Does Regional Autonomy Guarantee a Good Financial Performance?

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Abstract. This study aims to analyze the financial capacity of regional governments as stated in the regional autonomy law that it is one of the basic criteria be able to determine the ability of the region to sustain without having to rely on central government assistance. Furthermore, this study investigates the reality of financial condition of autonomous regions. This study analyzes the financial performance one of the regencies in province Riau, Indonesia, as measured by ratio analysis. The data sourced from budget realization reports (LRA) from 2015–2019. The results show that the proportion of Riau province's PAD to the APBD was still categorized as low, the regional financial efficiency ratio was inefficient, the PAD effectiveness ratio was ineffective, the shopping compatibility ratio was not good, the growth ratio was still not good. It's mean financial performance does not prove the influence on the level of independence for the region in autonomy.

Keywords: Regional Financial Performance · Regional Autonomy

1 Introduction

Local governments that are successful in regional autonomy can be seen from their performance in managing finances optimally, in accordance with laws and regulations, being efficient, economical, effective, transparent, and responsible. The regional financial management is carried out in an integrated system that is applied in the APBD which is stipulated in a government regulation [1]. The government is required to run the government well, able to make employees work to achieve organizational progress. The government is also required to be able to increase the value and equity of the economy with the aim of strengthening all the capabilities of each region. This great demand makes local governments more selective in making great strategic steps [2]. They are under increasing pressure to modernize, improve performance and provide comprehensive services, minimize costs, be strong in competition, and increase accountability to stakeholders [3]. As part of the modernization agenda, the government in Tanzania uses a performance management system strategy for planning, implementation, monitoring and evaluation, and reporting in public services. This system aims to provide quality public services, improve public service performance, increase accountability and responsiveness, ensure effective and efficient use of public resources, and provide standards for

providing comparisons and benchmarking in public service institutions in Tanzania and other public service institutions. In the world for continuous improvement [4]. It is not without reason that local governments are under such heavy pressure, researchers have found the inefficiency of the public sector compared to the private sector. They found reasons for reporting inefficiencies, as well as political interference, weak governance, poor services, weak oversight mechanisms, and negative public and employee perceptions [5].

Since the issuance of Law Number 22 of 1999 concerning the Implementation of Autonomous Regions, there have been fundamental changes in the management of regional finances. A number of studies have found that the main factor causing poor performance in the public sector is the element of political interference [6]. The government's goal in providing services to the community often does not generate revenue, so the government makes resource allocation decisions with unreliable, untimely and limited information in its asset and liability data [7]. Other studies have found that there is still abuse of resources and poor accountability in local governments, such as overspending, which BPK has found. This is contrary to financial regulations due to lack of authority, non-accountability of funds and overspending on boards, committees and commission boards [8].

Financial constraints in local governments require continuous efforts to improve performance in public services and manage government [4]. One of the significant performance management system movements in improving government performance is performance measurement. It has been used as a useful tool to restructure local government organizations and improve government performance comprehensively [9]. However, although the development of performance measurement in local government dates back to the 1990s, empirical evidence on the usefulness and practicality of performance measurement is still rather limited [4]. The literature explains that one way to analyze the financial performance of local governments in managing their finances is to conduct financial ratio analysis to Regional Revenue and Expenditure Budget (APBD) [2, 10], including ratio independence finance area, effectiveness ratio and efficient, ratio compatibility and ratio growth.

Ratio independence describe dependency area to external funding sources. The more tall ratio independence means level dependency government area to subsidy government center the more low [10] and increasingly good [11]. Ratio effectiveness show comparison score Regional Original Revenue (PAD) and the target set based on potency real. Whereas ratio efficiency is comparison expenses incurred _ for produce revenue and realization income received [12]. Ratio harmony describe priority government fund allocation area on shopping routine and shopping development optimally. The more tall percentage routine fund allocation so shopping investation for development the more low [10]. And ratio growth used for knowing performance budget government area with see growth income or shopping by positive or negative [12].

Study this give contribution for answer question how performance finance government area in relation autonomy assessed area _ with use ratio finance area to the APBD. Next study this investigate how condition finance government area in skeleton build independence his finances so that could miss from subsidy government center.

2 Literature Review

2.1 Institutional Theory in Local Government

The premise of the institutional theory is how local governments respond to pressure from the central government and society, and adopt structures and practices that are considered legitimate and socially acceptable by other local governments [13]. According to some literature, the basic assumption of this institutional theory is that the tendency of local governments to conform to the dominant norms, traditions, and social influences in their external environment will lead to homogeneity among organizations in their structure and practice [14]. Whereas in other studies, this theory is used to see how political factors can affect service management, income, and debt [15]. In this study, this theory is used to see the relationship between regional autonomy and local governments in managing their finances to be able to carry out their functions effectively and efficiently in providing services and development.

2.2 Local Government Financial Performance

Performance is the result of activities or programs that will be or have been achieved related to the use of the budget in quantity and can be measured [16]. The development of financial performance measurement in the public sector begins with the emergence of the New Public Management (NPM) which provides updates in governance management. NPM adopts management techniques in the business sector into the government sector [17]. The implementation of a performance measurement system in local government is an effort to achieve organizational efficiency and effectiveness and can improve accountability and public services.

In terms of internal control, a performance measurement system is developed to monitor the implementation of local government plans and determine when the plans are not successful and how to improve them [18]. Other studies mention that performance measurement systems can be used to identify operational problems that can be solved by adjusting existing processes, and show more fundamental problems [19].

Performance measurement is one of the keys to the success of local governments in achieving goals. This is one of the concepts in NPM, but in practice the emphasis on performance measurement in target setting, evaluation, and incentives is still problematic. The problem occurs because NPM's focus on performance measurement systems in accountability is too narrow, and also ignores performance consequences [20].

The important thing in dealing with an increasingly complex organizational environment is a management control system. Management Control Systems (MCS) are systems that assist organizations in making decisions by using informal controls and formal controls in achieving goals [21]. MCS is a local government process of ensuring that resources are used effectively and efficiently. Therefore, MCS can be used for monitoring so that the government's goals are as expected. One form of MCS that is appropriate to be applied in local government is Cultural Control (CC). CC is a collection of written values and unwritten values that become the rules as the basis for the formation of organizational culture and employee behavior [22]. CC is a system created to form a social environment that encourages individual behavior in accordance with the values and norms applied in the organization [23].

2.3   Financial Ratio

Financial ratios are often used as a tool for analyzing financial performance in the business sector, while their use in the public sector, especially local governments, is still limited. However, in a regional financial management structure that is honest, transparent, democratic, effective, efficient and accountable, it is important that financial ratio analysis is carried out on the APBD [24]. Performance measurement is not an easy task for either a business or a non-profit organization with complex goals. However, it is much more difficult for nonprofits. In business organizations generally use financial ratio measures such as ROA, ROI, sales growth and profit margins. However, in public sector organizations, including local government authorities, there are few measures that can be used [25]. A number of studies use financial ratios as an analytical tool to examine individual performance as well as government bank performance in all sectors [26]. A number of literature mentions that ratio analysis is a well-established tool for financial analysis and has long been used to examine and predict performance. It is almost unanimous that financial ratios are used for all kinds of purposes [27].

Some financial ratios that can be used to analyze local government financial statements are:

1. Regional Financial Independence Ratio

Is a ratio that shows the level of ability of a region in self-financing government activities, development, and services to the community. In the concept of regional autonomy, this ratio describes the level of regional dependence on central government subsidies and external funding sources.

Local governments are considered independent if the independence ratio has a low percentage value, on the other hand local governments that cannot finance their own expenditures or have a high dependence on external subsidies, the higher the percentage ratio value. Assessment of the independence ratio by comparing the PAD received against external subsidies.

2. Regional Financial Efficiency Ratio

Efficiency is the comparison of the total costs incurred to obtain income with the realization of the income received. The efficiency ratio shows the efficient category if the performance of the local government in realizing revenue is less than 1 or below 100%. That is, the smaller the efficiency ratio, the performance of local governments in managing their finances is more efficient and better. Therefore, local governments should be more careful in calculating the amount of costs sacrificed to generate revenue for the region, whether efficient or not. Even though the government has succeeded in achieving the revenue targets as set out in the budget, if the costs incurred to obtain these revenues are greater than the revenues earned, then this is inefficient. Calculating this efficiency ratio by comparing the realization of regional expenditures with the realization of regional revenues.

3. PAD effectiveness ratio

The effectiveness ratio is a ratio that describes the ability of the regional government to realize the regional original income that has been determined in the APBD and

compared with the target set based on the real potential of the region. Local government performance is considered effective if the ratio of effectiveness is higher. This means that when the realization of income received by the region is close to the budgeted value, or close to 1 or 100%, then the regional capacity is getting better and more effective. Measurement of the effectiveness ratio uses a comparison of the realization of PAD to the realization of the PAD budget.

4. Shopping compatibility ratio

This ratio shows the focus of local governments in optimizing the allocation of funds for routine spending and development spending. The benchmark indicator is development spending. This ratio uses 2 calculations, namely the ratio of operating expenditure and capital expenditure ratio. The higher the percentage of operating expenditure ratio, it illustrates the government's attention in providing facilities and infrastructure as well as services to the community as measured by low capital expenditure. Vice versa, when the capital expenditure ratio is high, the allocation of local government funds has been prioritized for the provision of services to the community.

Operational expenditure ratio is a comparison of total operating expenditure and total regional expenditure. Operational expenditures are expenditures whose benefits are short-term and are consumed within one fiscal year and are routine. Generally, the proportion of operating expenditure is 60%–90% of the total regional expenditure. The tendency is that regions with high incomes will have a higher portion of operating expenditures when compared to regions with low incomes.

Meanwhile, capital expenditure provides medium and long term benefits. Generally, the proportion of capital expenditures is compared to regional expenditures at a percentage of 5%–20%. The weakness in measuring this compatibility ratio is because there is no definite benchmark for the ideal ratio of operating and capital expenditures to APBD. This is influenced by dynamics development activities and the magnitude of the need for investment needed for achieve targeted growth. Nevertheless, as a region in the country developing the role of local governments to spur the implementation of development relatively large. Therefore, the ratio of capital expenditure (development) which is still relatively low small needs to be improved in accordance with the needs development in the area.

5. Revenue Growth Ratio

This ratio measures how much the local government's ability to maintain and improve the performance that has been achieved from one period to the next. By knowing the growth for each component of income and expenditure sources, this information can be used to evaluate which potentials need attention. The higher the total value of regional income, the original income regions, and capital expenditures followed by lower operating expenditures, then growth is positive. It means that area which concerned has able to maintain and increase its growth from period to period next. If the higher the value of regional income, regional original income, and operating expenditure followed by low capital expenditure, then the growth is negative. This means that the region has not been able to increase financial growth the area.

Table 1. Regional Ability Level and Relationship Pattern

Independence (%)	Pattern Connection	Criteria
0%–25%	Instructive	Low very
25%–50%	Consultative	Low
50%–75%	Participatory	Currently
75%–100%	Delegative	Very Independent

Source: Oppier

3   Research Methods

This research was conducted on the local government of Siak district which is the only district in Riau Province, Indonesia that received an award for the achievement of a two-star very high status performance in the administration of local government on the commemoration of regional autonomy day in 2018. This study uses secondary data from 2015–2019 obtained from BKD (Regional Finance Agency) in the form of Budget Realization Report (LRA), APBD, PAD for 5 years. Data analysis uses financial ratios as an indicator of regional financial performance variables in assessing regional independence, with the assessment of the ratio categories as follows:

3.1   Regional Financial Independence Ratio

(1) Pattern connection instructive, where role government center more dominant from on independence government area (area which no capable carry out regional autonomy).
(2) The pattern of consultative relations, namely, the intervention of the central government has begun reduce because area considered a little more capable doing autonomy area.
(3) The pattern of participatory relationships, the role of the central government has begun to decrease. Remember area which concerned level independence approach capable carry out business regional autonomy.
(4) Delegative relationship pattern namely the intervention of the central government is no longer there is again because area has truly capable and independent in carry out regional autonomy (Table 1).

3.2   Ratio Efficiency Finance Area

See Table 2.

3.3   PAD Effectiveness Ratio

See Table 3.

Table 2. Regional Financial Efficiency Criteria

Efficiency Criteria	Efficiency Percentage
>100%	Not efficient
100%	Efficient Balanced
<100%	Efficient

Source: Mahsun

Table 3. PAD Effectiveness Criteria

Effectiveness Criteria	Efficiency Percentage
>100%	Effective
100%	Effective Balance
<100%	Ineffective

Source: Mahsun

4   Results and Discussion

4.1   Ratio Independence Regional Finance

Measurement of regional financial performance at the Regional Finance Agency Siak Regency during 2015–2019 by calculating the independence ratio finance areas are in Table 4.

Based on table and picture 4 Ratio Independence Finance Area it can be seen that the ratio of regional financial independence for regional governments Siak Regency for the 2015–2019 fiscal year shows a good financial condition volatile. Ratio independence year 2015 as big as 24%, next ratio dependency in 2016 decreased by 11% and 2017 experienced increase by a value of 19%. In 2018 and 2019 experienced a decline of

Table 4. Calculation of the Regional Government Independence Ratio of Siak Regency

Year	Original Income Region (Rp)	Transfer Center+Province (Rp)	Borrow an	Ratio kemandir ian (%)	Criteria
2015	357,281,966,303	1,481,810,380,32	0	24%	Very Low
2016	164,325.689,823	1,473,956,540,864	0	11%	Very Low
2017	267,443,708,495	1.399.543.434.79	0	19%	Very Low
2018	233.291.586.563	1,388,860,212.60	0	16%	Very Low
2019	264,366,914,897	1,898,424,369.08	0	14%	Very Low
	Average			**17%**	**Very Low**

Source: BKD Kab. Siak, 2021 (data processed)

Table 5. Calculation of the Efficiency Ratio of the Regional Government of Siak Regency

Year	Shopping Area	Income Area	Ratio Efficiency Finance Area	Criteria
2015	2,483,343,054,893.13	1,839,092,346,653.18	135%	Not efficient
2016	2,483,343,054,893.13	1,638,282,230,688,16	151%	Not efficient
2017	1,431,751,100,627.69	1,666,987,143,295.53	86%	Efficient
2018	1,705,936,346,935.12	1,945,677,358,330.17	88%	Efficient
2019	1,820,273,992,815.75	2,225,933,683,983.85	82%	Efficient
	Average		**108.4**	**Not efficient**

Source: BKD Kab. Siak, 2021 (data processed)

16% and 14%, respectively. When viewed from the average ratio The regional financial independence of the Siak Regency Government is still very low, namely: as big as 17% is very low criteria.

4.2 Ratio Efficiency Regional Finance

Measurement performance finance area on Body Finance Area Regency Siak During year 2015–2019 with calculation ratio efficiency finance area (Table 5).

Based on tables and figures 5.2. Regional Financial Efficiency Ratio can be it can be seen that the ratio of regional financial efficiency for district governments Siak year budget 2015–2019. Ratio efficiency year 2015 as big as 135%%, next ratio efficiency in 2016 with a value of 151% and in the year of 2017 with a value of 86%. In 2018 and 2019 with a value of 88% and 82%. If seen from average ratio efficiency finance area Government Regency Siak **is on level no efficient**.

4.3 Ratio PAD Effectiveness

Measurement of regional financial performance at the Regional Finance Agency Siak Regency during 2015–2019 with the calculation of the effectiveness ratio finance area Table 6.

Based on the data listed in the table and figure 6 it can be seen that the effectiveness ratio for the Siak District Government for 2015–2019 has decreased. Effectiveness ratio in 2015 with a value of 104%. The 2016 effectiveness ratio decreased by 50%, then the ratio of effectiveness year 2017 experienced increase with score as big as 100% and on in 2018 and 2019 with a value of 103% and 111%, respectively. When viewed from the average the effectiveness ratio in the Siak Regency Local Government is at the level of not effective.

4.4 Ratio Harmony Shopping

Measurement performance finance area on Body Finance Area Regency Siak During year 2015–2019 with calculation ratio harmony consist from two that is calculation ratio harmony shopping operation and ratio harmony shopping capital presented as follows:

Table 6. Calculation of the Effectiveness Ratio of the Regional Government of Siak Regency

Year	Realization PAD	Budget Realization PAD	Ratio Effectiveness (%)	Criteria
2015	357,281,966,303.86	344,696,991,940	104%	Effective
2016	164,325.689,823.87	325,644,753,036.27	50%	Ineffective
2017	267,443,708,495.90	266,281,977,969.90	100%	Effectively balanced
2018	233,291,586,563.42	227,212,525,338	103%	Effective
2019	264,366,914,897.60	238,067,958,653	111%	Effective
	Average		**93.6%**	**Ineffective**

Source: BKD Kab. Siak, 2021 (data processed)

(1) Ratio Harmony Shopping Operation, Measurement performance finance area on Body Finance Area Regency Siak During year 2015–2019 with calculation ratio harmony shopping operation as follows:

Based on data which listed in Table 7 and picture 5.4 could seen that ratio harmony shopping operation for Government Area Siak Regency 2015 fiscal year – 2019 shows results fluctuating. The operating expenditure compatibility ratio in 2015 was 64%, then the ratio of harmony operating expenses in 2016 has decreased with amount a total of 51%, in 2017 an increase of 85%. In the year of 2018 decreased by 54.4%, and 2019 experienced an increase return by 80%.

(2) Ratio Harmony Shopping capital, Measurement of regional financial performance at the Regional Finance Agency Siak Regency during 2015–2019 with the calculation of the compatibility ratio shopping capital in Table 8.

Based on data which listed in Table 7 dan picture 8 could seen that ratio harmony shopping capital for Government Area Siak Regency 2015 fiscal year – 2019 shows results fluctuating. Capital expenditure compatibility ratio in 2015 and 2016 with the

Table 7. Calculation of Operational Expenditure Harmony Ratio

Year	Total Shopping Operation	Total Shopping Area	Ratio harmony Shopping Operation (%)
2015	1,577,209,386,765.50	2,483,343,054,893.13	64%
2016	1,267,977,317,463.24	2,483,343,054,893.13	51%
2017	1,215,288,246,188.82	1,431,751,100,627.69	85%
2018	928,552,577,650.00	1,705,936,346,935.12	54.4%
2019	1,449,247,986,270.10	1,820,273,992,815.75	80%
	Average		**66.8%**

Source: BKD Kab. Siak, 2021 (data processed)

Table 8. Calculation of the Capital Expenditure Harmony Ratio

Year	Total Shopping Capital	Total Shopping Area	Ratio harmony Capital Expenditure (%)
2015	906.133,668,127.63	2,483,343,054,893.13	36%
2016	906.133,668,127.63	2,483,343,054,893.13	36%
2017	216,462,854,438.87	1,431,751,100,627.69	15%
2018	777,383,769,285.12	1,705,936,346,935.12	46%
2019	371.026.006.545.65	1,820,273,992,815.75	20%
	Average		**30.6%**

Source: BKD Kab. Siak, 2021 (data processed)

same value that is as big as 36%, next ratio harmony shopping capital on year 2017 decreased by a total amount of 15%, in 2018 experienced an increase of 46%. In 2019, it decreased by 20%. If seen average ratio harmony shopping operation and harmony shopping capital The Siak District Government shows that the ratio of operating expenditures is higher than shopping capital. Condition the show that government Siak Regency prioritizes a larger allocation of funds on operating expenditures than shopping capital.

4.5 Ratio Growth Income

Measurement of regional financial performance at the Regional Finance Agency Regency Siak During year 2015–2019 with calculation ratio growth income in Table 9.

Based on the data listed in the table and figure 5.5, it can be it is seen that the ratio of the growth of local revenue for local governments Siak Regency for the 2015–2019 fiscal year. The growth of local revenue the highest occurred in 2018 which was 63% and revenue growth The lowest original area occurred in 2018 which was −13%. Growth income from 2015–2019 fluctuated. Revenue growth which most tall occur on year 2018 that is as big as 16% and growth income most low occur on year 2016 that is as big as

Table 9. Income Growth Ratio Calculation

Year	Realization PAD	Total Income	Ratio Growth PAD	Ratio Growth Income
2015	357,281,966,303.86	1,839,092,346,653.18	–	–
2016	164.325.689.823.87	1,683,282,230,688,16	−54%	−8.4%
2017	267,443,708,495.90	1,666,987,143,295.53	63%	−9.6%
2018	233,291,586,563.42	1,945,677,358,330.17	−13%	16%
2019	264,366,914,897.60	2,225,933,683,983.85	13.3%	14%
	Average		**1.86%**	**2.4%**

Source: BKD Kab. Siak, 2021 (data processed)

−8.4%. If seen of the average local revenue growth of the Siak Regency Government is still must upgraded again because in calculation ratio growth still there is negative numbers. This proves that the Siak district government has not capable maintain growth original area and growth income so growth is not stable.

5 Discussion

5.1 The Financial Performance of the Siak Regency Government Based on the Regional Financial Independence Ratio

This ratio explains the ability regional finance in self-financing local government activities. This ratio calculated by comparing the amount of Regional Original Income with the amount of income from other sources such as assistance from central government and loan area [10]. From the calculation shows the average ratio independence finance area Regency Siak categorized as low very. Thing this show that Government Regency Siak still depend on the Central Government and the Provincial Government. Awareness society will pay taxes and levies is also one of the things that cause PAD which received a little and not yet can reliable for finance implementation government and development, in other words the results of this calculation show that the level of regional dependence on external funding sources is still very high. This research is in line with research [2] which proves that the role of the central government is greater than the independence of local governments (regions that are unable to implement regional autonomy). If viewed from year to year, the pattern of financial independence is still classified as an Instructive relationship pattern because it is still included in the 0%–25% interval where the role of the central government is more dominant than the local government itself. The difference in the number of loans and subsidies from the center and the total income in each region, as well as the realization of spending in each region also causes this independence ratio to be low [11].

5.2 Siak District Government Financial Performance Based on Efficiency Ratio

Ratio this explain about comparison Among big cost which issued for get income with realization income which received. Ratio this calculated with method compare reality shopping with realization income area [12].

When viewed from the average ratio of regional government financial efficiency Siak Regency is categorized as inefficient because value obtained _ more than 100%. This proves that the performance government districts siak in manage his finances not yet good because not yet can push amount shopping the area which exceed income area a. Based on calculation ratio efficiency finance area [2], although the average efficiency already efficient, however level efficiency rated still need upgraded again remember most _ expenses incurred _ government area for get income still enough big. Could said that performance government area in Thing this still not enough good because not yet capable push amount shopping area. In the future, the government area Regency Siak could minimize amount the output in accordance with his income. Or government could optimizing reception income in accordance with what is planned inside budget, so could occur enhancement efficiency shopping area.

5.3 Financial Performance of the Siak District Government Based on the Effectiveness Ratio of PAD

Ratio this explain about ability area which planned compared with target which set based on potency rill area. Ratio this calculated with method compare PAD realization with PAD budget realization [12].

When viewed from the average PAD effectiveness ratio in local governments Siak Regency is at an **ineffective level because have ratio not enough than 100%.** This shows that reception PAD no effective and not yet in accordance which targeted. Performance Government Regency Siak said not yet good because not yet can realize PAD which has planned, also because reception sector tax and retribution area which exceed from budgeted. This thing because reception from the tax and levy sector area more small than budgeted _ before. Research results this in line with study [2] who found government Makassar city has less performance _ effective in Thing realize the PAD that has been planned for year 2017–2019 budget. Besides that, the factor that causes performance finance Makassar City Government does not effective seen from ratio effectiveness finance area caused by income the area that is still below than budgeted _ before. Decrease ratio it also shows that government area could said have performance lack of finance effective in increase income area.

5.4 Financial Performance of Siak Regency Government Based on Expenditure Harmony Ratio

The expenditure compatibility ratio is divided into two, namely the operating expenditure ratio and ratio shopping capital. According to calculation previously that most of the fund which is owned Government Siak Regency Area still prioritized for needs shopping operation so that ratio shopping capital relatively small. The Siak Regency Government spends more routine costs for Fulfill shopping operation which result in shopping capital for government Regency Siak relatively small in finance development area.

Thing this because not yet there is benchmark which certain for shopping operations and capital expenditures. So that the local government of Siak Regency is still concentrating to expenses routine for fulfillment local government activities that result in capital expenditures for the Government Area Siak District still relatively small. Research results this is also in line with [2] where ratio expenditure not yet stable from year to year. Based on calculation Most of the funds owned by the government area still prioritized for needs shopping operational, so ratio relatively small capital expenditure. The size allocation of funds for cost operational the especially caused a lot agency autonomous and shopping employee for wages employee. This is what shows that government area more leaning to expenditure routine for Fulfill activity government and not notice development area.

5.5 Financial Performance District Government _ Siak Based on Ratio Growth Income

From results calculation ratio growth income original area Government Regency Siak categorized as not enough good, because still there is negative income growth. This proves that the government districts siak not yet capable maintain growth original area

so that growth original the area no stable. From calculation ratio income growth, Same thing with PAD growth, growth income also still show growth which unstable. Research results this in line with [2, 11, 28], that subsidy from government center for maintenance local government _ autonomous sometimes no could play role important in enhancement growth economy in the area [28]. Different with [2] that government Makassar city is experiencing growth though fluctuating. Government Makassar city must always increase its PAD with optimizing various type the potential it has. Increase growth from year to year in government Makassar city but still leaving repair where growth this is mostly income still sourced from help government center. Level of independence in the region autonomy in Aceh is experiencing positive growth _ however relatively small role in budget structure resulted in a reduced portion of the allocation of capital expenditures where funds It is intended for the provision of community economic infrastructure nor public service.

6　Conclusion

Regional financial performance in local government Siak Regency during 2015–2019 with calculations Regional Financial Independence Ratio is in low criteria very. These results indicate that the government of Siak Regency not yet independent in doing affairs autonomy area so that government Regency Siak still very depends to help from government center nor government province. Ratio Efficiency Finance Area is at in criteria no efficient. Results this show that performance in manage his finances not yet good because it has not been able to reduce the amount of regional spending which exceed regional income. Calculation The PAD Effectiveness Ratio is in the ineffective criteria. This result shows that the performance of the Siak Regency government has performance is not effective and has not met the target. Performance The Siak Regency Government is said to be not good because it has not can realize PAD which has planned, also due to revenue from regional taxes and levies which exceed from which budgeted. Calculation The Expenditure Harmony Ratio shows that local governments Regency Siak still prioritized for needs shopping operation so that spending ratio relatively small capital. Calculation Ratio Growth Income Original Area showing results fluctuate. Enhancement enough tall on year 2017 however experience drop on year 2018. Ratio Growth Income also shows fluctuating results. Enhancement quite high occurred in 2018 but decreased on 2016 because there is negative growth.

　　The implication of the research is that contributing to the knowledge of conditions regarding the implementation of regional autonomy in the administration of government, especially in financial management, is not easy to escape from the shadow of the central government. And even though it has become an autonomous region, it turns out that economic growth and independence in financial management are still very dependent on external subsidies, especially the central government and provincial governments. This study only uses several financial ratios in conducting the analysis so that it has not produced comprehensive conclusions, so that further research can use analytical models and other financial ratios to be more complete and comprehensive.

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