ANALYSIS OF REGIONAL FINANCIAL EFFECTIVENESS AND EFFICIENCY ON ECONOMIC GROWTH IN BOJONEGORO DISTRICT

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ARTICLEINFO	ABSTRACT
Keywords: Effectiveness, Efficiency, Economic growth	This study aims to analyze the effectiveness and efficiency of regional finance in Bojonegoro Regency. This study uses three variables, namely, effectiveness, efficiency and economic growth. The data used in this study is secondary data sourced from the Ministry of Finance. The data includes revenue realization, revenue targets, expenditure targets and expenditure realization in Bojonegoro Regency during the 2011-2021 period. This study uses descriptive analysis with quantitative methods. The analytical tool used is table analysis, by comparing the ratio of target revenues/spending with actual receipts/spending. The results of the analysis show that the effectiveness of regional financial management in Bojonegoro Regency for 10 years has continued to increase with an average value that appears to be more than 100%, this shows that the local government can manage finances well. For the level of efficiency in financial management over the last 10 years it has not been efficient because the resulting ratio value is more than 60%, meaning that the resulting performance is less efficient and not good, the government in Bojonegoro Regency needs to improve its performance to achieve effective and efficient finance.
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1. INTRODUCTION

Regional economic development is a system in which regional governments and communities organize and use available resources for the interests and welfare of the region, by forming a community or organization to create jobs in order to encourage economic growth in a region (Sunanto, 2017) . Economic development is essentially a conscious effort to change life from a low quality of life to a life of high quality. This understanding can be said to be an effort to improve the welfare of the community evenly and sustainably (Lestari et al., 2021) .

Community welfare can be seen through economic growth. The higher the economic growth of an area, the more prosperous the community. Economic growth is an increase in the production of goods or services in an economy. (Syahputra, 2017) . Each region has its own resources and uniqueness, therefore the government gives each region the right to regulate itself or what is called regional autonomy. Regional autonomy is the authority given by the central government to regional governments to manage their own regions, both economic and non-economic, as well as realizing regional development plans. Because development will be able to accelerate the economic growth of a region (Saknosiwi et al., 2021) .

In accordance with Law No. 23 of 2014 concerning Regional Government which is guided by the administration of state government which consists of efficiency and effectiveness, there is a need for more intense relations between regional government and central government to increase harmony. Reviewing this through (Permendagri No. 64 of 2021) concerning Guidelines for Preparing the 2021 Regional Revenue and Expenditure Budget (APBD), where the preparation is an effort to control the stability and sustainability of planned and systematic development carried out by each state component by utilizing

resources. existing resources optimally, effectively, efficiently and accountably, leading to community welfare.

The APBD is a policy issued by the regional government to provide quality public services and to improve community welfare (Saknosiwi et al., 2021) . The APBD is used as an indicator of the independence of a region, meaning that the higher the APBD, the more independence it shows in terms of financing development in a region (Manopo et al., 2013) . According to (Araujo et al., 2018) there are several sources of regional income, namely; a. Regional Original Income (PAD), PAD is revenue sourced from the region itself in accordance with applicable laws and regulations. PAD itself comes from; regional tax income, regional levy income (general service levies, business service levies & certain licensing levies), other legal PAD (receipts from current account services), income from returns. b. Transfer Income, transfer income is income sourced from other reporting entities such as the central government or other autonomous regions in the context of financial balance. Transfer income comes from; central government transfer income which includes (balancing funds, tax revenue sharing, non-tax revenue sharing), then the General Allocation Fund (DAU), and the Special Allocation Fund (DAK). c. Miscellaneous Legitimate Income, legitimate income funds include; tax revenue sharing funds from the province and village funds.

The APBD is the government's reference in achieving an effective and efficient budget to achieve community welfare. The budget influences the planning of a region, the success of development depends on the budget used, so as to achieve the desired economic growth and achieve an effective and efficient budget for government administration (Nangoi et al., 2019) . The APBD is an annual financial plan used to accelerate sustainable development by optimizing the state budget and expenditure revenues (Bakti et al., 2010) .

Table 1. Revenue Target, Revenue Realization, Expenditure Target and Revenue Realization of Bojonegoro Regency APBD

Year	Revenue Target (Billion Rupiah)	Realization Revenue (Billion Rupiah)	Expenditure Target (Billion Rupiah)	Realization Expenditure (Billion Rupiah)
2011	1,333.74	1508.11	1,381.31	1,288.22
2012	1,537.69	1,861.39	1,679.63	1,693.11
2013	1,924.41	2,024.35	2.145.14	2034.12
2014	2,305.75	2,517.68	2,418.39	2,416.23
2015	2,946.12	2,898.77	2,985.67	2,844.47
2016	3,799.27	3.004.08	3,864.90	3,244.67
2017	3,036.89	3024.20	3,011.74	2,827.90
2018	3,385.91	4,823.75	3,361.29	3,085.43
2019	4,630.27	4,769.83	4,793.14	4,585.07
2020	4,084.71	4.165.08	6,404.50	4,358.62
2021	3,788.74	5904.10	6,219.91	5,086.92

Source; Ministry of Finance (processed 2022)

Based on the table above, it shows that, data on revenue targets, revenue realization, expenditure targets and realization of APBD expenditures in Bojonegoro Regency from the 2011-2021 period, targeted revenues and actual revenues have increased every year, as well as expenditure targets and expenditure realizations have also increased. every year. However, in 2021, the revenue target decreased by 3,788.74, but the realization increased by 5,904.10. The expenditure target in 2020 experienced a significant increase, namely 6,404.50 and in 2021 it was 6,129.91 compared to 2019 which was only 4,793.14.

One form of regional success is financial independence, where the government finances all activities, development and services provided to the community, this is stated in the Regional Revenue and Expenditure Budget (APBD) (Ramadhani, 2020) . APBD is a government plan expressed in quantitative form that describes revenue and expenditure data on an activity or agenda over a period of one year. The APBD is expected to be able to read the needs of the community by utilizing the potential or resources that exist in an area (Nurhidayah & Hendikawati, 2018) .

It is hoped that the implementation of regional autonomy can be carried out effectively, efficiently and with accountability and can be held accountable to the community. Regional Financial Effectiveness

can be interpreted as the results achieved as expected or desired (Saknosiwi et al., 2021) . Effectiveness is a comparison of outcomes with output (Manopo et al., 2013) . A budget is said to be effective if it has a major influence on the government's ability to provide public services for the welfare of its people. A region's ability to carry out its obligations is considered successful if the effectiveness ratio reaches 100% or even more. The higher the effectiveness ratio of a region, the higher the quality of a region in managing its finances (Araujo et al., 2018) . In preparing the budget, it is necessary to pay attention to the level of effectiveness and efficiency in achieving clear goals and targets. Activity performance standards and unit prices for raw materials are determining factors for the effective and efficient level of a budget (Trianto, 2013) .

Meanwhile, regional financial efficiency is a comparison between the resources, both goods and services used (input) and the results achieved (output) (Nangoi et al., 2019) . According to (Sunanto, 2017) efficiency is the relationship between goods or services produced (output) for a goal or activity and the resources used (input). Efficiency is the use of the lowest input with the hope of achieving maximum output results, meaning that the capital spent on a particular activity or goal is very little or very small, but the results to be achieved are very large. This concept aims for an agency or organization to minimize losses very carefully (Saknosiwi et al., 2021) . Measuring efficiency can be done by comparing the ratio of expenditure and income or receipts. The greater the results obtained (output) compared to the expenditure made, it can be said that an individual or organization has succeeded in making a budget efficient.

The most basic element in regional financial management is providing real benefits and results (Rondonuwu et al., 2015) . As is the case in Bojonegoro Regency which is able to increase development evenly and prioritize community welfare, especially development of road infrastructure. Bojonegoro Regency is one of the potential areas, even though it does not have very extensive tourism, it has natural resources in the form of oil and gas and is one of the largest producers of oil and gas in Indonesia. So it can increase regional income. The success of development has a positive impact on the surrounding area. The community has really felt the development in Bojonegoro Regency through the development of road infrastructure in the last five years, because the government in this period wants to focus development on road infrastructure with the hope of "Bojonegoro Nglenyer". This development is a benchmark for whether regional financial management is effective and efficient.

2.   METHOD
Types of research

This research uses descriptive research with a quantitative approach to determine the effectiveness and efficiency of regional financial management in Bojonegoro Regency. Quantitative research is a traditional method or also called discovery, for the reason that this method is analyzed using statistical figures and can be developed with various new sciences and technologies (Sugiyono, 2013) .

Method of collecting data

The data in this research uses secondary data, sourced from the Ministry of Finance. This data includes data on revenue targets, revenue realization, expenditure targets and realization of Bojonegoro Regency APBD financial expenditure. With a period or time period from 2011 to 2021. Apart from that, it also uses journal literature, books and other references including previous research related to the theme studied.

Data analysis technique

The analysis technique used in this research is table analysis. This table analysis is used to determine the effectiveness and efficiency of regional financial management in Bojonegoro Regency. To determine the effectiveness of regional financial management, it can be done by comparing the ratio of revenue targets with actual revenue over a one year period and then multiplying by 100%. Likewise with efficiency, it can be done by comparing the ratio of actual expenditure with actual revenue and multiplying it by 100%.

Effectiveness Analysis

To measure the effectiveness of regional financial management, it can be measured by comparing revenue targets with actual revenue according to the formula explained above. The higher the ratio value, the more effective the financial management of a region. Activity performance standards and unit prices

for raw materials are determining factors for the effective and efficient level of a budget (Trianto, 2013) . Measurement of effectiveness is as follows;

$$Rasio\ efektivitas = \frac{Realisasi\ penerimaan}{Target\ penerimaan} x100\%$$

To determine whether financial management is effective or not, financial performance criteria can be used as in the table below

Table 2. Financial Performance Criteria (Effectiveness)

Percentage performance Finance	Criteria
100% to on	Very efficient
90% - 100%	Efficient
80% - 90%	Enough efficient
60% - 80%	Not enough efficient
Below _ from 60%	No efficient

Source ; (Saknosiwi et al., 2021)

Efficiency Analysis

To analyze the efficiency of regional financial management in Bojonegoro Regency, data on expenditure realization and expenditure targets is needed, which can then be calculated and if the ratio value is higher then financial management is said to be inefficient. Measuring efficiency can be done by comparing the ratio of expenditure and income or receipts. The greater the results obtained (output) compared to the expenditure made, it can be said that an individual or organization has succeeded in making a budget efficient. Efficiency measurements are as follows;

$$Rasio\ efisiensi = \frac{Realisasi\ pengeluaran}{Realisasi\ Penerimaan} x100\%$$

This efficiency is the opposite of effectiveness. Whether a budget is said to be efficient can be seen in the table below;

Table 3. Financial Performance Criteria (Efficiency).

Percentage performance Finance	Criteria
100% to on	No efficient
90% - 100%	Not enough efficient
80% - 90%	Enough efficient
60% - 80%	Efficient
Below _ from 60%	Very efficient

Source; (Saknosiwi et al., 2021)

Operational Definition of Variables

The definition of variables in this research is as follows; (1) The regional revenue variable is the total of all revenue obtained in Bojonegoro Regency during one budget year, both targeted revenue and realized revenue expressed in billions of rupiah. (2) The expenditure variable is the entire amount of expenditure in Bojonegoro Regency in the form of expenditure targets and expenditure realization during one budget year in billions of rupiah. Revenue targets and expenditure targets are figures to be achieved or expected in a policy budget made by the regional government or APBD. Meanwhile, realized revenue and realized expenditure are values or figures obtained in a budget contained in a policy made by the regional government or APBD.

3.   RESULTS AND DISCUSSION

Results of Analysis of the Effectiveness of Regional Financial Management in Bojonegoro Regency

Regional government is the highest party to regulate government, carry out development and provide public services to the community. Of course, every agenda or activity carried out must carry out an accountability report for budget transparency to the community. What the budget is used for and who it is given to, from there the public can assess whether the government can carry out its mandate or duties

responsibly or not. It is said that it can carry out its duties well if the income obtained by the government has been fully used effectively for the welfare of the community.

Regional financial management must be carried out in accordance with applicable principles, usually applying the principle of transparency. Society and government work together to realize effective finance. Regional financial management can be effective if it is able to meet community needs and minimize the budget for activities or projects that are not really needed by the region. Success in managing regional finances is a sign or signal that regional finances are managed well and effectively (Minister of Home Affairs Regulation No. 64 of 2021 , 2021) . If regional finances are not managed well during that period, the community will lose confidence in entrusting the mandate to the government in the previous period, and if the government carries out its obligations and duties well the community will continue to support it so that it continues in the next period.

To find out whether the government's budget is effective or not, it can be seen from the comparison of revenue realization and revenue targets according to the formula explained above. The higher the revenue, the more effective the regional financial management will be. In the table below is the effectiveness of regional financial management in Bojonegoro Regency in 2011-2021;

Table 4. Effectiveness of Bojonegoro Regency Regional Financial Management 2011-2021

Year	Revenue Target (Billion Rupiah)	Realization Revenue (Billion Rupiah)	Effectiveness (%)	Information
2011	1,333.74	1508.11	113.07	Very effective
2012	1,537.69	1,861.39	121.05	Very effective
2013	1,924.41	2,024.35	106.14	Very effective
2014	2,305.75	2,517.68	109.19	Very effective
2015	2,946.12	2,898.77	98.39	Effective
2016	3,799.27	3.004.08	79.06	Not enough effective
2017	3,036.89	3024.20	99.58	Effective
2018	3,385.91	4,823.75	142.46	Very effective
2019	4,630.27	4,769.83	103.01	Very effective
2020	4,084.71	4.165.08	101.96	Very effective
2021	3,788.74	5904.10	155.83	Very effective

Source; Data processing (2022)

Based on the table of analysis results above, it is known that the majority of the effectiveness level of Bojonegoro Regency's financial management in 2011-2021 is very effective, although there are several years that are known to be less effective. It can be seen, in 2011 it was classified as very effective with an effectiveness value of 113.07%, in 2012 it was classified as very effective because it had an effectiveness value of 121.05%. Then in 2013 the criteria were very effective with an effectiveness value of 106.04%, in 2014 it was included in the very effective criteria because it was found to have an effectiveness value of 109.19%, in 2015 it was not classified as very effective because the effectiveness value was only 98.39% so it was included in the effective criteria group. In 2016 it also experienced a decline, namely having an effectiveness value of 79.06% so it was in the less effective criteria, in 2017 it experienced an increase of 99.58% and was in the effective category, in 2018 it jumped drastically by 142.46% so it was in the very effective category. In 2019 it had an effectiveness value of 103.01% and was classified as very effective criteria, in 2020 it was classified as very effective criteria because it was known that its effectiveness value was 101.96 and finally in 2021 it was categorized as very effective because it was known to have an effectiveness value of 155.83%, in 2021 it was classified as the most effective of the ten years sampled because it has the greatest effectiveness value compared to other years.

Based on the results of effectiveness calculations using the table analysis above, it can be concluded that the government's performance in managing regional finances in Bojonegoro Regency in the last 10 year period has increased from year to year, although there are several years that fall into the less effective category. This is because the revenue obtained by the region is greater than the target set or planned.

Results of Analysis of Regional Financial Management Efficiency in Bojonegoro Regency

Regional financial performance is the achievement or result of work in the financial sector for one year using revenue and expenditure indicators determined in a policy. Government performance can be said to be efficient if the ratio value obtained is less than 60%, if the ratio value obtained is above 60% then the financial management of a region is less or inefficient.

Efficiency analysis is used to determine the comparison between the costs incurred to receive output and the actual revenue obtained. Regional government performance is said to be efficient if the resulting raiso value is small. There needs to be a really precise and careful plan for preparing the budget so that it falls into the efficient category. After carrying out calculations, the results of the analysis of the efficiency of regional financial management in Bojonegoro Regency were obtained;

Table 5. Bojonegoro Regency Regional Financial Management Efficiency 2011-2021

Year	Realization Revenue (Rp)	Realization Expenditure (Rp)	Effectiveness (%)	Information
2011	1508.11	1,288.22	85.41	Enough efficient
2012	1,861.39	1,693.11	90.95	Not enough efficient
2013	2,024.35	2034.12	100.48	No efficient
2014	2,517.68	2,416.23	95.97	Not enough efficient
2015	2,898.77	2,844.47	98.12	Not enough efficient
2016	3.004.08	3,244.67	108.00	No efficient
2017	3024.20	2,827.90	93.50	Not enough efficient
2018	4,823.75	3,085.43	63.96	Efficient
2019	4,769.83	4,585.07	96.12	Not enough efficient
2020	4.165.08	4,358.62	104.64	No efficient
2021	5904.10	5,086.92	99.85	Not enough efficient

Source; Data processing (2022)

The results of processed data on the efficiency of regional financial management in Bojonegoro Regency in 20011-2021 show that many budgets fall into the category of deficient or even inefficient. In 2011 the efficiency value was 85.41%, this means it was in the fairly efficient budget category, in 2012 it was classified as a less efficient budget because it had an efficiency value of 90.95%, then in 2013 the efficiency value decreased by 100.48% so it was in the inefficient budget category. In 2014 it had an efficiency value of 95.97%, it could be said that the budget was in the less efficient category, in 2015 it was also in the less efficient budget category, because the efficiency value obtained was 98.12%, in 2016 the resulting efficiency value was based on the results of calculations using the formula as explained previously. The efficiency value obtained was 108.00%, meaning the budget was in the inefficient category. In 2017 the resulting efficiency value was 93.50% so the budget was in the less efficient category, in 2018 the efficiency value was 63.96% so the budget could be interpreted as efficient, in 2019 it was in the less efficient budget category because the resulting efficiency value was 96.12%. 2020 has an efficiency value of 104.64%, so the budget is in the inefficient category, and then finally in 2021 it is in the less efficient category because it has an efficiency value of 99.85%.

The level of efficiency of regional financial management in Bojonegoro Regency is considered less efficient, this is because the expenditure made is close to or almost disproportionate to the revenue received, so that financial management is said to be inefficient.

4. CONCLUSION

Based on the results of the analysis carried out, several conclusions can be drawn, namely as follows; The effectiveness of regional financial management in Bojonegoro Regency for the 2011-2021 period is very effective. This is shown from the results of the analysis, namely the average effectiveness value is more than 100%. This situation means that the Bojonegoro Regency government in managing regional finances is very wise and increasingly effective, or it can be interpreted that the Bojonegoro Regency government is successful in carrying out the tasks or mandates given to it.

The efficiency of regional financial management in Bojonegoro Regency for the 2011-2021 period shows results that are less than optimal or less efficient. This is proven by the analysis results that the average

efficiency value comes out at 90%. This means that this condition means that the regional government has been less efficient in managing regional finances in Bojonegoro Regency for 10 years, because the expenditure made is almost the same or even greater than regional income or it could also be called a budget deficit.

The level of effectiveness of regional financial management in Bojonegoro Regency over the past 10 years has continued to increase, this reflects good regional economic development. Continuously increasing economic development can improve community welfare, meaning that community welfare is prioritized by local governments. Community welfare can be known through the wide range of job opportunities so that people's income increases and unemployment can be reduced. As a result, the quality of life of the people of Bojonegoro Regency is getting better and better.

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