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*Corresponding author: Universitas Bina Sarana Informatika, Indonesia.

E-mail: denny.dea@bsi.ac.id

DESCRIPTIVE OF QUANTITATIVE DATA | RESEARCH ARTICLE

Analysis of Public Sector Financial Performance Using Value for Money in Tangerang Regency

Denny Erica¹, Irwin Ananta Vidada², Ani Rakhmanita³, H. Hoiriah⁴, S. Saridawati⁵^{1,2,3,4,5} Universitas Bina Sarana Informatika, Indonesia. Email: denny.dea@bsi.ac.id, irwin.iav@bsi.ac.id, ani.ark@bsi.ac.id, hoiriah.hrh@bsi.ac.id, saridawati.sti@bsi.ac.id

Abstract: Public sector financial performance requires evaluation as a form of evaluation so that financial performance is more optimal. The financial performance of the Tangerang Regency Government in this study uses the Value for Money (VfM) approach with factors from three main factors, namely economy, efficiency, and effectiveness in 2014 to 2023. Based on the analysis of the public sector financial performance of Tangerang Regency, it is very economical with an average of 101.33% and very efficient with an average of 112.93%, but its efficiency is still low with an average of 98.54%. The results of this analysis can be used as evaluation material for the Tangerang Regency Government to carry out efficiency in public sector financial performance, so that the Tangerang Regency Government can optimize the quality of service to the local community.

Keywords: Public Sector, Financial Performance, Value for Money

1. INTRODUCTION

Financial performance is one of the most important issues that need to be considered in public organizations, including the government. Since the introduction of performance-based budgeting, all government agencies must be able to meet the financial performance required by the government. The application of public accountability in public organizations such as central and regional governments, government units, government agencies and institutions can reduce waste and financial losses that cannot be financed. One of the tools that can be used to assess the accountability of a government organization is to examine its financial performance by calculating and analyzing the achievement of goals and the achievement of income and expenditure within the organizational framework. The Regional Revenue and Expenditure Budget (APBD) which regulates input, output, profit, interest and benefit. It is very important for the Tangerang Regional Government to conduct a financial performance evaluation to find out whether the action plan has been successfully implemented or not. Therefore, there is a process of monitoring the use of the Regional Revenue and Expenditure Budget (APBD) for inclusion, production, productivity, benefits and benefits in the Tangerang Regency Regional Government.

Based on the Geography of the Regional Government, Tangerang Regency is part of Banten Province, with an area of 1,027.76 km² consisting of 29 sub-districts, 28 urban villages and 246 villages. In mid-2024, the population of Tangerang Regency was 3,373,149 people, with the center of government in Tigaraksa District. Meanwhile, based on the Demographics of the Regional Government, Tangerang Regency has a population of 3,400,490 people with details of 1,734,730 men and 1,665,760 women (BPS Kabupaten Tangerang 2024). The Tangerang Regency Regional Government, which has a large area and population, has a fairly large APBD so that in its implementation it requires monitoring and evaluation. In the Tangerang Regent Regulation Number

56 of 2023 concerning technical instructions for the preparation of work plans and budgets and budget implementation documents for the 2024 fiscal year, the Tangerang Regency Regional Government carries out regional financial management which is carried out openly and responsibly for the greatest prosperity of the Tangerang Regency community starting from the preparation of work plans and budgets and budget implementation documents for regional work units that are good in accordance with the principles of preparing regional revenue and expenditure budgets (Bupati Tangerang 2023).

Therefore, performance evaluation that considers cost effectiveness becomes very important as an evaluation method. "Value for Money" is a concept to evaluate the performance of public sector organizations not only in terms of finance, but also assessing the success of public sector activity programs using non-financial aspects. (Isna Ardila and Ayu Anindya Putri 2015). The concept of value for money is basically a concept to measure the effectiveness and cost effectiveness of a program, activity, or service of a public sector organization. Therefore, value for money has become an important concept in public sector organizations and is therefore often referred to as the core of public sector performance measurement.

2. LITERATURE REVIEW

2.1. Public Sector Organization

Public sector organizations are organizations that provide public services and state administration within the framework of the state constitution (organizations related to state finances) (Sarsiti 2020). The public sector organization is needed to ensure that the government is able to provide public services to the community fairly and evenly and to ensure that public services are provided according to the needs of the community. Therefore, the public sector organization is protected by law (Sitepu et al. 2024). In other words, public sector organizations are government-controlled organizations whose purpose is to serve the public interest and not to pursue private interests. These organizations are usually funded by public funds, such as taxes. Public services such as health services, education, transportation, security, and infrastructure are part of the public sector. Public sector organizations play three roles, namely: (1) Provision of essential services: Provision of services that cannot be provided by the private sector, such as security, education, and health; (2) Economic stability: Maintaining economic stability by controlling inflation, unemployment, and economic growth; (3) Resource equity: Ensuring that resources and services are distributed fairly in society. To ensure that public sector organizations are not focused on profit, public sector organizations must evaluate their performance to ensure that they provide and deliver services effectively, efficiently and responsibly.

2.2. Financial Performance

Financial performance is an analysis designed to determine the extent to which an organization or business implements its financial implementation rules appropriately and accurately (Francis Hutabarat 2020). In other words, public sector financial performance is a measure or assessment of how effectively, efficiently, and responsibly a government institution or entity manages its finances. This is different from private sector financial performance, which primarily focuses on seeking profit. The public sector prioritizes providing services to the public and using public funds wisely to achieve public goals. Financial performance measurement is the process of assessing the achievement of goals and targets set by an organization to support the achievement of the organization's mission, including assessing the efficiency and effectiveness of the organization's activities (Hantono et al. 2021). Public sector financial performance measurement is used to assess how well a government or public agency manages its financial resources to achieve public service objectives and meet accountability requirements for the use of public resources. This measurement includes a variety of indicators and

techniques designed to ensure that government financial management is carried out efficiently, effectively, transparently, and accountably.

2.3. Value for Money

Value for money is at the heart of performance measurement in government. Government performance cannot be judged solely on the outputs it produces, but inputs, outputs and outcomes must be considered together, and for some, must include measures of distribution and scope of performance (Anik Yuesti, Ni Luh Putu Sandra Dewi, and I Gusti Ayu Asri Pramesti 2020). Value for money is also an indicator of public sector performance, which shows whether the budget spent provides good value for society (Erlinda Nur Aulia and Agustina Prativi Nugraheni 2022). In other words, "Value for Money (VfM)" is a concept that evaluates how well the resources (money, time, energy) spent by an organization or company can produce optimal results. In the context of the public sector, VfM refers to the management of public budgets and resources efficiently, effectively and economically to achieve the greatest benefits for society. VfM is based on three main elements: (1) Economic efficiency: Using inputs (resources) at the lowest possible cost without compromising quality. For example, finding goods and services at the best price according to the required quality standards, (2) Efficiency: The relationship between input and output, namely how efficiently the resources used can produce output. The less input is needed to produce the same output, the more efficient the output will be, (3) Effectiveness: The extent to which a goal or desired result is achieved. Effectiveness is measured by the extent to which the output produced achieves the desired results, for example improving public services or having a positive impact on society.

Table 1. Percentage of Results from 3 (Three) Factors of the Value for Money Concept

%	Economic Results	Efficiency Results	Effectiveness Results
>100	Very Economic	Inefficient	Very Effective
90 - 100	Economic	Less efficient	Effective
80 -90	Quite Economic	Quite efficient	Quite Effective
60 -80	Less Economic	Efficient	Less Effective
<60	Not Economic	Very efficient	Not Effective

The benefits of implementing the value-for-money (VfM) concept in the public sector include: (1) Increasing the efficiency of public services; (2) Increasing the quality of public services; (3) Reducing utility costs; minimizing inefficient losses and maximizing cost-effective inputs; (4) allocating spending resources that are more in line with the needs of the community's interests; and (5) increasing public awareness of money as a basis for public accountability (Mardiasmo 2021).

3. RESEARCH DESIGN AND METHOD

3.1. Research Approach

This study uses a quantitative descriptive approach to determine the level of financial performance indicators of the Tangerang Regency Government. Descriptive quantitative research is a research method that begins with data collection, interpretation, presentation, and results and aims to describe the situation objectively using numbers (Arikunto 2019). This study uses annual data to analyze changes by comparing performance report components in the period 2014-2023. The concept of Value for Money (VfM), which consists of three main factors, namely: economy, efficiency, and effectiveness, to evaluate the financial performance of the public sector of the Tangerang Regency Government.

4. RESULT AND DISCUSSION

Based on Law Number 23 of 2014 concerning Regional Government (UU) Related to APBD (Regional Autonomy and Government). To carry out administration under the jurisdiction of the regional government, financial resources are needed to provide services and welfare to the local population. The provision of financial resources to the regions must be balanced with the administrative burden borne by the region. This financial balance ensures the implementation of the tasks assigned to the regional government. If a region does not have sufficient financial capacity to finance government affairs, especially mandatory government affairs related to basic services, the central government can use the Special Allocation Fund (DAK) instrument. The APBN funds will be allocated to certain regions for funding. The aim is to contribute to the financing of specific activities that are relevant to the local situation and consistent with national priorities. In carrying out administrative tasks within the scope of regional authority, the regional head and DPRD as managers of regional government issue regional regulations as a legal basis for the implementation of regional autonomy, in accordance with the conditions and desires of the regional government. Not only the characteristics of the region, but also its people. Regional regulations issued by the region only apply within the jurisdiction of their respective regions. The following is the Tangerang Regency APBN Report and data on Regional Revenue and Expenditure Realization for the 2014-2023 fiscal year. namely:

Table 2. Budget Report and Realization of Regional Revenue and Expenditure of Tangerang Regency (Fiscal Year 2014-2023) (In Billions of Rupiah)

Years	Income		Expenditure	
	Budget	Realization	Budget	Realization
2014	3.225,36	3.698,37	3.532,28	3.512,79
2015	3.687,88	4.229,03	4.372,25	4.179,07
2016	4.203,47	4.799,67	4.775,96	4.535,33
2017	4.265,34	5.313,00	4.643,69	4.981,82
2018	5.007,02	5.483,11	5.630,05	5.878,84
2019	5.310,51	5.843,67	5.865,51	5.988,16
2020	5.717,19	5.283,26	6.212,19	5.365,52
2021	5.469,96	6.149,14	5.794,96	5.833,70
2022	5.737,69	6.818,76	6.010,49	6.708,71
2023	6.766,31	7.981,01	7.116,31	7.890,52

From Table 2, it can be seen that there is a difference between the Budget value and the Revenue Realization value for the 2014-2023 Budget Year, and the Tangerang Regency Regional Government appears to have succeeded in obtaining Revenue above the previously determined Budget (Target), this can be seen in Fig. 1. below:

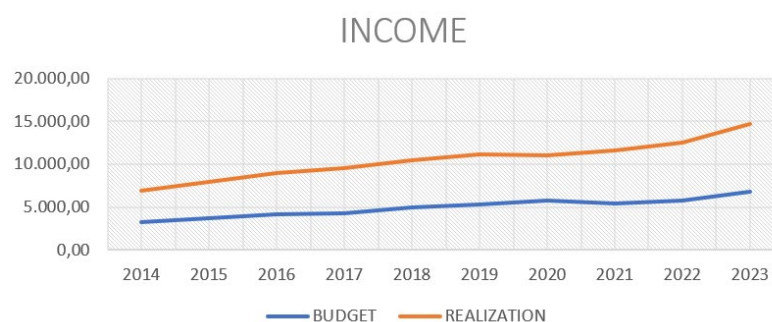


Figure 2. Budget and Expenditure Realization Graph for Fiscal Year 2014-2023

From Table 2 above, it can be seen that there is a difference between the Budget value and the Cost Realization (Expenditure) value for the 2014-2023 Budget Year, and the Tangerang Regency Regional Government appears to be fluctuating from the previously determined Budget (Target), this can be seen in Fig. 3. below:

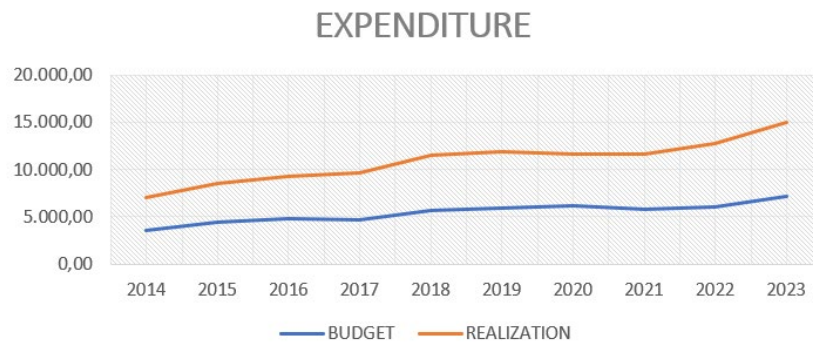


Figure 3. Budget and Expenditure Realization Graph for Fiscal Year 2014-2023

From the data in Table 2, Value for Money (VfM) can be calculated, consisting of three main factors, namely: economy, efficiency, and effectiveness, to evaluate the financial performance of the public sector of the Tangerang Regency Regional Government, namely:

Table 3. Economic Ratios

Years	Expenditure		%	Conclusion
	Budget	Realization		
2014	3.532,28	3.512,79	99,45	Economic Ratios Fulfilled
2015	4.372,25	4.179,07	95,58	Economic Ratios Fulfilled
2016	4.775,96	4.535,33	94,96	Economic Ratios Fulfilled
2017	4.643,69	4.981,82	107,28	Economic Ratios Exceed
2018	5.630,05	5.878,84	104,42	Economic Ratios Exceed
2019	5.865,51	5.988,16	102,09	Economic Ratios Exceed
2020	6.212,19	5.365,52	86,37	Moderate Category Economic Ratios
2021	5.794,96	5.833,70	100,67	Economic Ratios Exceed
2022	6.010,49	6.708,71	111,62	Economic Ratios Exceed
2023	7.116,31	7.890,52	110,88	Economic Ratios Exceed

Based on Table 3, the Financial Performance of the Tangerang Regency Regional Government can be said to be Very Economical with an average of 101.33%.

Table 4. Efficiency Ratio

Years	Realization		%	Conclusion
	Budget	Income		
2014	3.512,79	3.698,37	94,98	Less Efficient
2015	4.179,07	4.229,03	98,82	Less Efficient
2016	4.535,33	4.799,67	94,49	Less Efficient
2017	4.981,82	5.313,00	93,77	Less Efficient
2018	5.878,84	5.483,11	107,22	Not efficient
2019	5.988,16	5.843,67	102,47	Not efficient
2020	5.365,52	5.283,26	101,56	Not efficient
2021	5.833,70	6.149,14	94,87	Less Efficient
2022	6.708,71	6.818,76	98,39	Less Efficient
2023	7.890,52	7.981,01	98,87	Less Efficient

Based on Table 5, the Financial Performance of the Tangerang Regency Regional Government can be said to be Very Effective with an average of 112.93%.

Table 6. Percentage (%) of 3 (Three) Main Value for Money (VfM) Factors

Years	Percentage (%)		
	Economics	Efficiency	Effectiveness
2014	99,45	94,98	114,67
2015	95,58	98,82	114,67
2016	94,96	94,49	114,18
2017	107,28	93,77	124,56
2018	104,42	107,22	109,51
2019	102,09	102,47	110,04
2020	86,37	101,56	92,41
2021	100,67	94,87	112,42
2022	111,62	98,39	118,84
2023	110,88	98,87	117,95
Average	101,33	98,54	112,93

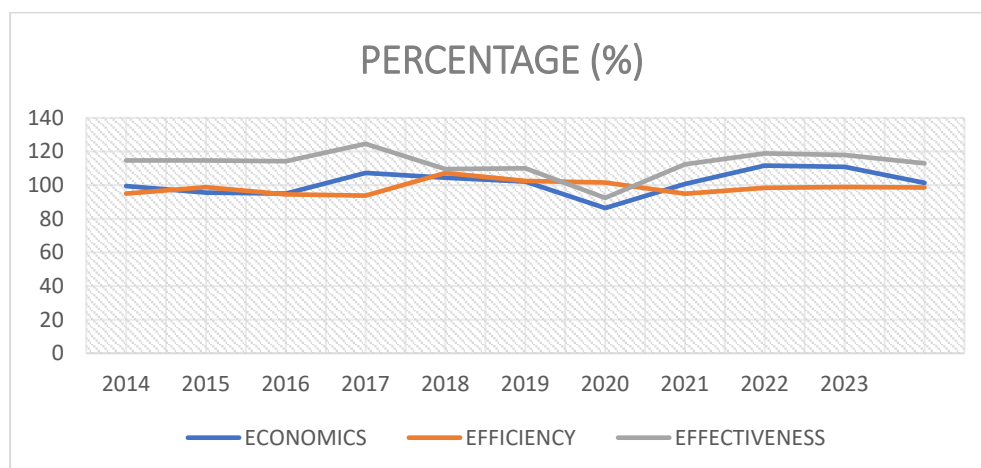


Figure 4. Percentage of Economy, Efficiency, and Effectiveness of Fiscal Year 2014-2023

5. CONCLUSION

Based on the analysis of the financial performance of the public sector of Tangerang Regency with the Value for Money (VfM) approach in 2014 to 2023, it can be said that the financial performance of the public sector of Tangerang Regency is very good. It is already economical with an average of 101.33% and very effective with an average of 112.93%, but still not efficient with an average of 98.54% so that it can be used as a material for evaluating the financial performance of the public sector of Tangerang Regency. The efficiency of the Regional Government will be increased and the Tangerang Regency Government will be able to optimize the quality of service to the community.

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