

ABSTRACT

Analysis of the Influence of Financial Performance, Budget Transparency and Debt to Income on Financial Sustainability of Provincial Governments in Indonesia

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This study aims to analyze the effect of financial performance, budget transparency, and debt to income on the Financial Sustainability of provincial governments in Indonesia for the period 2020–2024. This research was motivated by the post-COVID-19 fiscal conditions that caused a substantial decline in the fiscal independence of provincial governments in the early period of observation. The study employs a quantitative approach with panel data regression covering provincial governments in Indonesia over five years. Model selection was conducted through the Chow Test, Hausman Test, and Lagrange Multiplier Test, identifying the Random Effect Model (REM) as the best-fit estimator. Financial performance is measured by the fiscal independence ratio; budget transparency by the availability of financial reports on official government websites; Debt to Income Ratio as the proportion of total regional liabilities to total revenue; and Financial Sustainability using accrual-based operational surplus/deficit. The results show that financial performance has a positive and significant effect on Financial Sustainability, while budget transparency and Debt to Income Ratio do not show a significant effect. Simultaneously, the three variables jointly affect Financial Sustainability. These findings emphasize the importance of strengthening fiscal independence as the primary determinant of regional government financial sustainability.

Keywords: *Financial Performance, Budget Transparency, Debt to Income Ratio, Financial Sustainability, Provincial Government.*

ABSTRAK

Analisis Pengaruh Kinerja Keuangan, Transparansi Anggaran dan *Debt to Income* terhadap *Financial Sustainability* pada Pemerintah Provinsi di Indonesia

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Penelitian ini bertujuan menganalisis pengaruh kinerja keuangan, transparansi anggaran, dan *debt to income* terhadap *Financial Sustainability* pemerintah provinsi di Indonesia periode 2020–2024. Penelitian ini dilatarbelakangi oleh kondisi fiskal daerah pascapandemi COVID-19 yang menyebabkan penurunan kemandirian fiskal pemerintah provinsi secara signifikan pada awal periode pengamatan. Penelitian menggunakan pendekatan kuantitatif dengan metode regresi data panel terhadap pemerintah provinsi di Indonesia selama lima tahun. Pemilihan model terbaik dilakukan melalui Uji *Chow*, Uji *Hausman*, dan Uji *Lagrange Multiplier*, dengan hasil diperolehnya *Random Effect Model* (REM) sebagai model estimasi terpilih. Kinerja keuangan diukur dengan rasio kemandirian, transparansi anggaran diukur berdasarkan ketersediaan laporan keuangan di situs resmi pemerintah daerah, *Debt to Income Ratio* diukur sebagai perbandingan total kewajiban terhadap total pendapatan, dan *Financial Sustainability* diukur melalui surplus/defisit operasional berbasis akrual. Hasil penelitian menunjukkan bahwa kinerja keuangan berpengaruh positif dan signifikan terhadap *Financial Sustainability*, sedangkan transparansi anggaran dan *Debt to Income Ratio* tidak berpengaruh signifikan. Secara simultan, ketiga variabel tersebut berpengaruh terhadap *Financial Sustainability*. Hasil ini memperlihatkan betapa pentingnya peningkatan kemandirian fiskal pemerintah daerah sebagai determinan utama keberlanjutan keuangan.

Kata kunci: Kinerja Keuangan, Transparansi Anggaran, *Debt to Income Ratio*, *Financial Sustainability*, Pemerintah Provinsi.