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Regional Expenditure Performance Analysis Based On Efficiency And Growth Ratios In The Government Of Batanghari Regency (2020–2024)

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Abstract

This study evaluates the financial performance of regional expenditure in Batanghari Regency, Jambi Province, during the fiscal years 2020–2024 using efficiency and growth ratios. A descriptive quantitative design was implemented by analyzing secondary data extracted from the official Regional Budget Realization Report (LRA). The measurement of the efficiency ratio reflects the government's capacity to optimize public funds, while the growth ratio tracks fiscal fluctuations across periods. The findings indicate that the efficiency ratio fluctuated over the five years: 91.75% (2020), 95.60% (2021), 80.23% (2022), 90.66% (2023), and 84.79% (2024). These metrics categorize the local governance performance as moving between less efficient, efficient, and moderately efficient criteria. Meanwhile, the expenditure growth ratio recorded positive development from 2021 to 2023, peaking at 15.61% in 2023, followed by a significant fiscal contraction of -11.27% in 2024 due to structural deficits and tightening policies. The study demonstrates that while the Batanghari Regency Government successfully maintained expenditure below the maximum budget threshold, operational expenditures strictly dominated the structural allocation over capital infrastructure, narrowing the fiscal space for long-term regional development.

Keywords: Expenditure Performance, Efficiency Ratio, Growth Ratio, APBD, Batanghari Regency.

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INTRODUCTION

The structural implementation of regional autonomy in Indonesia mandates local governments to manage financial resources independently, transparently, and accountably to optimize public service delivery and regional growth. Under Law No. 23 of 2014 concerning Regional Government, local authorities are granted autonomous power to plan and execute the Regional Revenue and Expenditure Budget (APBD). In public sector management, regional expenditure represents a critical policy instrument as it reflects the direct operationalization of governance priorities, capital asset additions, and public welfare execution.

Batanghari Regency, situated strategically in Jambi Province, possesses substantial potential in natural resources, particularly across agriculture, plantations, and mining sectors. However, the structural reality of its local finances shows a relatively low level of fiscal independence. This vulnerability is characterized by a minor contribution of Local Original Revenue (PAD) relative to the total regional budget, creating a persistent dependency on central government transfer funds. Consequently, the local government faces tight constraints regarding its fiscal flexibility, especially when confronting sudden macroeconomic adjustments or emergency events.

In public sector accounting, evaluating regional financial management cannot rely solely on the level of budget absorption. A high absorption rate does not automatically guarantee optimal performance if it lacks cost efficiency and balanced long-term expansion. During the 2020–2024 period, the Batanghari Regency Government encountered unprecedented challenges. The COVID-19 pandemic forced dramatic budget reallocations and refocusing programs to sustain emergency health services, social assistance, and economic safety nets, disrupting the baseline of public expenditure.

Research Questions

1. How is the performance of regional expenditure in Batanghari Regency from 2020 to 2024 based on the efficiency ratio?
2. How does the year-on-year expenditure develop when evaluated using the growth ratio

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THEORETICAL FRAMEWORK

Public Sector Accounting and Good Governance

Public sector accounting acts as an essential institutional mechanism for recording, classifying, summarizing, and reporting financial transactions within state and local government entities. Its primary function is to provide reliable financial intelligence to support decision-making while ensuring public transparency and institutional accountability. Organizations in the public sector are non-profit driven; their primary orientation focuses on maximizing social welfare and public services rather than securing commercial margins. Thus, budget execution must be heavily guided by the core principles of good governance: transparency, accountability, effectiveness, and efficiency.

Regional Expenditure Framework

Regional expenditure comprises all cash outflows channeled from the regional common treasury account that reduce the current unallocated surplus balance, executed to fulfill government obligations within a single fiscal period. According to government accounting standards, regional expenditures are systematically classified into:

1. Operational Expenditure: Regular outlays dedicated to sustaining routine public activities, including personnel salaries, operational goods, utilities, and maintainable services.
2. Capital Expenditure: Productive allocations directed toward building long-term fixed assets, such as roads, public facilities, and machinery, which offer extended structural utility.
3. Unforeseen Expenditure: Special allocations reserved for emergency handling, natural disasters, or unexpected fiscal shortfalls.
4. Transfer Expenditure: Financial support directed to downstream village administrations or lower-tier authorities.

Expenditure Performance Analysis Metrics

According to Mahmudi (2019), analyzing financial ratios on the Budget Realization Report (LRA) offers an objective, empirical methodology to evaluate a government's managerial capacity in handling public resources.

1. **Ratio of Regional Expenditure Efficiency**

   The efficiency ratio illustrates the relationship between actual input usage (realized spending) and the planned input threshold (budget allocations). It

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assesses whether the local government can minimize outlays without undermining the baseline quality of public services. The mathematical expression is structured as follows:

$$\text{Efficiency Ratio} = \frac{\text{Realized Expenditure}}{\text{Allocated Budget}} \times 100\%$$

Table 1: Efficiency Interpretation Metrics

Percentage Interval	Performance Classification
$< 60\%$	Highly Efficient
$60\% - 80\%$	Efficient
$80\% - 90\%$	Moderately Efficient (Cukup Efisien)
$90\% - 100\%$	Less Efficient (Kurang Efisien)
$> 100\%$	Inefficient

2. Ratio of Regional Expenditure Growth

The growth ratio calculates the rate of expansion or contraction within a specific financial component from one period to the next. This indicator tracks the dynamics of local spending and measures the government's capacity to adjust its fiscal policy over time. The mathematical expression is structured as follows:

$$\text{Growth Ratio} = \frac{\text{Expenditure}_t - \text{Expenditure}_{t-1}}{\text{Expenditure}_{t-1}} \times 100\%$$

Where $Ependiture_t$ represents the current year realization, and $Ependiture_{t-1}$ represents the previous year baseline.

RESEARCH METHODOLOGY

This study applies a descriptive quantitative approach to evaluate financial data without manipulating the active research variables. The research focus targets the official annual APBD data and Budget Realization Reports (LRA) of the Government of Batanghari Regency across the 2020–2024 timeframe. The primary source of information constitutes secondary data obtained from the Regional Financial Management Agency (BAKEUDA) of Batanghari Regency.

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Data collection was executed through documentation techniques, gathering official financial statements, legislative files, and supporting scholarly literature. The analytical procedure followed a clear operational path: (1) extracting the planned budget lines and actual spending figures, (2) applying the efficiency and growth formulas mathematically, and (3) contextualizing the numerical outcomes against standard public sector performance intervals and qualitative local policy events. Because 2020 serves as the initial base year ($t-1$), the growth calculations are modeled chronologically across the 2021–2024 span.

RESULTS AND DISCUSSION

Structural Composition and Absorption Mapping

The empirical relationship between the approved regional expenditure budget and actual financial absorption in Batanghari Regency is detailed below:

Table 2: Regional Expenditure Budget Absorption (2020–2024)

Fiscal Year	Approved Budget (Rp)	Actual Realization (Rp)	Absorption Rate (%)
2020	1,304,616,072,614.70	1,196,945,496,533.84	91.75%
2021	1,311,245,780,334.32	1,253,599,608,461.20	95.60%
2022	1,649,293,079,107.00	1,323,260,025,201.16	80.23%
2023	1,687,280,493,360.63	1,529,752,614,250.71	90.66%
2024	1,600,918,622,172.00	1,357,362,953,096.99	84.79%

Source: Compiled LRA Data, processed by researcher (2026).

The structural breakdown reveals a consistent trend where operational spending clearly dominated over capital deployment:

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Table 3: Structural Breakdown of Spending Allotment

Year	Operational Expenditure (Rp)	Proportional Share	Capital Expenditure (Rp)	Proportional Share
2020	1,046,481,223,291.75	87.43%	150,464,273,242.09	12.57%
2021	830,142,096,168.87	82.41%	177,304,084,037.28	17.59%
2022	845,410,945,967.82	75.36%	276,394,144.255.34	24.64%
2023	870,443,585,308.65	65.41%	460,388,684,904.33	34.59%
2024	920,280,438,968.46	77.98%	259,807,029,180.37	22.02%

Source: Compiled LRA Data, processed by researcher (2026).

Efficiency and Growth Metric Performance

The empirical calculations for both metrics over the observed period are summarized below:

Table 4: Financial Ratio Analysis Summary Metrics

Year	Efficiency Ratio	Performance Classification	Growth Rate
2020	91.75%	Less Efficient (Kurang Efisien)	Base Year
2021	95.60%	Less Efficient (Kurang Efisien)	4.73%
2022	80.23%	Efficient	5.56%
2023	90.66%	Less Efficient (Kurang Efisien)	15.61%
2024	84.79%	Moderately Efficient (Cukup Efisien)	-11.27%

Source: Processed financial data inputs (2026).

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In-Depth Discussion

1. **Comprehensive Analysis of Efficiency Performance**
    - Fiscal Year 2020: The calculated efficiency score reached 91.75%, falling under the Less Efficient category. This high absorption indicates that actual spending closely approached the budgeted ceilings. This pattern was largely driven by emergency shifts related to the COVID-19 pandemic, which required immediate spending on administrative and health supplies. For example, the Consumable Goods Line (Belanja Bahan Pakai Habis) absorbed 95.07% (realizing Rp7,197,253,726.00 out of a Rp7,570,424,369.97 allotment). Similarly, the Materials Line (Belanja Bahan/Material) hit an absorption rate of 90.10% (Rp14,775,198,132.35). Office Service Operations (Belanja Jasa Kantor) also maintained a high absorption rate of 94.23% (Rp37,522,642,029.00). Additionally, fixed executive expenses like the Food and Beverage line for the Regional Head's Residency absorbed 99.31% (Rp1,020,412,540.00). These high absorption levels across multiple categories meant that very little budget remained unspent, keeping the overall efficiency score high.
    - Fiscal Year 2021: The efficiency ratio rose to 95.60%, remaining Less Efficient. During this post-pandemic recovery phase, rigid personnel costs and mandatory civil servant allocations limited cost-saving options. The Civil Servants Basic Salary Line (Belanja Gaji Pokok PNS) was almost completely absorbed at 99.95% (Rp233,651,355,060.00 out of Rp233,768,439,673.55). This trend extended to employee support lines: Civil Servant Family Allowances (Belanja Tunjangan Keluarga PNS) reached 99.70% (Rp22,214,275,912.00), and Functional Allowances (Belanja Tunjangan Fungsional PNS) hit 99.98% (Rp14,062,034,160.00). These highly inflexible expenditures limited the government's ability to reduce costs, keeping the efficiency ratio high.
    - Fiscal Year 2022: The efficiency index dropped to 80.23%, improving the performance to Efficient. This shift occurred due to underspending in several administrative and educational budget lines. For instance, Performance-based Additional Income for ASN (Tambahan Penghasilan berdasarkan Prestasi Kerja) recorded an absorption rate of only 0.60% (realizing just Rp6,000,000.00 out of a Rp994,928,112.00 allotment).

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Similarly, the Special Teacher Allowances Line (Belanja Tunjangan Khusus Guru PNSD) saw an absorption rate of 46.70% (Rp289,280,800.00 from a Rp619,476,000.00 baseline). This underspending created a larger gap between the planned budget and actual outlays, which improved the overall efficiency metric. Essential sectors, however, maintained high absorption: Rice Allowances for ASN absorbed 99.83% (Rp13,017,784,660.00) and Teacher Professional Allowances (TPG) hit 94.98% (Rp58,346,013,480.00).

- Fiscal Year 2023: The efficiency ratio rose again to 90.66% (Less Efficient), driven by a renewed focus on regional infrastructure projects. Capital outlays rose to Rp460,388,684,904.33 (an 88.73% absorption rate), funding major public projects like Batanghari Square (Alun-alun) and the "Aek Meliuk" park. This increase in infrastructure spending reduced the unspent budget balance, pushing the ratio back into less efficient territory.
- Fiscal Year 2024: The period concluded with an efficiency index of 84.79%, grading as Moderately Efficient. Facing a tightening deficit, the government applied stricter controls on operational outlays. Goods and Services Spending (Belanja Barang dan Jasa) absorbed 78.86% (Rp322,494,196,578.61), while the Grant Allotments Line (Belanja Hibah) reached 88.10% (Rp62,443,581,003.00).

2. Analysis of Expenditure Growth Dynamics

The expenditure growth trend in Batanghari Regency highlights significant shifts in financial policy from year to year:

- 2021 Growth (+4,73%): Actual spending rose by Rp56.65 billion over the 2020 baseline, driven by economic recovery programs and ongoing health funding.
- 2022 Growth (+5,56%): Kicking off major infrastructure restorations pushed actual spending up to Rp1.323 trillion, maintaining positive growth.
- 2023 Growth (+15,61%): This represents the highest growth rate during the observed period, fueled by a major push in capital infrastructure spending.
- 2024 Growth (-11,27%): This sharp contraction reflects a decline of Rp172.39 billion in actual expenditure compared to 2023. This drop

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highlights a shift toward fiscal consolidation and cost-cutting measures in response to local budget deficits.

This volatile growth pattern indicates that long-term regional development projects remain highly sensitive to yearly fluctuations in available revenue.

CONCLUSION AND RECOMMENDATIONS

Conclusion

1) The regional expenditure efficiency of Batanghari Regency from 2020 to 2024 shows a fluctuating trend, shifting across Less Efficient, Efficient, and Moderately Efficient categories. The local government consistently kept expenditures below maximum budget caps, preventing overspending, but struggled to establish stable cost-saving patterns.
2) The expenditure growth ratio is highly unstable. While showing positive expansion from 2021 to 2023, it suffered a sharp contraction in 2024, showing that regional development remains vulnerable to underlying fiscal deficits and shifting priorities.

Recommendations

1) For the Local Government: The Batanghari Regency Government needs to optimize its budget formulation process by lowering routine operational costs to protect the fiscal space needed for capital infrastructure development.
2) For Regional Financial Planners (BAKEUDA): Local departments (OPD) must establish stricter monitoring systems to ensure stable budget absorption throughout the fiscal year, avoiding sudden contractions in public execution.
3) For Future Researchers: Future academic studies should expand this analysis by adding other performance ratios, such as local revenue effectiveness, fiscal decentralization degrees, or matching expenditure patterns with direct community satisfaction metrics.

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