

The Opportunities for the Establishment of Madura Province: Weighing Capacities and Challenges

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Abstract

This paper describes the opportunities for the establishment of Madura Province through an analysis of the capacities and challenges. The analysis is carried out on regional economy quality, equitable development, human resources quality, village development, fiscal capacity, and regional fiscal independence. Expanding regions or creating New Autonomous Regions is frequently the approach taken to enhance governance quality in the regions. Therefore, understanding the scope of the opportunities is crucial. The deepening of opportunities is achieved by analysing the capacities and challenges present in the new regional government. The results, it is known that the regencies on Madura Island have several advantages and challenges. The advantage is having GINI Index, HDI, and IDM that are on average with regencies/cities in East Java. Meanwhile, the challenge is the quality of the regional economy as indicated by the GRDP, that is far below the regencies/cities in East Java. The following challenge is the region's limited capacity and fiscal independence. Compared to the values of other regencies/cities in East Java, the capacity and fiscal independence of the four regencies on Madura Island are still below average. However, the quality of human resources, development, and existing equity can serve as the fundamental capital to maximize the management of the potential that is owned, if granted to become a province. Madura Island has sufficient natural resources and economic potential, with more authority, can be maximized and used to raise the standard of public services and governance, which will benefit the local society.

Keywords: *Capacities, Challenges, New Autonomous Region, Madura Province*

Abstrak

Tulisan ini menggambarkan peluang pembentukan Provinsi Madura melalui analisis atas kapasitas dan tantangan yang dihadapi. Analisis dilakukan pada kualitas ekonomi daerah, pemerataan pembangunan, kualitas sumber daya manusia, pembangunan desa, kapasitas fiskal, dan kemandirian fiskal daerah. Pemekaran daerah atau pembentukan Daerah Otonom Baru (DOB) seringkali menjadi jalan yang dipilih untuk memperbaiki kualitas penyelenggaraan pemerintahan di daerah. Oleh karena itu, penting untuk mengetahui seberapa besar peluangnya. Pendalaman peluang dilakukan dengan menganalisis kapasitas dan tantangan yang ada di pemerintah daerah yang akan menjadi bakal bagian dari provinsi baru tersebut. Berdasarkan hasil penelitian diketahui bahwa kabupaten yang ada di Pulau Madura memiliki beberapa keunggulan dan tantangan. Keunggulannya bahwa keempat kabupaten di Pulau Madura memiliki nilai Indeks GINI, IPM, dan IDM yang rata-rata dengan kabupaten/kota di Jawa Timur. Sedangkan yang menjadi tantangan adalah kualitas ekonomi daerah yang ditunjukkan dengan nilai PDRB yang kesenjangannya jauh di bawah kabupaten/kota di Jawa Timur. Tantangan berikutnya adalah kapasitas dan kemandirian fiskal keempat kabupaten di Pulau Madura berada di bawah rata-rata dari kabupaten/kota lainnya di Jawa Timur. Bagaimanapun kualitas sumber daya manusia, pembangunan dan pemerataan yang eksis dapat menjadi modal dasar untuk mengoptimalkan pengelolaan potensi yang dimiliki, apabila diberi kewenangan untuk menjadi provinsi. Pulau Madura memiliki potensi ekonomi dan sumber daya alam yang memadai yang apabila dikelola dengan kewenangan yang lebih besar dapat dioptimalkan dan mampu meningkatkan kualitas penyelenggaraan pemerintahan dan pelayanan publik sehingga kesejahteraan masyarakat lokal menjadi lebih baik.

Kata kunci: *Kapasitas, Tantangan, Daerah Otonom Baru*

Introduction

The 1998 reformation was a turning point in the implementation of regional government. The first law after the reformation that regulated the new direction of regional government was Law Number 22 of 1999 which was later replaced by Law Number 32 of 2004 concerning Regional Government. Then, the law regulating regional government was revised by Law Number 23 of 2014 as a result of adjustments to the experience of implementing decentralization policies for a decade. The characteristics of these two laws are that government is organized based on the principles of decentralization and assistance tasks with an emphasis on the principle of decentralization. The central government delegates most government affairs to autonomous regions; there are only six affairs that become the authorities of the central government, namely: foreign policy, national finance and monetary, defense, security, justice, and religion.

The new policy of regional government administration, in addition to providing broad authority to the Regions, especially regencies/cities, also opens up opportunities for regional expansion. Expansion is the process of forming new autonomous regions that are born from the parent autonomous region. This opportunity

has triggered many New Autonomous Regions (DOB) to be formed. Until now, there have been 12 new provinces, 164 new regencies, and 34 new cities, so that the number of provinces has become 38, regencies have become 416, and cities have become 98, the total number of autonomous regions has become 530 regions.

New autonomous regions are expected to be a solution for improving the quality of government administration in the regions. The public will find it easier to access public services and will be better facilitated to improve their quality of life (Smith, 1985). The closer the public service providers are to the local community, the more accurate the fulfilment of community needs. Accuracy of public services is in line with good responsiveness (Oates, 1972). The overall result is a more efficient delivery of local public services (Lewis and Smoke, 1996; Martinez-Vazquez and Vaillancourt, 2011; Smoke and Löffler, 2013; Tiebout, 1956).

However, the challenge is the fulfilment of the completeness of regional government administration, which includes facilities and infrastructure, human resources, bureaucratic systems covering the Regional People's Representative Council (DPRD), and budget. Post-expansion DOBs must be able to regulate and manage

government affairs that are under their authority. Many DOBs initially did not have infrastructure, so the facilities and infrastructure used were still rented from other parties. Regional apparatuses received a distribution from the parent autonomous region with numbers, qualifications, and competencies that often did not match their needs. This condition is the reason why DOBs cannot immediately accelerate since their formation.

Related to the assessment of DOB performance as stated by Rachman (2011) that many DOBs have poor performance. This shows that regional expansion is moving away from its purpose, namely, to accelerate community welfare (Norton, 1997, quoted by Muluk, 2009). It is hoped that public services can be brought closer to their recipients, regional potential can be managed productively, and community economic empowerment can be carried out more quickly. The logical consideration is that it is no longer constrained by regional accessibility and the length of bureaucracy.

After more than two decades of implementing the post-reform decentralization policy, for new autonomous regions formed at the beginning of the post-reform era, the preparation period has certainly passed. The implementation of governance has been stable, so its quality

can be seen. As part of the dynamic process of improving the governance quality in the regions, the expansion of autonomous regions certainly requires evaluation. Performance assessment is intended to understand the quality of the intervention implemented. If the intervention has a good impact as expected, it becomes the basis for decision-making that the intervention is worthy of being continued. However, if the reality is otherwise, alternative interventions are needed so that the territorial challenges of regional governance are not always resolved by the expansion or formation of new autonomous regions.

The government once implemented a moratorium policy on the expansion of new autonomous regions since 2014 to 2021. Various reasons were taken into consideration, especially the failure of several new autonomous regions to create welfare for their communities and were considered a burden on state finances. This frequently occurs because financial support from the central government is still very large while local revenue has not been able to become the main source of regional revenue (Susilawati, Kusumastuti, and Rahmawati; 2018). This ratio can be calculated by comparing the amount of transfer income received by the region with its Local Revenue (PAD). This indicates that

the performance of new autonomous regions has not performed well, with the criteria put forward by Mahsun (2006), namely: 1) input (including budget, human resources, infrastructure, time, 2) process (activity size, speed, precision/accuracy, compliance with regulations), 3) output (quantity of goods/services, precision of production), 4) results (quality of goods/services, productivity), 5) benefits (satisfaction, participation), and 6) impact (increase of community welfare and income). Measurement of regional government performance is directed at the authority to manage its resources.

Achievement assessment of the tasks and functions implementation of the regional government can be seen from the results of tracking the performance of the regional government as explained by Ammons (cited by Hwang-sun Kang, 2003) which includes: workload, efficiency, effectiveness, and productivity. Other measures that can be used are economy and relevance (Fenwick and Bailey, 1999). However, since 2022, the submission of regional expansion has been reopened, starting with the expansion of the province in Papua. Considering that the expansion of autonomous regions has resumed, especially at the provincial level, it is interesting to explore the situation of preparation for the

formation of new autonomous regions in terms of fiscal independence and the quality of regional government administration. Finance is the main factor in regional ability in implementing autonomy (Halim, 2007). Furthermore, according to Siregar and Pratiwi (2017), regional financial independence is the government's ability to finance its own government activities, development and services to the community who have paid taxes and levies as a source of income needed by the region.

The readiness of regional governments in facing regional autonomy, especially in the financial sector, is measured by how far the ability to finance affairs if fully funded by Local Revenue (PAD) and Regional Revenue Sharing (Kustianingsih, Muslimin, and Kahar, 2018, 2018; Hehamahua, 2015). Then, Handayani and Erinos (2020) explained that the independence ratio describes the dependence of the region on external funding sources. The higher the independence ratio means that the level of dependence on external assistance (especially the central and provincial governments) is lower, and vice versa. The independence ratio also describes the level of community participation in regional development. The higher the independence ratio, the higher the community participation

in paying regional taxes and levies which are the main components of PAD.

One of the most-widely reported news is the expansion in East Java. As reported by kabar-priangan.com regarding the proposed formation of new provinces in West Java, Central Java, and East Java, there are 9 new province candidates on the island of Java, starting from Bogor Raya Province in West Java to Blambangan Province in East Java (Finaldi, kabar-priangan.com, February 7, 2022). Even most recently, three new provinces have been ratified on the island of Papua, namely Central Papua, Papua Pegunungan, and South Papua (Mantalean, Kompas.com, April 15, 2022). Finally, the newest province is the Province of West Papua Dayak which was expanded from the Province of South-West Papua.

This study attempts to analyze the opportunities for the establishment of Madura Province, which is one of the proposed new provinces in East Java. The candidate province includes 4 regencies on Madura Island, namely Bangkalan Regency, Sampang Regency, Pamekasan Regency, and Sumenep Regency. Then, to meet the basic requirements of at least five autonomous districts/cities, it is planned to expand one city government from Pamekasan Regency.

The measurement on the quality of regional government according to Bappenas and UNDP (2008) can be done by using indicators: regional economic performance, economic growth, poverty rate, regional finance, and quality of public services. Meanwhile, according to Said (2008) fiscal independence is one of the essential factors for the implementation of regional government. The success of the implementation of regional autonomy in Indonesia is influenced by the fiscal capacity of the region, and until now fiscal support from the central government is still the main support for the fiscal capacity of the regional government. Therefore, fiscal independence and the quality of regional government can be used as material to assess the opportunities for the readiness of DOB. In this paper, the analysis of the opportunities for the establishment of Madura Province is carried out on the quality of regional government as seen from Gross Regional Domestic Product (GRDP), Human Development Index (HDI), Village Development Index, GINI Index, Fiscal Capacity Index, and Fiscal Independence Index.

Methods

This is a descriptive research using quantitative method. The objective of this study is to describe the opportunities for the

establishment of Madura Province as seen from the capacities and challenges in four districts on Madura Island. According to Aswar (2007) descriptive research using a quantitative approach emphasizes numerical data processed using statistical methods. The reason for using quantitative research methods is related to the type of main data used in this study. The quantitative data used are Gross Regional Domestic Product (GRDP), Human Development Index (HDI), Village Development Index, GINI Index, Fiscal Capacity Index, and Fiscal Independence Index.

The data sources in this study are the Central Bureau of Statistics (BPS), the Ministry of Finance, the Ministry of Home Affairs, and data accessed from the official websites of four districts on Madura Island. Data analysis was carried out by starting with the data tabulation process per district according to the research variables. Then, it was continued with a comparative analysis between districts on Madura Island and a comparison with districts/cities in East Java. The results will show whether Madura has the opportunity to organize regional government as a DOB, namely Madura Province. Opportunities are generated from a comparison between the capacities owned and the challenges faced.

Result and Discussion

The opportunity for the formation of Madura Province can be seen from the capacity of the regional government that will be part of the DOB and the challenges faced. This analysis was conducted by comparing the quality of governance on Madura Island with other regional governments in East Java. The comparison was conducted using the following indicators: GRDP, HDI, Village Development Index, GINI Index, Fiscal Capacity Index, and Regional Fiscal Independence Index. Viewed from the GRDP both based on constant prices and current prices, it can be seen that the average GRDP of the four regional governments on Madura Island is below the average in East Java, except for the Constant Price GRDP of Bangkalan Regency which is higher than the Average GRDP of Madura Island and East Java. However, the GRDP value of the four regencies on Madura Island shows an increasing trend every year. Meanwhile, the GRDP of the current prices of the four regencies on Madura Island is smaller than the GRDP of the constant price. In fact, the average GRDP value of the current price of regencies/cities in East Java is in line with the GRDP value of its constant price.

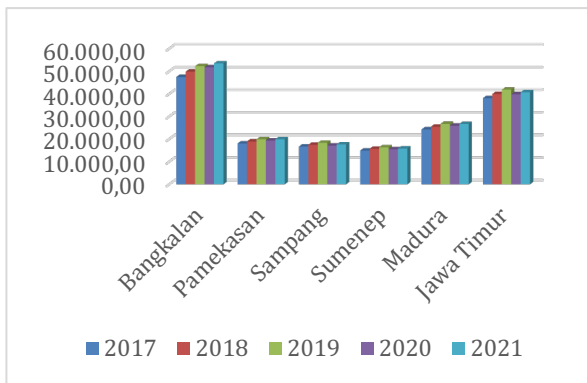


Figure 1 GRDP at Constant Prices

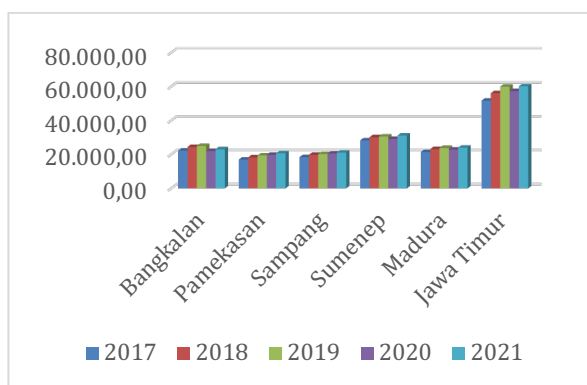


Figure 2 GRDP at Current Prices

Then, the capacities of the four districts on Madura Island are also seen from the GINI Index to determine the quality of the implementation of equitable development. Based on the GINI index for the last five years (2017-2021), it can be seen that the average GINI index of districts on Madura Island is below the East Java average. In addition, in terms of numbers, Sampang Regency and Sumenep Regency have the best index, while Pamekasan Regency has the lowest. Besides, Bangkalan Regency and Sumenep Regency show an increasing trend, while the other two regencies have a decreasing trend. This condition is a good condition, meaning that

equitable development on Madura Island is not much different from the regencies/cities in East Java.

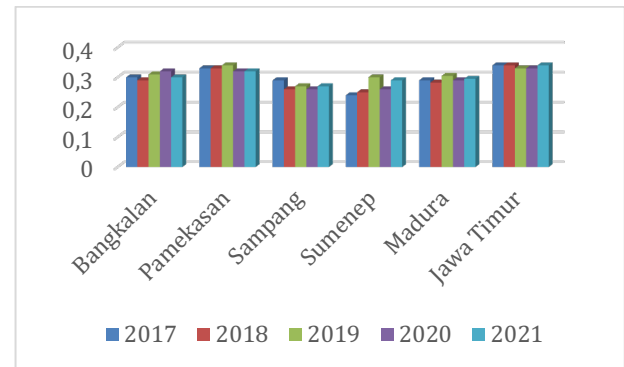


Figure 3 GINI Index

The quality of a regional government can also be seen from the quality of its human resources. Measurement of the quality of human resources is done by calculating the Human Development Index (HDI). All districts on Madura Island have almost the same HDI value. Pamekasan and Sumenep Regencies have the best HDI value, even almost equaling the average of all districts/cities in East Java. This condition is a portrayal of the good potential of human resources on Madura Island. This means that if Madura Province is formed, then the basic capital of its human resources has a quality that is not much different from East Java currently.

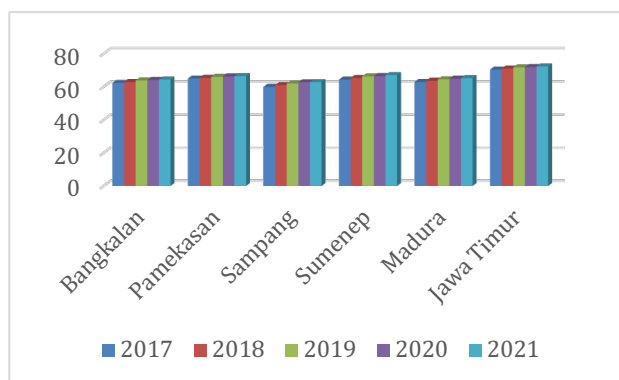


Figure 4 Human Development Index (HDI)

In addition to the Human Development Index, the quality of governance on Madura Island is also seen from the Village Development Index (IDM). Like the Human Development Index, the IDM values of the regencies on Madura Island have almost the same value and also show a trend of improving development from year to year. Meanwhile, when compared to the IDM values of regencies/cities throughout East Java, they are also almost the same. Therefore, the quality of village development in the four regencies on Madura Island has a quality that is not much different from all regencies/cities in East Java.

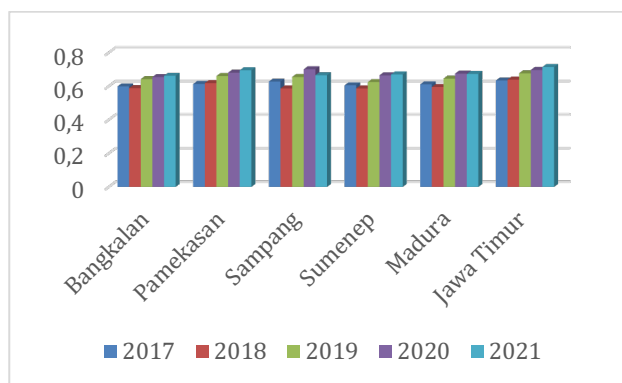


Figure 5 Village Development Index (IDM)

The next indicator is the fiscal capacity of the local government. Data on the fiscal capacity of regencies on Madura Island mostly show a downward trend, only Bangkalan Regency has an upward trend from year to year. This condition is certainly a poor indication of readiness to become Madura Province because fiscal capacity is an important factor for the success of regional government administration. Definitely, this condition is a challenge if Madura Province is formed. This condition is also in contrast to the Fiscal Capacity Index of regencies/cities in East Java. In fact, the Fiscal Capacity Index of regencies/cities in East Java has a good trend, although the trend is flat with varying ups and downs.

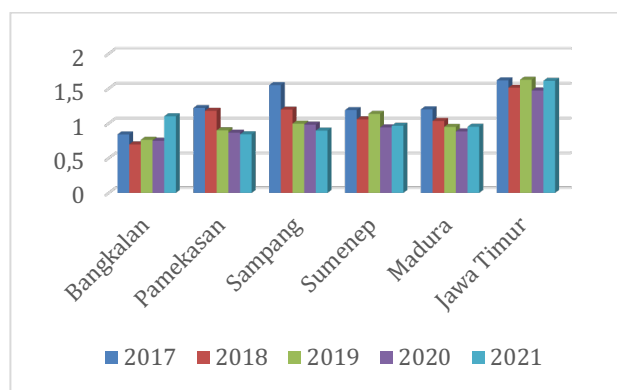


Figure 6 Regional Fiscal Capacity Index

The last indicator in measuring the capacity of local governments on Madura Island is fiscal independence. The data used is the Fiscal Independence Index which is then compared with the average Fiscal Independence Index of regencies/cities in East Java. Although the Fiscal Independence Index value of regencies

on Madura Island is lower than regencies in East Java, it shows a good trend from year to year. The regency with the lowest fiscal independence index value is Sampang Regency. While the highest value is Pamekasan Regency. Then, based on the results of the comparison with the average Fiscal Independence Index of all regencies on Madura Island, it is lower than the average of all regencies/cities in East Java, which also shows an increasing trend, and the difference is quite high.

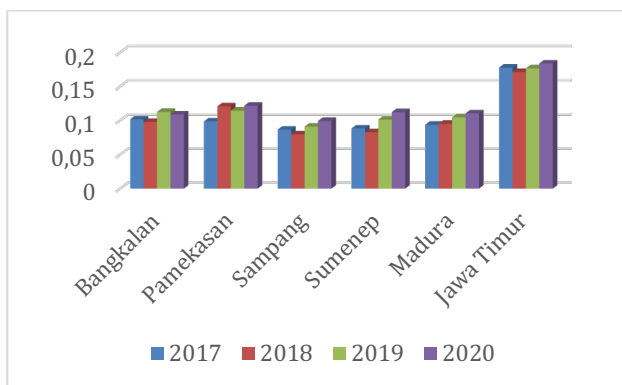


Figure 7 Regional Fiscal Independence Index

Based on the data presented previously, it can be seen that the capacity of the regional government on Madura Island is generally lower than other regional governments in East Java. The economic capacity of the region as seen from the GRDP value, both based on constant prices and current prices, of the four regencies on Madura Island has a lower value than the regencies/cities in East Java. This is a challenge if Madura becomes a new province.

In addition, the capacity and fiscal independence of the region are also challenges. Given its current condition, it is far behind when compared to other regencies/cities in East Java.

However, there are other indicators that provide hope that the capacity of districts on Madura Island as seen from the GINI Index, HDI, and IDM has an average value that is not much different from other districts/cities in East Java. The quality of development implementation and its distribution is quite good on Madura Island. Besides, the quality of human resources is also adequate so that this can be the basic capital as a strength to be able to develop well if it becomes a new province. Good capital for economic development, human resource capacity, and the quality of regional development implementation can be optimized to face the challenges faced. Although the capacity and fiscal independence of the region are lower than other regions in East Java, by being given greater authority to become an autonomous region, the province still has the opportunity to accelerate development to catch up with other regional governments by optimizing the management of its potential.

Madura Island has extraordinary economic and natural resource potential. Until now, this potential has not been optimally managed, which could be with the new authority as a

province, it could be a foothold to optimize the management of the economic potential and natural resources it has. Madura Island has been a contributor of oil and gas for Indonesia since the New Order until now, especially in the Pagerungan Block, Sumenep Regency. It is highly possible that when becoming a province, the fiscal capacity and fiscal independence of the region can be boosted beyond the current conditions. This can refer to Smith's opinion (1985) that the territorial aspect of regional government greatly influences the effectiveness of the implementation of government and its public services. That adequate coverage of the area can have extensive resource potential. Absolutely, this is still in line with the challenges of public service accessibility. Therefore, the area of jurisdiction determines the area of resources that can be managed, as well as the management of public services. Hence, if Madura Island becomes a new autonomous provincial region, it is hoped that the management of its territory will be more focused so that it is in line with its authority and capacity to optimize the management of regional potential to improve the quality of government affairs that have an impact on improving the quality of life of local communities. In line with Oates' opinion (1972) that the closer the service provider is to the public, the more accurate the fulfillment of community needs. The accuracy of public

services is in line with good responsiveness. Thus, there is a very open opportunity to align the optimization of resource management with the accessibility of public services. This strengthens the purpose of the establishment of DOB, namely to be a solution to improving the quality of government affairs in the region and facilitating access to public services and to improve the welfare of local communities (Smith, 1985).

Conclusion

The formation of DOB remains promising to improve the quality of governance in the regions, which is ultimately expected to improve the quality of local community welfare. The choice of policy must of course still be based on the existing situation and conditions. Granting authority to the right legal community unit must be based on accurate data proving that the prospective DOB really has adequate potential and faces low risks or challenges.

Madura Island is a region that has sufficient potential with strong characteristics. Therefore, if given the authority to become a province, it has a great opportunity to improve the quality of governance and support the acceleration of development in the region. Although there are still challenges to be faced, with political, fiscal, and coaching support from the central government, it can certainly

encourage Madura Province to develop well because it already has sufficient potential and capacity. Good GINI, IPM, and IDM indices can be the basic capital to encourage improvements in the quality of the regional economy, regional fiscal capacity, and regional fiscal independence.

However, this study has limitations because it uses quantitative data sourced from government agencies. In an effort to deepen it, further research is needed by strengthening the existing findings. The next researcher can explore the six indicators of measuring capacity and challenges of forming DOB using more comprehensive research methods and data.

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