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The Effect of Effectiveness Ratio, Efficiency Ratio, Harmony Ratio and Financial Growth Ratio Region Towards Financial Performance Medan City Government and Tebing Tinggi City

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A B S T R A C T

The Regional Revenue and Expenditure Budget (APBD) is a key policy tool used by local governments to support operational activities and regional development. The ability to manage the APBD reflects the local government's capacity to meet the financing needs. This study aims to analyze the partial and simultaneous effects of regional financial performance, effectiveness ratio, efficiency ratio, harmony ratio, and growth ratio on the level of regional independence in the City Government of Medan and Tebing Tinggi. The research adopts a descriptive quantitative approach with testing through multiple linear regression analysis, utilizing secondary data obtained from the official website www.djpk.kemenkeu.go.id. The findings show that, in a partial analysis, the effectiveness ratio (X1), efficiency ratio (X2), harmony ratio (X3), and growth ratio (X4) have a significant impact on the regional financial performance, with each having a significance value of 0.00 (< 0.05). However, when analyzed simultaneously, these four variables do not significantly influence the regional independence ratio. This study, conducted over the period from 2019 to 2023 with a 95.5% confidence level, is expected to serve as a reference for local governments to enhance the effectiveness and efficiency of financial management in the future

INTRODUCTION

The financial performance of local governments reflects the extent to which local governments have achieved in managing revenues and expenditures during a certain budget period. This performance assessment can be done through financial report analysis, which involves the application of various financial ratios, such as independence ratios, effectiveness ratios, efficiency ratios, harmony ratios, and regional financial growth ratios. This analysis aims to provide a more comprehensive picture of the ability of local governments to manage their financial resources optimally.

Medan City, as the third largest city in Indonesia after DKI Jakarta and Surabaya, is the capital of North Sumatra Province. Meanwhile, Tebing Tinggi City, which is also in North Sumatra Province, is one of 33 regencies/cities in the province. The city is located approximately 78 km from Medan City and has a long-term vision as a "Service and Trade City with quality human resources" in accordance with Regional Regulation Number 04 of 2006 concerning the Long-Term Regional Development Plan (RPJPD) of Tebing Tinggi City for 2006-2025.

Despite having great potential, these two cities have not been fully able to create financial independence in running the government. This is reflected in the dominance of regional revenues sourced from transfer funds compared to local revenue (PAD) in the structure of the Regional Revenue and Expenditure Budget (APBD). This dependence shows the need for a more in-depth evaluation of the financial performance of the two cities, as can be seen in the following data:

Table 1. PAD, PAD Realization and Transfer Revenue of City for Fiscal Year 2019-2023

Year	PAD	PAD Realization	Transfer Income
2019	2,312,760,384,058.00	1,829,669,955,348.31	3,636,639,051,273.00
2020	1,813,909,461,511.16	1,509,831,081,747.01	
2021	2,139,239,943,474.00	1,906,512,189,047.29	2,942,065,031,645.00
2022	3,050,594,560,414.00	2,230,554,495,746.85	3,150,952,726,119.00
2023	3,751,632,336,388.00	2,442,782,732,668.50	3,260,957,621,792.00

Data processed by Author, 2024

Table 2. Operational Expenditure, Capitalize Expenditure and Unforeseen Expenditure of Medan City for Fiscal Year 2019-2023

Year	Operational Shopping	Capital Expenditure	Unexpected Shopping
2019	4,992,707,636,172.86	1,300,255,956,255.19	10,000,000,000.00
2020	2,809,751,352,261.18	447,981,463,338.08	2,444,915,722,138.35
2021	4,721,486,070,425.00	863,671,114,667.00	146,237,877,183.00
2022	5,279,980,643,883.00	2,325,507,184,562.00	63,232,363,043.00
2023	5,422,658,985,633.00	2,378,363,903,973.00	43,679,292,966.00

Data processed by Author, 2024

Table 3. PAD, PAD Raealization and Transfer Revenue of Tebing Tinggi Citty for the 2019-2023 Budget Year

Year	PAD	PAD Realization	Transfer Income
2019	119,116,990,780,10	105,239,918,351,52	608,133,845,311,69
2020	110,798,461,164.00	90,981,301,747,13	557,696,221,183.00
2021	118,392,343,818.00	82,930,324,048.00	610,914,603,895.00
2022	109,904,586,000.00	88,747,190,213,25	584,577,527,271,00
2023	116,032,548,174.00	97,310,116,162,01	593,530,557,389.00

Data processed by Author, 2024

Table 4 Operational Expenditure, Capitalize Expenditure and Unforeseen Expenditure of Tebing Tinggi City for Fiscal Year 2019-2023

Year	Operational Shopping	Capital Expenditure	Unexpected Shopping
2019	596,818,895,682,63	166,511,520,590.00	391,562,562,00
2020	561,765,707,299.00	156,879,049,075,08	15,963,923,268.00
2021	570,000,871,392.00	196,745,803,314.00	1,235,000,000.00
2022	597,428,789,040.00	151,981,341,136.00	1,000,000,000,00
2023	605,034,073,005.00	118,024,251,187.00	300,000,000.00

Data processed by Author, 2024

Measurement of regional financial performance can be done using various methods, one of which is through the analysis of the Regional Financial Performance Ratio. Ratios that are often used include the Effectiveness Ratio, Efficiency Ratio, Harmony Ratio, Growth Ratio, and Regional Financial Independence Ratio. Each ratio provides a different perspective in assessing regional financial management, starting from the effectiveness of budget use, operational efficiency, budget allocation harmony, financial growth, to the level of fiscal independence achieved by the regional government.

LITERATURE REVIEW

Organizational Behavior

A. Theory/Institutional Theory

Human resource management (HR) in institutions or companies is currently experiencing many developments. HR is no longer only seen as capital or assets, but as human resources and human capital. This means that HR is not only the main asset of a company or organization, but also has a value that can be developed and multiplied. In this context, HR has an investment value that was previously considered a liability (expenses/cost).

B. Regional Financial Quality

1. Definition of Regional Financial Management

Regional financial management refers to a series of systematic activities, starting from planning, implementation, reporting, accountability, to regional financial supervision. According to PP RI No. 58 of 2005, regional financial management must be oriented towards public interests.

2. Allocation of Funds

Referring to PP No. 24 of 2005 concerning Government Accounting Standards, the components of financial reports include:

1) Income
   a. Local Original Income (PAD)
   b. Balancing Fund
   c. Other legitimate income
2) Shopping
   a. Regional apparatus shopping
   b. Direct shopping by officials
   c. Public service spending
   d. Revenue sharing and financial assistance
3) Financing.
   a. Sources of regional revenue
   b. Sources of regional expenditure
   c. The balance sheet depicts the financial position of a reporting entity regarding assets, liabilities, and equity funds on a specific date.
   d. Notes to the financial statements.

3. Qualitative Characteristics of Regional Government Financial Reports

Qualitative characteristics are the characteristics that make information in financial reports useful to users. There are four main qualitative characteristics, namely, understandable, relevant, reliable and comparable.

a. Understandable
b. Relevant
c. Reliability
d. Comparable

4. Analysis of Central and Regional Government Financial Reports

The Government Accounting Standards (SAP) regulated in PP No. 24 of 2005 are the reference in preparing central and regional government financial reports.

5. Regional Government Financial Performance

The financial performance of local government is the level of achievement of work results in the field of regional finance, including revenue and expenditure, based on indicators that have been determined through policies or laws and regulations. (Agustina, 2013).

6. Financial Statement Analysis

According to Mahmudi (2016), financial report analysis is a tool to evaluate the financial performance of local governments.

7. Methods and Techniques of Financial Report Analysis

According to Kasmir (2013), there are two main methods of financial report analysis:

a. Vertical Analysis (Static), Analyzing financial report components in a certain period.
b. Horizontal (Dynamic) Analysis, Analyzing changes in financial reports from one period to the next.

Regional Government Financial Performance Ratio

1. **Effectiveness Ratio**

This ratio measures the ability of a region to realize PAD according to target. The formula (Abdul Halim, 2017):

$$\text{Effectiveness Ratio} = \frac{\text{Realization of PAD Receipts}}{\text{PAD Budget}} \text{ X } 100\%$$

Table 5. Financial Performance Effectiveness

Percentage (%)	Criteria
> 100	Very Effective
100	Effective
90-99	Quite Effective
75-89	Less Effective
<75	Ineffective

Source: Mahmudi (2019)

2. **Efficiency Ratio**

This ratio compares the costs incurred with the income earned. The formula is:

$$\text{Efficiency Ratio} = \frac{\text{Realization of Regional Expenditure}}{\text{Realization of Regional Income}} \text{ X } 100\%$$

Table 6. PAD Efficiency Criteria

Percentage (%)	Criteria
<10	Very Efficient
10 – 20	Efficient
21 – 30	Quite Efficient
31 – 40	Less Efficient
>40	Not efficient

Source: Mahmudi (2019)

3. Harmony Ratio

Harmony Ratio or Spending Harmony Ratio describes how local governments prioritize their fund allocations on operational and capital expenditures optimally. According to research by Regel Nurul Fathah (2017) in the harmony ratio there are 2 methods, namely:

$$\text{Operating Expenditure Rat} = \frac{\text{Total Operating Expens}}{\text{Total Regional Expendit}} \text{ X } 100\%$$

$$\text{Capital Expenditure Ratio} = \frac{\text{Total Capital Expenditure}}{\text{Total Regional Expenditure}} \text{ X } 100\%$$

4. Growth Ratio

The growth ratio functions to evaluate the potential of regions that need attention. According to Regel Nurul Fathah (2017), the formula used to measure the growth ratio is as follows:

$$r = \frac{Pn - P0}{P0}$$

r = Growth Ratio
Pn = Total Regional Income / Capital Expenditure / Operating Expenditure calculated in the nth year
P0 =Total Regional Income / PAD / Capital Expenditure / Operating Expenditure calculated in year 0 (the year before n)

METHODOLOGY

This study uses a causal approach to analyze the cause-and-effect relationship between variables. The research location includes the Medan City Government and Tebing Tinggi City, with a population in the form of monthly financial reports of the two cities during the period 2019-2023. The research sample was determined based on financial report data for the five years, especially the Regional Revenue and Expenditure Budget Realization Report (APBD). Secondary data used in the form of the APBD Realization Report was obtained from the reports of the Audit Board (BPK) and the Regional Revenue Agency (Bapenda) of each city. Data collection was carried out through observation of financial reports and literature studies to explore related concepts and theories. Data analysis was carried out by hypothesis testing according to the type of data to ensure valid and accurate results.

RESULTS AND DISCUSSION

Medan City Government

A. Descriptive Statistical Analysis of Medan City

1. Development of the Effectiveness Ratio of the Medan and Tebing Tinggi City Governments

Table 7. Development of Medan City Government Effectiveness Ratio 2019-2023

Year	Effectiveness Ratio
2019	79.11195505
2020	83.23629783
2021	89.12100743
2022	73.11868069
2023	65.11253006

Source: Processed Data, 2024

Table 8. Minimum, Maximum, Mean, Standard Deviation Values of Medan City Government Effectiveness Ratio 2019-2023

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Rasio Efektivitas	5	2401.00	6511.00	8912.00	38968.00	7793.6000	413.69259	925.04476	855707.800
Rasio Efisiensi	5	3400.00	7426.00	10826.00	46039.00	9207.8000	550.75261	1231.52028	1516642.200
Rasio Keserasian Operasional	5	3134.00	5386.00	8520.00	36859.00	7371.8000	537.18827	1201.18949	1442856.200
Rasio Keserasian Modal	5	1875.00	799.00	2674.00	9089.00	1817.8000	346.19321	774.11156	599248.700
Rasio Pertumbuhan	5	6416.00	-2156.00	4260.00	7142.00	1428.4000	1048.49333	2344.50236	5496691.300
Kinerja Keuangan	5	11780	6359	18139	51078	10215.60	2122.575	4746.223	22526631.80
Valid N (listwise)	5								

Source: Processed Data, 2024

The minimum effectiveness of 65.11 was recorded in 2023, while the maximum value reached 89.12 in 2021. During the study period, the average effectiveness was 77.936, with a standard deviation of 9.250447. In 2021, the effectiveness level reached 89.12%, which is categorized as quite effective. This indicates that the Medan City Government has demonstrated quite good management of Local Revenue (PAD), although there is still an opportunity to increase effectiveness to a very effective level.

Table 9 Development of Tebing Tinggi City Government Effectiveness Ratio 2019 to 2023

Year	Effectiveness Ratio
2019	88.35004785
2020	82.11422866
2021	70.04703292
2022	80.74930578
2023	83.86449983

Source: Processed Data, 2024

Table 10 Minimum, Maximum, Mean, Standard Deviation Values of Tebing Tinggi City Government Effectiveness Ratio 2019 to 2023

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Rasio Efektivitas	5	1835.00	7000.00	8835.00	40506.00	8101.2000	303.72774	679.15587	461252.700
Rasio Efisiensi	5	600.00	9661.00	10261.00	49192.00	9838.4000	115.20443	257.60493	66360.300
Rasio Keserasian Operasional	5	860.00	7450.00	8310.00	39060.00	7812.0000	165.76158	370.65415	137384.500
Rasio Keserasian Modal	5	849.00	1687.00	2536.00	10682.00	2136.4000	146.47887	327.53672	107280.300
Rasio Pertumbuhan	5	1998.00	-716.00	1282.00	1110.00	222.0000	398.52465	891.12822	794109.500
Kinerja Keuangan	5	106	1880	1986	9715	1943.00	17.607	39.370	1550.000
Valid N (listwise)	5								

Source: Processed Data, 2024

The minimum effectiveness was recorded at 70.04 in 2021, while the maximum value reached 88.35 in 2019. The average effectiveness during the study period was 81.01, with a standard deviation of 6.7915. A fairly satisfactory level of effectiveness was seen in 2019 with a value of 88.35%, which is included in the fairly effective category. This shows that the Tebing Tinggi City Government has managed Regional Original Income (PAD) quite effectively.

2. Development of Efficiency Ratio of Medan City Government and Tebing Tinggi City

Table 11 Development of Medan City Government Efficiency Ratio 2019 to 2023

Year	Efficiency Ratio
2019	91.67596518
2020	96.64008302
2021	89.56944413
2022	74.26988837
2023	108.26978732

Source: Processed Data, 2024

Table 12 Minimum, Maximum, Mean, Standard Deviation Values of Medan City Government Efficiency Ratio 2019 to 2023

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Rasio Efektivitas	5	2401.00	6511.00	8912.00	38968.00	7793.6000	413.69259	925.04476	855707.800
Rasio Efisiensi	5	3400.00	7426.00	10826.00	46039.00	9207.8000	556.75261	1231.52026	1516642.200
Rasio Keserasian Operasional	5	3134.00	5386.00	8520.00	36859.00	7371.8000	537.18827	1201.18949	1442856.200
Rasio Keserasian Modal	5	1875.00	799.00	2674.00	9089.00	1817.8000	346.19321	774.11156	599248.700
Rasio Pertumbuhan	5	6416.00	-2156.00	4260.00	7142.00	1428.4000	1048.49333	2344.50236	5496691.300
Kinerja Keuangan	5	11780	6359	18139	51078	10215.60	2122.575	4746.223	22526631.80
Valid N (listwise)	5								

Source: Processed Data, 2024

The lowest efficiency value was recorded at 74.26 in 2022, while the highest value reached 108.26 in 2023. The average efficiency value during the study period was 25.921, with a standard deviation of 15.809, which is included in the less efficient category. This indicates that the performance of the Regional Government is still less than optimal, because the expenditure incurred is greater than the income earned.

Table 13 Development of Efficiency Ratio of Tebing Tinggi City Government 2019 to 2023

Year	Efficiency Ratio
2019	96.8631942385
2020	99.10340273
2021	96.61227575
2022	102.61150726
2023	96.74814242

Source: Processed Data, 2024

Table 14 Minimum, Maximum, Mean, Standard Deviation Values of the Efficiency Ratio of Tebing Tinggi City Government 2019 to 2023

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Rasio Efektivitas	5	1835.00	7000.00	8835.00	40506.00	8101.2000	303.72774	679.15587	461252.700
Rasio Efisiensi	5	600.00	9661.00	10261.00	49192.00	9838.4000	115.20443	257.60493	66360.300
Rasio Keserasian Operasional	5	860.00	7450.00	8310.00	39060.00	7812.0000	165.76158	370.65415	137384.500
Rasio Keserasian Modal	5	849.00	1687.00	2536.00	10682.00	2136.4000	146.47887	327.53672	107280.300
Rasio Pertumbuhan	5	1998.00	-716.00	1282.00	1110.00	222.0000	398.52465	891.12822	794109.500
Kinerja Keuangan	5	106	1880	1986	9715	1943.00	17.607	39.370	1550.000
Valid N (listwise)	5								

Source: Processed Data, 2024

The lowest efficiency value was recorded at 96.61 in 2021, while the highest value reached 100.26 in 2022. The average efficiency during the study period was 98.38, with a standard deviation of 2.5760. Although the efficiency was quite satisfactory in 2019 with a value of 96.06, this level of efficiency is still in the inefficient category, because it is in the value interval >100.

2.Development of Harmony Ratio of Medan City Government and Tebing Tinggi City

Table 15 Development of Medan City Government Harmony Ratio (Operational Expenditure Ratio) 2019 to 2023

Year	Harmony Ratio
2019	80.36797087
2020	53.86236312
2021	85.20509926
2022	72.95030676
2023	76.22764903

Source: Processed Data, 2024

Table 16 Minimum, Maximum, Mean, Standard Deviation Values of Harmony Ratio (Operational Expenditure Ratio) of Medan City Government 2019 to 2023

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Rasio Efektivitas	5	2401.00	6511.00	8912.00	38968.00	7793.6000	413.69259	925.04476	855707.800
Rasio Efisiensi	5	3400.00	7426.00	10826.00	46039.00	9207.8000	550.75261	1231.52028	1516642.200
Rasio Keserasian Operasional	5	3134.00	5386.00	8520.00	36859.00	7371.8000	537.18827	1201.18949	1442856.200
Rasio Keserasian Modal	5	1875.00	799.00	2674.00	9089.00	1817.8000	346.19321	774.11156	599248.700
Rasio Pertumbuhan	5	6416.00	-2156.00	4260.00	7142.00	1428.4000	1048.49333	2344.50236	5496691.300
Kinerja Keuangan	5	11780	6359	18139	51078	10215.60	2122.575	4746.223	22526631.80
Valid N (listwise)	5								

Source: Processed Data, 2024

The results of the operational expenditure harmony ratio show fluctuations from year to year. In 2020, this ratio was recorded at 82.37, but then decreased in 2021 to 53.47. In 2022, the ratio rose again to 82.38, but in 2019, 2022, and 2023, there was a decrease of 79.21, 68.85, and 69.12, respectively. The average regional operational expenditure harmony ratio during this period was 67.90, indicating that the operational expenditure incurred was large enough to support the government's operational needs each year.

Table 17 Development of the Harmony Ratio of the Tebing Tinggi City Government (Operational Expenditure Ratio) 2019 to 2023

Year	Harmony Ratio
2019	77.7726349
2020	74.75488752
2021	74.5058342176
2022	80.48143893602
2023	83.1009446136

Source: Processed Data, 2024

Table 18 Development of the Harmony Ratio of the Tebing Tinggi City Government (Operational Expenditure Ratio) 2019 to 2023

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Rasio Efektivitas	5	1835.00	7000.00	8835.00	40506.00	8101.2000	303.72774	679.15587	461252.700
Rasio Efisiensi	5	600.00	9661.00	10261.00	49192.00	9838.4000	115.20443	257.60493	66360.300
Rasio Keserasian Operasional	5	860.00	7450.00	8310.00	39060.00	7812.0000	165.76158	370.65415	137384.500
Rasio Keserasian Modal	5	849.00	1687.00	2536.00	10682.00	2136.4000	146.47887	327.53672	107280.300
Rasio Pertumbuhan	5	1998.00	-716.00	1282.00	1110.00	222.0000	398.52465	891.12822	794109.500
Kinerja Keuangan	5	106	1880	1986	9715	1943.00	17.607	39.370	1550.000
Valid N (listwise)	5								

Source: Processed Data, 2024

The minimum value of the government's operational spending harmony ratio was recorded at 74.50 in 2021, while the maximum value occurred in 2023 with a figure of 10.26. The average value (mean) for this operational spending harmony is 78.12, with a standard deviation of 3.70. Over the past five years (2019-2023), the amount of operational spending harmony of the Tebing Tinggi City Government has exceeded half of the total regional spending, which is more than 50%. This shows that the operational costs of the regional government are quite significant each year and are in accordance with Mahmudi's theory, which states that operational spending is generally in the range of 60-90%.

Table 19 Development of Medan City Government Harmony Ratio (Capital Expenditure Ratio) 2019 to 2023

Year	Harmony Ratio
2019	19.62018553
2020	7.995737687
2021	12.771417651
2022	26.74854238
2023	23.77049589

Source: Processed Data, 2024

Table 20 Minimum, Maximum, Mean, Standard Deviation Values of Harmony Ratio (Capital Expenditure Ratio) of Medan City Government 2019 to 2023

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Rasio Efektivitas	5	2401.00	6511.00	8912.00	38968.00	7793.6000	413.69259	925.04476	855707.800
Rasio Efisiensi	5	3400.00	7426.00	10826.00	46039.00	9207.8000	550.75261	1231.52028	1516642.200
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Rasio Keserasian Modal	5	1875.00	799.00	2674.00	9089.00	1817.8000	346.19321	774.11156	599248.700
Rasio Pertumbuhan	5	6416.00	-2156.00	4260.00	7142.00	1428.4000	1048.49333	2344.50236	5496691.300
Kinerja Keuangan	5	11780	6359	18139	51078	10215.60	2122.575	4746.223	22526631.80
Valid N (listwise)	5								

Source: Processed Data, 2024

The minimum value of capital expenditure harmony was recorded at 7.99 in 2020, while the maximum value occurred in 2022 with a figure of 26.74. The average value (mean) for capital expenditure harmony is 18.17, with a standard deviation of 7.74. In 2022, capital expenditure reached 26.74, which is the largest amount in the last five years. This increase was influenced by the COVID-19 pandemic, where capital expenditure can only be met through DAK funds. Meanwhile, the use of DAU and DBH funds is prioritized for operational spending, especially in the health and economic recovery sectors.

Table 21 Development of the Harmony Ratio of the Tebing Tinggi City Government (Capital Expenditure Ratio) 2019 to 2023

Year	Harmony Ratio
2019	22.2273651
2020	22.91138196
2021	25.36607678
2022	19.468800928
2023	16.87620392

Source: Processed Data, 2024

Table 22 Minimum, Maximum, Mean, Standard Deviation Values of the Capital Expenditure Harmony Ratio of Tebing Tinggi City Government 2019 to 2023

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Rasio Efektivitas	5	1835.00	7000.00	8835.00	40506.00	8101.2000	303.72774	679.15587	461252.700
Rasio Efisiensi	5	600.00	9661.00	10261.00	49192.00	9838.4000	115.20443	257.60493	66360.300
Rasio Keserasian Operasional	5	860.00	7450.00	8310.00	39060.00	7812.0000	165.76158	370.65415	137384.500
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Rasio Pertumbuhan	5	1998.00	-716.00	1282.00	1110.00	222.0000	398.52465	891.12822	794109.500
Kinerja Keuangan	5	106	1880	1986	9715	1943.00	17.607	39.370	1550.000
Valid N (listwise)	5								

Source: Processed Data, 2024

The minimum value of capital expenditure harmony was recorded at 16.87 in 2023, while the maximum value occurred in 2021 with a figure of 25.36. The average (mean) of capital expenditure harmony is 21.36, with a standard deviation of 3.27. In 2021, capital expenditure harmony reached 25.36, which is the highest number in the last five years. The Tebing Tinggi City Government has achieved this position, and even the last few years have shown a capital expenditure harmony ratio of more than 20%.

3. Development of Growth Ratio of Medan City Government and Tebing Tinggi City

Table 23 Development of Medan City Government Growth Ratio 2019 to 2023

Year	Growth Ratio
2019	9.4713165
2020	-21,56950309
2021	17.93532086
2022	42.60179508
2023	22.98036537

Source, Processed Data, 2024

Table 24 Minimum, Maximum, Mean, Standard Deviation Values of Medan City Government Growth Ratio 2019 to 2023

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Rasio Efektivitas	5	2401.00	6511.00	8912.00	38968.00	7793.6000	413.69259	925.04476	855707.800
Rasio Efisiensi	5	3400.00	7426.00	10826.00	46039.00	9207.8000	550.75261	1231.52028	1516642.200
Rasio Keserasian Operasional	5	3134.00	5386.00	8520.00	36859.00	7371.8000	537.18827	1201.18949	1442856.200
Rasio Keserasian Modal	5	1875.00	799.00	2674.00	9089.00	1817.8000	346.19321	774.11156	599248.700
Rasio Pertumbuhan	5	6416.00	-2156.00	4260.00	7142.00	1428.4000	1048.49333	2344.50236	5496691.300
Kinerja Keuangan	5	11780	6359	18139	51078	10215.60	2122.575	4746.223	22526631.80
Valid N (listwise)	5								

Source: Processed Data, 2024

The minimum value of Medan City Government growth was recorded at -21.56 in 2020, while the maximum value occurred in 2022 with a figure of 42.60. The average (mean) growth was 14.29, with a standard deviation of 23.44. During the period 2019 to 2023, Medan City Government growth showed fluctuations, with increases and decreases occurring alternately. This is in line with the results of the calculation of the PAD growth ratio which experienced positive and negative fluctuations. This fluctuation in PAD growth indicates the inability and instability of the Medan City Government in maintaining, and even increasing, its original regional income.

Table 25 Development of Tebing Tinggi City Government Growth Ratio 2019 to 2023

Year	Growth Ratio
2019	12.82160128
2020	-6.98349544
2021	6.85377989
2022	-7,16917796
2023	5.57571108

Source: Processed Data, 2024

Table 26 Minimum, Maximum, Mean, Standard Deviation Values of Tebing Tinggi City Government Ratio 2019 to 2023

Descriptive Statistics

	N	Range	Minimum	Maximum	Sum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Rasio Efektivitas	5	1835.00	7000.00	8835.00	40506.00	8101.2000	303.72774	679.15587	461252.700
Rasio Efisiensi	5	600.00	9661.00	10261.00	49192.00	9838.4000	115.20443	257.60493	66360.300
Rasio Keserasian Operasional	5	860.00	7450.00	8310.00	39060.00	7812.0000	165.76158	370.65415	137384.500
Rasio Keserasian Modal	5	849.00	1687.00	2536.00	10682.00	2136.4000	146.47887	327.53672	107280.300
Rasio Pertumbuhan	5	1998.00	-716.00	1282.00	1110.00	222.0000	398.52465	891.12822	794109.500
Kinerja Keuangan	5	106	1880	1986	9715	1943.00	17.607	39.370	1550.000
Valid N (listwise)	5								

Source, Processed Data, 2024

The minimum value of Medan City Government growth was recorded at -7.16 in 2020, while the maximum value occurred in 2019 with a figure of 12.82, and the average (mean) growth was 21.36 with a standard deviation of 8.91. During the period 2019 to 2023, the growth of Medan City Government showed fluctuations that went up and down, which is in accordance with the results of the calculation of the PAD growth ratio which experienced positive and negative changes. Although the regional income growth ratio is high, this actually reflects a large dependence on transfer funds in the implementation of regional autonomy, which can suppress the flow of transfers from the central government and other regions.

B. Test of Classical Assumptions of Medan City

1. Normality Test

Table 27 One – Sample Kolmogorov – Smirnov Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		5
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	0E-8
Most Extreme Differences	Absolute	.164
	Positive	.156
	Negative	-.164
Kolmogorov-Smirnov Z		.368
Asymp. Sig. (2-tailed)		.999

a. Test distribution is Normal.

b. Calculated from data.

Source: SPSS Output

Based on the data analysis, the Kolmogorov-Smirnov (K-S) test yielded a value of 0.368 with a significance level of 0.999. This indicates that the data in the regression model is normally distributed, as the significance value is greater than 0.05. At a confidence level of α = 0.05 (asymp. Sig = 0.368 > 0.05), the null hypothesis (H_0) is accepted. To support this result, a histogram and data plots demonstrating a normal distribution are also provided.

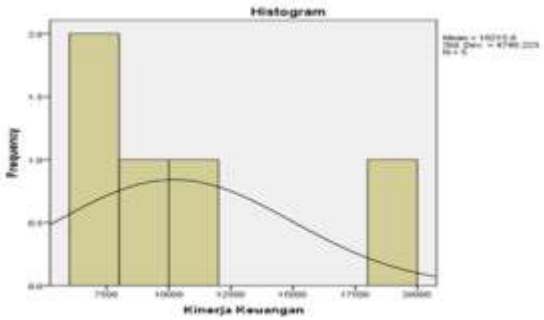

Figure 1 Histogram Graph

Source: SPSS Output

Figure 2 Normal PP Plot Graph

Source: SPSS Output

Based on the graphical output, both the histogram and P-Plot support the normality assumption. The histogram exhibits a slightly right-skewed distribution, but overall, it indicates that the data is normally distributed. Furthermore, the P-Plot shows data points scattered around the diagonal line and following the pattern, leading to the conclusion that the regression model satisfies the normality assumption.

2. Autocorrelation Test

Table 28 Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	1.000[a]	1.000	.	.	1.356

a. Predictors: (Constant), Rasio Pertumbuhan, Rasio Efisiensi, Rasio Keserasian Operasional, Rasio Keserasian Modal

b. Dependent Variable: Kinerja Keuangan

Source: SPSS Output

Based on the output results, the Durbin-Watson (DW) value obtained is 1.356. Referring to the DW table at a significance level of 0.05, with a sample size (n) = 25 and the number of independent variables (k) = 4, the lower limit (dL) is 1.0381, and the upper limit (dU) is 1.7666. Since the DW value (1.356) falls outside the range between dL and dU, it can be concluded that there is no indication of autocorrelation in the regression model.

3. Multicollinearity Test

Table 28 Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	30663.843	.000		.	.		
	Rasio Efisiensi	1.546	.000	.401	.	.	.561	1.783
	Rasio Keserasian Operasional	-4.136	.000	-1.047	.	.	.419	2.387
	Rasio Keserasian Modal	-3.247	.000	-.530	.	.	.167	5.971
	Rasio Pertumbuhan	1.201	.000	.593	.	.	.094	10.681

a. Dependent Variable: Kinerja Keuangan

Source: SPSS Output

Based on the explanation above, the following conclusions can be drawn:

1. The Effectiveness Ratio (X1) has a tolerance value of 0.561 and a VIF of 1.783, indicating no multicollinearity in the regression model.
2. The Efficiency Ratio (X2) shows a tolerance value of 0.419 and a VIF of 2.387, confirming the absence of multicollinearity in the model.
3. The Operational Harmony Ratio (X3), with a tolerance value of 0.167 and a VIF of 5.971, also indicates no multicollinearity in the regression model.
4. The Growth Ratio (X4) has a tolerance value of 0.094 and a VIF of 12.766, which suggests the presence of multicollinearity in the regression model.

4. Heteroscedasticity Test

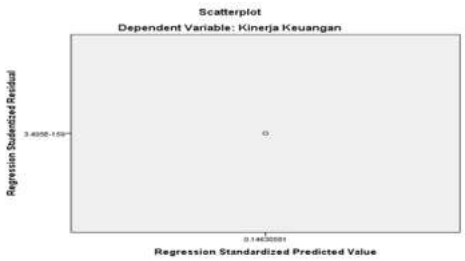

Figure 3 Scatterplot Graph

Source: SPSS Output

Based on the Scatterplot, the data distribution appears random and does not form a specific pattern. Therefore, it can be concluded that the regression model is free from heteroscedasticity issues.

C. Hypothesis Testing

Table 29 Regression Calculation

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	30663.843	.000		.	.		
	Rasio Efisiensi	1.546	.000	.401	.	.	.561	1.783
	Rasio Keserasian Operasional	-4.136	.000	-1.047	.	.	.419	2.387
	Rasio Keserasian Modal	-3.247	.000	-.530	.	.	.167	5.971
	Rasio Pertumbuhan	1.201	.000	.593	.	.	.094	10.681

a. Dependent Variable: Kinerja Keuangan

Source: SPSS Output

Based on the table above, the regression equation is

KK = 30,663.843 + 1.546(X1) - 4.136(X2) - 3.247(X3) + 1.201(X4)

with the following explanation:

a. The constant of 30,663.843 indicates that if all independent variables (X1, X2, X3, X4) are zero, the Financial Performance (Y) will be 30,663.843.
b. The coefficient of the Effectiveness Ratio (X1) of 1.546 means that for each increase of 1 unit in X1, Y will increase by 1.546.
c. The coefficient of the Efficiency Ratio (X2) of -4.136 indicates that each increase of 1 unit in X2 will decrease Y by 4.136.
d. The coefficient of the Harmony Ratio (X3) of -3.247 shows that for each increase of 1 unit in X3, Y will decrease by 3.247.
e. The coefficient of the Growth Ratio (X4) of 1.201 indicates that for each increase of 1 unit in X4, Y will increase by 1.201.

1. Partial Test (T Test)

Table 30 Partial Hypothesis Test (T-Test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	30663.843	.000		.	.
	Rasio Efisiensi	1.546	.000	.401	.	.
	Rasio Keserasian Operasional	-4.136	.000	-1.047	.	.
	Rasio Keserasian Modal	-3.247	.000	-.530	.	.
	Rasio Pertumbuhan	1.201	.000	.593	.	.

a. Dependent Variable: Kinerja Keuangan

Source: SPSS Output

Based on the table above, the analysis results can be explained as follows:

1. The Effectiveness Ratio (X1) has a significance value of 0.00 < 0.05, indicating a significant and partial effect on Financial Performance (Y).
2. The Efficiency Ratio (X2) is also significant with a significance value of 0.00 < 0.05, showing a partial effect on Financial Performance (Y).
3. The Harmony Ratio (X3) has a significance value of 0.00 < 0.05, which means it has a significant partial effect on Financial Performance (Y).
4. The Growth Ratio (X4) shows a significance value of 0.00 < 0.05, indicating a significant partial effect on Financial Performance (Y).

2. Simultaneous Test (F Test)

Table 31 Simultaneous Test (F Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	90106527.20	4	22526631.80	.	.[b]
	Residual	.000	0	.		
	Total	90106527.20	4			

a. Dependent Variable: Kinerja Keuangan

b. Predictors: (Constant), Rasio Pertumbuhan, Rasio Efisiensi, Rasio Keserasian Operasional, Rasio Keserasian Modal

Source: SPSS Output

Based on the table, the multiple regression model is deemed appropriate since the calculated F value and its significance are 0.00, which is less than 0.05. This indicates that, simultaneously, the Effectiveness Ratio, Efficiency Ratio, Harmony Ratio, and Growth Ratio have an influence on Financial Performance.

3. Test the Coefficient of Determination (R2)

Table 32 Test of Determination Coefficient R2

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1.000[a]	1.000	.	.

a. Predictors: (Constant), Rasio Pertumbuhan, Rasio Efektivitas, Rasio Efisiensi, Rasio Keserasian Modal

b. Dependent Variable: Kinerja Keuangan

Source: SPSS Output

Based on the SPSS calculations, the Adjusted R^2 value of 1.000 or 100% indicates that the entire Financial Performance of the Medan City Government is fully explained by the Effectiveness Ratio, Efficiency Ratio, Harmony Ratio, and Growth Ratio, with no other factors outside of the model influencing the result.

A. Classical Tebing Tinggi Assumption Test

1. Normality Test

Table 33 One Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		5
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	0E-8
Most Extreme Differences	Absolute	.236
	Positive	.192
	Negative	-.236
Kolmogorov-Smirnov Z		.528
Asymp. Sig. (2-tailed)		.943

a. Test distribution is Normal.

b. Calculated from data.

Source: SPSS Output

The analysis results show that the Kolmogorov-Smirnov (K-S) value is 0.528 with a significance level of 0.943. Since the significance value is greater than 0.05, the data in the regression model follows a normal distribution, which means the null hypothesis (H_0) is accepted. This finding is also supported by the histogram and data plot, which indicate a normal distribution pattern.

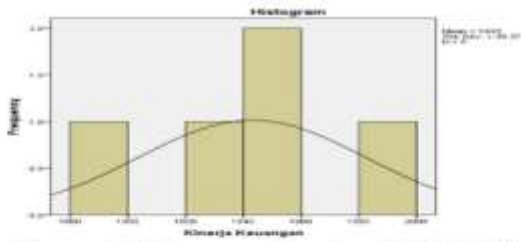

Figure 4 Histogram Graph of High Cliff

Source: SPSS Output

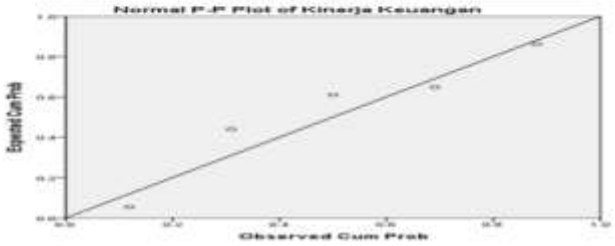

Figure 5 Normal High Cliff P-Plot Graph

Source: SPSS Output

Based on the comparison between the observed data and the normal distribution, it can be concluded that the graph demonstrates a normal pattern. This is evident in the histogram, which follows the diagonal line without any deviation (skewness), either to the left or right. The normality test using the plot graph also shows that the data points are clustered around the diagonal line, following its direction. Therefore, it can be concluded that the data in this study is normally distributed and meets the assumption of normality.

2. Autocorrelation Test

Table 34 Autocorrelation Test Table

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	1.000[a]	1.000	.	.	.000

a. Predictors: (Constant), Rasio Pertumbuhan, Rasio Keserasian Operasional, Rasio Efektivitas, Rasio Efisiensi

b. Dependent Variable: Kinerja Keuangan

Source: SPSS Output

Based on the output results, the Durbin-Watson (DW) value obtained from the regression model is 0.000. Referring to the Durbin-Watson table at a significance level of 0.05, with a sample size (n) of 25 and k = 4, the dL value is 1.0381 and the dU value is 1.7666. Since the DW value (0.000) is outside the range of dL and dU, it can be concluded that there is no autocorrelation in this regression model.

3. Multicollinearity Test

Table 35 Multicollinearity Test Table

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	4165.466	.000		.	.		
	Rasio Efektivitas	.036	.000	.627	.	.	.760	1.316
	Rasio Efisiensi	-.221	.000	-1.449	.	.	.270	3.701
	Rasio Keserasian Operasional	-.042	.000	-.396	.	.	.723	1.382
	Rasio Pertumbuhan	-.044	.000	-1.001	.	.	.274	3.648

a. Dependent Variable: Kinerja Keuangan

Source: SPSS Output

1. The tolerance for the Effectiveness Ratio is 0.760, and the VIF for this variable is 1.316. Since the tolerance is greater than 0.10 and the VIF is less than 10, it can be concluded that this variable does not exhibit multicollinearity in the regression model.
2. The tolerance for the Efficiency Ratio is 0.270, and the VIF for this variable is 3.701. Given that the tolerance is greater than 0.10 and the VIF is less than 10, it can be concluded that this variable is also free from multicollinearity in the regression model.
3. The tolerance for the Operational Harmony Ratio is 0.723, and the VIF for this variable is 1.382. As the tolerance is greater than 0.10 and the VIF is less than 10, it can be concluded that this variable does not experience multicollinearity in the regression model.
4. The tolerance for the Growth Ratio is 0.274, and the VIF for this variable is 3.648. Since the tolerance is greater than 0.10 and the VIF is less than 10, it can be concluded that this variable does not show any multicollinearity in the regression model.

4. Heterodasticity Test

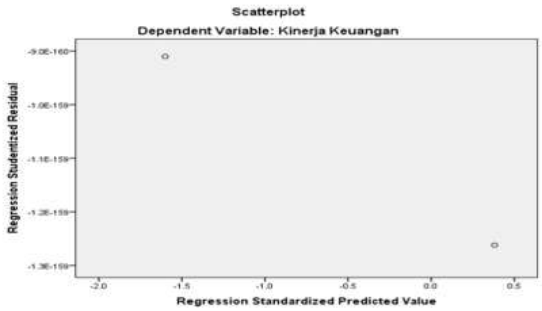

Figure 6 Scatterplot Graph

Source: SPSS Output

Based on the analysis of the Scatterplot, it appears that the data does not follow a distinct pattern, indicating that this regression model does not suffer from heteroscedasticity.

B. Hypothesis Testing

Table 36 Regression Calculation

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4165.466	.000		.	.
	Rasio Efektivitas	.036	.000	.627	.	.
	Rasio Efisiensi	-.221	.000	-1.449	.	.
	Rasio Keserasian Operasional	-.042	.000	-.396	.	.
	Rasio Pertumbuhan	-.044	.000	-1.001	.	.

a. Dependent Variable: Kinerja Keuangan

Source: SPSS Output

Based on the table above, the obtained regression equation is as follows:

KK = 4165.466 + (-0.627)(X1) + (-1.449)(X2) + (-0.396)(X3)
+ (-1.001)(X4).

The explanation of this regression equation is as follows:

a. The constant of 4165.466 indicates that if all the variables Effectiveness Ratio (X1), Efficiency Ratio (X2), Harmony Ratio (X3), and Growth Ratio (X4) are zero, the Financial Performance (Y) will be 4165.466.
b. The regression coefficient for the Effectiveness Ratio (X1) variable of -0.627 indicates that for each increase of 1 in Effectiveness Ratio, the Financial Performance (Y) will decrease by 0.627, assuming the other variables remain constant.
c. The regression coefficient for the Efficiency Ratio (X2) variable of -1.449 indicates that for each increase of 1 in Efficiency Ratio, the Financial Performance (Y) will decrease by 1.449, assuming the other variables remain constant.
d. The regression coefficient for the Harmony Ratio (X3) variable of -0.396 indicates that for each increase of 1 in Harmony Ratio, the Financial Performance (Y) will decrease by 0.396, assuming the other variables remain constant.
e. The regression coefficient for the Growth Ratio (X4) variable of -1.001 indicates that for each increase of 1 in Growth Ratio, the Financial Performance (Y) will decrease by 1.001, assuming the other variables remain constant.

1. Partial Test (T Test)

Table 37 Partial Hypothesis Test (T-Test)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4165.466	.000		.	.
	Rasio Efektivitas	.036	.000	.627	.	.
	Rasio Efisiensi	-.221	.000	-1.449	.	.
	Rasio Keserasian Operasional	-.042	.000	-.396	.	.
	Rasio Pertumbuhan	-.044	.000	-1.001	.	.

a. Dependent Variable: Kinerja Keuangan

Source: SPSS Output

Based on the results shown in the table above, the following conclusions can be made:

a. The Effectiveness Ratio (X1) has a significance value of 0.00, which is smaller than 0.05, indicating a significant effect on Financial Performance (Y). Therefore, Ho is rejected and Ha is accepted.

b. The Efficiency Ratio (X2) also has a significance value of 0.00, which is smaller than 0.05, indicating a significant effect on Financial Performance (Y). Thus, Ho is rejected and Ha is accepted.
c. The Harmony Ratio (X3) has a significance value of 0.00, which is smaller than 0.05, indicating a significant effect on Financial Performance (Y). Therefore, Ho is rejected and Ha is accepted.
d. The Growth Ratio (X4) has a significance value of 0.00, which is smaller than 0.05, indicating a significant effect on Financial Performance (Y). Thus, Ho is rejected and Ha is accepted.

2. Simultaneous Test (F Test)

Table 38 Simultaneous Test (F Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6200.000	4	1550.000	.	.[b]
	Residual	.000	0	.		
	Total	6200.000	4			

a. Dependent Variable: Kinerja Keuangan
b. Predictors: (Constant), Rasio Pertumbuhan, Rasio Keserasian Operasional, Rasio Efisiensi, Rasio Efektivitas

Source: SPSS Output

Based on the table above, it can be concluded that Ho is rejected and Ha is accepted, as the F-calculated value of 0.00 with a significance of 0.00, which is smaller than 0.05. This indicates that the multiple regression model is suitable for use, and independent variables such as the Effectiveness Ratio, Efficiency Ratio, Harmony Ratio, and Growth Ratio have a simultaneous effect on Financial Performance.

3. Test the Coefficient of Determination (R2)

Table 39 Test of Determination Coefficient R2

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	1.000[a]	1.000	.	.

a. Predictors: (Constant), Rasio Pertumbuhan, Rasio Keserasian Operasional, Rasio Efisiensi, Rasio Efektivitas
b. Dependent Variable: Kinerja Keuangan

Source: SPSS Output

The SPSS calculation results show an Adjusted R^2 value of 1.000 or 100%, which means that 10% of the changes in the Financial Performance of the Tebing Tinggi City Government are influenced by the Effectiveness Ratio, Efficiency Ratio, Harmony Ratio, and Growth Ratio, while the remaining 90% is influenced by factors outside the scope of this research model.

Discussion

Partially, this study reveals that the Effectiveness Ratio, Efficiency Ratio, Harmony Ratio, and Growth Ratio of Medan City significantly influence the Financial Performance of Medan City Government, with a probability value of 0.00, which is less than 0.05. These findings align with Ismayani's research (2015), which discovered that the Effectiveness Ratio significantly affects the Independence Ratio of Medan City with a probability value of 0.005 < 0.05. Additionally, Syahirah (2023) reported that the Effectiveness Ratio of the Financial Performance of Medan City Government during the 2017–2021 period averaged 85%, which falls under the ineffective category.

Similar results were observed in Tebing Tinggi City, where the Effectiveness Ratio, Efficiency Ratio, Harmony Ratio, and Growth Ratio significantly influenced the Financial Performance of the Tebing Tinggi City Government, with a probability value of 0.00 < 0.05. These findings are consistent with Ismayani's study (2015), which also found a significant influence of the Effectiveness Ratio on the Independence Ratio with a probability value of 0.005 < 0.05.

Simultaneously, this study demonstrates that in Medan City Government, independent variables such as the Effectiveness Ratio (X1), Efficiency Ratio (X2), Harmony Ratio (X3), and Growth Ratio (X4) significantly influence Financial Performance. These results are supported by Ismayani's research (2015), which highlights the significant impact of these variables on the Independence Ratio. Similarly, in Tebing Tinggi City Government, the same variables (X1, X2, X3, and X4) significantly influence Financial Performance, aligning with Ismayani's findings (2015).

Based on these results, it can be concluded that both partially and simultaneously, the variables examined in this study are significantly relevant in measuring financial performance in both analyzed regions. These findings validate the model used and provide valuable insights for regional financial policy analysis.

CONCLUSION

1. Based on the partial test results (t-test), it was found that the Effectiveness Ratio (X1), Efficiency Ratio (X2), Harmony Ratio (X3), and Growth Ratio (X4) significantly influence the Financial Performance of Medan City Government during the 2019–2023 period.
2. The partial test (t-test) also indicates that the Effectiveness Ratio (X1), Efficiency Ratio (X2), Harmony Ratio (X3), and Growth Ratio (X4) have a significant impact on the Financial Performance of Tebing Tinggi City Government in the same period (2019–2023).
3. Simultaneous test results (F-test) show that collectively, the Effectiveness Ratio (X1), Efficiency Ratio (X2), Harmony Ratio (X3), and Growth Ratio (X4) significantly influence the Financial Performance (Y) of the Medan City Government.
4. The simultaneous test (F-test) also reveals that these variables collectively affect the Financial Performance (Y) of Tebing Tinggi City Government.

These conclusions reinforce the findings that, both partially and simultaneously, the variables studied have a significant impact on the financial performance in both regions. This provides a strong empirical foundation for formulating more effective regional financial policies.

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