

Comparative Analysis of Provincial Government Financial Performance on the Island of Java in the Post-Pandemic Period (2021–2024) Based on Financial Ratios

Ahmad Haetami¹, Budi Firmansyah²

^{1,2} Institut Bisnis dan Informatika Kesatuan Bogor, Indonesia

Email: 242320007@student.ibik.ac.id

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Abstract

This study examines how provincial governments in Java Island performed financially during the post-pandemic period of 2021–2024 and whether meaningful differences exist across provinces. The study plays a comparative and inter-temporal role by evaluating fiscal capacity and expenditure structure using regional financial ratios derived from Budget Realization Reports of six provincial governments. The data show that fiscal independence and the effectiveness of local own-source revenue generally improved after the pandemic, but large disparities among provinces persist. Dependency on intergovernmental transfers remains structurally significant. The analysis discusses the results through descriptive comparison across provinces and annual trends, focusing on the interaction between revenue recovery and expenditure management. The main finding indicates that post-pandemic fiscal recovery in Java's provincial governments is driven primarily by revenue performance, while expenditure quality and capital spending structure have not improved proportionally, suggesting that fiscal strengthening has not yet been translated into more development-oriented budget allocation.

INTRODUCTION

The COVID-19 pandemic constituted a profound fiscal and economic crisis that significantly affected public financial management worldwide, including in Indonesia (Bürgel et al., 2023; OECD, 2020; Polinkevych et al., 2021). At the subnational government level, the pandemic led to a substantial decline in locally generated revenue (PAD) due to the contraction of economic activities, while at the same time regional expenditures increased to support the health sector, social protection programs, and economic recovery efforts. This situation generated considerable fiscal pressure, compelling local governments to swiftly adjust their budgetary policies through refocusing and reallocation of regional budgets (APBD).

In the Indonesian context, the refocusing and reallocation policies implemented during the pandemic significantly altered the structure of regional revenues and expenditures (Aznurita et al., 2024). Several empirical studies have demonstrated that the pandemic affected both the effectiveness of PAD and the efficiency of regional spending at the district/city and provincial levels (Wahyuni et al., 2022). However, most of these studies concentrate on the pandemic period itself or employ a mixed timeframe covering pre-pandemic and pandemic phases.

Entering the post-pandemic period since 2021, local governments have faced new challenges, particularly the restoration of fiscal capacity and the restructuring of expenditure patterns to support medium-term development objectives (Desdiani et al., 2022; Putri et al., 2023; Wibowo, 2023). Evaluating regional financial performance in the post-pandemic phase is therefore essential to assess fiscal resilience and the effectiveness of recovery policies. Nevertheless,

empirical literature in Indonesia indicates that studies examining post-pandemic regional financial performance remain relatively limited, especially at the provincial level (Berizky & Kurniawan, 2024; Hidayah et al., 2021; Widodo et al., 2025).

Java Island plays a strategic role in the national economy, contributing the largest share of Indonesia's gross domestic product and serving as the primary hub for industrial, trade, and service activities (Dhia, 2025; Purnamasari, 2024). Provincial governments on Java manage budgets of substantial fiscal scale with complex expenditure structures; consequently, their financial performance has significant implications for national fiscal stability. Despite this importance, most research on regional financial performance in Indonesia still focuses on district and municipal governments, with relatively few studies conducting systematic cross-provincial comparative analyses (Faradilla & Hanifa, 2024; Mu'alimah & Ervina, 2023; Rahmadani & Rudini, 2023; V. Ratu & Adityaputra, 2025; Said et al., 2025).

Previous studies employing financial ratio analysis are generally descriptive in nature and confined to a single locality, such as Bogor Regency (Alfiani et al., 2024), Kendal Regency (Pardede, 2024), or Surakarta City (Pardede, 2024). Research with broader territorial coverage is typically limited to one province and does not systematically compare financial performance across provinces (Sari et al., 2023). Moreover, financial ratios are often positioned merely as administrative evaluation tools rather than as analytical instruments for identifying structural fiscal differences across regions (Koerniawati, 2023; Prihardani et al., 2023).

Against this backdrop, the present study seeks to address this gap in the literature by conducting a comparative analysis of the financial performance of provincial governments on Java Island during the post-pandemic period of 2021–2024 based on financial ratios. Drawing upon empirical findings from 26 prior studies as a conceptual and methodological foundation, this research offers a key novelty: a systematic cross-provincial comparative analysis in the post-pandemic phase using an integrated financial ratio framework.

METHODS

This study employs a quantitative approach with a descriptive comparative research design. The quantitative approach is selected because the study focuses on measuring regional government financial performance using numerical data derived from regional financial statements (Creswell, 2014). A descriptive design is used to portray the financial performance of provincial governments based on financial ratios, while the comparative approach is applied to compare financial performance among provincial governments within a major economic region, namely Java Island. The selection of a descriptive comparative design is consistent with prior studies on regional financial performance in Indonesia, which generally utilize financial ratio analysis for evaluation and interregional comparison purposes (Disastra et al., 2025; Gita et al., 2025; Martina & Tarigan, 2023; V. W. E. Ratu et al., 2023).

The objects of this study are the provincial governments on Java Island, comprising:

1. DKI Jakarta
2. West Java
3. Central Java
4. Special Region of Yogyakarta
5. East Java
6. Banten

The unit of analysis is the financial performance of provincial governments, measured based on the annual realization of the Regional Revenue and Expenditure Budget (APBD). The focus on the provincial level is justified by the distinct fiscal characteristics of provincial governments compared to district/municipal governments, particularly in terms of budget scale, expenditure structure, and cross-regional coordination functions (Digdowiseiso, 2024; Li & Li, 2024).

This study utilizes secondary data obtained from the Audit Reports (LHP) issued by the Badan Pemeriksa Keuangan Republik Indonesia on the Regional Government Financial Statements (LKPD) of provincial governments on Java Island for each year of observation. The data are accessed through the official website of the Audit Board. The financial information analyzed is derived from the Budget Realization Report (LRA) as presented in the LHP on LKPD, including realized local revenue, transfer revenue, operating expenditure, capital expenditure, unexpected expenditure, transfer expenditure, and total regional expenditure.

The study period covers 2021–2024, representing the post–COVID-19 pandemic phase. This timeframe is selected on the grounds that, beginning in 2021, local governments entered a fiscal recovery phase following significant budgetary pressures experienced in 2020 due to the pandemic. Focusing on the post-pandemic period enables the analysis of regional financial performance within the context of fiscal recovery and normalization. The data are analyzed using descriptive–comparative financial ratio analysis.

Financial performance in this study is measured using regional financial ratios commonly applied in public sector accounting literature and widely used in empirical research in Indonesia (Halim, 2014; Halim & Kusufi, 2019).

1. Regional Financial Independence Ratio

The Regional Financial Independence Ratio measures the ability of a local government to finance its fiscal needs through locally generated revenue without excessive reliance on central government transfers.

$$\text{Financial Independence Ratio} = \frac{\text{Locally Generated Revenue (PAD)}}{\text{Transfer Revenue}} \times 100\%$$

This ratio is frequently used in regional financial performance studies to assess fiscal autonomy (Apriyadi et al., 2024; Hasan et al., 2025).

2. Regional Financial Dependency Ratio

The Regional Financial Dependency Ratio measures the extent to which a local government depends on transfer revenue from the central government.

$$\text{Financial Dependency Ratio} = \frac{\text{Transfer Revenue}}{\text{Total Regional Revenue}} \times 100\%$$

A higher ratio indicates greater fiscal dependence on the central government (Berizky & Kurniawan, 2024; Ningtias et al., 2016).

3. Locally Generated Revenue Effectiveness Ratio

The PAD Effectiveness Ratio assesses the ability of a local government to realize the PAD target set in the APBD.

$$\text{PAD Effectiveness Ratio} = \frac{\text{Realized PAD}}{\text{Target PAD}} \times 100\%$$

This ratio is widely employed in empirical studies to evaluate regional revenue collection performance (Hidayah et al., 2021; Pardede, 2024; Purba et al., 2024).

4. Regional Expenditure Efficiency Ratio

The Regional Expenditure Efficiency Ratio measures the efficiency of regional spending relative to available revenue.

$$\text{Expenditure Efficiency Ratio} = \frac{\text{Total Regional Expenditure}}{\text{Total Regional Revenue}} \times 100\%$$

Total regional expenditure in this study includes operating expenditure, capital expenditure, unexpected expenditure, and transfer expenditure, in accordance with the Budget Realization Report classification. This ratio is used to assess expenditure management efficiency, as applied in (Aini et al., 2020; Dewi & Lubis, 2022; Hariani & Febriyastuti, 2020).

5. Expenditure Harmony Ratio

The Expenditure Harmony Ratio evaluates the structure and prioritization of regional expenditure between routine (operational) spending and development (capital) spending.

$$\text{Operating Expenditure Ratio} = \frac{\text{Operating Expenditure}}{\text{Operating Expenditure} + \text{Capital Expenditure}} \times 100\%$$

$$\text{Capital Expenditure Ratio} = \frac{\text{Capital Expenditure}}{\text{Operating Expenditure} + \text{Capital Expenditure}} \times 100\%$$

In calculating the Expenditure Harmony Ratio, transfer expenditure is excluded from the denominator to capture an expenditure structure that directly reflects public service and regional development priorities, as recommended in public sector accounting literature (Dewi & Lubis, 2022; Fathiyah et al., 2021; Sitepu et al., 2022; Wawolangi et al., 2025).

RESULTS AND DISCUSSION

This section discusses the financial performance of provincial governments on Java Island during the post-pandemic period of 2021–2024 using a financial ratio approach. The discussion focuses on three main aspects: (1) the general overview of financial performance, (2) differences in performance across provinces, and (3) the year-to-year dynamics of financial performance within the context of post-pandemic fiscal recovery. This approach is consistent with prior studies on regional government financial performance that emphasize ratio-based evaluation and comparative analysis across regions and periods (Kuroki & Motokawa, 2021; Nugroho et al., 2023; Zein et al., 2024).

General Overview of the Financial Performance of Provincial Governments on Java Island

Table 1. Descriptive Statistics of Financial Ratios of Provincial Governments on Java Island (2021–2024)

Financial Ratio Variable	N	Mean	Min	Max	Std. Dev.
Financial Independence Ratio (%)	24	184,71	47	279	71,17
Regional Financial Dependency Ratio (%)	24	37,65	26,4	66,54	12
PAD Effectiveness Ratio (%)	24	100,2	81,94	117,29	7,14
Regional Expenditure Efficiency Ratio (%)	24	93,51	66,93	103,06	10,91
Operating Expenditure Harmony Ratio (%)	24	87,17	79,38	92,23	3,55
Capital Expenditure Harmony Ratio (%)	24	12,83	7,77	20,62	3,55

Source: Processed data from the Budget Realization Reports (LKPD) of Provincial Governments on Java Island, 2021–2024.

The descriptive statistical results presented in Table 1 indicate that, in aggregate, the financial performance of provincial governments on Java Island during the post-pandemic period can be categorized as relatively sound, particularly in terms of regional revenue capacity. The average Financial Independence Ratio of 184.71 percent suggests that, overall, provincial fiscal capacity is relatively strong in supporting expenditure financing. However, the minimum value

of 47.00 percent and the maximum value of 279.00 percent reveal substantial disparities in fiscal capacity among provinces. This condition confirms that the post-pandemic fiscal recovery process has not occurred evenly across regions. These findings are consistent with the literature, which argues that differences in regional economic structure and tax base are key determinants of variation in regional financial performance (Berizky & Kurniawan, 2024; V. Ratu & Adityaputra, 2025).

From the perspective of fiscal dependency, the average ratio of 37.65 percent indicates that transfer revenues continue to play a significant role in supporting provincial government finances. Such dependency cannot be viewed entirely as a weakness, as intergovernmental fiscal transfers are designed to promote fiscal equalization across regions. Nevertheless, from a fiscal autonomy standpoint, higher dependency levels still reflect limitations in regional capacity to independently finance expenditure needs (Jundia & Sarwono, 2023; Sahdan et al., 2024; Soedarsa, 2020).

Revenue performance is reflected in the average PAD Effectiveness Ratio of 100.20 percent, indicating that provincial governments were generally able to achieve or slightly exceed the revenue targets set in their APBD. However, the variation between the minimum and maximum effectiveness values suggests differences in revenue planning and realization capacity across provinces. This supports the findings of (Hidayah et al., 2021; Pardede, 2024), which highlight that PAD effectiveness is strongly influenced by the quality of revenue target setting and the strategies employed for revenue intensification and extensification.

On the expenditure side, the average Expenditure Efficiency Ratio of 93.51 percent indicates that, in aggregate, provincial spending remained within available revenue capacity. Nonetheless, the relatively wide range of efficiency values suggests that some provinces faced challenges in optimizing expenditure implementation. These results are consistent with studies by (Alfiani et al., 2024; Ibrahim & Digidowiseiso, 2020), which demonstrate that expenditure efficiency is closely related to the quality of budget planning and the consistency of program implementation.

The expenditure structure shows a clear dominance of operating expenditure, with an average of 87.17 percent. The relatively low proportion of capital expenditure, averaging only 12.83 percent, indicates that provincial budgets remain more focused on routine spending than on asset formation and public investment. This finding reinforces the conclusions of (Mendrofa & Nur, 2023; Sari et al., 2023), which note that regional expenditure structures in Indonesia tend to be consumption-oriented. In the post-pandemic recovery context, the dominance of operating expenditure may be understood as a response to the need to restore public services and adjust personnel and goods-and-services spending. However, from a medium-term development perspective, the limited share of capital expenditure may constrain provincial governments' capacity to stimulate sustainable regional economic growth.

Comparison of Financial Performance Across Provinces

Table 2. Average Financial Performance Ratios of Provincial Governments on Java Island (2021–2024)

No	Province	Avg. Financial Independence Ratio (%)	Avg. Financial Dependency Ratio (%)	Avg. PAD Effectiveness (%)	Avg. Expenditure Efficiency (%)	Avg. Operating Ratio (%)	Avg. Capital Ratio (%)
1	DKI Jakarta	225,94%	30,15%	94,00%	94,75%	86,47%	13,53%
2	West Java	211,00%	33,04%	102,24%	99,73%	89,59%	10,41%
3	Central Java	185,09%	35,63%	97,12%	100,22%	90,07%	9,93%
4	East Java	179,40%	36,23%	110,51%	99,11%	90,37%	9,63%
5	Special Region of Yogyakarta	63,88%	60,86%	101,32%	96,87%	83,62%	16,38%
6	Banten	243,01%	29,99%	96,02%	70,36%	82,89%	17,11%

Source: Processed data from the Budget Realization Reports (LKPD) of Provincial Governments on Java Island, 2021–2024.

The inter-provincial comparison presented in Table 2 reveals considerable disparities in financial performance among provincial governments on Java Island. Banten, DKI Jakarta, and West Java demonstrate relatively high levels of fiscal independence. In contrast, Special Region of Yogyakarta records a substantially lower level of fiscal independence compared to the other provinces. These differences underscore that provincial fiscal capacity is strongly influenced by regional economic structure, degree of urbanization, and the breadth of the local tax base. Provinces characterized by intensive economic activity and strong service and industrial sectors tend to possess greater fiscal capacity. This finding reinforces previous studies by (Berizky & Kurniawan, 2024) as well as (Widodo et al., 2025), which identify inter-provincial fiscal disparities as a persistent issue within Indonesia's fiscal decentralization framework.

The condition of the Special Region of Yogyakarta marked by low fiscal independence and the highest level of fiscal dependency indicates that fiscal transfers from the central government remain a critical component in sustaining public service provision. This result aligns with the findings of (Mandua et al., 2023), which argue that regions with relatively smaller economic bases tend to face structural fiscal limitations.

In terms of revenue performance, East Java exhibits the highest PAD effectiveness ratio, suggesting relatively stronger revenue planning and more effective tax and retribution management strategies. Interestingly, despite its very high fiscal independence, DKI Jakarta records comparatively lower PAD effectiveness than several other provinces. This phenomenon indicates that a large PAD base does not necessarily correspond to a higher level of target realization performance. These results are consistent with the findings of (Faradilla & Hanifa, 2024; Pardede, 2024). From the expenditure perspective, Banten shows the lowest expenditure efficiency ratio despite having the highest fiscal independence level. This condition suggests potential inefficiencies or limitations in budget absorption capacity. The finding supports the argument advanced by (Alfiani et al., 2024; Yerriandha, 2026) that strong fiscal capacity does not automatically ensure high-quality expenditure implementation.

Regarding expenditure structure, provincial spending patterns are relatively uniform, characterized by the dominance of operating expenditure. Nevertheless, Banten and the Special Region of Yogyakarta allocate relatively higher proportions to capital expenditure compared to other provinces. Even so, capital expenditure remains below 20 percent of total core spending,

indicating the absence of significant structural transformation in regional expenditure patterns. These inter-provincial differences suggest that post-pandemic fiscal policy has remained more oriented toward operational stabilization rather than medium-term public investment expansion. This conclusion is consistent with the findings of (Fitri & Fatmayanti, 2024; Mendrofa & Nur, 2023; Sahdan et al., 2024).

Comparison of Financial Performance Across Years

Table 3. Annual Development of the Average Financial Ratios of Provincial Governments on Java Island (2021–2024)

Year	Avg. Financial Independence Ratio (%)	Avg. Financial Dependency Ratio (%)	Avg. PAD Effectiveness (%)	Avg. Expenditure Efficiency (%)	Avg. Operating Ratio (%)
2021	125,5	45,76	98,94	93,05	11,05
2022	209,33	34,31	100,99	93,8	14,28
2023	204,83	35,01	98,92	94,75	13,78
2024	199,17	35,52	101,97	92,43	12,23

Source: Processed data from the Budget Realization Reports (LKPD) of Provincial Governments on Java Island, 2021–2024.

Based on Table 3, the average Financial Independence Ratio of provincial governments on Java Island increased sharply from 125.50 percent in 2021 to 209.33 percent in 2022. This substantial rise reflects the initial phase of fiscal recovery, when economic activity began to resume and the local tax base started to recover after severe pressure during the pandemic period. Conceptually, the independence ratio illustrates the ability of local governments to finance expenditure through locally generated revenue relative to their reliance on central government transfers. Therefore, the surge in 2022 indicates that regional economic recovery had a direct and positive impact on local fiscal capacity. This pattern aligns with the findings of (Wahyuni et al., 2022), who observed that regional revenue contracted during the pandemic but rebounded in the post-pandemic phase.

Nevertheless, although the ratio remained relatively high, financial independence declined moderately in 2023 and 2024 to 204.83 percent and 199.17 percent, respectively. This decrease suggests that the growth rate of PAD began to slow or no longer outpaced transfer revenue growth. The phenomenon may be interpreted as an indication that fiscal recovery had entered a normalization stage. At this stage, regional revenue growth is no longer driven by a post-shock rebound effect but instead follows the structural dynamics of the regional economy. These findings extend the results of (Berizky & Kurniawan, 2024; Sinaga et al., 2024), who emphasize that fiscal capacity is largely shaped by structural regional economic characteristics. Overall, the development of the independence ratio during 2021–2024 indicates that while fiscal capacity strengthened after the pandemic, the recovery process was not linear and tended to decelerate after the first year of rebound.

The Financial Dependency Ratio demonstrates an inverse pattern. The average dependency ratio declined significantly from 45.76 percent in 2021 to 34.31 percent in 2022, reflecting the increased contribution of PAD to total regional revenue during the early recovery phase. This decline indicates that provincial governments were relatively successful in leveraging economic recovery momentum to strengthen their own-source revenue base. The pattern supports fiscal decentralization theory, which suggests that increasing local fiscal capacity should be accompanied by reduced dependence on central transfers (Jundia & Sarwono, 2023; V. Ratu

& Adityaputra, 2025).

However, in 2023 and 2024, the dependency ratio rose slightly to 35.01 percent and 35.52 percent, respectively. This increase indicates that despite improvements in PAD, central transfers continued to play a dominant role in sustaining regional fiscal capacity. The finding suggests that fiscal dependency in Indonesia is structural rather than merely a short-term consequence of the pandemic. This conclusion is consistent with (Mandua et al., 2023; Rahmadani & Rudini, 2023), who argue that regional revenue structures in Indonesia remain highly reliant on fiscal transfers. In the post-pandemic context, this implies that provincial fiscal recovery cannot be separated from national fiscal policy, particularly intergovernmental transfer policies.

The PAD Effectiveness Ratio during 2021–2024 exhibits a relatively stable and generally effective pattern. The ratio stood at 98.94 percent in 2021, increased to 100.99 percent in 2022, slightly declined to 98.92 percent in 2023, and rose again to 101.97 percent in 2024. This stability indicates that provincial governments were able to adjust PAD targets in accordance with economic conditions that had not yet fully stabilized. Post-pandemic revenue planning appears more realistic compared to the early pandemic period, which was characterized by high economic uncertainty.

These findings support the results of (Hidayah et al., 2021; Pardede, 2024), which emphasize that PAD effectiveness is more strongly influenced by the quality of revenue planning and management strategies than by the level of fiscal independence itself. From a policy perspective, the stability of PAD effectiveness during the post-pandemic period indicates adaptive institutional learning in revenue target setting and collection policies. This extends the findings of (Soedarsa, 2020; Wahyuni et al., 2022), who reported that economic uncertainty during the pandemic reduced the accuracy of revenue target setting.

The average Expenditure Efficiency Ratio remained relatively stable throughout the observation period. The ratio was 93.05 percent in 2021, increased to 93.80 percent in 2022 and 94.75 percent in 2023, before declining to 92.43 percent in 2024. The relative stability indicates that provincial governments generally maintained spending within revenue capacity. However, the decline in 2024 suggests increasing expenditure pressure alongside strengthened recovery programs and expanded public service initiatives.

This trend highlights a potential trade-off between fiscal stability and accelerated economic recovery. In the early post-pandemic phase, local governments tended to restrain spending to safeguard fiscal balance. In subsequent phases, however, pressure to expand expenditure particularly on public services and recovery programs intensified. These findings are consistent with (Alfiani et al., 2024), who demonstrate that expenditure efficiency is influenced by budget policy dynamics and program priorities. Furthermore, (Manto et al., 2025) argue that increased budget absorption after a crisis does not necessarily translate into improved efficiency. Thus, the development of the expenditure efficiency ratio suggests that the key post-pandemic challenge is not only maintaining fiscal stability but also ensuring that increased spending generates optimal economic and social returns.

The Capital Expenditure Ratio displays a more contrasting dynamic compared to the other ratios. The average ratio increased from 11.05 percent in 2021 to 14.28 percent in 2022, indicating an initial effort to reorient spending toward development and public investment after the crisis phase. However, in 2023 and 2024, the ratio declined to 13.78 percent and 12.23 percent, respectively. This decline suggests that the post-pandemic increase in development spending was not sustained consistently.

These findings confirm that post-pandemic regional fiscal policy remains more focused on restoring operational stability and short-term public service provision rather than expanding medium-term infrastructure and public investment. The results are highly consistent with (Mendrofa & Nur, 2023; Sari et al., 2023), who report that regional expenditure structures in Indonesia continue to be dominated by operating expenditure. Similarly, (Toya & Andriyani, 2024) find that post-pandemic spending has primarily supported routine and service-related needs. From a public finance perspective, capital expenditure is often regarded as a fiscal instrument that stimulates regional economic growth through infrastructure provision and enhanced productive capacity. Therefore, the stagnation of capital expenditure in the post-pandemic period may limit the medium-term growth impact of regional fiscal policy.

DISCUSSION

Based on the overall results of the descriptive statistical analysis, inter-provincial comparisons, and the development of financial performance across the 2021–2024 period, this study indicates that the post-pandemic recovery of provincial government financial performance on the Island of Java has been partial and uneven, both across regions and across dimensions of financial performance.

From the fiscal capacity perspective, the increase in the regional financial independence ratio during the early post-pandemic phase suggests that the recovery of regional economic activity directly contributed to strengthening Local Own-Source Revenue (PAD). However, the significant disparity in independence ratios among provinces indicates that the benefits of economic recovery were not evenly distributed. Provinces with strong economic bases demonstrated faster improvements in fiscal capacity, while those with relatively limited economic bases continued to face structural fiscal constraints. This pattern confirms previous findings that regional economic structure is a key determinant of local government fiscal capacity (Berizky & Kurniawan, 2024; Widodo et al., 2025).

From the revenue structure perspective, although there was a temporary decline in the regional financial dependency ratio during the initial recovery phase, transfer revenues continued to play a significant role in supporting provincial fiscal capacity. This condition suggests that fiscal dependency is not merely a short-term impact of the pandemic, but rather reflects the structural characteristics of intergovernmental fiscal relations in Indonesia. These findings are consistent with (Jundia & Sarwono, 2023; Mandua et al., 2023), who emphasize that fiscal transfers remain a primary instrument in maintaining regional fiscal sustainability.

In terms of revenue performance, the stability of the PAD effectiveness ratio throughout the research period indicates that provincial governments were relatively capable of adjusting revenue targets in line with economic recovery dynamics. This suggests improvements in the quality of revenue planning in the post-pandemic period. These findings extend the results of (Hidayah et al., 2021; Pardede, 2024), who highlight the importance of planning quality and revenue management in determining PAD effectiveness.

However, the strengthening of regional revenue capacity was not consistently accompanied by improvements in expenditure management quality. This is reflected in the existence of provinces with very high fiscal capacity but relatively low expenditure efficiency levels. This pattern indicates that the main challenge of post-pandemic regional financial management no longer lies on the revenue side, but rather on the expenditure side—particularly in program planning effectiveness, implementation quality, and the managerial capacity of

regional apparatus. These findings are consistent with (Alfiani et al., 2024; Ibrahim & Digdowiseiso, 2020), who emphasize that the quality of regional expenditure is strongly influenced by budget governance.

From the expenditure structure perspective, the continued dominance of operational expenditure and the relatively low proportion of capital expenditure indicate that provincial fiscal recovery has been more oriented toward stabilizing government operations rather than transforming spending to support medium-term development. Although there was an increase in capital expenditure during the early post-pandemic phase, this increase was not sustained consistently. This pattern suggests that post-pandemic regional fiscal policy has not yet been fully directed toward strengthening the role of the regional budget (APBD) as an instrument for regional economic stimulus. These findings reinforce the results of (Mendrofa & Nur, 2023)

Conceptually, the results of this study indicate a lack of synchronization between the recovery of fiscal capacity and the transformation of expenditure policy. The recovery of regional revenue has progressed relatively faster than improvements in the quality of expenditure structure. This provides an empirical contribution to the literature on regional financial performance by demonstrating that the post-pandemic phase at the provincial government level does not automatically lead to a shift in fiscal policy toward more productive spending.

Therefore, the main contribution of this study lies in providing comparative empirical evidence across provinces, showing that post-pandemic fiscal recovery in Indonesia has been asymmetric and continues to face structural challenges particularly in expenditure management and the transformation of expenditure structure. This synthesis expands previous research, which generally assessed regional financial performance in a partial manner and at the regency/city level, by positioning the post-pandemic recovery context and the provincial government level as the primary focus of analysis.

CONCLUSION

This study analyzed the financial performance of Java's provincial governments during the post-COVID-19 period (2021–2024) using regional financial ratios. Overall, fiscal capacity was relatively strong, with high financial independence and stable Own-Source Revenue effectiveness, though significant disparities exist between economically strong provinces (e.g., Banten, DKI Jakarta, West Java) and weaker ones (e.g., Yogyakarta). Central government transfers remain important, indicating structural fiscal dependency, while revenue management is generally effective. However, high fiscal capacity did not consistently translate into efficient expenditure, as operational spending dominated and capital spending growth was limited, suggesting post-pandemic recovery focused more on short-term stabilization than medium-term development.

Provincial governments should enhance fiscal capacity not only by increasing Own-Source Revenue but also by improving expenditure planning and management, ensuring public spending effectively supports economic recovery and social welfare. High fiscal independence must be paired with stronger program execution, internal controls, and managerial capacity, while capital expenditure should gradually increase to stimulate sustainable growth and service quality. Central government may consider performance-based transfers to improve spending efficiency, and differentiated policies should be applied to account for varying fiscal capacities and economic structures among provinces.

This study is limited by its reliance on financial ratios from Budget Realization Reports,

which do not directly measure public service or development outcomes, and its focus on Java only, limiting generalizability. The short post-pandemic period (2021–2024) restricts long-term insights, and the descriptive-comparative design does not examine causal factors. Institutional and governance differences, such as planning quality and organizational capacity, were also not considered, which may influence financial management outcomes.

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