Study Of Economic Growth Factors To Evaluate Economic Performance In Central Java Province

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Abstract

The aim of this study is to analyze and assess the economic growth performance in the Central Java Province over the period spanning from 2019 to 2021. The research utilized the Financial Statements of the Regional Government of Central Java Province as the sample and population, covering the period from 2019 to 2022. The quantitative study utilizes a data analysis methodology that entails the examination of regional financial ratios, namely the Independence Ratio, Performance Ratio, SiLPA, PAD Growth, and APBD Growth. The study's findings suggest that the implementation of budget management in Central Java Province has been effective, resulting in the generation of money from multiple Regional Expenditure Budgets (APBD) that were authorized over the period from 2019 to 2022. Regarding poverty rates, the province observed a marginal rise from 10.8% in 2019 to 11.41% in 2020, afterwards followed by a further increase to 11.79% in 2021.

Keywords: human development index; inflation; poverty; PAD growth; SiLPA.

Abstrak


Kata kunci: indeks pembangunan manusia, inflasi, kemiskinan, pertumbuhan PAD, SiLPA.
INTRODUCTION

The investigation into the notion of economic growth remains an ongoing topic of study within the framework of a nation or region's economy over a prolonged duration. The evaluation of governmental performance in relation to economic development at the regional or national level can be conducted by analyzing the magnitude of economic growth seen over a period of time. The augmentation of a nation or locality's ability to produce a wide array of commodities and services is ascribed to the amelioration in the caliber and quantity of its production factors.

J.M. Keynes posits that national income is influenced by a range of factors, which encompass consumption (C), investment (I), household savings (S), government spending (G), export-import levels (x = e-i), tax revenue (Tx), and government subsidies (Tr) (Kusumo and Lintang, 2011). Within the domain of regional development planning, the evaluation of economic performance frequently entails the scrutiny of the Gross Regional Domestic Product (GRDP) metric. The measure, when presented in the form of aggregated statistics, functions as an indicator for assessing the level of economic progress within a specific geographical area. Moreover, Gross Regional Domestic Product (GRDP) can be regarded as a significant instrument for evaluating the efficacy of economic development activities carried out by governmental and non-governmental organizations. From an economic standpoint, the primary goal of economic development is to improve the quality of life for individuals, stimulate the creation of job opportunities, ensure fair distribution of income within communities, facilitate the establishment of regional economic linkages, and enable the shift of economic activities from the primary sector to the secondary and tertiary sectors (Anggraeni, 2022). The principal aim of economic development is not alone to achieve significant economic growth, but also to address and alleviate poverty rates, income inequality, and unemployment rates (Anggraeni, 2022). Todaro (2000) posits that the availability of employment opportunities for individuals or communities might act as a mechanism for generating income to meet their daily needs. Within the framework of an advanced economy in a given country, there is a direct relationship between the quantity of money and the overall volume of goods and services being exchanged. Communities partake in a wide range of economic activities that enable the exchange of currency and commodities. The activities described involve several aspects of economic processes, including production, consumption, distribution, and transactions related to the acquisition and exchange of foreign currencies, export and import operations, and the trading of shares in both domestic and international enterprises (Ariwibowo, 2016).

During the 2019-2020 Covid-19 epidemic, the national economy of Indonesia, particularly in Central Java Province, experienced a state of stagnation, with certain corporate sectors observing a decline in economic growth. The emergence of this phenomenon can be ascribed to the simultaneous constraints on consumption, investment, and commerce, which were enforced in conjunction with the PSBB (Large-Scale Social Restrictions) and PPKM (Implementation of Restrictions on Community Activities) initiatives. These procedures were implemented with the aim of efficiently controlling the transmission of the Covid-19 virus.

In the present era, which is marked by decentralization, the delegation of power from the central government to self-governing regions, as mandated by Law Number 23 of 2004, requires regional governments to possess the ability to harness the potential of their respective regions and efficiently utilize local resources to improve the welfare of their residents. The tasks of allocation, distribution, and stabilization are subject to substantial influence from both regional and central governments. Djuhartono, Ariwibowo, and Anggresta (2022) assert that regional governments in the era of regional autonomy wield substantial jurisdictional power. Tallo and Hidayah (2020) assert that the Central Java Province is located within a region that has
consistently shown a positive trajectory in terms of economic expansion. However, it should be noted that the 35 regencies/municipalities in Central Java had diverse patterns of growth. The present situation presents a notable obstacle in attaining societal well-being, resulting in economic inequalities among various regions or municipalities. According to data sourced from the official website of the Central Java Statistics Agency (BPS), it is apparent that Brebes Regency/Municipality has the most inferior Human Development Index (HDI) compared to other Regencies/Municipalities in Central Java within the timeframe spanning from 2020 to 2022. The HDI ratings for Brebes Regency/Municipality are documented as 66.11%, 66.32%, and 67.03%, exhibiting an average HDI growth rate of 66.48%. The HDI scores of other Regencies/Municipalities in Central Java are commonly observed to range between 68% and 70%, indicating a notable disparity when compared to the values mentioned. Based on the report released by the BPS Central Java in 2023, it can be observed that economic inequality in the region of Central Java is subject to the influence of several variables. To begin with, the phenomenon of skilled and educated individuals relocating to emerging regions plays a significant role in exacerbating this discrepancy. Moreover, the allocation of funding is sometimes influenced by market forces and investment trends, which tend to favor regions that are already established or in the process of development. This phenomenon further amplifies existing inequalities. Furthermore, the economic disparity is influenced by factors such as the geographical location and the accessibility of job prospects. Finally, it is worth noting that government actions have the potential to unintentionally centralize social and economic activity, therefore playing a role in the unequal allocation of income and resources. The occurrence of capital accumulation is evident in regions experiencing the process of development.

As stated by Professor Simon Kuznets, a prominent economist, economic growth pertains to the enduring enlargement of a country's ability to provide its population with a wide array of economic goods and services for a prolonged duration. The augmentation of capacity is helped by technological improvements, as well as the adaptability of institutions and ideologies to diverse circumstances. The notion of economic development entails a broader perspective, incorporating alterations in the overarching economic structure of a given civilization. The concept of economic development can be broadly understood as a complex and comprehensive process characterized by a continuous increase in the real per capita income of a nation's population, accompanied by improvements in the institutional framework. Economic development is a complex and ongoing process that requires continuous endeavors to improve the average income of individuals over a prolonged duration. This ultimately results in the advancement of institutional frameworks in several sectors, including the economics, politics, law, society, and culture. The system under consideration can be examined from two separate perspectives, namely the facets of organizational improvement and regulatory reconfiguration, which contain both formal and informal elements.

Inflation refers to the sustained increase in the general price level of goods and services in an economy (Sukirno, 2016:15). In line with Putong’s (2013: 276) argument, inflation can be conceptualized as an increase in the general prices of goods and services. This phenomenon arises from the absence of coordination within the community’s system of acquiring commodities, which includes production, pricing, and monetary policies, such as the printing of money. According to Gilarso (2013: 200), inflation is a phenomenon that can be characterized as the occurrence of a general increase in prices, which arises from an imbalance between the circulation of money and the availability of goods. Based on the aforementioned characteristics, it can be argued that inflation denotes an increase in the prices of necessary goods and services due to a discrepancy between the availability of these items and the demand from the overall
The various elements that contribute to inflation. According to Putong (2013), there are two main reasons that contribute to the incidence of inflation. These elements are Demand-pull inflation, which is a macroeconomic occurrence characterized by a prolonged escalation in the overall price level due to an excessive degree of aggregate demand within an economy. The presence of inflation can be ascribed to a scenario in which there is a discrepancy between the level of aggregate demand and the ability to augment production. Based on the principle of the law of demand, it can be observed that in situations where demand exceeds supply while other factors remain constant, there will be an inevitable increase in prices. Should this pattern continue, it is anticipated that it will lead to an extended duration of inflation. Therefore, in order to effectively tackle this matter, it is crucial to enhance production capacities by employing more staff members.

Cost push inflation is a form of inflation that is predominantly influenced by a rise in manufacturing costs. This phenomenon arises when there is an escalation in the expenses associated with inputs such as workforce, primary materials, or energy, resulting in a subsequent augmentation. The inflationary phenomena that has been observed can be explained by the escalation of production expenses, which can be traced back to the upward trend in input costs or expenditures related to production elements. As a result of the increase in production costs, manufacturers have two feasible alternatives at their disposal. Firstly, they can opt to raise the price of their products while keeping the supply level unchanged. Alternatively, they can increase the price of the product by reducing the quantity produced.

The Human Development Index (HDI) is utilized as a quantitative measure to evaluate the impact resulting from efforts focused on improving the capabilities of essential human resources. Human development is a crucial component of society advancement, with the objective of improving the welfare and capacities of individuals, hence bolstering the collective human capital. The assessment of development is ascertained through the quantification of indicators such as education, health, and purchasing power.

The achievement of development objectives is directly correlated with the progressive increase in numerical values. Development can be defined as a deliberate and methodical process with the objective of bringing about favorable transformations (Baeti, 2013). The assessment of human growth achievement can be determined by the extent to which individuals have effectively overcome significant problems, particularly those related to fundamental matters. The prevalent concerns span a range of socio-economic challenges, including poverty, unemployment, insufficient education, and the complex task of attaining comprehensive human development from many economic standpoints. The achievement of development goals, as measured by the human development index, is significantly influenced by the government's role in providing essential infrastructure (Marisca and Haryadi, 2016).

The performance of human resources and staff is significantly influenced by various factors such as the effectiveness of the recruitment system, job placement, training, retention, termination, monitoring/evaluation system, academic background, instructor capabilities, qualifications, and human resource development efforts (BAN PT., 2010). According to Harwati et al. (2015), the assessment of student performance can be gauged by the examination of their grade point average (GPA). Furthermore, the number of students also functions as a measure of student performance. The subject of inquiry revolves around the graduation rates of students, the length of time students spend pursuing their academic endeavors, and the degree to which graduates effectively transition into the labor market (Higgins, 1989). The research achievement represents a holistic result of academic research conducted at the university level, which carries substantial implications for the progression of scientific understanding and the betterment of society. The assessment of this influence is conducted by the utilization of many indicators,
including the Balanced Scorecard, investment performance, financial condition, university value, and financial structure (Djokopranoto, 2006).

As posited by Iqbal, Latif, Ijaz, and Mushtaq (2015), the notion of performance encompasses the adept implementation of duties within pre-established limitations. On the other hand, according to Sunyoto (2015), it is argued that performance can be ascribed to an individual's effective accomplishment of designated tasks. According to Mangkunegara (2015), performance can be conceptualized as the result of an individual's work, covering both the quality and quantity of tasks accomplished, while efficiently meeting given responsibilities in a coordinated manner. The subject of employee performance has garnered considerable interest from scholars and professionals alike over an extended period, as highlighted by Imran, Fatima, Zaheer, Youasf, and Batool (2012). The rationale behind this assertion is that the performance of staff members plays a crucial role in determining the overall success of an institution (Kiruja & Mukur, 2013). Therefore, the effectiveness of an organization is dependent on the efficient management of employee performance (Muda, Rafiki, & Harahap, 2014).

Financial outcomes refer to the delivery of services during a specific timeframe as a result of the financial management of a company. By analysing the performance, the company is able to demonstrate its operational effectiveness (Oktalia et al., 2020: 120). According to Irham (2014:2), financial results refer to an analytical assessment aimed at determining the extent to which a company adheres to financial implementation regulations. Similarly, Surya (2018:282) defines financial performance as the measure of a company's success in achieving favourable outcomes in financial management.

According to the aforementioned definition, the acquisition of financial power by the researcher is a manifestation of performance attained by the Company in the realm of business management. Additionally, it elucidates the necessary conditions for overall performance. The framework for evaluating financial performance encompasses five distinct phases, as outlined by Irham (2014:3).
1. Conducting an analysis of financial statements
   A review entails assessing the conformity of financial report preparation with accounting regulations and the ability to establish accountability for the outcomes.
2. Perform the mathematical calculations
   The calculations utilised should be suitable for the prevailing conditions and issues in order to provide findings and enable the derivation of conclusions based on the conducted study.
3. In this section, a comparison will be made.
   The subsequent phase involves doing a comparative analysis of the calculation outcomes of the company in question with those of other companies.
4. Conduct an interpretation
   The objective of interpretation is to identify the challenges and barriers encountered by the banking industry. The identification and provision of solutions to identified problems.

LITERATURE REVIEW

Economic growth
Economic growth refers to the deliberate endeavour to enhance the productive capacity in order to attain supplementary output, as quantified by gross domestic product (GDP) and regional gross domestic product (GDP) within a specific geographic area (Adisasmita, 2013). Economic growth refers to the sustained expansion of per capita production over an extended period. The primary areas of emphasis encompass three key facets, specifically: the process, per capita productivity, and long-term considerations. Economic growth can be conceptualised as a dynamic process rather than a static representation of an economy. In this analysis, we examine
the dynamic dimensions of the economy, specifically focusing on its temporal evolution and transformations. The responsibility is placed upon the process of change or development (Boediono, 1999).

Human Development Index

In the realm of nation building, the acquisition of human capital is vital, as it necessitates individuals who possess the requisite credentials in terms of skills, knowledge, and competence across diverse domains of expertise. A benchmark is required to evaluate the calibre of human development, as established by the United Nations Development Programme (1990). The Human Development Index hypothesis serves as an evaluative framework for assessing the level of human development.

The Human Development Index (HDI) is employed as a metric to assess the extent of the effects emanating from endeavours aimed at enhancing the capacity of fundamental human resources. Human Development is a fundamental aspect of societal progress that aims to enhance the well-being and capabilities of individuals, hence strengthening the overall human capital. The measurement of development is determined by the magnitude of indicators such as education, health, and purchasing power.

The attainment of development goals increases proportionally with increasing numerical values. Development refers to a systematic and intentional process aimed at effecting positive changes (Baeti, 2013). The measure of human growth achievement can be assessed based on the magnitude of challenges successfully surmounted, particularly those pertaining to fundamental issues. The prevailing issues encompass poverty, unemployment, inadequate education, and the challenge of achieving holistic human development from many economic perspectives. The attainment of development objectives, as indicated by the human development index, is heavily reliant on the role of the government in furnishing the necessary infrastructure (Marisca and Haryadi, 2016).

Labour (Human Resources)

According to Julius (2015), the workforce refers to individuals who are currently employed, actively seeking employment, and possess the necessary qualifications to participate in the labour market in accordance with the norms established by a certain country. According to Mulyadi (2014), the workforce comprises individuals between the ages of 15 and 64 who possess the capacity to generate commodities and services, regardless of their level of involvement in such activities. Labour absorption refers to the capacity of the workforce to fulfil assigned duties and the prevailing conditions that determine the availability of employment opportunities for individuals seeking jobs (Todaro, 2003).

According to Law no. 13 of 2003, Chapter I, Article 1, Paragraph 2, labour is recognised as a crucial element within the entirety of the production process. The law defines labour as individuals who possess the capability to engage in productive activities aimed at generating commodities and/or services, with the purpose of fulfilling their personal requirements as well as contributing to the welfare of the community. In the meantime, as stated by Mulyadi (as cited in Awalia, 2014: 104), the workforce refers to individuals within a country who are of working age (between 15 and 64 years) and possess the capacity to contribute to the production of goods and services, provided there is a need for labour and their willingness to engage in such activities. In a general sense, the populace of a nation can be categorised into two distinct cohorts, specifically individuals engaged in labour and those who are not actively participating in the workforce.

Performance
Performance is a fundamental aspect of organisational functioning, encompassing a range of behaviours aimed at attaining predetermined objectives within a specified timeframe. It is characterised by its ability to be assessed both quantitatively and qualitatively. Fielden (2008) identifies four variables for measuring university performance: HR/Staff, Students, Research, and Finance.

The efficacy of the recruitment system, job placement, training, retention, termination, monitoring/evaluation system, academic background, instructor capabilities, qualifications, and human resource development efforts significantly impact the performance of human resources and staff (BAN PT., 2010). The measurement of student achievement can be observed by the evaluation of student GPA, as indicated by Harwati et al. (2015). Moreover, the quantity of pupils also serves as an indicator of student achievement. The topic of interest pertains to student graduation rates, the duration of students' academic pursuits, and the extent to which graduates successfully transition into the workforce (Higgins, 1989). The research achievement is a comprehensive outcome of university research that has a significant impact on the advancement of scientific knowledge and societal well-being. This impact is assessed using several indicators such as the Balanced Scorecard, investment performance, financial condition, university value, and financial structure (Djokopranoto, 2006).

According to Iqbal, Latif, Ijaz, and Mushtaq (2015), the concept of performance entails the skillful execution of tasks within predetermined constraints. In contrast, Sunyoto (2015) posits that performance can be attributed to an individual's successful completion of specified tasks. According to Mangkunegara (2015), performance can be defined as the outcome of an individual's job, encompassing both the quality and quantity of activities completed, while effectively fulfilling assigned obligations in a synchronised manner. The topic of employee performance has received significant attention from both academics and practitioners for many years, as noted by Imran, Fatima, Zaheer, Yousaf, and Batool (2012). The reason for this is because staff performance is a significant contributing factor to the success of an institution (Kiruja & Mukur, 2013). Hence, the efficacy of an organisation is contingent upon the effective management of staff performance (Muda, Rafiki, & Harahap, 2014).

Financial performance

Financial outcomes refer to the delivery of services during a specific timeframe as a result of the financial management of a company. By analysing the performance, the company is able to demonstrate its operational effectiveness (Rengganis Oktalia et al., 2020: 120). According to Irham (2014:2), financial results refer to an analytical assessment aimed at determining the extent to which a company adheres to financial implementation regulations. Similarly, Surya (2018:282) defines financial performance as the measure of a company's success in achieving favourable outcomes in financial management.

METHODS

The present study employs a quantitative methodology, namely utilizing descriptive statistics. To limit the scope of this research, it is proposed to focus research on Central Java Province, excluding each Regency/City in Central Java. This is because many districts and cities in Central Java Province do not provide comprehensive regional financial performance data for the period 2019 to 2022.

The sampling strategy employed in this investigation was a nonprobable sampling technique, specifically utilising a purposive sampling method. The reason for this is because numerous districts and cities within the Central Java Province fail to furnish comprehensive regional financial performance data for the years 2019 to 2022, encompassing:
The data collection strategy used in this research is to utilize literature reviews and documentation collected from trusted sources such as the Central Java Provincial Revenue and Asset Management Service, the Central Java Provincial Statistics Agency, and the official website of the Central Java Provincial Government. The data used is secondary data in this report sourced from agency/OPD data outlined in various documents that have been prepared such as the Accountability Report (LKPI), Central Java Province in Figures, Central Java Provincial Government Financial Report, and Central Java Statistics Agency which covers the field of Welfare. Statistics. This research uses secondary data obtained from the official websites of Bank Indonesia and the Ministry of Finance of the Republic of Indonesia to analyze the Gross Regional Domestic Product (GRDP) of Central Java Province, specifically focusing on data based on constant prices.

The data analysis method in this research examines financial ratios, especially regarding the Independence Ratio, Performance Ratio, Performance Ratio, SiLPA, PAD Growth and APBD Growth, Human Development Index (HDI), poverty rate, inflation and growth of Regional Original Income (PAD) in relation to the growth of the Regional Revenue and Expenditure Budget (APBD) for the period 2019 to 2022.

RESULTS AND DISCUSSION

Results

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>PAD (Regional Natural Income)</th>
<th>Income</th>
<th>Survival Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>14,437,914,236,398</td>
<td>25,859,780,137,936</td>
<td>55.83</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>13,668,282,278,000</td>
<td>25,393,735,934,148</td>
<td>0.054</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>14,695,474,898,000</td>
<td>26,633,000,085,963</td>
<td>0.055</td>
</tr>
<tr>
<td>4</td>
<td>2022</td>
<td>16,264,474,898,000</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Secondary Data (LKPD of Java Province, 2019-2022) which has been Processed by Researchers (2023)

Based on the statistics provided in Table 1, it is apparent that the regional administration of Central Java Province had a comparatively elevated independence ratio of 55.83% for the year 2019. Unfortunately, it is regrettable that a significant decrease is expected to occur from 2020 to 2022. The self-sufficiency ratio of the regional government of Central Java Province, as determined by the Regional Natural Income (PAD) derived from the capital available for District Expenditure, exhibited a marginal increase from 0.054% in 2020 to 0.055% in 2021. However, it is anticipated that this ratio will decline to 0% in 2022 due to the lack of a report from the LPKD of Central Java Province.
Table-2: Efficiency Ratio in Central Java Province Period 2019 -2022

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>Production Realization</th>
<th>Income realization</th>
<th>Efficiency Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>26,151,062,842,457</td>
<td>25,859,780,137,936</td>
<td>101.12</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>25,843,800,193,834</td>
<td>25,393,735,934,148</td>
<td>101.77</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>25,651,740,349,991</td>
<td>26,633,000,085,963</td>
<td>96.31</td>
</tr>
<tr>
<td>4</td>
<td>2022</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Secondary Data (LKPD of Java Province, 2019-2022) which has been Processed by Researchers (2023)

Based on the data shown in Table 2, it is apparent that the regional government of Central Java Province has documented the figures pertaining to receipts and expenditures for the period spanning from 2019 to 2022. The findings of the analysis demonstrate that the degree of efficiency, as measured by the proportion of savings in regional government expenditure compared to regional income, stood at 101.13% in 2019, 101.77% in 2020, and 96.32% in 2021.

Table-3: Effectiveness Ratio in Central Java Province Period 2019 -2022

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>PAD (District Natural Income)</th>
<th>Target PAD (District Natural Income)</th>
<th>Effectiveness Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>14,437,914,236,398</td>
<td>14,488,333,544,000</td>
<td>99.65</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>13,668,282,278,000</td>
<td>13,990,613,617,693</td>
<td>97.69</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>14,695,474,898,000</td>
<td>15,017,805,787,000</td>
<td>97.85</td>
</tr>
<tr>
<td>4</td>
<td>2022</td>
<td>16,264,474,898,000</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Secondary Data (LKPD of Java Province, 2019-2022) which has been Processed by Researchers (2023)

Table 3 presents data on the Regional Natural Income (PAD) of Central Java Province for the years 2018 and 2019. According to the table, the PAD for Central Java Province in 2019 was recorded at Rp. 14,437,914,236,398, whereas the intended PAD for the same year, as set by the regional administration of Central Java Province in 2018, was Rp. 14,488,333,544,000. Prior to 2019, the performance efficacy of PAD stood at 99.65%.

During the years 2020 and 2021, the Provincial Government of Java, also known as PEMDA, successfully attained a high level of effectiveness in managing regional expenditure and income budgets, with rates of 97.69% and 97.85% respectively.

Table-4: SILPA in Central Java Province Period 2019 -2022

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>SILPA Realization</th>
<th>SILPA Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>1,119,157,446,700</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>1,119,348,228,370</td>
<td>1,119,199,047,745</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>861,492,992,625</td>
<td>861,343,812,000</td>
</tr>
<tr>
<td>4</td>
<td>2022</td>
<td>1,237,000,000,000</td>
<td>1,235,000,000,000</td>
</tr>
</tbody>
</table>

Source: Secondary Data (LKPD of Java Province, 2019-2022) which has been Processed by Researchers (2023)

According to the data shown in Table 4, it can be observed that the income and expenditure budget of Central Java province had positive changes from 2019 to 2022. The realisation of SILPA in 2019 amounted to Rp. 1,119,157,446,700. The implementation of SILPA Year 2020 resulted in a total amount of Rp. 1,119,348,228,370. In the year 2021, the total amount reached Rp. 861,492,992,625, while in 2022, it increased to Rp. 1,237,000,000,000.
Table-5: PAD growth in Central Java Province Period 2019 -2022

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>PAD (District Natural Income)</th>
<th>PAD Growth Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>14,437,914,236,398</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>13,668,282,278,000</td>
<td>-5.33</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>14,695,474,898,000</td>
<td>7.51</td>
</tr>
<tr>
<td>4</td>
<td>2022</td>
<td>16,264,474,898,000</td>
<td>10.68</td>
</tr>
</tbody>
</table>

Source: Secondary Data (LKPD of Java Province, 2019-2022) which has been Processed by Researchers (2023)

During the period spanning from 2019 to 2022, the Central Java Province had a significant rise in its Regional Natural Income. The growth ratios of District Natural Income (PAD) over the years are illustrated in table 5. The growth ratios observed in the data set are 0% (-), 5.33%, 7.51%, and 10.68%. The values of PAD for the years 2019, 2020, 2021, and 2022 are Rp. 14,437,914,236,398, Rp. 13,668,282,278,000, Rp. 14,695,474,898,000, and Rp. 16,264,474,898,000, respectively.

Table-6: APBD growth in Central Java Province Period 2019 -2022

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>APBD (Anggaran Pendapatan Belanja Daerah)</th>
<th>Rasio Pertumbuhan APBD (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>25,859,780,137,936</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>25,393,735,934,148</td>
<td>98.20</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>26,633,000,085,963</td>
<td>104.88</td>
</tr>
<tr>
<td>4</td>
<td>2022</td>
<td>17,827,786,618,000</td>
<td>66.94</td>
</tr>
</tbody>
</table>

Source: Secondary Data (LKPD of Java Province, 2019-2022) which has been Processed by Researchers (2023)

During the period from 2019 to 2022, a significant increase in the APBD (Regional Expenditure Income Estimate) was noticed in the province of Central Java. This phenomena is evident in table 6, which displays the growth ratios of APBD as 0%, 98.20%, 104.88%, and 66.94% consecutively. The APBD values (District Expenditure Estimates) for the years 2019, 2020, 2021, and 2022 are as follows: Rp. 25,859,780,137,936 for 2019, Rp. 25,393,735,934,148 for 2020, Rp. 26,633,000,085,963 for 2021, and Rp. 17,827,786,618,000 for 2022. The dataset provided is limited to the year 2022 and focuses on the results of regional expenditure and regional income in the province of Central Java. The data covers the period from January to August.

Table-7: Economic Growth Ratio in Central Java Province Period 2019 -2022
(In Millions of Rupiah)

<table>
<thead>
<tr>
<th>No</th>
<th>Tahun</th>
<th>PDRB Atas Harga Konstan 2000</th>
<th>Rasio Pertumbuhan Ekonomi (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>991,516,543.31</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>965,227,269.21</td>
<td>2.65</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>997,345,051.89</td>
<td>3.33</td>
</tr>
<tr>
<td>4</td>
<td>2022</td>
<td>1,050,322,126.93</td>
<td>5.31</td>
</tr>
</tbody>
</table>

Source: Secondary Data (LKPD of Java Province, 2019-2022) which has been Processed by Researchers (2023)
Based on the information provided in Table 7, the Economic Growth (PDRB Constant Price 2000) of Central Java Province in the year 2019 amounted to Rp. 991,516,543,310. The ratio of economic growth, computed relative to the base year, was determined to be 0%. In the year 2020, the Gross Regional Domestic Product (GRDP) at constant prices of 2000 reached Rp. 965,227,269,210, indicating an economic growth rate of 2.65%. In the year 2021, the Economic Growth (PDRB Constant Price 2000) amounted to Rp. 997,345,051,890, reflecting a growth rate of 3.33%. In the year 2022, the level of Economic Growth, as measured by the Gross Regional Domestic Product (GRDP) at constant prices of 2000, amounted to Rp. 1,050,322,126,930, signifying a growth rate of 5.31%.

Table 8: Unemployment Level in Central Java Province Period 2019 -2022

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>Unemployment Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>4.44</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>6.48</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>5.95</td>
</tr>
<tr>
<td>4</td>
<td>2022</td>
<td>5.75</td>
</tr>
</tbody>
</table>

Source: Central Java Provincial Statistics Agency (2023)

Based on the data presented in table 8, there appears to be an ironic relationship between the unemployment rate and various economic indicators such as PAD, SILPA, APBD, and economic growth in the region of Central Java. The aforementioned indicators demonstrate a positive trend from 2019 to 2022, indicating a relatively favourable economic climate. However, it is noteworthy that the unemployment rate remains high, which presents a paradoxical situation. The unemployment rate in Central Java exhibits considerable volatility, with respective figures of 4.44% in 2019, 6.48% in 2020, 5.95% in 2021, and 5.75% in 2022.

Table 9: Inflation Rate in Central Java Province Period 2019 -2022

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>Inflation Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>2.56</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>2.26</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>1.46</td>
</tr>
<tr>
<td>4</td>
<td>2022</td>
<td>4.39</td>
</tr>
</tbody>
</table>

Source: Central Java Provincial Statistics Agency (2023)

During the temporal interval including the years 2019 to 2022. According to the data presented in Table 9, it can be observed that the inflation rate in the province of Central Java has been relatively low in recent years. Specifically, the inflation rate for the years 2019, 2020, 2021, and 2022 were recorded at 2.56%, 2.26%, 1.46%, and 4.39% respectively.

Table 10: Poverty Level Ratio in Central Java Province Period 2019 -2022

<table>
<thead>
<tr>
<th>No</th>
<th>Year</th>
<th>Poverty Level (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2019</td>
<td>10.8</td>
</tr>
<tr>
<td>2</td>
<td>2020</td>
<td>11.41</td>
</tr>
<tr>
<td>3</td>
<td>2021</td>
<td>11.79</td>
</tr>
<tr>
<td>4</td>
<td>2022</td>
<td>10.93</td>
</tr>
</tbody>
</table>

Source: Central Java Provincial Statistics Agency (2023)
The analysis of the data provided in Table 10 reveals a notable and persistent increase in the poverty rate within the Province from 2019 to 2022. In 2019, the poverty rate stood at 10.80%, which experienced a further rise to 11.41% in 2020. Following this, in the year 2021, there was a subsequent increase in the poverty rate, reaching 11.79%. However, it then experienced a tiny decrease to 10.93% in the year 2022.

DISCUSSIONS

Survival Ratio (Survival, Effectiveness, Efficiency, and SILPA)

The data shown in Table 1 demonstrates that the Central Java regional administration relies significantly on financial assistance from the central government to promote regional development, notably in the area of general infrastructure for the community. Despite the adoption of regional autonomy in the government of particular districts, this reliance continues to remain.

The province of Central Java has exhibited proficiency in the efficient administration of expenditure budgets and District Original Income (PAD/Receipt) disbursements derived from multiple District Expenditure Budgets (APBD) that have received approval between 2019 and 2022. This accomplishment is evidenced by the effectiveness ratio and efficiency ratio. The Central Java Province administration seeks to enhance the efficiency of its expenditure from 2019 to 2022 through the implementation of a strategic strategy that prioritises targeted expenditures. This approach involves the meticulous distribution of resources across different sectors, encompassing expenditures on personnel, commodities and services, subsidies, grants to both the central and regional governments, grants from the Special Allocation Fund (BOS), capital investments, social expenditures, intangible asset expenditures, capital expenditures for Public Service Agencies (BLUD), unforeseen expenditures, and the transfer of revenue to municipal and regency-level regional governments within the province's jurisdiction. The primary goal is to reduce expenses while maintaining accuracy and logic in the distribution of resources. On the other hand, the substantial contribution of money derived via regional taxes and retributions across multiple industries is evident.

The government of Central Java Province has made significant strides in improving the effectiveness and efficiency of revenue collection (PAD) and expenditure management in the province. The demonstration of this accomplishment is apparent through the regular production of surplus money, referred to as SILPA, which entails the utilisation of leftover funds from the preceding fiscal year's budget to counterbalance any shortfalls. The Central Java Province has regularly recorded budget surpluses in each fiscal year spanning from 2019 to 2022. This suggests that the financial performance is improving due to the favourable financial conditions. The utilisation of SILPA has an inverse correlation with the upward trajectory of financial conditions, until the equilibrium of SILPA undergoes an augmentation.

The research conducted by Puspitasari (2013) supports the ongoing discourse on SILPA by demonstrating that there has been a favourable development in the financial condition. This is evidenced by an increase in SILPA balance and a simultaneous drop in SILPA use over a span of five years. In regard to the concepts of efficiency and effectiveness, a comparative examination of the outcomes derived from the research conducted by Beliani (2016) reveals that effectiveness exerts a favourable influence on economic growth, as demonstrated by a statistically significant outcome of 0.001. Likewise, there exists a positive correlation between efficiency and economic growth, as evidenced by a statistically significant outcome of 0.001.

Based on the research conducted by Fitriana, Affan, and Diyanti (2019), it is evident that the regional government maintains a notable reliance on the central/provincial government, as
evidenced by the Regional Financial Dependency Ratio. The city administration of Samarinda has a low level of financial independence and continues to rely on external sources for its financial needs, as observed from a local financial standpoint. Nevertheless, it is worth noting that there has been a noticeable rise in the local revenue, known as the Public Assistance Revenue (PAD), alongside a decline in financial assistance provided by the central or provincial government. These trends indicate that Samarinda is currently experiencing a phase of development. This discovery is consistent with previous research findings that suggest the province of Central Java is significantly dependent on financial aid from the central government (APBN) as its main source of regional income, which implies a limited degree of autonomy. However, there has been a constant increase in the prevalence of Peripheral Arterial Disease (PAD) in the Province of Central Java, suggesting positive developments in the region between the years 2019 and 2022.

From a perspective focused on the PAD Efficiency ratio in Central Java, there was an observed increase during the period from 2019 to 2021, which may be categorised as "inefficient" with values of 101.12% and 101.77%. The observed phenomenon can be ascribed to a decrease in both the generation and reception of PAD within the timeframe of 2019-2020, whilst SILPA shown a rise. The surplus generated by SILPA was allocated as additional money for development in several districts and municipalities within the province of Central Java. In the year 2022, there was a conspicuous decrease in efficiency, albeit maintaining its classification as extremely effective, with a rating of 96.31%. The observed phenomena can be explained by a decrease in local production accompanied by a concurrent rise in revenues from the Public Assistance Department (PAD). Based on the findings of Mahsun's (2006) study, districts may be classified as "inefficient" when their financial efficiency ratio surpasses 100%. When a value is equal to 100%, it is classified as "balanced efficiency," however if it is less than 100%, it is categorised as "efficient." Rahaded (2021) reports that the City of Surabaya has demonstrated a sustained increase in the efficacy of its primary revenue over time, leading to a notably high degree of efficiency, averaging at 16.26%. This observation suggests that the budgetary performance of the City of Surabaya is extremely praiseworthy.

The effectiveness ratio of the Public Administration Department (PAD) in Central Java demonstrated an increasing pattern during the timeframe of 2019-2020, indicating inefficiency with recorded values of 101.12% and 101.77%. The observed phenomenon can be ascribed to a decrease in external and received peripheral arterial disease (PAD), juxtaposed with an increase in systemic inflammatory response syndrome (SILPA). The excess generated by SILPA was allocated as additional capital for development initiatives throughout several districts and municipalities within the province of Central Java. In the year 2022, there was a significant decrease in efficiency, however it continued to be categorised as extremely effective, with a grade of 96.31%.

According to the research conducted by Kartika, Setiawan, and Kusuma (2016), the Provincial Allocation Fund (PAD) in Sukabumi Regency demonstrates an average effectiveness ratio of 105.67%. Based on the findings of Kartika, Setiawan, and Kusuma (2016), it can be inferred that the Public Revenue (PAD) effectiveness ratio suggests a high level of efficiency in the financial performance of Sukabumi Regency.

The analysis of the data presented in Table 4 reveals a discernible increase trajectory in the financial performance effectiveness of Central Java Province throughout the period spanning from 2019 to 2021. Nevertheless, it is crucial to acknowledge that the reported increase lacks statistical significance. This serves as evidence that the provincial government of Central Java, under the leadership of Governor Ganjar Pranowo, adeptly oversees the distribution of resources in order to attain the anticipated production objectives. Nevertheless, during the fiscal year 2019-
2020, specific sales initiatives were not implemented as intended. This deviation occurred because financial resources were redirected into production endeavours that aimed to provide support for the central government's endeavours in combatting the Covid-19 pandemic in the province of Central Java.

Economic Growth Ratio (PAD Growth, APBD Growth, and Economic Growth)

The researcher's between the increase in regular spending allocation by the Central Java regional government and the improvement of regional financial performance is illustrated by the estimations provided by the researcher in tables 5, 6, and 7. Capital expenditure is the monetary investment made by the local government in order to provide services to the community, hence creating both direct and indirect advantages for the society. The existence of strong infrastructure has the capacity to improve operational efficiency in various industries and support community productivity, therefore making a positive contribution to overall welfare. The research conducted by Yasin, Riyadi, and Ingga (2017) supports the present analysis, suggesting that there is no statistically significant relationship between PAD and Economic Growth. This is evident from the t-statistic of 2.245, which is below the crucial value of 1.96. The initial estimated value demonstrates a positive coefficient of 0.115, suggesting a direct association between PAD and economic growth. This suggests that there is a positive correlation between higher Regional Natural Income (PAD) and enhanced financial performance of the district/DIY city, which is in line with the ideas of regional autonomy.

The Central Java Provincial Government has undergone a transformation in its role, changing from a traditional service delivery model to embracing a strategic community service approach that places emphasis on the provision of high-quality services. The emergence of Public Administration Decentralisation (PAD) in the region can be related to the maintenance of regional autonomy, hence causing a shift in function with substantial influence. The Central Java Province government has exhibited its dedication to providing public services in alignment with the regulations outlined in Law Number 23 of 2014 concerning Regional Government. The aforementioned dedication is seen in the comprehensive policy delineated in the Central Java Province APBD Year 2019-2021, which has been efficiently executed. Furthermore, there is a deliberate effort to actively solicit public participation through the utilisation of a bottom-up method. This approach entails the inclusion of recommendations originating from the community, as well as those put out by Village and Subdistrict Musrenbang, in the decision-making process. However, in the implementation of the Annual Regional Budget (APBD) for the fiscal year 2020, there is a need to enhance the efficiency of public services provided to the community. As a result, the Government of Central Java Province is obligated to make adjustments to the APBD in compliance with Article 154 of the Regulation of the Minister of the Interior Number 13 Year 2006. The proposed adjustment is primarily intended to allocate a significant quantity of financial resources towards supporting the endeavours targeted at combating the Covid-19 epidemic. In accordance with the prevailing regional financial regulations, the determination of adjustments to the Annual Regional Budget (APBD) for the current fiscal year is governed by:

1. Budget changes occur inside organisational divisions as well as between various activities and production processes.
2. There exist pressing programmes and activities that necessitate prompt implementation.
3. In the sphere of approval, a policy is in place whereby adjustments must be implemented and the remaining budget from the previous year is utilised for the calculations of the current year.
The main policy implemented by the government in the modifications made to the APBD for the fiscal year 2020 involves the reallocation of funds from less efficient expenditures to more efficient ones. The objective of this policy is to accelerate the achievement of development targets and priorities. The updated Annual Budget Plan (APBD) for the fiscal year 2020 has been developed in alignment with the intended programme and activity schedule. Consideration has been given to the remaining time available for the implementation of activities in the current fiscal year. Currently, the region of Central Java in Indonesia is experiencing a period of economic boom. The Central Java Province has a notable degree of economic expansion, which may be attributed to the ample availability of resources and the region's inherent potential. These sectors encompass several industries such as agriculture, animal husbandry, fishing, plantations, and tourism. The Government of Central Java Province consistently strives to improve regional economic growth with the aim of enhancing the well-being of its residents. Yasin et al. (2017) reported that their study revealed a negative association between the APBD structure of financial performance and economic growth in the districts and cities of East Java.

The study conducted by Nurhidayah and Hendikawati (2018) shown a positive correlation between Public-Private Partnership (PAD) and Special Allocation Fund (DAK) with respect to the overall economic growth. Furthermore, the research also investigated the impacts of economic development expenditures within the Central Java Regency. The Public Assistance Programmes (PAD), Direct Assistance Programmes (DAU), Direct Cash Transfers (DAK), and Development Spending, which are included in the Annual Regional Budget (APBD), have been observed to lack substantial evidence of their effectiveness in reducing poverty. However, they have shown a positive influence on economic growth.

Unemployment Ratio, Poverty Ratio, and Inflation Ratio

Based on the data presented in Table 8, a noticeable rise in the unemployment rate in the region of Central Java can be noted during the period spanning from 2019 to 2020. The observed phenomena can be ascribed to the increased incidence of the Covid-19 pandemic in Central Java throughout the timeframe of 2019-2020. The increase in the number of cases has had notable consequences on several industries, encompassing manufacturing and small businesses. Significantly, the adoption of the PPKM (Enforcement of Restrictions on Community Activities) and PSBB (Large-Scale Social Restrictions) measures has led to a rise in workforce reductions. From 2020 to 2022, the federal government of the Republic of Indonesia, in conjunction with the regional administration of the province of federal Java, successfully tackled the spread of Covid-19 in Central Java. Consequently, a considerable proportion of residents residing in Central Java were able to recommence their employment across diverse industries, owing to the reopening of numerous firms and the subsequent creation of job prospects. Moreover, persons who effectively engaged in entrepreneurial activities made significant contributions towards the generation of supplementary job prospects. As a result, there was a decrease in the unemployment rate in Central Java, with figures declining from 6.48% in 2020 to 5.95% in 2021, and further dropping to 5.75% in 2022. This finding is consistent with the results of a study conducted by Sukma, Indrawati, and Juliprijanto (2019), which showed that the variable of unemployment rate has a statistically significant negative effect on the variable of economic growth in the province of Central Java from 2001 to 2017. Sukma, Indrawati, and Juliprijanto (2019) believe that a reduction in the unemployment rate holds the capacity to engender economic expansion.

The research conducted by Pramesti and Yasa (2019) suggests that there is a significant positive relationship between inflation and economic growth. This suggests that a just 1 percent rise in inflation is associated with a significant 1,181 percent surge in the rate of economic growth. Based on the information supplied, it can be argued that inflation is a significant
determinant of economic growth. The results of this study additionally demonstrated a consistent decline in inflation rates across the period from 2019 to 2021. The decrease in spending can be ascribed to the adoption of comprehensive cost-reduction strategies in regional expenditures by the government of Central Java province between 2019 and 2020. The aforementioned actions were implemented with the objective of alleviating the repercussions of the Covid-19 pandemic on the immediate community. These initiatives encompassed the provision of financial assistance in the form of subsidies. Furthermore, a rise in taxes and levies was observed across multiple sectors, including the tobacco processing industry as well as the manufacturing and processed wood industries. Furthermore, the regional government of Central Java province regularly participates in open market operations throughout several regencies and municipalities within the province. The operations encompass the allocation of subsidies to micro, small, and medium enterprises (MSMEs) in addition to upper middle class entrepreneurs situated in diverse areas inside Central Java. The year 2022 saw a notable increase in inflation within the Central Java region, a phenomenon that can be related to the consequences of the Covid-19 pandemic. The observed phenomena can be attributed to an increase in demand for a range of goods and services, as the local community's spending power progressively rebounded from the effects of the pandemic. Furthermore, the escalation of production expenses, the augmented flow of currency within the market, and the autonomous price modifications undertaken by corporations, specifically for indispensable commodities, also contributed to the inflationary forces encountered in the region. An example that can be examined is the daily necessities of petrol and oil.

Based on the poverty ratio statistics provided in Table 4.10, it can be observed that the province of Central Java exhibited a poverty rate of 10.8% in the year 2019. Following this, the aforementioned percentage experienced an increase to 11.41% in the year 2020, and subsequently jumped to 11.79% in the year 2021. The increase in the cost of essential food items in the province of Central Java between 2019 and 2022, which can be linked to the limited availability of food during the Covid-19 pandemic, has had a role in the exacerbation of poverty rates in the area. As a result, there continue to be discrepancies in the distribution of development resources and revenue, as well as uneven patterns of economic growth. Furthermore, a plethora of elements play a significant role in shaping the prevalence of poverty in the region of Central Java. These factors encompass, but are not restricted to, the minimum wage, the standard of living within the local community, the rate of economic growth, and the amount of unemployment. Prayoga et al. (2021) contend that poverty can be ascribed to a multitude of variables, including an inadequate minimum wage, a subpar communal quality of life, and a sustained annual increase in the unemployment rate without commensurate employment opportunities. However, it is important to highlight that in the year 2022, there was a noticeable decrease in the poverty rate within the province of Central Java, with a recorded value of 10.93%. This remark underscores the enhancement of the community's quality of life, as inhabitants are progressively witnessing advancements in various domains, including income, health, education, and other pertinent indicators of development. Additionally, it is important to acknowledge that economic growth has substantial implications for the progress of economic activities that enhance the production of goods and services within a given community, in proportion to the amount of prosperity experienced by that community (Sukirno, 2011).

Based on the research conducted by Priseptian and Pimandhana (2022), their findings suggest that there is a statistically insignificant and negative correlation between economic growth and poverty. This result suggests a positive association between the decrease in poverty rates and the upward trajectory of growth in the region of East Java. Nevertheless, the increase in economic growth is of limited extent and does not possess statistical significance. Based on the
research conducted by Priseptian and Pimandhana (2022), it is apparent that there is no statistically significant correlation between economic growth and poverty rates in the East Java region.

CONCLUSION

The research findings suggest that the Central Java Provincial Government exhibited a notable dedication to enhancing efficiency within the timeframe of 2019-2022. The devotion of the individuals was evident in their cautious and thorough spending practises. They placed importance on minimising expenses and carefully allocating money to specific items outlined in the regional budget established in the previous year.

The regional government of Central Java province exhibits a significant reliance on financial assistance from the central government in order to facilitate the development of their territory, specifically in the realm of public infrastructure projects that aim to enhance the well-being of the local community. This dependence is evident when considering the fiscal autonomy demonstrated through the APBD (Regional Budget) and PAD (Regional Revenue). The continued need on financial support from the central government is prevalent, even in light of the establishment of regional autonomy within their own administrative domains.

The province of Central Java has exhibited a high level of competence in the management of its budget and the generation of revenue, as evidenced by the thorough examination of effectiveness and efficiency ratios. The efficacy of managing Regional Revenue Expenditure Budgets (APBD) for the years 2019, 2020, 2021, and 2022 is clearly demonstrated.

The poverty rate in Central Java Province was documented as 10.8% in the year 2019. Following this, there was an increase to 11.41% in the subsequent year of 2020, which was further followed by a subsequent growth to 11.79% in the subsequent year of 2021. The escalation in prices of indispensible commodities in the province of Central Java between 2019 and 2022 can be ascribed to the lack of vital items resulting from the Covid-19 pandemic. Consequently, this has resulted in an escalation in the poverty rate in the region of Central Java. However, it is expected that the poverty rate in the province of Central Java will decrease to 10.93% by the year 2022. Additionally, the unemployment rate in the region of Central Java has demonstrated an increasing pattern from 2019 to 2020. During the period spanning from 2020 to 2022, a discernible decline in the unemployment rate has been observed within the Central Java region. The rate exhibited a downward trend, decreasing from 6.48% in 2020 to 5.95% in 2021, and thereafter down to 5.75% in 2022.

During the period spanning from 2019 to 2021, there will be a consistent decline observed in inflation rates, namely amounting to 2.56%, 2.26%, and 1.46% consecutively. Nevertheless, it is anticipated that inflation in the Central Java region will have a resurgence in the year 2022, culminating at a rate of 4.39%. The observed rise can be ascribed to the consequences following the Covid-19 pandemic.

Based on the extensive study analyses conducted, scholars are able to offer recommendations in the form of:

1. In order to enhance the Human Development Index (HDI) in Central Java, it is imperative for the government to promote equitable distribution of economic growth, ensuring its benefits reach all individuals residing in remote regions.
2. Local governments in Central Java are required to provide production that has the potential to create employment opportunities and alleviate the issue of unemployment.
3. The central government is responsible for ensuring that all rural areas in Central Java possess sufficient resources to provide economically viable products for the local
population.

4. Despite the lack of direct impact on the poverty rate, it is imperative for the government to exercise control over and sustain the inflation rate to prevent excessive escalation of costs, particularly for essential commodities and construction materials.

5. The acceleration of economic growth in Central Java Province is imperative, notwithstanding its already commendable quality. The reason for this phenomenon is that the quick expansion of the economy has a substantial impact on poverty levels.

6. While the impact of the unemployment rate on poverty may not be substantial, it is advisable to gradually decrease it in the long run. Nevertheless, it is evident that a rise in the unemployment rate will precipitate a decline in per capita income, finally culminating in poverty.

7. It is recommended that the regional administration of Central Java Province augment its regional expenditure for development in order to surpass the expenditure of the preceding year.

8. It is advisable for the regional administration of Central Java Province to optimise regional income, such as regional taxes, in order to sustain a favourable impact on regional economic growth. The minimum level of regional expenditure must remain consistent or exhibit an increase.

9. In light of the considerable appeal of Regional Economic Growth in Central Java Province, our intention is to acquire further insights into this variable and its impact on the Corporate Social Responsibility (CSR) practises of enterprises operating within the region. The potential impact of regional economic growth in Central Java Province on the corporate social responsibility (CSR) of industries in the area is expected to play a significant role in the overall development of Central Java Province.

10. Furthermore, it is anticipated that the most recent data from the years 2022-2024 will be utilised due to the forthcoming change in leadership resulting from the General Election of Regional Heads. Notably, several Young Regional Heads have proposed the implementation of the Padat Karya programme, aimed at enhancing infrastructure and human resources within their respective regions.

11. The research sample has the potential for expansion as it encompasses all 35 Regencies/Municipalities within the Central Java Province. Furthermore, the inclusion of temporal spans can be employed to broaden the scope of comparisons across different locations.

REFERENCE


