Jurnal Bina Praja

http://jurnal.kemendagri.go.id/index.php/jbp/index

Comparative Analysis of Financial Performance in Fiscal Decentralization Era Among Natural and Non-Natural Resources Region

Joko Tri Haryanto *

Center for Climate Change Financing and Multilateral Policy, Fiscal Policy Agency
Ministry of Finance of the Republic of Indonesia
R. M. Notohamiprodjo Bld., 5th Flr, Dr. Wahidin No. 1, Jakarta, 10710, Indonesia

Abstract

Indonesia has a long history of fiscal decentralization. In terms of accountability and transparency, it is necessary to have performance appraisal of local financial indicators. This research was conducted by taking samples of natural and non-natural resources regions from the 2010 - 2014 period. From the result of the degree of decentralization indicator, the natural resources region has a low degree. In contrast, on non-natural resources regions, they have a higher degree and included in both good and very good criteria. Based on the independence local indicators, only Siak Regency has the greatest independence, while other natural resource regions have very small category and the instructional relationships pattern. In non-natural resources regions categories, all samples are independent enough and already independent with participatory and discretionary relationship pattern. In the harmonization among routine and developmental spending indicators, in natural resources regions, routine spending is relatively small. While in non- natural resources regions, routine spending allocation is also very dominant. From that result, the government should formulate an innovative non-public development pattern to further enhancing the participation of other stakeholders and also provide advocacy to Local Government to start limiting the routine personnel expenditure and prioritizing to infrastructure development that impacts the investment.

Keywords: Financial Performance, Natural Resource Producer, Non-natural Resource Producer

I. Introduction

Indonesia has a long history of fiscal decentralization. Beginning in New Order era until finally improved in Reformation-era which has been revised several times to date (Ismail, 2015). Through this revision, the implementation of fiscal decentralization in Indonesia is expected to enter a new phase reflecting the actual implementation of the form of government management from a centralized to a decentralized system (Duadji, 2013).

From the initial objective of fiscal decentralization, it is expected to strengthen local independence through Local Own Revenue (PAD) as the impact of the handover numbers of authorities initially in the hands of the Central Government (Zulkarnain, 2014). Unfortunately, many parties have questioned the direction of the fiscal decentralization policy.

As Simanjuntak (2015) study raises the issue, it only becomes a convenient arena for political elites and local authorities in restoring political power and strengthening the mastery of social and economic resources. It is not surprising that the implementation in the Reformation era was only adorned with success stories of local oligarchy consolidation both in the political, social and economic arenas (Neta, 2013).

In some local areas with natural resources (SDA), the implementation also causes the emergence of natural resource curse phenomenon (Rosser, 2006). This phenomenon is marked by institutional weakness at the level of Local Government in managing the wealth of natural

resources. Consequently, the wealth of natural resources is not positively correlated with the improvement of people's welfare and job creation in the real sector (Borge, Parmer, & Torvik, 2015).

Not to mention the emergence of the Dutch Disease phenomenon due to the natural resource boom that hampers the growth of the manufacturing sector as well as the emergence of rent-seeking in key sectors based on natural resources (Polterovich, Popov, & Tonis, 2010). The same phenomenon is also found in general in almost all countries, although there is no direct indication that it is infected with the curse of natural resources (K. I. P. A., 2016).

Other research conducted by Adi & Ekaristi (2009) also led to another phenomenon called the fiscal illusion. This fiscal illusion is intensified in the era of fiscal decentralization when the regions are always unable to optimize their own regional revenues in the hope of obtaining a significant allocation of Transfer to Regions. Yet some parties still believe that the implementation of fiscal decentralization is a non-negotiable one. Nor can fiscal decentralization be recalled to centralization (Harteti, Darwanis, & Abdullah, 2014).

All it takes is a pattern of continuous improvement by prioritizing coordination aspect and knowing each other's weaknesses and strengths (Arianda, Nurazlina, & Hasan, 2014). The research conducted by Sasana (2009), for example, concludes that fiscal decentralization has a positive correlation with job creation and economic growth in Central Java Province. The same finding is generated by Apriesa & Miyasto (2013) which concludes that fiscal decentralization is able to promote economic growth in all regencies/cities in Central Java Province.

Other research conducted by Dwirandra (2013) concludes that fiscal decentralization has a positive influence in encouraging the economic growth of regencies in Java and Bali islands. Fiscal decentralization is also capable of encouraging the growth of the Human Development Index (IPM) in a positive direction. Thus, fiscal decentralization is said to create positive effects in a multi-dimensional manner.

Related to the goal of evaluation, the efficiency of spending often acts as the main benchmark for a success. A research by Hidayat & Maski (2013) states that fiscal decentralization can improve the regional finance effectiveness in all regencies in South Sulawesi Province. Unfortunately, the financial efficiency of the region is still in an inefficient stage with an instructive pattern of regional independence.

Another study by R. A. (2013) mentions that fiscal decentralization contributes positively to economic growth in terms of regional revenue by taking samples in 19 selected provinces from 1994 to 2010. Similarly, delivered by Yuana (2014), explains that fiscal decentralization can support the creation of regional economic growth through improved local financial performance arrangements.

Based on these findings, it is realized that the main indicators are needed to link the aspects of fiscal decentralization implementation and economic growth through better, efficient, effective, and accountable manner. It also requires an effort to provide opportunities for public participation to oversee it (Albasiah, 2013). On the other hand, the creation of a reliable regional financial performance is also a manifestation of the creation of regional independence aspect that is in line with the initial objective of implementing fiscal decentralization (Desita, Kirmizi, & Ali, 2015).

Unfortunately, in most regions in Indonesia, the contribution of PAD is still relatively low (Basri, Syaparudin, & Junaidi, 2013). Fiscal illusion is a major factor in the low contribution of PAD. Some other factors are regional difficulties in knowing the real tax base in the regions. The administrative cost is greater than the generated revenue as well as some aspects of bureaucratic administration that prevents it (Herawati & Supratiwi, 2013).

It can be seen that the management of regional financial performance reflected through several key indicators becomes vital. This is closely related to the enlargement of the authority submitted to the regions. Submission of authority, on the one hand, shows the spirit of creating independence but on the other hand, also requires the readiness and burden of implementation. Through these indicators, regional readiness can be measured and assessed (Rahman, Naukoko, & Londah, 2014).

For this reason, some parties then agreed to set up some indicators to conduct an assessment of the financial performance of the region. The first frequently used indicator is fiscal decentralization implementation degree indicator (DDF). The next indicator is the indicator of regional independence (LIR) as well as the harmony of routine and development expenditure (HR/DE) (Sijabat, Saleh, & Wachid, 2014).

The use of local financial indicators also serves to provide an overview of regional financial performance. Thus, will be produced an evaluation material and recommendations for improvement in the future (Vurry, Suwendra, & Yudiaatmaja, 2014). Such improvements are expected to contribute to the implementation of fiscal decentralization objectives in the form of strengthening fiscal autonomy in the region as well as reduced dependence on transfers from the Central Government (Sandri, Putri, & Dwirandra, 2016).

At the beginning of the discussion, has been said that one of the focus of attention of some observers related to the impact of the implementation of fiscal

decentralization is some areas that are considered to have wealthy natural resources. These areas are then indicated to experience natural resource curse phenomena when their natural resource wealth is unable to bring prosperity to the surrounding community (Martawardaya, Basuki, & Hanafi, 2016).

Given the importance of this issue, this study is conducted to analyze the comparison of regional financial performance between natural resource producing regions with non-natural resource producing regions. Several problem statements are arranged, including how is the difference in financial performance through degrees of fiscal decentralization (DDF), how is the difference in the financial performance of indicators of regional autonomy (LIR), and also how is the difference in the financial performance from indicators of routine harmonization and development of expenditures.

As described in Efendi & Wuryanti (2011), autonomy comes from "autos" which means itself and "nomos" which means law. Regional autonomy is then translated into the authority of the regions to manage their own households. Another opinion is expressed in Mardiasmo (2002) which mentions regional autonomy as the authority of an autonomous region to organize the interests of local people according to their own initiative based on the aspirations of the people.

Meanwhile, based on Law of the Republic of Indonesia Number 23 of 2014 on Regional Government, which is said that regional autonomy is the rights, authority, and obligation of autonomous regions to regulate and manage their own Government Affairs. The basic of regulations related to the implementation of fiscal decentralization in Indonesia has existed since the New Order with Law No. 5 of 1974 on the Principles of Regional Government. The Act was then revised, from the aspect of financial balance, regulated in Law of the Republic of Indonesia Number 25 of 1999 on Financial Balance between Central and Local Government, which was also last revised into Law of the Republic of Indonesia Number 33 of 2004 on Financial Balance between the Central Government and Local Government (Tamboto, Morasa, & Mawikere, 2014).

In general, the main objective of the implementation of fiscal decentralization is to improve the welfare of society, public services and regional development (Sagala & Parmadi, 2013). The policy is in harmony with the philosophy of money following function in which the transfer of authority to the region is accompanied by the delivery of its financing sources (Muin, 2014).

This aspect of financial performance management of the region then becomes one of the parameters in measuring the ability of the region in managing and handling its own household. There

are some regions that have independence in the management of their own households, but some also still have a great dependence on aid from the Central Government (Suryani, 2014).

In theory about the relationship, Hersey and Blanchard in Halim (2001) mentioned several types. Instructive type is when the role of the Central Government is more dominant than the independence aspect in the region. Consultative type is when Central Government interference has begun to decrease and more on giving consultation because the region is considered more capable.

Relationship type of participation is a pattern in which the role of the Central Government diminishes given the degree of the autonomous region is considered close to being able to carry out autonomous affairs. The last type is the relationship pattern of delegation when the Central Government intervention is no longer available because the region is fully capable and self-sufficient.

In supporting the effort to create independence aspect in the management of local financial performance, several strategies to increase PAD can be done. According to Samora (2010) the strategy is: 1) the policy of the BUMD empowerment, either through the company's overall healthcare process or by directing the BUMD to conduct focus and combined with the aspects of good governance; 2) policies of use side through the improvement of community control mechanism and other elements.

While the strategy of increasing the allocation of Transfer to the Regions according to Setiaji & Adi (2007) is attempted in the form of improvements in the recording of tax base such as the determination of Value of Tax Object (NJOP) which is used as the basis for the imposition of Land and Building Tax (PBB).

The use of several indicators of local financial performance has not been done. There is no unanimous agreement of the measurement. In order to create transparent, effective, efficient and accountable financial management, the analysis is feasible to implement by addressing several aspects of adjustment (Ulumudin, 2014).

Specifically, if we refer to the definition of regional finances according to Halim (2007), it is mentioned that the regional finance is all rights and obligations that can be assessed with money as well as everything in the form of money that can be used as regional wealth. Regarding the performance of local financial management, several previous studies have been done such as Oktavianus, Murni, & Saerang (2015), which analyzed the comparison of regional financial capability in Bitung City and Tomohon City for 2010 - 2014, with a result that Bitung City during the 2010 - 2014 has a disadvantage in the management of its regional finances if compared to Tomohon City.

Comparative Analysis of Financial Performance in Fiscal Decentralization Era
Among Natural and Non-natural Resources Region
Joko Tri Haryanto   173

Another study conducted by Efendi & Wuryanti (2011) with the title Analysis of Regional Financial Capacity Development in Supporting the Implementation of Regional Autonomy in Nganjuk District 2005-2009. It is concluded that fiscal decentralization has a positive effect on the financial management of Nganjuk Regency in an instructive relationship pattern. As well as research by Widodo (2013) entitled Analysis of Effectivity and Ability from The Kabupaten Financial on Madura Island during Local Autonomy Era.

A slightly different recommendation is given in the review by Sasana (2015). In this study, it was mentioned that in the era of fiscal decentralization, effective and efficient management of local and regional financial performance is a must. Budget constraints in some areas also often cause their own problems. The results in Muryawan & Sukarsa (2014) mention the existence of fiscal stress phenomenon when the local government is required to serve the increasing needs of the community and regional development.

According to Law of the Republic of Indonesia Number 33 of 2004 on Financial Balance between the Central Government and Local Government, the sources of regional revenue consist of Regional Income and Financing. Regional Revenue consists of Local Own Resources (PAD), Balancing Fund, and Other Income. Balancing Funds in its implementation consist of Sharing Fund (DBH), General Allocation Fund (DAU), and Specific Allocation Fund (DAK).

In some areas in Indonesia, they are known for natural resource curse phenomenon. In addition (Martawardaya et al., 2016), several studies that are related to this phenomenon (Auty & Mikesell, 1998) explain a lot of things, that there is a negative relationship between the natural resources in a country with its economic growth rate. Countries that have wealthy natural resources do not have a very satisfaction economic growth performance. The findings are then sharpened by Auty (2001) when in some countries with rich natural resources, they are also able to show positive economic growth performance, given that the management of natural resources is done wisely.

II. METHOD

In general, this study uses a quantitative approach derived in selected indicators. The use of quantitative approach is intended to provide a comprehensive explanation of differences in local financial management performances. Pursuant to its purpose, this research is a descriptive research to give description to the performance of regional finance management phenomenon based on indicators of fiscal decentralization degree, independence, and harmony on regional expenditure

The type of data used is entirely secondary data, are mostly generated by the competent institution, namely the Directorate General of Fiscal Balance (DJPK) and the Fiscal Policy Office (BKF), of the Ministry of Finance. The data collected is entirely the data of APBD implementation that has been broken down into allocations per type of expenditure. As the year of observation, selected in 2008-2014, taking into account the completeness of the data obtained.

Based on the quantitative approach, the analytical method used is the descriptive statistical method of indicators ratio of fiscal decentralization degree (DDF), independence (LIR), and harmony of regional expenditure. As the areas of observation, some natural resource and non-natural resource producing regions are selected, with the aim of analyzing and evaluating differences in the performance of local financial management.

The selection of natural resource producing regions and non- natural resource producing regions as research samples are based on the study by Martawardaya, Basuki, & Hanafi (2016) consisted of:

1. Natural resources produce regencies: Indragiri Hulu Regency, Siak Regency, Bengkalis Regency, Musi Rawas Regency, Musi Banyuasin Regency, Bojonegoro Regency, Kutai Kertanegara Regency, Kutai Barat Regency and Kota Baru Regency;
2. Non-natural resources produce regencies: Medan City, Bandung City, Bekasi City, Tangerang City, Tangerang Regency, Surabaya City and Badung Regency;

Based on these elections, then compiled several indicator ratios used include:

$$\text{Fiscal Decentralization Degree (DDF I)} = \frac{LOR}{TRR} \times 100\%$$

Where DDFI is a degree of fiscal decentralization I, LOR is PAD and TRR is total regional revenue;

$$\text{Fiscal Decentralization Degree (DDF II)} = \frac{LOR}{TRE} \times 100\%$$

Where DDFII is a degree of fiscal decentralization II, LOR is PAD and TRE is total regional expenditure;

$$\text{Local Independence Ratio (LIR)} = \frac{TR}{TRR} \times 100\%$$

In which LIR is a ratio of regional independence, TR is Total Regional Revenue and Total Transfer Region (TRR) is the total balanced fund received by the region;

Table 1.
Fiscal Decentralization Degrees Criteria

Decentralization Ability	Decentralization Degree Ratio (%)
Very Good	> 50%
Good	25 - 50
Less Good	10 - 25
Not Good	< 10

Source: Halim, 2007

$$HLRE = \frac{TRE}{\text{Total Regional Expenditure}} \times 100\%$$

$$HLCE = \frac{TCE}{\text{Total Regional Expenditure}} \times 100\%$$

In which HLRE is the ratio of compatibility of regional development expenditure, TRE is total regional expenditure and TCE is total capital expenditure;

As a comparison to analyze the degree of fiscal decentralization, it will be used the standards delivered based on the research mentioned in Table 1 (Halim, 2007).

Meanwhile, for the independence ratio analysis, the standards presented in the research of Paul Harsey and Kenneth Blancard (Halim, 2007) are seen in Table 2;

III. Results and Discussion

Based on the results of own calculations conducted by researchers, some findings can be explained as follows:

A. Fiscal Decentralization Degree Indicator

The fiscal decentralization degree indicator aims to evaluate the performance of regional financial management in the era of fiscal decentralization, consist of DDF I to assess the implementation in terms of regional revenue and DDF II seen from the expenditure/spending side. Based on the calculation, Table 3 and Table 4 could explain the fiscal decentralization degree indicator of natural resources producing regions (DDF I and DDF II).

Based on the calculations in Table 3 and Table 4, it can be concluded that fiscal decentralization degree in natural resource producing regions is relatively small for both DDF I and DDF II. In general, the DDF I and DDF II figures for all samples did not even exceed 10, except for Siak Regency which had an average DDF I of 13.6 and an average DDF II of 14.2.

When compared to the fiscal decentralization degree criteria in Table 1, only Siak Regency is categorized as less good in the fiscal decentralization management, while other natural resources producing regions are included in the not good category. The increasing trend is actually seen by Bojonegoro Regency, but overall it is still relatively vulnerable from 2010 - 2014.

Meanwhile, the results of fiscal decentralization degrees (DDF I and DDF II) for non-natural resource producing regions can be described in Table 5 and Table 6.

The calculations in Table 5 and Table 6 as described as both DDF I and DDF II have a very large value when compared to the value of natural

Table 2.
Patterns of Central and Local Government Relations

Ratio	Local Independence	Local Fiscal Dependency	Relationship Pattern
≤ 25	Unable	Very small	Instructive
25 - 50	Less Independent	Good Enough	Consultative
51 - 75	Independent Enough	Large Enough	Participatory
76 - 100	Already Independent	Very Large	Discretionary

Source: Halim, 2007

Comparative Analysis of Financial Performance in Fiscal Decentralization Era
Among Natural and Non-natural Resources Region
Joko Tri Haryanto

175

Table 3.
Fiscal Decentralization Degree of Natural Resource Producing Regencies (DDF I)

Name	2010	2011	2012	2013	2014
	DDF I	DDF I	DDF I	DDF I	DDF I
Reg. Indragiri Hulu	4.5	4.1	4.9	4.1	6.8
Reg. Siak	14.5	11.0	15.4	15.3	11.7
Reg. Bengkalis	4.3	5.9	5.8	5.8	6.4
Reg. Musi Rawas	4.3	5.3	5.5	5.0	11.8
Reg. Musi Banyuasin	3.5	3.7	3.7	4.9	5.6
Reg. Bojonegoro	6.6	10.9	8.6	10.7	11.6
Reg. Kuta Kertanegara	2.1	3.1	4.5	6.4	5.2
Reg. Kota Baru	6.5	5.7	5.0	8.5	8.7
Reg. Kutai Barat	2.9	3.6	3.1	3.9	5.9

Source: MOF, 2015, processed data

resource producing regions. The explanation is as follows:

1. The results of DDF I and DDF II calculation indicate that fiscal decentralization degree in non-natural resource producing regions is much better than the natural resource producing regions. Almost all of the selected samples showed good and very good criteria when associated with reference in Table 1.

Specifically for Badung Regency, it even has DDF I and DDF II values that are included in very good category with DDF I average of 74.4 and DDF II of 81.9. From 2010-2014, City of Surabaya, City of Medan, and Tangerang Regency also showed a trend towards very good management with stable DDF I and DDF II;

Table 4.
Fiscal Decentralization Degree of Natural Resource Producing Regencies (DDF II)

Name	2010	2011	2012	2013	2014
	DDF II	DDF II	DDF II	DDF II	DDF II
Reg. Indragiri Hulu	5.6	5.4	5.7	3.9	6.4
Reg. Siak	15.5	11.8	16.7	15.4	11.7
Reg. Bengkalis	5.5	7.6	6.7	4.9	7.1
Reg. Musi Rawas	4.2	5.9	6.0	5.2	11.3
Reg. Musi Banyuasin	4.4	3.9	3.9	4.8	5.0
Reg. Bojonegoro	7.2	12.8	9.4	10.6	12.1
Reg. Kuta Kertanegara	2.5	4.5	5.5	5.1	5.3
Reg. Kota Baru	5.6	6.3	6.2	9.2	9.0
Reg. Kutai Barat	2.9	3.9	3.5	3.7	5.8

Source: MOF, 2015, processed data

Table 5.
Fiscal Decentralization of Non-Natural Resource Producing Regencies (DDFI)

Name	2010	2011	2012	2013	2014
	DDF I	DDF I	DDF I	DDF I	DDF I
City of Medan	28.5	36.2	38.3	36.9	34.2
City of Bandung	18.1	26.7	27.4	33.3	34.6
City of Bekasi	18.7	25.6	27.3	32.7	34.6
City of Tangerang	17.2	27.1	28.9	31.9	41.7
Reg. Tangerang	16.2	29.9	31.6	37.2	42.6
City of Surabaya	29.8	50.2	49.2	53.3	54.6
Reg. Badung	68.7	76.0	71.4	77.1	78.7

Source: MOF, 2015, processed data

2. With good and very good management, non-natural resource producing regions have proven advantages in managing their own affairs, compared to natural resource-producing regions. This condition is clearly a good prerequisite in supporting the success of the future goal of fiscal decentralization;

B. Regional Independence Indicator

Regional independence indicator is used to assess how much the ability of the region in financing its own authority to create economic growth, regional development, and community welfare. From the calculation, comparison of independence indicator of natural resource producing region with non- natural resource producing regions can be seen in Table 7 and Table 8.

Based on the result of calculation of Table 7 and Table 8, it can be said as follows:

1. The condition is almost the same as the previous indicator where for the natural resource producing regions, the value of regional independence is relatively small when compared to non-natural resource producing regions. Of the total sample of natural resource producing regions, only Siak Regency that has the greatest independence with an average value of 17 in 2010 - 2014. While other natural resource producing regions have an independence aspect below 10. If compared

Table 6.
Fiscal Decentralization Degree of Non-natural Resource Producing Regencies (DDF II)

Name	2010	2011	2012	2013	2014
	DDF II	DDF II	DDF II	DDF II	DDF II
City of Medan	26.3	32.7	38.0	37.4	37.2
City of Bandung	17.5	27.1	28.8	35.8	38.7
City of Bekasi	18.6	28.7	29.2	32.8	38.8
City of Tangerang	16.5	30.5	32.8	29.5	47.4
Reg. Tangerang	14.8	32.8	31.0	37.2	44.9
City of Surabaya	25.0	50.3	53.0	55.2	57.9
Reg. Badung	74.2	89.4	80.2	82.7	83.1

Source: MOF, 2015, processed data

Comparative Analysis of Financial Performance in Fiscal Decentralization Era
Among Natural and Non-natural Resources Region
Joko Tri Haryanto
177

Table 7.
Independence Ratio of Natural Resources Producing Regencies

Name	2010	2011	2012	2013	2014
	LIR	LIR	LIR	LIR	LIR
Reg. Inhu	5.0	4.8	5.7	4.9	8.8
Reg. Siak	17.8	13.3	19.6	19.7	14.8
Reg. Bengkalis	4.6	6.5	6.5	6.6	7.3
Reg. Musi Rawas	4.8	6.4	6.3	5.7	14.7
Reg. Muba	3.8	4.1	4.2	5.7	6.2
Reg. Bojonegoro	8.5	15.2	11.1	8.9	16.5
Reg. Kuker	2.3	3.7	5.3	7.9	6.4
Reg. Kotabaru	8.2	7.3	6.8	11.5	11.6
Reg. Kubar	3.4	4.2	3.7	5.0	8.2

Source: MOF, 2015, processed data

to the reference in Table 2, all the natural resource producing regions including Siak Regency included into very small category of independence and instructional relationship pattern or all are waiting for direction from the Central Government;

2. In contrast to non-natural resource producing regions categories, all samples independence aspect are above 50. This means that the regions are included in the category of independent enough and already independent with participatory and discretionary relationship pattern. Surabaya city and Badung regency are noted to have a very high independence aspect, even above 100 (Surabaya with an average of 166 and Badung regency with an average of 482);

Comparing the results of independence aspect in natural resource producing regions and non-natural resource-producing regions, it seems to strengthen the argument that explains the occurrence of natural resources curse phenomena, especially from the Dutch Disease aspect when the natural resource producing regions focus only on

Table 8.
Independence Ratio of Non-natural Resource Producing Regencies

Name	2010	2011	2012	2013	2014
	LIR	LIR	LIR	LIR	LIR
City of Medan	45.7	70.0	80.9	80.1	86.6
City of Bandung	30.3	59.2	55.6	81.1	91.0
City of Bekasi	32.3	59.2	60.1	81.3	93.7
City of Tangerang	28.0	60.9	59.0	69.6	115.1
City of Tangerang	22.4	67.2	61.0	81.3	107.9
City of Surabaya	62.9	195.8	159.1	191.1	222.2
Reg. Badung	304.0	501.0	363.1	530.3	713.3

Source: MOF, 2015, processed data

Table 9.
Harmonious Spending Routine Indicator in Natural Resource Producing Regencies (HLRE)

Name	2010	2011	2012	2013	2014
	HLRE	HLRE	HLRE	HLRE	HLRE
Reg. Indragiri Hulu	45.6	56.3	45.6	39.2	36.6
Reg. Siak	30.7	34.2	31.7	31.3	28.7
Reg. Bengkalis	34.7	34.5	32.5	28.9	30.2
Reg. Musi Rawas	43.1	41.5	42.6	38.1	42.2
Reg. Musi Banyuasin	36.6	29.8	28.1	39.6	23.6
Reg. Bojonegoro	60.4	57.2	50.4	46.1	43.7
Reg. Kuta Kertanegara	28.2	31.5	29.3	23.6	28.3
Reg. Kota Baru	42.5	48.4	49.9	41.8	40.9
Reg. Kutai Barat	32.7	30.6	29.8	25.2	35.2

Source: MOF, 2015, processed data

the development of natural resource-based sectors and forget to develop other sectors.

C. Harmonized Local Expenditure Indicators

Harmonized Local Expenditure Indicators consists of harmonizing regional routine expenditure (HLRE) and harmonize regional development expenditure (HLCE). The results of calculating indicators of harmonized routine and development expenditures (HLRE and HLCE) of natural resource producing regions can be seen in Table 9 and Table 10.

Based on the results of calculations in Table 9 and Table 10, it can be explained as follows:
1. The allocation of routine personnel administration expenditure is still relatively dominating in all regions producing natural

Table 10.
Harmonious Spending Indicator of Regional Development (HLCE)

Name	2010	2011	2012	2013	2014
	HLCE	HLCE	HLCE	HLCE	HLCE
Reg. Indragiri Hulu	29.7	15.5	24.0	32.7	32.1
Reg. Siak	39.9	32.4	35.9	35.0	38.0
Reg. Bengkalis	32.1	28.5	27.0	34.5	37.1
Reg. Musi Rawas	30.4	29.6	36.9	38.8	33.8
Reg. Musi Banyuasin	35.8	42.7	42.5	33.8	39.2
Reg. Bojonegoro	10.5	9.2	14.6	15.5	22.3
Reg. Kuta Kertanegara	32.9	32.1	36.8	46.3	40.1
Reg. Kota Baru	28.0	22.9	20.7	28.7	32.6
Reg. Kutai Barat	39.4	39.2	41.9	49.2	38.4

Source: MOF, 2015, processed data

Comparative Analysis of Financial Performance in Fiscal Decentralization Era
Among Natural and Non-natural Resources Region
Joko Tri Haryanto   179

Table 11.
Harmonious Spending Routine Indicator in Non-natural Resource Produces Regencies (HLRE)

Name	2010	2011	2012	2013	2014
	HLRE	HLRE	HLRE	HLRE	HLRE
City of Medan	54.7	51.3	57.7	59.3	55.0
City of Bandung	52.7	49.4	50.0	48.5	49.4
City of Bekasi	62.2	50.6	45.2	47.8	51.1
City of Tangerang	59.0	56.8	50.2	40.6	44.2
Reg. Tangerang	46.3	45.1	37.7	34.9	35.0
City of Surabaya	39.4	45.7	44.4	40.5	38.3
Reg. Badung	45.7	45.1	35.6	34.7	31.9

Source: MOF, 2015, processed data

resources. In Bojonegoro regency in the period of 2010 - 2014, the average allocation of routine administrative expenditure reached 51.5, the highest if compared to other sample regions, followed by Indragiri Hulu and Kota Baru regencies of 44.7. Interestingly it is shown by other relatively small regions in allocating routine expenditures (between 30.7 and 31.3). Kutai Kertanegara Regency only allocates an average of routine expenditure of 28.2 from 2010 - 2012;

2. The findings of routine expenditure allocations that are not too high in some of the sample regions of natural resource producers can actually serve as an argument against the natural resources curse phenomenon which states the weakness of government functions in the regions when the allocation of routine personnel expenditure dominates the APBD;

3. However, the allocation of development spending in the producing regions, based on Table 10 is also relatively small. On average, the biggest allocation is in Musi Banyuasin Regency with a value of 38.8 from 2010 - 2014. Other regions on average still vary with Bojonegoro Regency which only allocates an average of 14.4 budget for development expenditure from 2010 - 2014;

Table 12.
Harmonious Development Spending Indicators in Non-Natural Resource Produces Regencies (HLCE)

Name	2010	2011	2012	2013	2014
	HLCE	HLCE	HLCE	HLCE	HLCE
City of Medan	18.9	22.4	18.5	19.6	21.1
City of Bandung	16.1	19.9	23.1	26.4	21.9
City of Bekasi	17.3	16.3	29.5	30.0	23.2
City of Tangerang	22.5	19.8	22.3	28.6	16.9
Reg. Tangerang	27.4	23.7	34.3	34.5	35.6
City of Surabaya	28.5	14.5	21.2	25.3	24.6
City of. Badung	13.4	12.7	26.9	27.8	29.0

Source: MOF, 2015, processed data

Meanwhile, for non-natural resource-producing regions, the calculation of harmonized routine expenditure indicators (HLRE) can be seen in Table 11 and harmonized of development expenditure in Table 12.

For the calculation result in Table 11 and Table 12, it can be concluded as follows:

1. As with other routine expenditure allocation patterns in other regions, the allocation of routine non- natural resource producing regions spending is also relatively high. Medan city even recorded the average allocate in the period 2010 - 2014 for 55.5 for routine expenditure. Only Badung regency allocated the smallest average routine expenditure of 38.6;

2. Looking at the data in Table 12, it can be seen that the allocation of development expenditure in non- natural resource producing regions is relatively smaller compared to the natural resource producing regions. Badung regency, which has very large number of independence, only got the value of 22.0 for the allocation of development expenditure. In this case, the researchers suspect that the pattern of development in these non-natural resource producing regions has been driven not only by public funds but also supported by other stakeholders, especially the private sector;

IV. CONCLUSION

Indonesia has a lot of fiscal decentralization experiences from the New Order era until in the Reformation era. Some studies do point the disadvantages of implementing fiscal decentralization. However, several studies also show that fiscal decentralization has a positive effect on the acceleration of regional economic growth, poverty alleviation as well as the development of basic services sectors.

In line with the increasing demand for accountability and government transparency, it is necessary to have performance appraisal of local financial management indicators as one of the most important elements in supporting fiscal decentralization. With the aim of seeing the difference in the performance of regional financial management, this research is then conducted by taking samples of natural resource and non-natural resources producing regions with analysis data of 2010 - 2014.

From the result of fiscal decentralization degree (DDF I and DDF II), generally the natural resources-producing regions have a small number, only Siak Regency has an average DDF I of 13.6 and an average DDF II of 14.2 or has less good criteria. Meanwhile, other areas are still included in not good criteria in the local finances management.

In contrast, in non-natural resources producing regions, the value of the decentralization degree is very high and is included in both good and very good criteria.

Badung regency even has DDF I and DDF II value which is included in a very good category with average DDF I equal to 74.4 and DDF II equal to 81.9. City of Surabaya, City of Medan and Tangerang Regency also show trends toward very good management with stable DDFI and DDFII. Seen from the independence local indicators, only Siak Regency has the greatest independence with an average value of 17 in 2010 - 2014. Meanwhile, other natural resource-producing regions have the independence aspect below 10 or included in a very small category of independence and the instructional relationships pattern.

In contrast to non-natural resources producing regions categories, all samples have independence aspect above 50 and are included in independent enough and already independent category with participatory and discretionary relationship pattern. A slightly different aspect is indicated in the harmonization of routine and developmental spending indicators in regions. In the case of natural resources producing regions, although the average is still allocated in large amounts for routine expenditure, in some regencies such as Kutai Kertanegara Regency, routine spending is relatively small at 28.2.

While in non-natural resources producing regions, routine spending allocation is also very dominant. Unfortunately, in all regions, in natural resource and non-natural resources producing, the allocation of development spending is relatively small. In the future, the government should formulate an innovative non-public development pattern, further enhancing the participation of other stakeholders.

Naturally, it is harmonized with the pattern of annual development planning in an effort to achieve the goal of sustainable and prosperous civil society development. It also requires the role of the Central Government in providing advocacy to Local Government to start limiting the routine personnel expenditure and prioritizing infrastructure development that impacts the investment.

ACKNOWLEDGEMENT

Comparative Analysis of Financial Performance in Fiscal Decentralization Era
Among Natural and Non-natural Resources Region
Joko Tri Haryanto   181

V. References

A., K. I. P. (2016). Resource Abundance and Its Impact on Latin American Economic Growth. *Journal of Behavioural Economics, Finance, Entrepreneurship, Accounting and Transport*, *4*(3), 54–70. http://doi.org/10.12691/jbe-4-3-3

A., R. (2013). Desentralisasi Fiskal dan Pertumbuhan Ekonomi, serta Kaitannya dengan Otonomi Daerah. *Jurnal Borneo Administrator*, *9*(3), 284–304. http://doi.org/10.24258/jba.v9i3.124

Adi, P. H., & Ekaristi, P. D. (2009). Fenomena Ilusi Fiskal dalam Kinerja Anggaran Pemerintah Daerah. *Jurnal Akuntansi Dan Keuangan Indonesia*, *6*(1), 1–19. http://doi.org/10.21002/jaki.2009.01

Albasiah, O. A. (2013). Jurnal Analisis Kinerja Pengelolaan Keuangan Daerah dan Tingkat Kemandirian Daerah di Era Otonomi Daerah: Studi Kasus Kota Malang (Tahun Anggaran 2007-2011). *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*, *1*(2). Retrieved from http://jimfeb.ub.ac.id/index.php/jimfeb/article/view/394

Apriesa, L. F., & Miyasto. (2013). Pengaruh Desentralisasi Fiskal terhadap Pertumbuhan Ekonomi Daerah dan Ketimpangan Pendapatan (Studi Kasus: Kabupaten/Kota di Jawa Tengah). *Diponegoro Journal of Economics*, *2*(1), 1–12. Retrieved from http://ejournal-s1.undip.ac.id/index.php/jme/article/view/1916

Arianda, G., Nurazlina, & Hasan, H. M. A. (2014). Analisis Perkembangan Kemampuan Keuangan Daerah dalam Mendukung Pelaksanaan Otonomi Daerah di Kabupaten Natuna (Tahun Anggaran 2009-2013). *JOM FEKON*, *1*(2), 1–15.

Auty, R. M. (2001). *Resource Abundance and Economic Development*. Oxford: Oxford University Press.

Auty, R. M., & Mikesell, R. F. (1998). *Sustainable Development in Mineral Economies*. Clarendon Press.

Basri, H., Syaparudin, & Junaidi. (2013). Pemetaan Kinerja Pendapatan Asli Daerah dan Kemampuan Keuangan Daerah Kabupaten/Kota di Provinsi Jambi. *Jurnal Perspektif Pembiayaan Dan Pembangunan Daerah*, *1*(2), 81–90. Retrieved from https://online-journal.unja.ac.id/index.php/JES/article/view/1497

Borge, L.-E., Parmer, P., & Torvik, R. (2015). Local natural resource curse? *Journal of Public Economics*, *131*(Supplement C), 101–114. http://doi.org/10.1016/j.jpubeco.2015.09.002

Desita, P. N., Kirmizi, & Ali, A. A. (2015). Analisis Kemampuan Keuangan Daerah dalam Mendukung Pelaksanaan Otonomi Daerah Kota Pekanbaru (2010-2014). *Jom FEKON*, *2*(2), 1–13. Retrieved from https://jom.unri.ac.id/index.php/JOMFEKON/article/view/8209

Duadji, N. (2013). Partisipasi Publik dalam Pengambilan Keputusan Anggaran Pendapatan dan Belanja Daerah (APBD) Provinsi Lampung. *Jurnal Bina Praja*, *5*(3), 197–203. http://doi.org/10.21787/jbp.5.2013.197-204

Dwirandra, A. A. N. B. (2013). Pengaruh Desentralisasi Fiskal pada Pertumbuhan Ekonomi dengan Keserasian Belanja Daerah sebagai Variabel Pemoderasi. *Jurnal Ilmiah Akuntansi Dan Bisnis*, *8*(2), 66–74. Retrieved from https://ojs.unud.ac.id/index.php/jiab/article/view/10860

Efendi, D., & Wuryanti, S. (2011). Analisis Perkembangan Kemampuan Keuangan Daerah dalam Mendukung Pelaksanaan Otoda di Kabupaten Nganjuk. In *Prosiding Seminar Nasional Ilmu Ekonomi Terapan 2011* (pp. 1–10). Lembaga Penelitian dan Pengabdian Kepada Masyarakat, Universitas Muhammadiyah Semarang. Retrieved from http://jurnal.unimus.ac.id/index.php/psn12012010/article/view/400

Halim, A. (2001). *Manajemen Keuangan Daerah: Bunga Rampai*. Yogyakarta: UPP AMP YKPN.

Halim, A. (2007). *Akuntansi Keuangan Daerah: Akuntansi Sektor Publik*. Jakarta: Salemba Empat.

Harteti, Y., Darwanis, & Abdullah, S. (2014). Pengaruh Desentralisasi Fiskal dan Belanja Daerah terhadap Kinerja Keuangan Daerah pada Kabupaten/Kota di Provinsi Aceh. *Jurnal Magister Akuntansi: Program Pascasarjana Universitas Syiah Kuala*, *3*(3), 90–99. Retrieved from http://www.jurnal.unsyiah.ac.id/JAA/article/view/4438

Herawati, N. R., & Supratiwi. (2013). Optimalisasi Pajak Daerah dalam Rangka Meningkatkan Kemampuan Keuangan Daerah (Studi Penelitian di Pemerintah Kota Semarang). *Jurnal Ilmu Sosial*, *12*(1), 41–67. Retrieved from http://ejournal.undip.ac.id/index.php/ilmusos/article/view/10346

Hidayat, M. F., & Maski, G. (2013). Analisis Pengaruh Kinerja Keuangan Daerah terhadap Alokasi Belanja Modal (Studi pada Kabupaten dan Kota di Jawa Timur). *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*, *1*(2). Retrieved from http://jimfeb.ub.ac.id/index.php/jimfeb/article/view/580

Ismail, M. (2015). Strategi Pengembangan Ekonomi Rakyat di Provinsi Papua. *Jurnal Bina Praja*, *7*(3), 251–260. http://doi.org/10.21787/jbp.07.2015.251-259

Law of the Republic of Indonesia Number 23 of 2014 on Regional Government, Pub. L. No. 23 (2014). Indonesia.

Law of the Republic of Indonesia Number 25 of

1999 on Financial Balance between Central and Local Government, Pub. L. No. 25 (1999). Indonesia.

Law of the Republic of Indonesia Number 33 of 2004 on Financial Balance between the Central Government and Local Government, Pub. L. No. 33 (2004). Indonesia.

Mardiasmo. (2002). Otonomi Daerah sebagai Upaya Memperkokoh Basis Perekonomian Daerah. *Jurnal Ekonomi Rakyat*, *1*(9), 1–14. Retrieved from www.scribd.com/document/327514148/Jurnal-Otonomi-Daerah-Mardiasmo-pdf

Martawardaya, B., Basuki, T., & Hanafi, M. F. (2016). Kutukan Sumber Daya Alam. *Newsletter Edisi I*. Article 33. Retrieved from https://www.article33.or.id/media/upload/users/5549bc9cc1742281138b4567/files/Newsletter edisi september.pdf

Muin, F. (2014). Otonomi Daerah dalam Persepektif Pembagian Urusan Pemerintah-Pemerintah Daerah dan Keuangan Daerah. *Fiat Justisia Jurnal Ilmu Hukum*, *8*(1), 69–79. Retrieved from http://jurnal.fh.unila.ac.id/index.php/fiat/article/view/288

Muryawan, S. M., & Sukarsa, M. (2014). Pengaruh Desentralisasi Fiskal, Fiscal Stress, dan Kinerja Keuangan Daerah terhadap Pertumbuhan Ekonomi di Kabupaten/Kota Provinsi Bali. *E-Jurnal Ekonomi Pembangunan Universitas Udayana*, *3*(10), 440–451. Retrieved from https://ojs.unud.ac.id/index.php/eep/article/view/9353

Neta, Y. (2013). Evaluasi Kinerja Aparatur Pemerintah Kota Bandar Lampung. *Fiat Justisia Jurnal Ilmu Hukum*, *7*(1). Retrieved from http://jurnal.fh.unila.ac.id/index.php/fiat/article/view/99

Oktavianus, D., Murni, S., & Saerang, I. S. (2015). Analisis Perbandingan Kemampuan Keuangan Daerah pada Kota Bitung dan Kota Tomohon Periode Anggaran 2010 - 2014. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis, Dan Akuntansi*, *3*(3), 927–938. Retrieved from https://ejournal.unsrat.ac.id/index.php/emba/article/view/9716

Polterovich, V., Popov, V., & Tonis, A. (2010). *Resource abundance: A curse or blessing?* (DESA Working Paper No. 93). *DESA Working Paper No. 93*. http://doi.org/10.2139/ssrn.1814382

Rahman, N. A., Naukoko, A., & Londah, A. (2014). Analisis Perbandingan Kemampuan Keuangan Daerah di Provinsi Sulawesi Utara (Studi pada Kota Manado dan Kota Bitung Tahun 2008 - 2012). *Jurnal Berkala Ilmiah Efisiensi*, *14*(3), 56–70. Retrieved from https://ejournal.unsrat.ac.id/index.php/jbie/article/view/5462

Rosser, A. (2006). *The Political Economy of the Resource Curse: A Literature Survey* (IDS Working Paper No. 268). *IDS Working Paper 268*. Retrieved from http://www.ids.ac.uk/publication/the-political-economy-of-the-resource-curse-a-literature-survey

Sagala, L. M., & Parmadi. (2013). Analisis Kemampuan Keuangan Daerah: Studi Kasus Kota Jambi dan Kabupaten Batanghari. *Jurnal Paradigma Ekonomika*, *1*(8). Retrieved from https://online-journal.unja.ac.id/index.php/paradigma/article/view/1696

Samora, R. (2010). Peta Kemampuan Keuangan Daerah pada Pemerintahan Kota dan Kabupaten Se-Jawa dan Bali Tahun 2004-2008: Metode Kuadran. *Jurnal Akuntansi Kontemporer*, *2*(1), 65–84. Retrieved from http://journal.wima.ac.id/index.php/JAKO/article/view/437

Sandri, N. K., Putri, I. G. A. M. A. D., & Dwirandra, A. A. N. B. (2016). Kemampuan Alokasi Belanja Modal Memoderasi Pengaruh Kinerja Keuangan Daerah pada Indeks Pembangunan Manusia. *Jurnal Buletin Studi Ekonomi*, *21*(1), 71–81. Retrieved from https://ojs.unud.ac.id/index.php/bse/article/view/22301

Sasana, H. (2009). Analisis Dampak Pertumbuhan Ekonomi, Kesenjangan Antar Daerah dan Tenaga Kerja Terserap terhadap Kesejahteraan di Kabupaten/Kota Provinsi Jawa Tengah dalam Era Desentralisasi Fiskal. *Jurnal Bisnis Dan Ekonomi (JBE)*, *16*(1), 50–69. Retrieved from http://www.unisbank.ac.id/ojs/index.php/fe3/article/view/315

Sasana, H. (2015). Dampak Implementasi Desentralisasi Fiskal terhadap Pertumbuhan Ekonomi dan Stabilitas Harga di Provinsi di Indonesia. *Media Ekonomi Dan Manajemen*, *30*(1), 1–14. http://doi.org/10.24856/mem.v30i1.230

Setiaji, W., & Adi, P. H. (2007). Peta Kemampuan Keuangan Daerah Sesudah Otonomi Daerah: Apakah Mengalami Pergeseran? (Studi pada Kabupaten dan Kota Se-Jawa - Bali). In *Simposium Nasional Akuntansi X* (pp. 1–29). Makassar.

Sijabat, M. Y., Saleh, C., & Wachid, A. (2014). Analisis Kinerja Keuangan serta Kemampuan Keuangan Pemerintah Daerah dalam Pelaksanaan Otonomi Daerah (Studi pada Dinas Pendapatan Daerah dan Badan Pengelolaan Keuangan dan Aset Daerah Kota Malang Tahun Anggaran 2008 - 2012). *Jurnal Administrasi Publik (JAP)*, *2*(2), 236–242. Retrieved from http://administrasipublik.studentjournal.ub.ac.id/index.php/jap/article/view/365

Simanjuntak, K. M. (2015). Implementasi Kebijakan Desentralisasi Pemerintahan di Indonesia. *Jurnal Bina Praja*, *7*(2), 111–130. http://doi.org/10.21787/jbp.07.2015.111-130

Comparative Analysis of Financial Performance in Fiscal Decentralization Era
Among Natural and Non-natural Resources Region
Joko Tri Haryanto

183

Suryani, N. (2014). Peta Kemampuan Keuangan Daerah Sebelum dan Sesudah Dikeluarkan Permendagri No. 13 Tahun 2006. *Jurnal Akuntansi*, *2*(1). Retrieved from http://ejournal.unp.ac.id/students/index.php/akt/article/view/856

Tamboto, L., Morasa, J., & Mawikere, L. (2014). Analisis Kemampuan Keuangan Daerah dalam Masa Otonomi Daerah pada Kabupaten Minahasa Tenggara. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis, Dan Akuntansi*, *2*(2), 755–767. Retrieved from https://ejournal.unsrat.ac.id/index.php/emba/article/view/4412

Ulumudin, I. (2014). *Evaluasi Kinerja Keuangan Daerah Se Karesidenan Pekalongan Tahun 2007-2011*. Universitas Muhammadiyah Surakarta. Retrieved from http://eprints.ums.ac.id/32068/

Vurry, A. N., Suwendra, I. W., & Yudiaatmaja, F. (2014). Analisis Kemampuan Keuangan Daerah dan Trend pada Pemerintah Kabupaten Buleleng Tahun Anggaran 2004-2013. *E-Journal Bisma Universitas Pendidikan Ganesha*, *2*(1). Retrieved from http://ejournal.undiksha.ac.id/index.php/JJM/article/view/4257

Widodo, P. (2013). *Analisis Kemampuan dan Efektifitas Keuangan Daerah Empat Kabupaten di Pulau Madura dalam Era Otonomi Daerah*. Universitas Jember. Retrieved from http://repository.unej.ac.id/handle/123456789/8031

Yuana, A. P. (2014). Analisis Kinerja Keuangan Daerah terhadap Pertumbuhan Ekonomi dan Ketimpangan Regional di Era Desentralisasi Fiskal (Studi Kabupaten/Kota di Provinsi Jawa Timur Periode 2008 - 2012). *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*, *2*(2). Retrieved from http://jimfeb.ub.ac.id/index.php/jimfeb/article/view/1107

Zulkarnain. (2014). Analisis Keuangan Daerah Kabupaten Kubu Raya dalam Rangka Pelaksanaan Otonomi Daerah dan Faktor-faktor yang Mempengaruhinya. *Jurnal Ekonomi Daerah (JEDA)*, *2*(2). Retrieved from http://jurnal.untan.ac.id/index.php/JEDA2/article/view/6789