

**ANALYSIS OF FINANCIAL PERFORMANCE IN MANAGING VILLAGE FUND
ALLOCATIONS BASED ON EFFECTIVENESS RATIOS AND GROWTH RATIOS FOR
THE PERIOD (2020-2023) AT THE BIRA VILLAGE OFFICE, BONTO BAHARI DISTRICT,
BULUKUMBA REGENCY**

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Abstract

This study analyzes the financial performance of Bira Village, Bonto Bahari District, Bulukumba Regency, based on effectiveness ratio and growth ratio. The data used are realization reports of the Village Revenue and Expenditure Budget (APBDesa) for the years 2020-2023. The method used is a quantitative method with statistical data analysis. The results show that the percentage of village fund allocation achievement is quite high each year with an average above 98%, but there is always a discrepancy between the budget and the realization. This study also employs agency theory which discusses the relationship between agents (village government) and principals (community) in village financial management. This study provides recommendations to improve the accuracy of budget planning and the effectiveness of village fund implementation.

Keywords : financial performance, effectiveness ratio, growth ratio, village fund allocation, agency theory.

INTRODUCTION

The management of the Village Fund Allocation (ADD) plays an important role in village development, especially in improving community welfare and promoting sustainable development at the village level. Effective Village Fund Allocation is expected to support the implementation of development programs that meet the needs of the village community, improve infrastructure, and encourage local economic growth (Kusnandar, 2020). In this context, the analysis of the financial performance of ADD management becomes crucial to ensure that the allocated funds are truly used effectively and efficiently.

The effectiveness ratio and the growth ratio are two main indicators that can be used to measure the financial performance of ADD management. The effectiveness ratio illustrates the extent to which the allocated funds successfully achieve the set objectives, while the growth ratio shows the development of fund allocation from year to year (Mahmudi, 2019). By using these two ratios, a comprehensive analysis can be conducted to assess the performance of ADD management in Bira Village, Bonto Bahari District, Bulukumba Regency.

Various previous studies have discussed the management and financial performance of the Village Fund Allocation. For example, in the research conducted by Yuyu Sri Eva (2019), the analysis of the financial performance of the Village Fund Allocation (ADD) management in Jampu Village, Soppeng Regency, showed that the financial management from 2015-2018 had been running well, with an effectiveness ratio categorized as quite effective. Meanwhile, research by Desy Dwii Ayu Lestari et al. (2020) examined the financial performance of the Bejalen Village Government, Ambarawa District, Semarang Regency in 2017-2018, finding that although the realization of village original income was categorized as effective, the efficiency of spending was categorized as inefficient with an average efficiency index of 95.9%. Both of these studies provide a comprehensive picture of the importance of effectiveness and efficiency in village financial management, which will serve as an important foundation in the analysis of the financial performance of the Village Fund Allocation in this research.

To identify the phenomena or issues raised in this research, the following presents the budget data and realization of the Village Fund Allocation (ADD) in Bira Village from 2020 to 2023:

Table 1. Village Fund Allocation Budget and Realization of Village Fund Allocation in Bira Village, Bontobahari District, Bulukumba Regency (2020-2023).

Year	Village Fund Allocation Budget	Realization of Village Fund Allocation	Difference (Rp)
2020	595.523.275,00	595.523.275,00	0,00
2021	819.974.784,00	807.311.184,00	12.663.600,00
2022	816.652.416,00	812.853.336,00	3.799.080,00
2023	866.057.969,00	861.589.637,00	4.468.332,00

Source: Report on the Realization of the Bira Village Budget in Bonto Bahari District (Data processed, 2024)

The data shows that the percentage of achievement in village fund allocation is quite high every year, with an average above 98%. This shows that Bira Village is quite effective in realizing the allocated budget. However, there is always a discrepancy between the allocated budget and the realization. In 2020, the allocation of village funds in Bira achieved a 100% realization rate, while in the following year, 2021, there was a discrepancy of Rp12,663,600.00, followed by a discrepancy of Rp3,799,080.00 in 2022, and in the final year, 2023, a discrepancy of Rp4,468,332.00, indicating a mismatch between the budget and the realization of village fund allocation.

This study aims to analyze the financial performance of ADD management in Bira Village based on the effectiveness ratio and growth ratio. This analysis will focus on the comparison between the budget and realization as well as identifying the factors that influence the achievement of village fund allocation. The results of this study are expected to provide recommendations to improve the accuracy of budget planning and the effectiveness of village fund implementation in Bira Village.

RESEARCH METHOD

The type of research used is quantitative research because the data collected is in the form of numbers from the financial reports of the Village Fund Allocation (ADD) in the Village Revenue and Expenditure Budget (APBDesa). According to Sugiyono (2017:8), quantitative research is a research method based on positivist philosophy, used to study a specific population or sample, data collection using research instruments, data analysis is quantitative or statistical in nature, with the aim of testing the established hypothesis.

Operational Definition of the Bira Village Office, Bonto Bahari District, Bulukumba Regency and Its Measurement, as follows:

1. Effectiveness Ratio

The effectiveness ratio describes the ability of the village government to realize the planned Village Fund Allocation (ADD) compared to the established budget. The measurement uses the formula:

$$\text{Effectiveness Ratio} = \frac{\text{Realization of ADD}}{\text{ADD Budget}} \times 100\%$$

2. Growth Ratio

The growth ratio measures the extent of the village government's ability to maintain and enhance the successes achieved from period to period. The measurement uses the formula:

$$\text{Revenue Growth Ratio} = \frac{\text{Revenue Realization ADD } X_n - X_{n-1}}{\text{Revenue Realization ADD } X_{n-1}} \times 100\%$$

$$\text{Spending Growth Ratio} = \frac{\text{Expenditure Realization ADD } X_n - X_{n-1}}{\text{Expenditure Realization ADD } X_{n-1}} \times 100\%$$

Explanation;

X_n = The year that is counted

X_{n-1} = Last year

3. Financial Performance

Financial performance is an analysis conducted to see the extent to which the village government has implemented financial regulations properly and correctly. The measurement of financial performance involves analyzing the results of calculations of the effectiveness ratio and the growth ratio.

RESULT AND DISCUSSION

Financial performance analysis is conducted by comparing the results achieved from one period to another. Financial ratios and company performance have a relationship and interconnection with each other. In the concept of finance, there is something known as flexibility, which means that the formulas or forms of formulas involved must be appropriate for the case being studied (Febriyanto, 2021). In this case, the ratios used by the author in Bira Village, Bonto Bahari District, Bulukumba Regency, are the effectiveness and growth ratios. This ratio is used to provide an overview of financial performance over the past four years (2020-2023).

The data used in this research is the realization report of the Village Revenue and Expenditure Budget (APBDesa). From the data, it can provide an overview of the financial performance of Bira Village, Bonto Bahari District, Bulukumba Regency over the past four years (2020-2023). The results of the ratio analysis are as follows:

1. Effectiveness Ratio

The performance of the Bira Village government in the Bonto Bahari District, Bulukumba Regency, is said to be effective if the ratio achieved is 90 - 100%. If the budget provided is almost the same as the realized one, it can prove that the financial performance of a village is running well. The higher the effectiveness ratio, the better the performance of the village government. The effectiveness ratio can be calculated using the following formula:

$$\text{Effectiveness Ratio} = \frac{\text{Realization ADD}}{\text{Budget ADD}} \times 100\%$$

The financial report on the realization of the Village Revenue and Expenditure Budget (APBDesa) for Bira Village, Bonto Bahari District, Bulukumba Regency is as follows:

**Table 2. Financial Report on Village Fund Allocation (ADD) Office of Bira Village
Year 2020-2023**

Year	Budget (Rp)	Realization (Rp)
2020	595.523.275,00	595.523.275,00
2021	819.974.784,00	807.311.184,00
2022	816.652.416,00	812.853.336,00

2023	866.057.969,00	861.589.637,00
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Source: Report on the Realization of the Bira Village Budget in Bonto Bahari District (Data processed, 2025) Calculation of the effectiveness ratio of the Bira Village Office, Bulukumba Regency The 2020-2023 Fiscal Year is as follows:

$$\text{Year 2020} = \frac{595.523.275,00}{595.523.275,00} \times 100\% = 100\%$$

$$\text{Year 2021} = \frac{807.311.184,00}{819.974.784,00} \times 100\% = 98,46\%$$

$$\text{Year 2022} = \frac{812.853.336,00}{816.652.416,00} \times 100\% = 99,54\%$$

$$\text{Year 2023} = \frac{861.589.637,00}{866.057.969,00} \times 100\% = 99,48\%$$

Table 3. Effectiveness Ratio of Bira Village 2020-2023

Year	Budget (Rp)	Realization (Rp)	Effectiveness Ratio (%)	Criteria
2020	595.523.275,00	595.523.275,00	100	Effective
2021	819.974.784,00	807.311.184,00	98,46	Effective
2022	816.652.416,00	812.853.336,00	99,54	Effective
2023	866.057.969,00	861.589.637,00	99,48	Effective

Source: Report on the Realization of the Bira Village Budget, Bonto Bahari District (Data processed, 2025)

The financial performance of Bira Village, Bonto Bahari District, Bulukumba Regency can be categorized as effective during the period 2020-2023, as the effectiveness ratio each year has always been above 90%. The year 2020 recorded perfect effectiveness with a ratio of 100%, indicating that every rupiah from the provided budget was realized according to the plan. Although there was a slight decrease in effectiveness in 2021 and 2023, with ratios of 98.46% and 99.48% respectively, the financial performance still indicates that the village government has managed the funds well. The ratio that nearly reaches 100% indicates that the budget prepared is realistic and the fund realization is almost entirely in accordance with the plan, which is an indication of good financial management.

1. Growth Ratio

The growth ratio measures the extent of the village government's ability to maintain and improve its achievements from one period to the next. The larger the growth ratio, the better the performance of the village government is stated. The growth ratio is useful for determining whether the village government in the fiscal year experiences positive or negative growth in revenue or expenditure. The performance of Bira Village in Bonto Bahari District, Bulukumba Regency, is considered good if the annual growth in revenue or expenditure is positive. The growth ratio can be calculated using the following formula:

$$\text{Revenue Growth Ratio} = \frac{\text{Revenue Realization ADD } X_n - X_{n-1}}{\text{Revenue Realization ADD } X_{n-1}} \times 100\%$$

$$\text{Spending Growth Ratio} = \frac{\text{Expenditure Realization ADD } X_n - X_{n-1}}{\text{Expenditure Realization ADD } X_{n-1}} \times 100\%$$

The financial report on the realization of the Village Budget (APBDesa) for Bira Village, Bonto Bahari District, Bulukumba Regency is as follows:

Table 4. Financial Report on the Realization of APBDesa (ADD) at the Bira Village Office

Year	Budget Pendapatan (Rp)	Realization Pendapatan (Rp)
2020	1.899.930.053,00	1.850.612.342,00
2021	2.254.727.328,00	2.195.632.989,00
2022	1.902.036.949,00	1.877.800.897,00
2023	2.122.399.141,00	2.093.549.203,00

Source: Report on the Realization of the Bira Village Budget in the Bonto Bahari District (Data processed, 2025)

Calculation of the revenue growth ratio at the Bira Village Office, Bulukumba Regency The Fiscal Year 2020-2023 is as follows:

$$\text{Year 2021} = \frac{2.195.632.989,00 - 1.850.612.342,00}{1.850.612.342,00} \times 100\% = 18,64\%$$

$$\text{Year 2022} = \frac{1.877.800.897,00 - 2.195.632.989,00}{2.195.632.989,00} \times 100\% = -14,48\%$$

$$\text{Year 2023} = \frac{2.093.549.203,00 - 1.877.800.897,00}{1.877.800.897,00} \times 100\% = 11,49\%$$

Table 5. Revenue Growth Ratio in Bira Village Period (2020-2023).

Year	Revenue Realization (Rp) ADD X_n	Realisasi Income (Rp) ADD X_{n-1}	Revenue Growth Ratio (%)	Criteria
2021	2.195.632.989,00	1.850.612.342,00	18,64%	Low
2022	1.877.800.897,00	2.195.632.989,00	-14,48%	Low
2023	2.093.549.203,00	1.877.800.897,00	11,49%	Low

Source: Report on the Realization of the Bira Village APBDesa, Bonto Bahari District (Processed Data, 2025)

The fluctuations in the revenue growth ratio in Bira Village during the 2020-2023 period indicate the dynamics in the village government's ability to maintain and increase revenue. In 2021, there was an increase in revenue of 18.64%, reflecting efforts to explore new sources of income or optimize existing ones. However, the decline of -14.48% in 2022 indicates challenges in maintaining the existing revenue momentum, caused by external factors such as the pandemic and policy changes. In 2023, there was a recovery with a revenue increase of 11.49%, indicating that the adaptation and efforts to boost village

income were once again effective.

Next, to calculate the village expenditure growth ratio, the financial report of the APBDesa realization for Bira Village, Bonto Bahari District, Bulukumba Regency is presented as follows:

Table 6. Financial Report of Village Fund Allocation (ADD) at the Bira Village Office.

Year	Budget (Rp)	Expenditure Realization (Rp)
2020	1.861.644.150,00	1.808.388.573,00
2021	2.258.665.194,00	2.155.322.059,00
2022	1.944.690.533,00	1.842.599.020,00
2023	1.121.610.000,00	1.111.244.750,00

Source: Report on the Realization of the Bira Village Budget in Bonto Bahari District (Data processed, 2024)

Calculation of the spending growth ratio at the Bira Village Office, Bulukumba RegencyThe 2020-2023 Fiscal Year is as follows:

$$\text{Year 2021} = \frac{2.155.322.059,00 - 1.808.388.573,00}{1.808.388.573,00} \times 100\% = 19,18\%$$

$$\text{Year 2022} = \frac{1.842.599.020,00 - 2.155.322.059,00}{2.155.322.059,00} \times 100\% = -14,51\%$$

$$\text{Year 2023} = \frac{1.111.244.750,00 - 1.842.599.020,00}{1.842.599.020,00} \times 100\% = -39,69\%$$

Table 7. Growth Ratio of Village Expenditure in Bira Period, Bonto Bahari Subdistrict, Bulukumba Regency (2020-2023).

Year	Expenditure Realization (Rp)	Expenditure Realization (Rp)	Spending Growth Ratio (%)	Criteria
	ADD Xn	ADD Xn-1		
2021	2.155.322.059,00	1.808.388.573,00	19,18%	Low
2022	1.842.599.020,00	2.155.322.059,00	-14,51%	Low
2023	2.101.894.073,00	1.842.599.020,00	-39,69%	Low

Source: Report on the Realization of the Bira Village Budget in the Bonto Bahari District, Bulukumba Regency (Processed Data, 2024)

The growth ratio of expenditures shows a similar pattern to revenue, reflecting how changes in revenue affect spending patterns.The increase in spending in 2021 by 19.18% indicates that the village government raised expenditures, possibly to support new programs or infrastructure improvements.A significant decrease of -14.51% in 2022, and further -39.69% in 2023, may reflect savings made to adjust to declining revenues or for efficiency in budget management.A significant reduction in spending could be a strategy to maintain the village's financial balance, although it could also indicate limitations in the realization of planned programs.

Overall, the financial performance of Bira Village, Bonto Bahari District, Bulukumba

Regency during the 2020-2023 period can be considered quite good despite fluctuations, with efforts to maintain budget effectiveness and make adjustments to changes in income and expenditure.

CONCLUSION

Based on the analysis of the financial performance of Bira Village, Bonto Bahari District, Bulukumba Regency during the period of 2020-2023, it can be concluded that the financial performance of the APBDesa management of Bira Village over the past four years can be categorized as effective. The effectiveness ratio for each year is above 98%, indicating that almost the entire allocated budget has been realized well.

In terms of growth ratio, the village's income experienced significant fluctuations. In 2021, there was an increase in revenue of 18.63% compared to the previous year, indicating very good performance in terms of revenue. However, in 2022, the village's revenue decreased by 14.50%, indicating challenges in maintaining income. In 2023, revenue increased again by 11.50%, indicating a recovery and an increase in income.

On the expenditure side, the year 2021 also recorded a significant increase of 19.20%, reflecting increased spending activities for village programs. However, in 2022, there was a decrease in spending by 14.52%, indicating savings or a reduction in expenditure. In 2023, spending increased again by 14.06%, reflecting an increase in expenditure activities.

Overall, the financial performance of Desa Bira can be considered quite good despite some fluctuations. The village successfully increased its revenue and expenditure in 2023 after facing challenges in 2022.

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