



## Trend Analysis Of Financial Performance Of The Province Of Bali 2016 – 2020

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### ABSTRACT

It is important to measure financial performance for the entire organization, including the government, especially the Bali Provincial Government. Evaluation of the government's financial performance can be done by analyzing the financial statements. Based on these reviews, this study aims to analyze trends in the financial performance of the Bali Provincial government from 2016 - 2020. This research is a descriptive quantitative study with data collection techniques using literature studies. This study resulted that the financial performance of the Bali Provincial Government in terms of 2 (two) ratios, namely the independence ratio and the efficiency ratio. The evaluation of the financial assessment of the independence ratio shows that the ability of the Government of Bali to finance its own development, development and services to the community is moderate. Then the evaluation of the Bali Provincial Government's financial performance in terms of efficiency ratios for 5 years is inefficient which shows that the Bali Provincial Government's financial realization has not been able to manage the budget. Based on this calculation, the overall financial performance of the Bali Provincial Government cannot be said to be good considering that there are still indicators that do not meet the good category. This research is expected to be a recommendation material in the preparation of government policies, especially the Bali provincial government in carrying out development and services to.

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### 1. Introduction

Financial performance is a very important aspect in an organization, because financial performance is an indicator that measures the health of an organization. One of the ways used to measure financial performance is to analyze financial statements (Rahmah & Komariah, 2016). Financial statement analysis is an analytical tool for organizational financial management that is comprehensive and can be used to detect/diagnose the level of organizational health, through analysis of cash flow conditions or organizational performance, both partial and overall organizational performance (Harmono 2017). Measurement of financial performance needs to be carried out by all organizations including the Bali Province government organization.

Regional Government is a unit of government organization that is authorized to organize all local interests of a group that inhabits an area led by the head of the regional government (Sitepu, 2016). Local governments are the parties that run the wheels of the economy, development, and community services are required to be able to carry out government in a transparent and responsible manner for financial management in order to create a clean government (Setyaningrum & Syafitri, 2012).

One of the tools to analyze the performance of local governments in managing their regional finances is to analyze financial ratios to the Regional Budget (APBD) (Pilat & Morasa, 2017). The ratio analysis can be used as a benchmark for whether the performance of the Regional Government has increased from year to year, so that it can be said to be a developing region. Moreover, there are many people who do not know transparently about the amount of funds issued by the government in carrying out development, as well as its influence on the performance measures of local governments (Pilat and Morasa 2017).

Research on financial performance has been done, but the objects studied are around the Regency/City level, such as North Toraja Regency (Pundissing & Pagiu, 2021), Lhokseumawe City (Maisyuri, 2017), Badung regency (I Putu Santika & Ida Bagus Made Punia Adnyana, 2022), Mangelang Regency (Mataris et al., 2022), Pesawaran District (Soedarsa, 2020), Magelang Regency (Tatik & Rizaldi, 2020), Central Tapanuli Regency (Hope 2020), Regency/City in East Java Province (Nugroho, 2018) and Lebak Regency (Mahpudin & Lestari, 2021), while for the level of the Province of Bali it is still rare. Based on the background review above, this study aims to analyze the trend of the Bali Provincial government's financial performance from 2016 - 2020. This research is important to do, because financial performance is a benchmark to determine whether or not a Bali provincial government organization is healthy. This research is expected to be used as a recommendation material in the preparation of government policies, especially the Bali provincial government in carrying out development and services to the community.

## 2. Method

This research is a quantitative research with a descriptive approach. Data collection techniques using literature studies. The data source used is secondary data in the form of data from the Bali Provincial Government Budget Realization Report for 2016 - 2020 obtained from the Bali Provincial BPS. The data analysis technique uses the calculation of financial ratios. The indicators used to assess the performance of the Bali Provincial Government are in the form of the following ratios:

**Table 1.**  
Financial Performance Indicators

Indicator	Formula	Ratio Range	Criteria
Independence Ratio	Independence Ratio = (Regional Original Income/Total Regional Income) x 100%	0% - 25%	Very Low
		25% - 50%	Low
		50% - 75%	Currently
		75% - 100%	Tall
Efficiency Ratio	Efficiency Ratio = (Total Realized Regional Expenditure/Total Realized Income) x 100%	> 100%	Not efficient
		90% - 100%	Less Efficient
		80% - 90%	Quite Efficient
		60% - 80%	Efficient
		< 60%	Very Efficient

Source: (Halim, 2007; Minister of Home Affairs Decree No. 690,900-327 of 1996)

## 3. Result and Discussion

The financial performance of the Bali Provincial Government is assessed based on the calculation of ratios. The ratio comes from data from the 2018-2020 Budget Realization Report for the Province of Bali. The calculation results are as follows:

**Table 2.**  
Calculation Of The Bali Provincial Government Independence Ratio 2016 – 2020

Year	Locally-generated revenue	Total Regional Income	Independence Ratio	Ability Criteria
2016	Rp 3,041,195,258	Rp 5,249,017,754	57.94%	Currently
2017	Rp 3,398,472,278	Rp 5,992,161,668	56.72%	Currently
2018	IDR 3,718,499,635	Rp 6,259,367,608	59.41%	Currently
2019	Rp 4,023,156,316	Rp 6,645,538,873	60.54%	Currently
2020	Rp 3,069,474,218	Rp 5,718,339,699	53.68%	Currently
<b>Average</b>			<b>57.66%</b>	<b>Currently</b>

Source: (Data processed, 2022)

The average independence ratio of the Bali Provincial Government for 5 years (2016-2020) is 57.66% which is included in the "medium" criteria, because the value of the independence ratio is in the range of 50% - 75%. This shows that the contribution of Regional Original Revenue (PAD) to the income of the Bali Province as outlined in the Bali Provincial Budget is classified as moderate.

**Table 3.**  
Calculation Of The Bali Provincial Government Efficiency Ratio 2016 – 2020

Year	Total Regional Expenditure Realization	Total Realized Revenue	Efficiency Ratio	Assessment criteria
2016	Rp 5,420,933,529	Rp 5,249,017,754	103.28%	Not efficient
2017	Rp 6,070,536,923	Rp 5,992,161,668	101.31%	Not efficient
2018	Rp 5,998,547,032	Rp 6,259,367,608	95.83%	Less Efficient
2019	Rp 6,518,313,868	Rp 6,645,538,873	98.09%	Less Efficient
2020	Rp 6,358,121,475	Rp 5,718,339,699	111.19%	Not efficient
<b>Average</b>			<b>101.94%</b>	<b>Not efficient</b>

Source: (Data processed, 2022)

Judging from the efficiency ratio, the average obtained for the last 5 years is 101.94% which is included in the "inefficient" criteria, because the efficiency ratio value is above 100%. This shows that the financial management of the Bali Province for 5 years (2016-2020) is not efficient.

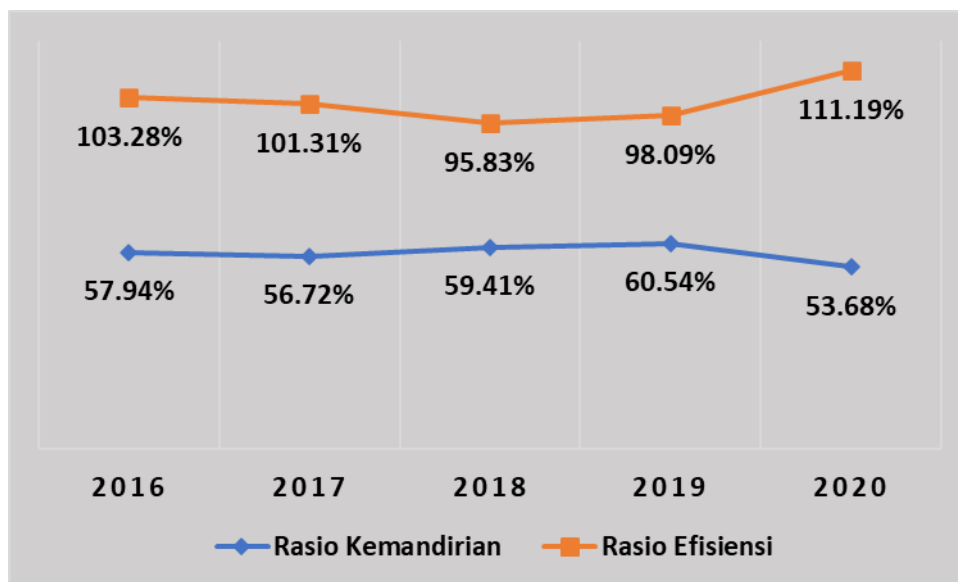


Figure 1. Trends in the Financial Performance of the Bali Provincial Government in 2016-2020

Figure 1 shows the trend of the Bali Provincial Government's independence ratio for 5 years (2016-2020) fluctuating up and down but remained stable. The independence ratio of the Bali Provincial Government experienced a drastic decline in 2020 by 6.86% from 2019, while in 2018 it

experienced a significant increase of 2.69% compared to 2017. The financial performance of the Bali Provincial Government in 2019 was the best compared to 2017. - other years amounted to 60.54%. Then for the efficiency ratio of the Bali Provincial Government for 5 years (2016-2020) it shows inefficient financial management. This means that the Bali Provincial Government in spending very large, but the output produced is still small.

The assessment of the financial performance of the Bali Provincial Government in terms of the ratio of independence and efficiency ratio. The ratio of regional financial independence or what is often referred to as fiscal autonomy shows the ability of the region to finance its own government activities, development, and services to the community who have paid taxes and user fees as a source of income needed by the region (Maisyuri 2017). The value of the independence ratio of the Bali Provincial Government is moderate which indicates that the Bali Provincial Government is quite able to finance itself from the results of local original income and this proves that the local government still has a fairly high dependence on the central government in self-financing government activities, development, and services to the community.

Next is the efficiency ratio which describes the comparison between the amount of costs incurred to obtain income with the realization of the income received. The smaller the efficient ratio, the more efficient it is, and vice versa (Maisyuri 2017). The assessment of the financial performance of the Bali Provincial Government when viewed from the efficiency ratio is classified as inefficient. The Bali Provincial Government has not been effective in managing the budget. This inefficiency in budget management shows that the Bali Provincial Government has not been able to show poor financial performance.

#### **4. Conclusion**

There are 2 (two) kinds of ratios used to evaluate the financial performance of the Bali Provincial Government, namely the independence ratio and the efficiency ratio. The evaluation of the financial performance of the Bali Provincial Government in terms of the independence ratio for 5 years is in the range of 50% - 75% which indicates the regional financial capacity is classified as moderate. This shows that the financial capacity of the Bali Provincial Government in self-financing government activities, development and services to the community is classified as moderate. Then the evaluation of the Bali Provincial Government's financial performance in terms of efficiency ratios for 5 years is inefficient which shows that the Bali Provincial Government's financial realization has not been able to manage the budget. From the two evaluations, the financial performance of the Bali Provincial Government cannot be said to be good. because there are still indicators of financial performance that are still not good. Based on these results, the Bali Provincial Government in formulating development policies needs to review the limited facilities and infrastructure in order to encourage an increase in regional tax objects and regional retribution objects that can make a major contribution to increasing the potential of regional original income, which in turn increases regional financial independence and reduces dependence on funding sources from the central government. The Bali Provincial Government must also be able to optimize the use of the budget and always make budget efficiency in all lines of government. Therefore, the Bali Provincial Government in formulating development policies needs to review the limited facilities and infrastructure in order to encourage an increase in regional tax objects and regional retribution objects that can make a major contribution to increasing the potential for regional original income, which in turn increases regional financial independence and reduces dependence on sources. funding from the central government. The Bali Provincial Government must also be able to optimize the use of the budget and always make budget efficient in all lines of government. Therefore, the Bali Provincial Government in formulating development policies needs to review the limited facilities and infrastructure in order to encourage an increase in regional tax objects and regional retribution objects that can make a major contribution to increasing the potential for regional original income, which in turn increases regional financial independence and reduces dependence on sources. funding from the central government. The Bali Provincial Government must also be able to optimize the use of the budget and always make budget efficient in all lines of

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