

Independence of Financial Performance of Jombang Regency Regional Government

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ABSTRACT

With regard to the granting of autonomy, regions are obliged to find alternative development funding without reducing the expectations of central government support. The purpose of this study was to analyze the ratio of financial independence of Jombang Regency in five years, namely 2016 to 2020. This study uses qualitative descriptive methods. (especially the central and provincial governments) is very high. Data collection by observation and dokumkentasi. Data analysis by triangulation. The results showed that the average ratio of independence of Jombang Regency for five years from 2016 to 2020 was 30% so that in the low category and showed a pattern of consultative relations this means that the level of regional dependence on external assistance

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1. INTRODUCTION

Regional development is a fundamental part of national development, because regional development is one of the indicators of national development achievement. Thus, the central government formulates local government policies, in which local governments are broadly empowered to take care of their households. (Halim, 2012) explained that the main characteristics of a region that is able to carry out autonomy, namely (1) regional financial capabilities, meaning that the region must have the authority and ability to explore financial resources, manage and use its own finances sufficiently to finance the implementation of its government, and (2) dependence on central assistance must be minimal, so that the original income of the region (PAD) can be part of the largest financial source so that the role of the government is sufficient to finance the implementation of its government, and (2) dependence on central assistance must be minimal, so that local native income (PAD) can be part of the largest financial resources so that the role of the government The area becomes bigger.

Because of the granting of autonomy, regions are obliged to find alternative development funding without reducing the expectations of central government support. Sources of regional income or regional development funds based on Regional Finance Law No. 33 of 2004 are local native income, balance funds, regional loans and other legitimate income. (Oki, 2020).

Draft Regional Regulations (Ranperda) Changes in Regional Revenue and Expenditure Budgets (P-APBD) Jombang district fiscal 2020 set. In this year 2020 P-APBD, the Jombang

Regency Government received DPRD approval to increase the budget by more than Rp 137 billion. From the meeting of the Jombang DPRD, it was decided that the P-APBD 2020 changed to 2 trillion 992 billion 448 million 313 thousand 574 rupiah 34 cents. Previously, the 2020 APBD of Jombang Regency amounted to 2 trillion 854 billion 663 million 347 thousand 458 rupiah 31 cents. From the source of income obtained by an area, it will be used to finance regional spending. (Jatimtimes.com., 19 Agustus 2020).

Furthermore, with regard to the nature of regional autonomy, namely with regard to the distribution of policy decision-making authority, public fund management and arrangement of activities in the framework of organizing government and community services, the role of regional financial data is needed to identify regional financing sources and the type and amount of spending that must be spent so that financial planning can be implemented effectively and efficiently. Regional financial data that provides an overview of budget development and realization, both receipts and expenditures and analysis of it is important information, especially to make policies in regional management and see the ability or level of regional independence.

Indicators of financial independence of a region are the ratio of Regional Native Income to Balance Funds and loans, thus PAD and Balance Funds are sources of local government expenditures that have a positive effect on the government expenditures of a region.

The use of financial ratio analysis as a tool for analyzing financial performance has been widely applied to corporate institutions of a commercial nature, while in public institutions, especially local governments, it is still very limited so that theoretically there is no unanimous agreement on the name and rules of measurement. In the framework of transparent, honest, democratic, effective, efficient, and accountable regional financial management, analysis of financial ratios to regional spending revenues needs to be carried out despite differences in the rules of its association with financial statements owned by private companies. (Mardiasmo, 2009).

The ratio of regional financial independence (fiscal autonomy) indicates the ability of local governments to self-finance government activities, development, and services to communities that have paid taxes and levies as a source of local income derived from other sources, such as central government assistance or from loans. Regional financial independence is indicated by the small amount of Regional Native Income (PAD) compared to regional income derived from other sources, such as central government assistance or from loans. The independence ratio aims to describe the dependence of the region on external sources of funds and describe the level of community participation in regional development. (Halim, 2012).

The purpose of this study was to analyze the ratio of financial independence of Jombang Regency in five years, namely 2016 to 2020.

2. RESEARCH METHOD

This study uses qualitative descriptive methods. Data collection by observation and dokumkultasi. The data used is in the form of secondary data from the Jombang Regency performance report. Data analysis techniques with triangulation are reviewed with data collection, data reduction, data presentation and then conclusion / verification. The research focus on the Regional Independence Ratio can be calculated using the following formula (Mahmudi., 2010):

$$\text{Rasio Kemandirian} = \frac{\text{Pendapatan Asli Daerah}}{\text{Dana Perimbangan}}$$

Table 1

Regional Level of Financial Independence

Regional Financial Capabilities	Independence	Relationship Patterns
Very low	0-25%	Instructive
Low	25%-50%	Consultative
Keep	50%-75%	Participatory
High	75%-100%	Delegatif

Source: Halim, 2002 (Kartika, 2015)

- a. Pattern of instructive relations, where the role of the central government is more dominant than the independence of local governments (regions that are not able to carry out regional autonomy).
- b. The pattern of consultative relations, namely the interference of the central government has begun to decrease because the region is considered slightly more capable of carrying out regional autonomy.
- c. The pattern of participatory relations, namely the role of the central government has begun to decrease, considering that the region concerned has a level of independence close to being able to carry out regional autonomy affairs.
- d. The pattern of delegative relations, namely the intervention of the central government, no longer exists because the region has been completely capable and independent in carrying out regional autonomy affairs.

3. RESULTS AND DISCUSSIONS

3.1 Results

The tendency of financial independence of important regions is assessed to know the direction of development of these two financial dimensions. An autonomous district / city in a given year may not be able to meet its financial independence, but by looking at the positive trend of the dimension of financial independence obtained confidence, although slowly there is a chance that there will be an ideal regional financial independence. (Saputra, 2014). Based on the analysis of diapat data obtained the following results:

Table 2
Realization of PAD and Balance Fund

Year	PAD Realization	Balance Fund Realization
2016	374,141,185,824	1,479,480,105,860
2017	521,236,583,750	1,468,041,199,349
2018	438,197,175,439	1,559,258,761,514
2019	476,662,933,476	1,567,421,101,751
2020	468,627,918,704	1,465,246,900,235
Average	455,773,159,439	1,507,889,613,742

Source: Performance Report (Data processed, 2022)

Based on table 2. It shows that in 2016 the realization of PAD Jombang Regency amounted to Rp 374,141,185,824 and the realization of the Balance Fund amounted to Rp 1,479,480,105,860. In 2017, the realization of Pad Jombang Regency amounted to Rp 521,236,583,750 and the realization of the Balance Fund amounted to Rp 1,468,041,199,349. In 2018, the realization of Pad Jombang Regency amounted to Rp 438,197,175,439 and the realization of the Balance Fund amounted to Rp 1,559,258,761,514. In 2019, the realization of PAD Jombang Regency amounted to Rp 476,662,933,476 and the realization of the Balance Fund amounted to Rp 1,567,421,101,751. In 2020, the realization of Pad Jombang Regency amounted to Rp 468,627,918,704 and the realization of the Balance Fund amounted to Rp 1,567,421,101,751. In an average gloom for five years the realization of PAD Jombang Regency amounted to Rp 455,773,159,439 and the realization of the Balance Fund amounted to Rp 1,507,889,613,742. So that fluctuations in the realization of PAD and the realization of the Jombang Regency Balance Fund for five years can be seen as follows:

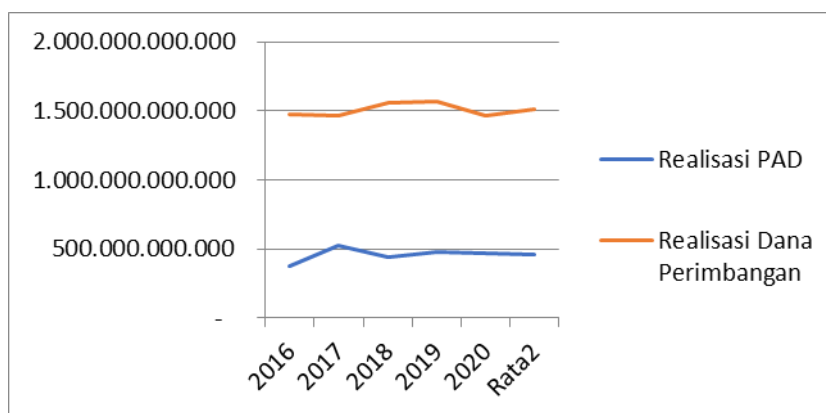


Figure 1. Fluctuations in The Realization of PAD and Balance Fund

Based on formulas (Mahmudi., 2010) then the results of the independence analysis are as follows:

Table 3
Independence Ratio

Year	Independence Ratio	Capability Criteria	Relationship Patterns
2016	25%	Low	Consultative
2017	36%	Low	Consultative
2018	28%	Low	Consultative
2019	30%	Low	Consultative
2020	32%	Low	Consultative
Rata2	30%	Low	Consultative

Source: Performance Report (Data processed, 2022)

Based on table 3 fluctuations in the independence ratio can be seen as follows:

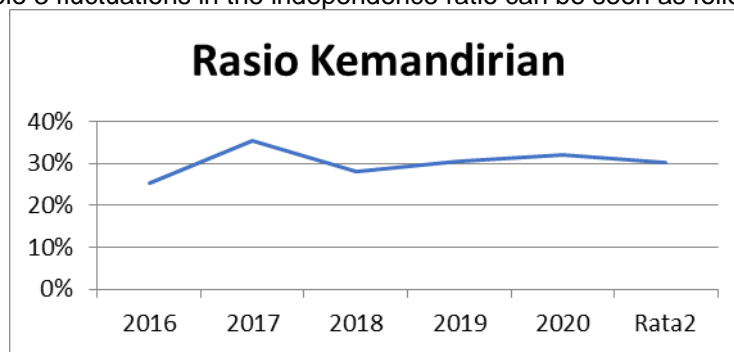


Figure 1. Fluctuations in Independence Ratio

3.2 Discussions

Based on the results of the analysis shows that in 2016 the independence ratio is 25% so that in the low category, in 2017 the independence ratio is 36% so that in the low category, 2017 the independence ratio is 28% so that in the low category, 2019 the independence ratio is 30% so that in the low category, 2020 the independence ratio is 32% so that in the low category. The average independence ratio of Jombang Regency for five years from 2016 to 2020 is 30% so that in the low category and shows a pattern of consultative relations this means that the level of regional dependence on external assistance (especially the central and provincial governments) is very high.

The independence ratio describes the level of community participation in regional development. The higher this ratio means the higher the participation of the community in paying taxes and local levies that are a component of PAD. The results of this study show that the humanity ratio of Jombang Regency is still low, indicating that the people of Jombang Regency are less participating in regional development.

In addition, the results of the independence ratio also show that the realization of balance funds is greater or still dominates than the realization of PAD, with this showing the pattern of consultative relations which means that there is still central government interference in financing regional finances, and the Jombang district government is considered still unable to implement regional autonomy.

4. CONCLUSION

Based on data analysis shows that the average independence ratio of Jombang Regency for five years from 2016 to 2020 is 30% so that in the low category and shows a pattern of consultative relations this means that the level of regional dependence on external assistance (especially the central and provincial governments) is very high.

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