

Comparative Analysis of Regional Financial Management Performance in the Regional Autonomy Era for Provinces That Were Established Before and After the Enactment of Law No. 22 of 1999

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Abstract:- Comparative Analysis of Regional Financial Management Performance in the Regional Autonomy Era for Provinces that Established Before And After the Enactment of Law Number 22 of 1999, in the period of Fiscal Year 2010 - 2013. In the implementation of regional autonomy, the finance is an important factor that must be considered. Related to the statement, it should be implemented evaluation of the ability and financial performance from the local government in seeing the improvement of regional budget management every year. This research used qualitative approach with the type of research is descriptive research. The results showed the province's financial performance capability established before law no. 22 of 1999 is still in good creteria with an average DOF ratio of 45.38%. The province's financial performance, which was established before the enactment of Law No. 22 of 1999, which it was began in 2010 to 2013, it has a positive development trend with an average level of financial independence is 129.34%, the effectiveness of its PAD is 105.59%, the income and spending experience fluctuating growth, the priority allocation of fixed spending in regular spending, also the growth of PAD rasio. While the Province that was formed after the enactment of Law No. 22 of 1999, it is still in the Enough creteria with an average DOF ratio is 30.12%. The provincial financial performance established before the enactment of Law No. 22 of 1999 starting from 2010 to 2013, the occurrence of a tendency to increase positively with an average level of financial independence is 129.34%, the effectiveness of its PAD is 105.59%, the revenue and spending, The spending allocation priorities are still on routine spending, as well as PAD ratio growth, it is experiencing fluctuating growth. The statement shows that there is no significant difference between the old Province, which was formed before the enactment of Law No. 22 of 1999 and the new Province, which was established after Law Number 22 of 1999 in the performance of regional financial management. It indicates that is in terms of the ability to manage regional finances, the new province can match wih the old province which is more experienced in managing regional finances.

Keywords:- Regional Autonomy, Financial Capability, Financial Performance of the Province in Indonesia in 2010-2013.

I. INTRODUCTION

The regional expansion became a hot issue after the fall of repressive New Order military regime. There was a political transformation of reform in 1998, it gave two related realities that are also coincided with each other. First, the reform effectively builds hope for living with a democratic system, but it brings anarchic conditions to other aspects. A system that demands a democratic nature arises as an impact on the *political right* and *civil liberties* against the two previous democracies, it is namely pancasila democracy and guided, while the anarchic conditions appear as a manifestation of the helplessness of society and feelings of hopelessness as a person when addressing the provisions of discriminatory elements arrogant, as well as repressive. *Second*, the ethnic disputes and the elite opposition with elements of religiosity to the problem of democratic consolidation arise in the daily life of the community, it is especially when the government issued Law No. 22 on Local Government and then is revised into Law year 2004 No. 32. With the regulation, the tensions arise on a number of socio-political elements of the region. The regional community through this regulation gains the legitimacy and the strength in encouraging their independence. It resulted in the effort to occupy a bureaucratic position, the determination of teaching staff or recruitment is subject to this tendency (Ratnawati, 2007; Romli, 2007).

In 2000, the government issued Government Regulation no.129 of 2000, this regards about the Arrangement of Requirements for the Formation and Criteria for Expansion, the elimination and the merger of regions. The development of a new autonomous region will be possible if it is in accordance with the requirements of the economy, social, political, socio-cultural, regional potential, area size, population, and other things that might encourage the implementation of an autonomous region.

The law Number 22 of 1999 about the regional autonomy which was updated to the law Number 32 of 2004 about The Regional Government states that it is necessary to lead the implementation of government towards citizens in the region. Thus, it is not a few those are delegated the governmental affairs to the regions with the existence of decentralization system which is affirmed in regencies/cities. It is of course, there are differences in regencies and cities regarding the large of their area. For a very large regency or city, the existence of this regulation makes it difficult for local governments to serve their entire territory. In accordance with this situation, thus a few regions have attempted to split their regions separately from their central regions. A region that wants to be autonomous in general, it is an area that has a lot of Natural Resources. The thing that is considered to be an autonomous region itself is that the region has facilities & infrastructure, *policy* & funds, it is also the facilities of government itself so the Natural Resources that is had in the regional, it can be managed for increasing the prosperity of its society, it is especially considering that Indonesia's vast territory includes sea & forest, so as an effort to accelerate equitable development, many regions have developed themselves.

The implementation of Law No. 22 of 1999 has referred to the prosecution to form a new strong autonomous region. The article 2, the Government Regulation No. 129 in 2000 says that merging, eliminating, forming, and expanding has the aim to make the community prosperous by improving services to the community, increasing harmonious relations with the central and regional governments, accelerating the growth of democratic life, accelerating the management of regional potential, improving order & security, and accelerate the implementation of regional economic development. Lanin (2006) states that the decentralization aims to fulfilling religious, social, and cultural satisfaction, it is also the consolidation of democracy.

In the post or reform era, the form of Regional Budget increased significantly. The form of new Regional Revenue and Expenditure Budget is based on policies on Regional Autonomy, it is especially the Law of 1999 Number 22 which has been revised into the Law Number 32/200 about the Regional Government, The law in 2005 No. 58 about the management of Regional Finance, it is also the Ministry Regulation No. 13 in 2006 about the Regional Financial Management Guidelines.

The factor of regional government that required managing the problems in managing regional budgets and regional finances, it is in managing regional budgets, it is necessary to measure the interests of the community. Regarding it, this is not only seen based on a lot of budgets for the needs of the community, but it is based on public participation in planning, implementing, and supervising regional budgets or regional finances.

Simultaneously with the application of Law Number 32 of 2004 that concerns about the Regional Autonomy and the Law in 2004 Number 33 that concerns about the Financial Balance between the Central Government and the Regional

Governments, Indonesia has experienced a shift in managing the public budgets. Thus, the reforms are carried out in all areas, it is including the management reforms and the public sector institutional reforms, it is especially, those has related to manage the public budgets in order to encourage the implementation of *good governance*.

Likewise in Government Regulation Number 58 of 2005 that concerns about the Regional Financial Management, it defines that the Regional Finance as the overall rights & obligations of a region to carry out the Regional Government can be evaluated through the money in which there are all types of assets related to the rights & obligations of the region. The meaning of region in this case, that is the regional government becomes an autonomous region in accordance with the policy of the law.

The regulations during the period of regional financial reform gave a signal for more informative reporting on budgets. Thus, in its new form, it is assumed that the Regional Revenue and Expenditure Budget does not cover 2 sides and then classified into 2 segments, it is namely Revenue, Expenditure, and Financing. The financing is a new part and it did not exist in the pre-reform era. There is a section to enable the Regional Revenue and Expenditure Budget to be more informative, which is to differentiate borrowing from regional income.

What becomes a means of analyzing the financial capacity of local governments is through financial ratio analysis in the Regional Revenue and Expenditure Budget that has been determined and implemented (Halim, 2002:126). A number of ratios that can be used in calculating local government accountability, it is based on (Halim, 2002:128), those are the growth ratios, the activity ratios, the regional financial effectiveness and the efficiency ratios, it is also the regional financial independence ratios.

Based on the things those become the background of problems above, so the writers interest to do the research with the title "Comparative Analysis of Regional Financial Management Performance in the Regional Autonomy Era in Regions that is Established Before and After the Enactment of Law No. 22 of 1999 updated by Law No. 32 of 2004", that will be presented more detail in the next chapters.

II. LITERATUR REVIEW

A. Theoretical Studies

1. Regional Autonomy

Regional autonomy is a political phenomenon that makes the implementation of government with a centralized-bureaucracy becomes decentralized- participatory. The Law No. 22 of 1999 that concerns about Local Government and then changed to the Law No. 32 of 2004 has produced a new view on the implementation of regional autonomy and placed autonomy responsibly, fully, and broadly to the district/city area. The purpose of this change is to develop the effectiveness of public services, that carry out the regional development in a sustainable manner, and foster a spirit of democracy. In addition, it is also desirable to ensure

the establishment of responsibility and balanced authority to the region / center.

2. Regional Expansion

Regional expansion is a stage in dividing an area into more than one region with the aim of accelerating development and improving services.

3. Economic Development

Based on Kuznets, Chenery's suggestion (*Ahmad Mahyudi, 2004*), defines the economic growth that could lead to changes, it is especially on the changes based on the economic structure, its roles to provide employment or establish national income, and a decrease in the population growth rate. *Sukirno (2006)* said that "the economic development is the economic growth coupled with change". It means that there is economic development in the country in a year, it is not only seen based on the increasing price of production of services or goods imposed annually, but it also must be seen based on changes that occur in a number of factors of economic activity, for example, improvements in people's income and prosperity, improvements in health, improvements in available infrastructure, and educational development., technological developments.

4. In the other things, based on the opinion in the book that is written by *Todaro & Smith (2003)* with the book's title "*The Economic Development in the Third World*", *Eighth Edition*, if in building the economy must be seen as a multi-dimensional stage that includes a number of small changes to national institutions, social structures, and community attitudes, in addition to the process of accelerating the growth of poverty, poverty alleviation, and the handling of income inequality. So in general, these stages are obliged to describe the adjustment of the social system or the overall change to a society without neglecting the diversity of individual desires / social groups or the basic needs contained therein in order to develop into a life situation that is getting better in a spiritual or material perspective.

B. Previous Research Review

1. Yuliati's Research

The research by Yuliati (Halim, 2004: 21) with the title "*Analysis of Regional Financial Capabilities in Dealing with Regional Autonomy (Malang District Case)*". This research has the aim to analyze and to measure the autonomy degree of Malang District which focuses on capacity, fiscal assistance and the degree of decentralization. So it can be concluded that it turns out that the Malang Regency government is still very dependent on the central government in the 1995 / 1996-1999 / 2000 fiscal year. It can be seen from the low average proportion of PAD in TPD (Total Regional Revenue) throughout the five years, which is only around 15%, although each year it increases. The average BHPBP (Tax and Non-Tax Revenue Sharing) and the proportion of PAD in Total Regional Revenues over five years is only about 29%. The situation shows that the role of central government in the regional finances of Malang district throughout the five years is quite high and it is

shown through the average proportion of the central government in total regional revenues, which is about 71%. Malang district has a fairly good fiscal needs than the average district or city in East Java. But when is juxtaposed against the needs, thus emerging gap (shortfall) of approximately 12%. Thus, in covering it, it takes a budget based on the central government.

2. Jasagung Hariyadi's Research

The research by Jasagung Haeriyadi (Halim, 2004:339) with the title "*Estimation of Regional Revenue and Expenditure also the Degree of Fiscal Decentralization in Belitung Regency: A Case Study for Fiscal Year 2001*". This study aims to see the estimated level of regional financial independence and regional revenue by measuring the degree of fiscal decentralization in 2001, so that it appears the performance of Belitung Regency in organizing an autonomous region and enforced in 2001. So it can be concluded in accordance with the estimated Budget of Revenue and Expenditure Of Belitung District in fiscal year 2001, the comparison to PAD is about 11.61%. Meanwhile the comparison to BHPBP and TPD was 7.18% and TPD & Regional Contribution was 81.21%.

3. Kifliansyah's Research

The research by Kifliansyah (Halim, 2004: 329) with the title "*Analysis of the Regional Budget Realization (Case Hulu Sungai Tengah)*". This study aims to see the level of regional independence in the 1999/2000 fiscal year. So it can be concluded that the proportion of Regional Contribution to Total Regional Revenue is 76.61%, the proportion of PAD to Total Regional Revenue is 3.21%, and the proportion of BHPBP in Total Regional Revenue is 18.80%, through this situation, it can be seen that the region is still very dependent on the central government.

4. Lilies Setiarti's Research

The research by Lilies Setiarti (jurnal, 2002: 141-152) with the title "*Analysis of Regional Financial Capability in the implementation of Regional Autonomy (Study in Bantul Regency, Yogyakarta)*". This study aims to analyze and measure the financial capability of Bantul district to implement regional autonomy regulations and understand the role of PAD in the Revenue and Expenditure Budget Structure of Bantul District. So, the conclusions are; *firstly*, in accordance with the preparation of the Bantul Regency government in terms of finance, it can be concluded those:

- a. The degree of fiscal decentralization is measured by the ratio of PAD to TPD, ratio of BHPBP to TPD, ratio of SB to TPD, it shows the considerable dependence on the central government.
- b. When is viewed based on the performance of PAD to finance local government spending, it still shows dependence on the central government.
- c. Bantul district has a similar fiscal capacity, so it doesn't have to cover it through the central government budget.
- d. Fiscal position is measured by the average change in PAD to the average change in GRDP, it shows the results that is not the same as the GRDP constant prices against GRDP according to the application of prices. But the

contribution of GRDP to PAD is very important.

Secondly, in accordance with the government’s readiness in terms of regional financial performance is not enough (especially fiscal decentralization factors) so it must be attempted to increase PAD by means of extension or intensification.

5. Mouna Fachrizal’s Research

The research from Mouna Fachrizal on the East Aceh district government to understand the description of financial capabilities after or before regional autonomy takes effect. The ratio analysis used in this study is the analysis of financial ratio, they are the growth ratio, the ratio of the degree of fiscal decentralization, the ratio of activities (compatibility ratio), the ratio of the level of regional financial independence, the ratio of the level of independent financing, and the efficiency ratio of budget use.

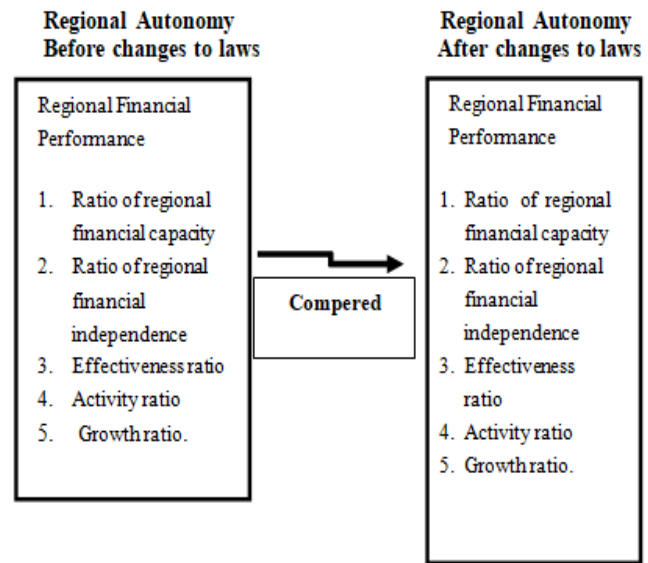
There are also results of research on the East Aceh Regency Government showing the ratio of fiscal decentralization shows the decrease financial performance after comparisons with the previous one. In the level of independent funding ratio to the share of PAD / BRNBP increases after regional autonomy. Meanwhile, in the TPD / PAD division, there was a decline in financial performance after regional autonomy. In the budget usage efficiency ratio to the TSA/TBD part the performance has increased after regional autonomy. Meanwhile, the performance of TPL / TPD also improved after regional autonomy. Then, to the ratio of regional financial independence level, its performance decreases after applying autonomy. In the ratio of harmony (activity ratio), to TBR /TAPBD the value increases after regional autonomy. Against the growth ratio, PAD &TBP is positive with an average after special autonomy. while TPD &TBR value decreases in value after special autonomy.

III. RESEARCH METHOD

In this study, the APBD realization data (Regional Revenue and Expenditure Budget) were used. Furthermore, Based on the Regional Revenue and Expenditure Budget, the required data are selected, then those are analyzed through the regional financial performance ratios, it’s namely:

1. Ratio of regional financial independence
2. Regional financial capacity ratios
3. Effectiveness ratio
4. Activity ratio
5. Growth ratio.

Furthermore, the ratios are carried out in comparison to before or after the implementation of regional autonomy. The statement is presented below :



This type of research is Descriptive research. Based on the statement of Sukmadinata, N. S, (2011), The definition of descriptive research is a research method that aims to describe events that have occurred and are still being experienced today or in the past. Based on Whitney (1960), The descriptive method is looking for reality against correct interpretation.

In this study, the scope of this research is to analyze the financial capacity of the region where the research looks at the ability to manage the level of regional and regional financial independence in a district or city, they are the ratio of growth ratios, activity ratios, efficiency ratios, effectiveness ratios, and regional financial independence. Their research focus describe the ability to manage regional finances after and previously implemented Law of 2004 Number 32 that concerns about Regional Autonomy & Law of 2004 Number 33 that concerns about Financial Balance between the Central Government and Regional Government. The approach is used a quantitative approach, because this study displays the numbers. That statement is suitable with the opinion (Arikunto, 2006: 12) that is mentioned that the quantitative research is a research approach that often displays the numbers, it is begun collecting information, interpreting, and then displaying the results.

In general, the research variables are all things in the form of anything and are determined by the author to be analyzed so that related data can be obtained and then concluded (Sugiyono, 2009: 60). So the meaning of the research variable is the whole thing as the object to be researched, determined, and studied. Thus, data is obtained to draw conclusions.

The data analysis was used; it was carried out based on the stages, among others:

1. Calculate the ratio of regional financial independence according to APBD.
2. Calculate the effectiveness ratio according to APBD.
3. Calculate the ratio of activities consisting of the Ratio of Development Expenditures & Ratio of Routine Expenditures to APBD.
4. Measure the Ratio of Regional Financial Capability / Degree of Fiscal Autonomy (DOF).
5. Calculate the growth ratio consists of:

The Percentage of development expenditure growth, the percentage growth in regional routine expenditure, the percentage of PAD growth, and the percentage of total revenue growth.

A. Mann-Whitney test (Independent Sample t test) This test includes non-parametric tests which do not require the data be normally distributed. This test aims to test whether there is a difference between the 2 groups of independent samples. This test is often used as a substitute for the free sample t 2 test if the data is not normal, or is differentiated if the data is ordinal in scale.

In conducting the testing, is there a difference in independent variables on dependent variables to carried out t-test tests.

Hypothesis formula:

$$H_0 : \mu = 0$$

There is no significant difference between the Performance of Regional Financial Management in the Regional Autonomy Era and the Regions Formed Before and After the Enactment of Law no. 22 of 1999.

$$H_0 : \mu \neq 0$$

There are significant differences between the Performance of Regional Financial Management in the Regional Autonomy Era to the Regions Formed Before and After the Enactment of Law no. 22 of 1999.

IV. DISCUSSION AND RESULT

In this research is used freedom degree or (df = n-1) where is n the amount of data is researched and a significant level of it is 95% or $\alpha / 2 = 2.5\%$. Then the calculation result of tarithmetic that is compared to ttable is a two-sided test, so that it can be interpreted:

1. The hypothesis is received, if the value of $t_{hitung} > t_{table}$ atau tarithmetic $< -t_{table}$, so H_a is received & H_0 is refused, it because there is a difference between the Performance of Regional Financial Management in the Regional Autonomy Era towards the Regions that is established Before and After the Enactment of Law No. 22 of 1999.
2. The hypothesis is refused, if the value of tarithmetic $< t_{table}$ or tarithmetic $> -t_{table}$, it means H_a is refuses & H_0 is received, it because, there is not the difference of the Regional Financial Management Performance in the Regional Autonomy Era towards the Regions that were Formed Before and After the Enactment of Law no. 22 of 1999

Meanwhile, the probability value is compared to the value α (2,5%), they are :

1. The hypothesis is received if the probability value is $< \alpha$ (2,5%).
2. The hypothesis is refused, if the probability value is $> \alpha$ (2,5%).

Comparison Table of average regional financial management performance in 2013 before and after the enactment of Law Number 22 of 1999

Group Statistics					
Kinerja Pengelolaan Keuangan Daerah	GROU P 2013	N	Mean	Std. Deviation	Std. Error Mean
Ratio_Capability_DO F	1.00	22	,431136	,1362310	,0290445
	2.00	6	,305583	,1833113	,0748365
Ratio_Independence_KKD	1.00	22	1,369545	1,0594113	,2258672
	2.00	6	,814200	1,1866150	,4844335
Ratio_Effectiveness_PAD	1.00	22	,991909	,0668452	,0142514
	2.00	6	,936833	,0917129	,0374416
Ratio_Activity_expenditure_Routine	1.00	22	,576500	,1099804	,0234479
	2.00	6	,466050	,0578034	,0235981
Ratio_Activity_expenditure_Development	1.00	22	,423500	,1099804	,0234479
	2.00	6	,533950	,0578034	,0235981
Ratio_Growth_PAD	1.00	22	,155091	,1345705	,0286905
	2.00	6	,489550	,5660484	,2310883
Rasio_Growth_TPD	1.00	22	,090455	,0495155	,0105567
	2.00	6	,099100	,0610586	,0249271

source: SPSS output attachment

Based on the table above, it can be seen that the comparison of regional financial management performance is seen from the regional financial ratios in the provinces formed before and after 1999 as follows:

1. Regional Financial Capability Ratio (DOF)

The average DOF ratio in the provinces that formed before 1999 was 0.4311 (43.11%), which was greater than the average DOF ratio to provinces formed after 1999, which was only 0.3056 (30.56%). It shows that the ability of the provincial governments of the autonomous regions formed before 1999 is better at increasing their own local revenues than the capacity of the autonomous regional governments formed after 1999.

2. KKD Independence Ratio

The average self-reliance ratio (KKD) in the provinces that formed before 1999 was 1.369 (136.9%), it was greater than the average ratio of KKD in provinces that formed after 1999, it was only 0.8142 (81.42%). It shows that the ability of the autonomous regions provincial governments those were formed before 1999 is better at financing their own government activities, development, and local community services in increasing their own local revenue compared to the capacity of the autonomous regional governments formed after 1999.

3. Activity Ratio

a. Routine expenditure ratio

The average routine expenditure ratio in the provinces those were formed before 1999, it was 0.5765 (57.65%), which is greater than the average ratio of routine

expenditure activities in provinces formed after 1999, which was only 0.4660 (46,60%).

b. Development spending ratio

The average ratio of development spending in provinces ththose were formed before 1999, it was 0.4235 (42.35%). It is smaller than the averageratio of development spending in provinces formed after 1999 of 0.5339 (53.39%).

From the activity ratio data, it illustrates that the average value of the ratio of routine spending activities, both in provinces formed before and after 1999, has a higher expenditure priority compared to development expenditure.

4. Growth ratio

a. Growth ratio of PAD

The average of PAD growth ratio in provinces that were formed before 1999, it was 0,1551 (15,51%), it was smaller if it was compared to the average of PAD growth ratio those were formed after 1999, it was 0,4895 (48,95%). It shows that the capacity of provincial governments in regions formed after 1999 is better at increasing local revenue than the capacity of provincial governments in regions formed before 1999.

b. Growth ratio of TPD

The average TPD growth ratio in the provinces those were formed before 1999, it was 0.0904 (9.04%), it is smaller than the average TPD growth ratio in provinces those were formed after 1999, it was only

2.	Ratio of regional financial independence (KKD)	1,111	2,05 2	0,27 7	Ho is received
3.	Effectiveness ratio	1,654	2,05 2	0,11 0	Ho is received
4.	Activity ratio				
	- routine expenditure	2,361	2,05 2	0,02 6	Ho is refused
	- development expenditure	2,347	2,05 2	0,02 7	Ho is refused
5.	Growth Ratio				
	- PAD	2,350	2,05 2	0,02 7	Ho is refused
	- TPD	2,350	2,05 2	0,02 7	Ho is refused

Source: SPSS output attachment

f. Conclusions and interpretations

From the summary table of independent t test results 0.0991 (9.91%). It indicates that the capacity of provincial governments in regions those were formed after 1999 is better in increasing regional revenues than the capacity of provincial governments in regions those were formed before 1999.

c. With a real level ($\alpha = 0.05$) or confidence level ($1 - \alpha =$

$100\% - 5\% = 95\%$. The test is done by distribution t test.
table = $t(\alpha/2, n-1)$

= $t(0,05/2; 28-1)$

= $t(0,025; 27)$

table = 2,052

d. Testing criteria

- Ho is refused if tarithmetic > table or tarithmetic \leq -table

- H_0 is received if $t_{arithmatic} \leq t_{table}$ or $t_{arithmatic} > -t_{table}$ Other criteria are:
 - H_0 is refused if the significance $\leq 0,05$
 - H_0 is received if the significance $> 0,05$
- e. Statistic of t

Based on the results of data processing (Appendix), the following results were obtained:

The table of independent t test in 2013

No	Financial ratio	Taritmat ic	ttable	Sig	Descripti on
1.	Regional financial capability ratio (DOF)	1,861	2,05 2	0,07 4	H_0 is received

In 2013 to the ratio of Regional Financial Management Performance in the Regional Autonomy Era in Regions those were established Before and After the Enactment of Law No. 22 of 1999 can be interpreted as follows:

1. Regional financial capacity ratio

The value of $t_{arithmatic} < t_{table}$ ($1,861 < 2,052$) with the level of significance is $0,074 > 0,05$ so H_0 is received and H_a is refused. It shows that there is no significant difference in the ratio of regional financial capacity that was formed before and after the enactment of Law no. 22 of 1999.

2. Ratio of regional financial independence

The value of $t_{arithmatic} < t_{table}$ ($1,111 < 2,052$) with the level of significance $0,277 > 0,05$, so H_0 is received and H_a is refused. It shows that there is no significant difference in the ratio of regional independence that was established before and after the enactment of Law No. 22 of 1999.

3. Effectiveness ratio

The value of $t_{arithmatic} < t_{table}$ ($1,645 < 2,052$) with the level of significance is $0,110 > 0,05$, so H_0 is received and H_a is refused. It shows that there is no significant difference in the ratio of regional financial effectiveness that was established before and after the enactment of Law No. 22 of 1999.

4. Activity Ratio

- In the routine expenditure activity ratio, the value of $t_{arithmatic} > t_{table}$ ($2,361 > 2,052$) with the level of significance is $0,026 > 0,05$, so H_0 is refused dan H_a is received. It shows that there is a significant difference in the ratio of routine expenditure activities in the regions those were formed before and after the enactment of Law no. 22 of 1999.

- In the development expenditure activity ratio, the value of $t_{arithmatic} < -t_{table}$ ($-2,347 < -2,052$) with the level of significance is $0,027 < 0,05$, so H_0 is refused and H_a is received. It shows that there is a significant difference in the ratio of development expenditure activities in the regions those were formed before and after the enactment of Law no.22 of 1999.

5. Growth Ratio

- In PAD growth ratio, the value of $t_{arithmatic} < t_{table}$ ($2,250 > 2,052$) with the level of significance is $0,0027 < 0,05$, so H_0 is refused and H_a is received. It shows that

there is a significant difference in PAD growth ratio for the region that was formed before and after the enactment of Law No. 22 of 1999.

- In TPD growth ratio, the value of $t_{arithmatic} < -t_{table}$ ($-2,350 < -2,052$) with the level of significance is $0,027 < 0,05$, so H_0 is refused and H_a is received. It shows there is a significant difference of TPD growth rasio in the region that formed before and after the enactment of Law No. 22 of 1999.

V. CONCLUSION

A. Conclusion

In accordance with the results of data analysis and discussion that has been described in the previous chapter, the following conclusions can be drawn:

1. The comparison results of regional financial management based on financial ratios those are measured by the ratio of regional financial capacity / degree of fiscal autonomy (DOF) per year in the 2010- 2013 period, they are:
 - a. In 2010, the research accepted H_0 and rejected H_a , it meant that the DOF ratio was not significantly different.
 - b. In 2011, the research rejected H_0 and accepted H_a , it meant that the DOF ratio differed significantly.
 - c. In 2012, the research rejected H_0 and received H_a , it meant the DOF ratio differed significantly.
 - d. In 2013, the research rejected H_0 and accepted H_a , it meant the DOF ratio did not differ significantly.

The test results on DOF ratio is obtained the value positive $t_{arithmatic}$, which meant the DOF ratio of provinces that were formed before Law 22/1999 is better than those that were newly formed after Law 22/1999. It indicates the financial capability in which was the Provincial PAD established before the Law No. 22 of 1999 in contributing regional revenues is still better than the provincial PAD established after the law No.22 of 1999.

2. The comparison results of regional financial management based on the financial ratio that was measured by the ratio of regional financial independence (KKD) per year in the period 2010-2013, they are:
 - a. In 2010, the research accepted H_0 and rejected H_a , which meant the KKD ratio did not differ significantly.
 - b. In 2011, the research accepted H_0 and rejected H_a , which meant the KKD ratio did not differ significantly.
 - c. In 2012, the research accepted H_0 and rejected H_a , which meant the KKD ratio did not differ significantly.

d. In 2013, the research accepted H_0 and rejected H_a , which meant the KKD ratio did not differ significantly.

The test results on KKD ratio was obtained the value of positive arithmetic, which meant the KKD provincial ratio that was formed before the law no.22 of 1999 is better than the new province that was established after the law no.22 of 1999. It indicates that the regional financial independence in self-financing the activities of the provincial government which was formed before the Law No.22 of 1999 is better than the new Provinces which were formed after the existence of Law No.22 of 1999.

3. The comparison results regional financial management based on financial ratios those were measured by the ratio of regional financial effectiveness per year in the 2010-2013 period, it's namely :

- a. In 2010, the research accepted H_0 and rejected H_a , which meant that the effectiveness ratio was not significantly different.
- b. In 2011, the research accepted H_0 and rejected H_a , which meant that the effectiveness ratio was not significantly different.
- c. In 2012, the research accepted H_0 and rejected H_a , which meant that the effectiveness ratio was not significantly different.
- d. In 2013, the research accepted H_0 and rejected H_a , which meant that the effectiveness ratio was not significantly different.

The test results on the effectiveness ratio, were obtained the value of positive arithmetic which meant the ratio of provinces effectiveness that was formed before the existence of Law No. 22 of 1999 is better than the new provinces those were formed after the existence of Law No. 22. It was only in 2010 the provincial effectiveness ratio was established following Law no. 22 is better than the provinces those were formed before the existence of Law no. 22 of 1999. It shows that the provincial government which was formed before the existence of Law no.22 of 1999 is better able to realize the planned local revenue based on the real potential of the region compared to the new province which was formed after the existence of Law no.22.

4. The comparison results of regional financial management based on financial ratios those were measured by the ratio of activities to match regional expenditures per year in the 2010-2013 period, it's namely :

- a. Expenditure activity ratio
 - 1) In 2010, the research accepted H_0 and rejected H_a , which meant that the expenditure ratio was not significantly different.
 - 2) In 2011, the research accepted H_0 and rejected H_a , which meant that the spending ratio is significantly different.
 - 3) In 2012, the research accepted H_0 and rejected H_a , which meant that the expenditure ratio was not significantly different.
 - 4) In 2013, the research accepted H_0 and rejected H_a ,

which meant that the spending ratio is significantly different.

The test result in the expenditure ratio is obtained the value of positive arithmetic which meant the ratio of province that was formed before the Law of No.22 in 1999, it was priored if it was compared by the new province that was formed after there was the Law of No.22 in 1999.

b. Development Activity Ratio

- 1) In 2010, the research rejected H_0 and accepted H_a , which meant the development ratio was significantly different.
- 2) In 2011, the research rejected H_0 and accepted H_a , which meant the development ratio was significantly different.
- 3) In 2012, the research rejected H_0 and accepted, which was the development ratio was significantly different.
- 4) In 2013, the research rejected H_0 and accepted H_a , which meant the development ratio was significantly different.

The test results on the development ratio is obtained the value negative arithmetic which meant the province development ratio that was formed after the enactment of Law No. 22 in 1999, it was prioritized, if it was compared with the old province that was formed before the enactment of Law No. 22 in 1999.

5. The comparison results of regional financial management based on financial ratios that was measured by the ratio of regional financial growth per year in the 2010-2013 period, they are:

a. The PAD Growth Ratio

- 1) In 2010, the research accepted H_0 and rejected H_a , which meant the growth ratio of PAD was not significantly different.
- 2) In 2011, the research rejected H_0 and accepted H_a , which meant that the growth ratio of PAD was significantly different.
- 3) In 2012, the research accepted H_0 and rejected H_a , which meant that the ratio of PAD growth was not significantly different.
- 4) In 2013, the research rejected H_0 and accepted H_a , which meant that the growth ratio of PAD was significantly different.

The test results on PAD growth were obtained the value of positive arithmetic which meant development ratio of PAD in province that was formed before the enactment of Law No. 22 in 1999, it was better than the new province that was formed after the enactment of Law No. 22 in 1999. It shows the ability of provincial region governments that were formed before the existence of Law no.22 of 1999 is better in maintaining and increasing the success that has been achieved from period to period in increasing region revenue compared to the new provinces that were formed after the existence of Law no.22 years.

b. The growth ratio of TPD

- 1) In 2010, the research rejected H_0 and accepted H_a , which meant that the development ratio was significantly different.
- 2) In 2011, the research rejected H_0 and accepted H_a , which

meant that the development ratio was significantly different.

- 3) In 2012, the research rejected Ho and accepted Ha, which meant that the development ratio was significantly different.
- 4) In 2013, the research rejected Ho and accepted Ha, which meant that the development ratio was significantly different.

The test results on the TPD growth ratio was obtained the value of negative tarithmetic, which meant that the growth ratio of the provincial TPD that was formed after the existence of Law no.22 of 1999 is better than the old province which was formed before the existence of Law no.22 of 1999. It shows the ability of provincial region governments that was formed after Law No.22 of 1999 to be better at maintaining and increasing the success that has been achieved from period to period in increasing total regional revenue compared to the new Provinces formed after Law No.1999.

B. Suggestion

Based on the results of this study, there are several things that must be considered, and the authors provide some suggestions as follows:

1. For the government
 - a. The government that regulates the regional autonomy, it should be more serious in paying attention to what are the benchmarks for regions wishing to form new autonomous regions so it not to be burden the central government. It is more selective and focuses on controlling the implementation of regional autonomy, it is also increasing the potential resources in each of these regions in order to improve the quality of these regions which will form new autonomous regions.
 - b. The regional governments are expected to prioritize development spending compared to routine spending so that the development of the autonomous region can be directly felt by the community.
2. For the researcher

There are limitations to the authors in this study, the researchers who will continue the research with the models like this, it need to redevelop this research so that it is better in terms of adding other variables, it is as well as adding research periods and other research objects due to the presence of regions that want to form regions. The new autonomy both the formation of cities and provinces, it is also the theoretical studies that can support this research.

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