

## Comparative Analysis of Financial Performance of Government Expenditure in Java Island Before and During Covid-19

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### Abstract

*Covid-19 was detected around the end of 2019 and has had a significant impact on various aspects. In response to the prevailing conditions, the government of Indonesia implemented SKB Menteri Dalam Negeri dan Menteri Keuangan No.119/2813/SJ No.177/KMK.07/2020. The Covid-19 pandemic impacted the financial performance of local governments. Therefore, this research is to analyze the performance of the APBD on three government expenditure items that underwent significant changes due to the implementation of refocusing and budget reallocation policies during the Covid-19 pandemic which is analyzed through the Employee Expenditure Ratio, the Goods/Services Expenditure Ratio, and Capital Expenditure Ratio. This research uses data published by DJPK Kementerian Keuangan. This study uses the Paired Sample t-Test and the results of this study show that there is no difference in the government's financial performance in the employee expenditure ratio in Java Island between before and during the Covid-19 pandemic. Then, there is no difference in the government's financial performance in the ratio of goods/services expenditure on the island of Java between before and during the Covid-19 pandemic. Then, there is a difference in the government's financial performance in the capital expenditure ratio on the island of Java between before and during the Covid-19 pandemic.*

**Keywords:** Financial Performance, The Employee Expenditure Ratio, The Goods/Services Expenditure Ratio, Capital Expenditure Ratio.

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## INTRODUCTION

*Coronavirus Disease 2019* or Covid-19 is a virus that attacks the respiratory system. Covid-19 was detected in Wuhan, Hubei Province, China, around the end of 2019. The spread of the virus was very rapid and the first case of Covid-19 in Indonesia occurred on March 2, 2020. Then, on March 11, 2020, the WHO declared that the entire world was experiencing the Covid-19 pandemic (Kementerian Kesehatan RI, 2020). The spread of the Covid-19 virus is very fast and the absence of a vaccine at the beginning of the emergency of this virus caused the disease to spread quickly so that it spread throughout the world (Cho et al., 2021).

The Covid-19 pandemic has had a significant impact on various aspects. From health perspective, many people have been infected the virus and even died. On the Java island, there were 70% of positive cases and 82% death rate due to Covid-19 in 2020 (Rina, 2020). Covid-19 had a negative impact on economic growth in Indonesia (Wahyudi & Palupi, 2023). Meanwhile, the research by Ratih et al. (2022) mentioned that the restrictions on community activities aimed at curbing the spread of Covid-19 also resulted in a decrease in community income in almost all provinces on the island of Sumatra in 2020.

In response to the prevailing conditions, the government implemented one of the fiscal policies, specifically Surat Keputusan Bersama (SKB) Menteri Dalam Negeri dan Menteri Keuangan No.119/2813/SJ No.177/KMK.07/2020 regarding the acceleration of the 2020 regional budget adjustment, which also serves as a reference for local governments in refocusing and reallocating the budget during that period. Stated in the SKB that local government expenditures should be focused on:

- 1) Rationalization of employee expenditures,
- 2) Rationalization of goods/services expenditures by at least 50% by reducing the budget, and
- 3) Rationalization of capital expenditures by at least 50% by reducing the budget.

Government spending is the main pillar for increasing economic activity during the Covid-19 pandemic in Indonesia. This is in line with the Keynesian multiplier effect that increasing government spending is more ideal for stimulating economic growth (Poku et al., 2022). For this reason, regional governments are required to immediately implement a refocusing and budget reallocation policy through budget rationalization on the three government expenditures so that the adjusted budget difference can be diverted to increase the budget on expenditures that are being prioritized by the government to finance the implementation of the Covid-19 handling program, especially in the fields of

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health, economy, and social protection. The Covid-19 pandemic affected changes in the structure of the Regional Budget (APBD) because it disrupted the allocation of the budget that had been (Kausari et al., 2022). Therefore, there was a decrease in the employee expenditure budget by 5.37%, goods/services expenditure by 35.20%, and capital expenditure by 48.32% in the 2020 budget year in Indonesia (Hasan et al., 2021). In addition to causing significant budget changes, the Covid-19 pandemic also directly impacted the financial performance of local governments.

Measuring the financial performance of local governments is very important for local governments to assess the work programs that have been implemented and to understand the government's ability to fulfill its obligations. Additionally, financial performance can be used as a reference in decision-making for budget allocation in the following year to be more efficient (Agnika et al., 2021). Previous research on regional financial performance conducted by Kausari et al. (2022), Afri et al. (2023), dan Ali et al. (2024) shows that there is no difference in the operating expenditure ratio, which includes components of employee and goods/services expenditures, between before and during the Covid-19 pandemic. Then, research by Kausari et al. (2022), Rahmawati & Kiswara (2022), Afri et al. (2023), dan Venni et al. (2023) states that there is a significant difference in the capital expenditure ratio before and during the Covid-19 pandemic. However, research by Ali et al. (2024) shows that there is no difference in the capital expenditure ratio before and during the Covid-19 pandemic.

Based on the explanation above, the difference between this research and previous studies is that this research focuses on studying the island of Java, which is the center of the spread of Covid-19 in Indonesia. Furthermore, according to data from the Ministry of Home Affairs (2020), 4 provinces on the island of Java, namely DKI Jakarta, West Java, East Java, and Central Java, are among the 5 regions that allocate the largest budgets for handling Covid-19 in Indonesia. Additionally, in some of these regions, there are the highest number of Covid-19 cases and the highest death rates due to Covid-19.

The objective of this research is to analyze the performance of the Regional Budget (APBD), particularly on three government expenditure items that underwent significant changes due to the implementation of refocusing and budget reallocation policies during the Covid-19 pandemic. Furthermore, this study employs the Employee Expenditure Ratio and the Goods/Services Expenditure Ratio, which were previously part of the Operating Expenditure Ratio component, as a novelty in this research to analyze financial performance. Additionally, the Capital Expenditure Ratio is used to compare the periods before the Covid-19 pandemic (2017-2019) and during the Covid-19 pandemic

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(2020-2022). Based on the explanation above, the title of this research is “*Comparative Analysis of Financial Performance of Government Expenditure in Java Island Before and During Covid-19*”.

## LITERATURE REVIEW

### Functions and Roles of the Government

The government has a very important function in the economy. According to Adam Smith (in Putra, 2022), the three main functions of the government are:

- 1) The government's function is to maintain internal security and defense so that all citizens can conduct business activities safely.
- 2) The government's function is to strive for justice so that there is no discrimination in rights and obligations among citizens.
- 3) The government's function is to provide services that are not prepared by the private sector so that citizens' needs in running their businesses are guaranteed.

Meanwhile, according to Mangkoesoebroto (2018), the three important roles of the government in the modern economy are:

#### a) The Role of Allocation

In a market system, the private sector is not fully capable of providing all goods and services. These goods and services are referred to as public goods. Public goods are goods that cannot be provided through transactions between sellers and buyers. Meanwhile, private goods are goods that can be provided through the market system through transactions between sellers and buyers. Therefore, the government needs to intervene in the provision of public goods.

#### b) The Role of Distribution

In the role of distribution, the government strives to ensure that the allocation of resources can be carried out efficiently. The government can change income distribution directly through progressive taxes. Progressive taxes are tax burdens that are relatively heavier on wealthier individuals and lighter on the poor. Additionally, the government can indirectly influence income distribution through government expenditure policies.

#### c) Role of Stabilization

In the role of stabilization, the government acts as the main stabilizer of the economy through various policies implemented. Moreover, Keynes in his theory argues that the extent of economic development can be determined by the presence of government intervention.



### **Regional Autonomy**

Regional autonomy is the authority granted by the central government to local governments so that they can manage their governance independently. With regional autonomy, it is hoped that each region can empower and manage its area innovatively and independently, thus not relying on the central government. In addition, through regional autonomy, it is expected that there will be an increase in efficiency and accountability in the public sector. Therefore, the implementation of regional autonomy provides a great opportunity for regions to improve the financial performance of their respective areas (Christia & Ispriyarso, 2019).

### **Refocusing and Budget Reallocation Policy**

Refocussing is an action to organize or focus on certain programs that have a better impact in order to accelerate the handling of the Covid-19 pandemic's effects (Yuniza et al., 2022). Research by Junaidi et al. (2020) states that refocussing was undertaken as one of the alternatives to minimize the occurrence of an economic recession due to global economic shocks caused by an event in order to maintain national economic stability.

Meanwhile, Yuniza et al. (2022) define budget reallocation as a method of allocating and reassigning the budget prepared for an activity. It can be interpreted that budget reallocation is the process of changing or adjusting the budget to fund the needs of handling the Covid-19 pandemic. The government reallocates the budget to slow the spread of the outbreak and maintain the country's economy by altering the government's expenditure structure through instructions to enhance health services, social protection, and disaster management in the economic sector (Hadiyanto et al., 2022).

### **Theory of Good Governance**

Good governance is defined as a system of good governance. Some of the initial foundations of the principles of good governance are participation, transparency, and accountability. By applying these principles, it is hoped that governance will be managed well so that the welfare of the community can be achieved. To realize the principles of good governance in government financial management, one of the efforts made by the government is to present financial accountability reports in a timely manner and prepared based on Standar Akuntansi Pemerintah (SAP). As an implementation of good governance, financial management is followed by state financial supervision, and must align with the principles of efficiency, economy, transparency, and accountability.

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Likewise, transparency in the management of regional government finances is also required (Moenek & Suwanda, 2019).

### Government Expenditure

Government expenditure is a financial resource disbursed by a country to maintain its sovereignty and enhance the welfare of its society (Setiawan et al., 2023). Government expenditure generally aims to maintain stability to support development, thereby creating units of capital to stimulate economic growth (H. Rahmawati, 2023).

According to Keynes (Surjaningsih et al., 2012), fiscal policy to stimulate the economy through increased government spending or tax cuts has a multiplier effect by encouraging an increase in the demand for consumer goods. It can be observed that the multiplier effect of tax cuts is smaller compared to the multiplier effect of government spending. Therefore, an increase in government spending is considered more potent compared to tax cuts in driving economic growth during a recession. When government spending increases, production will experience a boost, which can lead to an increase in aggregate demand that ultimately has the potential to raise Gross Domestic Product (GDP) (Poku et al., 2022).

The basic theory of national income equilibrium is  $Y = C + I + G + (X-M)$ , meaning that an increase or decrease in government spending will impact the rise or fall of national income (Carolina, 2022). It can be concluded that government spending can positively contribute to economic growth. This is because an increase in government consumption tends to lead to an increase in employment, profitability, and investment through the multiplier effect and aggregate demand. Therefore, government spending can add to aggregate demand, which can trigger economic growth (Waweru, 2021).

## RESEARCH METHODS

### Research Location

There are 6 provinces on the island of Java that will be the focus of this research, namely the DKI Jakarta Province, West Java Province, Central Java Province, DI Yogyakarta Province, East Java Province, and Banten Province.

### Data Sources

This research uses data published by Direktorat Jenderal Perimbangan Keuangan (DJPk) Kementerian Keuangan. The research period spans from 2017-2019, which is



before Covid-19, and during Covid-19, which is from 2020-2022. The variables used are Employee Expenditure, Goods/Services Expenditure, and Capital Expenditure.

### Data Analysis

This research is a descriptive quantitative and qualitative analysis. Here are the formulas for measuring financial performance based on expenditure ratios used in this study:

#### 1) Ratio of Employee Expenditure to Total Regional Expenditure

$$\text{Ratio of Employee Expenditure} = \frac{\text{Realization of Employee Expenditures}}{\text{Total Regional Expenditure}} \times 100\%$$

#### 2) Ratio of Goods/Services Expenditure to Total Regional Expenditure

$$\text{Ratio of Goods/Services Expenditure} = \frac{\text{Realization of Goods/Services Expenditures}}{\text{Total Regional Expenditure}} \times 100\%$$

#### 3) Ratio of Capital Expenditure to Total Regional Expenditure

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

To measure the significance of the difference between two paired data groups in this study, the Paired Sample t-Test will be used for normally distributed data and the Wilcoxon Signed Rank Test for non-normally distributed data. The testing in this study uses a significance value of 0.05. The basis for decision-making in the Paired Sample t-Test and the Wilcoxon Signed Rank Test is:

1. If the probability value < 0.05, then  $H_0$  is rejected (There is a difference in the average).



2. If the probability value  $> 0.05$ , then  $H_0$  is accepted (There is no difference in the mean).

The software program used for data analysis in this research is Stata 14.

## RESULTS

**Table 1. Ratio of Employee Expenditure 2017-2019**

| Province      | Year | Realization of Regional Expenditure (Rp) | Realization of Employee Expenditures (Rp) | Ratio (%) | Average (%) |
|---------------|------|------------------------------------------|-------------------------------------------|-----------|-------------|
| DKI Jakarta   | 2017 | 51.066.081.379.887                       | 18.585.887.496.803                        | 36,40     | 35,29       |
|               | 2018 | 61.410.121.851.157                       | 21.852.416.650.509                        | 35,58     |             |
|               | 2019 | 64.938.363.682.013                       | 22.016.852.174.914                        | 33,90     |             |
| Jawa Barat    | 2017 | 32.706.749.485.377                       | 5.434.446.567.649                         | 16,62     | 16,80       |
|               | 2018 | 33.333.824.961.824                       | 5.783.333.525.995                         | 17,35     |             |
|               | 2019 | 35.833.086.126.517                       | 5.888.754.472.771                         | 16,43     |             |
| Jawa Tengah   | 2017 | 22.884.713.018.754                       | 6.092.077.750.517                         | 26,62     | 26,08       |
|               | 2018 | 24.478.632.557.339                       | 6.468.261.263.572                         | 26,42     |             |
|               | 2019 | 26.151.062.842.457                       | 6.591.903.141.578                         | 25,21     |             |
| DI Yogyakarta | 2017 | 4.920.626.776.619                        | 1.428.694.957.043                         | 29,03     | 28,54       |
|               | 2018 | 5.296.403.530.714                        | 1.512.793.109.461                         | 28,56     |             |
|               | 2019 | 5.544.650.430.330                        | 1.553.763.754.881                         | 28,02     |             |
| Jawa Timur    | 2017 | 28.878.134.635.609                       | 6.272.017.305.966                         | 21,72     | 22,31       |
|               | 2018 | 30.662.093.021.870                       | 6.649.689.313.973                         | 21,69     |             |
|               | 2019 | 33.967.109.632.815                       | 7.988.531.674.444                         | 23,52     |             |
| Banten        | 2017 | 9.512.813.119.364                        | 1.645.471.370.089                         | 17,30     | 17,94       |
|               | 2018 | 9.992.819.311.365                        | 1.743.416.185.680                         | 17,45     |             |
|               | 2019 | 11.324.588.102.331                       | 2.161.096.908.297                         | 19,08     |             |
| Aceh          | 2017 | 13.832.848.610.133                       | 2.270.172.083.287                         | 16,41     | 16,83       |
|               | 2018 | 12.306.306.187.481                       | 2.274.436.642.148                         | 18,48     |             |
|               | 2019 | 15.787.883.385.490                       | 2.461.315.744.896                         | 15,59     |             |



**Table 2. Ratio of Employee Expenditure 2020-2022**

| Province      | Year | Realization of Regional Expenditure (Rp) | Realization of Employee Expenditures (Rp) | Ratio (%) | Average (%) |
|---------------|------|------------------------------------------|-------------------------------------------|-----------|-------------|
| DKI Jakarta   | 2020 | 52.088.133.628.022                       | 16.686.870.974.289                        | 32,04     | 29,96       |
|               | 2021 | 61.619.040.160.565                       | 18.816.237.919.714                        | 30,54     |             |
|               | 2022 | 64.865.121.220.296                       | 17.705.440.378.717                        | 27,30     |             |
| Jawa Barat    | 2020 | 38.127.531.749.249                       | 6.097.572.592.290                         | 15,99     | 17,64       |
|               | 2021 | 37.470.910.437.064                       | 6.179.742.118.217                         | 16,49     |             |
|               | 2022 | 32.644.213.921.729                       | 6.671.258.864.365                         | 20,44     |             |
| Jawa Tengah   | 2020 | 25.651.740.349.991                       | 6.483.761.623.794                         | 25,28     | 23,97       |
|               | 2021 | 25.843.800.193.834                       | 5.685.925.255.020                         | 22,00     |             |
|               | 2022 | 23.950.240.497.405                       | 5.902.903.886.767                         | 24,65     |             |
| DI Yogyakarta | 2020 | 5.433.180.699.356                        | 1.562.236.884.707                         | 28,75     | 28,81       |
|               | 2021 | 5.530.173.461.667                        | 1.561.540.552.725                         | 28,24     |             |
|               | 2022 | 5.449.935.625.662                        | 1.604.664.380.913                         | 29,44     |             |
| Jawa Timur    | 2020 | 32.286.757.637.609                       | 7.605.952.242.668                         | 23,56     | 22,54       |
|               | 2021 | 33.852.938.529.602                       | 6.988.563.017.319                         | 20,64     |             |
|               | 2022 | 31.502.993.060.591                       | 7.374.400.808.426                         | 23,41     |             |
| Banten        | 2020 | 9.879.309.897.147                        | 1.909.615.490.229                         | 19,33     | 18,82       |
|               | 2021 | 11.660.630.540.289                       | 2.046.648.156.432                         | 17,55     |             |
|               | 2022 | 11.278.684.481.863                       | 2.209.785.004.829                         | 19,59     |             |

**Table 3. Ratio of Goods/Services Expenditure 2017-2019**

| Province      | Year | Realization of Regional Expenditure (Rp) | Realization of Goods/Services Expenditures (Rp) | Ratio (%) | Average (%) |
|---------------|------|------------------------------------------|-------------------------------------------------|-----------|-------------|
| DKI Jakarta   | 2017 | 51.066.081.379.887                       | 15.321.739.854.897                              | 30,00     | 29,87       |
|               | 2018 | 61.410.121.851.157                       | 16.919.780.405.273                              | 27,55     |             |
|               | 2019 | 64.938.363.682.013                       | 20.807.658.518.255                              | 32,04     |             |
| Jawa Barat    | 2017 | 32.706.749.485.377                       | 4.301.713.854.094                               | 13,15     | 13,26       |
|               | 2018 | 33.333.824.961.824                       | 4.300.579.125.004                               | 12,90     |             |
|               | 2019 | 35.833.086.126.517                       | 4.919.083.456.095                               | 13,73     |             |
| Jawa Tengah   | 2017 | 22.884.713.018.754                       | 3.381.260.846.633                               | 14,78     | 16,25       |
|               | 2018 | 24.478.632.557.339                       | 4.042.705.957.394                               | 16,52     |             |
|               | 2019 | 26.151.062.842.457                       | 4.562.499.451.144                               | 17,45     |             |
| DI Yogyakarta | 2017 | 4.920.626.776.619                        | 1.079.167.300.856                               | 21,93     | 22,76       |



|            |      |                    |                   |       |       |
|------------|------|--------------------|-------------------|-------|-------|
|            | 2018 | 5.296.403.530.714  | 1.290.914.911.884 | 24,37 |       |
|            | 2019 | 5.544.650.430.330  | 1.219.154.114.509 | 21,99 |       |
|            | 2017 | 28.878.134.635.609 | 5.385.714.775.868 | 18,65 |       |
| Jawa Timur | 2018 | 30.662.093.021.870 | 5.558.733.471.851 | 18,13 | 18,60 |
|            | 2019 | 33.967.109.632.815 | 6.459.620.587.775 | 19,02 |       |
|            | 2017 | 9.512.813.119.364  | 1.797.168.250.492 | 18,89 |       |
| Banten     | 2018 | 9.992.819.311.365  | 2.136.811.744.122 | 21,38 | 21,18 |
|            | 2019 | 11.324.588.102.331 | 2.635.253.355.463 | 23,27 |       |
|            |      |                    |                   |       |       |

**Table 4. Ratio of Goods/Services Expenditure 2020-2022**

| Province      | Year | Realization of Regional Expenditure (Rp) | Realization of Goods/Services Expenditures (Rp) | Ratio (%) | Average (%) |
|---------------|------|------------------------------------------|-------------------------------------------------|-----------|-------------|
| DKI Jakarta   | 2020 | 52.088.133.628.022                       | 16.775.617.945.811                              | 32,21     | 34,49       |
|               | 2021 | 61.619.040.160.565                       | 21.488.663.347.585                              | 34,87     |             |
|               | 2022 | 64.865.121.220.296                       | 23.613.048.650.099                              | 36,40     |             |
| Jawa Barat    | 2020 | 38.127.531.749.249                       | 4.796.373.794.090                               | 12,58     | 17,17       |
|               | 2021 | 37.470.910.437.064                       | 6.688.760.948.583                               | 17,85     |             |
|               | 2022 | 32.644.213.921.729                       | 6.885.794.114.679                               | 21,09     |             |
| Jawa Tengah   | 2020 | 25.651.740.349.991                       | 4.104.637.788.228                               | 16,00     | 19,71       |
|               | 2021 | 25.843.800.193.834                       | 5.345.399.454.776                               | 20,68     |             |
|               | 2022 | 23.950.240.497.405                       | 5.377.369.153.895                               | 22,45     |             |
| DI Yogyakarta | 2020 | 5.433.180.699.356                        | 782.824.429.433                                 | 14,41     | 18,81       |
|               | 2021 | 5.530.173.461.667                        | 1.039.417.892.655                               | 18,80     |             |
|               | 2022 | 5.449.935.625.662                        | 1.265.180.025.506                               | 23,21     |             |
| Jawa Timur    | 2020 | 32.286.757.637.609                       | 5.910.184.426.774                               | 18,31     | 21,72       |
|               | 2021 | 33.852.938.529.602                       | 7.300.023.803.758                               | 21,56     |             |
|               | 2022 | 31.502.993.060.591                       | 7.969.603.849.948                               | 25,30     |             |
| Banten        | 2020 | 9.879.309.897.147                        | 2.177.275.344.369                               | 22,04     | 25,96       |
|               | 2021 | 11.660.630.540.289                       | 2.789.457.273.555                               | 23,92     |             |
|               | 2022 | 11.278.684.481.863                       | 3.601.299.195.251                               | 31,93     |             |

**Table 5. Ratio of Capital Expenditure 2017-2019**

| Province    | Year | Realization of Regional Expenditure (Rp) | Realization of Capital Expenditures (Rp) | Ratio (%) | Average (%) |
|-------------|------|------------------------------------------|------------------------------------------|-----------|-------------|
| DKI Jakarta | 2017 | 51.066.081.379.887                       | 11.045.723.233.626                       | 21,63     | 20,80       |



|               |      |                    |                    |       |       |
|---------------|------|--------------------|--------------------|-------|-------|
|               | 2018 | 61.410.121.851.157 | 14.118.608.087.643 | 22,99 |       |
|               | 2019 | 64.938.363.682.013 | 11.551.927.779.590 | 17,79 |       |
|               | 2017 | 32.706.749.485.377 | 2.311.616.145.730  | 7,07  |       |
| Jawa Barat    | 2018 | 33.333.824.961.824 | 3.145.847.260.323  | 9,44  | 7,86  |
|               | 2019 | 35.833.086.126.517 | 2.530.347.542.361  | 7,06  |       |
|               | 2017 | 22.884.713.018.754 | 1.454.598.084.464  | 6,36  |       |
| Jawa Tengah   | 2018 | 24.478.632.557.339 | 1.681.752.306.368  | 6,87  | 7,09  |
|               | 2019 | 26.151.062.842.457 | 2.099.719.124.860  | 8,03  |       |
|               | 2017 | 4.920.626.776.619  | 1.046.730.141.539  | 21,27 |       |
| DI Yogyakarta | 2018 | 5.296.403.530.714  | 1.132.827.726.328  | 21,39 | 20,44 |
|               | 2019 | 5.544.650.430.330  | 1.035.203.185.485  | 18,67 |       |
|               | 2017 | 28.878.134.635.609 | 3.090.055.683.753  | 10,70 |       |
| Jawa Timur    | 2018 | 30.662.093.021.870 | 2.840.552.249.709  | 9,26  | 9,37  |
|               | 2019 | 33.967.109.632.815 | 2.770.973.973.023  | 8,16  |       |
|               | 2017 | 9.512.813.119.364  | 1.349.687.360.354  | 14,19 |       |
| Banten        | 2018 | 9.992.819.311.365  | 1.362.550.904.273  | 13,64 | 13,33 |
|               | 2019 | 11.324.588.102.331 | 1.379.319.818.261  | 12,18 |       |
|               |      |                    |                    |       |       |

**Table 6. Ratio of Capital Expenditure 2020-2022**

| Province      | Year | Realization of Regional Expenditure (Rp) | Realization of Capital Expenditures (Rp) | Ratio (%) | Average (%) |
|---------------|------|------------------------------------------|------------------------------------------|-----------|-------------|
| DKI Jakarta   | 2020 | 52.088.133.628.022                       | 3.173.223.520.882                        | 6,09      | 10,27       |
|               | 2021 | 61.619.040.160.565                       | 6.865.827.016.519                        | 11,14     |             |
|               | 2022 | 64.865.121.220.296                       | 8.808.194.842.704                        | 13,58     |             |
| Jawa Barat    | 2020 | 38.127.531.749.249                       | 1.672.906.514.876                        | 4,39      | 5,71        |
|               | 2021 | 37.470.910.437.064                       | 2.045.428.563.538                        | 5,46      |             |
|               | 2022 | 32.644.213.921.729                       | 2.381.568.888.911                        | 7,30      |             |
| Jawa Tengah   | 2020 | 25.651.740.349.991                       | 996.994.505.160                          | 3,89      | 5,55        |
|               | 2021 | 25.843.800.193.834                       | 1.447.620.411.245                        | 5,60      |             |
|               | 2022 | 23.950.240.497.405                       | 1.713.641.630.081                        | 7,16      |             |
| DI Yogyakarta | 2020 | 5.433.180.699.356                        | 940.633.924.931                          | 17,31     | 14,03       |
|               | 2021 | 5.530.173.461.667                        | 654.839.728.747                          | 11,84     |             |
|               | 2022 | 5.449.935.625.662                        | 704.882.049.067                          | 12,93     |             |
| Jawa Timur    | 2020 | 32.286.757.637.609                       | 1.904.556.949.359                        | 5,90      | 6,56        |
|               | 2021 | 33.852.938.529.602                       | 1.969.920.805.388                        | 5,82      |             |
|               | 2022 | 31.502.993.060.591                       | 2.505.994.499.066                        | 7,95      |             |



|        |      |                    |                   |       |       |
|--------|------|--------------------|-------------------|-------|-------|
| Banten | 2020 | 9.879.309.897.147  | 994.255.671.495   | 10,06 | 11,97 |
|        | 2021 | 11.660.630.540.289 | 1.297.233.609.176 | 11,12 |       |
|        | 2022 | 11.278.684.481.863 | 1.660.220.698.204 | 14,72 |       |

### Descriptive Statistical Analysis

| Variable     | Obs | Mean     | Std. Dev. | Min   | Max   |
|--------------|-----|----------|-----------|-------|-------|
| bpsebelum~19 | 6   | 24.49333 | 6.962206  | 16.8  | 35.29 |
| bpsaatcov~19 | 6   | 23.62333 | 5.044223  | 17.64 | 29.96 |
| bbjsebelu~19 | 6   | 20.32    | 5.783816  | 13.26 | 29.87 |
| bbjsaatco~19 | 6   | 22.97667 | 6.399781  | 17.17 | 34.49 |
| bmsebelum~19 | 6   | 13.14833 | 6.175679  | 7.09  | 20.8  |
| bmsaatcov~19 | 6   | 9.015    | 3.589249  | 5.55  | 14.03 |

On average, the employee expenditure ratio before Covid-19 was 24.49% and decreased during the Covid-19 pandemic to 23.62%. One of the reasons for the decline in the employee expenditure ratio during the Covid-19 pandemic was the budget cuts in employee expenditures due to the implementation of refocusing and budget reallocation policies. Furthermore, the lowest employee expenditure ratio on the island of Java during the Covid-19 pandemic was 17.64%, which was in West Java Province. Meanwhile, the highest employee expenditure ratio during the Covid-19 pandemic was 29.96%, which was in DKI Jakarta Province.

Next, the average ratio of goods/services expenditure increased by 2.66% during the Covid-19 pandemic, reaching 22.98%. The policies of refocusing and budget reallocation did not affect the decrease in the ratio of goods/services expenditure during the Covid-19 pandemic. According to a study by DJPK (2022), this increase was due to the resumption of travel expenses, consumable expenses, civil servant education scholarships, and consulting services expenses as Covid-19 cases began to decline, especially in 2022. Then, the lowest ratio of goods/services expenditure on the island of Java during the Covid-19 pandemic was 17.17%, located in West Java Province, while the highest ratio of goods/services expenditure was in DKI Jakarta Province at 34.49%.

Then, the average capital expenditure ratio before Covid-19 was 13.15% and decreased to 9.01% during the Covid-19 pandemic. One of the reasons for the decline in the capital expenditure ratio was the budget cuts for employee expenses when the refocusing and budget reallocation policies were implemented. The region with the lowest



average capital expenditure ratio during the Covid-19 pandemic was Central Java Province, at 5.55%. Meanwhile, the region with the highest average capital expenditure ratio was DI Yogyakarta Province, at 14.03%.

### Normality Test

Shapiro-Wilk W test for normal data

| Variable     | Obs | W       | V     | z      | Prob>z  |
|--------------|-----|---------|-------|--------|---------|
| bpsebelum~19 | 6   | 0.95289 | 0.583 | -0.718 | 0.76357 |
| bpsaatcov~19 | 6   | 0.92567 | 0.921 | -0.118 | 0.54708 |
| bbjsebelu~19 | 6   | 0.96960 | 0.377 | -1.225 | 0.88971 |
| bbjsaatco~19 | 6   | 0.86648 | 1.654 | 0.798  | 0.21252 |
| bmsebelum~19 | 6   | 0.84526 | 1.916 | 1.062  | 0.14405 |
| bmsaatcov~19 | 6   | 0.88192 | 1.462 | 0.589  | 0.27798 |

Source: Data processing, Stata 14

Figure 1. Normality Test of Employee Expenditure Ratio, Goods/Services Expenditure, Capital Expenditure on the Island of Java Before and During the Covid-19 Pandemic.

From the results of the normality test, it can be concluded that all variables in this study have a probability > 0.05, which means that the data is normally distributed.

### Hypothesis Testing

#### Hypothesis Testing and Analysis of Employee Expenditure Ratios

Paired t test

| Variable | Obs | Mean     | Std. Err. | Std. Dev. | [95% Conf. Interval] |          |
|----------|-----|----------|-----------|-----------|----------------------|----------|
| bpseb~19 | 6   | 24.49333 | 2.842309  | 6.962206  | 17.18695             | 31.79972 |
| bpsaa~19 | 6   | 23.62333 | 2.059295  | 5.044223  | 18.32975             | 28.91692 |
| diff     | 6   | .8700005 | .9987561  | 2.446443  | -1.697384            | 3.437385 |

```

mean(diff) = mean(bpsebelumcovid19 - bpsaatcovid19)      t =    0.8711
Ho: mean(diff) = 0                                         degrees of freedom =    5

Ha: mean(diff) < 0           Ha: mean(diff) != 0           Ha: mean(diff) > 0
Pr(T < t) = 0.7882           Pr(|T| > |t|) = 0.4236           Pr(T > t) = 0.2118

```

Source: Data processing, Stata 14



Figure 2. Hypothesis Test of Employee Expenditure Ratio in Java Island Before and During the Covid-19 Pandemic.

Based on the results above, it can be concluded that the average employee expenditure ratio in Java Island obtained a significance value of  $P > 0,05$ , thus  $H_0$  is accepted. It can be interpreted that there is no difference in government financial performance in the employee expenditure ratio in Java between before and during the Covid-19 pandemic. These results are consistent with the research conducted by Rafael & Istianah (2022), Kausari et al. (2022), Afri et al. (2023), and Ali et al. (2024), which state that there is no difference in the operational budget spending ratio, which includes the employee expenditure budget, between before and during the Covid-19 pandemic.

### Hypothesis Testing and Analysis of Goods/Services Expenditure Ratios

Paired t test

| Variable | Obs | Mean      | Std. Err. | Std. Dev. | [95% Conf. Interval] |          |
|----------|-----|-----------|-----------|-----------|----------------------|----------|
| bbjse~19 | 6   | 20.32     | 2.361233  | 5.783816  | 14.25026             | 26.38974 |
| bbjsa~19 | 6   | 22.97667  | 2.6127    | 6.399781  | 16.26051             | 29.69282 |
| diff     | 6   | -2.656666 | 1.347122  | 3.299762  | -6.119554            | .8062215 |

mean(diff) = mean(bbjsebelumcov~19 - bbjsaatcovid19)      t = -1.9721  
Ho: mean(diff) = 0      degrees of freedom = 5

Ha: mean(diff) < 0      Ha: mean(diff) != 0      Ha: mean(diff) > 0  
Pr(T < t) = 0.0528      Pr(|T| > |t|) = 0.1056      Pr(T > t) = 0.9472

Source: Data processing, Stata 14

Figure 3. Hypothesis Test of Goods/Services Expenditure Ratio in Java Island Before and During the Covid-19 Pandemic.

Based on the results above, it can be concluded that the average ratio of goods/services expenditure in Java Island obtained a significance value of  $P > 0,05$ , thus  $H_0$  is accepted. It can be interpreted that there is no difference in government financial performance on the goods/services expenditure ratio in Java Island between before and during the Covid-19 pandemic. This result is in line with the research of Rafael & Istianah (2022), Rheswari & Akbar (2022), Widiyanto & Isnawati (2023), and Ali et al. (2024), which found no significant difference in the operational expenditure ratio, including goods/services expenditure, between before and during the Covid-19 pandemic.

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**Hypothesis Testing and Analysis of Capital Expenditure Ratios**

Paired t test

| Variable | Obs | Mean     | Std. Err. | Std. Dev. | [95% Conf. Interval] |          |
|----------|-----|----------|-----------|-----------|----------------------|----------|
| bmseb~19 | 6   | 13.14833 | 2.521211  | 6.175679  | 6.667355             | 19.62931 |
| bmsaa~19 | 6   | 9.015    | 1.465305  | 3.589249  | 5.248314             | 12.78169 |
| diff     | 6   | 4.133333 | 1.485509  | 3.638739  | .3147104             | 7.951956 |

mean(diff) = mean(bmsebelumcovid19 - bmsaatcovid19)      t = 2.7824  
 Ho: mean(diff) = 0      degrees of freedom = 5

Ha: mean(diff) < 0      Ha: mean(diff) != 0      Ha: mean(diff) > 0  
 Pr(T < t) = 0.9806      Pr(|T| > |t|) = 0.0388      Pr(T > t) = 0.0194

Source: Data processing, Stata 14

Figure 4. Hypothesis Test of Capital Expenditure Ratio in Java Island Before and During the Covid-19 Pandemic.

Based on the results above, it can be concluded that the average capital expenditure ratio in Java Island obtained a significance value of  $P < 0,05$ , thus  $H_0$  is rejected. It can be interpreted that there is a difference in the government's financial performance in the capital expenditure ratio in Java Island between before and during the Covid-19 pandemic. Several empirical studies align with these results, including Ishak (2022), Kausari et al. (2022), Rafael & Istianah (2022), Rahmawati & Kiswara (2022), Venni et al. (2023), and Arfath & Priyono (2023), which state that there are significant differences in the capital expenditure ratio before and during the Covid-19 pandemic.

**CONCLUSION**

Based on the analysis results above, it can be concluded that:

1. There is no difference in the government's financial performance in the employee expenditure ratio in Java Island between before and during the Covid-19 pandemic.
2. There is no difference in the government's financial performance in the ratio of goods/services expenditure on the island of Java between before and during the Covid-19 pandemic.
3. There is a difference in the government's financial performance in the capital expenditure ratio on the island of Java between before and during the Covid-19 pandemic.



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