



# Icon-LBG 2013

THE FIRST INTERNATIONAL CONFERENCE  
ON LAW, BUSINESS AND GOVERNANCE 2013

22, 23, 24 October 2013  
Bandar Lampung University (UBL)  
Lampung, Indonesia

## PROCEEDINGS

Organized by:



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## **PREFACE**

The Activities of the International Conference are in line and very appropriate with the vision and mission of Bandar Lampung University (UBL) to promote training and education as well as research in these areas.

On behalf of the First International Conference on Law, Business and Governance (Icon-LBG 2013) organizing committee, we are very pleased with the very good response especially from the keynote speaker and from the participants. It is noteworthy to point out that about 67 technical papers were received for this conference.

The participants of the conference come from many well known universities, among others : International Islamic University Malaysia, Utrech University, Maastricht University, Unika ATMA JAYA, Universitas Sebelas Maret, Universitas Negeri Surabaya, Universitas Jambi (UNJA), Diponegoro University, Semarang, Universitas 17 Agustus 1945 Jakarta, Universitas Bandar Lampung, Universitas Andalas Padang, University of Dian Nuswantoro, Semarang, Universitas Terbuka, Universitas Airlangga, Bangka Belitung University, President University, Tujuh Belas Agustus University Jakarta, International Business Management Ciputra University, Surabaya, University of Indonesia, Business School Pelita Harapan University, STIE EKUITAS, Bandung, STAN Indonesia Mandiri School of Economics Bandung, Lampung University.

I would like to express my deepest gratitude to the International Advisory Board members, sponsor and also to all keynote speakers and all participants. I am also gratefull to all organizing committee and all of the reviewers who contribute to the high standard of the conference. Also I would like to express my deepest gratitude to the Rector of Bandar Lampung University (UBL) who give us endless support to these activities, so that the conference can be administrated on time

Bandar Lampung, 22 October 2013

**Mustofa Usman, Ph.D**  
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## **ANALYSIS OF REGIONAL EXPANSION AS IMPLICATIONS OF REGIONAL AUTONOMY IMPLEMENTATION**

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### **1. INTRODUCTION**

Indonesia is a unitary state. It means that there is only one rule. As reflected in article 1 (1) and article 37 paragraph (5) of the Constitution of 1945 article 1 paragraph (1) Indonesia is the Unitary State in the form of Republic and article 37 paragraph (5) states particularly about the form of the Republic Indonesia that cannot be changed.

Similarly, as a sovereign and independent nation, Indonesia has a state constitution or the Constitution which guarantees every citizen to live in accordance with their rights and form to achieve its objectives as well as to manage all issues related to governance.

Indonesia should seek to uphold the rights of the people and realize the aspirations of the people because essentially the State sovereignty is in the people. To achieve this goal, the service of the people might not be centered on the central government, but should be distributed to local governments. The establishment of local governments is aimed to achieve effectiveness and efficiency in service to the community. The form of popular sovereignty as a statement of the government of the people is the people in a state, wholly or in parts, governs themselves.<sup>1</sup>

As a unitary state with a decentralized system, giving a greater authority to autonomous regions is the fulfillment of demands in order to improve the service to the public as well as to fulfill the realization of democratic local governance as a correction in the New Order Era which was centralistic and limited the authority of the autonomous regions.

Decentralization is not only pushed to reduce the centralized power center, but also by the demands of the regions that have variations in the nature, potential, identity, and different localities to acquire a greater authority. The decentralization purpose has always been a part of the practice of state government since the enactment of the act of 1945, continued into the RIS Constitutional Era, Era of Provisional Constitution of 1950 to the return to the Constitution of 1945, which was confirmed by Presidential Decree of July 5, 1959.

The birth of a variety of laws and regulations governing local governments proves that the desire to realize these ideals continues. It has been realized that the decentralization policy gives a greater authority to autonomous regions in regulating and taking care of the affairs of its household as an embodiment of the democratization of local government administration which has long been centralized.

The policy of a greater devolution is to the regions to further empower and autonomy regions in improving services to the community. The implementation of the regional autonomy policy raises new demands from within the region itself that is the demand to get close of the government to the society. From the geographical aspect, sometimes a local area is very far from the span of control of the capital of the autonomous region; therefore it contributes to the acceleration service.

However, the broad authority for the area gives new demands, such as a demand to the establishment of new autonomous regions known as regional expansion. From a regional expansion the goals and the direction to be achieved of the policy is expected to be realized because essentially the public policy is executed with a specific purpose to achieve certain goals set of issues that have been formulated previously.

Looking back, the area expansion is so incessantly carried out since the reform era. This is due to the assumption that the new order era which was centralized was so unfair for the local region. Area just a cash cow taken its natural resources and the results submitted to the central government. There was no development in local areas as the development was concentrated in the capital city, Jakarta. It gave a rise to the development gap between the central government and local governments.

Based on the data from the State Department in 1999 to 2009, it has formed 205 new areas that consist of 7 provinces, 164 regencies, and 34 cities. The development of regional expansion at that time related to

two factors, namely openness and democracy of the post-New Order and the government policy which shifted from centralization to decentralization.<sup>1</sup>

The reason to bring closer public services, more affordable and automatically assumed to be more effective and efficient should be the goal of regional expansion. Apart from the inclusion of national or local political considerations and also other motives which also add to the background of expansion decision in the House of Representatives, the division will be measured from the functioning of the local administration of the division in an effort to bring services to the community. This matter is also used as a benchmark by the people generally. To make it simple, the people in the area of the division will simply compare the situation in the aftermath of new autonomous regions. Unfortunately, the evaluation of the results of the division outlines the grim situation of the government performance and the development to the public in the 70 % area of the division.

Regional expansion policy evaluation is done to look at the achievement of objectives including the improving services and income as well as social welfare. It is uncommon that public policies fail to achieve the purpose or purposes that have been predetermined. Thus, evaluation of policies is aimed to look at the causes of the failure of a policy or to determine whether public policies that have been implemented achieve the desired impact.

The description above makes the writer is interested to form a paper of journal with the title: "**Analysis of Regional Expansion as Implications of Regional Autonomy Implementation**".

## 2. PROBLEMS

Based on the above background, what seems to be the problem is how the legal consequences of the Autonomous Regions on Regional Expansion?

## 3. DISCUSSION

An issue of regional autonomy is a living and growing thing of all time according to the needs and development of a society. Government affairs handed over to the local government can be expanded or narrowed depending on the consideration of national interests and government policy. Everything is done in accordance with the provisions of procedure of the applicable regulations.

Implications of regional autonomy based on the principle of decentralization have a positive impact on the region. One positive impact of the implementation of regional autonomy is the expansion of provincial and district/city that happens almost throughout Indonesia. With the passing of the Law on Regional Autonomy then there is a positive impact as well as the negative impact of the division namely:

### A. Positive impacts

- 1) The area no longer has to wait for the implementation instructions, technical instructions, or central instruction as occurred in the new order era.
- 2) The possibility of empowerment of Parliament in relation to the authority of the local leader.
- 3) The return of most of the "sons of the soil" to their hometown to help build the local division of the area is certainly a very positive thing.<sup>1</sup>

### A. Negative impacts

- 1) The expansion of an area is just for the interests of certain individuals or groups who want certain positions such as governors, mayors, district governments, etc.
- 2) The emergence of primordial sons of the soil.
- 3) The expansion of an area can be potentially lethal to parent regions.<sup>2</sup>

The implications of proliferation of an area has given rise to various implications that occur at all levels of government, both local government and central government. Implications for regional expansion areas are:

#### 1. The establishment of new institutions

The regional expansion emerges implications for regional institutions, which include regional organizations and central organization in the area. As a logical consequence of area expansion, then the regional institution is formed which includes regional organizations (Office and Technical Institute), Local Parliament, and public enterprises.

#### 2. The Pattern of Employment Relationship in a Local Redistricting

The relationships between local governments with other agencies will be able to run well if the internal condition of the local government has been running well because the local government has been able to solve most of the problems. The cause of the disharmonious relationship is the submission process of P3D (budgeting, equipment, personnel and documents) that is not complete, and

other obligations that must be completed by the parent during the coaching area as well as the issue of boundaries.

3. Local politics

The regional expansion has an implications on the political dynamics of the region, not only on the determination of the new capital of the autonomous region and the determination of boundaries, but also the sources of power and conflicts of interest among the political elite in the new autonomous region, both with regard to the political budget and the process of democratization in the region.

4. Human resources.

The expansion really gives implications for the dynamics of human resources in the new autonomous region, both regarding to the demographic and the quality and composition. It can be a positive thing if it is shown to improve the well-being of the area, but if the formation of new areas poses egocentric society then it is certainly very harmful for the area concerned.

5. Economic empowerment.

Regional expansion that has taken into account of the potential and readiness of the region as well as it is done with the exact mechanism, so the division has a positive impact on economic growth and public services in the area.

6. Environment.

Regional division in addition to the positive implications can also have a positive impact, particularly in terms of the utilization of natural resources. If it is not managed properly, the area expansion can lead to the environmental damage due to area excessive exploitation.

7. Poverty

In addition to increasing economic growth in some areas that significantly has competitiveness as a new autonomous region, the regional expansion also has the potential to cause poverty or it can be said that the area expansion potentially leads to impoverishment. The issuance of various Area Regulations (Regulation) oriented to the increased PAD has burdened the society and at the broader level, it has led to high cost economy.

Implications of area expansion against the central government among others:

1. In the institutional aspects of the central government, the implication is the addition of vertical institutions in the area.
2. In the aspect of authority, the central government in charge of the Central Government and the technical departments should prepare everything related to the submission of such authority.
3. In the aspect of financial relationships with the central government, the implication is the addition of financial allocation/budget to finance the regional administration in the form of DAU and DAK.<sup>4</sup>

The impact of the division of the province and regency/city is that many new districts and villages/new villages are formed. The goal for government services to the public can be more effective and efficient, and it is expected to accelerate the implementation of the development. Therefore, in addition to reforming and improving the quality of human resources, the government also needs to prioritize the distribution of development up to the remote areas.

Changes in the welfare that have implications for the services at the public level, social life, and security and order of areas are as follows:

1. The Public service to the community

Public services for the community are one of the reasons for regional expansion, with the expectation that the community will be easier to get public services. Another reason is the independence of the division of financial management can facilitate the process of regional development. The success of the development is reflected in the construction of economic growth that is increasing and the availability of public services will be more complete and easily accessible.

2. Social and Community Life

The process of regional development is the result of interaction between the governments through the apparatus with the community. The development activities run based on the regulations set by the local government. Community participation in planning the development activities becomes the set point in the running of development processes so that the development targets will be perceived by the public. The expansion that has happened has provided a greater opportunity for the community to be involved in proposing development activities. The undertaken regional development is affected by the scope of the agency relationship in local government and the construction going on around the region.

3. Security and Order

As one of the factors that influence the development process, security and order conditions will support an increase in the rate of economic growth. Regional expansion requires ensuring security and



order conditions in order that the development activities can be run as local planning. Post- expansion areas, people consider that security and order conditions and the condition of inter-group relations changes better. Barriers often perceived by the public are often beyond the control of the government so that the role of the government through regulation and the critical apparatus are needed to ensure business activities. With the expansion it is expected to create a system of government service that is effective and efficient in supporting community economic activity.

Regional expansion is as well as efforts to improve the welfare of society while referring to the economic growth by taking into account the carrying capacity of the region in terms of the community service aspects, aspects of governance, socio-economic aspects, and aspects of the potential of existing areas.

Regional expansion gives a positive impact on the progress of the society, especially the people who are in the hinterland such as:

1. to further improve and bring services to the community effectively and efficiently.
2. to accelerate society's economic growth.
3. to speed up the process of development implementation in all spheres of life.
4. to accelerate the management of natural resources.
5. to improve the security and order .
6. to further improve the harmonious relations between the village, the district, and the county government.

In addition to the positive effects, there are also negative impacts on regional expansion:

1. Different local conditions make the developed potential has less good future prospects
2. Lack of experts to contribute in areas that have not been established.
3. The rise of discrimination of the area that is judged in the social community.

Based on the above description, it can be analyzed that the regional expansion gives a good implications for regional growth although it does not show significant changes. The area development is assessed better at the level of public services, social life, and security and regional orderliness. This is demonstrated by the efforts of local authorities to improve services to the society post- expansion. But there are still negative effects felt by some communities and local government is expected to overcome this in order to achieve the increased prosperity, service, and competitiveness of regions corresponding to the initial goal of regional expansion.

#### **4. CLOSURE**

##### **1. Conclusion**

Regional expansion gives good implications for regional growth although it does not show significant changes. The development of the area is assessed good at the level of public services, social life, and security and regional orderliness. This is demonstrated by the efforts of local authorities to improve services to the society post-expansion. But there are still negative effects felt by most people, and the Government is expected to overcome this in order to achieve the increased prosperity, service, and competitiveness of regions corresponding to the initial goal of regional expansion.

##### **2. Suggestions**

Based on the research and discussion, the author would like to express the following suggestions:

1. The government should maintain a moratorium on area expansion to control and oversee the process by changing the policy framework and set of alternative measures to provide services to infortune areas.
2. Local Governmentsshould promote and encourage people to participate actively in the development of their regions.
3. The communities should participate in the development in all fields in order to remain a district.



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