International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Regional Financial Ratio Analysis In Assessing The Performance Of The Siak Regency Government, 2020-2024

Syarifah Syahda Faadihilah[1], Kartika Rachma Sari[2], Meilinda Dwi Anugrah[3]

[1]*Accounting Department Student, Sriwijaya State Polytechnic*
[2,3]*Accounting Department Lecturer, Sriwijaya State Polytechnic*

Email: syahdaav12@gmail.com[1], kartikarachmasari@polsri.ac.id[2], meilinda.dwi.anugrah@polsri.ac.id[3]

Abstract

This study was motivated by the low level of local own-source revenue in Siak Regency, which remains heavily dependent on transfer funds from the central government, even though Siak Regency has received an unqualified opinion (WTP) for 14 consecutive years. This study aims to analyze the financial performance of the Siak Regency Government for the 2020-2024 period using signalling theory and five financial ratios: independence, effectiveness, efficiency, expenditure compatibility, and growth. This study employs a quantitative descriptive method with documentation of financial reports obtained from the Siak Regency Regional Finance and Asset Agency (BKAD). The results show that the average independence ratio is 22.69% (very low), the effectiveness ratio is 113.65% (highly effective), and the efficiency ratio is 94.77% (inefficient). The operating expenditure compatibility ratio is balanced at 78.43%, while the capital expenditure ratio is unbalanced at 19.03%. The growth rates of regional revenue and expenditure are 3.46% and 5.94% respectively, classified as very low. This study concludes that the financial performance of the Siak Regency Government remains highly dependent on transfer funds and has not been optimal in allocating capital expenditure for sustainable regional infrastructure development.

Keywords: Financial Performance, Independence Ratio, Effectiveness Ratio, Efficiency Ratio, Expenditure Compatibility Ratio, Growth Ratio

INTRODUCTION

Fiscal decentralization realized through regional autonomy policy grants local governments the authority to manage their own finances and resources independently (Ningsih et al., 2023). With regional autonomy in place, local governments are required

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

to be able to finance their own governmental activities by optimizing Local Own-Source Revenue (PAD) as a benchmark of regional fiscal independence (Putra et al., 2020). Regional financial independence is a key indicator in assessing a local government's ability to finance the administration of government without fully depending on transfer funds from the central government (Suseno, 2023). Therefore, measuring and evaluating local government financial performance is essential to carry out periodically, one way being through regional financial ratio analysis (Irnawati et al., 2023; Julaeha & Penangsang, 2024).

Siak Regency is one of the regencies in Riau Province regarded as having good financial governance, as shown by its receipt of an unqualified opinion (WTP) from the Supreme Audit Agency (BPK) for 14 consecutive years through 2024 (Dedaffa, 2025). Nevertheless, the budget realization reports of the Siak Regency Government for 2020-2024 show that Local Own-Source Revenue (PAD) averaged only Rp417.97 billion, far lower than transfer revenue, which averaged Rp1,801.98 trillion. This condition indicates a high dependence on transfer funds from the central and provincial governments, as well as low regional fiscal independence (Usemahu & Latuamury, 2024). This phenomenon is reinforced by the unstable fluctuation of PAD growth over the 2020-2024 period, with significant declines in 2021 and 2022 before increasing in 2023 and 2024.

A number of previous studies have examined local government financial performance using financial ratio analysis, with varying results. Kuswanto et al. (2025) found that the financial performance of the Nganjuk Regency Government for the 2018-2023 period was very low based on the independence ratio and PAD growth ratio due to the impact of the COVID-19 pandemic. Awani and Hariani (2021), studying all regencies on the island of Sumatra for 2015-2018, concluded that the efficiency of regional expenditure remained at a less efficient level. Faradilla and Hanifa (2024) analyzed the financial performance of the City of Surabaya for 2019-2023 and found that the effectiveness ratio was classified as less effective, the efficiency ratio was highly efficient, while the independence ratio remained in the moderate category. Ramadana et al. (2023) showed that appropriate and effective capital expenditure in local governments in Aceh was proven to improve financial performance based on the compatibility ratio, while Pundissing and Pagiu (2021), in North Toraja Regency, found that regional financial performance was still not optimal, particularly in terms of independence and efficiency of financial management.

This study differs from previous studies because it specifically focuses on Siak Regency, which has unique characteristics, namely a region with 14 consecutive WTP opinions yet still facing high dependence on transfer funds, using current data for the 2020-2024 period that covers the post-COVID-19 pandemic era, and using five financial ratios simultaneously in an integrated manner. Based on the above, the problem

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

formulation in this study is how the financial performance of the Siak Regency Government for 2020-2024 appears when viewed from the independence, effectiveness, efficiency, compatibility, and growth ratios. The purpose of this study is to analyze the financial performance of the Siak Regency Government based on these five ratios over the 2020-2024 period.

LITERATURE REVIEW

Signalling Theory

Signalling theory is based on the assumption that the information obtained by each party differs (Widhiatmoko & Sucipto, 2025). In the public sector, signalling theory explains why governments are motivated to send signals to the public due to information asymmetry between the government and the public (Natalia Padang & Suprapto Padang, 2023). By presenting quality and transparent financial information, the government can reduce information asymmetry while increasing public trust in the performance and accountability of regional financial management (Nugroho & Hakim, 2022). The implication of signalling theory for this study explains that local governments, as the party entrusted with authority, send signals to the public through the implementation of maximum, public-interest-oriented regional financial performance.

Local Government Financial Performance

Local government financial performance is the level of achievement of work results in the field of regional finance, covering regional revenue and expenditure within one budget period (Julaeha & Penangsang, 2024). Measurement of local government financial performance is carried out to improve the quality of decision-making and encourage the government to continuously improve its performance over time (Monalisa & Indriasari, 2022), one way being through financial ratio analysis of the established Regional Revenue and Expenditure Budget (APBD) (Awani & Hariani, 2021).

Regional Financial Ratio Analysis

Financial ratio analysis is an instrument used to comprehensively evaluate the financial condition and performance of local governments based on available financial statements (Dharmawati et al., 2024). This study uses five ratios based on the concepts of Halim and Kusufi (2012) and Mahmudi (2019), namely:

a. Independence Ratio — compares Local Own-Source Revenue (PAD) with transfer revenue, to measure the level of regional dependence on external funds (Halim & Kusufi, 2012). Criteria: 0-25% very low (instructive pattern), >25-50% low (consultative), >50-75% moderate (participative), >75-100% high (delegative) (Kuswanto et al., 2025).

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

b. Effectiveness Ratio — compares realized PAD with the PAD target, to measure the local government's ability to realize revenue according to target (Mahmudi, 2019). Criteria: >100% highly effective, 100% effective, 90-99% fairly effective, 75-89% less effective, <75% ineffective.

c. Efficiency Ratio — compares realized regional expenditure with realized regional revenue; the smaller the value, the more efficient (Rahmasari, 2021). Criteria: >100% inefficient, 90-100% less efficient, 80-90% fairly efficient, 60-80% efficient, <60% highly efficient (Athaya & Gamayuni, 2021).

d. Compatibility Ratio — consists of the operating expenditure ratio and the capital expenditure ratio to total regional expenditure, used to assess budget allocation priorities (Rahmasari, 2021). Criteria: 0-20% incompatible, >20-40% less compatible, >40-60% fairly compatible, >60-80% compatible, >80-100% highly compatible (Kuswanto et al., 2025).

e. Growth Ratio — measures the change in regional revenue and expenditure components from one period to the next, calculated from the difference between the value in year n and the previous year divided by the value of the previous year (Mahmudi, 2019). Criteria: <10% very low, 11-20% low, 21-40% moderate, >40% high (Rahayu et al., 2020).

RESEARCH METHOD

This study uses a quantitative descriptive method, namely performing calculations on the financial data obtained to solve the research problem in accordance with the stated objectives (Rizki, 2022). The research was conducted at the Regional Finance and Asset Agency (BKAD) of the Siak Regency Government from January to June 2026. The population of this study is all financial statements of the Siak Regency local government, with the sample consisting of the Siak Regency government's financial statements for 2020-2024, including the Budget Realization Report, Balance Sheet, Cash Flow Statement, Notes to the Financial Statements, and the BPK Audit Report for the 2020-2024 period.

The data collection technique used was documentation, namely the collection of secondary data from reports, records, and archives relevant to the problem under study (Ardiansyah et al., 2023; Subakti et al., 2023). The data analysis technique was carried out through several stages: (1) collecting financial statement data from the Siak Regency BKAD; (2) calculating the independence, effectiveness, efficiency, compatibility, and growth ratios; (3) interpreting the calculation results to describe the financial performance of the Siak Regency Government; (4) analyzing and discussing the results according to theoretical indicators; and (5) drawing conclusions based on the calculation results of the five ratios.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

RESULTS AND DISCUSSION

Regional Financial Independence Ratio

The independence ratio is calculated by comparing realized PAD with the transfer revenue received by the Siak Regency Government. The calculation results are presented in Table 1.

Table 1. Results of the Independence Ratio of the Siak Regency Government, 2020-2024

Year	Realized Local Own-Source Revenue (Rp)	Transfer Revenue (Rp)	Ratio (%)	Criteria
2020	265.949.232.656,23	1.601.564.946.025,02	16,61%	Very Low
2021	309.653.183.443,29	1.858.992.416.380,96	16,66%	Very Low
2022	207.970.682.196,37	1.736.832.782.796,00	11,97%	Very Low
2023	762.804.217.824,86	1.968.862.709.940,00	38,74%	Low
2024	543.491.115.206,92	1.843.639.450.730,00	29,48%	Low
Average			22,69%	Very Low

The regional financial independence ratio of Siak Regency during 2020-2024 shows fluctuating conditions with a tendency toward low values. The lowest value occurred in 2022 at 11.97%, while the highest was in 2023 at 38.74%. On average, the independence ratio over the five years was 22.69%, classified as very low with an instructive relationship pattern, indicating that the Siak Regency Government still relies heavily on transfer funds from the central and provincial governments and has not been able to finance its own governance independently. This finding is consistent with the study by Kuswanto et al. (2025) on the Nganjuk Regency Government, which also showed a very low level of independence.

Regional Financial Effectiveness Ratio

Table 2. Results of the Effectiveness Ratio of the Siak Regency Government, 2020-2024

Year	Realized Local Own-Source Revenue (Rp)	Target Local Own-Source Revenue (Rp)	Ratio (%)	Criteria
2020	265.949.232.656,23	234.410.289.109,00	113,45%	Highly Effective
2021	309.653.183.443,29	257.980.092.345,00	120,03%	Highly Effective

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Year	Realized Local Own-Source Revenue (Rp)	Target Local Own-Source Revenue (Rp)	Ratio (%)	Criteria
2022	207.970.682.196,37	243.276.190.884,42	85,49%	Less Effective
2023	762.804.217.824,86	462.890.660.188,00	164,79%	Highly Effective
2024	543.491.115.206,92	643.457.944.173,00	84,46%	Less Effective
Average			113,65%	Highly Effective

The effectiveness ratio of the Siak Regency Government fluctuated between 84.46% and 164.79% during 2020-2024, with an average of 113.65%, classified as highly effective. This indicates that, in general, the Siak Regency Government was able to realize PAD according to or exceeding the set target, although in 2022 and 2024 achievement fell into the less effective category. This result differs from the findings of Faradilla and Hanifa (2024) on the City of Surabaya, which showed an effectiveness ratio classified as less effective.

Regional Financial Efficiency Ratio

Table 3. Results of the Efficiency Ratio of the Siak Regency Government, 2020-2024

Year	Realized Expenditure (Rp)	Realized Revenue (Rp)	Ratio (%)	Criteria
2020	1.827.740.588.423,40	1.933.247.955.890,25	94,54%	Less Efficient
2021	2.015.655.296.347,37	2.231.375.959.824,25	90,33%	Less Efficient
2022	1.969.611.888.869,56	1.944.803.464.992,37	101,28%	Inefficient
2023	2.393.889.749.303,66	2.731.666.927.764,86	87,63%	Fairly Efficient
2024	2.388.191.930.667,34	2.387.130.565.936,92	100,04%	Inefficient

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Year	Realized Expenditure (Rp)	Realized Revenue (Rp)	Ratio (%)	Criteria
Average			94,77%	Less Efficient

The Siak Regency Government's expenditure efficiency ratio showed a fluctuating trend, with an average of 94.77%, classified as less efficient. The highest value occurred in 2022 at 101.28% (inefficient) and the lowest in 2023 at 87.63% (fairly efficient). This condition indicates that the costs incurred to obtain revenue have not been fully optimized, so budget savings still need to be improved, in line with the findings of Awani and Hariani (2021), which showed that the efficiency of regional expenditure in regencies on the island of Sumatra remained at a less efficient level.

Regional Financial Compatibility Ratio

Table 4. Results of the Operating Expenditure Compatibility Ratio, 2020-2024

Year	Total Expenditure (Rp)	Operating Expenditure (Rp)	Ratio (%)	Criteria
2020	1.827.740.588.423,40	1.460.862.637.037,80	79,93%	Compatible
2021	2.015.655.296.347,37	1.463.860.329.030,58	72,62%	Compatible
2022	1.969.611.888.869,56	1.620.166.101.024,48	82,26%	Highly Compatible
2023	2.393.889.749.303,66	1.835.791.332.901,94	76,69%	Compatible
2024	2.388.191.930.667,34	1.926.609.838.478,34	80,67%	Highly Compatible
Average			78,43%	Compatible

Table 5. Results of the Capital Expenditure Compatibility Ratio, 2020-2024

Year	Total Expenditure (Rp)	Capital Expenditure (Rp)	Ratio (%)	Criteria
2020	1.827.740.588.423,40	366.123.475.167,60	20,03%	Less Compatible
2021	2.015.655.296.347,37	299.610.407.976,79	14,86%	Incompatible

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Year	Total Expenditure (Rp)	Capital Expenditure (Rp)	Ratio (%)	Criteria
2022	1.969.611.888.869,56	348.585.391.695,08	17,70%	Incompatible
2023	2.393.889.749.303,66	556.913.578.951,72	23,26%	Less Compatible
2024	2.388.191.930.667,34	461.056.369.539,00	19,31%	Incompatible
Average			19,03%	Incompatible

The average operating expenditure ratio of Siak Regency for 2020-2024 was 78.43%, classified as compatible, while the average capital expenditure ratio was only 19.03%, classified as incompatible. This shows that the regional budget is still dominated by routine operating expenditure compared to capital expenditure oriented toward long-term infrastructure development. This finding reinforces the study by Ramadana et al. (2023), which states that an adequate proportion of capital expenditure plays an important role in improving financial performance and regional competitiveness in the long term.

Regional Financial Growth Ratio

Table 6. Results of the Regional Revenue Growth Ratio, 2020-2024

Year	Pn - P0 (Rp)	P0 (Rp)	Ratio (%)	Criteria
2020	(292.685.728.093,60)	2.225.933.683.983,85	-13,15%	Very Low
2021	298.128.003.934,00	1.933.247.955.890,25	15,42%	Low
2022	(286.572.494.831,88)	2.231.375.959.824,25	-12,84%	Very Low
2023	786.863.462.772,49	1.944.803.464.992,37	40,46%	High
2024	(344.536.361.827,94)	2.731.666.927.764,86	-12,61%	Very Low
Average			3,46%	Very Low

Table 7. Results of the Regional Expenditure Growth Ratio, 2020-2024

Year	Pn - P0 (Rp)	P0 (Rp)	Ratio (%)	Criteria
2020	7.466.595.607,65	1.820.273.992.815,75	0,41%	Very Low
2021	187.914.707.923,97	1.827.740.588.423,40	10,28%	Low

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Year	Pn - P0 (Rp)	P0 (Rp)	Ratio (%)	Criteria
2022	(46.043.407.477,81)	2.015.655.296.347,37	-2,28%	Very Low
2023	424.277.860.434,10	1.969.611.888.869,56	21,54%	Moderate
2024	(5.697.818.636,32)	2.393.889.749.303,66	-0,24%	Very Low
Average			5,94%	Very Low

The average growth ratio of Siak Regency's regional revenue for 2020-2024 was 3.46%, and the average growth ratio of regional expenditure was 5.94%, both classified as very low, being below the 10% scale. Revenue growth was even negative in 2020, 2022, and 2024, indicating the absence of a consistent and effective strategy for optimizing regional revenue potential from year to year (Remanta et al., 2024). This condition shows that Siak Regency's fiscal capacity to support sustainable development still needs to be strengthened.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results and discussion, it can be concluded that: (1) the financial performance of the Siak Regency Government in terms of the independence ratio for 2020-2024 is classified as very low with an instructive relationship pattern, indicating high dependence on transfer funds; (2) in terms of the effectiveness ratio, it is classified as highly effective, showing a good ability to realize PAD at or above target despite fluctuations between years; (3) in terms of the efficiency ratio, it is classified as less efficient, indicating that budget savings still need to be improved; (4) in terms of the compatibility ratio, operating expenditure falls into the compatible category while capital expenditure is incompatible, indicating that the local government still prioritizes routine expenditure over infrastructure development expenditure; and (5) in terms of the growth ratio, it is classified as very low and has not yet shown a stable direction.

Based on these conclusions, it is recommended that the Siak Regency Government optimize sources of PAD, particularly regional taxes and levies, and tighten oversight of PAD collection to prevent irregularities. The local government is also advised to apply stricter budget-saving principles without reducing service output, and to balance APBD allocation between operating and capital expenditure to support sustainable infrastructure development. For future researchers, it is recommended to deepen the analysis of each component of the APBD and the Budget Realization Report, expand the scope of financial ratios, extend the research time span, and broaden the research area to enable comparisons of financial performance across regions.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

REFERENCES

Ardiansyah, Risnita, & Jailani, M. S. (2023). Teknik Pengumpulan Data Dan Instrumen Penelitian Ilmiah Pendidikan Pada Pendekatan Kualitatif dan Kuantitatif. Jurnal Pendidikan Islam, 1(2), 1–9.

Athaya, A., & Gamayuni, R. R. (2021). Accounting Information System Performance Analysis (Case Study At PT. Bumi Jasa Utama). Contemporary Journal on Business and Accounting (CjBA), 1(2), 135–147.

Awani, M. F., & Hariani, S. (2021). Analisa Rasio Kemandirian Daerah dan Rasio Keuangan Terhadap Kinerja Keuangan Pemerintah Daerah. AKURASI: Jurnal Riset Akuntansi Dan Keuangan, 3(2), 95–102. https://doi.org/10.36407/akurasi.v3i2.158

Bastian, I. (2017). Akuntansi Manajemen Sektor Publik. Salemba Empat.

Dharmawati, D., et al. (2024). Analisis Rasio Keuangan Daerah Sebagai Alat Evaluasi Kinerja Pemerintah Daerah. Jurnal Kajian Akuntansi Dan Bisnis Terapan.

Faradilla, S. P., & Hanifa, N. (2024). Analisis Rasio Efektivitas PAD, Efisiensi PAD dan Kemandirian Kota Surabaya. Journal of Economic, 4, 98–104.

Halim, A., & Kusufi, M. S. (2012). Teori, Konsep, Dan Aplikasi: Akuntansi Sektor Publik. Salemba Empat.

Julaeha, R. S., & Penangsang, P. (2024). Analisis Rasio Keuangan Daerah untuk Mengukur Kinerja Keuangan Pemerintah Kabupaten Tuban Tahun 2019–2023. Jurnal Nirta: Studi Inovasi, 4(1), 441–452.

Kuswanto, A. J., Tohari, A., & Puspita, E. (2025). Analisis Rasio Keuangan Pemerintah Daerah Kabupaten Nganjuk Periode 2018-2023. Jurnal Akuntansi Dan Bisnis, 5(2), 476–490. https://doi.org/10.51903/95ca8068

Mahmudi. (2019). Analisis Laporan Keuangan Pemerintah Daerah. UPP STIM YKPN.

Mardiasmo. (2018). Akuntansi Sektor Publik. Andi.

Pundissing, R., & Pagiu, C. (2021). Analisis Rasio Untuk Menilai Kinerja Keuangan Daerah Kabupaten Toraja Utara. Paulus Journal of Accounting (PJA), 2(2), 11–26.

Rahayu, Y. K. F., Sarwono, A. E., & Sunarti, S. (2020). Analisis Kinerja Keuangan Pemerintah Daerah Kabupaten Ngawi Tahun Anggaran 2014–2018. Jurnal Akuntansi Dan Sistem Teknologi Informasi, 15.

Ramadana, S. W., Mariana, M., Rahmaniar, R., & Bahgia, S. (2023). Determinansi Kinerja Keuangan Pemerintah Daerah. Owner: Riset Dan Jurnal Akuntansi, 7(2), 1831–1840. https://doi.org/10.33395/owner.v7i2.1590

Riswati, & Bukhori, Y. (2023). Analisis Rasio Keserasian Belanja Modal Dan Daerah Di Pemerintahan Daerah Kota Bandung. Jurnal Ekonomi Dan Keuangan Publik, 10(1), 41–55.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

Sugiyono. (2019). Metode Penelitian Kuantitatif, Kualitatif Dan R&D. Alfabeta.

Wicaksana, H. H. (2021). Analisis Rasio Keuangan Untuk Mengukur Kinerja Akuntansi Pemerintahan Daerah (Studi Kasus Pada Pemerintah Daerah Kabupaten Tegal Tahun 2016-2019). Universitas Pancasakti Tegal.

Copyright at authors some right reserved this work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.