

ANALYSIS INFLUENCE PERFORMANCE FINANCE AREA GOVERNMENT PROVINCE NUSA SOUTHEAST EAST TO PRODUCT DOMESTIC REGIONAL GROSS

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ABSTRACT

This study analyzes the effect of financial performance as reflected in the degree ratio decentralization fiscal, ratio ability routine, ratio effectiveness, ratio efficiency and ratio independence regional finance to gross regional domestic product at constant prices (GDP-ADHK) in the province of Nusa Tenggara East (NTT). Test study use assumption classic which consist from test normality, test heteroscedasticity and multicollinearity test. Next, a multiple linear regression test is performed to determine the regression equation that shows the effect of the independent variable on variable dependent. Results study showing that by Partial ratio degrees decentralization fiscal has a negative and insignificant effect on GRDP, the ratio of routine ability has an effect negative and significant to GDP, ratio effectiveness take effect negative and significant to GDP, ratio efficiency take effect negative and no significant to GDP and ratio Regional financial independence has a negative and insignificant effect on GRDP. By simultaneous significant effect on GRDP and the R-square of the five variables have influence to GDP as big as 75.4%; whereas the rest 24.6% influenced by factors other which not a careful researcher in this research.

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1. INTRODUCTION

Economic growth is a series of processes of change towards a state of which more good in effort increase well-being Public. Growth The economy will continue to improve if policy makers are able to work together with good in increase quality economy like increase investment. Investment hold role important in activity economy something country. Export will generate foreign exchange that will be used to finance imports of raw materials and goods capital which required in process production which will shape score plus. Aggregation The added value produced by all production units in the economy is score Product Susanti Gross Domestic, (2013).

According to Sarmiyatiningsih, (2010) in the context of managing regional finances that are transparent, honest, democratic, effective, efficient, and accountable, analysis ratio finance to income shopping area need held though there is difference rule the accounting with report finance which owned company private. Regional financial management that is carried out economically, efficiently, and effectively or Fulfill principle value for money as well as participation, transparency, accountability, and justice will could push growth economy. Management finance area which good no only requires reliable human resources, but also must be supported by adequate regional financial capacity. The emergence of Law number 22 years 1999 concerning Regional Government and Law number 25 of 1999 concerning Balance Finance Between Government Center and Area, is answer on problem the.

The following is the economic growth or GRDP in each district located in the NTT province.

Table 1. GDP-ADHK According to Regency/City, 2016-2018

| No | County town | GDP-ADHK | | |
|----|-------------|----------|------|------|
| | | 2016 | 2017 | 2018 |
| | | 6 | 7 | 8 |

| | | (%) | (%) | (%) |
|----|-------------------|------|------|------|
| 1 | City Kupang | 6.74 | 6.83 | 6.84 |
| 2 | Kupang | 6.81 | 6.13 | 5.09 |
| 3 | East Middle South | 6.71 | 5.02 | 5.13 |
| 4 | East Middle North | 5.80 | 5.01 | 5.07 |
| 5 | Speckle | 5.76 | 5.80 | 5.71 |
| 6 | Alor | 5.76 | 5.00 | 5.29 |
| 7 | Flores East | 5.45 | 5.47 | 5.83 |
| 8 | Sikka | 5.93 | 5.22 | 5.23 |
| 9 | Ende | 5.08 | 5.04 | 5.01 |
| 10 | what's wrong | 5.19 | 5.17 | 5.02 |
| 11 | Manggarai | 5.09 | 5,10 | 5.09 |
| 12 | Sumba East | 5.06 | 5.14 | 5.28 |
| 13 | Sumba West | 5.00 | 5.03 | 5.08 |
| 14 | Lembata | 5.76 | 5.03 | 5.06 |
| 15 | Sumba Southwest | 5.87 | 5.05 | 5.02 |
| 16 | Sumba Middle | 5.82 | 5.92 | 5.97 |
| 17 | Rote Ndao | 5.16 | 5.42 | 5.45 |
| 18 | Nagekeo | 5.56 | 5.80 | 5.73 |
| 19 | West Manggarai | 5.87 | 5.11 | 5.23 |
| 20 | Manggarai East | 5.11 | 5.09 | 5.08 |
| 21 | Sabu Raijua | 5.04 | 5.08 | 5,10 |
| 22 | Malacca | 5.02 | 5.11 | 5.16 |

Source: BPS NTT (2019)

Table on describe that GDP-ADHK province NTT according to districts/cities from year to year is always increasing. Based on research journals that conducted by Hadi Sasana (2011) found that the increase in GRDP from year to year influenced by shopping government area district/city in province Java West. Meanwhile, according to a research journal conducted by Laeni Najiah (2013) found that variable PAD, fund balance and level participation force work very take effect against rising GDP in the city Depok period 2001-2010.

Thing here which becomes wrong one reason and power pull researcher for take title: "Analysis of the Effect of Financial Performance of the Government of East Nusa Tenggara Province (NTT) To Product Domestic Regional Gross (GDP)" for measure influence from performance finance which mirrored from ratio degrees decentralization fiscal, ratio ability routine, effectiveness ratio, efficiency ratio and ratio of independence to GRDP.

2. METHOD

2.1 Design p Object and Design Study

research this is study descriptive with analysis data quantitative. Object What will be studied is the influence of regional financial performance on investment and GRDP which show report realization budget per districts in province NTT, growth investment and GDP per district in NTT province on 2016-2018 years.

2.2 Type and Source Data

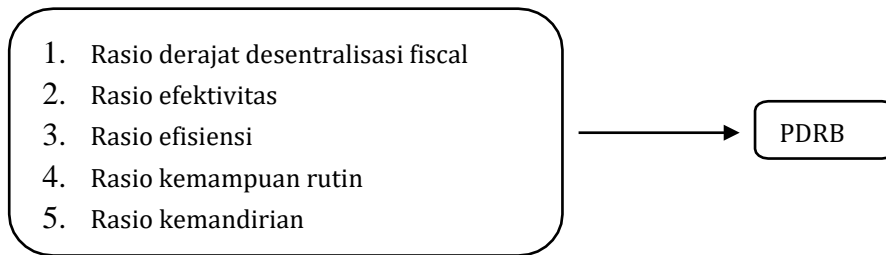
Type data which used in study this is data secondary. In study In this case, the secondary data used is data that is collected in a time *series* (starting from 2016-2018 and *cross section data* consisting of 22 districts which is at in the province of NTT.

The source of data in this study is the NTT provincial government budget data which includes reports on budget realization per district in the province of NTT (2016-2018), GRDP per district in the province of NTT (2016-2018) published by the Central Statistics Agency (BPS) and NTT Provincial

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Government Finance Bureau.
2.3 Framework Thinking

Picture 3.1 Skeleton Thinking



Source: Data processed (2019)

| Ratio | Definition Operational | Calculation |
|--------------------------------------|---|---|
| Ratio Degree Decentralization Fiscal | Degree Ratio Decentralization Fiscal is ratio which show level financial autonomy local government in self-finance activities government which related with service to community that has pay taxes and retribution as source income which required area. | $\frac{\text{Total PAD}}{\text{total income area}} \times 100$ |
| Ratio Routine Ability | Routine Ability Ratio is a routine ability area in financing regional routine expenses which is reflected in the ratio ability routine that is original income ratio area to total routine shopping ability area. Formula which used for look for ratio ability routine finance area. | $\frac{\text{total PAD}}{\text{total shopping routine}} \times 100$ |
| Ratio Effectiveness | Effectiveness Ratio is Effectiveness Ratio describe government capability mobilizing area appropriate PAD acceptance with which targeted. | $\frac{\text{realization PAD}}{\text{budget PAD}} \times 100$ |

| | | | | |
|--|---|---|---|-----|
| Ratio Efficiency | Efficiency Ratio describe comparison Among big cost which issued for earn income with realization income received. Financial performance Local government in doing income collection categorized as efficient when the ratio is achieved not enough from 1 (one) or in | RF = | $\frac{\text{realization shopping area}}{\text{realization income area}}$ | 100 |
| below 100%. The more Small Efficiency Ratio Finance Area means Financial performance Local government the more good. | | | | |
| Ratio Efficiency | PAD Growth Ratio is the independence ratio regional finance indicated by the magnitude PAD compared to income area which come from other sources (transfer income) among others: 1) profit sharing tax, 2) profit sharing not natural resources tax, 3) allocation fund general and allocation special, 4) fund emergency and loan. | $\frac{\text{PAD}}{\text{income transfer}} - 100$ | | |

Source: data processed (2019)

2.4 Hypothesis

- H1 : RDDF _ take effect significant positive and real to GRDP.
- H 2 : The ratio of routine ability has a significant and significant positive effect on GRDP.
- H 3 : Ratio effectiveness has a positive effect significant and real to GRDP.
- H 4 : The efficiency ratio has a significant and significant positive effect on GRDP. H 5 : RKKD take effect significant positive and real to GRDP.

2.5 Method Analysis Data

Method which worn in research this is with method analysis regression multiple panel data models using eviews10 software. By equation the regression is $Y = + 0_ + 1 X 1_ + 2 X 2 + 3 X 3_ + 4 X 4_ + 5 X 5_ + e$.

3. RESULT AND DISCUSSION

3.1 Implementation Results Output EIEWS

3.1.1 Suitability Model

Table 4.14 Test Multicollinearity

| | X1 | X2 | X3 | X4 | X5 |
|--|----|----|----|----|----|
|--|----|----|----|----|----|

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| | | | | | |
|----|-------------|-------------|------------|-------------|-------------|
| X1 | 1 | 0.052463353 | 0.14581353 | 0.001957275 | 0.062772221 |
| X2 | 0.052463353 | 1 | 0.20967236 | 0.059595055 | 0.317575283 |
| X3 | 0.145813530 | 0.209672362 | 1 | 0.198837778 | 0.170590259 |
| X4 | 0.001957275 | 0.059595055 | 0.19883777 | 1 | 0.148324981 |
| X5 | 0.062772221 | 0.317575283 | 0.17059025 | 0.148324981 | 1 |

Source: eviews10 (2019)

From table 4.14 is known that score correlation between variable free more small from 0.8 (r < 0.8) which means model no contain problem multicollinearity or assumption no occur multicollinearity in the model is met.

Table 4.20 Test Significance

Dependent Variables:

Y?

Methods: Pooled Least Squares

Dates: 01/08/20 Time: 00:35

Samples: 2016 2018

Included observations: 3

Cross-sections included: 22

Total pool (balanced) observations: 66

| Variabl e | Coefficient | Std. Error | t-Statistic | Prob. |
|-----------|-------------|------------|-------------|--------|
| X1? | 0.014605 | 0.018606 | 0.784993 | 0.4372 |
| X2? | -0.026691 | 0.010420 | -2.561613 | 0.0144 |
| X3? | -0.057278 | 0.025614 | -2.236179 | 0.0311 |
| X4? | -0.008711 | 0.010754 | -0.809987 | 0.4229 |
| X5? | -0.029386 | 0.015137 | -1.941312 | 0.0595 |
| C | 13.65725 | 3.265042 | 4.182871 | 0.0002 |

Fixed Effects (Cross)

| | |
|-------------|-----------|
| _KOTKUP--C | 2.326616 |
| _KPG--C | 0.753156 |
| _TTS--C | 0.196021 |
| _TTU--C | -0.435375 |
| _BELU--C | -0.091756 |
| _ALOR--C | -0.108519 |
| _FLOTIM--C | 0.089963 |
| _SIKKA--C | -0.004586 |
| _ENDE--C | -0.236042 |
| _NGADA--C | -0.266713 |
| _MANGARAI—C | -0.115562 |
| _SUMTIM—C | -0.004176 |
| _SUMBAR—C | -0.145521 |
| _LEMBATA—C | -0.391486 |
| _SBD—C | -0.037676 |
| _SUMTENG—C | 0.169343 |
| _ROTE—C | -0.458913 |
| _NAGEKEO—C | -0.052182 |
| _MABAR—C | 0.244706 |

| | |
|-----------|-----------|
| _MATIM—C | -0.394321 |
| _SABU—C | -0.721976 |
| _MALACA—C | -0.314999 |

| Effects Specification | | | |
|---------------------------------------|-----------|-----------------------|----------|
| Cross-section fixed (dummy variables) | | | |
| R-squared | 0.753871 | mean dependent var | 5.418636 |
| Adjusted R-squared | 0.589785 | SD dependent var | 0.503153 |
| SE of regression | 0.322259 | Akaike info criterion | 0.865168 |
| Sum squared resid | 4.050190 | Schwarz criterion | 1.760936 |
| Log likelihood | -1.550541 | Hannan-Quinn criter. | 1.219128 |
| F-statistics | 4.594373 | Durbin-Watson stat | 2.346041 |
| Prob(F-statistic) | 0.000010 | | |

source: eviews10 (2019)

From results process which enough long in study this; table 4.19 is results end from determining the right model, namely the fixed effect. Below is the interpretation of the test estimation on table 4.19 on.

1) Test T (Partial)

Based on table on could concluded that by test t Partial showingthat:

- X1 or ratio degrees decentralization fiscal take effect negative and no significantto Y or X1 . value of $0.4372 > 0.05$.
- X2 or ratio ability routine take effect negative and significant to Y orscore X2 of $0.0144 < 0.05$.
- X3 or ratio effectiveness take effect negative and significant to Y or score X3as big as $0.0311 < 0.05$.
- X4 or ratio efficiency take effect negative and no significant to Y or scoreX4 of $0.4229 > 0.05$.
- X5 or ratio independence finance area take effect negative and no significantto Y or X5 . value of $0.0595 > 0.05$.

2) Test F (simultaneous)

Based on results output eviews on showing that score from prob. (F-statistics)is $0.000010 < 0.05$. So it can be concluded that simultaneously or f test, fifth variable independent positive effect significant to variable dependent.

3) Test R²

Based on results output eviews on showing that score from R2 is - 0.753871. It means that big variation change or influence from ratio degrees decentralization fiscal, ratio ability routine, ratio effectiveness, ratio efficiency and ratio independence to GRDP of 75.4%; while the remaining 24.6% is influenced by factors other which not researcher carefully in this research.

Equality regression based on results from output eviews on is as following:
 $GDP = 13,65725 + 0.014605 RDDF + 0.026691 RKR + 0.057278 REFE + 0.008711 REFI + 0.029386 RKKD$

Based on regression equation on so can be explained that:

- The constant value 13,65725 means that if the levels of RDDF, RKR, REFE, REFI and RKKD or independent variables X1, X2, X3, X4 and X5 are fixed, then the value of GRDP is by 13.65%.
- Coefficient regression X 1 as big as 0.014605 it means that if level RDDF go on 1% soGDP will increase by 1.4%.
- The regression coefficient of X 2 is 0.026691 which means that if the RKR level increases by 1%, then GDP will increase by 2.6%.
- Coefficient regression X 3 as big as 0.057278 it means that if level REFE go on 1% soGDP will increase by 5.7%
- The X4 regression coefficient of 0.008711 means that if the REFI rate increases by 1% thenGDP will increase by 8.7%.

- f) Coefficient regression X 5 as big as 0.029386 it means that if level RKKD go on 1% soGDP will increase by 2.9%.
- 4) Estimate Per District Against GDP In Province NTT.

Table 4.21 Estimate Per district To GDP in Province NTT

| Kabupaten/Kota | Penjabaran | Hasil | Kabupaten/Kota | Penjabaran | Hasil |
|----------------|-------------------|-------|----------------|-------------------|-------|
| _KOTKUP-C | 13.65725+2.326616 | 15.98 | _SUMTIM—C | 13.65725-0.004176 | 13.65 |
| _KUPANG-C | 13.65725+0.753156 | 14.41 | _SUMBAR—C | 13.65725-0.145521 | 13.51 |
| _TTS-C | 13.65725+0.196021 | 13.85 | _LEMBATA—C | 13.65725-0.391486 | 13.26 |
| _TTU-C | 13.65725-0.435375 | 13.22 | _SBD—C | 13.65725-0.037676 | 13.61 |
| _BELU-C | 13.65725-0.091756 | 13.56 | _SUMTENG—C | 13.65725+0.169343 | 13.82 |
| _ALOR-C | 13.65725-0.108519 | 13.54 | _ROTE—C | 13.65725-0.458913 | 13.19 |
| _FLOTIM-C | 13.65725+0.089963 | 13.74 | _NAGEKEO—C | 13.65725-0.052182 | 13.60 |
| _SIKKA-C | 13.65725-0.004586 | 13.65 | _MABAR—C | 13.65725+0.244706 | 13.90 |
| _ENDE-C | 13.65725-0.236042 | 13.42 | _MATIM—C | 13.65725-0.394321 | 13.26 |
| _NGADA-C | 13.65725-0.266713 | 13.39 | _SABU—C | 13.65725-0.721976 | 12.93 |
| _MANGGARAI-C | 13.65725-0.115562 | 13.54 | _MALAKA—C | 13.65725-0.314999 | 13.34 |

In the estimation table 4.21 the researcher wants to describe more specifically related to performance finances of each district in the province of NTT as reflected by the RDDF, RKR, REFE, REFI and RKKD to GDP. Based on table 4.21 could be seen that performance finance per districts in province NTT to GDP get results which are positive. City Kupang gets a number which is most tall compared to other districts which is in the province of NTT. This is really reasonable because the city of Kupang is the capital of the province of NTT where the city of Kupang is the center of the economy. The overall results in the table above are expected that the government will continue to innovate, new breakthroughs, profitable public policies so that from year to year performance finance every district in province NTT keep going to improve and be able to compete with districts outside NTT.

Table 4.21 is certainly a very serious factor for the central government of NTT province, especially for local governments in each district, so that further improve its performance; such as continuing to do job evaluations, continuing to do investment, both domestic investment and foreign investment and various innovations to improve financial performance. For example, in Rote Ndao district, it can be seen that the district gets the second lowest score of all districts which is in the province of NTT, even though the potential in Rote Ndao district can actually be made a potency mainstay for increasing PAD which is big added again to districts geographically very close to the provincial capital of NTT which should be a value added in managing regional income. In addition, this Rote Ndao district has potential in the quality fishery sector. It should be with this potential, Rote Ndao district government is seriously developing the fisheries sector as a leading sector that can become a competitive advantage in a manner such as means and adequate fishery infrastructure, ice factory which should be re-functionalized because this ice factory has never functioned properly since it was built by the central government, then the condition of the pier is apprehensive because the pier is too high compared to the low tide limit and unfavorable road conditions where access Street the

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is Becomes central activity landing fish. If Thing this done withtaken seriously by the Rote Ndao district government, then it is gradually able to provide contribution which positive for GRDP districts Rote Ndao.

Based on the results in table 4.21, it was found that the biggest factor was to be more seriously considered by the local government in the regencies that are located in the province of NTT is the efficiency ratio factor (REFE), because based on the results of statistical tests it turns out that the REFE variable that gets the worst or largest result is -5.7%. It means that realization shopping area no balanced with realization income area.

3.2 Summary Results Study

After testing the model and statistical tests, it will be studied in more detail further on the effect of the ratio of the degree of fiscal decentralization, the ratio of routine capabilities, the ratio of effectiveness, efficiency ratio and independence to ratio GDP in the province NTT. The following is result summary research based on results output eviews on.

3.3 The Effect of Fiscal Decentralization Degree Ratio (RDDF) on GRDP of Every Regency in NTT . Province

Results research which conducted by researcher find that it turns out Fiscal decentralization does not play an active role or has no significant effect on GDP in every district which is at in the province of NTT.

NTT is one of the underdeveloped regions with a human development index which low. Province NTT is wrong one from three province bottom in 68.77, far in lower average national 73.42 on year 2013 (Mahardianingtyas, Adhetiya sapphire, & Augusto, 2019). Sector or potency which most superior in NTT is sector tourist and fishery which should can make NTT rise from adversity and able to build competitiveness with the regions that are in Indonesia. (Sofian, Dhian and Alfado, 2018)

Factor which slow down economy province NTT is 1) quality HR still low; 2) limited technological facilities; 3) capital accumulation ability low; 4) management power limited; 5) ability for expand scale production low. (Aba, Yussof, & Mohd, 2015)

Based on some of the results of the research above, it is actually quite an answer the reason why ratio this no positive and significant effect on GRDP. This finding is certainly a new spirit for the government to continue pursuing lags both in terms of the quality of human resources, technological facilities, power management which is limited and there are many other aspects that need to be pursued more seriously. If the ratio In the years to come, it will increase and it will always be conducive then will increase economic growth in the area which is at in the province NTT.

The results of research conducted by Akai, Nishimura, & Sakata, (2007) In the research find that on year 1992-1997 decentralization fiscal in America Union always conducive so that help increase growth economy. This result is certainly one of the recommendations for the American government unions to continue to increase their fiscal decentralization. The meaning is if the ratio Fiscal decentralization in the province of NTT experienced a positive increase, it will influence economic growth rate which more tall.

Based on the description above, H1 or the first hypothesis is rejected because RDDF no significant effect on GRDP.

3.4 The Influence of Routine Ability Ratio (RKR) on GRDP of Each District in NTT Province

Based on the results of statistical tests using eviews shows that RKR has a negative and significant effect on the GRDP of each district in the province NTT. On table 4.6 could concluded that RKRKD at each districts which is at in the province of NTT is on a medium scale. The last three years districts which is at in province NTT reflect performance in sector finance which enough good. Seeing the results of the RKRKD above reflects that the ability of each districts in the province of NTT in terms of financing their routine expenses or expenditures routine, more many use fund income original area compared with fund outside PAD for example fund central government transfers.

The results of research conducted by Suryantini, (2018) concluded that performance finance government no influential to growth economy in

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Bali province is caused by macro variables that require more roles government in take policy, factor inflation, condition political and climate investation, also variable micro in context mapping and management potency area that cannot be utilized effectively and policies that are not effective. According to Syari, Syamsurijal, & Robiani, (2017) PAD the big one can made strength big and positive to do economic acceleration.

A the article that title "management finance the area that impoverish" written by Salahudin, S.IP (2013). believes that the regional financial performance so unnatural caused by several factors: 1) lack of supporting human resources. This means that there are many local governments, in this case the provincial government NTT does not have human resources to support the implementation of APBD policies, so that budget cannot be realized properly. Many factors cause local governments do not have good human resources, including HR recruitment patterns which is not based on capability analysis. Local government in recruitment HR still put forward attitude collusivity so that no seldom found units government occupied HR which no have ability in management budget based on activity and needs strategic for development area; 2) complicated budgeting system. This means that budget users must go through long process and time to get the budget because you have to prepare terms legality which must fulfilled for realization budget. If user budget no through system including Fulfill condition legality, so will impact on the sanctions that must be accepted. Therefore, budget users (moreover unqualified human resources) are often apathetic with the rules so that the budget does not could realized. Public (especially which no understand about mechanism budget) the more difficult it is to get a budget. People get budget must through process in accordance rule law which apply. Needs incidental communities cannot be financed through the APBD because they do not go through system. Rigidity (complicated) budget cause government and Public difficulty for access budget; 3) strong influence political. It means is interest political determine budget realization. Many big local government programs cannot be realized because it is hampered by the political interests of stakeholders. Head area and DPRD is two stakeholders which interested immediately with policy budget. Often head area and DPRD no harmonious in budget management. They put their own interests first. Head area bring vision which different with DPRD. Policy budget managed based on importance, not performance and important needs for development area. Differences in interests and visions worsen local financial management so the policy budget implemented without direction which clear.

The description of Salahudin, S.IP (2013) stated that one of the reasons why the routine ability ratio does not contribute positively to GRDP due to the three factors above. Furthermore, in increasing the absorption of the budget or PAD large, districts in the province of NTT must improve absorption budget with method improve its performance.

Based on description on so H2 _ or hypothesis second rejected because RKR influence negative and significant to GRDP.

3.5 Influence Ratio Effectiveness (REFE) To GDP Every Regency in Province NTT

Table 4.8 shows positive results for districts that is at in province NTT. Where government with careful in make policies so that everything could walk in accordance target which determined.

Achievement from table on showing that counties which are in the province of NTT in implementing local taxes, regional levies, profits BUMD and others are running well and the targets set by the government everything comes to fruition which desired.

These results are in line with the results of research conducted by Sari, Kindangen, & Rotinsulu, (2019) where in the research showing that REFE take effect positive on economic growth in North Sulawesi. In his discussion he put forward that REFE take effect positive to growth economy in Sulawesi north caused because programs and activities government reach target or target which already set.

Then the problem with this effectiveness ratio is when the ratio effectiveness go on; GDP decrease. Based on Analysis researcher Thing this occur because the PAD of each region is actually still small, that PAD cannot jack up growth economy. The more tall PAD something area will increase the economic growth of Avina (2019). But with a small PAD local government is able to manage it well so that the results of statistical analysis bring influence which significant.

Based on the description above, H 3 or the third hypothesis is rejected because REFE negative influence and significant to GRDP.

3.6 Influence Ratio Efficiency (REFI) To GDP Every Regency in Province NTT

In table 4.10 it can be concluded that the efficiency ratio in 2016 is relatively inefficient, as well as in 2017 there were no significant changes at each districts. Then on year 2018 occur enhancement which enough significant because more districts are achieving efficient levels; from 22 district there are 9 districts whose efficiency ratio reaches an efficient scale, while the rest 13 districts received no predicate efficient.

From the explanation above, it reflects that there is a significant difference in the budget between the funds expended and the income earned by the region. This matter Of course, the government needs serious attention to suppress targets regional income so that balanced with realization shopping area.

Research conducted by Lucky, 2013 suggested that to get performance finance which efficient government need optimizing ability financing good from side income and expenditure, optimization PAD, optimization SILPA and loans.

Based on the description above, H 4 or the fourth hypothesis is rejected because REFI no positive and significant influence to GDP.

3.7 Influence Ratio Independence Finance Area (RKKD) To GDP Every Districts in NTT . Province

On table 4.12 describe how level independence from districts- districts which is at in province NTT. Results from table 4.12 showing that since In the last three years, none of the districts has an independence ratio which currently nor tall; also in testing statistics on table 4.17 get prob value. of 0.0595, which means that the RKKD has no effect positive and significant to GRDP. This achievement occurred due to the level of dependency area to fund from government center still enough high. Area not yet capable manage income original the area so that moment finance government activities still depend on funds from outside the original income blood.

Research which conducted by Sarmiyatiningsih, (2010) related level financial independence in the Kulon Progo district found that in the district Kulon Progo regarding regional financial independence is in the low category. According to Sarmiyatiningsih, (2010) this happened because the district in finance all activity government still depend on fund from central government, where PAD should play a more dominant role in finance activities in the district Kulon prago.

Research conducted by Demora, (2016) found the same results that is level independence fiscal belong to low in area city jambi. If income area which obtained by area where inside it cost from the central government is greater than PAD, the area is categorized as a region that has not been able to let go of its dependence on intervention government center.

The most reasonable potential to increase financial independence area is sector tourist. Sector this of course is at in all area which is at in NTT province with a very beautiful and global tourism impression. Should the tourism sector can become a dark horse in the welfare of society in Indonesia NTT province. This statement can be proven by the results of research conducted by Aref, (2011) where in the results of his research found that respondents strongly agree with the existence of effective tourism governance has an effect on the quality of life of the community. Also in his research, he was offensive that tourism that cannot change the quality of life of its people is caused lack of understanding about impact from sector tourist. The implication is that if the local government in the province of NTT is able to empower potential in this tourism sector well without assuming any interests unilateral, so future performance finance area which mirrored from ratio independence regional finance will continue to results which very positive.

Based on the description above, H5 or the fifth hypothesis is rejected because RKKD no significant positive effect to GRDP.

4. CONCLUSION

Fiscal Decentralization Degree Ratio has no positive and significant effect on GRDP. Of course, these results are contradictory when viewed from the potential they have by each region in the province of NTT; it seems the local government is not like that active in exploring regional potential, especially in the tourism and fisheries sector, the proof is with fiscal decentralization which in the end has no impact to GDP at each

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districts which is at in NTT province. Ratio Ability Routine take effect positive and significant to GRDP. In table 4.6 it can be concluded that the RKR in each district that is in the province of NTT is on a medium scale. The last three years districts which is at in province NTT reflect performance in sector finance which enough good. See results from RKR on reflect that ability every districts in the province of NTT in terms of financing their routine expenses or expenditures routine, more many use fund income original area compared with fund outside PAD for example fund government transfer center. Ratio Effectiveness take effect positive and significant to GRDP. Where government with careful in make policies so that everything could walk in accordance target which determined. It means that counties which is at in province NTT in doing tax area, regional levies, BUMD profits and others are going well and the targets are high made all government reach results which desired. Ratio Efficiency is not take effect positive and significant to GRDP. The results of the study reflect that there is a large budget difference between the funds expended and the income earned by the region. It is sure need serious attention by the government to suppress the target income area so balanced with realization regional shopping. Ratio Independence Finance Area no take effect positive and significant to GRDP. This achievement occurred due to the level of regional dependence on funds from government center still enough high. Area not yet capable manage income original the area so that moment finance activities government still depend on fund from outside the original blood income.

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