

CHAPTER I

INTRODUCTION

A. Background

Law Number 32 of 2004 concerning Regional Government, regional autonomy is the right, authority, and obligation of a region to regulate and manage its household by the prevailing laws and regulations. Local autonomy shows that the central government gives regions autonomous rights to handle and manage their interests. Regional autonomy came into effect at the end of the New Order era (Rusmana, 2011). The implementation of regional autonomy has entered a new era after the government and the DPR agreed to pass Law Number 32 of 2004 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central and Regional Government. These two regional autonomy laws are revisions to Law Number 22 and Number 25 of 1999 (Suartana, 2013).

Aceh Province has the privilege of being a special autonomous region in this Law it is called the Special Autonomy for the Province of the Special Region of Aceh as the Province of Nanggroe Aceh Darussalam". This law principally regulates the governmental authority in the Province of the Special Region of Aceh, which is the specialty of the regional government authority, apart from those stipulated in Law Number 22 of 1999 concerning Regional Government and Law Number 25 1999 concerning Financial Balance between Governments Central and Regional.

Regional autonomy aims to increase human resources and increase the income needed for the region to achieve regional autonomy. According to Law no. 33 of 2004, the region's income is collected based on local regulations by statutory regulations. The purpose of the Regional Original Income is to give the local government authority to finance the potential regional implementation by the regional potential itself as a form of decentralization. The source of the original regional income of the Province of Nanggroe Aceh Darussalam, as referred to in article 4 paragraph (1) letter, consists of:

- a. Local Tax
- b. Regional Retribution
- c. Zakat
- d. Proceeds from regionally owned companies and results from the management of other regional assets which are separated, and
- e. Other legitimate regional income.

Aceh province has a lot of natural resources and needs special attention to increase its local income (ROI). Aceh province can be called a region that started from the beginning of its development. Because of 26 December 2004, Aceh was hit by a natural disaster, namely a tsunami that almost destroys the Aceh part. Therefore, Aceh's development is currently very far away and is nearly the same as other provinces in infrastructure. With the Aceh region's progress in its region's management, it will undoubtedly impact its citizens and an increase in ROI itself.

Tabel 1.1. Aceh Regional Original Income 2017-2019

Regional	2017	2018	2019
Simeulue	44,26	47,76	64.80
Aceh Singkil	49,6	55,23	58.84
Aceh Selatan	118,29	165,86	168.32
Aceh Tenggara	74,18	73,91	98.32
Aceh Timur	113,56	178,91	195.25
Aceh Tengah	156,82	183,06	97.13
Aceh Barat	149,23	164,14	153.79
Aceh Besar	113,7	132,42	134.39
Pidie	307,69	327,64	243.37
Bireuen	191,42	200,17	140.12
Aceh Utara	237,21	358,76	304.04
Aceh Barat Daya	83,36	89,17	88.28
Gayo Lues	46,97	54,43	69.06
Aceh Tamiang	128,49	141,82	139.02
Nagan Raya	100,33	119,43	87.61
Aceh Jaya	58,6	55,92	81.38
Bener Meriah	98,07	106,27	92.64
Pidie jaya	49,33	70,34	60.05
Banda Aceh	240,44	294,41	235.12
Sabang	48,89	46,61	54.29
Langsa	124,09	125,63	120.46
Lhokseumawe	124,09	66,52	76.17
Subulussalam	69,7	57,42	51.81
Total	2 728,33	311583	2814.26

Source: BPS, Aceh Province

In various years from 2017-2019, the table above shows that the value of Aceh province's original income in 2017-2019 has fluctuated. The highest regional original income occurred in the North Aceh area in 2018, with an income value of Rp. 358.7 (billion Rupiah), while the smallest local original income occurred in the Sabang area in 2018, with an income value of Rp. 46, 6 (billion rupiahs). Aceh Provincial Economic Report 2019 in general, the realization of the APBD in Aceh Province in 2019 decreased compared to 2018. In the third quarter of 2019, the realization of income towards the APBD ceiling in Aceh Province decreased compared to the same period in the previous year. The decline in income realization originated primarily from the lower

realization of Regional Original Income (ROI) and Central Government Transfers. Likewise, the level of expenditure realization against the APBD ceiling has decreased compared to the same period in the previous year. The decrease in realized APBD expenditure was mainly driven by decreased personnel expenditure, social assistance spending, capital expenditure, unexpected spending, and transfers (Bank Indonesia 2019).

And from the results of the table above, the government has a considerable role in the increase or decrease in ROI that occurs. Many sectors may need rejuvenation or need to be updated to increase ROI because if ROI decreases, it means that many sectors are starting to be neglected or well managed, or the desire to shop decreases. The Aceh region is a mining income area consisting of mineral, coal, geothermal, forestry, agriculture, fishery, and marine mining, which is implemented by applying transparency and sustainable development principles. The Aceh region has abundant tourism sectors. In developing the region to be better, the tourism sector is one of the sectors that has become a benchmark and plays an important role in development.

The most dominant tourism in Aceh is the beaches in almost all districts/cities for excellent beach management, and unique to visit, but not only beautiful beaches and nice islands, but some mountains and highlands are wonderful to enjoy. The number of tourists who come is very influential in increasing local income and from the tourism sector, indicating that it plays an important role in receiving Regional Original Income. Regions that have abundant tourism and are well managed and developed can affect both the

region and the national level to increase local income from various sides such as environmental, social, cultural, and economical. Thus, these sectors can be developed and explored, and conserved to increase and become a source of Regional Original Income (ROI) and help the surrounding environment be more developed and developing.

Table 1.2 Number of Tourism in Aceh Regency in 2017-2019

Regency	2017	2018	2019
Simeulue	48 068	53 429	47 833
Aceh Singkil	42 046	80 328	95 309
Aceh Selatan	20 580	21 358	22 473
Aceh Tenggara	20 865	22 838	21 388
Aceh Timur	14 418	15 952	15 941
Aceh Tengah	38 669	71 762	52 946
Aceh Barat	37 849	36 853	52 265
Aceh Besar	574 079	527 207	500 476
Pidie	18 619	18 075	16 493
Bireuen	19 724	28 941	66 178
Aceh Utara	124 565	184 486	173 469
Aceh Barat Daya	18 095	15 135	14 544
Gayo Lues	6 945	11 384	17 383
Aceh Tamiang	7 723	7 860	10 250
Nagan Raya	5 151	1 886	1 327
Aceh Jaya	5 770	15 985	23 850
Bener Meriah	147 527	62 526	70 928
Pidie Jaya	2 035	1 826	2 127
Banda Aceh	272 194	372 503	482 322
Sabang	736 275	709 506	589 244
Langsa	24 352	29 190	32 850
Lhokseumawe	60 006	60 366	140 751
Subulussalam	43 070	42 572	79 532
Total	2 288 625	2.391.968	2.356.410

Source: BPS, Aceh Province

From the table above, it is explained that the number of tourism fluctuated in 2017-2019; districts/cities that have experienced a significant increase are Aceh Singkil, West Aceh, Bireun, Banda Aceh, and Lhokseumawe and the ones that experienced the most decline were Central Aceh and Sabang. From the data above, it is evident that the tourism sector's condition is experiencing a

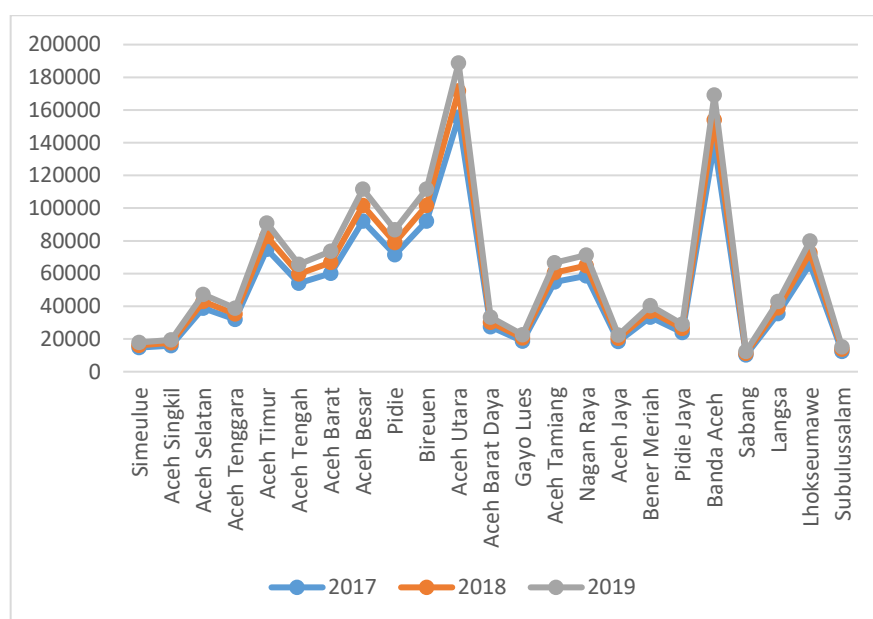
fluctuating graph, and it is not healthy for the economic conditions of the Aceh region. In this case, the local government must focus more on the tourism sector to increase local income (ROI), and the government must further increase promotion in various tourism places and make regional youth movements to care about tourism because tourism is well built and appropriately managed. Wisely it will improve the Acehese economy, and the government will also get an increase in ROI to support regional development.

Tourism is a leading sector capable of driving the world economy. 1 in 10 jobs in the world is in the tourism and travel sector, according to the World Tourism and Travel Council (WTTC, 2018). Tourism is one of the priority sectors established by the Government of the Republic of Indonesia. However, development and development in tourism are currently needed to build amenities, access, and attractions to attract tourists.

The tourism sector is a sector that can be developed as a source of regional income and an effort to increase local income (ROI). Tourism is seen as an activity that has multi-dimensions from a series of development processes. In terms of the economy, tourism can increase local income, create jobs for ready-to-work workers, and stabilize the local economy. Through tourism, the community's economic situation will increase, which will undoubtedly stabilize their local economic conditions (Yunita, 2019).

A country or region must have its income, usually coming from the transaction processes they carry out in it. It can also be called an economic indicator. This economic indicator can be used to see the economic growth rate,

which ranges from national to regional levels. This indicator is the Gross Regional Domestic Product (GRDP), which can be interpreted as the sum of the gross added value of all economic activity units operating in a particular region or region and within a certain period, usually one year. When the GRDP has increased, the original regional income will increase because it becomes a benchmark for community income and local income.



Source: BPS, Aceh Province

figure 1.1. Gross Regional Domestic Product (GRDP) at constant prices according to Aceh Regency / Province 2017-2019

The table above explains that the value of the Gross Regional Domestic Product (GRDP) from 2017-2019 continues to increase every year. Using the GRDP approach calculation describes changes in GRDP in volume or quantity, without any changes in prices. GRDP, according to the business field, means that GRDP is seen using the production approach. This

explanation explains that GRDP is calculated from the sum of the added value of goods and services produced by various production units in a specific area within a certain period.

In terms of developing a region or economic growth in a country, it can be seen from the country's level of GDP concerned. Likewise, in measuring the welfare of the community. GRDP growth serves to see the economic growth of a region or country (Juliansyah, 2018).

Tabel 1.3 Gross Enrollment Rasio for 2017-2019

Regency	2017	2018	2019
Kab. Aceh Besar	10,948	11,433	11,762
Kab. Pidie	14,185	13,671	14,001
Kab. Aceh Utara	21,937	22,644	25,021
Kab. Aceh Timur	13,111	13,847	14,608
Kab. Aceh Tengah	7,313	7,009	7,056
Kab. Aceh Barat	7,9	7,805	8,707
Kab. Aceh Selatan	9,07	9,301	9,547
Kab. Aceh Tenggara	10,335	10,337	11,122
Kab. Simeulue	4,74	4,771	5,11
Kab. Bireuen	15,121	15,051	16,035
Kab. Aceh Singkil	5,212	5,527	6,17
Kab. Aceh Tamiang	11,607	12,131	12,847
Kab. Nagan Raya	5,739	5,862	5,897
Kab. Aceh Jaya	3,16	3,304	3,553
Kab. Aceh Barat Daya	6,321	6,13	6,2
Kab. Gayo Lues	3,591	3,289	3,263
Kab. Bener Meriah	4,907	4,872	4,897
Kab. Pidie Jaya	4,723	4,604	4,69
Kota Sabang	1,35	1,471	1,569
Kota Banda Aceh	13,968	13,916	14,427
Kota Lhokseumawe	9,5	9,491	9,033
Kota Langsa	8,241	8,186	8,473
Kota Subulussalam	4,793	5,024	5,358
Aceh	197,772	199,676	209,346

Source: BPS, Aceh Province

From the table data above, it can be seen that the Gross Enrollment Ratio (GER) value at MA has increased from 2017-2019 with a total of 11,574 with an increase in the gross enrollment rate of education is a factor that affects the output of a region. A large population, especially those of productive age, will increase the available workforce. Many workers, accompanied by an adequate education, will spur high ROI (Regional Original Income) (Muhtarom, 2016).

A good education will make human resources better; the government must do more extra work to no more unskilled labor or uneducated labor. Uneducated labor is manual labor that only relies on human resources. For example, coolies, transport workers, domestic helpers, and so on. The high number of unskilled labor indicates that the quality of labor in an area is still low. The existence of advanced education will make this nation more advanced and think of increasingly educated people.

In the education sector like this, the education office must better manage student interest. It must be fixed or changed in education, which destroys children's creativity because the wrong education will make the Indonesian workforce unable to be creative in their field.

Therefore, the researcher is interested in researching the topic "The Analysis of Factors Affecting The Original Income of Aceh Province Year of 2017-2019".

B. Limitation of Research

In order for this research not to deviate from other and more detailed subjects, the researcher's problem is limited to the effect of the number of tourist

visits, GRDP, and education GER on the local income of each district in Aceh. In addition, there are several differences between this study and previous research, namely:

1. The research time used in this study ranged from 2017 to 2019.
2. The research object was taken by Aceh Province and focused on 23 districts.
3. This study is a combination of several previous studies on the same background and problem approach.
4. This study uses panel data for methodological testing or regression testing.

C. Formulation of Problem

Based on the background description above, the following problem formulations will be proposed in this study:

1. How does the amount of tourism affect the original local income in Aceh?
2. How does the GRDP affect the Original Regional Income in Aceh?
3. How does the GER for education affect the Original Regional Income in Aceh?

D. Research Objective

Based on the problem formulation that has been described above, the objectives of this study are:

1. Analyze the effect of the number of tourists on local income (ROI) in Aceh district.
2. Analyzing the effect of Gross Regional Domestic Product (GRDP) on Regional Original Income (ROI) in Aceh District.

3. Analyze the effect of the education GER on Regional Original Income (ROI) in Aceh District.

E. Research Benefit

1. For the author, this research can significantly increase knowledge and insight into what factors affect the Regional Original Income (ROI) in Aceh Regency and can learn and be able to apply my research to help my underdeveloped area, namely Aceh Singkil, and can get a bachelor's degree from Faculty of Economics, Universitas Muhammadiyah Yogyakarta.
2. For readers, this research can be useful to find out the factors that affect Local Own Income such as the number of tourists, GRDP (Gross Regional Domestic Product), and the GER for education in Aceh and to add insight and knowledge about Regional Original Income in Aceh and can be of help areas that are still left behind.
3. For the government, this research can be useful and contribute thoughts or ideas to formulate policies and decisions for development expected to increase Regional Original Income in Aceh. That will make Aceh Province not left behind other provinces in Indonesia.

