
ANALYSIS OF THE FINANCIAL PERFORMANCE OF THE EAST JAVA PROVINCIAL GOVERNMENT

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Abstract

This research aims to evaluate the financial performance of local governments in East Java Province using various financial metrics, such as independence ratio, efficiency ratio, effectiveness ratio, decentralization ratio, growth ratio, operational solvency, long-term and short-term solvency, service solvency, revenue variations regions and regional variations in spending. This research uses the Literature Review research method. The journals reviewed consisted of 12 journals. From the results of the review, based on Regional Income Variances and Regional Expenditure Variances which show good results; The Effectiveness Ratio shows that several regions were included in the very effective category, however during the pandemic several regions were included in the quite effective category; The Efficiency Ratio shows that most regions are included in the efficient category; The Growth Ratio in regional financial performance mostly shows that the PAD value is positive; The Independence Ratio shows that some regions show an instructive relationship pattern, while other regions show a consultative relationship pattern; Dependency Ratio: there are regions that show a high level of dependence and there are also regions that show a low level of dependence; The compatibility ratio of some regions shows that it is not yet balanced, while other regions show a balanced compatibility ratio; The Degree of Decentralization Ratio shows varied results; Financial Flexibility was not found to be different before and during the pandemic; Economic Analysis Some regions are included in the economic category; Operational Solvency is different before and during the pandemic; There is no difference in short-term and long-term solvency before and during the pandemic; Service solvency is no different before and during the pandemic.

Keywords: *Regional Financial Performance, Financial Ratios, Solvency, PAD, APBD*

INTRODUCTION

Regional financial management is an important issue in the implementation of regional autonomy in Indonesia. Undang-Undang No. 32 Tahun 2004 tentang Pemerintahan Daerah dan Undang-Undang No. 33 Tahun 2004 tentang

Perimbangan Keuangan antara Pemerintah Pusat dan Daerah, serta Undang-Undang No. 23 Tahun 2014 provides broad authority to local governments to manage resources in accordance with the potential of each region. In this context, (APBD) is a reflection of the programs that will be implemented by the local government during a certain period. (Rahayu et al., 2019).

Regional financial performance is the level of achievement of work results in the field of regional finance, including regional income and expenditure, which can be measured using financial ratio analysis APBD. The aim is to improve performance, allocate resources, and realize public accountability. According to (Mardiasmo, 2019), measuring local government financial performance is carried out to fulfill three purposes, namely helping the government focus on goals and objectives, as a means of decision making, and as a form of accountability to the community. Financial reports are a form of accountability in realizing accountability and transparency in regional financial management in accordance with regulations. Government performance is said to be good if every government plan can achieve maximum results from the plan, one of which is accountability in regional financial management carried out properly to achieve the set goals (Siti Nur Azizah & Muhammad Taufiq Hidayat, 2023).

Based on data released by the Central Bureau of Statistics on the East Java Communication and Information Agency website Based on data released by the Central Bureau of Statistics on the East Java Communication and Information Agency website, the contraction in economic growth in 2020 occurred due to the hampering of economic performance due to the Covid-19 outbreak. Before the pandemic, the economic growth rate of East Java Province always grew above 5%. Economic growth in 2019 was recorded at 5.53%, in 2020 it contracted by 2.33%. Then in 2021 experienced a recovery of 3.56% and increased again by 5.34% in 2022. And in 2023, East Java's economic growth amounted to 4.96% (Jatim Newsroom, 2024).

The COVID-19 pandemic has had a significant impact not only on public health, but also on economic conditions, including a decline in the (APBD) in various regions in Indonesia. According to (Mustari, 2015), public policy is the authority of the Government in carrying out its duties and functions in managing people's lives in various aspects. In the context of the COVID-19 pandemic, the government is required to immediately take policies in regional financial management to improve financial performance.

This study aims to analyze the financial performance of local governments in East Java Province using various financial indicators, such as the independence ratio, effectiveness ratio, efficiency ratio, decentralization degree ratio, and growth ratio. According to (Mahmudi, 2019), local government financial ratio analysis can be used to assess regional financial performance, such as dependency ratios, decentralization degree ratios, independence ratios, effectiveness ratios, and efficiency ratios. This analysis will provide a comprehensive picture of the financial condition of the local government of East Java Province, so that it can be used as a basis for decision making and formulation of more appropriate policies. Accounting Information Systems have a function to assist the company's decision-making

process (Kustiwi & Hwihanus, 2023). In the process of financial management carried out, a good information system is needed. Information systems not only consist of technology such as hardware and software, but also include people, procedures, data, and communications related to business processes (Kustiwi, 2024).

The impact of the COVID-19 pandemic on the local financial performance of East Java Province, with contraction of economic growth in 2020 and gradual recovery, demands an in-depth evaluation of changes in financial performance before and during the pandemic. Problem identification includes effective financial management in the face of economic impacts, analysis of performance before and during the pandemic, and the importance of using appropriate financial indicators for the evaluation of local government performance in East Java Province.

Satuan Kerja Perangkat Daerah (SKPD) is a regional government work unit that is responsible for managing the regional budget. SKPD is a responsibility center led by a work unit head and is responsible for entities such as the health service, population and civil registration service, education service, youth and sports service, and others.

Financial performance is the result of actions taken by an organization to achieve its goals, objectives, mission and vision. The financial performance of a region can be used as an indicator of government performance. To assess the financial performance of a region and improve the standard of regional financial management, an analysis of the APBD realization ratio must be carried out. Anggaran Pendapatan dan Belanja Daerah (APBD) which has been previously compiled and implemented makes this possible (Mandua et al., 2023).

(Mu'alimah & Ervina, 2023) explaining the regional revenue variance analysis is carried out by calculating the difference between realized income and expected income based on the established budget. In other words, through regional revenue variance analysis, local governments can evaluate how big the difference is between the actual revenue collected during a certain budget period and the revenue that was previously planned or budgeted.

(Mu'alimah & Ervina, 2023) explaining the variance analysis of regional expenditure is a study of the difference between the amount budgeted for regional expenditure and the amount actually spent, with the aim of identifying, understanding, and explaining the causes of the difference that occurs, as well as evaluating the performance of regional financial management and the effectiveness of implementing the budget that has been set.

According to (Rahayu et al., 2019) The definition of effectiveness relates to the success rate of an operation in the public sector. An operation is said to be effective if it has a major influence on the ability to provide community services which is a predetermined goal. The PAD effectiveness ratio is calculated by comparing the realization of PAD revenue with the PAD revenue target (budgeted). This ratio shows how well the local government mobilizes PAD revenue in accordance with the target.

This ratio is calculated by comparing the costs incurred by the local government to obtain Local Owned Revenue (PAD) with the realization of PAD

revenue. To calculate the efficiency ratio, additional data is needed that is not available in the budget realization report, namely data on the costs incurred to collect local revenue (Mahmudi, 2019). In other words, to get an accurate picture of the efficiency of PAD management, more detailed information is needed on the costs directly related to the PAD collection process, which are usually not included in standard budget reports. This data is particularly important because without information on collection costs, it is difficult to evaluate how efficient local governments are in utilizing resources to generate their own revenue. This suggests that in addition to looking at revenue generation, it is also necessary to pay attention to the costs incurred to obtain these results in order to get a comprehensive picture of the financial efficiency of local governments.

According to (Rahayu et al., 2019) The growth ratio is intended to measure how much the local government's ability to maintain and improve its success is achieved from one period to the next. The growth ratio is said to be good, if each year it experiences positive growth or an increase in the Growth Ratio of City local governments in East Java.

According to (Rahayu et al., 2019), to determine the regional independence ratio, PAD revenue is divided by transfer revenues from the central and provincial governments, as well as regional loans. A higher ratio indicates that the local government is more independent. The ability of local governments to finance their own government operations is indicated by their financial independence. The Independence ratio is calculated by comparing balancing funds or transfer data with PAD.

The level of financial dependency of local governments on the central and/or provincial governments can be measured through the ratio of transfer revenues received by local governments to total local revenues. If this ratio is high, it indicates that the local government is highly dependent on financial assistance from the central and/or provincial governments. Conversely, a lower ratio indicates greater financial independence of the local government. According to (Mahmudi, 2019), this evaluation is important to understand how much local governments depend on external sources of funds, which can affect their ability to carry out their autonomous functions effectively.

According to (Mahmudi, 2019), the expenditure compatibility analysis aims to evaluate the balance between various expenditure items in the regional budget. The budget serves as a tool to distribute resources, allocate funds, and maintain political stability. Therefore, it is important for local governments to harmonize the use of budgets in a harmonious manner. By conducting this analysis, local governments can ensure that budget allocations are made proportionally and effectively, so that various regional needs can be met in a balanced manner and development goals can be achieved optimally.

Local own-source revenue (PAD) is compared with total local revenue to determine the level of decentralization. This ratio shows how much PAD contributes to total local revenue. The greater the percentage of PAD in total local revenue, the better the local government's ability to implement decentralization. This shows that the regions are more independent and can manage their own

finances without relying on transfers from the central government (Mahmudi, 2019).

Decentralization serves as a means to achieve state objectives, especially in terms of providing quality public services and creating a democratic decision-making process. This can be realized through the delegation of authority from the central government to local governments. The powers transferred include various aspects, such as the right to levy taxes and the formation of Regional Representatives Councils, as well as various other authorities that support independent and effective regional management.

According to (Syahara & Aufa, 2022) The ability of local governments to increase financial resources to meet increased commitments is known as financial flexibility. This can be achieved in two main ways: first, by increasing local revenues through optimizing taxes, levies, or other revenue sources; second, by increasing debt capacity, which allows local governments to obtain loans or other financing to meet their needs.

According to (Mahsun, 2018) and (Mahmudi, 2019), through economic analysis, local governments can get a clearer picture of the use of public funds and take the necessary steps to improve the efficiency of local financial management. It also helps in improving accountability and transparency in budget management, so that the public can better believe that public funds are used optimally for the common good. Economic analysis serves to measure expenditure expenditure compared to the expenditure budget that has been set by local governments in the utilization of their financial resources. This analysis is very important, especially when the actual costs incurred turn out to be greater than the planned budget.

By conducting an economic analysis, local governments can evaluate the extent to which their expenditures are in line with their budgets, as well as identify the causes of unexpected cost overruns. This helps to ensure that budget allocations are made efficiently and effectively, and allows for adjustments to financial policies to avoid wasting resources in the future.

According to (Syahara & Aufa, 2022) Operational solvency is the ability possessed by the Local Government to generate sufficient revenue to cover all government operational expenses during the predetermined budget period. This ability reflects the effectiveness of local governments in managing their revenue sources, including taxes, levies, and other legal revenues, to ensure that all operational needs, such as employee salaries, maintenance costs, and other routine expenses, can be met without running a deficit. In addition, operational solvency also reflects the financial health and managerial ability of local governments in managing and allocating budgets efficiently, so that they can run various public programs and services smoothly and continuously.

According to (Syahara & Aufa, 2022) Short-term solvency is the ability of the Local Government to meet its financial obligations that are due in a period of less than or equal to 12 months. This ability reflects the extent to which local governments can ensure the availability of sufficient funds to pay their various short-term financial obligations, such as payments to suppliers, employee salary expenses, debt installments, and various other operational costs that must be

completed within one fiscal year. Local governments with good short-term solvency show that they are able to manage their cash and liquidity effectively, thus avoiding financial problems that could disrupt daily operations and public services.

According to (Syahara & Aufa, 2022) Long-term solvency is the ability of the Local Government to meet long-term financial obligations, which cover a period of time of more than one year. This ability reflects the extent to which local governments can manage and allocate their financial resources effectively to ensure that all long-term obligations, such as bond debt, infrastructure loans, and other financial commitments that cannot be settled in the short term, can be met on time. Local governments that have good long-term solvency demonstrate that they have a strong and sustainable financial strategy, as well as the capacity to plan and manage large expenditures that may be required for long-term development and investment projects.

According to (Syahara & Aufa, 2022) Service solvency is the ability of local governments to not only provide, but also maintain the quality of public services needed and desired by the community on a consistent and sustainable basis. This ability reflects the extent to which local governments can effectively allocate their financial and operational resources to ensure that services such as health, education, infrastructure, transportation, and other social services can be provided with high quality standards.

METHOD

The type of research in this study uses the Literature Review method. Literature Review is a scientific study that focuses on a particular topic. Conducting a Literature Review is the same as carrying out the following activities: 1) Collecting data/information; 2) Evaluating data, theories, information or research results; and 3) Analyzing publication results such as books, research articles or others related to previously formulated research questions (Santoso et al., 2021). In this study, the researcher began the process of identifying research related to the Analysis of the Financial Performance of the Regional Government of East Java Province by searching for scientific journals through Google Scholar sources.

RESULTS AND DISCUSSION

The results of 12 journals that discuss the Analysis of the Financial Performance of the Regional Government of East Java Province. There are some differences in the results of the research and the variables used.

Analysis of the Financial Performance of the Regional Government of East Java Province Based on Regional Revenue Variance and Regional Expenditure Variance

In research conducted by (Mu'alimah & Ervina, 2023) found that regional financial performance based on Regional Revenue Variance in Tuban Regency during the Covid 19 period showed positive results and was categorized as good, with an average value in 2020 of 106.27% and in 2021 of 113.43%. This supports

the opinion expressed by (Mahmudi, 2019) that the Tuban Regency Government will be said to be successful if its regional financial performance meets the revenue target, and the revenue obtained exceeds the total budgeted. This can happen because the government has identified which sources of income can benefit the amount of regional income.

Meanwhile, regional financial performance based on Regional Expenditure Variance shows good results, this can be seen from the realization that it does not exceed what has been budgeted. Overall, judging from the average percentage, the Tuban Regency Government from 2020-2021 only used 86.06% of the total budget that had been set.

Analysis of the Financial Performance of East Java Provincial Government Based on Effectiveness Ratio

Analysis of regional financial performance based on the effectiveness ratio conducted by (Rahayu et al., 2019) in Ngawi Regency from 2014-2018 has included a very effective category with an average value obtained of 138.46%. This means that the Ngawi Regency government has properly utilized the target in accordance with existing potential. This is also in line with research conducted by (Mu'alimah & Ervina, 2023) in Tuban Regency; (Zuhdi et al., 2023) in Pamekasan Regency; (Fadhilah et al., 2022) in Kediri City; and (Muttaqin & Akbar, 2023) in Madiun City, where the level of effectiveness is included in the very effective category. With an average value of 124.59% for Tuban Regency, 113.78% for Pamekasan Regency, 121.98% for Kediri City, and Madiun Regency ranging from 109-112%. This means that the governments of Tuban Regency, Pamekasan Regency, Kediri City, and Madiun Regency, have properly utilized the potential of the local area to increase their regional income.

Research conducted by (Rahmawati & Warsitasari, 2023) in Trenggalek Regency; (Arlina & Pujiyanto, 2023) in Mojokerto City, during the Covid 19 Pandemic was included in the moderately effective category. With an average ratio value of 95.70% for Trenggalek District, the effectiveness ratio ranges from 80-97% for Mojokerto City. This means that the Trenggalek Regency and Mojokerto City Governments have not been optimal in realizing PAD, especially during the Covid 19 pandemic which resulted in many tourist attractions having to be closed.

According to (Santoso et al., 2021), the higher the effectiveness ratio, it will show that the regional performance is getting better in carrying out regional policies and in achieving predetermined targets.

Analysis of the Financial Performance of East Java Provincial Government Based on Efficiency Ratio

Analysis of regional financial performance based on the efficiency ratio in research (Hafizi & Amalia, 2022) in Jember Regency is already efficient in realizing its regional expenditure with an average value of 83.66. This is because facilities, facilities and infrastructure have been provided properly by the government for use by the public. Likewise in Batu City researched by (Puspita

& Pangastuti, 2022) found that Batu City in 2019-2020 financial performance was categorized as efficient, with an efficiency level in 2019 of 85.34% and in 2020 of 94.47%. This is due to the reduction in local revenue received by the Batu City Government with the amount of decline still relatively stable.

Meanwhile, research conducted by (Suwito & Hidayat, 2023) in the Gerbangkertosusila region shows that Bangkalan Regency both before the pandemic (25%) and during the Pandemic (27%) obtained the lowest level of efficiency, this could happen because the Bangkalan Regency Government was not optimal in realizing its PAD.

Analysis of the Financial Performance of the Regional Government of East Java Province Based on Growth Ratio

Analysis of regional financial performance based on growth ratios in research conducted by (Rahmawati & Warsitasari, 2023) in Trenggalek Regency found that PAD growth and total revenue growth experienced negative growth, namely -9.51 and -3.23%. This is due to the adjustment of the APBD and the decrease in PAD in the levies and local taxes due to the Covid-19 pandemic.

Meanwhile, research conducted by (Yasin et al., 2017) on Regional Financial Performance in East Java shows a significant value of PAD on Economic Growth ($2.245 > 1.96$) with a positive original sample estimate value of 0.115. This means that the greater the PAD, the better the financial performance of the Regency / City region.

This is in line with what was conveyed by (Santoso et al., 2021) saying that the growth ratio is considered positive if the higher the value of PAD and Development Expenditure followed by low Routine Expenditure, this means that the region concerned has been able to maintain and increase its regional growth every year. Meanwhile, the growth ratio value is considered negative if the higher the PAD and Routine Expenditure which is then followed by low Development Expenditure, this means that the region concerned has not been able to maintain and increase its regional growth.

Analysis of the Financial Performance of the Regional Government of East Java Province Based on the Independence Ratio

Analysis of regional financial performance based on the independence ratio in research conducted by (Zuhdi et al., 2023) in Pamekasan Regency and (Rahayu et al., 2019) in Ngawi Regency shows very low results, namely 8.70% for Pamekasan Regency and 10.57% for Ngawi Regency with an instructive relationship pattern. This means that the governments of Pamekasan Regency and Ngawi Regency still have to be directed or dominated by the central government. In addition, the majority of transfer revenues come from the central government.

Research conducted by (Muttaqin & Akbar, 2023) on the Madiun City Government, the independence ratio is in the consultative category, namely in 2018-2020 it was 31% and 2021 it rose to 33%. This means that central

government interference has begun to decrease because the region has been able to implement regional autonomy. This shows that the level of regional dependence on external sources of funds has decreased slightly. Local governments have been able to optimize PAD to finance regional development.

Analysis of Local Government Financial Performance of East Java Province Based on Dependency Ratio

Analysis of regional financial performance based on the dependency ratio in Jember Regency by (Hafizi & Amalia, 2022) has a high level of dependence, which is 79.53%. This is because the Jember Regency government still depends on the central government in terms of personnel expenditure. The very high dependence of the Jember Government's regional finances on assistance from the central government has made it difficult for the Jember Government to carry out other important developments, such as educational facilities and infrastructure in Jember Regency.

In research conducted by (Suwito & Hidayat, 2023) in the Gerbangkertosusila region before the pandemic and during the pandemic, Surabaya City had a low dependency ratio of 35% and 37%. This means that Surabaya City is less dependent on the central government.

Analysis of the Financial Performance of the Regional Government of East Java Province Based on the Compatibility Ratio

In research conducted by (Muttaqin & Akbar, 2023) on the Madiun City government from 2018-2021 most of it was allocated to operating expenditures amounting to 77% of the allocation funds, while for capital expenditures it was 22%. This shows that Madiun City is more concerned with allocating more funds to operating expenditures, resulting in fewer funds allocated for capital expenditures, which are used for community and public economic facilities and infrastructure. Meanwhile, research conducted by (Arlina & Pujiyanto, 2023) in Mojokerto City from 2020-2021 noted that the compatibility ratio was classified as harmonious because operational expenditure and capital expenditure had a balanced percentage of 89%.

Analysis of the Financial Performance of East Java Provincial Government Based on the Degree of Decentralization Ratio

Based on available data, several studies show varying results regarding the ratio of the degree of decentralization of local governments in East Java Province. Research (Arlina & Pujiyanto, 2023) on Mojokerto City shows that the ratio of the degree of decentralization is classified as very good, which is 88.5% in 2020 and 84% in 2021. On the other hand, research (Hafizi & Amalia, 2022) on Jember Regency shows that the degree of decentralization for four years is in the poor category, which is 17.81. Research (Suwito & Hidayat, 2023) in the Gerbangkertosusila region also shows significant variations, where Surabaya City has the highest decentralization degree ratio at 62%, while Bangkalan Regency has the lowest ratio at 12%. The difference in the results of this study

indicates that the ability of local governments in East Java Province to explore, manage and manage finances independently as autonomous regions still varies. Some regions show a better ability in terms of the degree of decentralization, while other regions still have a fairly high dependence on the central and provincial governments.

Analysis of the Financial Performance of East Java Provincial Government Based on Financial Flexibility

~~Analysis of financial performance as measured using Economic Analysis in the Regional Government of East Java Province studied by (Syahara & Aufa, 2022) found that there was no difference in financial flexibility before and during the Covid-19 pandemic, indicated by a significance value of 0.000 smaller than 0.05.~~
Analysis of financial performance as measured using Economic Analysis in the Regional Government of East Java Province studied by (Syahara & Aufa, 2022) (found that there was no difference in financial flexibility before and during the Covid-19 pandemic, indicated by a significance value of 0.000 smaller than 0.05.
Which means this indicates that the COVID- 19 pandemic has had a significant impact on the ability of local governments in East Java Province to increase financial resources to meet increased commitments, where local governments may face serious challenges in optimizing local revenues through various channels such as taxes, levies, and other revenue sources, due to mobility restrictions, decreased economic activity, and reduced public purchasing power during the pandemic, thus requiring innovative and adaptive strategies to maintain fiscal stability and ensure the continued provision of public services.

Analysis of the Financial Performance of the Regional Government of East Java Province Based on Economic Analysis

Analysis of financial performance as measured using Economic Analysis in the Regional Government of East Java Province researched by (Puspita & Pangastuti, 2022) found that the performance of Batu City Government regional expenditures such as regional expenditures such as operating expenditures, capital expenditures and unexpected expenditures can be said to be economical for 2019 of 72.92% and 2020 of 79.27%. Which means that the use of public funds and taking steps has been strengthened by efficiency in regional financial management which can then increase the accountability and transparency of budget management, so that the government gains the trust of the public.

Analysis of East Java Provincial Government Financial Performance Based on Operational Solvency

Analysis of financial performance as measured using Operational Solvency in the Regional Government of East Java Province researched by (Syahara & Aufa, 2022) found that there were differences in the level of operational solvency of the Regional Government of East Java Province before and during the Covid-19 pandemic, indicated by a sign value of 0.000 smaller than 0.05. Which means that local governments reflect their financial health and managerial ability to manage

and allocate budgets efficiently through the application of transparent and accountable financial management principles, including detailed and realistic budget planning, strict supervision of the use of public funds, and regular evaluation of budget performance, so that they can carry out various development programs and public services smoothly and continuously, meet community needs, and maintain public trust in good governance.

Analysis of the Financial Performance of Local Governments of East Java Province Based on Short-Term Solvency and Long-Term Solvency

Analysis of financial performance as measured using Short-Term Solvency in the Regional Government of East Java Province researched by (Syahara & Aufa, 2022) found that there was no difference in the level of short-term solvency of the Regional Government of East Java Province before and during the Covid-19 pandemic ($0.237 > 0.05$) which was due to most governments in East Java experiencing an increase in cash and cash equivalents current liabilities and only Bojonegoro Regency experiencing a fairly high increase in current liabilities. Which means that local governments have shown that they are able to manage their cash and liquidity effectively by implementing careful financial management strategies, such as regular cash flow monitoring, setting up liquidity reserves for urgent needs, and optimizing safe short-term investments, so as to avoid financial problems that have the potential to disrupt daily operations and ensure public services continue to run without a hitch, while maintaining fiscal health and mitigating liquidity risks that may arise from fluctuations in revenue or unexpected expenses.

Analysis of financial performance as measured using Long-Term Solvency in the Regional Government of East Java Province researched by (Syahara & Aufa, 2022) found that there was no difference in the level of long-term solvency of the Regional Government of East Java Province before and during the Covid-19 pandemic ($0.715 > 0.05$), because most of the East Java Regional Governments before the Covid-19 pandemic and during the Covid-19 pandemic did not have long-term debt and only Malang Regency, Nganjuk Regency, Ponorogo Regency and Sampang Regency had long-term obligations. This means that local governments can manage and allocate their financial resources effectively to ensure that all long-term obligations, such as bonds that mature at a certain period, infrastructure loans needed for sustainable development, and other financial commitments that require periodic payments in the long term, can be met on time through careful budget planning, optimization of local revenues, and implementation of comprehensive financial risk management strategies to maintain fiscal stability and ensure the sustainability of regional development.

Analysis of the Financial Performance of the Regional Government of East Java Province Based on Service Solvency

The analysis of financial performance measured using Service Solvency in the East Java Provincial Government studied by (Syahara & Aufa, 2022) found that there was no difference in the level of Service Solvency both before and during the

COVID-19 pandemic, with a significance value of 0.938 greater than 0.05. This is due to the average fixed assets in East Java Province experiencing an increase alongside the rise in population. This means that the East Java Provincial Government has maintained a consistent and sustainable quality of public service by allocating its financial and operational costs efficiently, ensuring that all available resources are used optimally to provide adequate services to the community without compromising service quality standards, while continuously striving to improve efficiency and effectiveness in budget use and operations.

CONCLUSION

Based on the analysis of the financial performance of the East Java Provincial Government reviewed from several indicators summarized from 12 journals, the following results are obtained:

1. Based on the Variance of Local Revenue, it shows positive results and is categorized as good. Likewise, the Variance of Local Expenditure also shows good results.
2. Based on the Effectiveness Ratio, several regions such as Ngawi Regency, Tuban Regency, Pamekasan Regency, Kediri City, and Madiun City are categorized as very effective. Meanwhile, Trenggalek Regency and Mojokerto City were rated as quite effective during the pandemic.
3. Based on the Efficiency Ratio, the City of Batu and the Regency of Jember fall into the efficient category, while the Regency of Bangkalan shows the lowest level of efficiency.
4. Based on the Growth Ratio, Trenggalek shows negative results, while the financial performance of regions in East Java shows a positive PAD value.
5. Based on the Independence Ratio, the Regency of Pamekasan and the Regency of Ngawi show an instructive relationship pattern. Meanwhile, the City of Madiun shows a consultative relationship pattern.
6. Based on the Dependency Ratio in Jember Regency, it shows a high level of dependence, while in Surabaya City, it shows a low level of dependence.
7. Based on the Compatibility Ratio, it indicates that the compatibility ratio in Madiun City is not yet balanced. Meanwhile, Mojokerto City has shown a balanced compatibility ratio.
8. Based on the degree of decentralization, the results are classified as good. In Jember Regency, the results are less favorable. Meanwhile, in the Gerbangkertasusila area, Surabaya City shows the highest degree of decentralization, and Bangkalan Regency falls into the low category.
9. Based on Financial Flexibility, no differences were found before and during the pandemic.
10. Based on Economic Analysis, the City of Batu falls into the economic category.
11. Based on Operational Solvability, differences were found before and during the pandemic.

12. Based on Short-Term Solvency, it is found that there is no difference before and during the pandemic. Meanwhile, Long-Term Solvency found that there is no difference before and during the pandemic.
13. Based on Service Solvency, it is found that there is no difference before and during the pandemic.

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