regional revenue proportion, budgeting perfomance, and economic growth as an indicator of the regional autonomy of North Aceh Regency, Bireuen, and Lhokseumawe districts.

2. Methods
The data used in this research are secondary data from qanun APBK and the report on budget realization of the North Aceh Regency, Bireuen, and Lhokseumawe districts. The data used are budget revenue, budget expenditure, locally generated revenue, and gross regional domestic product (GRDP) from 2006 to 2013.

Analysis of data in this study using financial ratios as indicators of local financial performance variables in assessing regional independence consists of the following:

2.1. Proportion of regional revenue
With regard to ratio of independence, the higher the independence ratio implies that the level of regional dependence on external assistance (especially central and provincial government) is lower and so is better (Halim, 2008). The ratio of IKR is that if the ratio is higher, it means that the level of independence will be greater (Djojosubroto, 1992).

Local revenue can be classified into four types: prime, potential, developing, and backward, by measuring the ratio of growth of the type of revenue and the proportion or contribution to the average total revenue (Wiratmo, 2001).

3. Results
3.1. Proportion of regional revenue
The average value of financial independence during the observation period for the Regency of North Aceh amounted to 7.34%, for Bireuen 3.93% and for Lhokseumawe 5.24%. The average value of the routine capacity index measured compared to the amount of original

Tahun	Aceh Utara	Bireuen	Lhokseumawe
2006	881.678.470.000	452.185.650.000	269.215.690.000
2007	1.058.233.113.570	523.451.044.916	376.412.634.126
2008	1.348.717.779.059	592.074.301.767	420.781.746.731
2009	1.280.245.802.920	542.077.040.371	430.203.875.325
2010	868.281.536.261	552.931.530.042	401.714.693.013
2011	1.165.484.578.950	678.393.858.113	521.512.743.784
2012	1.212.682.531.924	916.048.488.735	546.367.166.353
2013	1.471.360.866.117	1.094.817.560.383	608.049.725.674

Source: DPKKA, BPK Aceh dan Bappeda Aceh (2013).

Table 3.
Actual Expenditures of Local Government of North Aceh Regency, Bireuen, and Lhokseumawe District 2006–2013

Components of Regional Revenue	Growth Coefficient	Proportion Coefficient	Classification
North Aceh			
Locally-generated Revenue	0.38	0.21	Under developed
Development fund	0.39	2.35	Potential
Other regional revenue	2.23	0.44	Developing
Bireun			
Locally-generated revenue	1.22	0.13	Developing
Development fund	0.20	2.50	Potential
Other regional revenue	1.58	3.06	Developing
Lhokseumawe			
Locally-generated revenue	0.61	1.24	Under Developed
Development fund	0.69	20.62	Potential
Other regional revenue	1.70	2.14	Developing

Dxi, the growth of each type of acceptance; DX, the growth of all acceptance; Xi, the total yield of each type of acceptance; X, the average of all receipts.

Table 4.
Classification of
Local Revenue

Composition Growth	$Xi/X > 1$ High	$Xi/X < 1$ Low
$DXi/DX > 1$ High	Prime	Developing
$DXi/DX < 1$ Low	Potential	Under developed

Table 5.
Proportion of
Regional Revenue

regional revenue with total routine expenditure also does not significantly differ from the North Aceh Regency with 11.68%, 5.53% and 8.68% for North Aceh Regency, Bireuen, and Lhokseumawe, respectively.

The proposition of Actual Expenditure of Local Government of North Aceh regency, Bireun, and Lhokseumawe can be seen in Table 3, while the information about classification of Local Revenue can be seen at Table 4. The proportion of regional revenues owed by the classification of regional revenue components (Table 5) shows that the results of the growth coefficient assessment and the proportion of locally generated revenue components of the North Aceh Regency and Lhokseumawe district are classified as retarded. The growth rate of each type of revenue is less than the number one, and the average of the results of both receipts shows a number greater than one. This shows a weak growth rate while the contribution of regional revenue is high. As for the Regency of Bireun, the classification of the region's revenue is categorized as underdeveloped as shown by the data of the growth ratio of the type of revenue and the proportion to the average total revenue of both is smaller than one.

The three indicators of the regional revenue proportion as autonomous variables indicate the financial performance condition of North Aceh Regency. The local financial capacity ratio aims to find out how far the local financial resources can support regional autonomy (Mahmudi, 2011).

3.2. Performance budgeting
North Aceh, Bireuen, and Lhokseumawe as seen from the analysis of the financial ability of each region shows that the financial ability is in the range above 50%. The average value of the local financial capability of the Regency of North Aceh is 96.04%, Bireuen is 100.32%, and Lhokseumawe is 100.89%.

With regard to the budgeting perfomance seen from the effectiveness ratio of North Aceh, Bireuen, and Lhokseumawe during 2006 to 2013, there are differences in the level of financial effectiveness. The average value of financial effectiveness of North Aceh Regency meets the criteria of very effective, which is equal to 118.12%. The percentage effectiveness for Bireuen was 58.73% with the criteria of ineffective and Lhokseumawe was 88.38% classified as less effective. The higher the effectiveness ratio, the better the autonomy of the district in mobilizing revenue in accordance with the target.

Budgeting performance as it can be seen from the analysis of the share of regional finance at the three districts shows the data of ratio of the fund allocation for each region for routine expenditure which is much greater compared to the fun allocation for development expenditure. North Aceh has an average regular expenditure of 58.91% while the average development expenditure is only 41.09%; Bireuen Regency averages a regular expenditure of 73.20%, and development expenditure is only 26.80%. The city of Lhokseumawe has an average of 62.65% and 37.35% for routine and development expenditures.

3.3. Economic growth

The comparative percentage of economic growth in North Aceh, Bireuen, and Lhokseumawe shows the economic growth rate of the region by looking at the development of local own revenue (PAD), TPD), regional routine expenditure (BRD), and regional development expenditure (BPD) as well as the growth of GRDP of North Aceh, Bireuen, and Lhokseumawe districts during the fiscal year of 2006–2013. From the observation results, the data obtained for the district of North Aceh shows an average growth of 7.92%. The local revenue for the growth of Bireuen is 64,80, and Lhokseumawe has an average growth rate of 10.85%.

The results of the total regional income for Bireuen and Lhokseumawe increased during the 2006–2013 fiscal year. The data obtained for North Aceh District during the observation period on the average growth of TPD was only 5.45%, which is categorized as very low compared to Bireuen and Lhokseumawe.

Data were obtained for BRD of the three districts on increasing the amount of routine expenditure from year to year during the period 2006-2013.

Economic growth analysis uses the growth ratio of an area. This growth ratio aims to see and evaluate the development of financial performance and the trend (trend) either in the form of increase or decrease over a certain period (Mahmudi, 2011). The measured growth ratios are locally generated revenue, total regional revenue, BRD and regional development expenditure, and GRDP year after year. Furthermore, the calculation of these ratios is used as statistical data to assess the differences of independence of North Aceh, Bireuen, and Lhokseumawe district during the period of expansion.

4. Discussion

4.1. Budgeting performance

Budgeting perfomance of the North Aceh Regency, Bireuen, and Lhokseumawe districts seen in the analysis of the financial ability of each region shows that the financial ability of Lhokseumawe is unsatisfactory, while Bireuen is still far from the expectation of autonomy and regional independence,which is in the range of above 50%. The average value of the local financial capability of the Regency of North Aceh is 96.04%, while Bireuen is 100.32% and Lhokseumawe is 100.89%.

Budgeting perfomance is seen from the effectiveness ratio of the Regency of North Aceh, Bireuen, and Lhokseumawe districts between 2006 and 2013, and there are differences in the level of financial effectiveness.The average value of financial effectiveness of North Aceh

Regency meets the criteria very effectively, which is equal to 118.12%. The percentage of effectiveness for Bireun regency was at 58.73% with the criteria of ineffective, while Lhokseumawe was at 88.38% which is classified as less effective. The higher the effectiveness ratio, the better the autonomy of the regency in mobilizing revenue in accordance with the target.

4.2. Economic growth

Comparison of the percentage of economic growth data of Kabupaten North Aceh, Bireuen, and Lhokseumawe districts can be seen in Figure 3, which shows the economic growth rate of the region by looking at the development of local own revenue TPD), BRD and BPD, and the growth of GRDP of North Aceh, Bireuen, and Lhokseumawe districts during the fiscal year 2006–2013. From the results the Regency of North Aceh shows an average of locally generated revenue growth of 7.92 %. Locally generated revenue growth for the Regency of Bireuen is 64.80%. Locally generated revenue of Lhokseumawe has an average growth rate of 10.85%.

The results for total regional income for Kabupaten Bireuen and Lhokseumawe districts increased during the 2006–2013 fiscal year so as to obtain a higher percentage of TPD growth from the Regency of North Aceh, namely Bireuen Regency with 12.04% and Lhokseumawe with 11.54%. The data obtained on the average growth of TPD for the North Aceh Regency during the observation period is only as much as 5.45%, which is very low compared to Bireuen and Lhokseumawe.

The BRD of the three districts show that routine expenditure increased from year to year during the period 2006–2013. The average data of percentage increase in the routine expenditure of the three districts based on the highest position is occupied by Lhokseumawe which reaches 16.75% followed by Bireuen Regency with 11.56%, and the lowest is North Aceh Regency with 7.57%.

The results of the observations on BPD of the three districts show fluctuating growth data. Regency of North Aceh showed an average BPD growth of 26.44%, which is quite good. Bireuen showed an average growth of BPD of 31.22%. While Lhokseumawe has the average growth of its BPD at 11.59%.

The results of of the data obtained on GRDP in the three districts showed that the highest percentage was obtained by the Regency of North Aceh, followed by Bireun Regency, and then by Lhokseumawe. However, if viewed from the percentage of growth, the highest growth was obtained by Bireuen Regency followed by Lhokseumawe, then by North Aceh Regency. From the GDP data of each regency, a steady increase in growth rate is seen from year to year during the period 2006–2013, evidenced by the lowest overall data in 2006 and the highest data in 2012.

During the observation period of the Bireuen Regency, the average of GRDP growth was 5.90%. Lhokseumawe showed an average GRDP growth rate of 6.22%. North Aceh Regency has an average GDP growth of 3.81%.

The results of the ANOVA is the end of the calculation used to determine the analysis of the hypothesis to be accepted or rejected. In this case, the tested hypothesis is as follows:

$H0 = \mu1 = \mu2 = \mu3$

$H1 = \mu1 \neq \mu2 \neq \mu3$

a. If significant or probability < 0.05, then H0 is accepted

b. If significant or probability > 0.05, then H0 is rejected

Basedon the results obtained on the ANOVA test presented in Table 6, the significant number or probability is $0.979 > 0.05$, and thus (H0) is accepted, which means that there is

no difference in the average of regional independence between the regencies of North Aceh, Bireuen, and Lhokseumawe districts.

4.3. Regional Independence

The independence of the regions of North Aceh, Bireuen, and Lhokseumawe districts seen from the proportion of regional revenue shows the low level of regional autonomy. This is seen from the average financial independence ratio of each region in the graph of Figure 1, which is still below 10%. According to the Financial Independence Criteria prepared by the Research and Development Team of Depdagri-Fisipol UGM (1991), the independence of these three autonomous regions is at a very low level, which is in the range of 0.00–10.00%. This shows the high level of dependence of these three regions on central and provincial government assistance.

The components of the locally generated revenue of North Aceh Regency and the city of Lhokseumawe show relatively better values with the classification presented in Table 5, although the percentage is very small compared to the balance/transfer fund component. This illustrates that the ability of self-supporting or locally generated revenue resources is very low in funding the program or routine activities of the local government, especially the Bireuen Regency.

The independence level of these three autonomous regions is in line with the results of Hidayat *et al's* research (2007) in the regencies or municipalities of North Sumatera region as seen from the locally generated revenue performance indicator, experiencing a positive growth but relatively a small role in the APBD structure. Also in line with the research of Sanusi (2002), where the results of his research in the Jambi Province showed the pattern of financial relations of Jambi Province, the classification exhibited a pattern of instructive relations or areas that are not able or less able to implement and support autonomous affairs.

The independence of the region based on the budgeting perfomance of the three regencies studied shows that the North Aceh Regency has a high level of financial performance where the average ratio of capability and effectiveness of the financial performance North Aceh Regency as shown in Figure 1 shows that the financial performance is very good according to the criteria of the R&D team of Depdagri-Fisipol UGM (1991). Only the ratio of development has not shown a balance where the allocation of routine is still high compared to the development of expenditure.

During the observation period, the average ratio of financial activity in the three regencies did not show any financial activity in favor of public services where the percentage of budget for routine expenditure was still very dominant. The results of this research are similar to Efendi and Wuryanti (2011) research in the Nganjuk Regency where the ratio of the independence rate and the routine capability index is also low in terms of financial activities.

For the North Aceh, Bireuen, and Lhokseumawe districts, the average growth ratio of local revenue, TPD, BRD and BPD, and GRDP) showed a positive growth from year to year.

	Sum of Squares	*Df*	Mean Square	*F*	Sig.
Between Groups	55.467	2	27.733	0.021	0.979
Within Groups	39292.570	30	1309.752		
Total	39348.036	32			

Source: SPSS.14.0 (data Diolah, 2014).
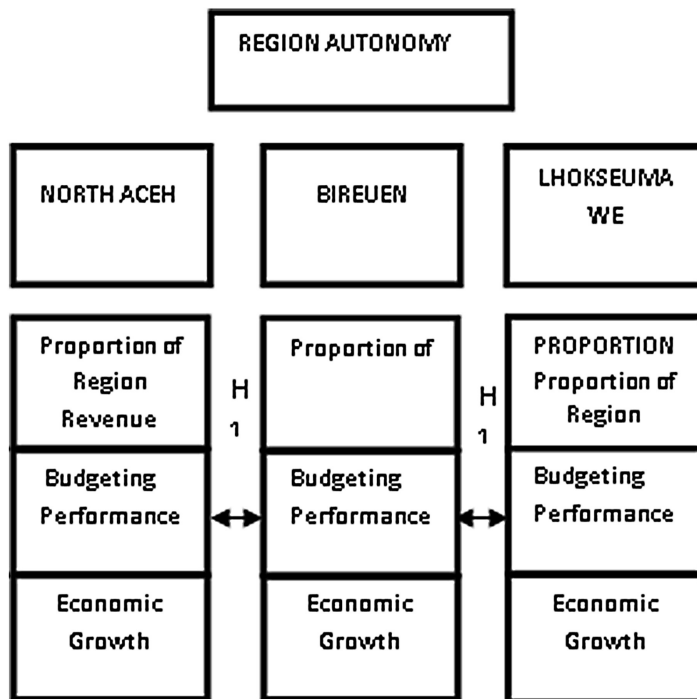
Table 6.
ANOVA Test

Figure 1.
Research Framework

4.4. Independence differences
Annove (Analysis of Variance) is used in the data analysis. The results of Annova Test in this study show the mean between group whic are smaller than the mean. The significant value of α is 0.979, bigger than 0.05. It means that the hypotheses 0 (Ho) is accepted. It means that the economic growth are the same.

5. Conclusion
For the fiscal year 2006 to 2013, the financial performance of the local governments of North Aceh Regency, Bireuen, and Lhokseumawe district have similarities with regard to their regional financial management policy so as to show no difference in regional autonomy.

With regard to financial ratios, the independence of the regions of North Aceh, Bireuen, and Lhokseumawe district seen from the proportion of regional revenue indicates a low level of regional autonomy. This shows the high level of dependence on the central and provincial government assistance.

The regional autonomy seen from the budgeting perfomance shows that Kabupaten North Aceh, Bireuen, and Lhokseumawe district have good financial performance where the average ratio of the local financial capacity and effectiveness is above 50%, thus describing the local financial condition, which can support the implementation of regional autonomy. The review of the level of the role of routine expenditure to the ratio of development spending has not shown a balance where the level of routine spending is still very dominant.

Regional independence based on economic growth shows that the financial performance of North Aceh Regency, Bireuen, and Lhokseumawe districts is still not maximal in

increasing their economic growth. Where the average value of locally generated revenue growth, income, and GDP is still low, only the Regency of North Aceh shows a higher than average locally generated revenue growth.

This research uses only a few models of financial ratio analysis, and it cannot analyze the overall elements of APBD development, so that there is no comprehensive result of the analysis. Further research is expected to add the analysis model and other financial ratios so that the analysis can be more complete and comprehensive.

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