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Analysis of Financial Management Performance on Local Own-Source Revenue (PAD) of Tabanan Regency in 2017-2022

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ABSTRAK

Tujuan penelitian ini adalah untuk mengkaji kinerja manajemen keuangan terkait dengan Pendapatan Daerah (PPK) Kabupaten Tabanan pada tahun 2017-2022. Isu ini muncul dari realisasi PPK yang tidak stabil dan kebutuhan untuk mengevaluasi bagaimana manajemen anggaran daerah mendukung kapasitas fiskal setelah gangguan pada sektor pariwisata dan keuangan publik.

Bahan dan metode. Penelitian ini menggunakan desain kuantitatif deskriptif. Data sekunder diperoleh dari laporan keuangan daerah Kabupaten Tabanan dan dokumen resmi terkait untuk tahun 2017-2022. Analisis menggunakan rasio kemandirian keuangan daerah, rasio efektivitas PPK, rasio efisiensi keuangan daerah, rasio harmoni pengeluaran, dan rasio pertumbuhan PPK. Data diolah melalui perhitungan rasio, perbandingan persentase, dan interpretasi tren berdasarkan kriteria kinerja keuangan yang telah ditetapkan.

Hasil. Rasio kemandirian keuangan berfluktuasi dari 25,98% pada tahun 2017 menjadi 35,63% pada tahun 2022, menunjukkan tingkat kemandirian fiskal yang rendah. Efektivitas PAD mencapai tingkat efektif hanya pada tahun 2017 sebesar 108,12%, sedangkan pada tahun 2018-2022 tetap di bawah 100%. Rasio efisiensi menunjukkan hasil yang beragam, dengan kinerja efisien pada tahun 2017, 2019, 2020, dan 2022, tetapi hasil tidak efisien pada tahun 2018 dan 2021. Harmoni pengeluaran menunjukkan dominasi pengeluaran operasional, sementara pengeluaran modal tetap relatif rendah. Pertumbuhan PAD menurun pada tahun 2018-2020, kemudian membaik pada tahun 2021 dan 2022, meskipun kategori tersebut tetap lemah.

Kesimpulan. Kabupaten Tabanan masih membutuhkan optimalisasi pendapatan yang lebih kuat, restrukturisasi pengeluaran, dan evaluasi berbasis rasio yang berkelanjutan untuk meningkatkan stabilitas PAD dan kemandirian fiskal daerah.

Kata kunci: manajemen keuangan daerah, pendapatan daerah sendiri, PAD, rasio keuangan

ABSTRACT

The study purpose was to examine financial management performance in relation to Local Own-Source Revenue (PAD) of Tabanan Regency during 2017-2022. The issue emerged from unstable PAD realization and the need to evaluate how regional budget management supported fiscal capacity after disruptions to tourism and public finance.

Materials and methods. This study used a descriptive quantitative design. Secondary data were obtained from Tabanan Regency regional financial reports and related official documents for 2017-2022. The analysis used the regional financial independence ratio, PAD effectiveness ratio, regional financial efficiency ratio, expenditure harmony ratio, and PAD growth ratio. Data were processed through ratio calculation, percentage comparison, and trend interpretation based on established financial performance criteria.

Results. The financial independence ratio fluctuated from 25.98% in 2017 to 35.63% in 2022, indicating a low level of fiscal independence. PAD effectiveness reached an effective level only in 2017 at 108.12%, while 2018-2022 remained below 100%. The efficiency ratio showed mixed results, with efficient performance in 2017, 2019, 2020, and 2022, but inefficient results in 2018 and 2021. Expenditure harmony showed dominance of operating expenditure, while capital expenditure remained relatively low. PAD growth declined in 2018-2020, then improved in 2021 and 2022, although the category remained weak.

Conclusions. Tabanan Regency still needs stronger revenue optimization, expenditure restructuring, and continuous ratio-based evaluation to improve PAD stability and regional fiscal independence.

Keywords: regional financial management, local own-source revenue, pad, financial ratio

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INTRODUCTION

Local Own-Source Revenue (PAD) is one of the main sources of regional income used by local governments to finance development programs and public services. Regional financial management therefore becomes an important instrument for strengthening fiscal capacity and supporting public welfare. Tabanan Regency faced several challenges in optimizing PAD during 2017-2022, especially because the regional economy depended on sectors that were sensitive to economic disruption, including tourism.

The study is grounded in the concept of regional financial management. Financial management refers to the effort to obtain and use funds efficiently and effectively to achieve organizational goals (Irfani, 2020 in Jaya et al., 2023). Mardiasmo (2018) explains that financial ratios derived from the Regional Revenue and Expenditure Budget (APBD) can be used to assess the achievement of public sector financial performance. Halim (2004) also notes that ratio analysis in the public sector can compare financial performance across periods and support the evaluation of transparency, effectiveness, efficiency, and accountability in regional financial governance.

The empirical phenomenon in this study is the fluctuation of PAD in Tabanan Regency during 2017-2022. The regional government attempted to increase regional revenue through tourism development, infrastructure improvement, human resource development, and tourism promotion. However, the COVID-19 pandemic created a major shock to tourism activities and reduced regional income sources. This condition makes financial ratio analysis relevant because it can show whether regional financial management remained effective, efficient, and growth-oriented during and after the crisis period.

Previous studies have used financial ratios to evaluate local government financial performance. Wulandari et al. (2023) examined the financial performance of Mataram City and found that financial independence, PAD effectiveness, efficiency, expenditure harmony, and growth ratios provide important information on local fiscal capacity. Junaid and Serliyana (2024) also found that local financial performance can be assessed through decentralization, independence, effectiveness, efficiency, growth, and expenditure harmony ratios. However, studies that specifically analyze Tabanan Regency during 2017-2022 remain limited.

Based on this gap, this article focuses on the financial performance of Tabanan Regency by using five financial ratios, namely the regional financial independence ratio, PAD effectiveness ratio, regional financial efficiency ratio, expenditure harmony ratio, and PAD growth ratio. The research question is

how the financial performance of Tabanan Regency APBD can be evaluated using these ratios. The purpose of this study is to analyze the financial performance of Tabanan Regency during 2017-2022 and to provide practical recommendations for strengthening PAD management.

METHOD

This study used a descriptive quantitative approach. This approach was selected because the research aimed to describe the financial performance of Tabanan Regency based on numerical data from regional financial reports. The research did not test causal relationships through regression. It evaluated trends, percentages, and ratio criteria to identify the condition of regional financial management during the study period.

The data used in this study were secondary data obtained from the financial reports of the Tabanan Regency Government, BPS Bali Province, and official regional financial data sources for the 2017-2022 period.

The research object was the Regional Government of Tabanan Regency. The data covered the fiscal years 2017-2022. The study used secondary data obtained from regional financial documents, including the realization of PAD, transfer revenue, regional expenditure, operating expenditure, capital expenditure, and total regional revenue. The data were processed through manual ratio calculation and presented in tables to show annual changes.

Five indicators were used in this study. The regional financial independence ratio measured the ability of PAD to finance local needs compared with transfer revenue. The PAD effectiveness ratio measured the realization of PAD compared with the PAD budget target. The regional financial efficiency ratio compared regional expenditure with realized regional revenue. The expenditure harmony ratio compared the allocation of operating expenditure and capital expenditure. The PAD growth ratio measured annual PAD growth compared with the previous year.

Table 1. Financial Ratio Measurements Used in the Study

Indicator	Measurement focus	Main interpretation
Regional financial independence ratio	PAD divided by transfer revenue, multiplied by 100%	A higher ratio indicates stronger regional fiscal independence.
PAD effectiveness ratio	Realized PAD divided by budgeted PAD, multiplied by 100%	A ratio above 100% indicates effective PAD realization.
Regional financial efficiency ratio	Realized regional expenditure divided by realized regional revenue, multiplied by 100%	A ratio below 100% indicates efficient financial management.
Expenditure harmony ratio	Operating expenditure and capital expenditure compared with total regional expenditure	A balanced allocation supports public service and development needs.

Indicator	Measurement focus	Main interpretation
PAD growth ratio	Current PAD minus previous year PAD divided by previous year PAD, multiplied by 100%	Positive and increasing growth indicates better revenue performance.

Source: Adapted from the financial ratio framework used in the thesis, based on Halim (2004), Wicaksono and Sigalingging (2024), and Wulandari et al. (2023).

FINDING AND DISCUSSION

The financial ratio results show that Tabanan Regency experienced uneven financial performance during 2017-2022. Several indicators improved in the last years of observation, but the improvement was not strong enough to change the overall fiscal condition. The main results are presented in Table 2.

Table 2. Financial Ratio Results of Tabanan Regency, 2017-2022

Indicator	2017	2018	2019	2020	2021	2022	Meaning
Independence	25.98 %	25.31 %	24.88 %	24.88 %	27.98 %	35.63 %	Low fiscal independence
Effectiveness	108.12%	92.33 %	89.04 %	84.55 %	87.72 %	85.54 %	Effective only in 2017
Efficiency	99.47 %	102.56%	99.97 %	99.05 %	105.94%	100.04%	Mixed performance
Operating exp.	63.54 %	69.65 %	63.03 %	62.73 %	70.95 %	78.21 %	Operating spending dominates
Capital exp.	15.61 %	11.43 %	9.72%	10.42 %	16.36 %	8.22%	Capital spending remains low
PAD growth	-	-14.83 %	-2.43%	-11.66 %	15.68 %	20.45 %	Positive only in 2021-2022

Source: Processed from Tabanan Regency regional financial data, 2017-2022.

Regional financial independence

The regional financial independence ratio fluctuated during the observation period. The ratio reached 25.98% in 2017 and declined to 25.31% in 2018. In 2019 and 2020, the ratio remained at 24.88%, which placed Tabanan Regency in the very low category. The ratio then increased to 27.98% in 2021 and 35.63% in 2022. Although the last two years show improvement, the classification remains low. This means that Tabanan Regency still relied substantially on transfer revenue to finance government activities, development programs, and public services.

The analysis was based on the realization of regional financial data, especially Local Own-Source Revenue, transfer revenue, regional expenditure, and capital expenditure of Tabanan Regency during 2017-2022.

This finding is consistent with Wulandari et al. (2023), who found that local financial independence can remain weak even when PAD grows, because transfer revenue still dominates regional financing. The

result also supports the argument of Wicaksono and Sigalingging (2024) that the independence ratio indicates the extent to which a region can finance its needs without relying heavily on central government support.

PAD effectiveness

The PAD effectiveness ratio shows a clear decline after 2017. In 2017, PAD effectiveness reached 108.12%, which means the realization exceeded the budget target. However, the ratio fell to 92.33% in 2018, 89.04% in 2019, and 84.55% in 2020. The ratio improved slightly to 87.72% in 2021 but decreased again to 85.54% in 2022. These results indicate that PAD realization was ineffective in most years because it did not reach the target set in the regional budget.

The decline in 2020 reflects the pressure faced by the regional revenue base during the pandemic period. Tabanan Regency relies partly on economic activity related to tourism and local services. When these activities weakened, the ability to realize PAD targets also weakened. This result differs from several cases in previous research where PAD effectiveness exceeded 100%, such as the finding of Wicaksono and Sigalingging (2024) in Sidoarjo Regency. It shows that PAD effectiveness is highly influenced by local economic structure and the accuracy of revenue target setting.

Regional financial efficiency

The regional financial efficiency ratio shows mixed results. Tabanan Regency was categorized as efficient in 2017, 2019, 2020, and 2022 because the ratio was at or below approximately 100%. However, the ratio reached 102.56% in 2018 and 105.94% in 2021, which indicates inefficiency because expenditure exceeded revenue. The average pattern suggests that the regional government needs stronger expenditure control to maintain budget efficiency consistently.

This finding is in line with the logic used by Wulandari et al. (2023), where a lower efficiency ratio indicates better use of regional resources. Efficiency does not only require expenditure reduction. It also requires alignment between spending priorities and revenue realization. Therefore, efficiency analysis should be read together with expenditure harmony and PAD growth.

Expenditure harmony

The expenditure harmony ratio shows that operating expenditure dominated regional spending. The operating expenditure ratio increased from 63.54% in 2017 to 78.21% in 2022. In contrast, the capital expenditure ratio decreased from 15.61% in 2017 to 8.22% in 2022, with temporary improvement in 2021 at 16.36%. This pattern shows that most regional funds were used for operational needs rather than long-term investment in public infrastructure and development assets.

This result is consistent with Junaid and Serliyana (2024), who found that some local governments allocate more funds to operating expenditure than capital expenditure. A high operating expenditure

share is not always negative, because local governments must finance public administration and service delivery. However, a persistently low capital expenditure ratio can limit the ability of the region to expand productive infrastructure and support future PAD growth.

PAD growth

PAD growth experienced a negative trend from 2018 to 2020. PAD decreased by 14.83% in 2018, 2.43% in 2019, and 11.66% in 2020. Growth became positive in 2021 at 15.68% and improved further in 2022 at 20.45%. This recovery shows that regional revenue began to improve after the deepest decline. However, based on the criteria used in the thesis, the positive growth in 2021 and 2022 was still categorized as not good because it remained in the 0% to 25% range.

The overall finding indicates that financial management in Tabanan Regency needs to focus on revenue base strengthening, realistic PAD target setting, and more productive expenditure allocation. Increasing PAD cannot rely only on annual revenue recovery. The regional government needs to identify potential local taxes and levies, improve collection systems, and evaluate spending programs that can create future revenue capacity.

CONCLUSIONS

This study concludes that the financial performance of Tabanan Regency during 2017-2022 remained uneven. The regional financial independence ratio improved in 2021 and 2022, but the overall category stayed low. This indicates that Tabanan Regency had not yet achieved strong fiscal independence and still depended on transfer revenue to finance regional needs.

The PAD effectiveness ratio was effective only in 2017. From 2018 to 2022, PAD realization remained below the budget target, which indicates that revenue target achievement was not optimal. The regional financial efficiency ratio showed efficient results in several years, but inefficiency appeared in 2018 and 2021. Expenditure harmony also showed that operating expenditure dominated the budget, while capital expenditure remained relatively small. PAD growth became positive in 2021 and 2022 after negative growth in 2018-2020, but the overall growth category remained weak.

Based on these findings, Tabanan Regency needs to strengthen PAD optimization, improve the accuracy of revenue planning, maintain expenditure efficiency, and increase the share of productive capital expenditure. Future studies can extend the analysis by adding qualitative interviews with regional financial managers or comparing Tabanan Regency with other regencies in Bali to obtain broader policy insight.

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