

ABSTRACT

The fiscal decentralization that has been running in Indonesia since 2001 is expected to provide a new perspective for the face of government in Indonesia. Services that are closer to the community are absolutely necessary for the government to do. At the same time, the existence of politicians in smaller government spheres gives rise to the characteristics of politicians who are assumed to have a negative influence on the performance of the provision of public goods. Public Sector Efficiency is a point of view to see how the government can manage its finances as measured by the public services provided to the community. Furthermore, this study aims to see the effect of the nature of politicians who have relatives serving in government or can be called political dynasties compared to non-dynasty political politicians on Public Sector Efficiency. By using two-stage DEA analysis, this study found efficiency values in the first stage. Furthermore, this study finds an ambiguous effect of the nature of politicians on Public Sector Efficiency, in which the nature of politicians does not affect Public Sector Efficiency. Meanwhile, the government's capacity which is proxied through the Level of Regional Independence, and Total Factor Productivity has a positive influence on Public Sector Efficiency.

Keywords : Public Sector Efficiency, Level of Regional Independence, Total Factor Productivity, Political Dynasty, Two-Stage DEA Analysis, Single Bootstrap Truncated Regression.