

Which Local Government Financial Management is More Qualified, Jakarta or Surabaya?

Abu Bakar¹, Otti Ilham Khair²

¹ Faculty of Economic, Institute Bisnis and Informatika Kosgoro 1957, Jakarta Indonesia

² Abdi Negara School of Government, Jakarta, Indonesia

ABSTRACT: This study aims to describe and analyze descriptively with a regional financial statement analysis approach. The outline of the purpose of this study is to determine and compare the superiority of regional financial management performance of DKI Jakarta Provincial Government and City Government in terms of 1) regional financial independence ratio, 2) effectiveness ratio, 3) efficiency ratio, 4) harmony ratio and 5) growth ratio. The results of the analysis show that the financial performance for Independence shows a score of 22 while the Regional Government of Surabaya is only 13. The activity ratio shows that the Regional Government of Surabaya is better than the Regional Government of DKI Jakarta with a score of 29 versus 19. For efficiency in using finance, the Regional Government of DKI Jakarta is better than Surabaya with a ratio of 17. comparison 9. Meanwhile, the compatibility ratio shows that the local government of Surabaya is much better than DKI Jakarta with a comparison of 25:13 and from a growth perspective, it shows that the growth in five years of the local government of Surabaya is far above the regional government of DKI Jakarta

KEYWORDS: Financial Management, Financial Performance, Regional Finance

1. INTRODUCTION

Each regional head has a style in financial management because it is influenced by many factors. Some are performance-oriented (Kusnandar and Siswantoro 2018, 5) or on the ability of regions to regulate and manage their households (Akbar 2016, 37) or also prioritize the quality of financial reports, namely holding on to the principle of being on time and guided by accepted government accounting standards. in general. (Mole 2015, 1059) The financial management approach is a challenge that is not easy because it has to apply existing regulations, (Mole 2015, 160) reduces dependence on DAU, (Rinaldi 2012, 110) is explored from the potential of the region itself, (Akbar 2016, 35) transparent, honest, democratic and effective, efficient and accountable, (Mutiha 2016, 108) and financial independence (Fazlurahman, Fatriananda, and Jauhari 2020, 59)

Anis Baswedan as Governor and Risma as Mayor of Suarabaya (still in office when the financial statements were presented) have different regional financial styles and policies which can be seen from the financial statements that are presented every year. That's why this research was carried out until 2019. In terms of financial accountability, the two regions have the same quality as the Supreme Audit Agency's version with Unqualified Audit results as Bitung City (Mole 2015, 160) in 2015, Badung Regency in 2014 (Kurniati 2016) and the Regency of Badung in 2014 (Kurniati 2016). Musi Rawas (Kartoprawiro and Susanto 2018, 2) . It's just that the

difference between the two is that the amount of financial quality for each measurement is never the same. The quality of regional financial performance will be seen from the financial statements presented by each regional government, ranging from revenues to surplus or deficit positions.

Regional financial performance is one indicator of measuring the success of regional autonomy (Mutiha 2016, 108) which is carried out by determining specific steps to measure the success of an organization (Fazlurahman, Fatriananda, and Jauhari 2020, 58) and an effort to assess the efficiency and effectiveness of the company (Profitability et al. 2022) (Hasiibuan and Fatoni 2022, 65). Therefore, local governments are required to present financial reports that are guided by the government accounting system (Urip Santoso 2008, 17). One of the objectives of presenting local government financial statements is to increase accountability, effectiveness and efficiency (Hidayat 2016,5) in accordance with . UU no. 22 of 1999 and Law no. 32 of 2004 concerning Regional Government, as well as Law no. 25 of 1999 and Law no. 33 of 2004 concerning "Central and Regional Financial Balance" is delegating the authority to develop the Central Government to Regional Governments and to manage financial resources efficiently and effectively. For this reason, reliable and reliable financial reports are needed and are able to describe the financial performance of the area (Gede 2016;75).

DKI Jakarta and Surabaya are two cities that can be used as benchmarks or barometers in the presentation of financial reports that meet Financial Reporting Standards because "Based on the examination that has been carried out by BPK on the financial statements of the DKI Jakarta Provincial Government in 2020, including the implementation of the action plan to be implemented by the For the DKI Jakarta Provincial Government to follow up on the recommendation, the BPK gave an unqualified opinion," for the fourth time in a row (Compass.Com) while Surabaya has a better performance than DKI Jakarta with nine times getting the same opinion overall. (Surabaya's voice) Only thing that needs to be understood is that not always financial statements with an audit opinion from the Provincial Audit Board which are given "Free without Exceptions" reflect good financial performance, so based on the background above, the formulation of this research is: how a superior performance of regional financial management and the level of independence of the DKI Jakarta Regional Government and the Surabaya City Government. The purpose of this study is to determine and compare the level of independence and performance of regional financial management of the two regions in 2014 to 2019.

2. THEORETICAL BASIS OF REGIONAL FINANCE

2.1. Decentralization and Regional Autonomy

Decentralization or may be called regional autonomy has experienced extraordinary developments, especially after 1999 (after the New Order era) with the enactment of Law no. 22 of 1999 concerning Regional Government and later replaced by Law no. 32 of 2004 (Kusnandar and Siswanto 2018, 1) (Rinaldi 2012, 107). According to the regulation (Article 7) it is stated "Decentralization is the transfer of government authority by the central government to autonomous regions within the framework of the Unitary State of the Republic of Indonesia in order to manage their own household (Akbar 2016, 32). It is still dominated by the central government (Susanti and Fahlevi 2015, 449) While fiscal de-centralization can be interpreted as the delegation of authority in the field of budget or financial receipts that was previously centralized, both administratively and its utilization is regulated or carried out by the central government (Khusaini, 2006). . The above definition provides more space for local governments (local governments) in terms of utilizing regional potential and resources as well as policies that support this orientation, such as increasing productive investment (capital investment) and public services, (Hidayat 2016;4) or granting a certain level of authority (Susantao and Hery 2010, 78) in accordance with PP. 18 of 2016 in conjunction with PP Number 72 of 2019. Preparation of financial reports that refer to government accounting standards in order to improve reporting quality so that the report in question can increase credibility and

transparency and accountability of financial management so that good governance can be achieved (Albugis 2016,79)

2.2. Financial Management in the Era of Regional Autonomy

Financial management or financial management is more directed at how to achieve organizational goals to achieve organizational efficiency and effectiveness (Laksono et al. 2020). Along with the implementation of Law no. 32 of 2004 and No. 33 of 2004 concerning Regional Autonomy and "Financial Balance between the Central Government and Regional Government", (Kusnandar and Siswanto 2018, 3) (Kustianingsih, Muslimin, and Kahar 2018, 82) there are shifts and changes in regional management in Indonesia. The shift referred to in the use of public sector accounting and supervision of the quality of good government agency financial reports. (Urip Santoso 2008, 17) Local governments have an obligation to carry out financial administration activities to produce better quality (Dewi and Mimba 2014, 455) and to produce better performance measurement, as well as to facilitate more transparent and accountable financial/asset management compared to cash-based as before (Kurniati 2016;1269)

2.3. Presentation of APBD in the Era of Regional Autonomy

APBD is submitted in the form of financial reports as accountability and concrete efforts to realize transparency and accountability in state financial management. (Khafiyya, 2010, 4) APBD can be used as a means of communication between the government and its people regarding the allocation priorities made by local governments (Leonardus Julyano Sema 2021, 4). Government Regulation Number 58 of 2005 article 4 paragraph (1) states "regional finances are managed in an orderly manner, obeying the laws and regulations, efficient, economical, effective, transparent and responsible with due observance of the principles of justice, propriety and benefits for the community" (As Syifa 2014; 3). The article implies that regional financial management must be managed professionally. Presented must be relevant and reliable consisting of: balance sheets, budget realization reports, cash flow reports and notes to financial statements. (Mutiha 2016, 108) economical, and the materiality level of transactions (Albugis 2016;79) and made as a liability. (Urip Santoso 2008, 29) although objectivity is an obstacle (Santoso 2008; 21) as the embodiment of Law number 17 of 2003. (Bakar 2022) (Rahmayanti 2016, 41)

2.4. Research Framework

The research starts from determining the object of research, analyzing the two local government financial reports, measuring ratios, comparing with government regulations and analyzing with an interval scale approach as below

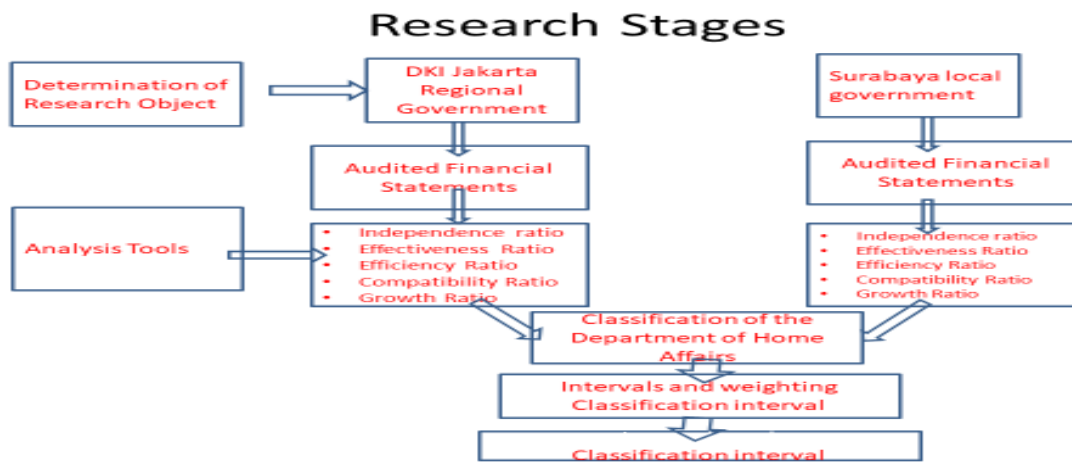


Figure 1: Research Stages

3. METHODOLOGY

This research is a quantitative descriptive study that will describe a phenomenon based on the analysis of government financial statements as a measure of profit to know the ability of the region (Mutiha 2016, 108) critical reviews ranging from calculating to providing financial solutions (Fazlurahman, Fatriananda, and Jauhari 2020, 58) assess past financial performance. (Fajar Nugroho 2012, 1). The purpose of measuring financial performance is to assess performance and monitor actual costs (Marfiana and Kurniasih, n.d., 2), to improve performance (Farida and Nugraha 2019, 108). By using financial ratios. Namely (Halim, 2002: 128). regional financial independence ratio, regional financial effectiveness and efficiency ratio, activity ratio, and growth ratio.

Regional Financial Independence Ratio (RFIR)

The growth ratio is one of three tools to measure financial performance (Hasibuan, Muhammad, and WahabSamad 2022, 3). This ratio shows the ability to self-finance activities by the government in governing and building as well as providing services to the community who have participated in funding development through taxes and levies as a necessary source of income (Hidayat 2016;7) The ratio of independence can be said as community participation in regional development. High community participation will increase the ratio of regional independence which is reflected in paying regional taxes and levies (Rahmayanti 2016; 5). The level of regional financial independence is a measure that shows the ability of regional finances to self-finance government activities, development, central government and loans (Susanto 2010, 77). This ratio is calculated as below

$$RFIR = \frac{((Original\ revenue))}{(Central\ or\ regional\ assistance))} \times 100\% \dots\dots\dots (1)$$

The Research and Development Team of the Ministry of Home Affairs – Fisipol UGM, gave the parameters for the independence assessment as follows:

Table 1. Relationship Pattern and Level of Regional Independence

Financial Ability	Independence (%)	Relationship Pattern
Very Low	0% - 25%	Instructive
Low	25% - 50%	Consultative
Moderate	50% - 75%	Participatory
High	75% - 100%	Delegative

Source: Depdagri-Fisipol UGM research and development team quoted by Zhufinsa Nur Rahmatina, 2011

3.1. Effectiveness Ratio (EcR)

Effectiveness leads to the achievement of maximum performance, namely:

achievement of targets related to quality, quantity and time. (J. Marsudi, A. Supradi, n.d., 36) This ratio describes the government's ability to realize the planned local revenue compared to the target set based on potential real area. (Mutiha 2016, 109) Measurement of the effectiveness ratio aims to determine the success or failure of achieving budget goals so that it requires realization data and revenue targets. (Susantao and Hery 2010, 78) The higher the effectiveness ratio, the better the regional capacity. This ratio is calculated by dividing the realization of PAD receipts by the PAD revenue target (Harahap 2020; 36) so that it can be reduced to $EcR = \frac{(Realized\ PAD)}{(Realized\ PAD\ Revenue)} \times 100\% \dots\dots(2)$

Activity measurement criteria as below

Table 2. Effectiveness Measurement Criteria

No	Percentage	Criteria
1	> 100%	Highly Effective
2	> 90 - 100%	Effective
3	> 80 - 90%	Quite Effective
4	> 60 - 80%	Less Effective
5	< 60%	Ineffective

Source: Mahmudi, 2010(Harahap 2020, 36)

3.2. Efficiency Ratio (REi)

Efficient ratio is a ratio that describes the comparison between the amount of costs incurred to obtain income with the realization of income received. (Mutiha 2016, 109) This efficiency ratio is closely related to output in the form of goods or services produced from a resource that is used to produce an output. (Fazlurahman, Fatriananda, and Jauhari 2020, 59) The smaller the efficient ratio, the more efficient it is, and vice versa. The ability of the regions to carry out their duties in carrying out their duties is categorized as efficient if the ratio achieved is at least 1 (one) or 100 percent. This ratio is also to determine the level of efficiency of an activity by comparing the input used with the output produced. (Gede 2016;78) The measurement of this ratio is

$$REi = ((\text{Expenditure}) / (\text{Income}) \times (100 \%)). \dots\dots(3)$$

Table 3. Regional financial efficiency criteria by government

No	Percentage of Financial Performance	Criteria
1	> 100%	Ineffective
2	> 90 - 100%	Less Effective
3	> 80 - 90%	Quite Effective
4	> 60 - 80%	Efficient
5	< 60%	Highly Efficient

Source: Ministry of Home Affairs, Ministry of Home Affairs No. 690,900,327 Year 1996

3.3 Compatibility Ratio (RCp)

This compatibility ratio shows the activities of the Regional Government in prioritizing the optimal allocation of funds in the APBD. This means that there is a scale of priorities made by the local government (Rahmayanti 2016;40). A healthy government is one that allocates for investment (development spending) more than routine spending. The formula for calculating the compatibility ratio is

$$RPs = (\text{Operational expenditure} / \text{Regional Expenditure}) \times 100\% \dots\dots\dots (4)$$

3.4 Growth Ratio (GR)

This growth ratio is used to measure the ability to maintain and increase the success that has been achieved in

the previous period. This ratio is commonly used to measure the extent to which local governments are able to maintain and increase their success from year to year (Nana 2014; 2). The formula for calculating the Growth Ratio (Fazlurahman, Fatriananda, and Jauhari 2020, 59) is

$$Rp \text{ PAD} = (R \text{ PAD } X_n - R \text{ PAD } X_{n-1}) / R \text{ PAD } X_{n-1} \dots\dots\dots(5)$$

Information

- PAD = Pendapatan Asli Daerah
- GR PAD = PAD Growth Ratio
- R PAD Xn = Realization of PAD for the current year
- IDR ADXn-1 = Realization of PAD Revenue from the previous year

3.5. Achievement Level Interval (VI)

To determine real success, an Interval level approach is used (Kholilah and Iramani 2013, 73). Achievement is a statistical technique to determine the range of classes which is the result of the quotient of the class span with the desired number of classes. The number of classes desired is 5 with the understanding of level 1 being low or very small, 2 being low or small, 3 being and 4 being high or large and 5 being very high or very large or very high. The formula for determining the magnitude of the statistical interval is. Interval analysis and determination of weights are used to determine the ratio of superiority, effectiveness, efficiency and growth ratio. Determination of the interval formula can be done as below (Dewi and Mimba 2014, 448)

$$VI = (\text{MaxS} - \text{Min S}) / 5 \dots\dots\dots (6)$$

Information:

- VI = value interval
- MaxS = highest score
- Min S = lowest score
- C = constant

3.6. Previous Research

Previous research that discusses financial independence, effectiveness and efficiency of the use of finance, independence, harmony and financial growth as below

Tabel 3a. Previous similiar Research

No	Researcher	Journal and Year	Theme	Variable	Conclusion
1	Paramitha Sandy Mokodompit Sifrid S. Pangemanan	Ingriani Elim Journal EMBA 1521 Vol.2 No.2 June 2014, p. 1521-1527	Analysis of Local Government Financial Performance Kotamobagu City Sentarlization Financial dependency	Independence PAD Decentralization degree ratio Financial performance, is still lacking,	The ratio of regional financial dependence on the central and provincial governments is still very high The independence ratio is still very low. Suggestions for the Kotamobagu City government as to further increase PAD

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2	Arthaingan H. Mutiha	Junral Vocational Indonesia Volume 4 Number 2 , 2016 pp 105-121	Analysis of Local Government Financial Performance Bogor City Fiscal Year 2010-2014	Level of Budget Effectiveness	The ratio of the level of Financial Independence of the city of Bogor has a consultative relationship, The Bogor city government is very effective Ni realize their own regional income, and have a positive growth ratio. However, the Bogor city government still prioritizes the budget in indirect spending compared to direct spending
3	Faesal Fazlurahman Chandra Fatriananda Rifqie	Jauhari Journal Of The Scientific Global Economy Of The Present volume 11 no. 01 july 2020 issn print : 2089-601	Analysis of Bandung City Government Financial Performance Before and After Getting WTP Opinions from BPK) Independence	Income effectiveness Growth Audit opinion Research results	shows that the ratio of independent regional finance, the ratio of the effectiveness of regional income, and growth regional income. The financial performance of the City of Bandung before and after obtaining an unqualified opinion has shown a significant improvement,
	J. Marsudi, A. Supradi, F.Susandra	Journal Akunida ISSN 2442-3033 Volume 5 Number 2, December 2019	Level of Independence, Efficiency, Effectiveness, and Growth Regional Original Income: A Study in West Java Province	Efficiency Effectiveness Financial independence	Efficiency and Effectiveness has an effect on the growth of regional original income, partially the independence variable has no effect on the growth of regional original income, While the Efficiency variable has a negative and significant effect on the Growth of Regional Original Income and the Effectiveness variable has a positive and significant effect on the Growth of Original Income. Area

4. RESULTS AND DISCUSSION

4.1. Financial Independence

Financial independence is unlikely to change without the role of the community (Kustianingsih, Muslimin, and Kahar 2018, 88) and this ratio is useful for knowing the strength of Regional Original Income compared to government assistance (transfer funds from the center or the province). Table 4 (appendix) Financial Independence Ratio It can be concluded that from 2017 to 2019, the ratio of independence continued to increase from 231.4% to 268.9%. But in general, the financial capability for six consecutive years is very high because the financial independence ratio is above 50%. This number is the highest figure in five years. Meanwhile, the independence ratio of Surabaya City in general is still below the independence ratio of DKI Jakarta, although it is still in the Very High category because in six years the financial capacity has never even reached 300%.

Table 5 shows that from 2017 to 2019, the financial independence of the City of Surabaya continued to increase at 268.9%. Table 7 (attachment) shows that in 2014 the DKI Jakarta government had level 4 while the City of Surabaya was only at level 1. Likewise in the following year when Jakarta was at Level 6, Surabaya was at Level 2. In six consecutive years the total level of achievement DKI Jakarta is 22 while the City of Surabaya is only 13. In ratio DKI Jakarta has an achievement of 60% while the City of Surabaya is 40% (Table 4)

This independence research is not in line with the research conducted by Faesal for the Bandung Regional Government because it is still in the low category (Fazlurahman, Fatriananda, and Jauhari 2020, 60), nor is it in line with the 2014-2017 Subang Regional Government because it is still in the very low category and low (Farida and Nugraha 2019, 114)

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Table 4. Financial Performance of DKI Jakarta Regional Government in 2014-2019

Description	Financial of Independence					
	2014	2015	2016	2017	2018	2019
PAD DKI Jakarta	31.274.215	33.686.176	36.888.017	43.901.488	4.973.031	5.381.920
Total Assistance Center	12.160.469	8.642.378	15.271.661	18.969.291	2.088.870	2.001.328
Independence Ratio	257,18%	389,78%	241,55%	231,43%	238,07%	268,92%
Financial Ability	Very High	Very High	Very High	Very High	Very High	Very High
Effectiveness						
Years	2014	2015	2016	2017	2018	2019
PAD Budget	65.042.099	56.309.238	57.161.248	62.517.744	65.809.931	74.997.497
Realization of PAD	0	44.209.238	53.784.706	64.823.887	61.235.824	62.300.680
Effectiveness Ratio	67,38%	78,51%	94,09%	103,69%	93,05%	83%
Effectiveness Criteria	Less Effective	Less Effective	Effective	Very Effective	Effective	less Effective
Efficiency						
Years	2014	2015	2016	2017	2018	2019
Realization of Regional Expenditure	37.799.664	42.660.170	46.918.496	50.721.960	61.063.848	64.099.287
Realization of Regional Revenue	43.824.300	44.209.238	53.784.706	64.823.887	61.235.824	62.300.680
Efficiency Ratio	86,25%	96,50%	87,23%	78,25%	99,72%	102,89%
	Efficient	Efficient	Efficient	Efficient	Efficient	
Match						
Years	2014	2015	2016	2017	2018	2019
Capital Expenditure	10.411.118	10.244.016	8.965.470	11.045.723	14.118.608	11.551.928
Regional Expenditure	37.799.664	42.660.170	46.918.496	50.721.960	61.063.848	64.099.287
Capital Expenditure Ratio	27,54%	24,01%	19,11%	21,78%	23,12%	18,02%
Growth						
Years	2014	2015	2016	2017	2018	2018
Realization of PAD Revenue t	31.274.215	33.686.176	36.888.017	43.901.488	43.327.137	45.707.400
Realization of PAD Revenue t-1	26.852.192	31.274.215	33.686.176	36.888.017	45.707.400	43.327.137
Growth Ratio	16,47%	7,71%	9,50%	19,01%	-1,31%	5,21%

Note, the data is processed based on the financial statements of the DKI Jakarta Regional Government which have been audited by the Provincial Audit Board

4.2. Regional Financial Effectiveness

Based on Table 1 (attachment) above, the effectiveness ratio and effectiveness criteria for the City of Jakarta in 5 years are: In 2014 the effectiveness ratio of the City of Jakarta was 67.38% (less effective because <80%). and in 2015 it increased by 11.13%. In 2016 it became 94.09%.(Effective because >90%) and in 2017 it became 103.69% (Very Effective because >100%). In 2018 it was 10.64%. (Effective because <100%) And for 5 years it became only Moderately Effective.

Based on Table 5 (attachment) above, the Effectiveness ratio of the City of Surabaya in 5 years shows that in 2014 the City of Surabaya has an Effectiveness ratio of 98.41%. , in 2015 the Effectiveness ratio of Surabaya City was 99.65%, still (Effective because <100%). In 2016 it was able to increase its effectiveness ratio at 101.57% (Very Effective). 2017 effectiveness ratio 101.63% (Highly Effective). In 2018 the effectiveness ratio of the City of Surabaya decreased to 101.19% (Very Effective)

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Table 5. Surabaya Local Government Financial Performance in 2014-2019

Financial autonomy						
Description	2014	2015	2016	2017	2018	2019
PAD Surabaya	3.307.323	4.035.649	4.090.206	5.161.844	4.973.031	5.381.920
Central Assistance	2.721.487	2.558.578	2.730.547	2.821.706	2.088.870	2.001.328
Independence Ratio	121,53%	157,73%	149,79%	182,93%	238,07%	268,92%
Financial Ability	Very Hight	Very Hight	Very Hight	Very Hight	Very Hight	Very Hight
Effectiveness						
Tahun	2014	2015	2016	2017	2018	2019
PAD Budget	6.150.194	6.642.257	6.720.301	7.904.894	8.079.142	5.234.687
Realization of PAD	6.052.441	6.619.031	6.825.754	8.033.573	8.175.219	5.381.920
Effectiveness Ratio	98,41%	99,65%	101,57%	101,63%	101,19%	102,81%
Effectiveness Criteria	Effective	Effective	Very Effective	Very Effective	Very Effective	Very Effective
Efficiency						
Years	2014	2015	2016	2017	2018	2019
Realization of Regional Expenditure	5.707.378	6.490.359	7.151.661	7.912.409	8.176.929	9.162.656
Realization of Regional Revenue	6.052.441	6.619.031	6.825.754	8.033.573	8.175.219	8.765.153
Efficiency Ratio	94,30%	98,06%	104,77%	98,49%	100,02%	104,54%
Efficiency Criteria	Efficiency	Efficiency	No Efficiency	No Efficiency	No Efficiency	
Match						
Years	2014	2015	2016	2017	2018	2019
Capital Expenditure	1.404.366	1.785.125	1.789.394	2.517.891	2.430.061	2.754.305
Regional Expenditure	5.707.378	6.490.359	7.151.661	7.912.409	8.176.929	9.162.656
Capital Expenditure Rasio	24,61%	27,50%	25,02%	31,82%	29,72%	30,06%
Growth						
Years	2014	2015	2016	2017	2018	2018
Realization of PAD Revenue t	3.307.323	4.035.649	4.090.206	5.161.844	4.973.031	5.381.920
Realization of PAD Revenue t-1	2.791.580	3.307.323	4.035.649	4.090.206	5.161.844	4.973.031
Growth Ratio	18,47%	22,02%	1,35%	26,20%	-3,66%	7,60%

Note, the data is processed based on the financial statements of the DKI Jakarta Regional Government which have been audited by the Provincial Audit Board

The results of the effectiveness ratio are in line with other studies for the regional government of Bogor in 2014 in the effective category as the ratio of the effectiveness of the Regional Government of Surabaya. (Mutih 2016, 115) Also in line with the results of the Surabaya local government as Agustina did for the Semarang local government. (Agustina 2013, 5) And in line with the 2017 DKI Regional Government effectiveness ratio and the 2017 and 2018 Surabaya Regional Government conducted by Aditya and his friends for the regional government. the same (Prime et al. 2020, 342)

4.3. Financial Efficiency

Based on Table 4 (attachment) it can be seen that from 2014 to 2016 the City of Jakarta experienced an increase in the ratio of Operational Expenditures, namely 72.45% (2014), 75.98% (2015), and 80.89% (2016). And from 2016 to 2018 the ratio of Jakarta City Operational Expenditure decreased from 78.19% (in 2017) to 76.88% (in 2018). million and the total Regional Expenditure of Rp.239,164,138 million is 77.08%.

For the city of Surabaya, Table 5 (attachment) shows

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that in 2014-2015 the ratio of Surabaya City's operating expenditure decreased from 75.39% to 72.50%, in 2016 it increased to 74.98% and in 2017 it decreased to 68.18%. . For 2018 it rose to 70.09%. The total percentage of Surabaya City's operating expenditure ratio for 5 years is 71.95%. Tables 6 and 7 (attachment) show that the local government of Surabaya is more compatible in the use of regional finance than DKI Jakarta. Table 4 shows that the Pemda Suarabaya has almost doubled the level of achievement. The cause of greater achievement has the highest level of achievement (full level) three times in 2017, 2018 and 2019 while DKI has never once had the highest level of achievement. The highest level obtained by DKI Jakarta in six consecutive years was only once, and even then it was only at level 4 which occurred

in 2014

Tables 6 and 7 (attachment) show that the local government of Surabaya is more compatible in the use of regional finance than DKI Jakarta. Table 4 shows that the Local Government of Suarabaya has an achievement level of almost twice that of the Local Government of DKI Jakarta. The reason why the Surabaya local government has a greater achievement is shown in table 3 (attachment). The local government of Suarabya has the highest level of achievement (full level) three times in 2017, 2018 and 2019 while DKI has never once had the highest level of achievement. The highest level obtained by DKI Jakarta in six consecutive years was only once, and even then it was only at level 4 which occurred in 2014

Table 6. Comparison of the Financial Performance of the Regional Governments of DKI Jakarta and Surabaya in 2014-2019

Analysis Tool	Years	JAKARTA			SURABAYA		
	Years	Jakarta Financial Ratio	Level Achievement Criteria	Level	Surabaya Financial Ratio	Level Achievement Criteria	Level
indenpedent	2014	257,18%	High	4	121,53%	very low	1
	2015	389,78%	very high	5	157,73%	Low	2
	2016	241,55%	very high	3	149,79%	very Low	1
	2017	231,43%	very high	3	182,93%	Low	2
	2018	242,66%	High	3	238,07%	very high	4
	2019	315,35%	High	4	268,92%	very high	3
	Total				22		
Effectiveness	2014	67,38%	Less Effective	1	98,41%	Effective	4
	2015	78,51%	Less Effective	2	99,65%	Effective	5
	2016	94,09%	Effective	4	101,57%	Very Effective	5
	2017	103,69%	Very Effective	5	101,63%	Very Effective	5
	2018	93,05%	Effective	4	101,19%	Very Effective	5
	2019	83,07%	Less Effective	3	102,81%	Very Effective	5
	Total				19		
Efficiency	2014	86,25%	Fairly Efficient	4	94,30%	Less Efficient	2
	2015	96,50%	Less Efficient	2	98,06%	Less Efficient	2
	2016	87,23%	Fairly Efficient	4	104,77%	No Efficient	1
	2017	78,25%	Efficient	5	98,49%	Less Efficient	2
	2018	99,72%	No Efficient	1	100,02%	No Efficient	1
	2019	102,89%	No Efficient	1	104,54%	No Efficient	1
	Total				17		
Macth	2014	27,54%		4	24,61%		3
	2015	24,01%		3	27,50%		4
	2016	19,11%		1	25,02%		3
	2017	21,78%		2	31,82%		5
	2018	23,12%		2	29,72%		5
	2019	18,02%		1	30,06%		5
	Total				13		
Growth	2014	16,47%		4	18,47%		4
	2015	7,71%		2	22,02%		5

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2016	9,50%	3	1,35%	1
2017	19,01%	4	26,20%	5
2018	-1,31%	1	-3,66%	1
2019	5,21%	2	5,21%	2
Total		12		14

Note, the data is processed based on the financial statements of the DKI Jakarta Regional Government and the Surabaya Regional Government which have been audited by the Provincial Audit Board

The results of the research for the Regional Governments of Surabaya and DKI Jakarta show that they are not in line with the research conducted by Farida and friends because the compatibility of the Subang Regional Government Budget is above 60%-81% for 2014-2017. (Farida and Nugraha 2019, 116) Also not in line with research conducted by Anim for the local government of Sukoharjo where the ratio of rational operation compatibility moves between 89.6% - 83.4% for the years 2011-2013. (Rahmayanti 2016, 50)

4.4. Growth Ratio

Based on Table 4 in 2014 the growth ratio of the City of Jakarta was 16.47%, and in 2015 the ratio was 7.71% and in 2016 it was 9.50%, indicating an increase from the previous year. In 2017 the growth ratio became 19.01%. In 2018 regional finance and the growth ratio of the City of Jakarta did not increase at all. The accumulated growth ratio of the City of Jakarta for 5 years is 9.55%.

The growth of financial performance for the city of Surabaya (table 5) shows the regional growth of the city of Surabaya increasing from the previous year. In 2015 there was an increase of 22.05%, 3.55% greater than the previous year. And in 2016 it was 22.02% and in 2017 it was 26.20%, an increase of 24.85% from last year, becoming the biggest growth rate for 5 years. In 2018 there was a decrease of 3.66%, the accumulated growth ratio of the City of Surabaya for 5 years was 11.25%. Indicates that the regional finances of the City of Surabaya and the growth ratio rate from 2014 to 2018 have increased.

The research above is in line with the conclusions of Faesal's research results for the growth of the Bandung Regional Government in 2013-2018 which moved between 8.3% to 31.7% (Fazlurahman, Fatriananda, and Jauhari 2020, 61) but not in line with research conducted by Agustina (Agustina 2013, 8) which grew from 39.8% in 2007 to 63.7% in 2011 although there was a minus growth in 2008 of 4.2% for the Bandung Regional Government

4.5 Financial Performance Excellence

Of the five financial tests, the two local governments did not show an absolute advantage for one government or vice versa. Jakarta excels in terms of financial independence compared to the local government of Surabaya. From the table above, it can be concluded that (1) DKI Jakarta has better financial independence than the local government of Surabaya with a total score of more than double that of the

local government of Surabaya. The results of the analysis show that from 2014 to 2019 the financial independence of DKI Jakarta moved from 257.1% in 2014 to 315.35% in 2019. Meanwhile, Surabaya's achievement of financial independence moved from 121.53% in 2014 to 268.92% in 2019. On the basis of these achievements, it is natural that DKI's total achievement level is higher than the Surabaya Regional Government. (2) If viewed from the side of effectiveness, it turns out that DKI Jakarta is not much more effective in managing the budget. The weighting score for DKI Jakarta shows only 19 while the City of Surabaya is 29. once in the highest position. The total effectiveness measurement for DKI Jakarta is only 19 while the local government of Surabaya has a score of 29. (3) In terms of efficiency, DKI Jakarta shows a higher efficiency level than Surabaya compared to 17 and 9, which is almost twice as much. The superiority of DKI Jakarta occurred in 2014, 2016 and 2017 (4) In terms of the compatibility of budget use, it can be seen that DKI Jakarta has financial harmony far below the Regional Government of Surabaya. This pact shows that the capital expenditure and regional government expenditure of Surabaya is better, Jakarta is only superior in 2014 and that the local government of Surabaya has the advantage from 2015 to 2019. (table 5). In terms of financial growth, on average, it appears that the local government of Jakarta is slightly below the regional government of Surabaya. If the local government of Surabaya can grow by 9.29% while DKI only grows by 8.9% (7) In general, DKI Jakarta has a financial performance label of 83 while the local government of Surabaya has a total of 90. And if averaged Surabaya has level 18 and Jakarta is only 16.6. What level is Jakarta at 47.98%?

5. CONCLUSIONS

Conclusion

Based on the calculation results of the comparison of the financial performance of the Jakarta City Government and the Surabaya City Government as measured by the Regional Financial Ratios are as follows: (1) The level of financial independence of the Regional Government of DKI in five consecutive years is better than the Regional Government of Surabaya where the increase Regional Original Revenue is always higher than the increase in deposits from the center (2) The level of effectiveness of the use of the Surabaya Regional Government's finances is better than the level of effectiveness of the DKI Jakarta Regional

Government's Financial Use because the DKI Regional Government only registers the highest level equivalent to the Regional Government of Surabaya which has the highest level of five times (3) Even though it is not quite effective in using finances, DKI Jakarta is more efficient in using the budget than the Regional Government of Surabaya. (4) in terms of harmony and economic growth, the local government of Surabaya is at a better level than DKI Jakarta. The average growth of the local government of Surabaya is 9.29% in the period of six consecutive years, while DKI Jakarta is only 8.9%

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