



Implementation of The Effectiveness of Regional Autonomy in Indonesia

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Abstract

The drive of this study is to postulate empirical evidence about the evaluation of the enactment of regional autonomy in Indonesia after the enactment of Act Number 22 Year 1999 concerning Regional Government. Exclusively, this analysis aims to evaluate the wellbeing of the community, public services and regional competitiveness in the new autonomous regions. This research was conducted in 71 new autonomous regions in the Sumatra region after the depiction of Act Number 22 of 1999 concerning Regional Government during the 2000-2018 period. This type of research uses quantitative research. While the research method used is descriptive method, which is a research method that describes the population under study and consists of variables. The results of the study found that (1) the success rate of implementing regional autonomy for 20 years in the Sumatra region from the welfare aspect was 64.78%, meaning that the implementation of regional autonomy in the Sumatra region so far (64.78%) "has succeeded in increasing the HDI" according to the mandate of the law; (2) the level of success in implementing regional autonomy for 20 years in the Sumatra region from the aspect of regional competitiveness is 18.30%. The conclusion is that the implementation of regional autonomy in the Sumatra region has not been sufficiently successful in increasing regional competitiveness in terms of GRDP; (3) Riau Province is a region that has been very successful in implementing regional autonomy both in terms of welfare and regional competitiveness.

Key words : Regional Expansion, Community Welfare, Regional Competitiveness

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INTRODUCTION

Regional self-sufficiency is the right, authority and responsibility of the sovereign region to adjust and administer government matters and the interests of the local society in agreement with statutory principles (Act of Concerning Regional Government, 2014). The provision of regional autonomy by the central government is intended to improve community welfare, public services and regional competitiveness (Act of Concerning Regional Government, 2004). (Khusaini, 2006) Argues that the provision of regional autonomy is projected to deliver flexibility for regions to carry out regional development in order to improve community welfare. The welfare of the community is very significant to be realized by the local authority because it is one of the important goals of the formation of local authority as well as a mandate of the law (Act of Concerning Regional Government, 2014). In addition, community welfare will have an impact on increasing the economic growth rate of an area (Mirza, 2012), will encourage an increase in financial indicators (Zaman et al, 2012), will improve aspects of strong law enforcement, regulations, and political stability (Akpan, 2012) as well as will increase government spending in the education and well-being sectors and decrease the percentage of the unfortunate (Widodo, 2011).

However, the fact is that until now the implementation of regional autonomy in Indonesia has not been in accordance with the expectations of the law. The results of research conducted by the National Development Planning Agency (2008) in several new autonomous regions such as Serdang Bedagai Regency (North Sumatra), Sekadau Regency (West Kalimantan), Tomohon City (South Sulawesi), West Sumatra Regency, and Tasikmalaya City

(West Java) stated that the locally-generated revenue has increased despite the high dependence of the new autonomous regional government on general allocation funds. In addition, there is an escalation in development applying even though the percentage proportion to routine expenditure is still small which results in poor quality of public services. (Ratnawati, 2010) confirmed that the formation of regional expansion that has occurred so far has always been accompanied by many problems in the form of border conflicts, regional conflicts that have been expanded with their original regions, debt problems, and conflicts over the transfer of regional assets even to violent conflicts such as what happened in the process of forming West Irian Jaya Province as well as anarchist demonstrations carried out by supporters of the process of forming the Tapanuli Province which led to the death of the Chairman of the Regional People's Representative Council of North Sumatra Province. (Badrudin & Siregar, 2015) concluded that the implementation of regional expansion in Indonesia for 15 years has not been able to fully realize the welfare of the community, where the average HDI value for the regions resulting from the division is 70.63 with a moderate category. Furthermore, (Khairudin & Aminah, 2017) concluded that the welfare of the people in the newly created areas in Lampung Province for the 2009-2015 period as restrained by the Human Development Index (HDI) is still not prosperous, where the average HDI value for 7 years (2009-2015) for the five new autonomous regions of 62.07 (included in the middle criteria) and to achieve the high criteria, a score above 70% is required.

This research is important to do because previous studies have measured the success of implementing regional autonomy in terms of welfare (Badrudin & Siregar, 2015; Khairudin & Aminah, 2017) Whereas in this study, the success of regional autonomy is measured by using public welfare, public services and

regional competitiveness (Act of Concerning Regional Government, 2004).

This study uses stakeholder theory as the main theory. According to this theory, a company is not an entity that works only for its own interests, but the company must deliver welfares to all stakeholders (Ghazali & Chariri, 2007). Meanwhile, according to (Gray, 2001) stakeholders are parties with an interest in a company or organization that can influence or be influenced by the activities of the company or organization, stakeholders include the community, employees, government, suppliers, capital markets and others. The use of stakeholder theory is based on the argument that as an organization, local government must be able to provide benefits in the form of welfare to stakeholders (including local government and society).

Regional autonomy is the right, authority and responsibility of the autonomous region to adjust and manage the government and the interests of the local community in harmony with the laws and regulations of the unitary state of the Republic of Indonesia. The purpose of this autonomy is to improve community welfare, public services and regional competitiveness (Act of Concerning Regional Government, 2004; Act of Concerning Regional Government, 2014). Welfare is an order of life and social, material and spiritual life which is covered with a sense of security, courtesy and inner and outer peace, which makes it possible for every citizen to make exertions to fulfill his physical, spiritual and social needs as best as possible for himself, his family. and society by upholding human rights and obligations in accordance with Pancasila (Act of Concerning Public Services, 2009). Measurement of community welfare uses the Human Development Index (Badrudin & Siregar, 2015; Khairudin &

Aminah, 2017); Human Development Report 1990, 1990). Public services are a series of activities aimed at meeting service needs based on statutory guidelines for every citizen and resident for commodities, services and/or managerial services provided by public service providers (Act of Concerning Public Services, 2009). Public services are measured by the community satisfaction index compiled by the Minister for Administrative Reform and Bureaucratic Reform (Act of Concerning the National Development Program, 2000) Regulation of the minister for Administrative Reform No. 14/ 2017). Regional competitiveness is the ability of a region to achieve economic growth to create a high and sustainable level of community welfare, so that it is able to compete at the domestic and international levels (Ministry of Finance of the Republic of Indonesia, 2014). Regional competitiveness is measured through the economy, infrastructure, natural resources, and human resources (Alisjahbana, 2002; Irawati., 2012; Cities in Transition: World Bank Urban and Local Government Strategy, 2001). Competitiveness index embraces more factors than purely economic aspects and it can be considered as a measure of regional competitiveness which goes beyond GDP (Clipa, 2016)

METHOD

This study was steered on seventy-one (71) district/city governments resulting from the division in the Sumatra region after the issuance of Act no. 22 of 1999 (Ministry of Home Affairs, 2018). The sampling method in this study used purposive sampling with the criteria: 1) regions experiencing expansion after the issuance of Act no. 22 of 1999; 2) regional governments resulting from the division that already have HDI data, community satisfaction index, and regional competitiveness (GRDP, infrastructure, human resources and natural resources).

Community welfare is measured using the HDI (Badrudin & Siregar, 2015; Khairudin & Aminah, 2017; Human Development Report 1990, 1990) the quality of public services is measured using the community satisfaction index (Act of Concerning the National Development Program, 2000); Regional competitiveness is measured using economic growth/ GRDP, obtainability of infrastructure and natural resources and the excellence of human resources (Alisjahbana, 2002; Irawati., 2012; Cities in Transition: World Bank Urban and Local Government Strategy, 2001). The data in this study came from the Central Bureau of Statistics of the Republic of Indonesia (BPS-RI) and the Ministry of Administrative and Bureaucratic Reform of the Republic of Indonesia. The effectiveness of the implementation of regional autonomy is carried out by observing the trend on HDI, community satisfaction index and regional competitiveness for each regional government resulting from the expansion. This type of research uses quantitative research. While the research method used is descriptive method, which is a research method that describes the population under study and consists of variables.

RESULTS AND DISCUSSION

After the issuance of Act no. 22 of 1999, new local governments resulting from expansion in Indonesia experienced a significant increase. Based on data from the Ministry of Home Affairs of the Republic of Indonesia until 2018 for the Sumatra region, there are seventy-one new regions resulting from the division consisting of thirteen city governments and fifty-eight regency governments spread from Aceh Province up to Lampung Province. Aceh Province produced three city governments and ten new regency governments; North Sumatra

Province produced two city governments and twelve new regency governments; West Sumatra Province produced one city government and four new regency governments; Jambi Province produced one city government and four new regency governments; Riau Province produced one city government and six new district governments; Riau Islands Province produced two city governments and four new regency governments; South Sumatra Province produced three city governments and seven new regency governments; Bengkulu Province produced six new regency governments; and Lampung Province produced five new regency governments.

The main objective of regional autonomy as mandated by Act no. 22 of 1999 is to accelerate the realization of the prosperity of community, improve public services, and regional competitiveness. Community welfare is measured using the Human Development Index (Badrudin & Siregar, 2015; Khairudin & Aminah, 2017; Human Development Report 1990, 1990). The description of the prosperity of the people in the 71 new autonomous regional governments in the Sumatra region during the 2000-2018 period can be seen in the following table:

Table 1. HDI Descriptive Statistics

Variables	N	Min.	Max.	Mean	Std. dev
Average GRDP	71	59.54	78.27	67.15	3.83
Development of average GRDP	71	-0.64	0.80	0.58	0.17
Valid N (listwise)	71				

Source: Processed Data, 2019

For nearly 20 years the enactment of regional autonomy in the Sumatra region has resulted in 71 new autonomous regions, of which 46 new autonomous regions have obtained the HDI criteria for "upper middle" and 25 new autonomous regions have obtained

the criteria for "middle to lower" HDI. In general, the level of community welfare has increased every year. The average welfare development for nearly 20 years is 0.58 points. The highest average development of welfare was found in Pesisir Barat Regency-Lampung Province at 0.80, while the smallest development was in Sungai Penuh City-Jambi Province at -0.64. The highest level of community welfare for nearly 20 years of implementation of regional autonomy in the Sumatra region is found in Batam City-Riau Islands Province with an HDI value of 78.27 (upper middle criteria), while the lowest level of welfare is in West Nias Regency-North Sumatra Province with an HDI value of 59.54 (lower middle criteria). In general, the level of social welfare for 71 new autonomous regions in the Sumatra region for nearly 20 years of regional autonomy implementation is 67.15 (upper middle criteria). If we look at the number of new regions that have succeeded in obtaining HDI with the criteria of "upper middle", it can be said that 64.78% of the enactment of regional autonomy in the Sumatra region so far "has succeeded in increasing the HDI" according to the mandate of the law. There are still several new autonomous regions that have not succeeded in increasing welfare because the new autonomous regional government in the early years focused on reforming its institutions, institutional infrastructure, personnel and regional finances which were actually inadequate (*Kajian Percepatan Pembangunan Daerah Otonom Baru* (DOB), 2008).

The findings of this study have strengthened the results of the research by Badrudin and Siregar (2015) which stated that the implementation of regional expansion in Indonesia for fifteen (15) years has not been able to fully realize the wellbeing of the community, where the

average HDI value for the regions resulting from expansion is in the medium/medium category. In addition, the findings of this study are also consistent and support the results of research by (Khairudin & Aminah, 2017) which state that the wellbeing of the people in the newly created regions in Lampung Province for the 2009-2015 period is still not prosperous, where the average HDI value is 62.07 (included in lower middle criteria).

Table 2. Average HDI for 20 Years of Regional Autonomy

Province	Hdi	Criteria
<i>Aceh Province</i>		
Aceh Singkil Regency	66.17	Upper Middle
Bireuen Regency	70.15	Upper Middle
Simeulue Regency	64.26	Lower Middle
Aceh Barat Daya Regency	65.11	Lower Middle
Aceh Tamiang Regency	67.41	Upper Middle
Aceh Jaya Regency	67.42	Upper Middle
Gayo Lues Regency	64.69	Lower Middle
Nagan Raya Regency	66.54	Upper Middle
Bener Meriah Regency	69.64	Upper Middle
Pidie Jaya Regency	70.32	Upper Middle
Lokseumawe City	74.43	Upper Middle
Langsa City	73.31	Upper Middle
Subulussalam City	62.34	Lower Middle
<i>North Sumatra Province</i>		
Humbang	67.45	Upper Middle
Hasundutan		
Nias Selatan	60.31	Lower Middle
Pakpak Bharat	66.45	Upper Middle
Samosir	69.50	Upper Middle
Serdang Bedagai	69.07	Upper Middle
Batu Bara	66.57	Upper Middle
Padang Lawas Utara	67.66	Upper Middle
Padang Lawas	66.31	Upper Middle
Labuhanratu Selatan	68.95	Upper Middle
Labuhanratu Utara	69.21	Upper Middle
Nias Utara	60.97	Lower Middle

Province	Hdi	Criteria
Nias Barat	59.54	Lower Middle
Padang Sidempua City	72.88	Upper Middle
Gunungsitoli City	67.15	Upper Middle
<i>West Sumatra Province</i>		
Kep. Mentawai	61.07	Lower Middle
Darmasraya	68.29	Upper Middle
Pasaman Barat	66.07	Upper Middle
Solok Selatan	66.76	Upper Middle
Pariaman City	73.43	Upper Middle
<i>Riau Province</i>		
Kuantan Singingi	69.29	Upper Middle
Pelalawan	69.59	Upper Middle
Rokan Hulu	68.27	Upper Middle
Rokan Hilir	67.90	Upper Middle
Siak	72.82	Upper Middle
Meranti Islands	63.43	Lower Middle
Dumai City	73.47	Upper Middle
<i>South Sumatra Province</i>		
Banyuasin	66.08	Upper Middle
Ogan Ilir	65.52	Lower Middle
Oku Timur	66.85	Upper Middle
Oku Selatan	64.88	Lower Middle
Empat Lawang	63.96	Lower Middle
Lematang Ilir	61.36	Lower Middle
Musi Rawas Utara	62.73	Lower Middle
Prabumulih City	72.22	Upper Middle
Lubuk Linggau City	71.26	Upper Middle
Pagar Alam City	67.14	Upper Middle
<i>Bengkulu Province</i>		
Bengkulu Tengah	64.59	Lower Middle
Kaur	65.30	Lower Middle
Muko-Muko	66.64	Upper Middle
Seluma	63.80	Lower Middle
Kepahiang	65.37	Lower Middle
Lebong	65.56	Lower Middle
<i>Jambi Province</i>		
Tebo	68.00	Upper Middle
Muaro Jambi	67.77	Upper Middle
Sarolangun	68.61	Upper Middle
Tanjung Jabung Timur	63.77	Lower Middle
Sungai Penuh City	71.77	Upper Middle

<i>Lampung Province</i>		
Pesawaran	63.13	Lower Middle
Pringsewu	68.05	Upper Middle
Mesuji	61.17	Lower Middle
Tubaba	63.90	Lower Middle
Pesisir Barat	60.96	Lower Middle

Source: Processed Data, 2019

Table 2 explains that the employment of regional autonomy in Aceh Province has resulted in a relatively good level of community welfare, where nine (9) new autonomous regions have received the HDI criterion for "upper middle" and four (4) new autonomous regions have obtained the criterion for "lower middle" HDI. So, it can be said that the enactment of regional autonomy in Aceh Province has largely "succeeded in increasing the HDI" according to the mandate of the law. The Province of North Sumatra has produced eleven (11) new autonomous regions with the criterion for "upper middle" HDI and three (3) new autonomous regions with the "lower middle" HDI criterion. From this it can be said that the employment of regional autonomy in the Province of North Sumatra has largely "succeeded in increasing the HDI" according to the mandate of the law. West Sumatra Province has produced four (4) new autonomous regions with "upper middle" HDI criterion and one (1) new autonomous regions with "lower middle" HDI criterion. From this fact it can be said that the enactment of regional autonomy in West Sumatra Province is almost one hundred percent "has succeeded in increasing the HDI" in accordance with the mandate of the law. Jambi Province has produced four (4) new autonomous regions with the criterion of "upper middle" HDI and one (1) new autonomous regions with the criterion of lower middle HDI. This fact says that almost one hundred percent of the realization of regional

autonomy in Jambi Province "has succeeded in increasing the HDI" according to the mandate of the law. Riau Province has produced six (6) new autonomous regions with upper middle HDI criterion and one (1) new autonomous regions with lower middle HDI criterion. This suggests that almost one hundred percent of the enactment of regional autonomy in Riau Province "has succeeded in increasing the HDI" as mandated by the law. The Riau Islands Province has produced five (5) new autonomous regions with "upper middle" HDI criteria and one (1) new autonomous regions with "lower middle" HDI criterion. This fact provides evidence that almost one hundred percent of the enactment of regional autonomy in the Riau Islands Province "has succeeded in increasing the HDI" as mandated by the law. The Province of South Sumatra has produced five (5) new autonomous regions with the criterion for higher-middle HDI and five (5) new autonomous regions with the lower middle HDI criterion. This concludes that the enactment of regional autonomy in the Province of South Sumatra has only partially "succeeded in increasing the HDI" as mandated by the law. Bengkulu Province has produced one (1) new autonomous region with the criterion for "upper middle" HDI and five (5) new autonomous regions with the "lower middle" HDI criterion. So, the realization of regional autonomy in Bengkulu Province is almost one hundred percent "unsuccessful in increasing the HDI". The province of Lampung has produced one (1) new autonomous region with the criterion for "upper middle" HDI and four (4) new autonomous regions with the criterion for "medium-low" HDI. Thus, the realization of regional autonomy in Lampung Province is almost one hundred percent "unsuccessful in increasing HDI".

Apart from the level of welfare, the economy is also an important indicator to measure the success/progress of a region (including a new autonomous region). The economy can be measured through the Gross Regional Domestic Product (GRDP).

Table 3. GRDP Descriptive Statistics

Variables	N	Min.	Max.	Mean	Std. dev
Average GRDP	71	0.50	70.58	7.45	10.65
Develop ment of average GRDP	71	0.07	9.12	0.91	1.27
Valid N (listwise)	71				

Source: Processed Data, 2019

During nearly 20 years of implementation of regional autonomy in the Sumatra region, the GRDP for 71 new autonomous regions has increased every year. The highest average GRDP development is Batam City in Riau Islands Province with a value of 9.12 trillion, while the lowest average GRDP is West Phakpak Regency in North Sumatra Province with a value of 0.07 billion. The highest GRDP during the implementation of regional autonomy in the Sumatra region was Batam City in the Riau Islands Province with a value of 70.58 trillion, while the lowest GRDP was the West Phakpak Regency in North Sumatra Province with a value of 0.50 billion. In general, for nearly 20 years of the enactment of regional autonomy in the Sumatra region, the average value of GRDP for the 71 new autonomous regions was 7.45 trillion. If we look at the number of new regions that have succeeded in increasing the value of GRDP above 10 trillion during the implementation of regional autonomy, it can be said that there is only 18.30% success rate in implementing regional autonomy in the Sumatra region for almost 20 years. This shows that the implementation of regional autonomy

in the Sumatra region has not been sufficiently successful in increasing regional competitiveness in terms of GRDP. This condition is due to the high dependence of the new autonomous regional government on general allocation funds, the burden of the poor is still high, the mismatch between the required and available apparatus, the generally low quality of the apparatus, and the regional apparatus working under unemployment conditions (*Kajian Percepatan Pembangunan Daerah Otonom Baru* (DOB), 2008).

Table 4. Average GRDP for 20 Years of Regional Autonomy in Aceh Province

Province	Grdp (Billion)
<i>Aceh Province</i>	
Aceh Singkil Regency	0.990
Bireuen Regency	5.769
Simeulue Regency	0.747
Aceh Barat Daya Regency	1.827
Aceh Tamiang Regency	3.283
Aceh Jaya Regency	1.159
Gayo Lues Regency	1.191
Nagan Raya Regency	3.342
Bener Meriah Regency	2.274
Pidie Jaya Regency	1.814
Lokseumawe City	9.303
Langsa City	2.225
Subulussalam City	0.756
<i>North Sumatra Province</i>	
Humbang Hasundutan	3.059
Nias Selatan	3.096
Pakpak Bharat	0.502
Samosir	2.169
Serdang Bedagai	13.028
Batu Bara	22.253
Padang Lawas Utara	5.134
Padang Lawas	4.969
Labuhanratu Selatan	14.206
Labuhanratu Utara	13.838
Nias Utara	2.035
Nias Barat	1.047

Province	Grdp (Billion)
Padang Sidempua City	2.729
Gunungsitoli City	3.192
<i>West Sumatra Province</i>	
Kep. Mentawai	1.716
Darmasraya	4.386
Pasaman Barat	7.935
Solok Selatan	1.915
Pariaman City	2.194
<i>Riau Province</i>	
Kuantan Singingi	13.422
Pelalawan	18.386
Rokan Hulu	13.183
Rokan Hilir	37.130
Siak	44.022
Meranti Islands	13.526
Dumai City	13.725
<i>Riau Islands Province</i>	
Karimun	6.080
Natuna	9.547
Lingga	1.734
Anambas Islands	9.609
Batam City	70.580
Tanjung Pinang City	8.569
<i>South Sumatra Province</i>	
Banyuasin	13.854
Ogan Ilir	5.190
Oku Timur	7.099
Oku Selatan	4.067
Empat Lawang	2.836
Lematang Ilir	5.372
Musi Rawas Utara	5.653
Prabumulih City	3.494
Lubuk Linggau City	2.716
Pagar Alam City	1.438
<i>Bengkulu Province</i>	
Bengkulu Tengah	2.291
Kaur	1.223
Muko-Muko	2.105
Seluma	1.638
Kepahiang	2.047
Lebong	3.065

Province	Grdp (Billion)
<i>Jambi Province</i>	
Tebo	4.380
Muaro Jambi	7.102
Sarolangun	5.216
Tanjung Jabung Timur	9.570
Sungai Penuh City	3.727
<i>Lampung Province</i>	
Pesawaran	8.863
Pringsewu	6.610
Mesuji	6.091
Tubaba	6.937
Pesisir Barat	2.956

Source: Processed Data, 2019

Table 4 shows that the new autonomous regions that succeeded in increasing GRDP above 10 trillion during the implementation of regional autonomy totaled thirteen (13) regions, including (1) four (4) new autonomous regions in North Sumatra Province, namely Serdang Bedagai Regency, Batu Bara Regency, South Labuanratu Regency, North Labuanratu Regency; (2) seven (7) new autonomous regions in Riau Province, namely Kuantan Regency, Pelalawan Regency, Rokan Hulu Regency, Rokan Hilir Regency, Siak Regency, Meranti Regency, Dumai City; (3) one (1) new autonomous region in the Riau Islands Province, namely, Batam City; and (4) one (1) new autonomous region in South Sumatra Province, namely Banyuasin Regency.

CONCLUSION

This research is very important to do to assess the success of the implementation of regional autonomy in Indonesia, especially in the Sumatra region. The findings of this study are:

(1) the issuance of Act No. 22 of 1999 has resulted in seventy-one (71) new regions

in the Sumatra region consisting of 13 city governments and fifty-eight (58) district governments spread from Aceh Province to Lampung Province; This is due to the high interest of local governments to expand (2) the success rate of the implementation of regional autonomy for 20 years in the Sumatra region from the welfare aspect is 64.78%. This means that the employment of regional autonomy in the Sumatra region so far (64.78%) "has succeeded in increasing the HDI" in harmony with the order of the law. There are still many regions that have not succeeded in regional expansion. This is due to the low commitment of local governments to implement law no. 32 of 2004 concerning regional autonomy. (3) the success rate of implementing regional autonomy for 20 years in the Sumatra region from the aspect of regional competitiveness is 18.30%. This means that the implementation of regional autonomy in the Sumatra region has not been sufficiently successful in increasing regional competitiveness in terms of GRDP; due to the poor quality of human resources and the quality of facilities and infrastructure owned by the respective regional governments (4) Riau Province is a region that has been very successful in implementing regional autonomy both in terms of welfare and regional competitiveness. Riau province has the quality of human resources and the quality of facilities and infrastructure owned by each local government. This is due to the lack of commitment by regional leaders to implement law no. 32 of 2004 concerning regional autonomy.

The recommendation of this research is that local governments and other stakeholders work together to maximize the potential of the existing regions to improve the welfare and competitiveness of their regions.

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