A COMPARATIVE STUDY OF THE FINANCIAL PERFORMANCE OF THE TABANAN DISTRICT GOVERNMENT PRIOR AND AFTER THE COVID-19 PANDEMIC

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ABSTRACT
This study aims to analyze differences in the financial performance of the local government of Tabanan regency before and after the Covid-19 Pandemic. The financial performance of one region is measured using several ratios, namely: regional financial independence ratio, ratio of degrees of fiscal decentralization, PAD effectiveness ratio, regional financial efficiency ratio, and growth ratio. The government of Tabanan regency is the main object of current study. This study uses secondary data. This study employed Wilcoxon Signed Rank Test for analyzing the data. Based on current study it is reported that there is no significant difference in the financial performance of the government of Tabanan regency when contrasting the condition before and after the Covid-19 Pandemic. Theoretical implications of this study provide empirical evidence based on the results of the tests that have been carried out. The practical implications of this research can be used as a reference as a basis for consideration for making decisions for financial performance in considering the realization of PAD revenues.

KEY WORDS
Regional financial performance, COVID-19 Pandemic, Tabanan regency government.

The COVID-19 pandemic is a health crisis that has occurred in the last 2 years, causing a decline in the Gross Domestic Product of a country. The government of each country is trying to improve in dealing with changes after this pandemic/health crisis. This causes a country to design a special strategy in dealing with damage, one of which is to global supply chains such as logistics distribution, aviation, textiles, food ingredients, transportation parts, to medicines and medical equipment (Xu et al., 2020).

COVID-19 has had an impact in the form of a shift in the urgency of budgeting in the national financial sector by prioritizing health, local and national economies (Klimanov et al., 2021). This is reflected in the pattern of regional financial expenditures that have increased for the benefit of spending such as new equipment, health, social services, and the provision of social assistance as an effort to prevent the ongoing impact of COVID-19 (Rahmawati & Kiswara, 2022). The decline in people's income as a result of the COVID-19 pandemic has an impact in the form of a decrease in local government revenue, especially in the tax revenue sector. This is because local taxes are one of the sources of local income that can be used to improve the regional economy and have a positive impact on the execution of existing development in the area (Soraida, 2022).

The government has the authority to manage finances or wealth owned by its own region by adhering to professional, transparent, accountable, efficient and effective principles in the era of regional autonomy. The implementation of regional autonomy aims to increase the independence of a region in providing facilities and services to the community in the form of regional infrastructure development and development of the potential of the region in order to increase regional income (Keintjem, 2021). The success of the Regional Government in carrying out autonomous functions can be measured through performance measurement based on the management of its regional finances (Yoda & Febriani, 2020).

Financial performance analysis serves to measure performance in obtaining financial information that can represent the entity or the potential performance of the entity (Agnika et al., 2021). Local Government performance measurement can be measured through ratios that are implemented against items in the financial statements. Mahmudi (2019) explains that
there are several types of ratios that are generally used in measuring financial performance, namely the ratio of regional financial independence, the ratio of the degree of fiscal decentralization, the ratio of PAD effectiveness, the ratio of regional financial efficiency, and the growth ratio. The high-low value of this regional financial ratio will represent the performance of the Regional Government in a certain period. This opportunity will be a picture that can be used to allocate funds and make financial decisions in the next period.

Bali Province is one of the regions in Indonesia that has also been significantly affected by COVID-19. Bali's reliance on the tourism sector as the main source of income has made the Balinese economy "suspended animation" due to the response to government policies to carry out Large-Scale Social Restrictions (PSBB) in suppressing the spread of COVID-19. This can be reflected in Bali’s Gross Regional Domestic Product (GRDP) which has decreased significantly when compared to previous years (Hendru et al., 2021). In terms of Regional Original Revenue (PAD), Bali is one of the provinces that experienced a decrease in PAD of 24% in 2020 when compared to 2019 (BPS, 2021).

Regional Original Revenue is revenue obtained by the region which is levied based on Regional Regulations in accordance with statutory regulations. The source of local own-source revenue consists of the results of local taxes, the results of local retribution, the results of the management of separated local assets, and other legitimate local own-source revenues. The General Allocation Fund is a fund sourced from APBN revenues allocated to regions to fund regional needs in the context of implementing decentralization.

Tabanan Regency is one of the regions in Bali that experienced a decrease in PAD of 12% in 2020. In terms of the General Allocation Fund (DAU) in 2020, Tabanan Regency experienced a decrease in DAU of 11%, which indicates that the financial allocation in decentralization has also decreased. The decline in PAD and DAU is due to a decrease in hotel tax, restaurant tax which is one of the sources of income for Tabanan Regency's regional income so that it is significantly affected by the implementation of restrictive policies in the COVID-19 pandemic.

![Figure 1 – PAD and DAU of Tabanan Regency in 2018-2022. Source: Data Processed, BPS (2020) and DJPK (2020)](image)

The figure above indicates that the Regional Original Revenue of Tabanan Regency in 2018-2020 has decreased, where in 2018 it amounted to 15%, in 2019 it amounted to 2%, in 2020 it amounted to 12%, while in 2021 it increased by 16%, and in 2022 it amounted to 20%, the General Allocation Fund of Tabanan Regency in 2018 was 0%, in 2019 it amounted to 4%, in 2020 it decreased by 11%, in 2021 it decreased by 1%, and in 2022 it amounted to 0%.

Based on the problems described, Tabanan Regency is an area with regional financial performance that will be further analyzed in this study based on regional financial ratios.
Research related to the impact of COVID-19 on the financial performance of a region has been conducted several times. In the macro scope, there are several researchers who analyze the impact of COVID-19 on state revenues. Research conducted by Nemec & Špaček (2020) explained that Czech and Slovak state revenues decreased by 25% and 8.81% respectively in the January-July 2020 period when compared to the previous year. This study shows that COVID-19 has had a significant impact on state revenues so that the pattern of state spending has changed in dealing with problems in the country.

Another study conducted by Andrew et al. (2020) stated that Australia experienced a decline in state finances in 2020. Research conducted by Kim (2020), Villiers et al., (2020), Vakulenko et al., (2020), Sayadi (2021) also get the same results, that COVID-19 has a significant effect on reducing state revenues, both South Korea, South Africa, Russia and Ukraine, and Indonesia so that the government must make special strategies. In addition, the same research also shows a change in the pattern of spending by the government.

Another study conducted by Cahyadi (2021) on Performance Evaluation of BPKAD West Lombok shows the results that the financial performance of West Lombok Regency is still considered low. This is represented by inefficiencies in the management of PAD so that the Regency Government must optimize the intensification and extensification of regional revenue sources. The same results were also obtained by Syahara & Aua (2022), Ariadi & Jatmika (2021) which stated that there was a decrease in financial performance in Southeast Minahasa Regency, DKI Jakarta, and Papua during the COVID-19 Pandemic when compared to previous years. Based on this background, the conceptual framework in this study can be seen in the Figure 2.

![Figure 2 – Research conceptual framework](image-url)
METHODS OF RESEARCH

This research was conducted at the Regional Government of Level II Tabanan Regency, Bali Province. The object studied in this study is financial performance, to assess the government's financial performance, the Tabanan Regency Budget Realization Report for the 2018-2022 period is used. The variable to be analyzed in this study is the financial performance of local governments. The data collection method in this study uses the Non-Participant Observation method, which is a method where the researcher is not directly involved with the object of research and only uses historical data that supports the research. Data analysis techniques used in this study, namely descriptive statistics and inferential statistics. In this study, descriptive statistics are represented using several measuring tools, such as mean, median, standard deviation, minimum value, and maximum value of data (Ghozali, 2018). Meanwhile, inferential statistics include 2 (two) types of tests, namely Normality Test and Significance Test. There are 2 (two) types of Significance Tests used in this study, namely the Paired Sample T-Test used if the data is normally distributed and the One Sample Wilcoxon Signed Rank Test used if the data is not normally distributed.

RESULTS AND DISCUSSION

Table 1 shows that the Average Regional Financial Ratio is highest in the EKD_SES ratio, namely, 1.030, the Standard Deviation of the Regional Financial Ratio is highest in the Growth_SES ratio of 0.129, the Maximum and Minimum Values of the Regional Financial Ratio are 1,000 and 1,059 obtained by the EKD_SES ratio.

Table 1 – Descriptive Statistics

<table>
<thead>
<tr>
<th>Financial Performance</th>
<th>Period</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Financial Independence (KKD)</td>
<td>Before</td>
<td>2</td>
<td>0.262</td>
<td>0.069</td>
<td>0.212</td>
<td>0.311</td>
</tr>
<tr>
<td></td>
<td>After</td>
<td>2</td>
<td>0.280</td>
<td>0.042</td>
<td>0.250</td>
<td>0.309</td>
</tr>
<tr>
<td>Degree of Fiscal Decentralization (DDF)</td>
<td>Before</td>
<td>2</td>
<td>0.189</td>
<td>0.008</td>
<td>0.184</td>
<td>0.195</td>
</tr>
<tr>
<td></td>
<td>After</td>
<td>2</td>
<td>0.233</td>
<td>0.030</td>
<td>0.202</td>
<td>0.244</td>
</tr>
<tr>
<td>Effectiveness of PAD (EPAD)</td>
<td>Before</td>
<td>2</td>
<td>0.907</td>
<td>0.023</td>
<td>0.890</td>
<td>0.923</td>
</tr>
<tr>
<td></td>
<td>After</td>
<td>2</td>
<td>0.866</td>
<td>0.015</td>
<td>0.855</td>
<td>0.877</td>
</tr>
<tr>
<td>Regional Financial Efficiency (EKD)</td>
<td>Before</td>
<td>2</td>
<td>0.943</td>
<td>0.117</td>
<td>0.860</td>
<td>1.026</td>
</tr>
<tr>
<td></td>
<td>After</td>
<td>2</td>
<td>1.030</td>
<td>0.041</td>
<td>1.000</td>
<td>1.059</td>
</tr>
<tr>
<td>Growth</td>
<td>Before</td>
<td>2</td>
<td>-0.086</td>
<td>0.088</td>
<td>-0.148</td>
<td>-0.024</td>
</tr>
<tr>
<td></td>
<td>After</td>
<td>2</td>
<td>0.113</td>
<td>0.129</td>
<td>0.022</td>
<td>0.204</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2023.

Table 2 – Normality Test

<table>
<thead>
<tr>
<th>Financial Performance</th>
<th>Period</th>
<th>Asymp. Sig. (2-tailed)</th>
<th>α</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Financial Independence (KKD)</td>
<td>Before</td>
<td>0.000</td>
<td>0.05</td>
<td>Not Normally Distributed</td>
</tr>
<tr>
<td></td>
<td>After</td>
<td>0.000</td>
<td>0.05</td>
<td>Not Normally Distributed</td>
</tr>
<tr>
<td>Degree of Fiscal Decentralization (DDF)</td>
<td>Before</td>
<td>0.000</td>
<td>0.05</td>
<td>Not Normally Distributed</td>
</tr>
<tr>
<td></td>
<td>After</td>
<td>0.000</td>
<td>0.05</td>
<td>Not Normally Distributed</td>
</tr>
<tr>
<td>Effectiveness of PAD (EPAD)</td>
<td>Before</td>
<td>0.000</td>
<td>0.05</td>
<td>Not Normally Distributed</td>
</tr>
<tr>
<td></td>
<td>After</td>
<td>0.000</td>
<td>0.05</td>
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</tr>
<tr>
<td>Regional Financial Efficiency (EKD)</td>
<td>Before</td>
<td>0.000</td>
<td>0.05</td>
<td>Not Normally Distributed</td>
</tr>
<tr>
<td></td>
<td>After</td>
<td>0.000</td>
<td>0.05</td>
<td>Not Normally Distributed</td>
</tr>
<tr>
<td>Growth</td>
<td>Before</td>
<td>0.000</td>
<td>0.05</td>
<td>Not Normally Distributed</td>
</tr>
<tr>
<td></td>
<td>After</td>
<td>0.000</td>
<td>0.05</td>
<td>Not Normally Distributed</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2023.

The results of testing the normality of data with the Kolmogorov-Smirnov statistical test show that all ratios used as a measurement of financial performance before and after the Covid-19 pandemic have a probability value smaller than the significance level of 0.05 (Asymp.sig. (2-tailed) < 0.05). This means that all data is not normally distributed, so testing the financial performance hypothesis using the Wilcoxon Signed Rank Test.
Table 3 – Wilcoxon Signed Rank Test

<table>
<thead>
<tr>
<th>Financial Performance</th>
<th>Z</th>
<th>Asymp. Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KKD Before-After</td>
<td>-0.447</td>
<td>0.655</td>
</tr>
<tr>
<td>DDF Before-After</td>
<td>-1.342</td>
<td>0.180</td>
</tr>
<tr>
<td>EPAD Before-After</td>
<td>-1.342</td>
<td>0.180</td>
</tr>
<tr>
<td>EKD Before-After</td>
<td>-1.342</td>
<td>0.180</td>
</tr>
<tr>
<td>Growth Before-After</td>
<td>-1.342</td>
<td>0.180</td>
</tr>
</tbody>
</table>

Source: Data Processed, 2023.

Table 3 shows that financial performance before and after Covid-19 is known to have an Asymp. Sig. (2-tailed) value greater than the probability value of 0.05, so it can show that there is no difference in the financial performance of the Tabanan Regency Regional Government before and after the Covid-19 pandemic or the hypothesis is rejected.

DISCUSSION OF RESULTS

Financial performance in the aspect of the Regional Financial Independence ratio before Covid-19 has an average value of 0.262, while financial performance after Covid-19 has an average value of 0.280. So it can indicate that the financial performance after Covid-19 is better than the financial performance before Covid-19, because in 2021 and 2022 local revenue has increased. Based on the concept of independence, the region can be said to be independent if the realization of PAD is greater than transfer income. The results of this study are also supported by research conducted by Vebiani et al., (2022), Rahmawati & Kiswara (2022). However, it is not in line with Syahara & Afa’s research (2022) which states that there are differences in the level of financial independence before and during the Covid-19 pandemic.

Financial performance in the aspect of the Fiscal Decentralization Degree ratio before Covid-19 has an average value of 0.189, while financial performance after Covid-19 has an average value of 0.223. So it can indicate that the financial performance after Covid-19 is better than the financial performance before Covid-19, because the ratio of the degree of fiscal decentralization after Covid-19 Regional Original Revenue has increased. The higher the PAD contribution, the higher the government’s ability to implement decentralization.

The average regional ability to implement decentralization is still not good because PAD is only able to contribute 20-30 percent in financing government activities, thus showing that the ability to decentralize both before and after the Covid-19 pandemic is still considered low and below the standard average, where the region can be said to be able to implement decentralization if PAD is able to contribute at least above 30%.

The results of this study are also supported by research conducted by Vebiani et al. (2022), Rahmawati & Kiswara (2022) which states that there is no significant difference in the ratio of fiscal decentralization before and during the Covid-19 pandemic.

Regional financial performance in the aspect of PAD effectiveness ratio before Covid-19 has an average value of 0.907, while financial performance after Covid-19 has decreased by 0.866 so that it can indicate that financial performance before Covid-19 is better than financial performance after Covid-19, because the higher the effectiveness ratio, the better the ability of local governments.

During the Covid-19 pandemic, the Tabanan Regency government experienced difficulties in seeking PAD revenue to achieve the predetermined target due to the Covid-19 pandemic, while the realization of PAD revenue decreased due to differences in economic potential in realizing PAD, so that the regions had difficulty achieving PAD revenue in accordance with the set target. The economic slowdown that occurs has implications for the receipt of local revenue where the region’s ability to generate PAD in accordance with the budgeted target has decreased.

The results of this study are also supported by research conducted by Tarjunajah & Wiratno (2018). However, it is not in line with the research of Vebiani et al., (2022),
Rahmawati & Kiswara (2022) which proves that there is a significant difference in the effectiveness ratio of PAD before and during the Covid-19 pandemic.

Regional financial performance in the aspect of regional financial efficiency ratio before Covid-19 has an average value of 0.943, while financial performance after Covid-19 has increased by 1.030 so that it can be explained that financial performance before Covid-19 is better than financial performance after Covid-19, because the smaller the regional financial efficiency ratio means the better regional financial performance.

The results of this study are also supported by Tarjunajah & Wiratno's research (2018). However, it is not in line with the research of Vebiani et al., 2022) which proves that there is a significant difference in the level of financial efficiency before and during the Covid-19 pandemic.

Regional financial performance in the aspect of growth ratio before Covid-19 has an average value of -0.086, while financial performance after Covid-19 has increased by 0.113 so that it can be explained that financial performance after Covid-19 is better than financial performance before Covid-19 in terms of growth, because financial performance after Covid-19 shows positive growth which means that financial performance is getting better, especially revenue growth.

The results of this study are also supported by research conducted by Tarjunajah & Wiratno (2018) which states that there are no differences in local government financial performance before and after the Covid-19 pandemic.

CONCLUSION


For further researchers, it is recommended that later add regional financial ratios that are not used in this study such as the expenditure compatibility ratio and the activity ratio. In addition, it is also recommended that future researchers add other variables that can be used to identify regional financial performance and add previous studies.

REFERENCES


