

ABSTRACT

This research Purpose is to analyze indicator objectively and representatively (as a composite from public performance indicator) to measure performance and efficiency on the public sector in this problem Local Government at the Indonesian's Province. And analyze relative production efficiency in each province with Data Envelopment Analysis (DEA) Approach. This research conducted in 33 Province in Indonesia using Time Series Data and Cross Section Data. Time Series Data cover from 2001 up to 2008 for Performance Indicator in Public Sector. Measurement on 2001 up to 2008 intended for comparison with the Performance in Public Sector, was it increasing or decreasing as a bigger expenditure from government.

The result that I obtained using Public Sector Performance (PSP) analysis and Public Sector Efficiency (PSE) analysis showed that the average performance in Public Sector in 2008 within 33 Province in Indonesia is decreasing compared with 2001, whilst average efficiency in Public Sector is increasing compared with 2001. This showed there is an indication Fiscal Decentralization in Indonesia is not directly impact on performance enhancement within Public Sector.

This analysis as a whole cannot concomitant with a Fiscal Federalism expert opinion that stated, the main impact of Fiscal Decentralization is increasing in performances and efficiencies within Public Sector. With DEA Approach it is known that not every Province with big proportion of government expenses could result in high scores of performances and efficiencies in Public Sector also.

Keyword: Public Sector Performance, Public Sector Efficiency, Data Envelopment Analysis