ISSN: 2456-7760

GOVERNMENT POLICIES IN REGIONAL FINANCE AND ASSET MANAGEMENT IN REGIONAL AUTONOMY IMPLEMENTATION IN THE PROVINCE OF BALI, INDONESIA

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Abstract

Indonesia is a unitary state that gives autonomy to the regions, including the Province of Bali. So that regional autonomy can develop properly, the independence of regional finance is one of the indicators. Regional financial independence will be better if the Local Own-Source Revenue is higher. Therefore increasing Local Own-Source Revenue becomes a necessity in an effort to increase regional financial independence. The increase in Local Own-Source Revenue can be done by intensifying and extending the existing sources of original income and extracting new sources of income in accordance with the potential of a region. One of the potential sources of Local Own-Source Revenue is the optimization of the use of assets given the balance of funds from the center will be smaller and the role of taxes as a source of local revenue will be reduced according to the demands of the community. Therefore it is necessary to examine the effect of government policies, management and social capital moderation on optimizing the use of assets and regional financial independence. This research is a survey research conducted on regional apparatus organizations in Bali Province. Data were collected through a questionnaire and then analyzed using the SEM-PLS technique. The results showed that the direct influence between government policies, asset management, optimization of asset utilization, asset management, and regional financial independence had a positive and significant effect. Whereas social capital is proven to not moderate the effect of optimizing the use of assets on regional financial independence.

Keywords: asset management, government policies, optimization of asset utilization, regional financial independence, social capital

1. Introduction

1.1 Introduce the Problem

The Republic of Indonesia is a unitary state with a decentralized system. Therefore it is appropriate if regional authority through regional autonomy is increasingly strengthened to improve governance, development and community service. Regional Governments are given the flexibility to exercise a variety of tangible authorities to improve services and welfare of the community, while the Central Government focuses more on handling issues related to the existence of a unitary state, including: foreign relations, defense and security, justice and monetary.

Regional autonomy in the aspect of financial management is often called fiscal autonomy or fiscal decentralization. The principle of fiscal autonomy is the money follow function. Hidayat (2000), stated that what the region did by trying to optimize to increase Local Own-Source Revenue was one of the efforts to strengthen the financial independence of the region. Regional independence or fiscal autonomy can demonstrate the ability of a region to be able to finance its own regional government tasks in the fields of government, development and community service.

When viewed from the pattern of regional financial independence, the regional financial independence of the Province of Bali is in the pattern of participatory relations, where the role of the central government has begun to diminish, bearing in mind the regions concerned are approaching the level of being able to carry out regional autonomy affairs. In order to be able to carry out regional autonomy independently, it must be pursued in a pattern of delegative relations, that is, the interference of the central government is no longer available because the regions are truly capable and independent in carrying out regional autonomy matters. Moreover, with the condition of the Province of Bali as a national and international tourist destination, local revenue should be far greater than the realization of revenue so far. Local own-source revenue should ideally be the main source of local income (Adi, 2006).

According to Suwanda (2015), to be able to increase the independence of regional finances, regional assets are an important component in regional financial management, therefore increasing accountability and transparency in regional financial management cannot be done without improving asset management. It was also conveyed that one of the problems faced in the administration of regional government was that the asset management was not yet maximized. Utilization of assets or utilization of assets can be carried out with the pattern of leasing, cooperation, utilization of wake-up, handover to build and infrastructure cooperation.

The Provincial Government of Bali has sought to improve the management of asset management as well as efforts to optimize the utilization of assets, especially on land and buildings or fixed assets that have great potential to support increased the Local Own-Source Revenue. The role of fixed assets especially land assets also plays an important role in economic growth. Therefore optimizing the use of assets is an effort that must be done by the Provincial Government of Bali even though there are quite a lot of problems faced in optimizing the use of assets such as: limited human resources, budget constraints, lack of competency according to asset management needs, changes in regulations or guidelines.

So that regional autonomy can develop properly, the independence of regional finance is one of the indicators. Regional financial independence will be better if the Local Own-Source Revenue is higher. Therefore increasing of Local Own-Source Revenue becomes a necessity in an effort to increase regional financial independence. The increase of Local Own-Source Revenue can be done by intensifying and extending the existing sources of original income and extracting new sources of income in accordance with the potential of a region. One of the potential sources of Local Own-Source Revenue is the optimization of the use of assets given the balance of funds

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ISSN: 2456-7760

from the center will be smaller and the role of taxes as a source of local revenue will be reduced according to the demands of the community. Therefore it is necessary to examine the effect of government policies, management and social capital moderation on optimizing the use of assets and regional financial independence.

1.2 Research Objectives

The purpose of this research conducted in Bali Province and is associative in nature is to analyze: (1) the influence of provincial government policies and asset management on optimizing the utilization of assets; (2) the influence of government policies, asset management and optimization of asset utilization on regional financial independence; (3) the effect of government policies on regional financial independence through optimizing the use of assets; (4) the effect of asset management on regional financial independence through optimization of asset utilization; (5) the effect of social capital that drives the optimization of the utilization of assets on regional financial independence.

2. Literature Review

2.1 Theoretical Review

2.1.1 Institutional Economic Theory

Parrado in Yustika and Baks (2015) states that institutional innovation is the main key to finding the highest score in the political agenda and decision making for those in power. The concept of institutional according to Bardhan in Yustika (2013), is that the institution will be more accurate if it is defined as social rules, agreements (conventions) and other elements of the social interaction framework structure.

The concept of institutions according to Bardhan in Yustika, 2013, is that institutions will be more accurate if they are defined as social rules, agreements (conventions) and other elements of the social interaction framework structure. Thus, institutional economic theory is then examined with a multidisciplinary approach to discuss emerging economic phenomena, namely by paying attention to social, legal, political, cultural, and other aspects as a unity of assessment analysis.

2.1.2 Government Policy

There are three government functions, namely: service, empowerment and development. According to Keynes in Deliarnov (2010) so that the economy is not simply handed over in a market mechanism, to some extent, the role of government is also needed.

In the economic sector, the role of government is closely related to the history of economic development. In the monetaryist era the economy was placed in a market mechanism while government intervention was minimal and was of a complementary nature and the role of the government was reduced by the privatization of public expenditure and state-owned enterprises. Whereas Keynes stated that government intervention was needed to overcome unstable markets and market imbalances. Furthermore, Keynesian opinion was developed by the Post Keynesian stream into the theory of output and knowing of long-term developments.

Strategic targets that must be achieved in regional asset management policies according to Mardiasmo (2004) include: (1) the realization of administrative order regarding regional assets, involving: land and building inventory, regional asset certification, elimination and sale of regional assets, reporting system for exchanging activities, grants, and ruislags: (2) creation of efficiency and effectiveness in the use of regional assets; (3) securing regional assets, and (4) availability of accurate data/information regarding the amount of regional assets.

2.1.3 Regional Financial Independence

According to Halim and Kusufi (2014), regional finance is managed through regional financial management, so regional financial management is the organization and management of the resources or wealth that exists in an area to achieve the desired goals of the region.

There are several criteria used as a measure to determine the financial capacity of local governments in managing their own households (Ibnu Syamsi in Andhiantoko, 2013), namely: (1) The structural capabilities of the organization; (2) The ability of the Regional Government apparatus; (3) Ability to encourage community participation; (4) Regional financial capability; (5) As a guideline in seeing the pattern of relations with regional capability.

According to Paul Hersey and Kenneth Blanchard (Halim, 2004), there are four patterns of the relationship of regional financial independence in the implementation of regional autonomy, among others:

1) Instructive relationship pattern, where the role of the central government is more dominant than the independence of the regional government (regions that are unable to implement regional autonomy).
2) The pattern of consultative relations, namely the intervention of the central government has begun to decrease because the regions are considered to be a little more capable of implementing regional autonomy.
3) Participatory relationship patterns, the role of the central government has begun to diminish, bearing in mind the regions concerned are approaching the level of independence capable of carrying out regional autonomy matters.
4) The pattern of delegative relations, namely the intervention of the central government is gone because the regions have been truly capable and independent in carrying out regional autonomy affairs.

2.1.4 Asset Management

Regional assets are one of the most important resources in sustaining the increase in local revenue sources so they must be managed as well as possible. In general asset management aims at making the right decisions so that assets can be used and utilized effectively and efficiently. Asset management according to Britton, Connell an and Crofts (Siregar 2004), states "define good asset management in terms of measuring the value of properties (assets) in monetary terms and employing the minimum amount of expenditure on its management". Thus asset management is the process of managing assets both tangible and intangible assets that have economic value, commercial value, and exchange value that must be owned by an individual or organization to achieve the stated goals. Asset management will be able to assist the government in providing services to the community.

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According to Siregar (2004), asset management can be divided into five stages of work including: (1) asset inventory; (2) legal audit; (3) asset valuation; (4) supervision and control over the use and transfer of assets. Aira (2014) said that one of the keys to successful regional economic management is asset management.

2.1.5 Optimizing the Use of Assets

One important element in the management of regional finances, especially in relation to regional own-source revenues, is the management of regional assets. When viewed from the pattern of its use, the assets owned by the region can be categorized into three covering: (1) used for the implementation of local government (local government used assets); (2) used by the community for public services (social use assets); and (3) it is not used for government administration or public services (surplus property) which need to be utilized optimally so as not to burden the regional budget.

Optimization is seen from the understanding, there will be many meanings and varied. Optimization is a term that is widely used in various disciplines such as mathematics, management and others. Optimization is a technical analysis to determine the optimal decision to achieve certain goals with limited by various obstacles.

According to Rustanto (2015), in general asset optimization is intended for the following matters: (1) Identifying and inventorying all assets that include shape, size, physical, legal, as well as knowing the market value of each asset that reflects its economic value; (2) Optimizing the use of assets, whether the assets are in accordance with the designation or not; (3) The creation of an information and administration system so as to create efficiency and effectiveness in asset management.

Based on the aforementioned opinions, the indicators chosen for the optimization of asset utilization variables are in accordance with Regulation of the Minister of Home Affairs Number 19 of 2016, which consists of: (1) rent; (2) utilization cooperation; (3) Built-Operate-Transfer (BOT) or Built-Transfer-Operate (BTO); and (4) cooperation in providing infrastructure.

2.1.6 Institutional Economic Theory

Fukuyama in Kasali (2015) writes that social capital is everything that makes people allied to achieve common goals on the basis of togetherness, which is bound by values and norms in the form of participation, trust, mutual acceptance, tolerance, appreciation, cooperation and proactivity, and value positive values that can bring progress together. Bourdieu in Yustika (2013), which is the upholder of the concept of social capital, defines social capital as an aggregate of social or potential resources bound to create a durable network so as to institutionalize a mutually beneficial relationship (acquaintance). Chamlee-Wright (2008) in Carilli *et al*. (2008), shows that social capital, which includes sharing relations, norms and interactions that facilitate interaction, must be seen as a complex structure of complementary components that are continually developing.

Coleman in Yustika (2013) states that there are at least three forms of social capital, namely: first, the structure of obligations, expectations and trustworthiness; second, information networks (information channels); and third, norms and effective sanctions (norms and effective sanctions).

2.2 Empirical Review

Fukuyama (1999) in Haridison (2013), the results of studies in various countries show that strong social capital will stimulate the growth of various economic sectors because of the high level of trust and close relations in a broad network of growth among fellow economic actors. Therefore, high social capital affects the progress of various sectors including the economic sectors such as trade, services, construction, tourism and others. Social capital can produce collective energy that enables the growth of an entrepreneurial spirit in the community which in turn will grow the business world.

Research conducted by Kaganova (2012), with the title of the journal, Guidebook On Real Property Asset Management For Local Government, which states that the government in the practice of asset management can be combined into five main areas, namely: (1) classifying according to its relationship with local government functions; (2) Build a property database; (3) Create a department dedicated to asset management; and (4) formulate a strategic role for fixed assets in achieving goals.

Research conducted by Hidayati (2016) with the title Effect of Asset Management on Optimizing Asset Utilization of Padang Arang Boyolali Regional Hospital shows that: (1) asset optimization is influenced by variable asset inventory, asset identification, legal audit and asset assessment by 65.4%, whereas the rest is influenced by other variables; (2) the asset inventory and legal audit variables have a positive and significant effect on alpha 5% on asset optimization; (3) asset identification and asset valuation variables have a positive but not significant effect on alpha 5% on asset optimization. Research conducted by Ilham (2013) with the title Asset Management in the Framework of Optimizing Fixed Assets (Land and Buildings) in the West Sumatra Provincial Government shows that individual asset inventory, legal audits and asset monitoring and control have been proven to have a positive and significant effect on asset optimization fixed (land and buildings), individual asset valuation shows a positive direction but individually it is not proven to have a significant effect on optimizing fixed assets (land and buildings). The results of the analysis together show that the four variables namely asset inventory, legal audit, asset valuation and asset monitoring and control have been proven to have a positive and significant effect on optimizing the fixed assets (land and buildings) of the West Sumatra Government.

Nairobi (2014) conducted a study related to local revenue, with the title Local Political Competition in Indonesia: Studies in Economic Perspectives found that political competition in the Assembly at Regional had a positive effect on the realization of Local Own-Source Revenue per capita. The higher the political competition in the Assembly at Regional the higher the acceptance of Local Own-Source Revenue per capita realization. Increasing the extraction of Local Own-Source Revenue resources will negatively impact the investment climate in the region, and will ultimately slow down regional economic growth.

Inayah (2010) conducted a research related to regional asset management policies, titled Perception Study of Factors Influencing the Implementation of Regional Asset Management Policies in Tangerang City, obtained research results that there is a strong relationship between resource management and implementation of Regional Asset management policies in the City Tangerang.

Simamura and Halim (2012) conducted a study related to regional asset management policies, with the title Factors influencing the management of Post Regional Expansion Assets and their effects on the Quality of Government Financial Statements in South Tapanuli Regency, obtained research results that: (1) inadequate human resources (HR); (2) proof of lack of asset ownership; (3) constraints in asset valuation; (4) leadership commitment is lacking.

The Udayana University Research Institute in collaboration with the Bali Provincial Regional Planning Agency (2010) conducted research related to the management of regional assets, with the title Empowering Land and Building Assets to Increase the Local Own-Source Revenue of the Province of Bali, obtaining research results that in an effort to increase the Local Own-Source Revenue, the Provincial Government of Bali needs to explore the potential assets in the form of land and buildings based on a professional management system, especially for cultivators who do not have a written agreement.

Sholikah (2011), conducted an analysis of the ability of regional financial independence and its effect on economic growth in Wonogiri Regency for the 2005-2009 Fiscal Year, obtained the results of the study that the ratio of regional financial capacity was 6.68%, which was classified as low, while the regional financial independence was indicated by the ratio an average of 7.84% is classified as having an instructive relationship pattern. Regional independence has a positive and significant effect, meaning that the higher the regional independence ratio, the higher the level of economic growth.

Adhiantoko (2013), conducting a research on the Analysis of Financial Performance of the Blora Regency Government in 2007-2011 obtained the results of the study that the financial performance of the Office for Management of Regional Revenue, Finance and Assets of Blora Regency seen from the fiscal decentralization ratio was very poor at an average of 6.57%; the ratio of regional financial independence the relationship pattern is still classified as an instructive relationship pattern because the average is 7.17%; the Local Own-Source Revenue effectiveness ratio is already effective because the average effectiveness is above 100%, namely 108.71%; the ratio of regional financial efficiency is said to be less efficient because on average it reaches 99.61%; the ratio of harmony that the average regional operational expenditure is still very high at 84.55% compared to the average capital expenditure of 12.99% so it can be said that the regional government still pays little attention to regional development.

2.3 Conceptual Framework

In this conceptual framework, the problem faced is the relatively low optimization of local revenue so that the role of assets in local revenue is still small. The low optimization of asset utilization is influenced by several things such as asset management, government policies and social capital. In an effort to find a way out of the problem above, then a relationship model between variables was developed including the relationship between the measured variables and latent variables. Measured variables in this study are regional financial independence, and optimization of asset utilization, latent variables consist of asset management, social capital and government policies as well as moderation variables optimizing asset utilization. The conceptual framework can be arranged as shown in Figure 1.

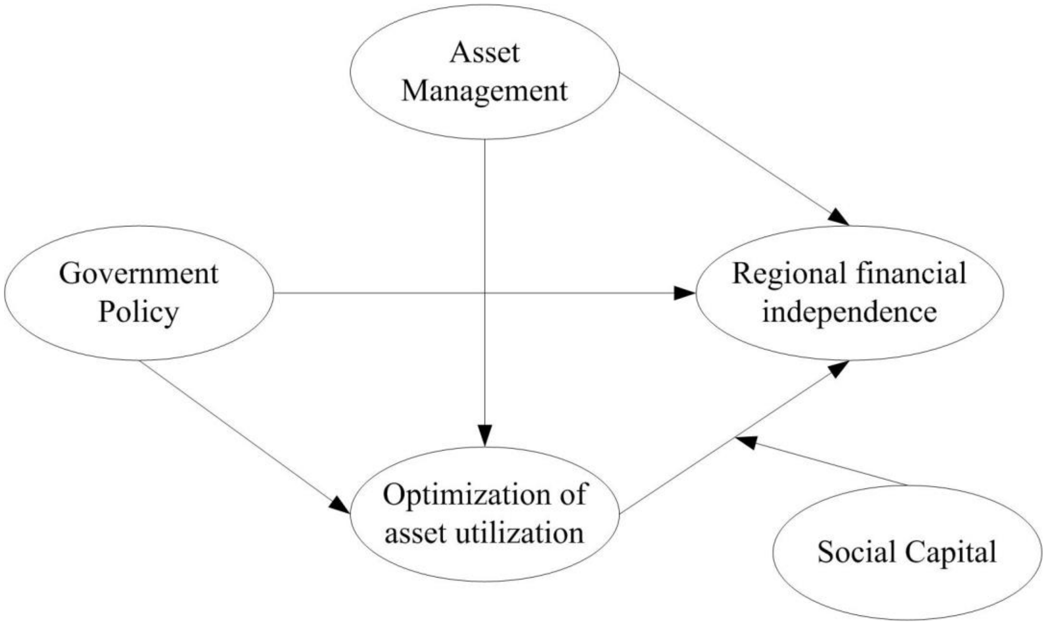

Figure 1. Conceptual framework

2.4 Hypothesis

Based on the framework of the research concept, the following research hypotheses can be arranged: (1) Government policies and asset management have a positive and significant effect on optimizing the utilization of assets; (2) Government policies, asset management and optimizing the use of assets have a positive and significant impact on regional financial independence; (3) Government policies have a positive and significant effect on regional financial independence through optimizing the use of assets; (4) Asset management has a positive and significant effect on regional financial independence through optimization of asset utilization; (5) Social capital moderates the effect of optimizing asset utilization on regional financial independence.

3. Research Methodology

This research is a survey research. Judging from the level of explanation that is how the variables studied will explain the object under study through the data collected, this research is an associative research in which there are at least two variables connected or a study that looks for a relationship between one variable with another variable (Sugiyono, 2000). The approach used in this research is a quantitative approach.

In this study there are two types of latent variables, namely exogenous variables, endogenous variables, intermediate variables and moderating variables. Identification of each construct and indicator is presented in Table 1.

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Table1. Latent Variables and Indicators

Type of Variable	Variable	Indicator	Type of Indicator
Exogenous	Government policies (X1)	X1.1: Orderly Administration X1.2: Efficiency and effectiveness use of assets X1.3: Safeguarding assets X1.4: Data/Information Accuracy	Reflective
Exogenous	Asset management (X2)	X2.1: Inventory of assets X2.2: Legal Audit X2.3: Asset valuation X2.4: Monitoring and evaluation	Reflective
Moderating	Social capital (X3)	X3.1: Norm X3.3: Network X3.3: Trust	Reflective
Mediating	Optimization of asset utilization (Y1)	Y1.1: Rent Y1.2: Collaborative utilization Y1.3: Infrastructure cooperation Y1.4: BOT/BTO	Reflective
Endogenous	Regional financial independence (Y2)	Y2.1: Structural ability organization. Y2.2: Apparatus Ability Regional government Y2.3: Financial Ability Area	Reflective

Source: Siregar (2004), Ridell (1997), Soekamto, (2000), Suwanda (2015), Mardiasmo (2004), Hersey and Blanchard in Halim (2004).

The population in this study are individuals who are involved in the policy of the utilization of the assets of the Provincial Government of Bali consisting of: 44 regional apparatus organizations in accordance with the Provincial Regulation of Bali Province Number 10 of 2016 concerning the Formation and Arrangement of Regional Apparatuses. Each Regional Apparatus has 4 people related to asset utilization, i.e.: 1 respondent who is echelon II, 1 respondent who is echelon III, 1 respondent who is IV, and 1 respondent who is staff member. Thus the total population are 176 respondent (4 respondent of each governemtn board, where the amount of government board are 44). This research is a survey research, so the number of samples is the same as the total population.

Data collection in this study used a questionnaire with a Likert scale and its validity and reliability were tested. Furthermore, the data collected was analyzed using SEM-PLS analysis techniques with the WarpPLS version 6 application.

4. Results and Discussion

4.1 Results of Data Analysis

4.1.1 Outer Model Testing

In this study, it is necessary to know whether the indicators used to form constructs or latent variables in the study are valid then several analyzes are carried out, namely:

1) Convergent validity. PLS output results regarding convergent validity indicate that the loading factor value of each indicator is greater than 0.7 and the significance with a p-value <0.05, so it can be concluded that the research instrument is valid.

2) Discriminant validity on the reflective indicator is done by looking at the cross loading indicator of the constructor latent. The output of data analysis shows that discriminant validity has been fulfilled by looking at cross loading in its constructs which is higher compared to other constructs.

4.1.2 Evaluate the Goodness of Fit from the Inner Model

The Inner Model Path Diagram of this study is shown in Figure 2.

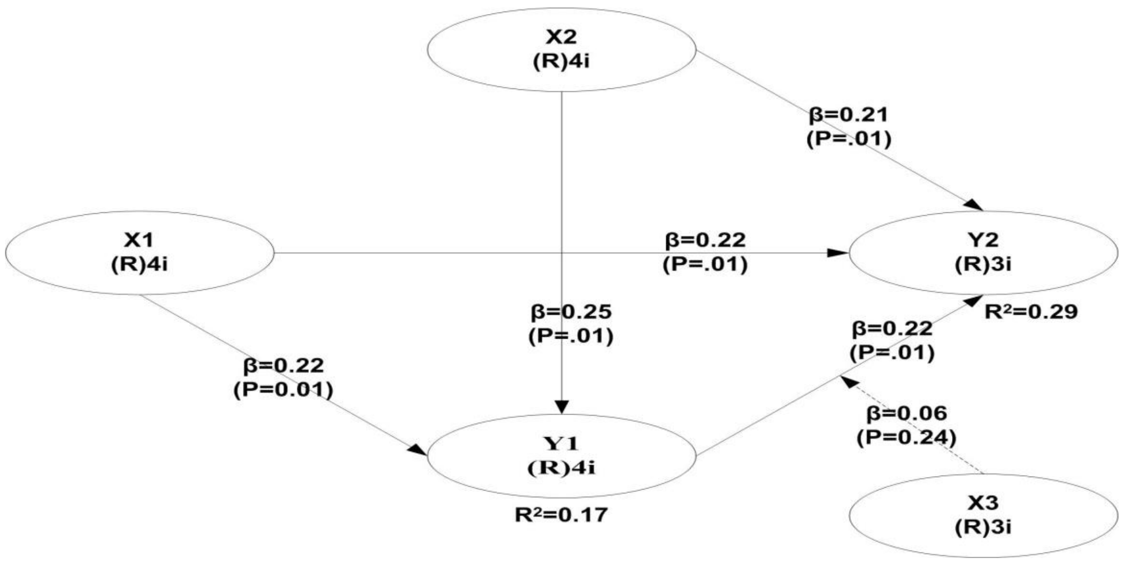

Figure2. Inner Model Path Chart

The results of the analysis by WarpPLS showed that the results of R^2 for the variable optimization of asset utilization (Y1) was 0.169 and the regional financial independence variable (Y2) was 0.295 so it was classified as weak. Coefficient value R2 at Y1 of 0.169, this means that changes in optimizing the use of assets contributed by changes in government policy and changes in asset management 16.9%, while the rest (100%-16.9%), namely 83.1% contributed by other variables which is not discussed on this occasion. The coefficient value R^2 at Y2 of 0.295, this means that changes in regional financial independence are contributed by changes in government policies and changes in asset management and changes in optimizing the use of assets 29.5%, while the rest (100%-29.5%) is 70.5% contributed by other variables not discussed on this occasion. The moderating variable, that is, social capital does not significantly influence the optimization of asset utilization on regional financial independence.

4.1.3 Hypothesis Testing

The research hypothesis testing is done by analyzing the influence between latent variables and their level of significance. The summary of the results of hypothesis testing as presented in Table 1.

Table2. Summary of Hypothesis Testing Results

Path	Path Coefficients	P Values	Result
X1 → Y1	0.216	0.010	Hypothesis Accepted
X2 → Y1	0.250	0.006	Hypothesis Accepted
X1 → Y2	0.219	0.002	Hypothesis Accepted
X2 → Y2	0.213	0.010	Hypothesis Accepted
Y1 → Y2	0.220	0.004	Hypothesis Accepted
X1→Y1→Y2	0.047	0.038	Hypothesis Accepted
X2→Y1→Y2	0.055	0.054	Hypothesis Accepted
Y1*X3→Y2	0.058	0.242	Hypothesis Rejected

4.2 Discussion

The findings in this study state that government policies have a positive and significant effect on optimizing the use of assets. The positive and significant influence of government policy variables on the performance of optimizing the use of assets is in line with Keynes's theory in Deliarnov (2010), so that the economy is not simply handed over in a market mechanism, to some extent, the role of government is also needed.

This study states that asset management has a positive and significant effect on optimizing asset utilization. The positive and significant influence of asset management variables on the performance of optimizing the utilization of assets is in line with the opinion of Nasution (2005) which states that inventory, legal audit and valuation have positive and significant effect on asset optimization. Asset optimization is a process in asset management that aims to optimize the physical, location, total, legal and economic potential of an asset (Sutrisno, 2012 in Krisindarto, 2012).

Based on the results of research and analysis conducted shows that government policy has a positive and significant effect on the independence of regional finances. Government policies to increase the Local Own-Source Revenue and regional financial independence according to Siregar (2004) are intensification and extensification, law enforcement and sanctions, counseling of taxpayers and retribution and rejuvenation of regional regulations.

Based on the results of research and analysis conducted shows that the asset management variable on regional financial independence shows that asset management has a positive and significant effect on regional financial independence. This is in line with the opinion of Halim and Kusufi (2014), regional finance is managed through regional financial management because regional financial management is the organizers and managers of resources or wealth to achieve the goals desired by the region and Agustina's (2005) opinion that assets mainly consist of land and buildings have not been used by local governments to be a source of local revenue and improve public services.

The analysis conducted shows that the asset management variable on regional financial independence shows that asset management has a positive and significant effect on regional financial independence. The suboptimal utilization of regional assets is due to lack of orderly administration in asset inventory, so that asset management is sometimes not aware of the existence of its assets, incomplete evidence of ownership of assets, especially for land and / or buildings, so that when it will be cooperated with a third party it will affect the interests of the cooperation partners, difficulties in assessing regional assets to be collaborated with and regulations governing auction systems and procedures in determining cooperation partners have not been regulated in detail.

Based on the results of research and analysis conducted shows that the optimization of the variable utilization of assets on regional financial independence shows a positive and significant effect. Regional financial independence can be improved through: (1) restructuring regional revenue through identifying, optimizing, and implementing potential revenue sources programs; (2) empowering regional companies through the restructuring, profitability and privatization programs of regional company businesses; and (3) optimizing productive assets owned by local governments (Siregar, 2004). Some local government capital that can be identified, utilized and optimized include: capital, people, infrastructure, assets belonging to local governments and economic potential in each sector that has not been utilized (Siregar, 2004).

Analysis conducted shows that the influence of government policies on regional financial independence through optimizing the use of assets has a positive and significant effect on regional financial independence. Fundamental policy changes must be made in the administration of regional government. This is in line with the opinion of Siregar (2004). Policies to increase regional revenue can be done through restructuring regional revenue through identifying, optimizing and implementing potential revenue source programs, empowering regional companies through restructuring, profit-making and business privatization programs, regional companies and optimizing productive assets owned by local governments. In other words, a special policy is needed to optimize the use of assets and at least be regulated by a governor's regulation, so that regional financial independence can be improved.

The results of research and analysis carried out show that asset management through optimizing the use of assets has a positive and significant effect on regional financial independence. The meaning is that efforts to improve asset management and optimize the use of assets can increase regional financial independence. Indicators of optimizing the use of assets that can increase the Local Own-Source Revenue are leasing, utilization cooperation, infrastructure cooperation, BOT and BTO. The forms of optimizing the use of these assets can be carried out well depends on the valuation of assets. In fact, the valuation for asset management has run well too.

Based on the results of the study showed that social capital positively affects the effect of optimizing the use of assets on regional financial independence but is not significant. With the results of the analysis above, it can be stated that social capital is not able to moderate the effect of optimizing the use of assets on regional financial independence in Bali Province. The results of this study are consistent with the opinion of Mawardi (2007), community empowerment (economy) in many countries, including Indonesia, emphasizes the importance of the role of natural capital and modern economic capital such as man-made capital goods, technology and management and often ignores the importance of social capital such as social institutions, local wisdom, local norms and habits.

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5. Conclusion

Based on the results of research and discussion, several conclusions can be summarized, as follows:

1) Government policies and asset management directly have a positive and significant effect on optimizing the use of assets.
2) Government policies, asset management and optimizing the use of assets have a positive and significant effect on regional financial independence.
3) Government policies through optimizing the use of assets have a positive and significant effect on regional financial independence.
4) Asset management through optimizing the use of assets has a positive and significant impact on regional financial independence.
5) Social capital does not restore the effect of optimizing the use of assets on regional financial independence.

Based on the above conclusions can be submitted some suggestions as follows.

1) The policy of the Provincial Government of Bali in optimizing the use of assets needs to be specifically formulated through the stipulation of regional regulations on Optimizing the Use of Assets
2) Governor's regulation regarding standard operating procedures (SOP) for asset utilization to improve asset management.
3) Carry out mapping and analysis of the potential of land and buildings so that the optimization of asset utilization can contribute to the revenue optimization of the greater utilization of assets to increase the Local Own-Source Revenue and regional financial independence.
4) Utilizing Information Technology to support the process of implementing asset management and optimizing the use of assets.
5) The adoption of Local Government Regulation of Bali Province Number 7 of 2018 concerning the Use of Land of Regional Government Ownership in lieu of Local Government Regulation of Bali Province Number 2 of 1992 to curb the use of evidence funds land which is a potential large source of income that is spread in regencies/cities throughout Bali.
6) Increase the capacity and competence of human resources, especially in asset valuation to support the optimization of asset utilization.

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