



Utilization Strategy of East Java Provincial Government Assets

Nurbaiti Isnaini^{a*}

^a Accounting, Universitas 17 Agustus 1945 Surabaya, Indonesia.

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ABSTRACT

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The implementation of regional autonomy provides an opportunity for the East Java government to increase regional autonomy by exploring all the potential resources available in order to increase East Java PAD. The increase of new sources of income is always categorized as an effort to increase local taxes and retributions, but it should be opened up a new potential that is still buried so far, in the form of assets owned by the East Java provincial government which has not been developed as an asset that can increase revenue for the regional treasury of East Java Province. To achieve these objectives, it is necessary to analyze the causes and constraints of not optimal utilization of assets owned by the East Java provincial government, which are normatively the basis of the implementation of the utilization of the aforementioned laws and regulations. The results of this study propose changes to accelerate the process of optimizing the utilization of assets owned by the East Java provincial government.

INTRODUCTION

Regional financial independence can be seen from the receipt of Regional Original Revenue (PAD) on the total revenue received by an area contained in the APBD structure, the components contained in the report can be used as variables to find out how much PAD is generated for development. Similarly, the East Java Provincial government always strives to become an independent province by exploring sources that can

be used as an additional PAD in accordance with the prevailing laws and regulations. Efforts to explore new sources of income are always categorized as efforts to increase local taxes and regional retributions, but our thinking should be directed towards how sources of local revenue are not only in the sector of regional taxes and levies, but also in the original potential of other regions such as assets owned by the provincial government of East Java.

Table 1. Realization of East Java Province Regional Revenues for 2013-2017

STRUCTURE APBD	2013	2014	2015	2016	2017
REGIONAL REVENUE	17,372,768.54	20,772,483.90	22,228,450.22	24,962,122.46	29,864,031.02
PAD	11,579,340.71	14,442,216.54	15,402,647.66	15,817,795.02	17,324,177.67
Local Tax	9,404,933.62	11,517,684.93	12,497,148.70	12,772,227.12	14,350,601.63
Regional Retribution	106,213.77	148,638.04	176,559.90	133,587.97	131,444.29
Results of separated regional wealth management	332,020.39	342,920.27	352,223.33	364,325.99	374,274.62
Others Legitimate local original revenue	1,736,172.93	2,432,973.30	2,376,715.73	2,547,653.94	2,467,857.13
BALANCE FUNDS	3,092,884.30	3,485,336.77	3,115,619.12	9,039,003.35	12,494,048.65
Profit sharing tax / non-tax revenue sharing	1,374,591.58	1,516,912.61	1,462,318.22	1,849,884.36	1,634,524.59
DAU	1,632,648.29	1,866,548.19	1,587,261.71	1,672,878.37	3,803,428.37
DAK	85,644.43	101,875.97	66,039.19	5,516,240.62	7,056,095.69
MISCELLANEOUS SAH REGIONAL INCOME	2,700,543.53	2,844,930.59	3,710,183.44	105,324.09	45,804.70
Grant income	39,728.18	45,478.65	40,499.14	42,958.98	38,304.70
Adjustment funds and special autonomy	2,660,815.35	2,799,451.94	3,669,684.30	62,365.11	7,500.00

Source: Technocratic RPJMD of East Java Province 2019-2023

Acceptance of contributions to the local tax sector in this study is a source of regional income collected by the provincial government of East Java assisted by the East Java Provincial Revenue Agency, the tax sector's contribution to the regional government budget is very large, the table above shows that local tax revenues continue to increase from year to year. but taxes are still less attractive to the public. This is understandable because the tax is the transfer of resources from the private sector to the public sector, which the public feels burdened by the tax imposition. The government

and the community have the same strong position to determine how the tax should be set so that the fulfillment of tax obligations can be carried out in accordance with the principle, in this case who is subject to tax, when to be taxed, how much tax must be paid according to the tax rate specified.

But not only taxes are the source of PAD but also there are other sectors that should be our concern all in order to encourage PAD for the province of East Java. Among the sectors that can be expected to be sources of regional income are regional assets that need to be increased so that the

assets of goods East Java Province's regional property can be able to provide added value for the increase in PAD, the optimal use of regional assets, besides providing benefits is also one of the keys to the success of economic development. Basically, the utilization of regional assets is intended not to burden the APBD, especially it is related to maintenance costs, there may be encroachments from other parties who are not responsible and get cash rewards which of course can be used as a source of increased PAD acquisition. Government assets in this study the authors focus on assets belonging to the province of East Java in the form of land.

The practice in the field shows that the East Java provincial government in carrying out asset utilization has not been carried out optimally so that many assets are not used (sleep) until the end of 2017 the local government of East Java Province has 3,123 land parcels with an area of about 33,328,423.77 m² with a value of Rp. 13,693,419,671,430 (Balance Sheet Report as of December 31, 2017) spread across all districts / cities in East Java, which have been delegated to 58 Users of Goods (Regional Work Units) as officials holding authority for the use of regional property in accordance with East Java Provincial Regulation Number 10 of 2017 concerning Management of Regional Property. Of the 58 SKPDs registered as users of goods who were given the freedom to use at the same time be able to utilize existing assets so as to produce East Java Province's Original Regional Income. However, up to September 2018 the number of SKPDs has utilized only 15 SKPD assets with 43 parcels of land, and the utilization of assets that has been undertaken is limited to cooperation in the form of leases with third parties with a maximum period of 5 years and can be extended again. From some of the above issues the authors are interested in researching and describing further how the Strategy of Utilization of Assets belonging to the East Java Provincial Government in order to increase the East Java PAD.

LITERATURE REVIEW

Basic Guidelines for Management Utilization of East Java provincial government assets according to the concept of accounting theory is a general guideline carried out by all entities both private and public sector. The guidelines for its implementation follow General Accepted

Accounting Principle-GAAP for a property or assets that are often categorized as assets, thus this must be a compliance/obligation that must be carried out in all asset activities owned by the East Java provincial government. Furthermore, for regional government financial administration executives, there are still some regulations which require the implementation of assets in the area of government property which are better known as Government Regulation Number 27 of 2014 concerning Management of State / Regional Property, and Permendagri Number 19 Year 2016 concerning Guidelines for the Management of Regional Property Goods and East Java Provincial Regulation Number 10 of 2017.

The utilization of East Java provincial government assets is an expensive investment, therefore planning and controlling for the utilization of regional assets must be linked to the benefits or benefits obtained for the East Java provincial government, as in the concept of capital Expenditor (Heckert et al., 1981), then this view is in desperate need of a management strategy in managing assets so that the main goal of increasing Regional Original Income can be achieved. Rational decision making must be immediately taken in the form of a good and reliable management responsibility. The role of management strategy and controllership/management control generally applies to business entities whose purpose is to obtain the desired profit, but it also applies to the public sector where the main funds come from the government (Glueck & Jauch, 1984).

With the changes in the environment and changes in the structure of the environment, a strategic concept must be applied carefully. In the process of development and developing an area to increase local revenues and to improve community welfare, theoretically many patterns must be fought as in the NPM (New Public Management) model, the NPM model is basically a model developed by theorists in an effort to improve the performance of the bureaucracy (traditional model) which is felt to be less able to adapt to changes in the environment in meeting people's expectations of the desired service by prioritizing a managerial approach. NPM focuses on improving the bureaucracy from within the organization (inside the organization) by making necessary changes (Hughes, 1994:2). With dokrin as disclosed Rhodes adopted the opinion of

Hood (Hughes, 1994:2) as follows: first, focusing on management activities not on policy activities, performance and efficiency assessment; second, the breakdown of the public bureaucracy into small and simple bodies that are directly related to the basic interests of service users (user-pay bases); third, using 'quasi market' and throwing into the market (contracting out) as a driving force for competition; fourth, cutting costs; fifth, management patterns that emphasize among others output targets, time constraints on contracts, financial incentives and freedom to manage.

While Osborne and Gaebler (1992:13-22) offers a managerial approach from the other side in managing the government bureaucracy where the bureaucracy becomes entrepreneurial. With characteristics: encouraging competition between service providers, giving authority to the community, measuring the performance of its representatives by focusing on results rather than on inputs, driven by missions not rules and regulations, defining clients (communities) back as customers and offering many choices, preventing problems before they arise, devoting energy to make money not to spend, decentralizing authority with participation management, favoring market mechanisms rather than bureaucratic mechanisms, and not only focusing on the procurement of state enterprises, but also on catalyzing all sectors. The managerial approach of the NPM model that was first developed by Hood or managerialism, the term Pollitt or market based public administration, the terms Lan and Rosenbloom or entrepreneurial government, the terms Osborne and Gebler, although they have different terms but basically try to transform the old bureaucracy into a new bureaucracy. By doing things as stated by Hughes (1994:3) of government, the private sector, and institutions like action to solve the problem of the community. Improving public management, reducing budgets, privatisations of public enterprise seem universal; no-one now is arguing for or increasing the scope of government or bureaucracy.

Meilani and Baridwan (2000) income smoothing concerned with the concept of profit management. Profit management concept using agency theory which is say that profit management practice influence by importance conflict between agent and principal arise there every entity try to achieve or defend prosperity level that wanted. In relationship of agency manager has asymmetric

information to external party company, like creditor and investor. Asymmetric information happen when manager has company internal information relatively more and knows that information relative faster than external entity. Collateral with profit management concept, this income smoothing explanation also use agency theory, that income smoothing arise when importance conflict happen between management and principal. Each entity pushed by different motivation appropriate with their interest.

Hepworth (in Meilani and Baridwan, 2000) pronounced that motivated manager for did income smoothing basically want to get all economic and psychology benefit, which are (1) decrease total tax payable, (2) increase confidences manager because stable revenue will advocate stable dividend policy also, (3) increase relationship between manager and employee because significant increase revenue statement give opportunity to increase demand on salary and wages, and (4) increase and decrease revenue cycle can combat and optimism and pessimism wave can extenuated.

METHOD

The method used in this study is qualitative research with a Hermeneutic approach developed by Ricoeur (1991), hermeneutics as a method or method for interpreting symbols in the form of text or something that is treated as text to find meaning and its meaning. The analysis used is to find the factors causing constraints in the implementation of the legislation that apply to the East Java Provincial Government on the utilization of government assets in East Java so that the strategic decision-making process optimizes the utilization of assets can be generated to increase Regional Original Revenue.

In this study, the authors are using descriptive analysis method. Quantitative research on the other hand uses number to prove or disprove a notion or hypothesis. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationship. Quantitative research uses data that are structured in the form of number or that can be immediately transported into number. It is very controlled, exact approach to research.

RESULT AND DISCUSSION

As stated in the structure of regional property management officials, all SKPD (Satuan Kerja Perangkat Daerah - Regional Work Unit) heads as users of goods can submit proposals for the utilization of regional property, in the form of some land and/or buildings. The form of utilization is in the form of rent, loan use, cooperation in utilization, building to hand over or building up handover or cooperation in the provision of infrastructure. To realize the success of the utilization of land assets in the government of East Java Province, there is a need for political will and leadership commitment from the regional government for entrepreneurship in order to improve the utilization of land assets owned by local governments so as to generate PAD revenues. Legislation has given freedom to implement and asset management so that the assets owned by the East Java provincial government as a revenue booster in East Java.

Siregar (2004:182) says that to increase the utilization of regional assets there are five activities that must be carried out, namely: asset inventory, legal audit, asset valuation, asset optimization and asset management information development. The five activities recorded by the regional government land assets in full will be known to land assets that have the potential to be marketed or cannot be marketed. Therefore, the management strategy of the East Java Provincial Government is required in applying a strategic profit analysis of all regional assets or assets that can be utilized, strategic decisions about the form of determining asset use cooperation, must have an advanced concept, this will provide a rational consideration and basic by the users of goods in the East Java provincial government. The impact of strategic decisions from users of goods in the utilization of regional assets gives multiplier impacts not only to the East Java provincial government, but also to East Java's economic growth.

CONCLUSION

By exploring all available potential resources, the implementation of regional autonomy provides an opportunity for the East Java government to increase East Java PAD. The potential of new resources that are still buried, namely assets owned by the East Java provincial

government that have not yet been developed as assets that can increase revenue for the cash area of East Java Province. The results of this study propose changes to accelerate the process of optimizing the utilization of assets owned by the East Java Provincial Government.

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