

Institutional Capacity of the West Java Province Government in Regional Formulation Fiscal Policy

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Abstract

The West Java Province developments runs more dynamic and full of complexity. One of the more important dimensions has been distinguished is about the financial independence which applied through the the growth of the Original Revenue that still has a flutuant tendency of achievement for supporting and financing the regional development in accordance with the problems encountered. Thus it is important to improve the implementation of local government financial management in order to realize the development format of West Java Province supported by financial sustainability on an on-going basis. Based on the fundamental thinking about the institutional capacity of Regional Finance Organizations, this research requires some supportive theories that explain various understandings such as the understanding of decentralization and regional autonomy, the idea of the financial relationship between central and local governments, the Thinking on the Functions of Budgets in Regional Development and to Understanding the Citizens Capacity of Operational is used to analyze the Effectiveness of Institutional Management of Regional Keangan. In practice, this research then uses qualitative procedures involving research informants as the main information source whose description is then analyzed in such a way as to generate the discussion and conclusions that answer the previous research question. The results of the study explain that in general the institutional capacity of regional financial managers, especially in the context of the formulation of financial policy in West Java Province has a good picture quite in supporting the formulating process on regional financial policy. Nevertheless, it is necessary to think about the collectivity of institutional functions, because in the formulation of regional financial management policy is not only related to the interests of regional apparatus organizations but for the interests of other organizations that are related to the formulation of local financial management policies and institutions that play a role in determining policy formulation into decisions such as DPRD.

Keywords; Institution Capacity, Policy Formulation, and Regional Financing.

1. Introduction

West Java Province as the sustainable and self-sufficient because of their ability to explore potential areas of revenue (PAD), continuing to strive the ability improvement of financial influence on governance and also to the development in West Java province. However, changes in policies of the regional government have an impact on the policy that has been set by the Government of West Java province, where the sources of financing for the budget or the revenue that is expected to support resource estimates on its development achievements in volatile revenues. Increased financing on West Java Provincial Government after the Law No. 23 of 2014 enactment, hence the impact on the local government to anticipate various policies that have been set in the plans of local governments.

The impact of financial policy changes as the Law No. 23 of 2014 implemented was mainly due to the financing over the educators that reach more than 24,000 people, with a total budget of Rp 300 billion, to finance welfare benefits as well as the financing for temporary employees. Therefore in order to study this is not too extensive research into the phenomenon, the study was limited after the enactment of Law No. 23 of 2014, so this study is based on the time period of 2014-2016.

West Java Province has an Area and large population, so that the Government trying to improve and meet the development financing. Therefore, the success of the Government of West Java province in meeting its financing needs is one indicator of the success of the Provincial Government of Ontario in implementing all government affairs concurrently.

The Various policies and changes in the structure of the budget and financing of the provincial government would not have to do a realignment of the various policies that have been set in the Medium Term Development Plan (RPJMD) and program of work in each of the regional Organization (WTO). Therefore to anticipate the necessary policies tactical efforts of the WTO to deal with the source of financing and policy formulation to policy that is done completely in accordance with the expectations of society.

Meanwhile, to measure the level of success in the West meet its financing needs, which can be found on: Benchmarks increased development activity an area can be observed from the expenditures of local governments, which consists of routine expenditure and development expenditure. Actual Revenue Provincial Government of

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West Bengal in the fiscal year 2014 alone reached 1.814,207 billion. Revenue is the largest contributor of 1.303,756 billion or about 71.86 percent. Component local taxes contributed 1.221,508 billion.

The data presented show that the amount of the contribution to the realization of revenue realization Revenue Provincial Government of West Java reached Rp.1.303,756 billion or about 71.86 percent of total revenue Provincial Government of West Rp.1.814,207 billion. Massive revenues PAD This looks to be one of the indicators of the success of the Government of West Java province in managing revenue sources Revenue. Revenue sources PAD is associated with the management of the resources of the local government externalities. Resource externalities is among other natural resources, social resources and the dynamic economic region which is formed of economic activity in the mining sector, industrial sector, trade sector, hotels and restaurants, agriculture.

Such a condition is not necessarily the provincial government can be satisfied, because without knowing it in the course of the budget changes source of income could be changed especially sumber financing of the central government. Therefore, the government's ability to anticipate changes in policy and funding many development programs require local governments to do a variety of strategies to the needs of the budget in accordance with the financial resources and the availability of budget.

With such a view, the policies that should be done, especially the WTO that relate directly to the source of financing and policy formulation as Regional Development Planning Board (Bappeda), Revenue Department, the Finance Bureau was able melakukan function well in carrying out development in the West, then it's an interesting question to be answered is conceptual and actual "How effective institutional financial management of West Java province in policies formulation.

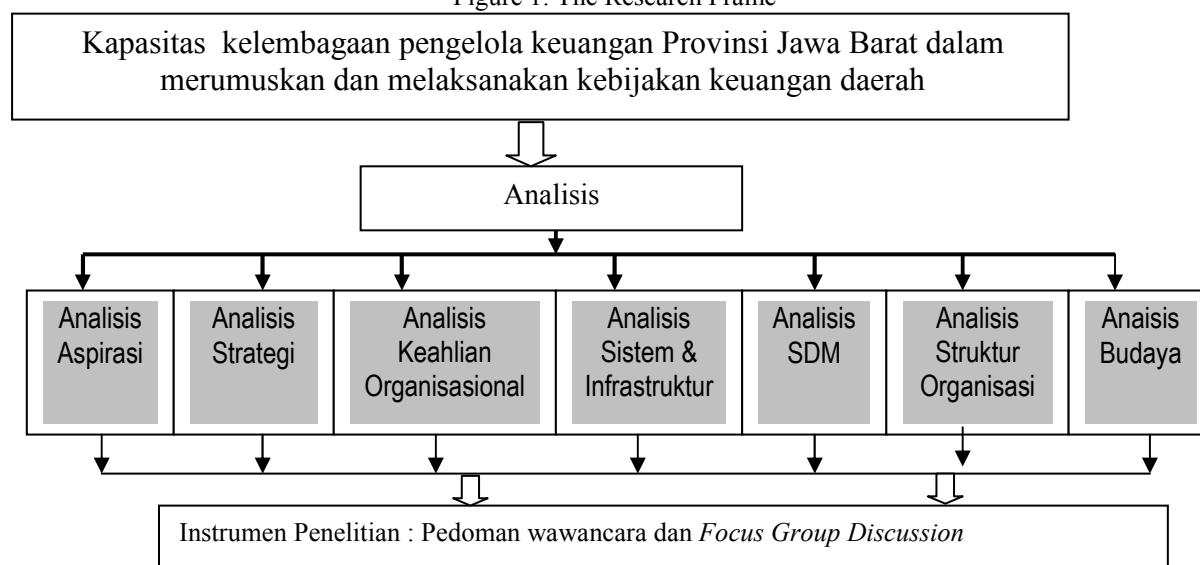
2. Literature Review

In the context of the institutional effectiveness of financial management massive revenues Revenue (PAD), an area not only shows the level of success in managing the revenue sources of income, but it also shows the magnitude of the contribution to revenue receipts financing capability areas. Greater ability financing area, the greater the ability of the region to implement a policy of decentralization and regional autonomy. Instead, the greater the ability to finance the amount established by the PAD acceptance means less dependence on the financial policy of the government. Thus the independence of the region in developing a financial management area is optimal in meeting the financing needs of the construction can be stated as one of the success in implementing the decentralization policy and regional autonomy.

Hence, such a view is, to the success of the West in increasing revenue contribution revenue to the budget process, the query is interesting to answer the conceptual and actual is "How efektifiytas institutional financial management of West Java province in formulating and implementing monetary policy area for the purpose of government? "this question is of course not only refer to the institutional capacity of the executive, but also refers to the capacity of the legislature. Refers to the capacity of the overhauls, McKinsey (2001: 33) says: The Capacity Framework defines nonprofit capacity in a pyramid of seven essential elements: three higher-level elements - aspirations, strategy, and organizational skills - three foundational elements - systems and infrastructure, human resources, and organizational structure - and a cultural element which serves to connect all the others. interfunctional coordination, and individual job descriptions that shapes the organization's legal and management structure.

Based on the above theory, the institutional capacity of financial management of West Java province in formulating monetary policy area conceptualized as a condition of dynamic organizational capability institutions and units of the Provincial Government of West Bengal in charge of formulating and implementing monetary policy areas for government affairs which revealed aspirations, strategy, organizational skills, systems and infrastructure, human resources, organizational structure and culture. With this concept is built framework with the following picture:

Figure 1. The Research Frame



3. Methods

Based on the fundamental thinking about the institutional capacity of Regional Finance Organizations, this research requires some supportive theories that explain various understandings such as the understanding of decentralization and regional autonomy, the idea of the financial relationship between central and local governments, the Thinking on the Functions of Budgets in Regional Development and to Understanding the Citizens Capacity of Operational is used to analyze the Effectiveness of Institutional Management of Regional Keangan. In practice, this research then uses qualitative procedures involving research informants as the main information source whose description is then analyzed in such a way as to generate the discussion and conclusions that answer the previous research question.

4. Result

The results of the study explain that in general the institutional capacity of regional financial managers, especially in the context of the formulation of financial policy in West Java Province has a good picture quietly in supporting the formulating process on regional financial policy. Nevertheless, it is necessary to think about the collectivity of institutional functions, because in the formulation of regional financial management policy is not only related to the interests of regional apparatus organizations but for the interests of other organizations that are related to the formulation of local financial management policies and institutions that play a role in determining policy formulation into decisions such as DPRD.

Institutional capacity on the regional financial policy formulation management of West Java Province is the ability of regional apparatus organizations involved directly in the strategic in preparing and formulating to local financial management policy to achieve the development goals of West Java province in accordance with the vision carried by the Government of West Java Province. Hence, the institutional capacity of regional financial management refers to the aspirations that have been drawn up by the regional instrument organizations that are in interest in the work plan document by taking into account the aspirations of the DPRD as a representative institution that has the budgeting function, the determination of the policies and the aspirations received by the DPRD in recesses to synchronize with the government program.

In the institutional capacity building of the regional apparatus organization the strategy becomes an element to be developed, implemented with attention to the human resources support available within the organization. The ability of human resources is influenced by the availability of facilities and infrastructure of the organization for human resources to develop for organizational clarity. To the institutional capacity building complementary which organizational skills developed in accordance with organizational strategy as well as changing organizational culture as due to the dynamic changes and demands of organizations and policies.

5. Recommendations

To develop the research on institutional capacity expected in the future this research can be developed by researchers including the development of research based on the findings or new concept of research which is the development of theory that made the analysis based on empirical facts in this study.

1. In the formulation of regional financial management policy, local governments should pay attention to the development goals of the West Java Provincial Government based on the priority scale of development.

2. In preparing the formulation for the work program developed more innovative than just copies of the program from the previous year.
3. Need institutional development and innovation in running government programs, especially with regard to financing sources, because the PAD tendency will increasingly become the focus of regional financing;
4. Local governments need to pay attention to various central government policies in financial management as changes to the rules are applied and:
5. Establish an information system containing an annual government work program that can be accessed by the DPRD as part of the policy formulating body for the effectiveness of formulation, determination, evaluation and supervision.

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