

ANALYSIS OF REGIONAL FINANCIAL PERFORMANCE IN REGENCIES AND CITIES OF LAMPUNG PROVINCE (CASE STUDY BEFORE AND AFTER THE COVID-19 PANDEMIC)

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Abstract

All regional financial statements will show all financial activities. So this study was made with the aim of analyzing how Lampung Province's finances worked in the 2017-2023 period before and after Covid-19. The type is in the form of quantitative descriptive research. Secondary data that will be used in this study is in the form of the Financial Statements of the Lampung Provincial Government for the 2017-2023 period. A calculation tool used with financial ratios. The results were obtained, namely an average fiscal decentralization ratio of 18.42% in the "adequate" criterion in financing the needs of regional development, in the effectiveness ratio obtained an average of 91.53% in the "quite effective" criterion, meaning capable in terms of regional projections, in the average efficiency ratio obtained 100.15% of the "inefficient" criterion in fiscal processing, then in the average independence ratio of 24.67% in the "very low" criterion in regional independence even though there is a business but not yet optimal, the last in the average growth ratio of 7.52% shows "not good" in terms of regional growth.

Keywords: Degree of Decentralization, PAD Effectiveness, Efficient, Independence, Growth

Introduction

The infectious disease of the coronavirus caused by the SARS-CoV-2 virus is then known as COVID-19. What happened at the end of 2019 had a major impact on the social, economic, and health sectors. According to Riady et al. (2024), the pandemic has become a major threat to almost all countries around the world, especially Indonesia, since it first emerged in 2020. The whole world is very shocked by the sudden emergence of this virus, one of which is in Indonesia. In response to the outbreak of the pandemic, especially in the health sector, the Indonesian government declared a national emergency in February 2020 and established a coronavirus infection control headquarters in March 2020. According to Aryani (2022), the health sector is the focus and urgently needs to be addressed because many Indonesian people are infected with the coronavirus. This effort is intended to minimize the casualties caused by the coronavirus.

Then another impact that is being discussed is on the economic sector. According to Iriani et al. (2021), the pandemic has had a negative effect on Indonesia's regional banking industry caused by restrictions on state activities, one of which is finance. Therefore, utilizing state and regional budgets efficiently is one way to try to answer the demands of society in a sustainable manner. Mustakim (2023) explained that the budget acts as a roadmap that guides the use of financial ownership so that it achieves the goals and objectives that have been set, the budget is an important instrument in public sector organizations. According to Hartoto et al. (2023), the growth of public sector accounting can be greatly accelerated with the implementation of sound regional financial management. Dilliana & Herdi (2022) explained that to improve regional services, public goods, and Regional Revenue and Budget (APBD) is fundamental for a regional policy. According to Supit & Lumingkewas (2021), local governments in the context of preparing the APBD are carried out based on the local government work plan with the aim of providing optimal services to the community and achieving state goals. In order to provide transparency and information reference in the final economic, social, and even political process, regional financial statements serve as the basis for evaluating regional performance and a symbol of regional financial management accountability. This figure is the result of evaluating the effectiveness of the APBD as a measure of accountability in regional financial management. In addition, according to Sahara et al. (2022) using financial instruments from Financial Statements, the way to evaluate the analysis of a region's financial success is through financial ratios.

According to Karsono & Syauket (2021) each region has the right to manage its own resources and potential, because local governments have the power to autonomously, the government controls and supervises in accordance with regional principles. In addition, the development of an efficient government management system relies heavily on financial reporting. The published APBD is forced to be an assessor of the effectiveness of regional financial performance. Growth rate, centralization ratio, regional fiscal efficiency ratio, effectiveness ratio, regional fiscal independence ratio (RKKD), and others are examples of these metrics. Considering each of the explanations above, the researcher will learn more about "Analysis of Regional Financial Performance of Regencies and Cities in Lampung Province (Case Study Before and After the COVID-19 Pandemic)". This study raises the formulation of the problem, namely: (1) What is the financial performance of districts and cities in Lampung Province for the 2017-2023 fiscal year, based on the level of decentralized ratio, PAD effectiveness ratio, efficiency ratio, independence ratio, and PAD growth ratio? (2) How did the COVID-19 outbreak affect the financial performance of Lampung Province in 2017-2023 before and after the pandemic?

Methods

The category of this research is quantitative descriptive studies. In order to overcome the formulation of the problem, quantitative descriptive research as according to Sugiyono (as quoted in Aryani, 2022) explains the characteristics of ongoing events or data during this research or a certain period of time. Furthermore, the data is taken from the secondary data as described referring to the secondary data information and records about past events and activities collected are available to the public, such as historical records made and archives. The method used is the documentation method. Where the data collection process is carried out by requesting the Lampung Provincial Regional Government Finance Authority on the SIKD (djpk.kemenkeu.go.id) page. In addition, the effectiveness, efficiency, independence, growth, and fiscal decentralization in including the analysis ratios used in the study.

Results And Discussion

1. Degree of Fiscal Decentralization of Regional Finance in Lampung Province Before and After the COVID-19 Pandemic in 2017-2023

Table 1. Degree of Fiscal Decentralization of Regional Finance in Lampung Province Before and After the COVID-19 Pandemic in 2017-2023

Year	PAD Realization (Billion)	Total Regional Revenue (Billion)	Fiscal Decentralization Degree Ratio	Ratio Criteria
2017	4.524,76	28.020,90	16,14%	Less
2018	4.605,34	28.712,61	16%	Less
2019	5.086,19	29.846,57	17,04%	Less
2020	4.904,17	28.390,92	17,27%	Less
2021	5.552,58	28.949,01	19,18%	Less
2022	6.026,94	28.404,71	21,21%	Enough
2023	6.227,19	28.099,39	22,16%	Enough
Average Ratio of Fiscal Decentralization Degrees			18,42%	Pretty good

Source: Data processed (2024)

From the table 1, an analysis of the level of decentralization in Lampung Province from 2017 to 2023 shows that the standard is still low, at 16.14% in 2017, and the level of decentralization has increased in 2018. It can be seen that it increased by 16%, 17.04% in 2019, 17.27% in 2020, and 19.18% in 2021, but in recent years it is still classified as a "low" standard. This shows that although efforts to raise the PAD have been made recently, they remain insignificant and that Lampung Province is still heavily dependent on federal government payments from the government. Then it increased to 21.21% in 2022 and 22.16% in 2023. This increase shows an increase in capacity in regional financial management. On the other hand,

the average level of fiscal decentralization in Lampung Province of 18.42% is classified as "quite good". It can be concluded that Lampung Province has made progress in increasing optimal fiscal decentralization. However, challenges still need to be addressed, including improving the quality of public services, achieving fairer economic growth, and strengthening local democracy.

2. Lampung Province's Regional Financial Effectiveness Ratio Before and After the COVID-19 Pandemic in 2017-2023

Table 2. Lampung Province's Regional Financial Effectiveness Ratio Before and After the COVID-19 Pandemic in 2017-2023

Year	Realization of Receipts (Billion)	Target Admissions (Billion)	PAD Effectiveness Ratio	Criterion
2017	4.524,76	4.513,48	100,25%	Highly Effective
2018	28.712,61	30.060,91	95,51%	Quite Effective
2019	5.086,19	5.710,06	88,94%	Less Effective
2020	4.904,17	6.089,58	80,53%	Less Effective
2021	5.552,58	6.210,95	89,40%	Less Effective
2022	6.026,94	6.161,51	97,82%	Quite Effective
2023	6.227,19	052,48	88,30%	Less Effective
Average PAD Effectiveness Ratio			91,53%	Quite Effective

Source: Data processed (2024)

It is evident from this data that it can be analyzed that the level of effectiveness of PAD in Lampung Province fluctuates every year. In the 2017 period, this ratio reached 100.25%, which indicates a "very effective" performance. This means that the performance of management and improvement of PAD has been very good, but in the following years the ratio tends to decline to below 100% in the 2018 period of 95.51%, although this percentage is still classified as "quite effective", but has decreased slightly compared to previous years, namely 88.84% in the 2019 period, 80.53% in the 2020 period, and 89.40 in the 2021 period. Items that fall under the "less effective" criteria have seen a significant decline. After that, in 2022 it reached the "adequate" standard of 97.82% and there was an increase, but in 2023 it dropped to 88.30%, so it is necessary to be very careful. The average effectiveness rate is 91.53%, which means "pretty good". It can be concluded that the performance of PAD in Lampung Province has experienced huge fluctuations during the period of 2017-2023. In certain years the performance is very good, but in other years the performance is less satisfactory. This shows the need for periodic evaluation.

3. Lampung Province PAD Regional Financial Efficiency Ratio Before and After the COVID-19 Pandemic in 2017-2023

Table 3. Lampung Province PAD Regional Financial Efficiency Ratio Before and After the COVID-19 Pandemic in 2017-2023

Year	Expenditure Realization (Billion)	Realization of Receipts (Billion)	Efficiency Ratio	Ratio Criteria
2017	28.287,30	28.020,90	100,95%	Inefficient
2018	29.040,59	28.712,61	101,14%	Inefficient
2019	29.130,58	29.846,57	97,59%	Less Efficient
2020	28.595,23	28.390,92	100,72%	Inefficient
2021	28.789,46	28.949,01	99,45%	Less Efficient
2022	28.954,69	28.404,71	101,9%	Inefficient
2023	27.909,90	28.099,39	99,33%	Less Efficient
Average Efficiency Ratio			100,15%	Inefficient

Source: Data processed (2024)

The data, if analyzed in the efficiency ratio of Lampung Province from 2017 to 2023, is more than 100% even though it tends to fluctuate. This shows that regional spending always exceeds revenue. The

years 2017, 2018, 2020, and 2022 are included in the "inefficient" standard, and the years 2019, 2021, and 2023 are included in the "inefficient" standard, with an average efficiency rate of 100.15%. This shows that there is great potential to improve the efficiency of regional fiscal management. From this, it can be concluded that the efficiency of PAD in Lampung Province is still far from optimal. Further efforts from local governments are needed to improve this situation.

4. Ratio of Regional Financial Independence of PAD in Lampung Province Before and After the COVID-19 Pandemic in 2017-2023

Table 4. Ratio of Regional Financial Independence of PAD in Lampung Province Before and After the COVID-19 Pandemic in 2017-2023

Year	Regional Original Income (Billion)	Central Transfer + Loan (Billion)	Independence Ratio	Ratio Criteria
2017	4.524,76	20.110,24	22,5%	Very Low
2018	4.605,3	21.799,80	21,1%	Very Low
2019	5.086,19	21.873,92	23,2%	Very Low
2020	4.904,17	20.680,84	23,7%	Very Low
2021	5.552,58	21.498,57	25,8%	Low
2022	6.026,94	21.522,30	27,9%	Low
2023	6.227,19	21.850,37	28,5%	Low
Average Independence Ratio			24,67%	Very Low

Source: Data processed (2024)

This table 4 makes it possible to analyze the level of independence of Lampung Province from 2017 to 2023, 2017, 2018, 2019, and 2020. Although there has been a very small increase in recent years, it is still classified as a "very low" standard. This means that there is no major effort to increase the PAD and continue to rely on central transfers. Government Funding. It will be 25.8% in 2021, 27.9% in 2022, and 28.5% in 2023, which is below the "low" standard in recent years and has increased rapidly compared to last year, but still falls into the low category. The average degree of independence of Lampung Province for the 2017-2023 period of 24.67% is included in the "very low" category with the number of cases as many cases. It can be concluded that there is a tendency to the degree of independence of Lampung Province in this period. Although it occurs every year from 2017 to 2023, the increase is still not optimal, suggesting that to become less dependent on regional development subsidies, Lampung Province must work PAD to raise it harder and more efficiently.

5. Lampung Province PAD Regional Financial Growth Ratio Before and After the COVID-19 Pandemic in 2017-2023

Table 5. Lampung Province PAD Regional Financial Growth Ratio Before and After the COVID-19 Pandemic in 2017-2023

Year	t1 year PAD- t0 year PAD (Billion)	PAD year t0 (Billion)	Growth Ratio	Ratio Criteria
2017	719,63	3.805,13	18,91%	Bad
2018	80,58	4.524,76	1,78 %	Bad
2019	480,85	4.605,34	10,44%	Bad
2020	-182,02	5.086,19	-3,58%	Bad
2021	648,41	4.904,17	13,23%	Bad
2022	474,36	5.552,58	8,54%	Bad
2023	200,25	6.026,94	3,32%	Bad
Average Growth Ratio			7,52%	Bad

Source: Data processed (2024)

The data above the growth rate is analyzed that the PAD growth rate in 2017 was 18.91%. This is a significant increase in the first year of the observation period. In 2018, growth slowed drastically to

1.78%, indicating headwinds. In 2019, the value increased again to 10.44%, indicating recovery efforts. In 2020, the number is increasing. The decline to -3.58% due to the impact of the COVID-19 pandemic, but again showed a positive trend in 2021 to 13.23% which indicates post-pandemic recovery efforts, but then increased to 8.54% in 2022 and 2023% and will slow down to 3.32%. The average shows that Lampung Province from 2017 to 2023 has a value of 7.52%, which is included in the "bad" category, so it can be concluded that there is an increase every year. There are considerable fluctuations, slowing down and decreasing. It is possible that there is something that affects the growth of PAD.

Conclusions

- 1) Lampung Province's fiscal decentralization ratio in 2017-2023 There is a conclusion that Lampung Province has shown progress in increasing optimal fiscal decentralization in those years. In 2017 and 2018 before the pandemic there was a decrease by entering the "less" criterion, then during the pandemic in 2019, 2020, 2021 the results showed an increase every year but still in the "less" criterion, then in 2022, 2023 after the pandemic there was an increase every year and was included in the "adequate" criterion, therefore an average of 18.42% was obtained which means "adequate" so that the conclusion is that because of this pandemic makes Lampung Province optimal in financing the needs of regional development without depending on the center.
- 2) The effectiveness ratio of Lampung Province in 2017-2023 resulted in the conclusion that in the year before the 2017 pandemic, 2018 the effectiveness ratio of Lampung Province decreased but was still in the "adequate" criterion, but during the pandemic in 2019, 2020, 2021 experienced a decrease in each of them and entered the "less" criterion, then after the 2022 pandemic, 2023 increased again and decreased in 2023, this indicates that the Covid-19 pandemic caused an average effectiveness ratio of 91.53% which shows that Lampung Province is capable of projecting its region.
- 3) The efficiency ratio of Lampung Province in 2017-2023 results in the conclusion that there is no efficiency in managing regional finances, the condition of PAD efficiency in Lampung Province is still far from optimal. The years before the 2017 and 2018 pandemics were included in the "inefficient" criteria, then during the pandemic in 2019, 2020, 2021 were included in the criteria of "less, no, and less", and after the 2022 and 2023 pandemics were included in the "less" criteria, which means that with the Covid-19 pandemic in Lampung Province producing an average of 100.15%, it means that it is not optimal in managing regional fiscal.
- 4) The independence ratio of Lampung Province in 2017-2023 results in a conclusion based on an average of 24.67%, that there is a trend of increasing the independence ratio of Lampung Province in 2017-2023 every year, but the increase is not optimal. In 2017 and 2018 before the pandemic, it entered the "very low" criterion, then during the pandemic in 2019 and 2020 it entered the "very low" criterion but in 2021 it increased but still the "low" criterion, while after the pandemic in 2022, 2023 increased but remained "low". So with this pandemic, there are efforts to be independent, but it's just that there are improvements that are not optimal
- 5) The growth ratio of Lampung Province in 2017-2023 which results in the conclusion that based on the average growth ratio of Lampung Province in 2017-2023 produces a figure of 7.52%, indicating that it is in the category of "not good", then the conclusion is that there is a difference from year to year but it slows down and decreases. This identifies the existence of various factors that affect the growth of PAD. As a result, there was no change in the growth ratio before and after the Lampung Province's financial performance report. Furthermore, the suggestions based on these conclusions are generally as follows: For local government organizers in Lampung Province or other provinces, this study has practical implications: maintaining PAD optimization is very important to increase the level of independence. To be able to manage regional finances appropriately, local governments must continue to strengthen the empowerment of regional apparatus. However, this study has weaknesses related to analytical instruments that only use elements of financial statements. To get a more comprehensive view of the financial performance of local governments, future studies may use the ratio of financial statement analysis in conjunction with macroeconomic factors such as population and economic growth. Future studies can fill the research gap left by the observation of the financial situation of a new focus in Lampung Province and several other provinces.

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