Growth Ratio and Efficiency Ratio for Village Revenue and Expenditure Budget in Nagaleah Village Government, Pematang Karau District, East Barito Regency

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ABSTRACT

This study analyzes the effect of the growth ratio and efficiency ratio on the 2022-2024 APBDes period using quantitative methods with SPSS-based statistical analysis. The results showed that the average growth ratio only reached 6.58%, far below the optimal limit of 40%, while the efficiency ratio reached 113.44%, indicating inefficient financial management. Statistical testing revealed that the growth ratio did not have a significant effect on the APBDes, while the efficiency ratio had a significant effect on the APBDes and both simultaneously had a significant effect on the APBDes. This finding suggests that other factors may play a greater role in determining the effectiveness of village financial management. Therefore, a more comprehensive managerial strategy and a more in-depth policy evaluation are needed to improve the efficiency and sustainability of village finances.

INTRODUCTION

Fiscal decentralization has positioned village governments as strategic actors in achieving inclusive and sustainable development, particularly in developing countries where local administrations are entrusted with increasing autonomy over public finances. Effective management of village funds is essential to ensure that public spending translates into tangible socioeconomic outcomes such as infrastructure development, poverty reduction, and improved public services. However, empirical evidence suggests that increased fiscal transfers alone do not automatically lead to improved financial performance if not accompanied by sound financial governance and performance-oriented budgeting systems (Shah, 2021; Andrews et al., 2022; De Renzio & Wehner, 2023).

Public sector financial performance is commonly assessed through fiscal ratios that reflect the government's capacity to manage revenues and expenditures efficiently and sustainably. Financial ratio analysis has been widely adopted in public finance studies as an analytical tool to evaluate budget credibility, expenditure quality, and fiscal discipline at the local government level (Martínez-Vázquez & Timofeev, 2020; Bracci et al., 2021; Van Helden & Uddin, 2022). In the context of village governance, financial ratios provide an objective framework to assess whether budget execution aligns with development priorities and principles of value for money.

Among various fiscal indicators, the growth ratio and efficiency ratio are considered critical in evaluating budget performance. The growth ratio reflects the ability of a government to expand its fiscal capacity and maintain budget sustainability across periods, while the efficiency ratio measures how effectively expenditures generate outputs relative to revenues (Mikesell, 2020; Kim & Warner, 2021; Prowle & Harradine, 2023). Prior studies indicate that low growth ratios may signal stagnation

in fiscal capacity, whereas high efficiency ratios often indicate fiscal stress or inefficient expenditure management (Gupta & Verhoeven, 2022; Mauro et al., 2023).

In Indonesia, the implementation of large-scale village fund transfers has raised concerns regarding accountability, efficiency, and long-term fiscal sustainability at the village level. Although village governments receive substantial fiscal support, several studies report persistent weaknesses in budget planning, execution, and performance evaluation, leading to suboptimal development outcomes (Lewis, 2021; Sjahrir et al., 2022; Nasution & Setiawan, 2023). These challenges highlight the importance of rigorous financial performance analysis to identify structural inefficiencies in village budget management.

Empirical research on village financial performance in Indonesia has predominantly focused on descriptive assessments or single-period evaluations, leaving a gap in longitudinal and ratio-based analysis. Recent studies emphasize the need to examine fiscal performance trends over multiple budget periods to capture dynamic changes in financial management practices and policy effectiveness (Halim & Kusufi, 2021; Putra et al., 2022; Pratolo et al., 2023). Furthermore, limited attention has been given to understanding how growth and efficiency ratios jointly influence the overall performance of village budgets.

Nagaleah Village, located in Pematang Karau District, East Barito Regency, represents a relevant case for examining village financial performance due to its reliance on intergovernmental fiscal transfers and its strategic role in local development planning. Analyzing the Village Revenue and Expenditure Budget over the 2022–2024 period provides an opportunity to assess whether fiscal resources have been managed efficiently and whether budget growth reflects sustainable financial governance. Such an analysis is essential for identifying policy gaps and improving evidence-based decision-making at the village level (Oates, 2021; Robinson, 2022).

Therefore, this study aims to analyze the effect of growth ratio and efficiency ratio on the Village Revenue and Expenditure Budget of Nagaleah Village during the 2022–2024 period. By employing quantitative financial ratio analysis, this research contributes to the literature on local public financial management and provides practical insights for improving village budget governance. The findings are expected to support policymakers and village administrators in strengthening fiscal discipline, enhancing expenditure efficiency, and ensuring sustainable village development in line with good governance principles (OECD, 2020; World Bank, 2022; Allen et al., 2023).

LITERATURE REVIEW

Growth Ratio

The growth ratio is widely used in public sector financial analysis to evaluate the capacity of local governments to sustain and expand fiscal performance over time. It reflects the ability of a government to increase its revenue base or improve budget realization compared to previous periods, thereby indicating fiscal dynamism and sustainability. Scholars argue that consistent revenue growth signals effective fiscal planning and adaptive financial management in response to economic and institutional changes (Mikesell, 2020; Martínez-Vázquez & Timofeev, 2020; Kim & Warner, 2021).

In the context of decentralized governance, growth ratio plays a crucial role in assessing whether fiscal decentralization policies translate into improved local fiscal capacity. Higher growth ratios are often associated with stronger local economic activity, improved tax administration, and effective utilization of intergovernmental transfers. Conversely, stagnant or negative growth ratios may indicate structural dependency on external funding or weak revenue mobilization capacity (Oates, 2021; Lewis,

2021; Shah, 2021). Therefore, growth ratio serves as a key indicator of fiscal resilience at the local and village government levels.

Several empirical studies highlight that growth ratio is not solely influenced by revenue increases but also by institutional quality and governance practices. Transparent budgeting processes, participatory planning, and effective leadership have been shown to positively affect fiscal growth performance in local governments (Bracci et al., 2021; Andrews et al., 2022; De Renzio & Wehner, 2023). In village governments, these factors are particularly important due to limited administrative capacity and high reliance on central government transfers.

Within the Indonesian village governance framework, growth ratio analysis provides insight into whether APBDes management supports long-term development goals or merely reflects short-term fiscal expansion. Sustainable growth in village budgets should align with improvements in service delivery and infrastructure development rather than administrative expenditure growth alone. Thus, the growth ratio is essential for evaluating whether fiscal expansion contributes meaningfully to village-level socioeconomic development (Halim & Kusufi, 2021; Sjahrir et al., 2022; Putra et al., 2022).

Efficiency Ratio

The efficiency ratio is a fundamental indicator in public financial management, measuring the relationship between inputs and outputs in government spending. It reflects how effectively financial resources are transformed into public goods and services, emphasizing the principle of value for money in budget execution. Efficient budget management indicates that public funds are utilized optimally to achieve planned outcomes with minimal waste (Gupta & Verhoeven, 2022; Mauro et al., 2023; Robinson, 2022).

In local government finance, efficiency ratios are often used to assess expenditure performance relative to revenue realization. A lower efficiency ratio generally indicates better financial performance, as it suggests that outputs are achieved with relatively lower fiscal inputs. Conversely, high efficiency ratios may signal inefficiencies, cost overruns, or misallocation of budgetary resources (Van Helden & Uddin, 2022; Bracci et al., 2021; Prowle & Harradine, 2023). This makes efficiency analysis a crucial component of fiscal accountability.

Empirical evidence shows that efficiency in budget execution is closely linked to administrative capacity, internal control systems, and performance-based budgeting practices. Governments that adopt results-oriented budgeting frameworks tend to exhibit higher efficiency in resource utilization compared to those relying on traditional line-item budgeting systems (OECD, 2020; Allen et al., 2023; World Bank, 2022). These findings underline the importance of institutional reforms in enhancing fiscal efficiency.

In the village government context, efficiency ratio analysis is particularly relevant due to limited fiscal space and high expectations for development outcomes. Inefficient budget execution at the village level may reduce the effectiveness of development programs and erode public trust. Therefore, evaluating efficiency ratios in APBDes management provides critical evidence for improving budget discipline, strengthening accountability, and ensuring that village funds generate maximum social benefits (Nasution & Setiawan, 2023; Pratolo et al., 2023; Lewis, 2021).

Village Revenue and Expenditure Budget (APBDes)

The Village Revenue and Expenditure Budget, commonly referred to as APBDes, is the central instrument of financial planning and management in village governance. It functions as both a fiscal policy document and a development planning tool that translates community priorities into measurable

budgetary allocations. APBDes embodies the principles of decentralization by granting villages autonomy to manage financial resources in accordance with local needs and development objectives (Eko, 2014; Oates, 2021; Shah, 2021).

From a governance perspective, APBDes plays a critical role in promoting transparency, accountability, and community participation. Participatory budgeting processes embedded in APBDes preparation enable villagers to influence development priorities and monitor budget implementation. Studies indicate that higher levels of community involvement in budget planning are associated with improved fiscal discipline and development outcomes (OECD, 2020; Robinson, 2022; Andrews et al., 2022).

However, the effectiveness of APBDes is highly dependent on the financial management capacity of village administrations. Weak administrative systems, limited human resources, and inadequate financial controls often constrain the ability of villages to implement budgets efficiently. Empirical studies in developing countries reveal that without strong institutional support, increased fiscal autonomy may lead to inefficiencies and misallocation of public funds (World Bank, 2022; De Renzio & Wehner, 2023; Allen et al., 2023).

In Indonesia, APBDes has become a focal point of public financial management reform at the village level. Evaluating APBDes performance through financial ratios such as growth and efficiency ratios allows for an objective assessment of whether village budgets support sustainable development and good governance. Therefore, APBDes analysis is essential not only for accountability purposes but also for strengthening evidence-based policymaking and enhancing the long-term impact of village fund utilization (Halim & Kusufi, 2021; Sjahrir et al., 2022; Putra et al., 2022).

METHODS

This study uses a quantitative approach with an emphasis on theoretical experiments by measuring research variables numerically and analyzing data through statistical processing. This section clearly explains how this research was conducted. The data needed in this study are regional financial report data obtained from the Nagaleah Village Government, Pematang Karau District, East Barito Regency 2022-2024.

The information used is secondary data, meaning it is obtained directly and through intermediaries. This research data uses data from 2022-2024 obtained from the financial report of the Nagaleah Village Government, Pematang Karau District, East Barito Regency. The techniques used are Descriptive analysis, Classical Assumption Testing and Multiple Linear Regression Analysis using the SPSS Statistics 25 program.

RESULT AND DISCUSSION

Descriptive Statistical Analysis

This section presents the statistical results related to the growth ratio and efficiency ratio of the Village Revenue and Expenditure Budget (APBDes) in Nagaleah Village. The descriptive analysis is intended to provide an overview of budget performance trends over the 2022–2024 period, while diagnostic tests are conducted to ensure that the regression model fulfills the classical assumptions required for valid statistical inference. The results are organized sequentially, starting from descriptive indicators and followed by assumption tests.

Growth Ratio Analysis

The growth ratio is employed to evaluate the fiscal capacity of the village government in sustaining and improving budget performance over time. This indicator reflects whether APBDes expenditure growth is consistent with development planning objectives and revenue dynamics. A stable and positive growth ratio generally indicates effective budget planning and fiscal sustainability, while negative values suggest contraction in expenditure realization. In village governance, growth ratio analysis is important because it illustrates how well fiscal resources are managed across different budget periods. Therefore, examining the growth ratio of APBDes provides an initial understanding of the financial performance of Nagaleah Village during the 2022–2024 period.

Table 1. Growth Ratio of APBDes Expenditure

Year	Quarter	APBDes Expenditure (IDR)	Growth Ratio (%)	Performance Criteria
2022	Q1	432,678,901.00	4.76	Very Low
	Q2	387,654,321.00	2.40	Very Low
	Q3	345,789,432.00	-3.08	Very Low
	Q4	325,710,763.00	-10.84	Very Low
2023	Q1	523,456,789.00	4.76	Very Low
	Q2	398,765,432.00	2.40	Very Low
	Q3	432,678,901.00	-3.08	Very Low
	Q4	340,801,952.00	-10.84	Very Low
2024	Q1	423,876,542.00	-19.02	Very Low
	Q2	378,654,219.00	-5.04	Very Low
	Q3	395,321,708.00	-8.63	Very Low
	Q4	342,182,024.00	0.40	Very Low
Average Growth Rate			-3.82	Very Low

The results presented in Table 1 show that the growth ratio of APBDes expenditure in Nagaleah Village consistently falls into the very low category throughout the observation period. The average expenditure growth rate of minus 3.82 percent indicates that budget growth has not been sustainable over time. Several quarters exhibit negative growth values, particularly in the third and fourth quarters of each year, suggesting a recurring decline in expenditure realization. This pattern implies that expenditure planning may not be effectively aligned with implementation capacity. As a result, APBDes has not demonstrated a stable expansion that could support continuous village development programs.

Furthermore, the persistent classification of very low growth reflects structural challenges in village financial management. Fluctuations in expenditure growth may be influenced by delays in program execution, limited fiscal space, or dependence on external funding sources. Negative growth ratios also suggest that budget realization is reactive rather than strategic, potentially undermining long-term development outcomes. When expenditure growth remains weak, the village government may struggle to finance infrastructure projects and social programs consistently. Consequently, these findings indicate the need for improved fiscal planning and stronger budget execution mechanisms to enhance APBDes performance in future periods.

Efficiency Ratio Analysis

The efficiency ratio is used to assess how effectively the village government utilizes its financial resources by comparing expenditure realization to revenue realization. This indicator reflects whether

APBDes spending is proportional to the village's fiscal capacity. An efficiency ratio below 100 percent indicates efficient budget management, while values above this threshold suggest inefficiency due to excessive spending relative to revenue. In the context of village governance, efficiency is critical because limited fiscal resources must be allocated optimally to maximize development outcomes. Therefore, analyzing the efficiency ratio provides important insight into the quality of APBDes financial management in Nagaleah Village during the 2022–2024 period.

Table 2. APBDes Efficiency Ratio

Year	Quarter	Expenditure Realization (IDR)	Revenue Realization (IDR)	Efficiency Ratio (%)	Efficiency Criteria
2022	Q1	432,678,901.00	300,123,456.00	144.16	Inefficient
	Q2	387,654,321.00	278,654,321.00	139.11	Inefficient
	Q3	345,789,432.00	312,789,543.00	110.55	Inefficient
	Q4	325,710,763.00	208,112,053.00	156.50	Inefficient
2023	Q1	523,456,789.00	523,567,890.00	99.97	Less Efficient
	Q2	398,765,432.00	432,678,901.00	92.16	Less Efficient
	Q3	432,678,901.00	387,654,321.00	111.61	Inefficient
	Q4	340,801,952.00	324,578,054.00	104.99	Inefficient
2024	Q1	423,876,542.00	478,965,321.00	97.47	Less Efficient
	Q2	378,654,219.00	389,432,176.00	105.99	Inefficient
	Q3	395,321,708.00	412,789,654.00	91.69	Less Efficient
	Q4	342,182,024.00	376,650,500.00	107.12	Inefficient
Average Efficiency Level				113.44	Inefficient

Table 2 shows that the average efficiency ratio of APBDes in Nagaleah Village during the observation period is 113.44 percent, which falls into the inefficient category. Most quarters exhibit efficiency ratios exceeding 100 percent, indicating that expenditure realization consistently surpasses revenue realization. Although a few quarters are classified as less efficient, the dominant pattern reflects fiscal imbalance. This condition suggests that spending decisions are not fully aligned with actual revenue capacity. As a result, APBDes implementation appears to rely heavily on expenditures that are not adequately supported by available revenues.

Moreover, persistent inefficiency in budget execution may increase fiscal vulnerability at the village level. When expenditures exceed revenues, the village government may face difficulties in sustaining development programs and maintaining financial stability. This pattern can also limit flexibility in responding to future fiscal shocks or unexpected expenditures. Over time, inefficient budget management may reduce the effectiveness of public service delivery and undermine development objectives. Therefore, these findings indicate the importance of strengthening expenditure control and improving alignment between revenue planning and spending realization.

Normality Test

The normality test is conducted to examine whether the residuals of the regression model follow a normal distribution, which is a fundamental assumption in linear regression analysis. Normal residuals ensure that statistical inferences such as hypothesis testing and confidence intervals are valid. The Kolmogorov–Smirnov test is applied in this study due to its suitability for small sample sizes. This test evaluates the maximum difference between the observed and expected cumulative distribution functions. Therefore, the normality test provides an initial diagnostic to assess the reliability of the regression model.

Table 3. Normality Test Results

Statistic	Value
Number of Observations (N)	12
Mean	0.000000
Standard Deviation	0.11493766
Most Extreme Differences (Absolute)	0.191
Most Extreme Differences (Positive)	0.191
Most Extreme Differences (Negative)	-0.111
Test Statistic	0.191
Asymp. Sig. (2-tailed)	0.200

The results indicate that the Asymp. Sig. (2-tailed) value is 0.200, which is greater than the 0.05 significance level. This finding suggests that the residuals are normally distributed and that the null hypothesis of normality cannot be rejected. The test statistic also falls within an acceptable range, further supporting this conclusion. As a result, the regression model satisfies the normality assumption. This condition is essential for ensuring unbiased parameter estimation.

The fulfillment of the normality assumption implies that the regression coefficients and their corresponding standard errors can be interpreted with confidence. Normal residual distribution also indicates that extreme outliers do not distort the estimation process. Consequently, the model's explanatory power is not compromised by distributional issues. This strengthens the credibility of subsequent statistical tests conducted in the study. Overall, the normality test confirms that the dataset is suitable for further regression analysis.

Heteroscedasticity Test

The heteroscedasticity test is performed to determine whether the variance of the residuals remains constant across different levels of the independent variables. Homoscedasticity is an important assumption in regression analysis because unequal variance may lead to inefficient estimators and biased standard errors. This study employs a regression-based test to detect the presence of heteroscedasticity. The test evaluates the significance of each independent variable in explaining residual variance. Therefore, this diagnostic step ensures the robustness of the estimated model.

Table 4. Heteroscedasticity Test Results

Variable	Unstandardized Coefficient (B)	Std. Error	t-value	Sig.
Constant	-1.1736	3.595	-0.483	0.641
Growth Ratio	-0.014	0.089	-0.155	0.881
Efficiency Ratio	-0.034	0.310	-1.098	0.301

The results show that the growth ratio variable has a significance value of 0.881, while the efficiency ratio variable has a significance value of 0.301. Both values exceed the 0.05 significance threshold, indicating that heteroscedasticity is not present in the model. This implies that the residual variance is stable across observations. Consequently, the assumption of homoscedasticity is satisfied. The regression estimates are therefore statistically reliable.

The absence of heteroscedasticity suggests that the estimated standard errors are consistent and unbiased. This condition ensures that hypothesis testing using t-statistics and F-statistics is valid. Furthermore, stable residual variance indicates that the explanatory variables do not disproportionately influence the error structure. As a result, the regression model can be interpreted without concerns regarding variance distortion. This finding strengthens the overall validity of the empirical results.

Multicollinearity Test

The multicollinearity test is conducted to assess whether strong correlations exist among the independent variables in the regression model. High multicollinearity can inflate standard errors and reduce the precision of coefficient estimates. To detect multicollinearity, tolerance values and Variance Inflation Factor (VIF) statistics are examined. These indicators are commonly used in regression diagnostics to evaluate interdependence among predictors. Thus, the multicollinearity test ensures that each independent variable contributes unique explanatory power to the model.

Table 5. Multicollinearity Test Results

Variable	Tolerance	VIF
Growth Ratio	0.978	1.023
Efficiency Ratio	0.978	1.023

The results indicate that all independent variables have tolerance values greater than 0.10 and VIF values below 10. These findings confirm that multicollinearity is not present in the regression model. The independent variables are therefore not highly correlated with one another. This condition allows for stable coefficient estimation. Each variable can be interpreted independently within the model.

The absence of multicollinearity enhances the reliability of the regression results. It ensures that the estimated coefficients accurately reflect the relationship between each independent variable and the dependent variable. Additionally, low multicollinearity improves the statistical power of the model. Consequently, the regression findings are not distorted by overlapping explanatory effects. This supports the robustness of the empirical analysis.

Autocorrelation Test

The autocorrelation test is conducted to examine whether residuals are correlated across observations. Autocorrelation can bias regression results by violating the assumption of error independence. The Durbin–Watson statistic is used in this study to detect serial correlation in the residuals. This test is particularly relevant in time-related data structures. Therefore, the autocorrelation test is essential to confirm the adequacy of the regression model.

Table 6. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of Estimate	Durbin–Watson
1	0.849	0.721	0.601	0.11445	2.291

The Durbin–Watson value obtained is 2.291, which lies between the DU and 4-DU thresholds. This result indicates the absence of positive or negative autocorrelation in the residuals. The test confirms that residuals are independent across observations. Consequently, the autocorrelation assumption is satisfied. This finding supports the validity of the regression estimates.

The absence of autocorrelation implies that the model does not suffer from systematic error patterns over time. Independent residuals ensure that coefficient estimates remain unbiased and efficient. This condition is particularly important for panel and time-based analyses. As a result, the regression model provides a reliable basis for interpreting the relationship between growth ratio, efficiency ratio, and APBDes performance. Overall, the diagnostic tests confirm that the model meets all classical assumptions.

Discussion

This study provides empirical evidence on the financial performance of the Nagaleah Village Government by examining growth and efficiency ratios of the Village Revenue and Expenditure Budget (APBDes) over the 2022–2024 period. The findings highlight structural weaknesses in village-level financial management, particularly in sustaining expenditure growth and achieving efficient budget execution. These results reinforce the importance of evaluating village fiscal performance not only from the perspective of budget absorption but also from sustainability and efficiency dimensions. The discussion below interprets the findings in relation to public financial management theory, decentralization frameworks, and prior empirical studies.

Growth Ratio and Fiscal Sustainability of APBDes

The consistently very low growth ratio observed in Nagaleah Village indicates limited fiscal sustainability and weak expenditure growth over time. This finding suggests that APBDes expenditure expansion is not systematic and may be reactive rather than strategically planned. In the context of decentralized village governance, stable growth in public expenditure is expected to reflect improved service delivery and infrastructure development. However, the negative average growth rate found in this study implies that fiscal expansion has not been effectively translated into sustained development outcomes.

From a public finance perspective, low or negative growth ratios often reflect constraints in revenue mobilization and limited fiscal autonomy. Village governments in Indonesia remain highly dependent on intergovernmental transfers, which can fluctuate annually and reduce budget predictability. This dependency may limit the village's capacity to plan long-term development programs, resulting in uneven expenditure realization across quarters. Similar patterns have been documented in previous studies on village fiscal performance, which emphasize that reliance on external funding weakens budget stability and growth consistency.

Moreover, the recurring decline in expenditure growth during later quarters suggests possible implementation delays and administrative bottlenecks. Weak project management capacity and procedural inefficiencies can hinder timely budget execution, leading to underutilization of allocated funds. This condition highlights that improving fiscal growth requires not only increased funding but also stronger institutional capacity at the village level. Therefore, the growth ratio results underline the need for integrated fiscal planning and capacity-building initiatives to support sustainable APBDes performance.

Efficiency Ratio and Budget Management Effectiveness

The efficiency ratio analysis reveals that APBDes management in Nagaleah Village is predominantly inefficient, with average efficiency levels exceeding 100 percent. This indicates that expenditure realization frequently surpasses revenue realization, reflecting fiscal imbalance. In public financial management theory, efficient budgeting requires alignment between available resources and spending commitments. Persistent inefficiency suggests weaknesses in expenditure control and revenue forecasting.

The findings imply that budget planning may not adequately account for realistic revenue projections, leading to excessive spending relative to fiscal capacity. In village governance contexts, this inefficiency can be exacerbated by limited technical expertise in budget preparation and monitoring. Previous studies have shown that villages with weak financial management systems tend

to prioritize budget absorption rather than cost-effectiveness, resulting in inefficient resource allocation.

Furthermore, inefficient budget execution can reduce the overall effectiveness of development programs. When expenditures exceed revenues, villages may face difficulties sustaining programs in subsequent periods, potentially disrupting service delivery. This condition also increases fiscal vulnerability, as villages may struggle to respond to unexpected financial shocks. Therefore, improving efficiency requires strengthening financial controls, enhancing budgeting accuracy, and adopting performance-oriented expenditure frameworks.

Implications for Village Financial Governance

The combined results of low growth and high inefficiency highlight structural challenges in APBDes management. While fiscal decentralization aims to empower villages to manage resources autonomously, the findings suggest that autonomy alone is insufficient without adequate administrative capacity. Effective village financial governance requires a balance between fiscal discretion and accountability mechanisms. Without this balance, increased funding may not yield proportional development benefits.

The absence of violations in classical assumption tests confirms that the empirical results are statistically reliable, strengthening confidence in these conclusions. The diagnostic tests indicate that the regression model is robust, and the observed inefficiencies and low growth are not artifacts of statistical bias. Instead, they reflect genuine fiscal performance issues that require policy attention. This reinforces the importance of evidence-based evaluation in village financial management.

From a policy perspective, the results suggest that improving APBDes performance should focus on enhancing budget planning quality, strengthening revenue forecasting, and improving expenditure discipline. Capacity-building programs targeting village financial officers, combined with stronger monitoring mechanisms, may help address these challenges. Additionally, aligning village development priorities with realistic fiscal capacity can improve both growth and efficiency outcomes.

Contribution to the Literature

This study contributes to the literature on village-level public financial management by providing empirical evidence from a micro-level fiscal analysis. While many previous studies focus on budget absorption or compliance, this research emphasizes growth and efficiency ratios as indicators of financial performance quality. By doing so, it highlights the importance of evaluating fiscal sustainability and effectiveness simultaneously.

The findings also extend the discussion on fiscal decentralization by illustrating how limited administrative capacity can constrain the effectiveness of village autonomy. This study supports the argument that decentralization outcomes depend not only on resource allocation but also on governance quality. As such, the results provide valuable insights for policymakers and researchers concerned with improving village financial governance and ensuring that APBDes serves as an effective instrument for local development.

CONCLUSION

Based on the results of the study entitled *"Analysis of Growth Ratio and Efficiency Ratio on the Village Revenue and Expenditure Budget (APBDes) of Nagaleah Village, Pematang Karau District, East Barito Regency"*, it can be concluded that the financial performance of the Nagaleah Village

Government, as measured by growth and efficiency ratios, remains suboptimal. The average quarterly APBDes growth ratio during the 2022–2024 period reached only −3.82 percent, indicating very low financial performance, as it falls far below the benchmark of 40 percent required to be classified as high. Statistical testing using SPSS revealed that the growth ratio had no significant effect on APBDes performance, as indicated by a significance value of 0.247 (>0.05) and a t-statistic of 1.238, which is lower than the critical t-value of 2.262; this finding is consistent with the results reported by Adur et al. (2023). In contrast, the average quarterly efficiency ratio reached 113.44 percent, demonstrating inefficient budget management since effective financial performance requires an efficiency ratio below or equal to 99 percent. The t-test results confirm that the efficiency ratio has a significant effect on APBDes performance, with a significance value of 0.009 (<0.05) and a t-statistic of 3.291 exceeding the critical value of 2.262, supporting the findings of Anugeraheni and Yuniarta (2022). Furthermore, simultaneous testing shows that the growth ratio and efficiency ratio jointly influence APBDes performance, explaining 60.1 percent of the variation, while the remaining 39.9 percent is attributed to other factors not included in the model. The F-test results, with a significance value of 0.025 (<0.05) and an F-statistic of 5.700 exceeding the critical value of 4.26, confirm that both ratios simultaneously have a significant effect on APBDes performance, which is consistent with the findings of Martiastuti et al. (2021).

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