AN EXPLORATION LOCAL WISDOM PRIORITY IN PUBLIC BUDGETING PROCESS OF LOCAL GOVERNMENT
Case Study in East Java

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Abstract: In Indonesia the presence of indigenous values can not be separated from the culture that embraced elements of Indonesian society. Not surprisingly, the values of local wisdom in every area not just to maintain a harmonious relationship between man and man and the environment but also can be a source of local community life when the sustainability of local knowledge is well maintained. Therefore, the values of local knowledge should be considered in the public budgeting process, as any public policy will be aligned with efforts to improve the welfare of local communities in the future. With empowerment the concept of local wisdom, is expected to realize revenue sustainability in improving local revenues so that local government can achieve optimal decentralization.This study aims to determine the priorities of local wisdom in public policy related to the public budgeting process. Therefore, this study uses AHP method that is often used in decision-making process. These results indicate that local knowledge is not a priority but rather an increase in the public service as a priority in the budget making process. It also indicate that humans as decision makers tend to be more focused on material aspects and become more selfish to the exclusion of altruistic attitudes and nearly losing their cultural identity due to excessive exploitation of the natural of life in order going to modern-capitalist world. Local governments need to give adequate attention to building relationships between policy and budgeting purposes and to ensure that these goals are a priority in budgetary policy appropriately funded. Decision making in the public budgeting process should be carried out by the principle of generating and allocating resources according to priority development needs. However, local governments are often unaware and unable to take advantage of local wisdom to generate a sustainable income for their region.

Keywords: Local Wisdom, Values, Public Budget, Sustainability, Priority

INTRODUCTION

"Region could have millions of natural wealth, but not necessarily its people prosper if its leaders are not able to utilize this local potential."
(Yustiningsih, 2012)

Today, people always want an instant, tend to explore natural resources in a exploitative way and forget the long-term aspects which much more useful for their life. Today people tend to be oriented on the money, on those aspects that are material, but it all will not necessarily bring happiness. On the other hand immaterial aspects are being abandoned, whereas immaterial aspects are the essence of human needs. Culture and local knowledge which is immaterial and being part of life have greatly influence the attitudes and behavior most of the people of Indonesia. Various forms of local knowledge has become Indonesia's society since the ancestor known civilization. There are social values in public life that make up local knowledge and has become part of everyday life, for example, cooperation, mutual kinship, deliberation and consensus, tolerance, including the values of managing natural resources as regional assets. Much of the local knowledge as a product of past cultures used in a sustainable way and embedded in Indonesian society. Local knowledge consist of local values but intangible values embodied in it are universal values. It exists in various aspects of life that we often encounter in everyday life (Wiana, 2009).

Human saturation of the global ideological causes people try to rediscover the natural uniqueness. In the context of culture, people return to the past. People began to look for values that are meaningful and original regions. Local values are often called by local wisdoms. Local knowledge as a way of life, may emerge as the fight against global ideology that cause global destructions. Individuals or communities attempting to rediscover his identity in the existing local values . So many people have been looking for icons locality. In

the other side capitalist ideology is more concerned with profits rather than maintaining the balance of nature and has led to the destruction of nature that uncontrolled. This humanitarian crisis that gave birth to saturation and raises certain distrust of global ideology (Mulyana, 2010).

The presence of local wisdom can not be separated from religious values in the Indonesian community. Not surprisingly, the values of local wisdom done not only to maintain a harmonious relationship between humans and humans with their surroundings, but also a form of human devotion to the God. Local knowledge drives people in groups and forming an entity as a local community (Sartini, 2004). Local people have been able to prove themselves that they can survive with existing local systems and local resources. The principles of customs and traditions that developed in the local community that is multidimensional has been integrated in the system of religion, social structure, law and public institutions or agencies concerned.

The concept of local wisdom is one of the breakthroughs in which society has an important role to participate in the construct and pay attention to government policies and the sustainability of natural and cultural environment (Solihin, 2010). It also shows that the position of humans in the form of community participation is very important and strategic. Humans become the key of changes in its environment because of humans and their behavior can affect the survival of all existing creatures. However, through human behavior toward environment determined that there is actually a balancing reciprocal relationship between humans and their environment. A balanced relationship between the two aspect will be able to live harmoniously and become a commitment that requires all who are part of the environment do not damage each other. Actually human beings and their environment is a perfect illustration of systematic life (Ridwan, 2007).

Attendance Law. 22 of 1999 on regional administration that was replaced by Law no. 32 of 2004 brought a change of government system in Indonesia from centralized to decentralized systems. So the government has the opportunity to create sustainable development by revitalizing existing local wisdom. This is because the gates is opened for community participation in formulating a draft public policy to oversee the implementation of sustainable development (Solihin, 2010). One of the principles of community participation in the budgeting process it is possible that indigenous peoples should be regarded as an important actor in each of the policy that had been taken by the government included in the budget policy. Local wisdom which represent the character of each area can stimulate local economic development and reduce economic disparities among regions. One strategy to enhance the social development aspect is strengthen communities through community empowerment. Community is given the optimal role as subjects of development, because society has its own local knowledge to strengthen the potential and develop it. Ready or not, the local government must prepare. This requires the optimization of existing social capital that supported by local wisdom. Therefore, government policies in the budget process that implemented by local government officials should consider the elements of local knowledge as one aspect that can support the realization of sustainable development in each region. Where the policy includes the infrastructure development, implementation of training and educational activities, provision of grants and social assistance, targeting local revenue, and poverty alleviation.

Surely in the budget process many factors to be considered by the government to be priority in reaching their intended target. There are several factors that become major issues and challenges that must be solved and facing by local governments, such as efforts to overcome poverty, efforts to increase access and quality of education, efforts to improve the quality of public services, efforts to improve the performance and welfare of employees

country, as well as efforts to strengthen decentralization at which point the policy in financial management focused on local government revenues, expenditures and local financing. Also in carrying out local government functions in the field of social welfare and public in order to maintain a certain scale, local governments can provide social assistance to groups/community members who carried out selectively. Provision of social assistance should be based on clear criteria relating to the principles of fairness, transparency and prioritize the public interest. In addition the points that require attention in the budgeting process of local government is determination of local revenue target so the government should pay attention to the wealth that exist locally (Minister of Home Affairs Regulation No. 25 of 2009).

Siswandi (2003) states that the emergence of discussion about the importance of local wisdom in creating sustainable development, from academics to politicians, because of the high level of individual consciousness of the world community to the importance of sustainable development and reform in all fields which are able to maintain sustainability and environmental protection. Both of social life and local community are closely associated with the government formulation of public policies and improvement of public services. Local knowledge developed by indigenous peoples are considered able to bridge between the demands of development while creating a healthy environment conditions (Solihin, 2010). Through sustainable living strategy based locally, that is not possible to achieve the target of social welfare in each region. Soerjani (2005) states that by exploring and developing local wisdom, poverty and other problems that is faced by local governments not only can reduce (eliminate) but also can be avoided (Pattinama, 2009). The main function of the local wisdom is to create a balance between the preservation of social resources, culture and nature. Local residents in Indonesia have shown his ability to survive by preserving natural resources and local traditions. This is the reason why the concept of local wisdom was very important in everyday life of nation (Mulyana, 2010).

AHP (Analitical Hierarchy Process) used in this study, which can help establish a frame of mind in the decision making process. Source of complexity in decision-making is not only about uncertainty or imperfection of information, but other factors that influence the choices that exist, a variety of criteria, selection and decision making can be more than one option. During its development, the AHP not only used to determine the priority of choice with many criteria, but its application is more widely as an alternative model for solving various problems (Latifah, 2005). Supriyono et al (2007) mentions that the concept of AHP method is to transform qualitative values into quantitative values, so that decisions can be made more objective. In this study, the AHP method is applied to some policies related to the budget process, particularly in terms of infrastructure development, the implementation of educational activities and training for both employees and the community, making grants and social assistance, targeting local income and poverty reduction.

Based on the above idea, the research problem is whether in the budgeting process related to infrastructure development policy, the implementation of training and education, provision of grants and social assistance, targeting local income, and poverty alleviation, local governments prioritize local wisdom values? While the purpose of this study was to determine the priority of of local wisdom consideration in the budgeting process, particularly in infrastructure development policies, implementing training and educational activities, provision of grants and social assistance, targeting local income and alleviating poverty. The the contributions that has been expected of this research are the results can be input in decision making for local government officials in formulating public policies related to the budgeting process and this study is also expected can be useful in the development of science,

related to government's basic policy-making process in term of budget revenues and expenditures.

LITERATURE REVIEW
Local Wisdom:Local Intellectual as The Way of Life

Local wisdom refers to the knowledge that comes from the community's experiences and the accumulation of local knowledge. Local wisdom is found in societies, communities, and individuals. Phongphit and Nantasuwan (2002) have described local wisdom as knowledge based on the experiences of people that is handed down over the generations, sometimes by those who may be seen as village philosophers. This knowledge is used as a guideline for people's daily activities in relations with their families, their neighbors, and other people in the village and with their surroundings (Kongprasertamorn, 2007). The central idea, Phongphit   and Nantasuwan (2002) argue, is that villagers must respect their ancestors, spiritual practices, and nature. They conclude that the characteristics of local wisdom can be explained as follows: (1) local wisdom must incorporate knowledge of virtue that teaches people about ethics and moral values; (2) local wisdom must teach people to love nature, not to destroy it; and (3) local wisdom must come from the older members of the community. They also explain that local wisdom is presented in many forms, through people's thoughts, occupations, ways of living, and social values. The problem is that local wisdom usually is not officially published and promoted. As a consequence, it is difficult for the public to learn about and use this kind of knowledge (Kongprasertamorn, 2007).

According to (Salam, 2007) local knowledge is a set of values and knowledge are maintained in exclusive by groups of certain local communities, which was initially attributed to the ways of understanding society and social practices associated with nature and the environment. Gobyah said that local knowledge (local genius) is a truth that has become a tradition or stable in a region. Local knowledge is a blend of the sacred values of the God and the existing various values. Local wisdom is formed as a local culture that are the hallmarks of geographic conditions in the broad sense. Local knowledge is a cultural product of the past which must continue to be used as a handle on life. Although local wisdom said about local value but the value contained in it is considered very universal (Sartini, 2004). According Sirtha, forms of local wisdom in society can be: values, norms, ethics, beliefs, customs, customary law, and special rules (Sartini, 2004). Because the diverse and he is living in a multicultural society, its functions become mixed (Sartini, 2004) such as:

1. Conservation and preservation of natural resources function
2. Human resource development function
3. Development of culture and science function
4. As an advice, literature and belief
5. Social meaning function
6. Meaningful ethics and morals function
7. Political functions

Local wisdom describes the way people behave and act in response to changes in the scope of the physical environment and distinctive culture. Local knowledge is the result of a dialectical process between the individual and the environment. Local knowledge is an individual response to environmental conditions. At the individual level, local wisdom emerged as a result of individual cognitive work processes in an attempt to set the values that are considered as the most appropriate choice for them. At the group level, local knowledge is an attempt to find common values as a result of relationship patterns (arrangements) which have been set in an environment (Ridwan, 2007). Local knowledge is explicit knowledge that comes from past periods and grow together with the community and the environment in the

local systems that have experienced together. Very long evolutionary process and is embedded in society can make local knowledge as a source of potential energy of the system of collective knowledge of people to live together in a dynamic environment and peace. Understanding local knowledge is not only seen as a reference person's behavior, but further which can make people's lives better manners and more dynamic. Substantially, local knowledge is the values prevailing in society. The values are believed to be a reference in truth and action by local people everyday life (Ridwan, 2007).

Public Budgeting Process: It's Not Merely about Collect and Allocating

The state budget is an expression of the values of our society. There are always more demands for programs and services than possible with the dollars budgeted. The budget is a plan or contract for how the Government will collect and spend the people's money. It explains how money will be collected from the public and allocated to different levels and components of Government, and according to different priorities. The Government's income is commonly referred to as revenue.

Public budget, serving as a reflection of the collective public interest and as a legal constraint on government spending, is the most effective tool in ensuring good governance and public interest (Schaeffer and Yilmaz, 2008). Public budget played a subsidiary role to the planned economy. Public finance is a political system by which a society decides the kind and level of resources that should be collected, the kind and level of public goods and services that should be provided, and ensures that the resources are used as intended. The outcome of this decision process is the government budget. The budget is the single most important policy vehicle for government. It is an instrument that reflects government priorities and citizens' preferences. One of the most fundamental principles of public finance is the separation of the ownership of, decision-making on, and the management of public funds. (Shulian and Jun, 2012).

It is the local government's budget that determines what public priorities will be addressed each year and how public funds will be generated and who will pay. According to Huddleston (2005) most often, the local government budget reflects the overall health of the local economy and is the place where public scrutiny is focused (Schaeffer and Yilmaz, 2008). Headlines announcing local tax rates for the upcoming year or deteriorating conditions of local public infrastructure or services (as examples) often receive special attention in local newspapers (Schaeffer and Yilmaz, 2008).

According to Rubin (1997) budgeting does not have a theory in the classical sense of providing an orientation to the field, stating assumptions and pointing to some hypotheses about what causes what. Budget theory "is fragmented and incomplete because it is in the process of being "invented" (Schaeffer and Yilmaz, 2008). Gildenhuys (1997) says budgeting takes place within a political arena and the outcome is a political document through which money is appropriated according to value judgments by decision makers to reflect the community's values, preferences and priorities (Schaeffer and Yilmaz, 2008). In order to understand the budgeting process it is necessary to understand the accompanying processes of policy and planning. Studying budgeting entails identifying coalitions, understanding the distribution of roles among various stakeholders and the incentive structures to which they respond, and predicting outcomes to be expected in terms of amounts requested and received. A local municipal budget is not just a statement of government finances but is the link between the mobilization of funds and attainment of government goals and objectives. A government, both central and local, should have specific policies, plans and programs to achieve its long-term goals. Although developing broad goals could be part of a separate strategic planning process, financing for the achievement of these goals comes from

the budget. As a result, local governments need to give adequate attention towards establishing linkages between policy objectives and budgeting exercise and ensuring that those high priority policy objectives are appropriately funded. The budget should be the centerpiece of a thoughtful, ongoing, decision-making process for allocating resources and setting priorities and direction (Schaeffer and Yilmaz, 2008).

Policy in the areas of financial governance is focused on local government revenue, expenditure and financing areas. In carrying out the functions of local government in the field of social welfare and public as well in order to maintain a certain scale, the local government can provide social assistance to community members who performed selectively. Provision of social assistance should be based on clear criteria relating to the principles of fairness, transparency and prioritize the public interest. District/city governments are required to be able to allocate financial aid to the village in order to support the functions of government and rural development for the acceleration of the village. To support this policy, local governments need to take steps, one of which is to improve the allocation of the budget can be efficiently and selectively by giving special attention to the economic empowerment of the people and accelerate the development of infrastructure that can support the regional economy, particularly the real sector (Regulation of the Minister of Home Affairs No. 25 of 2009).

Regulation of the Minister of Home Affairs No. 25 of 2009 stated that the policy points of the budget process requires attention of the local government budgets related to income. In planning the revenue target the government must take into account the current economic issues which will impact on economic growth and low purchasing power and therefore contributes to an decreasing in revenue at their respective territories. In an effort to improve the economy in general, that the government should not establish policies that burden the business world and society, then they must provide incentives to attract or provide a stimulus to economic activity tends to be stable or increasing. In setting target revenues from wealth management area must be done rationally by considering the value of assets in the area. In addition to increased revenue, local governments can take advantage of the wealth or assets of the region who are unemployed by way of cooperation with third parties without prejudice to the impact on the environment.

One strategy to improve aspects of social development is through community empowerment. The community has an optimal role as subjects or actors of regional development, because they have local knowledge to strengthen the potential for the development and implementation of sustainable development in the era of decentralization. Decentralization occurs when local governments have the authority to formulate appropriate policies to local needs. Where local people put themselves in particular as the subject of development and has its own authority to make a model of partnership networks and able to manage local earnings. But the consequences of this policy is very broad, both about how to prepare human resources, infrastructure and infrastructure facilities, as well as utilizing the natural resources that have not been optimally treated based on local wisdom (Muttaqin, 2010).

Decentralization play a major role in determining the development outcomes in Indonesia where local governments are at the core of the decentralization strategy. Over the last eight years Indonesia has undergone a transformation that has made it one of the most decentralized countries. District and urban has gained considerable authority in the major domains of development, such as local health and education services, and infrastructure development. Indonesia toward decentralization was originally designed to preserve national unity and stability in times of crisis. However, it has now become a major feature of the national governance architecture. The challenge now is to make sure that decentralization

delivers on its development promises. It is also an urgent task: if decentralization fails to bring about positive development outcomes like public service improvement, educational development and poverty reduction, there is a risk of disenchantment once the system has outlived its short-term political uses (The World Bank, 2008).

RESEARCH METHOD

In general, the steps in this research is done through the following stages:
1. Constructing the questionnaire.
2. Distributing questionnaires to the respondents.
3. Data processing.
4. Determine the criteria and alternatives that will be used in the ranking.
5. Analyzing the data using Analytical Hierarchy Process (AHP) method
6. Constructing the conclusions of the research results.

Quantitative data used in this study obtained through respondents' answers from questionnaires to local government officials who are working in different units of work. This data is primary data which is obtained directly from the original source or the respondent (Indriantoro and Supomo, 2002). Types of questionnaires used in this study is a enclosed questionnaire. The AHP method is used in analyzing the data through the following steps:

1. Determine the criteria and alternatives that will be used in this study
   In this study AHP method applied in decision-making system to determine the order of priority of local knowledge aspects in the budget process. To know that every area of government policy on the budgeting process prioritize the aspects of local knowledge, this study assumed that there are several criteria that reflect a government policy related to the budgeting process. These criteria include:
   a. Infrastructure development (C1)
   b. Training and education both for employees and society (C2)
   c. The provision of grants and social assistance (C3)
   d. Determination of the local revenue target (C4)
   e. Poverty reduction (C5)

   Another assumption used is that local knowledge is considered in each criteria which consists of policies relating to the budget process. Therefore in this study there are several factors that are used as an alternative, both related and not related to the budgeting process. These alternatives include:
   a. Local knowledge (knowledge of individuals)
   b. Culture (tradition)
   c. Environment
   d. Ceiling budget (budget)
   e. Increased community service

2. Develop specified criteria in the form of pairs matrix
   Paired matrix of criteria that have been determined in this study are presented in Table 1. The step to fill in the pairs matrix elements which is used in this study are as follows:
   a. Element a [i, i] = 1 where i = 1,2,..., n. For this study a number of criteria (n) = 5.
   b. Upper triangular elements as input.
   c. Lower triangular matrix elements have the following formula a $[i, j] = \dfrac{1}{a[i,j]}$ for $i \neq j$.
3. Summing each column in the pairs matrix.

4. Determining the value of the criteria element column, according to following formula: each cell in the pairs matrix table divided with each of the number of columns in step 3.
5. Determining the value of the criteria priority in each row in the table of pairs matrix criteria, by dividing the number of rows with number of criteria.
6. Input the five alternative in the pairs matrix.
7. Summing each column of the alternatives pairs matrix.
8. Determine the alternative priority on each row by dividing the number of rows with number of alternative.
9. Test the consistency by calculating the value of Lamda Max, Consistency Index (CI), and Consistency Ratio (CR) and then last calculating the value of global priorities.

The structure of AHP model is illustrated in Figure 1.

Figure 1 Research Framework
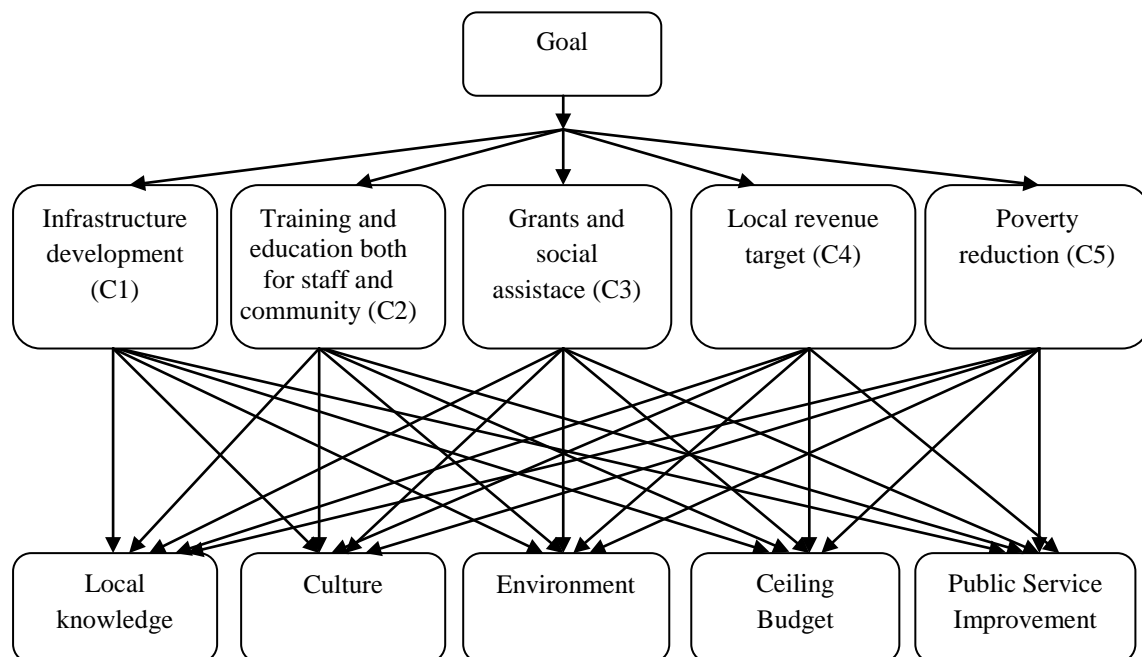
Source: Supriyono et al (2007)

Figure 1 shows the AHP research framework which consisting of composition alternative and criteria used in the decision-making process to determine the level of priority. There are five criteria and five alternatives used in this study.

RESULTS AND DISCUSSION

In accordance with the steps in the research methods, the next steps will address the actual input data.

Table 1 Input and Calculation Results for the Pairwise Matrix Criteria

	C1	C2	C3	C4	C5
C1	1	1,0721836	1,1514758	1,0770631	1,0065211
C2	0,9326761	1	1,0739539	1,0045510	0,9387582
C3	0,8684507	0,9311386	1	0,9353762	0,8741140
C4	0,9284507	0,9954696	1,0690886	1	0,9345052
C5	0,9935211	1,0652371	1,1440156	1,0700850	1
Column Numbers	4,7230986	5,0640290	5,4385339	5,0870752	4,7538985

The next step, divide each cell in table 1 with the number of each columns. The results are shown in Table 2.

Table 2 Value of Column Number Distribution Results

	C1	C2	C3	C4	C5	Row Number
C1	0,2117254	0,2117254	0,2117254	0,2117254	0,2117254	1,0586271
C2	0,1974712	0,1974712	0,1974712	0,1974712	0,1974712	0,9873561
C3	0,1838731	0,1838731	0,1838731	0,1838731	0,1838731	0,9193654
C4	0,1965766	0,1965766	0,1965766	0,1965766	0,1965766	0,9828830
C5	0,2103537	0,2103537	0,2103537	0,2103537	0,2103537	1,0517684

As for calculating the priority criteria, so the number of rows in table 2 divided by the number of criteria (5 criteria). The results are presented in Table 3.

Table 3 Priority Value of The Criteria

	Criteria Priority
C1	0,211725413
C2	0,197471223
C3	0,183873084
C4	0,196576609
C5	0,210353671

After calculating priority value of the criteria, the next step is to calculate the priorities value of each alternative. The priority value for each alternative presented in the table 4.1 to 4.5.

Table 4.1 The Priority Value of Alternatives for Infrastructure Development Criteria (C1)

	Local Knowledge	Culture	Environment	Budget	Public Service Improvement
Local Knowledge	1	0,77294686	0,510366826	0,357941834	0,247104247
Culture	1,29375	1	0,660287081	0,463087248	0,31969112
Environment	1,959375	1,514492754	1	0,701342282	0,484169884
Budget	2,79375	2,15942029	1,425837321	1	0,69034749
Public Service Improvement	4,046875	3,128019324	2,06539075	1,448545861	1
Total	11,09375	8,574879227	5,661881978	3,970917226	2,741312741

Table 4.2 The Priority Value of Alternatives for Training and Education Activities Both Employee and Community Criteria (C2)

	Local Knowledge	Culture	Environment	Budget	Public Service Improvement
Local Knowledge	1	2,045180723	1,385714286	0,879533679	0,654142582
Culture	0,488954	1	0,67755102	0,430051813	0,319845857
Environment	0,721649	1,475903614	1	0,634715026	0,472061657
Budget	1,136966	2,325301205	1,575510204	1	0,743737958
Public Service Improvement	1,528719	3,126506024	2,118367347	1,344559585	1
Total	4,876289	9,972891566	6,757142857	4,288860104	3,189788054

Table 4.3 The Priority Value of Alternatives for Grants and Social Assistance Criteria (C3)

	Local Knowledge	Culture	Environment	Budget	Public Service Improvement
Local Knowledge	1	0,883212	0,595082	0,548338369	0,350048216
Culture	1,132231	1	0,67377	0,620845921	0,396335583
Environment	1,680441	1,484185	1	0,921450151	0,588235294
Budget	1,823691	1,610706	1,085246	1	0,638379942
Public Service Improvement	2,856749	2,523114	1,7	1,566465257	1
Total	7,493113	6,618005	4,459016	4,108761329	2,62295082

Table 4.4 The Priority Value of Alternatives for Determining Target of Local Revenue Criteria (C4)

	Local Knowledge	Culture	Environment	Budget	Public Service Improvement
Local Knowledge	1	1,539877	0,738235	0,679296346	0,478551001
Culture	0,649402	1	0,479412	0,441136671	0,3107722
Environment	1,354582	2,08589	1	0,920162382	0,648236416
Budget	1,472112	2,266871	1,086765	1	0,704480458
Public Service Improvement	2,089641	3,217791	1,542647	1,419485792	1
Total	6,565737	10,11043	4,847059	4,460081191	3,142040038

Table 4.5 The Priority Value of Alternatives for Poverty Reduction Criteria (C5)

	Local Knowledge	Culture	Environment	Budget	Public Service Improvement
Local Knowledge	1	0,833333	0,769231	0,757341577	0,420600858
Culture	1,2	1	0,923077	0,908809892	0,50472103
Environment	1,3	1,083333	1	0,984544049	0,546781116
Budget	1,320408	1,10034	1,015699	1	0,555364807
Public Service Improvement	2,377551	1,981293	1,828885	1,800618238	1
Total	7,197959	5,998299	5,536892	5,451313756	3,027467811

Next, calculate the score of each alternative by dividing each cell in the table 4.5 by the number of columns in each table. Then the scores are added based on the criteria. The sum is divided by the number of criteria (5 criteria). Score for each alternative based on the criteria presented in Table 5.

Table 5 Scores for Each Alternative Based Criteria

	C1	C2	C3	C4	C5
Local Knowledge	0,090141	0,205074	0,133456	0,152306	0,138928
Culture	0,11662	0,100272	0,151103	0,098908	0,166714
Environment	0,17662	0,147992	0,224265	0,206311	0,180607
Budget	0,251831	0,233162	0,243382	0,224211	0,183442
Public Service Improvement	0,364789	0,3135	0,38125	0,318265	0,330309

Before calculating the global priority, next step is to calculate the level of consistency. In calculating the level of consistency, lamda value must be known before. Lamda value for each criteria in table 6 is the number of rows in the table 2.

Table 6 Lamda Value for Each Criterion

Criteria	Lamda Value
C1	1,0586271
C2	0,9873561
C3	0,9193654
C4	0,9828830
C5	1,0517684
Total	5,0000000

From Table 6 can be calculated the value of lamda max, CI (Consistency Index), and CR (Consistency Ratio) as follows:

- Lamda Max   =   Number of Total Lambda:Number of Criteria

                                    =   5:5

$$= \quad 1$$

- Calculating the CI (Consistency Index)

$$= \quad (1\text{-}5)\text{:}(n-1)$$
$$= \quad (1\text{-}5)\text{:}(5\text{-}1)$$
$$= \quad \text{-}1$$

- Calculating CR (Consistency Ratio)

$$= \quad \text{CI:RI}$$
$$= \quad \text{-}1\text{:}1,12$$
$$= \quad \text{-}0.892857$$

Where RI is the value derived from the tables of random index as in table 7 (Saaty, 1986 in Supriyono et al, 2007).

Table 7. Value RI (Random Index)

N	1	2	3	4	5	6	7	8	9	10
RC	0,00	0,00	0,58	0,90	1,12	1,24	1,32	1,41	1,45	1,49

Source: Saaty (1986) in Supriyono et al (2007)

If the CR value < 0,1 then there is consistency between the values in the matrix of criteria pairwise comparisons. If the CR≥ 0, 1 then the value of pairwise comparisons on a matrix criterion is not consistent. Therefore the value of CR in this study which amounted -0.892857 showed that the comparison value in the pairs matrix has a consistent value. According to Forman and Selly (2010) theory of the AHP does not require a perfect degree of consistency. AHP allows inconsistencies because AHP method uses judgments (views) of each decision maker. To achieve something that is consistent it is necessary to clear thinking. But clear thinking is determined by psychological and environmental factors facing the each person. Basically, the reality of the world which is God's creation is almost no one thing is perfectly consistent, and often we can take a valuable lesson from some of the inconsistencies that we have ever experienced.

The next step is to calculate the global priority of each alternative by multiply the matrix in table 5 with the matrix in table 3. The results of these calculations are presented in Table 8.

Table 8 Calculation Results of Each Alternative Priorities on Each Criteria

Criteria / Alternatife	C1	C2	C3	C4	C5
Local Knowledge	0,019085108	0,040496	0,024539	0,02994	0,029224
Culture	0,024691358	0,019801	0,027784	0,019443	0,035069
Environment	0,037394883	0,029224	0,041236	0,040556	0,037991
Budget	0,05331902	0,046043	0,044751	0,044075	0,038588
Public Service Improvement	0,077235045	0,061907	0,070102	0,062563	0,069482

The final step is to calculate a global priority by summing the rows of table 8, the results are shown in Table 9.

Table 9 Global Priority

Alternative	Global Priority	Rank of Priority
Local Knowledge	0,1432841	4
Culture	0,1267878	5
Environment	0,1864023	3
Budget	0,2267757	2
Public Service Improvement	0,3412891	1

From Table 8 it shown that the priority of local wisdom in each criteria being in a different order of priorities that represent local government policy in the budget process. Local wisdom priority in infrastructure development policies (C1) was in fifth place. Local wisdom priority in the policy of training and education both employees and the community (C2) was in third. Local wisdom priority in the policy about social grants (C3) was ranked in the fifth and the local wisdom priority in government policies relating to the determination of the local revenue (C4), was ranked in the fourth position. While priority of local knowledge in government policy related to poverty reduction (C5), was ranked in the fifth. The first priority in any government policy in this study occupied by public service improvement.

Chambers (1983) states that the true policy of the state are still trapped in poverty (poverty trap), deprivation (social deprivation), isolation, powerlessness and lack of access to natural resources and economic infrastructure and social inequalities (Pattinama, 2009). In his research Pattinama (2009) states that local knowledge is one means to help people out of poverty. The case that have been happened is that the local communities living around the wealth of natural resources which are exploited, while the forests have been used for the benefit of foreign investors. In other words, the government took advantage of a local property with sacrificing local community. Harris and White (2005) states that poverty is the root problem of dependency, isolation, powerlessness and low life expectancy (Pattinama, 2009).

Results of this study indicate that humans as decision makers tend to be more focused on material aspects and become more selfish to the exclusion of altruistic attitudes and nearly losing their cultural identity due to excessive exploitation of the natural of life in order going to modern-capitalist world. Emile Durkheim stated that the logical consequence of capitalism practiced in manufacturing have destroyed traditional forms of social order that is actually loaded with the value of solidarity and brotherhood. Industrial capitalism according Durkheim clearly contains the seeds of pathological and private seed selfish, individualistic, and socially uprooted from their cultural identity (Triyuwono, 2006, 98).

CONCLUSION

These results indicate that in some of the policies related to the budget process, local government officials do not prioritize local knowledge. But the main priority in budgeting process is public service improvement. In general, regulation and public service policy is absolutely necessary to consider the social conditions, economy and culture that developed in the community. On the other side of the public service to this day still gets a bad assessment of the people as users. A lot of criticism came from the community but government still had

not done an improvement. It is the duty of officials government to provide services in accordance with the needs and demands of society. However, in reality the changes that occurred during the reform era is apparently not completely change the order of community life.

Man as the ruler of the environment in the earth today lost its role in preserving the environment. Much progress was achieved by humans in a bad impact on environmental sustainability which raises food crisis, water crisis, even the energy crisis. The results of this study also confirmed that the man has an important role in the deterioration of environmental quality both socio and cultural environment. Indonesia is currently experiencing a gap in terms of infrastructure development. Development is focused on Java, while the other islands that potentially to be developed. By focusing development in one spot it will cause severe environmental crisis in the area so that it can be said that the aspect of local knowledge become less noticeable in both sustainable development and environment policy-making related to the budgeting process.

By ignoring local wisdom in the future, then our nation will lose their cultural identity. It is therefore very important if a nation develops educational system based on local wisdom to the younger generation in order to accommodate the genuine knowledge of each area to the public. Local wisdom ought to be considered factor that can influence government decisions in order to improve the welfare of its people. In fact, local knowledge has not been able to influence government decisions in order to improve welfare. This shows that the budgetary policy-makingof the local government sector has been more dominated by the material values than social values. So that government policies tend to eliminate the local values, and this can lead to destruction of the natural resources due to lack of care in preserving the local potential, as well as this will became the gateway to the poverty in the future. Social changes have led to the outbreak of communal life in our environment. The forces of globalization have weakened the local values. Information technology and global changes rapidly changing the way of communication, even our way of life with each other.

Can be said that local resources has an important role in Indonesia's economy both in the past, present and future. But in reality, these resources are not managed properly so that raises the social problem. How can development programs in the area can be done well if the preservation of cultural and environmental aspects was forgotten. Poverty alleviation is an agenda that is old and so far the change poverty into prosperity is far from community expectations. The main problem is not just poverty and wealth have no money, but also the culture of poverty. Culture of poverty cause people do not have any orientation in life, there is no struggle, effort and desire to achieve a better future. Culture of poverty will tend to emphasize the mental poverty, knowledge, character, values and ethos that is dominated by the belief, customs, myths, superstitions, and so forth. Almost all the institutions in the holistic development depend on each other.

Local governments need to give adequate attention to building relationships between policy and budgeting purposes and to ensure that these goals are a priority in budgetary policy appropriately funded. The budget is an ongoing process that should be wise to not ignore existing local wisdom. This is because the budget process is not just a question of collecting taxes from the people and allocate it for development. Decision making in the public budgeting process should be carried out by the principle of generating and allocating resources according to priority development needs. However, local governments are often unaware and unable to take advantage of local wisdom to generate a sustainable income for their region.

Long-term sustainability of a nation comes from our own people which is have strength in their culture. Culture of this area is supported by the power of human strength in

maintain their local values. Local government must begin to consider how to internalize the values of local wisdom in every decision-making particularly in budget decision-making. With the empowerment of local knowledge it is expected to reduce future dependence on central government subsidies. So local governments can take advantage of existing local potential for development and prosperity of their region and can preserve the identity of the existing local values. It is time for governments to design policies based on local wisdom to preserve local culture and natural wealth for future generations.

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