

RESEARCH ARTICLE

# Analysis of the Financial Performance of the Jawa Tengah Provincial Government For The 2020-2024 Fiscal Years Based on Independence, Effectiveness, Efficiency, Harmony, Growth, and Activity Ratios and Their Implications For Regional Fiscal Governance

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## Abstract

This study aims to examine the financial performance of the Jawa Tengah Provincial Government during the 2020-2024 period by considering the impacts of the COVID-19 pandemic and the leadership transition that occurred in 2023. The analysis employs a quantitative descriptive approach using data from the Budget Realization Reports and evaluates performance through six financial ratios, namely independence, effectiveness, efficiency, harmony, growth, and activity ratios. The findings indicate that the independence ratio is classified as moderate with an upward trend, while the effectiveness ratio remains in the highly effective category throughout the observation period. Conversely, the efficiency ratio declined and reached an inefficient level in 2023-2024 due to increased expenditure related to economic recovery efforts. The harmony ratio reveals the continued dominance of operational expenditures within the regional budget structure, whereas fiscal growth fluctuated but showed signs of stabilization toward the end of the period. In addition, the activity ratio falls into a very high category, reflecting strong regional fiscal capacity. Overall, the financial performance of Jawa Tengah Province can be considered stable and adaptive to external challenges; however, improvements in efficiency and the allocation of more productive expenditures are still required to support long-term fiscal sustainability.

**Keywords:** *Regional Financial Performance, Financial Ratios, Budget Realization Report, Regional Fiscal Capacity.*

## Introduction

Local government financial performance serves as a key indicator of a region's ability to manage revenues and expenditures in an effective, efficient, and accountable manner to support governmental operations and public service provision. From an agency theory perspective, local governments function as agents entrusted by society as the principal to responsibly administer public financial resources (Jensen & Meckling, 1976). Consequently, financial performance outcomes represent the accountability of local governments in fulfilling the public mandate assigned to them.

The overall financial condition of local governments in Indonesia can be observed through the development of regional revenue and expenditure realizations during the 2020-2024 period, as presented in Table 1. Despite significant fiscal pressures resulting from the COVID-19 pandemic, fiscal activities at the

national level continued and generally exhibited an upward trend year by year. Regional revenues increased from IDR 1,115,490.41 billion in 2020 to IDR 1,190,943.23 billion in 2022, although they experienced a slight decline in 2023 before rising sharply again in 2024. A similar pattern is evident on the expenditure side, indicating an overall expansion of local government fiscal capacity. This trend suggests that local governments were able to gradually recover from pandemic-related fiscal shocks and restore budget performance in the post-pandemic period. The simultaneous increase in revenues and expenditures reflects ongoing efforts to maintain public service provision and support regional economic recovery. Furthermore, these developments highlight the importance of analyzing fiscal performance indicators to assess the effectiveness and sustainability of local government financial management.

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**Table 1. National Local Government Expenditure Trends, 2020-2024**

Year	Revenue Realization (IDR Billion)	Expenditure Realization (IDR Billion)
2020	1.115.490,41	1.121.957,88
2021	1.168.216,11	1.145.087,49
2022	1.190.943,23	1.187.937,74
2023	1.184.137,77	1.193.214,23
2024	1.363.683,48	1.360.746,73

Source: Processed from DJPK Website

Although regional revenues and expenditures have increased in recent years, this trend does not necessarily indicate an improvement in the quality of fiscal performance. Within Indonesia's fiscal decentralization framework, low fiscal independence remains a key challenge for local governments, as regional revenue structures are still dominated by central government transfers. Data from the 2024 APBD structure released by the Directorate General of Fiscal Balance show that Local Own-Source Revenue (PAD) contributes only about 28.7 percent of total regional revenue, while transfers account for approximately 65.7 percent, indicating a continued reliance on central funding. This condition is further supported by statements from the Chairperson of Commission II of the Indonesian House of Representatives, noting that more than 90 percent of local governments remain dependent on central transfers.

From a stakeholder theory perspective, local governments are accountable not only to citizens as taxpayers but also to legislatures, the central government, business actors, and other social groups affected by fiscal policies (Freeman, 1984). Therefore, regional financial management must balance diverse stakeholder interests through transparent and accountable fiscal policies oriented toward public welfare. In this context, the quality of local government financial performance serves as a critical indicator of how effectively local authorities fulfill stakeholder expectations.

Conceptually, regional financial performance reflects the extent to which local governments manage financial resources in an economical, efficient, and effective manner (Mahmudi, 2019). Financial performance is commonly measured using financial ratio analysis, including independence, effectiveness, efficiency, harmony, growth, and activity ratios. The independence ratio captures a region's ability to finance its fiscal needs without

excessive reliance on transfers (Halim, 2021), while the effectiveness and efficiency ratios assess revenue target achievement and expenditure control, respectively (Mahmudi, 2019).

Furthermore, harmony and activity ratios are used to evaluate expenditure structure and policy priorities, particularly the balance between operational and capital spending, where capital expenditure provides longer-term development benefits (Mahmudi, 2020). The growth ratio illustrates changes in PAD over time and serves as an indicator of fiscal sustainability (Mahsun, 2021). Collectively, these ratios offer a comprehensive overview of local government financial strengths and weaknesses.

Regional financial performance is closely related to the quality of fiscal governance, which is characterized by transparency, accountability, and effectiveness in budget management (Mardiasmo, 2021). Strong financial performance supports sound fiscal governance and reduces long-term fiscal risks, while weak performance may indicate structural problems in regional fiscal management (Mahmudi, 2020). Against this backdrop, Provinsi Jawa Tengah becomes a relevant case for analysis, given its strategic economic role and the dynamic fiscal conditions during the 2020-2024 period. Accordingly, this study aims to assess the financial performance of the Government of Provinsi Jawa Tengah using independence, effectiveness, efficiency, harmony, growth, and activity ratios and to examine their implications for regional fiscal governance.

## Method

This study adopts a quantitative approach because it utilizes numerical data analyzed through statistical techniques to examine relationships among variables and test research hypotheses (Sugiyono, 2021). The study employs secondary quantitative data obtained from the audited Regional Government Financial Statements (LKPD) of Provinsi Jawa Tengah for the 2020-2024 period, which include Local Own-Source Revenue, regional expenditures, operational expenditures, capital expenditures, and budget realization and target figures. To ensure data completeness and consistency, additional data are sourced from the Central Bureau of Statistics and the Directorate General of Fiscal Balance of the Ministry of Finance.

Data collection is conducted using a

documentation method by compiling numerical information from official government publications, which is effective for obtaining quantitative financial data (Arikunto, 2020). The collected data are subsequently analyzed using financial ratio analysis, consisting of independence, effectiveness, efficiency, harmony, growth, and activity ratios, to comprehensively evaluate regional financial performance from both revenue and expenditure perspectives (Mahmudi, 2019).

The ratio calculations were conducted using data from the LKPD of Provinsi Jawa Tengah for the 2020-2024 period, which is accessible via the official website of the Information and Documentation Management Officer of Provinsi Jawa Tengah. Each ratio was computed based on formulas established by experts (Mahmudi, 2019), namely:

1. Independence Ratio

$$\text{Independence Ratio} = \frac{\text{Actual Local Own-Source Revenue}}{\text{Total Regional Revenue}} \times 100\%$$

**Table 2. Financial Independence Ratio Assessment Categories**

Percentage	Category	Relationship
0% - 25%	Very Low	Instructive
25,01% - 50%	Low	Consultative
50,01% - 75%	Moderate	Partisipative
75,01% - 100%	High	Delegative

Source: Halim, 2014; Mahmudi, 2019

2. Effectiveness Ratio

$$\text{Effectiveness Ratio} = \frac{\text{Actual Local Own-Source Revenue}}{\text{Targeted Local Own-Source Revenue}} \times 100\%$$

**Table 3. Effectiveness Ratio Assessment Categories**

Percentage	Category
> 100%	Verry Effective
90% - 100%	Effective
80% - 89%	Moderately Effective
60% - 79%	Less Effective
< 60%	Ineffective

Source: Halim, 2014; Mahmudi, 2019

3. Efficiency Ratio

$$\text{Efficiency Ratio} = \frac{\text{Actual Expenditure}}{\text{Actual Revenue}} \times 100\%$$

**Tabel 4. Efficiency Ratio Assessment Categories**

Percentage	Category
≤ 60%	Verry Efficient
60,01% - 80%	Efficient
80,01% - 90%	Moderately Efficient
90,01% - 100%	Less Efficient
> 100%	Inefficient

Source: Mahmudi, 2019; Nordiawan dan Hertianti, 2010

4. Harmony Ratio

$$\text{Operating Expenditure Harmony Ratio} = \frac{\text{Actual Operating Expenditure}}{\text{Total Regional Expenditure}} \times 100\%$$

$$\text{Capital Expenditure Harmony Ratio} = \frac{\text{Actual Capital Expenditure}}{\text{Total Regional Expenditure}} \times 100\%$$

**Table 5. Haarmony Ratio Assessment Categories**

Component	Ideal	Interpretation
Operating Expenditure	60% - 90%	Normal Proportion for routinr activities
Capital Expenditure	5% - 20%	Ideal inf increasing for productive sectors

Source: Halim, 2014; Mahmudi, 2019

5. Growth Ratio

$$\text{Growth Ratio} = \frac{\text{Revenue}_t - \text{Revenue}_{t-1}}{\text{Revenue}_{t-1}} \times 100\%$$

**Table 6. Growth Ratio Assessment Categories**

Percentage	Kategory
> 0%	Positive Growth (Increasing)
= 0%	No Growth
< 0%	Negative Growth (Decreasing)

Source: Halim, 2014; Mahmudi, 2019

6. Activity Ratio

$$\text{Ratio Activity} = \frac{\text{Actual Local Own-Source Revenue}}{\text{Total Regional Expenditure}} \times 100\%$$

**Table 7. Activity Ratio Assessment Categories**

Percentage	Category	Interpretation
> 40%	Verry High	The region is highly independent; Local Own-Source Revenue is able to cover most expenditures
30% - 40%	High	The regional government is relatively active and fiscally independent
20% - 30%	Moderate	Regional financial activity begins to increase; part of expenditures can be financed by Local Own-Source Revenue
10% - 20%	Low	The region's ability to finance its activities is still limited
< 10%	Verry Low	Almost complete dependence on central transfer funds. Regional financial activity is weak

Source: Halim, 2014; Mahmudi, 2019

The results of the six ratio calculations are presented in tabular form and trend graphs for the 2020-2024 period. The analysis is then conducted narratively by linking the computed results with the pandemic context, the economic recovery phase, and the gubernatorial leadership transition in Jawa Tengah. By applying this analytical approach, the study aims to portray the financial performance of the Government of Provinsi Jawa Tengah in a comprehensive and efficient manner.

**Results and Discussion**

**Financial Ratio Analysis of Jawa Tengah Province**

The financial performance of the Government of Provinsi Jawa Tengah during the 2020-2024 fiscal years can be evaluated using six key financial ratios, namely independence, effectiveness, efficiency, harmony, growth, and activity ratios. Each ratio represents a different dimension of regional financial management and collectively illustrates how the provincial government manages its fiscal resources amid dynamic socio-economic conditions, including the impacts of the COVID-19 pandemic and the regional leadership transition.

**Independence Ratio**

**Table 8. Actual Own-Source Revenue and Total Regional Revenue of Jawa Tengah, 2020-2024**

Year	Actual Local Own-Source Revenue (IDR)	Total Regional Revenue (IDR)
2020	13.668.282.278.855	25.393.735.934.148
2021	14.695.474.898.162	26.633.000.085.963
2022	16.264.618.853.852	24.167.935.634.127
2023	17.012.509.421.006	25.369.733.556.675
2024	17.650.936.913.504	26.378.719.626.419

Source: Processed from LKPD of Jawa Tengah, 2020-2024

- **2020**  

$$= \frac{13.668.282.278.855}{25.393.735.934.148} \times 100\% = 53,28\%$$
- **2021**  

$$= \frac{14.695.474.898.162}{26.633.000.085.963} \times 100\% = 55,17\%$$
- **2022**  

$$= \frac{16.264.618.853.852}{24.167.935.634.127} \times 100\% = 67,29\%$$
- **2023**  

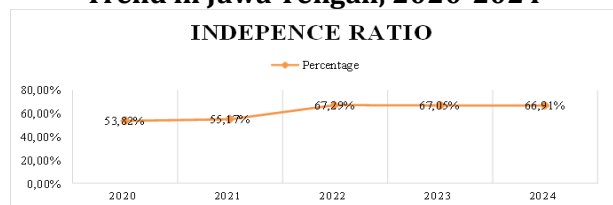
$$= \frac{17.012.509.421.006}{25.369.733.556.675} \times 100\% = 67,05\%$$

- **2024**  

$$= \frac{17.650.936.913.504}{26.378.719.626.419} \times 100\% = 66,91\%$$

Based on the calculation results, the Financial Independence Ratio of the Government of Provinsi Jawa Tengah during the 2020-2024 period falls within the moderate category (50.01%-75%). In 2020, the ratio stood at 53.82% and increased to 55.17% in 2021. A notable rise occurred in 2022, reaching 67.29%, indicating an improvement in the provincial government’s ability to finance regional needs through Local Own-Source Revenue. In 2023, the independence ratio experienced a slight decline to 67.05%, followed by a marginal decrease to 66.91% in 2024. Overall, these results suggest that the Government of Provinsi Jawa Tengah demonstrates a relatively strong level of fiscal independence, as it is not excessively reliant on transfer revenues from the central government. Therefore, examining the annual movement of this ratio is important to better understand its fiscal dynamics.

**Figure 1. Financial Independence Ratio Trend in Jawa Tengah, 2020-2024**



Source: Processed from LKPD of Jawa Tengah, 2020-2024

The trend of the Financial Independence Ratio during the 2020-2024 period shows an upward pattern in the first three years, followed by a slight decline in the last two years. The consecutive increases in 2021 and 2022 reflect a growing contribution of Local Own-Source Revenue to total regional revenue. However, the downward trend observed from 2023 to 2024 may indicate a slowdown in PAD growth or a stronger dominance of transfer revenues. Nevertheless, the decline is relatively minor and the ratio remains within the moderate category, suggesting that the regional fiscal condition remains stable and sound.

**Effectiveness Ratio**

**Table 9. Actual and Targeted Own-Source Revenue of Jawa Tengah, 2020-2024**

Year	Actual Local Own-Source Revenue (IDR)	Targeted Local Own-Source Revenue (IDR)
2020	13.668.282.278.855	14.267.084.822.000
2021	14.695.474.898.162	15.017.805.787.000
2022	16.264.618.853.852	16.141.754.406.000
2023	17.012.509.421.006	17.922.953.192.000
2024	17.650.936.913.504	18.594.062.625.000

Source: Processed from LKPD of Jawa Tengah, 2020-2024

- **2020**  

$$= \frac{13.668.282.278.855}{14.267.084.822.000} \times 100\% = 95,80\%$$
- **2021**  

$$= \frac{14.695.474.898.162}{15.017.805.787.000} \times 100\% = 97,85\%$$
- **2022**  

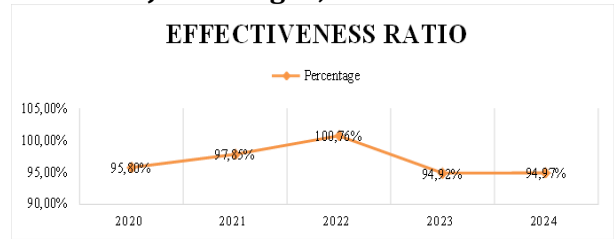
$$= \frac{16.264.618.853.852}{16.141.754.406.000} \times 100\% = 100,76\%$$
- **2023**  

$$= \frac{17.012.509.421.006}{17.922.953.192.000} \times 100\% = 94,92\%$$
- **2024**  

$$= \frac{17.650.936.913.504}{18.594.062.625.000} \times 100\% = 94,927\%$$

Based on the calculation results, the Effectiveness Ratio of the Government of Provinsi Jawa Tengah during the 2020-2024 period consistently falls within the effective to very effective categories according to the established assessment standards (Halim, 2014; Mahmudi, 2019). In 2020, the effectiveness ratio reached 95.80% and increased to 97.85% in 2021. The highest level of effectiveness was recorded in 2022 at 100.76%, indicating that the realization of Local Own-Source Revenue exceeded the predetermined targets. In 2023, the ratio declined to 94.92% but remained within the effective category. In 2024, effectiveness slightly improved again to 94.97%. Overall, the Government of Provinsi Jawa Tengah was able to consistently optimize the achievement of Local Own-Source Revenue targets each year, suggesting that revenue management performance during the period can be considered very strong. Therefore, it is also important to observe the annual movement of this ratio to better understand its trend.

**Figure 2. Trend of the Effectiveness Ratio in Jawa Tengah, 2020-2024**



Source: Processed from LKPD of Jawa Tengah, 2020-2024

The trend of Local Own-Source Revenue effectiveness from 2020 to 2024 shows an increasing pattern in the first two years, reaching its peak in 2022, followed by a decline in 2023 and 2024. The upward trend up to 2022 reflects successful optimization of regional revenue sources and improved government capacity in realizing Local Own-Source Revenue. Meanwhile, the decrease in the later years may indicate challenges in revenue collection or the setting of higher revenue targets, resulting in a slight slowdown in realization. Nevertheless, the decline is not substantial and the effectiveness ratio remains within the effective category, indicating that the government continues to maintain good and stable regional revenue performance.

**Efficiency Ratio**

**Table 10. Realization of Expenditure and Revenue of Jawa Tengah, 2020-2024**

Year	Actual Expenditure (IDR)	Actual Revenue (IDR)
2020	19.004.867.768.862	25.393.735.934.148
2021	25.843.800.193.834	26.633.000.085.963
2022	23.950.240.497.405	24.167.935.634.127
2023	25.800.341.207.782	25.369.733.556.675
2024	27.187.126.497.803	26.378.719.626.419

Source: Processed from LKPD of Jawa Tengah, 2020-2024

- **2020**  

$$= \frac{19.004.867.768.862}{25.393.735.934.148} \times 100\% = 73,84\%$$
- **2021**  

$$= \frac{25.843.800.193.834}{26.633.000.085.963} \times 100\% = 97,03\%$$
- **2022**  

$$= \frac{23.950.240.497.405}{24.167.935.634.127} \times 100\% = 99,09\%$$
- **2023**  

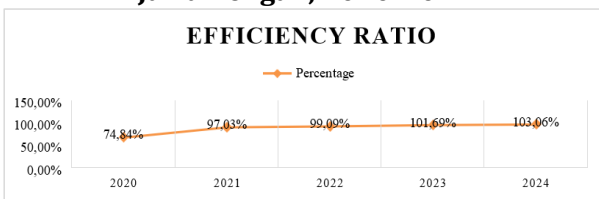
$$= \frac{25.800.341.207.782}{25.369.733.556.675} \times 100\% = 101,69\%$$

- 2024**  

$$= \frac{27.187.126.497.803}{26.378.719.626.419} \times 100\% = 103,06\%$$

The results of the efficiency ratio calculation for the Government of Jawa Tengah Province during the 2020-2024 period indicate that the level of regional expenditure efficiency fluctuated across different categories each year. In 2020, the efficiency ratio reached 74.84 percent, which was classified as efficient. However, a significant increase occurred in 2021, with the ratio rising to 97.03 percent, placing it in the less efficient category, as regional expenditure was nearly equal to revenue. This condition persisted in 2022, when the efficiency ratio further increased to 99.09 percent, remaining within the less efficient classification. Moreover, in 2023 and 2024, the efficiency ratios exceeded 100 percent, reaching 101.69 percent and 103.06 percent, respectively. These figures indicate an inefficient condition, as actual expenditure surpassed regional revenue. Overall, the findings suggest that the utilization of regional budgets over time tended to become increasingly inefficient, as expenditure growth outpaced revenue generation. Therefore, it is important to further examine the annual trend of the efficiency ratio to better understand its movement and implications.

**Figure 3. Trend of the Efficiency Ratio in Jawa Tengah, 2020-2024**



Source: Processed from LKPD of Jawa Tengah, 2020-2024

The trend of regional expenditure efficiency during the 2020-2024 period shows a continuous upward pattern that reflects a deteriorating condition, as higher efficiency ratio values indicate lower budget efficiency. In 2020, expenditure efficiency was still classified as favorable; however, the sharp increase starting in 2021 and continuing in subsequent years suggests that government spending has increasingly outweighed regional revenue. This situation indicates a growing fiscal burden, which may stem from rising public service demands or continued reliance on transfer revenues. If this trend persists, the government

needs to pay greater attention to revenue optimization strategies and expenditure control in order to restore and maintain budgetary efficiency in the future.

**Harmony Ratio**

**Table 11. Jawa Tengah’s Operational, Capital, and Total Expenditure (2020-2024)**

Year	Actual Operating Expenditure (IDR)	Actual Capital Expenditure (IDR)	Total Regional Expenditure (IDR)
2020	16.223.988.285.131	996.994.505.160	19.004.867.768.862
2021	16.826.577.831.470	1.447.620.411.245	25.843.800.193.834
2022	13.456.887.671.949	1.713.641.630.081	23.950.240.497.405
2023	14.887.780.012.763	1.794.862.778.298	25.800.341.207.782
2024	16.083.865.301.964	1.733.084.096.994	27.187.126.497.803

Source: Processed from LKPD of Jawa Tengah, 2020-2024

**Operating Expenditure**

- 2020**  

$$= \frac{16.223.988.285.131}{19.004.867.768.862} \times 100\% = 85,36\%$$
- 2021**  

$$= \frac{16.826.577.831.470}{25.843.800.193.834} \times 100\% = 65,10\%$$
- 2022**  

$$= \frac{13.456.887.671.949}{23.950.240.497.405} \times 100\% = 56,18\%$$
- 2023**  

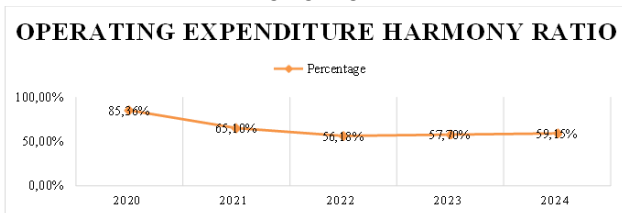
$$= \frac{14.887.780.012.763}{25.800.341.207.782} \times 100\% = 57,70\%$$
- 2024**  

$$= \frac{16.083.865.301.964}{27.187.126.497.803} \times 100\% = 59,15\%$$

Based on the calculation results for the 2020-2024 period, the Operating Expenditure Harmony Ratio of the Government of Jawa Tengah indicates that a substantial portion of regional expenditure is still allocated to operational activities. In 2020, the operating expenditure ratio reached 85.36%, which was within the ideal range (60%-90%). However, the ratio declined to 65.10% in 2021 and further decreased to 56.18% in 2022, approaching the lower ideal threshold and indicating a reduction in routine expenditure allocation. In 2023, the ratio slightly increased to 57.70% but remained below the ideal minimum of 60%, while in 2024 it rose again to 59.15%, although it had not yet returned to the ideal category. Overall, the proportion of operating expenditure shows a downward trend, reflecting a positive direction in expenditure quality as routine spending

constitutes a smaller share of total expenditure. Therefore, it is important to further examine the trend of this ratio over time.

**Figure 4. Trend of the Operating Expenditure Harmony Ratio of Jawa Tengah, 2020-2024**



Source: Processed from LKPD of Jawa Tengah, 2020-2024

**Capital Expenditure**

- **2020**  

$$= \frac{996.994.505.160}{19.004.867.768.862} \times 100\% = 5,24\%$$
- **2021**  

$$= \frac{1.447.620.411.245}{25.843.800.193.834} \times 100\% = 5,60\%$$
- **2022**  

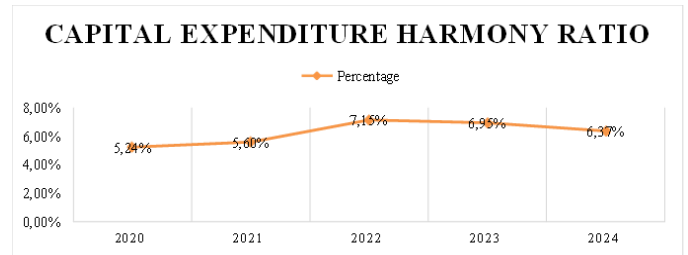
$$= \frac{1.713.641.630.081}{23.950.240.497.405} \times 100\% = 7,15\%$$
- **2023**  

$$= \frac{1.794.862.778.298}{25.800.341.207.782} \times 100\% = 6,95\%$$
- **2024**  

$$= \frac{1.733.084.096.994}{27.187.126.497.803} \times 100\% = 6,37\%$$

Based on the calculation results, the Capital Expenditure Harmony Ratio of the Government of Jawa Tengah Province during the 2020-2024 period generally falls within the ideal range (5%-20%). In 2020, the ratio stood at 5.24% and slightly increased to 5.60% in 2021. A further rise occurred in 2022, reaching 7.15%, indicating a shift toward more productive expenditure allocation. However, a modest decline was observed in 2023 and 2024, with ratios of 6.95% and 6.37%, respectively. Although the ratio remains within the ideal category, the proportion of capital expenditure is still relatively low, suggesting that regional spending continues to be dominated by operational expenditure rather than long-term investment. Therefore, it is necessary to further examine the trend of capital expenditure allocation over time.

**Figure 5. Trend of the Capital Expenditure Harmony Ratio of Jawa Tengah, 2020-2024**



Source: Processed from LKPD of Jawa Tengah, 2020-2024

During the 2020-2024 period, the operating expenditure harmony ratio of the Government of Provinsi Jawa Tengah exhibited a declining trend in 2021-2022, followed by a gradual recovery in 2023 and 2024. The initial decline indicates efforts to reduce the dominance of routine operational spending and to reorient expenditures toward more productive allocations. Nevertheless, the subsequent increase in the final two years suggests that operational expenditures continue to constitute a major component of regional spending, although their proportion is lower than in 2020. At the same time, the operational expenditure growth ratio shows a fluctuating pattern throughout the period. The ratio increased in 2020-2021, reflecting an expansion of operational activities, before experiencing a sharp contraction in 2022, which signals the implementation of efficiency measures and stricter expenditure controls. In 2023, the growth ratio rebounded alongside improving fiscal conditions, while in 2024 it slightly declined but remained relatively stable. Overall, despite experiencing volatility, these trends indicate that operational expenditure management toward the end of the period was relatively controlled and better aligned with efforts to improve the quality of regional spending.

**Growth Ratio**

**Table 12. Realization of Revenue of Jawa Tengah, 2019-2024**

Year	Total Revenue (IDR)
2019	25.859.780.137.936
2020	25.393.735.934.148
2021	26.633.000.085.963
2022	24.167.935.634.127
2023	25.369.733.556.675
2024	26.378.719.626.419

Source: Processed from LKPD of Jawa Tengah, 2020-2024

- **2020**  

$$\frac{25.393.735.934.148 - 25.859.780.137.936}{25.859.780.137.936}$$

$$\times 100\% = -1,80\%$$
- **2021**  

$$\frac{26.633.000.085.963 - 25.393.735.934.148}{25.393.735.934.148}$$

$$\times 100\% = 4,88\%$$
- **2022**  

$$\frac{24.167.935.634.127 - 26.633.000.085.963}{26.633.000.085.963}$$

$$\times 100\% = -9,27\%$$
- **2023**  

$$\frac{25.369.733.556.675 - 24.167.935.634.127}{24.167.935.634.127}$$

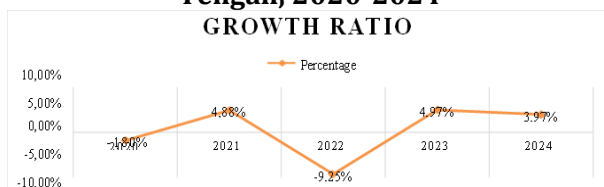
$$\times 100\% = 4,97\%$$
- **2024**  

$$\frac{26.378.719.626.419 - 25.369.733.556.675}{25.369.733.556.675}$$

$$\times 100\% = 3,97\%$$

Based on the calculation results, the Operational Expenditure Growth Ratio of the Government of Jawa Tengah Province during the 2020-2024 period exhibited year-to-year fluctuations. In 2020, the growth ratio was recorded at 1.80%, increasing to 4.88% in 2021. However, a significant decline occurred in 2022, with the ratio dropping to -9.25%. The growth trend then recovered in 2023 at 4.97% and slightly decreased to 3.97% in 2024. According to the assessment criteria, the growth rates in 2020, 2021, 2023, and 2024 are classified as positive growth, while 2022 reflects negative growth. Therefore, it is necessary to further examine the annual trend of this ratio to better understand the dynamics of operational expenditure growth.

**Figure 6. Trend of the Growth Ratio of Jawa Tengah, 2020-2024**



Source: Processed from LKPD of Jawa Tengah, 2020-2024

The trend of the operational expenditure growth ratio of the Government of Jawa Tengah Province during the 2020-2024 period shows a fluctuating pattern. From 2020-2021, the ratio

increased, indicating a rise in regional operational activities and expenditures. This was followed by a sharp decline in 2022, suggesting efficiency measures or tighter control over operational spending. In 2023, the growth ratio recovered, reflecting a rebound in regional financial activity, while 2024 experienced a slight decrease but remained relatively stable. Overall, the trend demonstrates volatility throughout the period, yet it concludes with a relatively well-managed and controlled condition.

**Activity Ratio**

**Table 13. Realization of PAD and Total Expenditure of Jawa Tengah, 2020-2024**

Year	Actual Own-Source Revenue (IDR)	Total Expenditure (IDR)
2020	13.668.282.278.855	19.004.867.768.862
2021	14.695.474.898.162	25.843.800.193.834
2022	16.264.618.853.852	23.950.240.497.405
2023	17.012.509.421.006	25.800.341.207.782
2024	17.650.936.913.504	27.187.126.497.803

Source: Processed from LKPD of Jawa Tengah, 2020-2024

- **2020**  

$$\frac{13.668.282.278.855}{19.004.867.768.862} \times 100\% = 71,91\%$$
- **2021**  

$$\frac{14.695.474.898.162}{25.843.800.193.834} \times 100\% = 56,86\%$$
- **2022**  

$$\frac{16.264.618.853.852}{23.950.240.497.405} \times 100\% = 67,91\%$$
- **2023**  

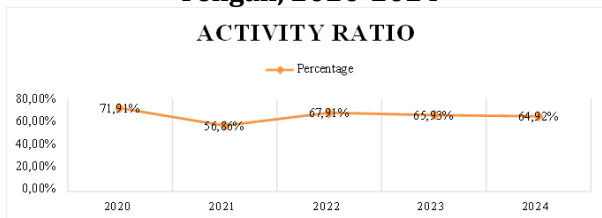
$$\frac{17.012.509.421.006}{25.800.341.207.782} \times 100\% = 65,93\%$$
- **2024**  

$$\frac{17.650.936.913.504}{27.187.126.497.803} \times 100\% = 64,92\%$$

Based on the calculation results, the Activity Ratio of the Government of Jawa Tengah Province during 2020-2024 falls within the very high category (above 40%). In 2020, the activity ratio was recorded at 71.91%, followed by a decrease to 56.86% in 2021. The ratio then rose again to 67.91% in 2022, but slightly declined to 65.93% in 2023 and further decreased to 64.92% in 2024. According to the classification criteria, all years within the observation period are categorized as very high, indicating strong

fiscal independence as the regional government is able to finance a large portion of its expenditures using locally generated revenue. Therefore, it is necessary to examine the annual movement of this ratio to better understand its trend over time.

**Figure 7. Trend of the Activity Ratio of Jawa Tengah, 2020-2024**



Source: Processed from LKPD of Jawa Tengah, 2020-2024

The activity ratio trend during the 2020-2024 period exhibits a fluctuating pattern with a downward tendency toward the end of the period. At the beginning of the period in 2020, the activity ratio was at a very high level but declined sharply in 2021. The condition improved in 2022 with a significant increase, indicating a stronger contribution of PAD to total regional expenditure. However, the ratio slightly decreased again in 2023 and 2024, which may suggest that the growth in regional spending was not fully matched by PAD growth. Overall, the trend indicates that the financial activity of the Government of Jawa Tengah Province remains very strong and independent, despite a modest decline in the last two years.

## Discussion

To comprehensively assess the financial performance of the Government of Jawa Tengah Province during 2020-2024, this study employs six regional financial ratios. This analysis is important because the period was marked by financial dynamics influenced by the COVID-19 pandemic and the leadership transition in 2023. Grounded in agency, stakeholder, and performance theories, these six ratios are used to evaluate how the government maintains effectiveness, efficiency, and accountability in managing regional fiscal resources.

## Independence Ratio

The independence ratio reflects a region's capacity to finance governmental activities without excessive reliance on central government transfers. The results show that the

independence ratio of Provinsi Jawa Tengah during the 2020-2024 period falls within the moderate category, increasing up to 2022 and remaining relatively stable thereafter. This trend indicates that the provincial government has expanded its locally generated revenue through fiscal innovation and the optimization of regional taxation. From an agency theory perspective, this reflects efforts to reduce transfer dependence and strengthen fiscal accountability, while from a stakeholder theory viewpoint, it demonstrates responsiveness to public demands for greater fiscal autonomy. These findings are consistent with Habibi et al. (2022), Utami (2022), and Putra & Lestari (2021), who highlight the roles of economic recovery and tax digitization in enhancing PAD. Wulandari (2023) further emphasizes that adaptive fiscal governance supports stable independence growth, whereas Ramadhani (2023) notes that leadership transitions may temporarily slow such progress. Moreover, Sari & Darma (2021) underline that high transfer dependence remains common in Indonesia, making the improvement observed in Jawa Tengah an important step toward stronger fiscal independence, although further PAD strengthening remains necessary.

## Effectiveness Ratio

The effectiveness ratio measures the extent to which PAD realization achieves predetermined targets. The findings show that PAD effectiveness in Provinsi Jawa Tengah remained within the effective to highly effective category throughout the 2020-2024 period, indicating consistent optimization of revenue sources, including during the pandemic. In line with performance theory, high effectiveness reflects the government's ability to achieve planned fiscal objectives (Mahmudi, 2019) and supports agency theory by demonstrating accountability to the public as the principal. From a stakeholder theory perspective, strong effectiveness indicates the government's success in balancing stakeholder interests by maintaining PAD as a key financing source. The improvement in effectiveness up to 2022 is consistent with findings by Putra and Lestari (2021) regarding the positive impact of post-COVID-19 tax digitalization, as well as Darma and Sari (2021), who highlight the role of economic recovery in enhancing PAD realization. Saputra (2021) and Utami (2022) further

emphasize that high PAD effectiveness signals a resilient fiscal system capable of withstanding economic shocks, while Ramadhani (2023) notes that stability during leadership transitions reflects the continuity of sound fiscal policies. Overall, PAD effectiveness in Jawa Tengah indicates well-established and sustained revenue governance during the study period.

### **Efficiency Ratio**

The efficiency ratio indicates a regional government's ability to manage expenditures relative to available revenues. The findings show a declining efficiency trend during the study period, especially in 2023–2024, which falls into the inefficient category. This condition was driven by increased public spending for post-pandemic economic recovery and expanded social services. From a performance theory perspective, lower efficiency does not automatically reflect poor performance when higher expenditures generate broader social benefits. Stakeholder theory also explains this condition, as governments must reallocate spending priorities during crises to meet urgent public needs, including health and economic recovery programs. These results are consistent with Darma and Sari (2021), who found that most Indonesian regions experienced reduced fiscal efficiency during the pandemic due to rising mandatory expenditures. Sari and Darma (2021) further note that recovery-related spending often grows faster than regional revenues. Habibi et al. (2022) support this finding, showing that the recovery phase placed significant fiscal pressure on local governments, leading to lower efficiency. Putra and Lestari (2021) argue that revenue–expenditure imbalances may weaken long-term fiscal flexibility. In addition, Ramadhani (2023) highlights that leadership transitions typically involve budget adjustments that temporarily reduce efficiency. From an agency theory perspective, declining efficiency underscores the importance of strengthening budget oversight, particularly during leadership transitions, to maintain controlled and accountable spending.

### **Harmoy Ratio (Operating and Capital Expenditure)**

The harmony ratio reflects the balance between operational and capital expenditures as an indicator of regional budget quality. The results show that operational spending declined

while capital expenditure increased during the first three years, before both decreased in the final two years. This pattern suggests a post-pandemic policy shift from routine to more productive spending, consistent with performance theory, which emphasizes efficient and effective use of public resources. The rise in capital expenditure during 2021–2022 aligns with stakeholder theory, as governments increased public investment to address broader societal needs through infrastructure and basic services. This finding supports Utami (2022), who notes that post-pandemic regional fiscal policies prioritized capital expenditure. Wulandari (2023) also finds that regions with stronger capital expenditure structures tend to recover economically more quickly. Darma and Sari (2021) and Sari and Darma (2021) highlight that operational spending dominance remains a challenge in many Indonesian regions, making higher capital expenditure a sign of improved fiscal quality. Habibi et al. (2022) further explain that increased capital spending serves as a strategy to enhance regional competitiveness during recovery. However, the decline in 2023–2024 can be explained by agency theory, as leadership transitions often shift budget priorities toward fiscal consolidation rather than development expansion. Overall, although not yet optimal, Jawa Tengah's expenditure structure shows a healthier and more productive trend.

### **Growth Ratio**

The growth ratio reflects a region's capacity to sustain and enhance financial performance over time. The results show a fluctuating growth pattern, marked by a sharp decline in 2022 due to the COVID-19 pandemic, followed by recovery in 2023–2024. Based on performance theory (Mahsun, 2021), positive growth indicates the government's ability to maintain fiscal sustainability, while fluctuations reflect adaptation to external economic conditions. From an agency theory perspective, the government is responsible for maintaining balanced revenue and expenditure management during crises. Stakeholder theory further explains that fiscal priorities during the pandemic shifted toward protecting vulnerable groups and ensuring the continuity of public services. These findings are consistent with Wulandari (2023), who identified a V-shaped recovery in Jawa Tengah as regional finances

rebounded after economic pressures subsided. Darma and Sari (2021) also argue that fluctuations in regional financial growth stem from expenditure policies focused on pandemic mitigation. Habibi et al. (2022) emphasize that fiscal recovery depends heavily on a region's ability to reactivate economic activity after the pandemic. In addition, Utami (2022) notes that revenue innovation accelerates fiscal growth recovery in regions with strong economic bases, while Ramadhani (2023) highlights that growth stability may temporarily weaken during leadership transitions due to policy adjustments. Overall, this growth trend indicates that the Government of Jawa Tengah Province has managed the transition from crisis toward fiscal stability.

### Activity Ratio

The activity ratio reflects the extent to which locally generated revenue (PAD) is able to finance the total regional expenditure. The analysis results indicate that the activity ratio for the entire period of 2020-2024 falls into the very high category, which means that the government has a strong fiscal capacity to cover expenditures from its own revenue. This condition demonstrates good fiscal performance and a high level of independence, consistent with agency theory, which emphasizes the importance of accountability and public trust in financial management. From the stakeholder theory perspective, the high activity ratio also indicates that the regional fiscal policies have provided direct benefits to the community through improved public services. This finding aligns with Saputra (2021), who stated that increased capital expenditure and PAD optimization positively contribute to regional fiscal activity. Furthermore, Putra and Lestari (2021) explain that regions with strong PAD capacity are able to maintain their spending flexibility sustainably. Utami (2022) also asserts that effective PAD enhancement provides broader fiscal space to meet public needs. Habibi et al. (2022) state that high fiscal activity during the post-pandemic period reflects the success of regional economic recovery. Meanwhile, Ramadhani (2023) indicates that although there was a slight decline due to policy adjustments during the leadership transition, fiscal activity remained in the very high category. Therefore, the level of activity continues to demonstrate very good fiscal performance and is consistent

with the principles of effectiveness and efficiency described in performance theory.

### Limitation of the Study

This study has several limitations that should be taken into account when interpreting the findings and for future research development:

- The data used in this study are restricted to secondary quantitative data obtained from the audited Regional Government Financial Statements (LKPD) of Provinsi Jawa Tengah for the 2020-2024 period. As a result, the analysis depends solely on officially published financial data and does not capture real-time fiscal dynamics beyond the reported figures.
- The scope of analysis is limited to six financial performance ratios, namely independence, effectiveness, efficiency, harmony, growth, and activity ratios. Other potential factors influencing regional financial performance, such as institutional capacity, political conditions, or socio-economic variables, are not examined in greater depth.
- This study applies a quantitative descriptive approach using financial ratio analysis without incorporating qualitative methods, such as interviews or field observations, which could provide deeper insights into the underlying causes of fiscal performance outcomes.
- The analysis focuses exclusively on Provinsi Jawa Tengah and does not include comparative assessments with other provinces that have similar fiscal or economic characteristics. Consequently, the findings may have limited generalizability when interpreted within a broader national or interregional context.

### Conclusions and Recommendations

Based on the analysis of the financial performance of the Central Java Provincial Government from 2020 to 2024 using six regional financial ratios, it can be concluded that the government was able to adapt to the dynamic conditions caused by the COVID-19 pandemic and the leadership transition in 2023. This evaluation is grounded in agency, stakeholder, and performance theories as frameworks to assess the government's ability to manage revenues and expenditures in an accountable

and effective manner.

- The independence ratio indicates that Central Java has a medium level of fiscal independence, with an increasing trend until 2022. This reflects the government's concrete efforts to strengthen the local revenue base, although a slight decline occurred at the end of the period due to fiscal policy adjustments during the leadership transition.
- The effectiveness ratio demonstrates very strong performance, with PAD realization consistently exceeding targets even during the pandemic. This condition indicates that the government was able to maintain optimal regional revenue collection and ensure that public service functions continued to operate stably.
- However, the efficiency ratio declined, particularly in 2023-2024, indicating an inefficient category. This was influenced by increased expenditures directed toward economic recovery and essential public services. This implies a need to improve budget monitoring to ensure more economical and targeted spending.
- The compatibility ratio indicates that regional spending is still dominated by operational expenditures, so the allocation for capital expenditure has not yet optimally supported long-term development. Although it improved during the pandemic recovery phase, budget priorities shifted again during the leadership transition, making improvements in spending quality still a challenge.
- In terms of growth, financial performance fluctuated, indicating dependence on external economic conditions. Although it contracted in 2022 due to the pandemic's impact, Central Java was able to recover in 2023-2024, maintaining fiscal stability. This reflects the government's ability to adapt in sustaining revenue continuity.
- Meanwhile, the activity ratio remained in the very high category for five consecutive years. This indicates that PAD has been able to strongly support the financing of total regional expenditure, thereby reducing fiscal dependence and improving the government's capacity to provide public services.

Overall, the Government of Central Java Province has successfully maintained stable and adaptive fiscal performance in facing the challenges of the pandemic and leadership transition. Nevertheless, improvements in efficiency and restructuring of expenditure composition are still needed to strengthen the quality of fiscal governance and ensure the long-term sustainability of regional development.

Based on the findings of this study, the Government of Central Java Province needs to strengthen fiscal independence by diversifying PAD sources and optimizing the digitalization of tax and retribution collection, while ensuring that revenue targets remain realistic to maintain effectiveness. On the expenditure side, it is necessary to control operational budgets and increase the proportion of more productive capital spending to stimulate regional economic growth and improve expenditure structure. The government also needs to strengthen fiscal risk management so that financial growth remains more stable, especially when facing changes in economic conditions or leadership transitions. In addition, the implementation of performance-based budgeting must be reinforced through internal oversight and public participation to ensure that every budget allocation delivers direct benefits to the community and supports more transparent, efficient, and sustainable fiscal governance in the future.

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