

Financial Performance Analysis Of Uluway Village In Mengkendek Sub-District, Tana Toraja Regency For The 2018-2022 Period

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Abstract

The aim of this research is a descriptive quantitative type of research with the aim of analyzing the financial performance of Uluway Village, Kec. Mentengkan District, Tana Toraja. The sample used is financial report data for the Uluway village, subdistrict. Mengkendek District, Tana Toraja in 2018-2022. Data collection is carried out by observation and requesting financial reports. In this research, the data source used in data collection is secondary data. Research result The performance of the Uluway Village Government when viewed from the Regional Financial Independence Ratio during 2018-2022, can generally be said to be very low and includes an instructive relationship pattern. Based on the Regional Original Income Effectiveness Ratio during 2018-2022, in general, it can be said to be effective. Based on the Shopping Efficiency Ratio during 2018-2022, generally, it can be considered inefficient. If we look at the PADes Growth Ratio and Total Income Growth Ratio during 2018-2022, in general, it can be said that the PADes growth ratio and total income of Uluway Village is low. If we look at the Operating Expenditure Ratio, it is classified as quite good and the average value of the capital expenditure ratio is in the good category. This means that the Uluway Village Government in allocating its funds for capital expenditure is relatively good. This shows that the village government has paid attention to the use of its funds for village development

Keywords: Village Finance, Financial Performance

INTRODUCTION

Village Funds are funds sourced from the state APBN income and expenditure budget for villages based on Government Regulation Number 60 of 2014 and provide funding for village administrative management, development implementation and community empowerment. Based on this understanding, village funds have the aim of improving welfare and equitable village development through improving village public services, overcoming development gaps between villages and strengthening village communities as subjects of development.

The poverty index has increased. The central government has implemented a village fund transfer program of 68 trillion rupiah. This is in accordance with research by Trisno Yulianto (2017), that 2016 BPS data shows that the poverty rate in villages increased by 11.6%, which means that more than 20 million poor people, 70% of whom live in rural areas. (kompas.com)

Various types of government administration by regional governments must in principle be supported by adequate financial resources, considering that financial resources vary greatly from one region to another. There are several regions that have the resources needed to achieve regional autonomy, but the task of decentralization may be difficult to implement in some regions

due to limited resources. Regional creativity and initiative in developing financial resources is very dependent on regional government policies themselves.

Village Fund Allocation is funds that must be handed over by the regional government to the Village government, originating from the Regency, 30% of which is used for apparatus and operational spending while 70% is for public spending and community empowerment (Sanusi & Djumlani, 2020).

Lembang Uluway is one of 20 villages in Mengkendek sub-district, Tana Toraja Regency which was founded in 1997 and has an area of approximately 287,697 hectares. This village is located 13 km from the capital of Mengkendek sub-district, Uluway village was developed into four hamlets: Uluway hamlet, Ra'tuk hamlet, Buntu Leon hamlet, and Roni hamlet.

RESEARCH METHODS

In this research, the type of research that will be used is quantitative descriptive. Quantitative descriptive research is a type of research that describes or interprets statistical data. Quantitative research is a research method used to study certain populations and samples. Sampling techniques are generally carried out on random samples, using research tools for data collection, and data analysis is quantitative statistics with the aim of testing predetermined hypotheses (Rochman and Pawenary 2020). The population in this study is financial report data from Uluway Village, Mengkendek District, Tana Toraja Regency. The sample for this research is financial report data from Uluway Village, Mengkendek District, Tana Toraja Regency from 2018 to 2022. This research was conducted for two months, from February to March 2024.

The data collection methods used by researchers include observation and documentation. Observations are done through direct and repeated observations of research objects using the five senses at the research location. Meanwhile, documentation techniques are used to collect and record written data and documents related to research.

This research uses quantitative descriptive methods which include collecting, compiling, interpreting, and analyzing data to draw objective conclusions regarding the financial performance of the Uluway Village Government. The main focus of research is on economic aspects, efficiency, and effectiveness of budget use. The data analysis method used in this research is:

1. Regional Financial Independence Ratio

The level of financial independence of a region shows the level of a region's ability to finance its own government, development, and community empowerment activities. The following is the formula for calculating the level of village economic independence according to Sartika (2019):

$$\text{Regional Financial Independence Ratio} = \frac{\text{Locally – generated revenue}}{\text{Transfer Income}} \times 100\%$$

2. Effectiveness Ratio

The effectiveness ratio is the regional government's ability to realize the initial regional revenue plan and compare it with the initial regional budget revenue. The following is the formula for the level of effectiveness according to Sartika (2019):

$$\text{Effectiveness Ratio} = \frac{\text{Realization of PAD}}{\text{PAD Budget}} \times 100\%$$

3. Efficiency Ratio

The efficiency ratio describes the comparison between the amount of costs incurred to generate income and the income actually received (Susanto, 2019). The following is the efficiency ratio formula according to Sartika (2019):

$$\text{Efficiency Ratio} = \frac{\text{Realization of Regional Expenditures}}{\text{Realization of Regional Income}} \times 100\%$$

4. Activity Ratio

Activity allocation is the best way for local governments to prioritize funds for daily expenses and development. To calculate activity levels, you can use the following formula:

$$\text{Operating Expenditure Ratio} = \frac{\text{Total Operating Expenditures}}{\text{Total Regional Expenditure}} \times 100\%$$

$$\text{Capital Expenditure Ratio} = \frac{\text{Total Capital Expenditures}}{\text{Total Regional Expenditure}} \times 100\%$$

5. Growth Ratio

This growth rate measurement aims to determine growth. The following is the growth rate formula according to Susanto (2019):

$$\text{Growth Ratio} = \frac{P_n - P_o}{P_o} \times 100\%$$

Information :

r = Growth Ratio.

pn= total regional income / PAD/capital expenditure / operating expenditure calculated in year-n.

P0= total regional income/PAD/capital expenditure/operational expenditure calculated in year 0 (previous year n).

RESULTS AND DISCUSSION

The ratios used by researchers in analyzing the financial performance of the Uluway Village Government in this research are the Financial Independence Ratio, Financial Dependency Ratio, PAD Effectiveness Ratio, Expenditure Efficiency Ratio, and Growth Ratio. The data used in this research was the Uluway Village Revenue and Expenditure Budget Realization Report (APBDes) obtained from the Uluway Village Government, Mengkedek District, Tanah Toraja Regency.

1. Regional Financial Independence Ratio

The financial independence ratio is calculated by comparing the amount of original regional income received divided by the amount of transfer income from the central and provincial governments as well as regional loans. The following is data on the independence ratio of Uluway Village for 2018-2022:

$$\begin{aligned}
 2018 &= \frac{10.000.000}{1.259.233.222} \times 100 \% \\
 &= 0.79\% \\
 2019 &= \frac{9.000.000.00}{1.426.021.885} \times 100 \% \\
 &= 0.63\% \\
 2020 &= \frac{12.000.000.00}{1.471.005.187} \times 100 \% \\
 &= 0.82\% \\
 2021 &= \frac{5.000.000.00}{11.727.810.349} \times 100 \% \\
 &= 0.04\% \\
 2022 &= \frac{8.000.000.00}{1.289.897.942} \times 100 \% \\
 &= 0.62\%
 \end{aligned}$$

The results of calculating the regional financial independence ratio can be seen in Table 1. below.

Table 1. Calculation of the Financial Independence Ratio

Year	Village Original Income (Rp)	Transfer Income (Rp)	Financial Independence Ratio	Criteria
2018	10,000,000.00	1,259,233,222.00	0.79%	Very Low
2019	9,000,000.00	1,426,021,885.00	0.63%	Very Low
2020	12,000,000.00	1,471,005,187.00	0.82%	Very Low
2021	5,000,000.00	11,727,810,349.00	0.04%	Very Low
2022	8,000,000.00	1,289,897,942.00	0.62%	Very Low

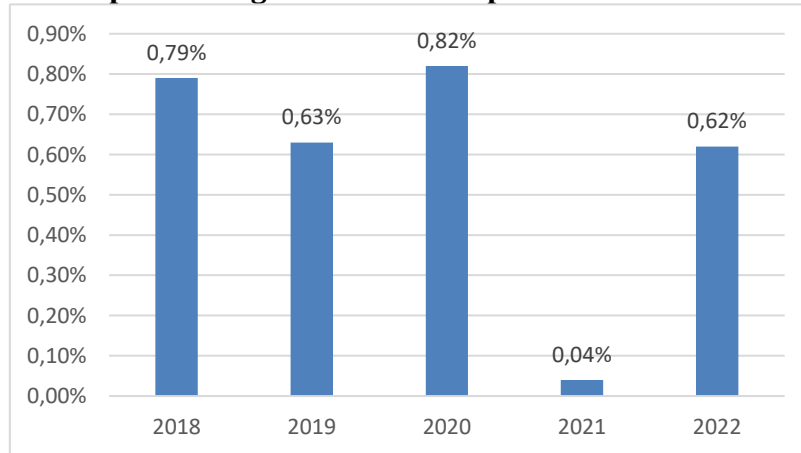
Source: Primary data processed in 2024

The financial independence capability of the Uluway Village Government is classified as very low. The relationship pattern includes an Instructive relationship where the role of the central government is more dominant than the independence of regional governments that are unable to implement regional autonomy. In 2018, the Regional Financial Independence Ratio percentage was 0.79%. In 2019, it decreased to 0.63%. In 2020, it rose to 0.82%. In 2021, it had a percentage ratio of 0.04%, and in 2022, the percentage will be 0.62%. For five consecutive

years, it has always decreased, remaining in the 0%-25% range, indicating a very low level of financial independence. This shows that the village government is still highly dependent on assistance from external parties, especially from the central and provincial governments.

Next, to see the development of the Village Fund Financial Independence ratio in Uluway Village, you can see the following graph:

Graph 1. Village Financial Independence Ratio 2018-2022



Sumber: Data Primer diolah tahun 2024

In Graph 4.1 it can be seen that in 2018 the value was 0.79%, then decreased in 2019 by 0.63%, in 2020 it rose to 0.82%, again experienced a decrease in 2021 with a very significant decrease, namely 0.04% and in 2022 there will be an increase of 0.62%. It can be concluded that the Financial Independence Ratio is still very low and unstable. The percentage of the financial independence ratio is obtained from the sum of the original regional income for that year divided by the transfer income obtained by the village in that year and then multiplied by 100%.

2. Effectiveness Ratio

The Regional Original Income Effectiveness Ratio is calculated by comparing the actual Regional Original Income revenue with the revenue target. The following is data from the Uluway Village Effectiveness Ratio for 2018-2022:

$$\begin{aligned}
 2018 &= \frac{1,727,810,349.00}{1,732,810,349.00} \times 100\% \\
 &= 99.71\%
 \end{aligned}$$

$$\begin{aligned}
 2019 &= \frac{1,300,411,942.00}{1,297,897,942.00} \times 100\% \\
 &= 100.19\%
 \end{aligned}$$

$$\begin{aligned}
 2020 &= \frac{1,460,198,187.00}{1,460,198,187.00} \times 100\% \\
 &= 100.00\%
 \end{aligned}$$

$$\begin{aligned}
 2021 &= \frac{1,426,021,885.00}{1,426,021,885.00} \times 100\%
 \end{aligned}$$

$$= 100.00\%$$

$$2022 = \frac{1,735,810,349.00}{3,022,708,291.00} \times 100\%$$

$$= 57.43\%$$

Table 2. Results of calculating the effectiveness ratio

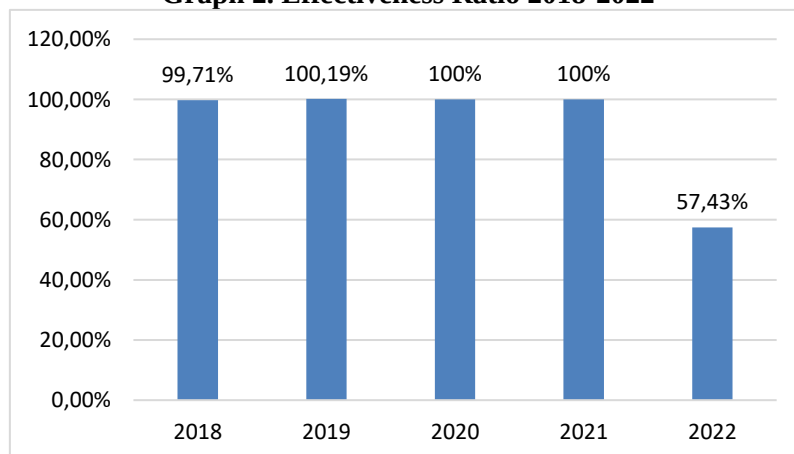
Ratio Calculation Results				
Year	Realization of Village Income	Village Revenue Budget	Effectiveness Ratio	Criteria
2018	1,735,810,349	3,022,708,291	57,43%	Ineffective
2019	1,426,021,885	1,426,021,885	100.00%	Effective
2020	1460,198,187	1460,198,187	100.00%	Effective
2021	1,727,810,349	1,727,810,349	99.71%	Effective
2022	1,300,411,942	1,297,897,942	100.00%	Effective

Source: Primary data processed in 2024

Based on the calculation results in the table above, it can be seen that the financial effectiveness of the Uluway Village Government in 2018 with a percentage of 57.43% was categorized as ineffective, in 2019 there was an increase with a percentage of 100% categorized as effective, in 2020 it was still the same percentage, namely 100% categorized as effective, in 2021 there was a decrease with a percentage of 99.71% still categorized as effective and in 2022 it experienced an increase of 100% to become effective.

Next, to see how the village fund effectiveness ratio in Uluway Village is developing, you can see the following graph:

Graph 2. Effectiveness Ratio 2018-2022



Source: Primary data processed in 2024

In Graph 4.2, the Efficiency Ratio was 99.71% in 2018, increased to 100.19% in 2019, remained at 100% in 2020 and 2021, and decreased to 57.43% in 2022. This indicates effectiveness in previous years but not in 2022. The percentage shows that the realization of

village funds in Uluway Village is good compared to the budget, indicating effective achievement of the village fund target.

3. Efficiency Ratio

The spending efficiency ratio is calculated by comparing actual spending with the spending budget.

$$2018 = \frac{1,111,000,000}{1,259,233,222} \times 100\% = 88.23\%$$

$$2019 = \frac{1,362,086,000}{1,426,021,885} \times 100\% = 95.52\%$$

$$2020 = \frac{740,500,650}{1,486,143,750} \times 100\% = 76.87\%$$

$$2021 = \frac{1,495,656,000}{1,727,810,349} \times 100\% = 86.56\%$$

$$2022 = \frac{1,419,953,500}{1,300,411,942} \times 100\% = 109.19\%$$

Table 3. Calculation results of the Efficiency Ratio

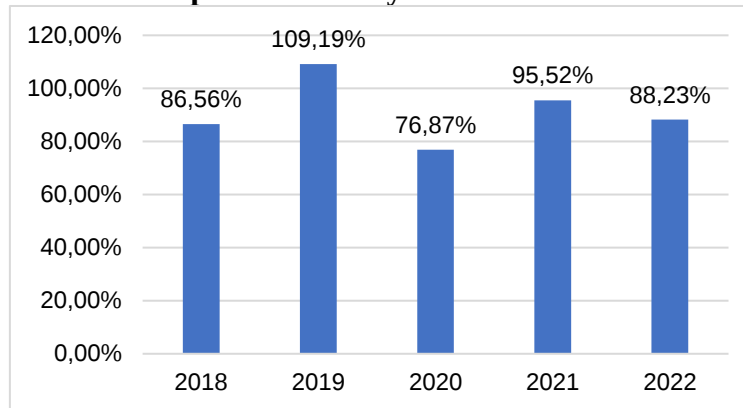
Source: Primary data processed in 2024

Year	Realization of Village Expenditures (Rp)	Realization of Village Income (Rp)	Efficiency ratio	Criteria
2018	1,111,000,000.00	1,259,233,222.00	88.23%	Cukup efisien
2019	1,362,086,000.00	1,426,021,885.00	95.52%	Kurang Efisien
2020	4,651,419,849.00	6,050,930,582.00	76.87%	Efisien
2021	1,495,656,000.00	1,727,810,349.00	86.56%	Cukup efisien
2022	1,419,953,500.00	1,300,411,942.00	109.19%	Tidak Efisien

Based on the calculation results, the efficiency of Uluway Village Government spending shows variations from year to year. In 2018, efficiency reached 88.23% and was categorized as quite efficient. In 2019, there was an increase to 95.52%, but it was categorized as less efficient. In 2020, efficiency fell to 76.87% and was considered efficient, then increased again to 86.56% in 2021, categorized as quite efficient. However, in 2022, efficiency increases sharply to 109.19% and is categorized as inefficient. Overall, the Uluway Village Government is considered inefficient because the efficiency ratio exceeds 60%.

Next, to see how the village fund efficiency ratio in Uluway Village has developed, you can see the following graph:

Graph 3. Efficiency Ratio 2018-2022



Source: Primary data processed in 2024

According to Graph 4.3, the shopping efficiency ratio of Uluway Village has varied over the years. In 2018, the ratio was 86.56%, and it increased to 100.19% in 2019. However, it declined to 76.87% in 2020, then rose again to 95.52% in 2021, and remained stable at 88.23% in 2022. Based on this data, it can be concluded that the efficiency ratio was quite good in the previous four years, but it is expected to decline in 2022. Overall, the utilization of village funds in Uluway Village indicates efficient budget management, and it suggests that the village fund target has been well achieved.

4. Activity Ratio

a. Operating Expenditure Ratio

The operating expenditure ratio is calculated by comparing total operating expenditure with total regional/village expenditure.

$$\begin{aligned}
 2018 &= \frac{643,257,689}{1,111,000,000} \times 100\% \\
 &= 58\%
 \end{aligned}$$

$$\begin{aligned}
 2019 &= \frac{865,790,000}{1,362,086,000} \times 100\% \\
 &= 64\%
 \end{aligned}$$

$$\begin{aligned}
 2020 &= \frac{740,500,650}{1,486,143,750} \times 100\% \\
 &= 50\%
 \end{aligned}$$

$$\begin{aligned}
 2021 &= \frac{950,750,000}{} \times 100\%
 \end{aligned}$$

$$= \frac{1,495,656,000}{64\%}$$

$$2022 = \frac{870,500,250}{1,419,953,500} \times 100\%$$

$$= 61\%$$

Table 4. Results of calculating the Operating Expenditure Ratio

Year	Total Operational Expenditures (Rp)	Total Regional/Village Expenditure (Rp)	Operating Expenditure Ratio	Criteria
2018	643,257,689	1,111,000,000	58%	Pretty good
2019	865,790,000	1,362,086,000	64%	Pretty good
2020	740,500,650	1,486,143,750	50%	Pretty good
2021	950,750,000	1,495,656,000	64%	Pretty good
2022	870,500,250	1,419,953,500	61%	Pretty good

Source: Primary data processed in 2024

Based on the calculation results, the operating expenditure ratio of the Uluway Village Government is consistently categorized as quite good from 2018 to 2022. In 2018, the operating expenditure ratio was 58%, increased to 64% in 2019, decreased to 50% in 2020, and rose again to 64 % in 2021, then decreased slightly to 61% in 2022. Overall, the management of the village capital expenditure budget is considered quite good because the capital expenditure ratio does not exceed 80%.

Next, to see how the capital expenditure ratio for village funds in Uluway Village has developed, you can see the following graph.

Graph 4. Operational expenditure ratio 2018-2022



Source: Primary data processed in 2024

Based on Graph 4.4, the operational expenditure ratio of Uluway Village has fluctuated over five years. In 2018, the value was 58%, rose to 64% in 2019, decreased to 50% in 2020, rose again to 64% in 2021, and to 61% in 2022. Overall, the operational expenditure ratio in this

period was categorized as quite good. This shows that the village's operational capital expenditure budget is still able to meet the capital expenditure needs of Uluway Village.

b. Capital Expenditure Ratio

The capital expenditure ratio is calculated by comparing total capital expenditure with total regional/village expenditure.

$$\begin{aligned}
 2018 &= \frac{467,742,311.00}{1,111,000,000.00} \times 100\% \\
 &= 42\% \\
 2019 &= \frac{496,296,000.00}{1,362,086,000.00} \times 100\% \\
 &= 36\% \\
 2020 &= \frac{745,643,100.00}{1,486,143,750.00} \times 100\% \\
 &= 50\% \\
 2021 &= \frac{544,906,000.00}{1,495,656,000.00} \times 100\% \\
 &= 36\% \\
 2022 &= \frac{549,453,250.00}{1,419,953,500.00} \times 100\% \\
 &= 39\%
 \end{aligned}$$

Table 5. Calculation results of the Capital Expenditure Ratio

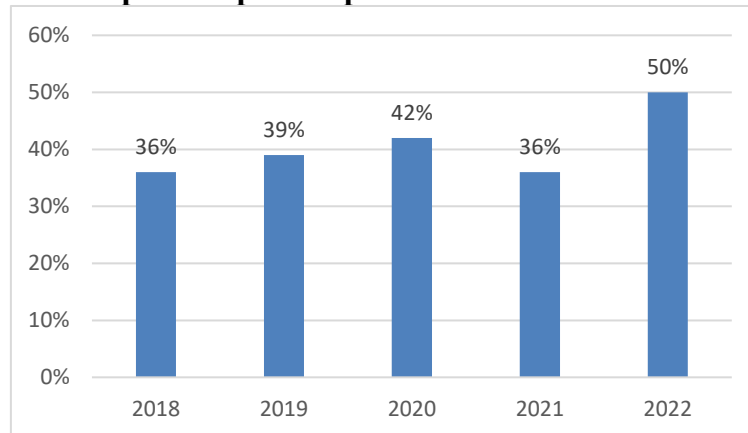
Year	Total Capital Expenditure (Rp)	Total Regional/Village Expenditure (Rp)	Capital Expenditure Ratio	Criteria
2018	467,742,311	1,111,000,000	42%	Good
2019	496,296,000	1,362,086,000	36%	Pretty good
2020	745,643,100	1,486,143,750	50%	Good
2021	544,906,000	1,495,656,000	36%	Pretty good
2022	549,453,250	1,419,953,500	39%	Pretty good

Source: Primary data processed in 2024

Based on calculations, the operational expenditure ratio of the Uluway Village Government shows variations from year to year. In 2018, the ratio of 42% was categorized as good, then decreased to 36% in 2019 (fairly good). In 2020, the ratio rose to 50% (good), but fell again to 36% in 2021 (fairly good), and rose slightly to 39% in 2022 (fairly good). Overall, the management of the operational expenditure budget is categorized as quite good because the capital expenditure ratio is above 10%.

Next, to see how the capital expenditure ratio for village funds in Uluway Village has developed, you can see the following graph:

Graph 5. Capital Expenditure Ratio 2018-2022



Source: Primary data processed in 2024

Based on Graph 4.5, the capital expenditure ratio of Uluway Village has increased from 36% in 2018 to 39% in 2019 and 42% in 2020, although it fell again to 36% in 2021, then rose significantly to 50% in 2022. This ratio shows that the total Regional spending is good enough to meet capital expenditure needs in Uluway Village.

5. Growth Ratio

The growth ratio is calculated by comparing previous income with the current year's income.

$$\begin{aligned}
 2019 &= \frac{10,000,000}{9,000,000} \times 100\% \\
 &= -11\%
 \end{aligned}$$

$$\begin{aligned}
 2020 &= \frac{9,000,000}{12,000,000} \times 100\% \\
 &= 25\%
 \end{aligned}$$

$$\begin{aligned}
 2020 &= \frac{12,000,000}{5,000,000} \times 100\% \\
 &= -140\%
 \end{aligned}$$

$$\begin{aligned}
 2020 &= \frac{5,000,000}{8,000,000} \times 100\% \\
 &= -38\%
 \end{aligned}$$

Table 6. Results of the Growth Ratio

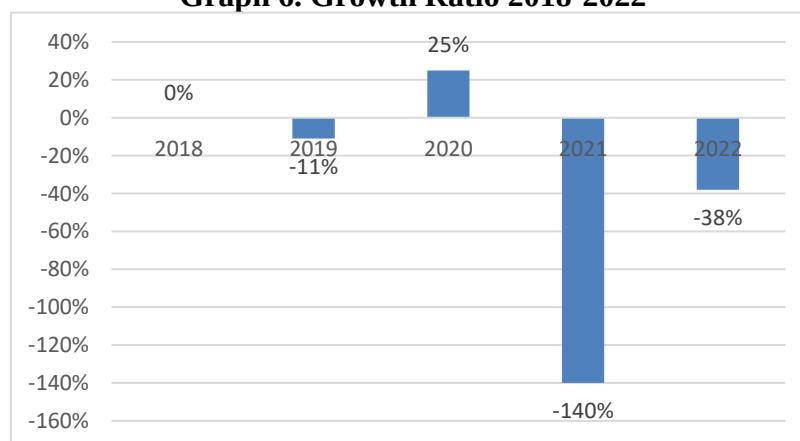
Year	Previous Income (Rp)	Original Income (Rp)	Growth ratio	Criteria
2018		10,000,000		
2019	10,000,000	9,000,000	-11%	Very Low
2020	9,000,000	12,000,000	25%	Currently
2021	12,000,000	5,000,000	-140%	Very Low
2022	5,000,000	8,000,000	-38%	Very Low

Source: Primary data processed in 2024

Based on the calculation results in the table above, it can be seen that the growth of the Uluway Village Government's original regional income always decreased every year in 2019 with a percentage of -11%, categorized as very low, in 2020 it experienced an increase with a percentage of -25%, categorized as medium. , in 2021 the percentage decreased to -140% in the very low category, in 2022 there was a decrease of -38% in the very low category

Next, to see how the village fund growth ratio in Uluway Village is developing, you can see the following graph:

Graph 6. Growth Ratio 2018-2022



Source: Primary data processed in 2024

In Graph 6, it can be seen that the growth ratio of Village Fund Expenditures has experienced a positive increase. In 2018 the growth ratio was 0% then decreased in 2019 to -11% then in 2020 increased to 25%. Then in 2021 there was another decline of -140%, then in 2022 it was -38%. It can also be seen that in 2020 the growth ratio of village fund expenditure increased and the highest occurred in that year at 25%.

If village expenditure growth is good, it means that the use of Village Funds has been realized well, thus development in the village is going well. Village development will continue to develop as it should because the realization of village fund allocation expenditure for development increases every year and is implemented optimally. However, Uluway village cannot be said to be good because the growth of village funds in Uluway has not increased optimally and is still experiencing a drastic decline.

CONCLUSION

The financial performance of the Uluway Village Government, Mengkedek District, Tana Toraja Regency during the 2018-2022 fiscal year shows several important points. First, the financial independence ratio is very low, indicating that the village is not yet independent in regional autonomy. Second, the regional original revenue effectiveness ratio shows effective performance, with the ability to realize the planned budget. However, in terms of expenditure efficiency, the village experiences an imbalance between income and expenditure, so it is considered inefficient. Growth in PADes and total income is also low, indicating difficulties in maintaining growth. However, the operating expenditure ratio is relatively good, and the capital expenditure ratio is an average of 41%, indicating good management of funds for village development.

Researchers provide several suggestions for improvements in Uluway Village. First, village governments should increase Village Original Income by exploring existing potential and creating new policies. Second, training in financial management is important to improve fund management. Third, the community is expected to actively develop the village according to their respective abilities. Future researchers are advised to use more ratios in financial performance analysis and expand research. Finally, it is important to look for a variety of references for a more thorough analysis.

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