

Article

Financial Performance Analysis of Mendalo Laut Village Government, Muaro Jambi, 2020–2023

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Abstract: This investigate points to analyze the Budgetary Execution of the Mendalo Laut Town Government, Jambi Exterior City Area, Muaro Jambi Rule for the Monetary Year 2020-2023. This think about points to decide the Money related Execution of Mendalo Laut Town utilizing the Decentralization Degree Proportion, Town Budgetary Autonomy Proportion, Town Money related Reliance Proportion, PADes Adequacy Proportion, Use Proficiency Proportion, Use Agreement Proportion, and PADes Development Ratio. This inquire about may be a quantitative expressive study. Using auxiliary information within the shape of the Realization Report of the Town Income and Consumption Budget (APBDes) of Mendalo Laut Town, Jambi External City Area, Muaro Jambi Rule for the 2020-2023 Monetary Year. The inquire about comes about appear that the Budgetary Execution of the Mendalo Laut Town Government based on the Degree of Decentralization Proportion is categorized as exceptionally destitute, the Town Monetary Autonomy Proportion is categorized as Exceptionally Moo, the Town Monetary Reliance Proportion is categorized as exceptionally tall, the PADes Viability Proportion is categorized as ineffectual, the Investing Concordance Proportion is categorized as destitute, and the PADes Development Proportion is categorized as Not Great. Furthermore, the SWOT Examination employments the S-O technique, which utilizes inner qualities to abuse outside openings.

Keywords: Financial Performance, Financial Ratios, SWOT.

1. Introduction

Indonesia could be a unitary state that applies the guideline of decentralization. The Indonesian framework of government has moved from centralization to decentralization, which is characterized by the exchange of powers from the central government to nearby governments. The execution of territorial independence is controlled by Law No. 23/2014 on Territorial Government, which characterizes decentralization as the exchange of government issues by the central government to independent districts based on the guideline of independence.

Independence isn't as it were the duty of the territorial government (regency/city), but must moreover begin at the most reduced level, specifically the village government. Legitimately talking, Law No. 6/2014 directs life within the towns, which is managed by the village government. A town is characterized as a lawful community unit with particular boundaries that's authorized to direct and regulate government undertakings, advancement and community interface.

The money related execution of the region can be caught on through a comprehensive appraisal of civil funds, which points to survey the degree to which the civil organization oversees its accounts effectively. One of the strategies that can be utilized to evaluate the execution of the nearby government is the investigation of budgetary proportions utilizing information from the neighborhood government's budget execution report (Lestari et al., 2020).

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One of the estimation instruments that can be utilized to analyze the execution of neighborhood governments in budgetary administration is the examination of budgetary proportions in comparison with the territorial income and use budget (APBD) or the town income and use budget (APBDes). Through the investigation of monetary proportions, the monetary wellbeing of the nearby government can be assessed based on the existing monetary reports. The arrangement of government monetary reports reflects straightforwardness and responsibility within the money related administration of towns (Susanto, 2019)..

2. Literature Review

Theory Stewardship (Stewardship Theory)

Stewardship hypothesis is frequently connected in open organizations, such as government organizations. Concurring to Donaldson and Davis (1991), stewardship hypothesis encompasses a human show that starts from organizational brain research and organizational sociology. In this setting, the inspiration of directors isn't centered on accomplishing person fulfillment or interface, but on the fulfillment and interface of the client or organization. McClelland and Herzberg et al. state that "organizational part holders are spurred by the got to accomplish inherent fulfillment by effectively performing inalienably challenging work, working out duty and specialist, and subsequently picking up acknowledgment from peers and leaders" (Rhomandhonna & Ardiami, 2023).

Financial Performance

A Village's budgetary execution is the degree of accomplishment of a civil back work item that incorporates the Village's incomes and uses utilizing monetary markers set up by arrangement or lawful prerequisites amid a budget period. Measuring the money related execution of neighborhood government serves to fulfill three targets, specifically (1) making strides authoritative execution, (2) helping in asset assignment and choice making, and (3) actualizing open responsibility or duty and progressing regulation communication (Santoso et al., 2021).

1. Degree of Decentralization Ratio

The degree of decentralization is a budgetary proportion used to demonstrate the extent of authority and responsibility that the central government allocates to local governments in the implementation of development. (Mahmudi, 2019:140).

2. Village Financial Independence Ratio

The financial independence ratio indicates the village's capability to fund local government activities, community development, and services for those who have contributed taxes and levies, which serve as the village's revenue source (Mahmudi, 2019: 140).

3. Village Financial Dependency Ratio

This ratio indicates how much the village administration relies on the central government. The greater this ratio, the more the village government depends on the central government. On the other hand, as the village's income increases, its dependence on the central government decreases (Mahmudi, 2019: 140).

4. Ratio of PADes Effectiveness

The PADes effectiveness ratio serves as a metric to show how well the village organizes the maintenance of its original income in relation to a calculated target, by comparing actual PADes figures with the PADes revenue target (Mahmudi, 2019: 141).

5. Spending Efficiency Ratio

The spending efficiency ratio illustrates the relationship between the costs incurred to generate revenue and the actual revenue generated. The amount of budget savings achieved by the government is measured using this spending efficiency ratio (Mahmudi, 2019: 141).

6. Spending Harmony Ratio

The Expenditure Compatibility Ratio illustrates the optimal resource allocation by the village government between operational and capital expenditures. This compatibility ratio comprises two calculations: the operating expenditure ratio and the capital expenditure ratio. According to Mahmudi (2019: 160), the expenditure compatibility analysis serves to ascertain the equilibrium between expenditures.

7. Ratio of PADes Growth

The growth ratio serves to assess if the government's budget performance has led to an increase or decrease in revenue growth across multiple fiscal years. According to Mahmudi (2019: 137), there is a correlation between the growth percentage of PADes and the local government's capacity to uphold and enhance its successes from each budget year.

SWOT Analysis

The SWOT analysis is a systematic approach for identifying different factors to develop business strategies. The purpose of this analysis is to capitalize on strengths and opportunities while reducing weaknesses and threats. Strategic decision-making entails formulating the company's mission, objectives, strategies, and policies. Thus, strategic planning needs to assess the company's strategic factors—strengths, weaknesses, opportunities, and threats—in light of the current circumstances. The process is known as situational analysis, with the SWOT analysis being the most widely used model for this purpose (Reswati et al., 2023).

The SWOT analysis is a method employed to interpret areas, particularly in highly complex situations where internal and external factors are crucial. Goal-setting and strategy formulation can be made more effective and realistic through the use of the SWOT analysis. Taking the SWOT analysis into account, the goals will be set at an appropriate level. The SWOT analysis categorizes strengths and opportunities as positive factors, while weaknesses and threats are seen as negative factors (Sarra, 2024).

3. Method

This research is a type of research that uses the descriptive-quantitative research method, namely performing calculations on the obtained financial data to solve existing problems according to the research objectives. This research was conducted through calculations of financial ratios, which are analyzed from the results of these calculations to determine the financial performance of the government of Mendalo Laut village in the Jambi Luar Kota district, Muaro Jambi regency, for the fiscal years 2020-2023. In addition to conducting quantitative analyses, the researcher also uses the SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) to complete the assessment of the village's financial performance. This analysis aims to provide a broader perspective regarding the internal and external conditions of the village in financial management.

Data Analysis Method

The technical data analysis used in this research is as follows:

1. Degree of Decentralization Ratio

This ratio is formulated as follows:

$$\text{Decentralization Ratio} = \frac{\text{Original Opinion of the Region (Village)}}{\text{Total Regional Income (Village)}} \times 100 \%$$

Source : Mahmudi, 2019:140

The assessment criteria for calculating the Degree of Decentralization Ratio can be shown in Table 1:

Table 1. Criteria for Evaluating Degree of Decentralization Ratio Decentralization

| Percentage (%) | Criteria |
|----------------|-----------|
| 0,00 – 10,00 | Very Poor |
| 10,01 -20,00 | Poor |
| 20,01 – 30,00 | Fair |
| 30,01- 40,00 | Curently |
| 40,01 – 50,00 | Good |
| >50,01 | Very Good |

Source : Kepmendagri No.690.900.327/1996 in (Maulina and Rhea,2019)

2. Village Financial Independence Ratio

This ratio is formulated as follows :

$$\text{Village Financial Independence Ratio} = \frac{\text{Original Local Revenue (Village)}}{\text{Central} + \text{Provincial} + \text{Loan Transfer}} \times 100 \%$$

Source : Mahmudi, 2019:140

The assessment criteria for calculating the Village Financial Independence Ratio can be shown in Table 2

Table 2

Criteria for the calculation assessment Village Financial Independence Ratio

| Percentage (%) | Criteria | Relationship Pattern |
|----------------|----------|----------------------|
| 0 – 25 | Very Low | Instructive |
| >25 – 50 | Low | Consultative |
| >50 – 75 | Curently | Participatory |
| >75 – 100 | Height | Delegative |

Source : Kepmendagri No.690.900.327/1996 in (Maulina and Rhea,2019)

3. Village Financial Dependency Ratio

This ratio is formulated as follows :

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

Source : Mahmudi, 2019:140

The assessment criteria for calculating the Dependency Ratio can be shown in Table 3

Table 3. Criteria for Assessment Calculation Village Financial Dependency Ratio

| Percentage % | Criteria |
|---------------|-------------|
| 0,00 – 10,00 | Very Poor |
| 10,01 -20,00 | Poor |
| 20,01 – 30,00 | Enought |
| 30,01- 40,00 | Currently |
| 40,01 – 50,00 | Height |
| >50,01 | Very Height |

Source : Team Litbang Depdagri RI and Fisipol-UGM, 1991 in (Santoso et al, 2021)

4. Ratio of PADes Effectiveness

This ratio is formulated as follows :

$$\text{Ratio of PADes Effectiveness} = \frac{\text{Realization of PADes Revenue}}{\text{Total PADes Revenue}} \times 100 \%$$

Source: Mahmudi, 2019:141

The assessment criteria for calculating the PADes Effectiveness Ratio can be shown in Table 4

Table 4. Criteria for Assessing the Calculation of PADes Effectiveness Ratio

| Percentage % | Criteria |
|--------------|-----------------|
| >100 | Very Effective |
| 100 | Effective |
| 90 – 99 | Quite Effective |
| 75 – 89 | Less Effective |
| <75 | Not Effective |

Source : Mahmudi (2019: 141)

5. Spending Efficiency Ratio

This ratio is formulated as follows :

$$\text{Spending Efficiency Ratio} = \frac{\text{Expenditure Realization}}{\text{Budget}} \times 100 \%$$

Source: Mahmudi, 2019:164

The assessment criteria for calculating the Spending Efficiency Ratio can be shown in Table 5

Table 5. Criteria for Evaluating the Calculation of the Spending Efficiency Ratio

| Percentage % | Criteria |
|--------------|-----------------|
| >100 | Inefficient |
| 90 – 100 | Less Efficient |
| 80 – 90 | Quite Efficient |
| 60 – 80 | Efficiency |
| <60 | Very Efficient |

Source : Kepmendagri No.690.900.327 of 1996 in (Santhi et al, 2023)

6. Expense Harmony Ratio

This ratio is formulated as follows :

$$\text{Operational Expenditure Ratio} = \frac{\text{Realization of Operational Expenditures}}{\text{Total Regional Expenditure (Village)}} \times 100 \%$$

Source : Mahmudi, 2019:162

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

Source : Mahmudi, 2019:163

The assessment criteria for the calculation of the Spending Compatibility Ratio can be shown in Table 6

Table 6. Criteria for Assessing the Calculation of the Spending Compatibility Ratio

| Comparison | Criteria |
|---|------------------|
| Operational Expenditure > Capital Expenditure | Not Good |
| Total Operating Expenses = Total Capital Expenditures | Quite Good |
| Operational Expenditure < Capital Expenditure | Good – Very Good |

Source : Team Litbang Depdagri Fisipol UGM in (Sukur et al., 2021)

7. Village Revenue Growth Ratio

This ratio is formulated as follows :

$$\text{Village Revenue Growth Ratio} = (\text{PADes Pn} - \text{PADes Po}) / (\text{PADes Po}) \times 100 \%$$

Source : Mahmudi, 2019:137

The assessment criteria for calculating the Village Revenue Growth Ratio (PADes) can be shown in Table 7

Table 7. Criteria for Assessing the Calculation of PADes Growth Ratio

| Percentage % | Criteria |
|--------------|-----------------|
| 76 – 100 | Good |
| 51 – 75 | Quite Good |
| 25 – 50 | Not Good Enough |
| 0 – 25 | Not Good |

Source : Team Litbang Depdagri Fisipol UGM in (Sukur et al., 2021)

SWOT Analysis

The researchers will conduct further discussions by performing a SWOT analysis, which is a strategic tool to identify the strengths, weaknesses, opportunities, and threats faced by the village. This analysis is conducted by compiling an EFAS (External Strategic Factors Analysis Summary) table for external factors and an IFAS (Internal Strategic Factors Analysis Summary) table for internal factors.

The process involves calculating the score (a) and weight (b) for each factor point, as well as determining the total product of the score and weight ($c = a \times b$) for each S-W-O-T factor. Each factor point is evaluated independently, ensuring that the assessment of one does not affect or is affected by the others. The chosen scoring range significantly impacts the assessment's accuracy, with a typical range from 0 to 5 representing positive outcomes, while scores from 0 to -5 indicate negative outcomes, where -5 is the minimum and 5 is the maximum. Each factor point is assessed in relation to others, meaning that the evaluation of one factor is based on its importance compared to the others. Consequently, the calculation formula involves dividing the obtained value (which corresponds to the number of factor points) by the total number of factor points. Next, the total number of strengths (S) is subtracted from weaknesses (W) to yield a numerical gain ($d = x$), which represents a point on the X-axis. Similarly, the total number of opportunities (O) is subtracted from threats (T) to produce another numerical gain ($e = y$), which corresponds to a point on the Y-axis. The coordinates (x,y) then indicate a position within the SWOT quadrant.

In Quadrant I (positive, positive), the position signifies a robust and promising strategy, with the recommended approach being Progressive, which capitalizes on existing strengths and opportunities. Quadrant II (positive, negative) reflects a strong strategy that encounters significant challenges, suggesting a Diversification Strategy, as opportunities cannot be fully utilized. Quadrant III (negative, positive) denotes a weak strategy with considerable potential, recommending a Change Strategy to mitigate threats. Finally, Quadrant IV (negative, negative) indicates a weak strategy facing substantial challenges, advocating for a Survival Strategy, as current strengths and opportunities are insufficient for strategic development.

4. Results

The results of the calculations for each financial ratio are presented in the summary of ratio calculations in Table 8 below:

Table 8. Results of Financial Ratio Calculation Mendalo Laut Village Government Fiscal Year 2020-2023

| No. | Description | Fiscal Year | | | | Average | Criteria |
|-----|--------------------------------------|-------------|--------|--------|--------|---------|----------------|
| | | 2020 | 2021 | 2022 | 2023 | | |
| 1. | Degree of Decentralization Ratio | 0% | 0% | 0% | 0% | 0% | Very Poor |
| 2. | Village Financial Independence Ratio | 0% | 0% | 0% | 0% | 0% | Very Low |
| 3. | Village Financial Dependency Ratio | 99,96% | 99,95% | 99,94% | 99,97% | 99,95% | Very High |
| 4. | Ratio of PADes Effectiveness | 0% | 0% | 0% | 0% | 0% | Not Effective |
| 5. | Spending Efficiency Ratio | 99,54% | 95,07% | 98,22% | 91,81% | 96,16% | Less Efficient |
| 6. | Expenditure Compatibility Ratio | | | | | | Not Good |
| | - Operational Expenditure Ratio | 48,94% | 65,87% | 52,81% | 77,14% | 61,06% | |
| | - Capital Expenditure Ratio | 25,91% | 26,91% | 21,59% | 16,98% | 22,85% | |
| 7. | Ratio of PADes Growth | 0% | 0% | 0% | 0% | 0% | Not Good |

Source : Data processed by researchers from the APBDes Mendalo Laut Implementation Report, 2020-2023

- Degree of Decentralization Ratio

The result of the calculation of the decentralization level of the government of Mendalo Laut village for the fiscal years 2020 to 2023 in Table 8 shows no percentage changes consecutively. The percentage of the decentralization level of the Mendalo Laut village government was 0% in the four consecutive years (2020-2023). Overall, it can be said that the average ratio of the decentralization level of the Mendalo Laut village government is 0% and is classified as very low. This contradicts the theory (Mahmudi, 2019), which explains that a higher contribution of the PADes means that the village government's ability to implement decentralization is also higher.

- Village Financial Independence Ratio

The result of the calculation of the financial independence ratio of the village of Mendalo Laut for the fiscal years 2020 to 2023 in Table 8 has not changed percentage-wise in consecutive order. The percentage of the financial autonomy ratio of the Mendalo Laut village government was 0% in the four consecutive years (2020-2023). Overall, it can be said that the average financial independence ratio of the Mendalo Laut village government is 0% and is classified as very low, falling within an instructive relationship pattern. This research is supported by the researchers (Pangaribuan and Sirait, 2023) that the independence of the Sei Merah village government in the Tanjung Morawa district, Deli Serdang Regency, is highly dependent on the central government.

- Village Financial Dependency Ratio

The calculation of the financial dependency ratio of the village Mendalo Laut for the fiscal years 2020 to 2023 in Table 8 shows an increase and decrease in percentages. The highest percentage of the financial dependency ratio of the village of Mendalo Laut was reached in 2023 with 99.96%, while the lowest percentage was recorded in 2022 with 99.97%. Overall, it can be concluded that the average financial dependency ratio of the village of Mendalo Laut is 99.95% and is classified as very high. This research is supported by the researcher (Harahap, 2020) that in the region of Tapanuli Tengah district, the dependence on the central government is very high.

- Ratio of PADes Effectiveness

The result of the calculation of the financial dependency ratio of the village of Mendalo Laut for the fiscal years 2020 to 2023 in Table 8 shows no percentage changes consecutively. The percentage of the effectiveness ratio of the PADes of the Mendalo Laut village government was 0% in the four consecutive years (2020-2023). Overall, it can be said that the average effectiveness ratio of the PADes of the Mendalo Laut village government is 0% and is classified as ineffective. This contradicts the theory (Mahmudi, 2019) that a higher effectiveness ratio reflects the increasing capability of the village. This research also contradicts the findings of researchers (Marliani, 2022) regarding the effectiveness ratio of the Bandung Regency government, which is rated as very effective in realizing its own revenue sources.

- Spending Efficiency Ratio

The results of the calculation of the Efficiency Ratio of Mendalo Laut Village Expenditure for the fiscal years 2020 to 2023 in table 8 show an increase and decrease in percentage. The percentage of the Efficiency Ratio of Village Expenditure in Mendalo Laut occurred in 2020 at 99.54%, and the lowest percentage occurred in 2023 at 91.81%. Overall, it can be seen that the average Efficiency Ratio of Village Expenditure in Mendalo Laut is 96.16%, which falls into the less efficient category because the percentage is >40%. This study contrasts with the researcher (Marliani, 2022) who found that the efficiency ratio in Bandung Regency falls under the efficient criteria, meaning that the Bandung Regency government has managed its budget expenditures efficiently.

- Expenditure Compatibility Ratio

The result of the calculation of the expenditure compliance ratio of the village of Mendalo Laut for the fiscal years 2020 to 2023 in Table 8 of the financial performance of the Mendalo Laut village government can be categorized as less favorable from the perspective of the compliance ratio. During the budget years (2020-2023), the ratio of expenditure compliance in the village of Mendalo Laut shows that operating expenses are higher than investment expenses. This shows that the village government is still not able to achieve a balance between operating expenses and investment expenses.

- Ratio of PADes Growth

The result of the calculation of the growth ratio of the PADes of the village of Mendalo Laut for the fiscal years 2020 to 2023 in Table 8 shows that there were no percentage changes in consecutive years. The percentage of the growth rate of the PAD of the Mendalo Laut village government was 0% over four consecutive years (2020-2023). Overall, it can be said that the average growth of the PAD of the Mendalo Laut village

government is at 0% and is classified as not good. This research contradicts the findings of researchers (Pangaribuan and Sirait, 2023), who show that the village of Sei Merah in the Tanjung Morawa district, Deli Serdang regency, exhibits positive growth, with the revenues of the village of Sei Merah already having successfully increased the village's original revenues overall, although the village's potentials still need to be maximally developed.

The results of the IFAS and EFAS calculations are presented in the following table 9:

Table 9. Score IFAS & EFAS

| IFAS | | EFAS | |
|--------------------|-------------|--------------------|-------------|
| Category | Total score | Category | Total score |
| Strength (S) | 4,16 | Opportunity (O) | 3,70 |
| Weakness (W) | 3,93 | Threat (T) | 1,77 |
| Total (S-W) | 0,23 | Total (O-T) | 1,93 |

Source: Data processed by the researcher from the results of distributing questionnaires to village officials.

The findings from the IFAS and EFAS analyses indicate that the strengths outweigh the weaknesses, and the impact of the opportunities surpasses that of the threats. Consequently, the strategic approach aimed at enhancing the financial performance of the Mendalo Laut village government is situated in Quadrant I, which corresponds to the implementation of the S-O strategy).

Discussion

The financial performance of the village of Mendalo Laut from 2020 to 2023 reveals a significant reliance on transfers from the central government, as assessed through various financial indicators. This dependence is evident in the degree of decentralization and the village's financial autonomy, both of which consistently register at 0%. Additionally, the village's financial dependence ratio surpasses 99%. The low local revenue (PADes) contributes to an effectiveness and growth ratio of 0%. Furthermore, the efficiency ratio of expenditures indicates that the village government is not optimizing its budget effectively, while the balance ratio of expenditures highlights a disparity between operational and investment costs.

The SWOT analysis offers a more detailed overview. The findings from the Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) indicate that the strengths of the Mendalo Laut village government surpass its weaknesses, while the potential opportunities are greater than the threats faced. Consequently, the strategy aimed at enhancing the financial performance of the Mendalo Laut village government is situated in Quadrant I, which involves the implementation of a Strengths-Opportunities (S-O) strategy. Mendalo Laut possesses several internal strengths, including skilled human resources in financial management, active community participation in budget planning, effective use of information technology, sound management of village investments, and support from the central government to bolster the village's financial capabilities. However, the village also contends with internal weaknesses, such as reliance on transfers from the central government and a deficiency in innovative approaches to generate its own revenue.

Externally, Mendalo Laut has opportunities to forge partnerships with the private sector, leverage central government initiatives, enhance access to information technology, foster inter-village collaboration, and improve its local revenue through targeted programs. Nevertheless, the village is also confronted with external threats, including shifts in central government policies regarding fund allocation for villages and a lack of investor interest in the area

5. Conclusions

As detailed in the section regarding the financial performance of the Mendalo Laut village government in the Jambi Luar Kota district of Muaro Jambi regency for the fiscal years 2020-2023, the researcher arrives at the following conclusion : The financial performance of the Mendalo Laut village government, assessed through the degree of decentralization from 2020 to 2023, reveals an average decentralization percentage of 0%. This figure remains within the range of (0.00%-10.00%) and indicates a very low financial capacity for the village, as Mendalo Laut does not generate any own revenue (PADes). The financial performance of the Mendalo Laut village government, as assessed through the financial autonomy ratio of the Mendalo Laut village community, reveals that from the budget years 2020 to 2023, the average financial autonomy ratio stands at 0%. This figure, which falls within the 0%-25% range, indicates that the village's financial capacity is classified as very low. This ratio reflects a significant trend, highlighting the predominance of the central government's influence over the village's autonomy. The village community's financial situation is largely reliant on support from the central government.

The financial performance of the Mendalo Laut village government, assessed through the village's financial dependency ratio from 2020 to 2023, reveals an average dependency ratio of 99.95%. This figure categorizes the village's financial dependency as very high, as it exceeds the threshold of 50.01%. This indicates that Mendalo Laut village relies significantly on financial assistance from the central government. The financial performance of the Mendalo Laut village government, assessed through the effectiveness ratio of the village's original revenue (PADes) from the fiscal years 2020 to 2023, indicates an average effectiveness ratio of 0%. This figure is significantly below the threshold of 75%, categorizing the village's financial performance as ineffective. This situation arises from the absence of a budget and the lack of any realization of the village's own revenue.

The financial performance of the Mendalo Laut village government, as evaluated through the expenditure efficiency ratio for the fiscal years 2020 to 2023, demonstrates an average expenditure efficiency ratio of 96.16%. This value, which falls between 90% and 100%, suggests that the village government's financial performance is classified as less efficient, indicating a failure to optimize budget savings. The financial performance of the Mendalo Laut village government, assessed via the expenditure harmony ratio for the fiscal years 2020 to 2023, reveals an average operational expenditure ratio of 61.06%. This figure surpasses the investment expenditure ratio of 22.85%, indicating that operational expenditures exceed investment expenditures. As a result, this financial performance is considered inadequate, as the expenditure harmony ratio highlights a notable imbalance between operational and investment spending.

The financial performance of the Mendalo Laut village government, measured by the PADes growth ratio from the fiscal years 2020 to 2023, indicates an average growth ratio of 0%. This percentage is within the range of 0% to 25%, categorizing it as poor financial performance for the village, as there has been no growth in the PADes of Mendalo Laut village over the four consecutive years from 2020 to 2023.

The SWOT analysis conducted for the village of Mendalo Laut covering the years 2020 to 2023 indicates that the village possesses significant development potential, bolstered by skilled human resources in financial management, active community engagement, and support from the central government. However, it also encounters challenges, including reliance on central government transfer payments and a deficiency in innovations within PADes. To address these weaknesses and attain sustainable fiscal independence, it is essential to capitalize on opportunities through partnerships with the

private sector, optimize central government initiatives, and promote collaboration among villages. This approach will ultimately enhance the well-being of the community. In light of the financial indicators and the SWOT analysis, Mendalo Laut should prioritize the enhancement of PADes, improve expenditure efficiency, and ensure the alignment of budget allocations. The village organization must harness its internal strengths and external opportunities to mitigate internal weaknesses and counter external threats.

Limitation

The researchers acknowledge a limitation in their study due to the observation period being restricted to just four years (2020-2023), which may hinder their ability to fully capture the dynamics or developments that occur over a more extended timeframe. Additionally, this period may have been affected by exceptional circumstances, such as the COVID-19 pandemic, which could have a considerable impact on the research outcomes..

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