

## **Financial Performance Analysis using the Value for Money Approach (Case Study at UPT Sentra Terpadu Inten Suweno)**

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### **Abstract**

This study aims to find out how the financial performance of the Technical Implementation Unit (UPT) of the Inten Suweno Integrated Center by using a *value for money approach* consisting of elements of economy, efficiency, and effectiveness in the 2018-2022 fiscal year. The research method used in this study is a descriptive analysis that analyzes and describes the financial performance of the use of the budget in the service program implemented using budget realization data and performance achievements for the 2018-2022 fiscal year. The analysis unit of this research was carried out at the Suweno Integrated Center in Bogor. The data analysis technique used in this study is in the form of quantitative descriptive analysis techniques. The results of the study show that the financial performance of the Inten Suweno Integrated Center UPT for the service programs implemented during 2018-2022 is economically categorized as economical performance with an average economic value of 98.83% with an output achievement of >100%. In terms of efficiency, financial performance is categorized as very efficient performance with an average efficiency value of 272.86%. And in terms of effectiveness, effective performance is categorized as effective with an average effectiveness value of 99.54%. The results of the economic performance of the Inten Suweno Integrated Center UPT show the ability of the UPT to manage its finances well so that there is no waste of funds, efficiency performance shows excellent budget management ability so as to produce maximum output and exceed targets, and effectiveness performance shows good service quality so that it succeeds in achieving the service goals set previously.

**Keywords:** financial performance, value for money, public sector organizations

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## **1. Introduction**

Performance measurement is one way to find out how good and bad the service achievement of an organization, including public sector organizations, is. The success of the performance and financial management of public sector organizations does not only depend on the outputs or *outputs* produced, but also must see how *the* inputs and *outcomes* or satisfaction received by the goals of the program are implemented. Therefore, it takes the right measurement concept to properly measure the financial performance of the organization.

The concept of measurement that is the right tool or method to measure organizational performance achievement is a concept *value for money*. Concept *value for money* is a measurement with three elements, namely economic, efficiency and effectiveness (Mardiasmo, (2016). *Value for money* It is also referred to as an appreciation for every rupiah properly and used as well as possible so that it becomes a concept that must exist in public sector organizations ((Mahmudi, 2010). Use of measurement *value for money* support the implementation of performance-based budgeting and Minister of Finance Regulation Number 62 of 2023 concerning Budget Planning, Budget Implementation, and Accounting and Financial Reporting must be carried out in accordance with the principles *Value For Money*. In addition, *value for money* also in line with Regulation of the Minister of Home Affairs No. 79 of 2018 concerning Regional Public Service Agency and Government Regulation No. 12 of 2019 concerning regional financial management which requires planning, preparation and implementation of budgets in an orderly, economical, efficient, effective, rule-abiding,

transparent and responsible manner by paying attention to the principles of justice, compliance, and benefits for the community.

A public sector organization is a *non-profit* agency/institution whose main purpose is to provide community needs and provide services for the welfare of the community. In line with these goals, public sector organizations are fully responsible for maximizing budgets to achieve good financial performance. The budget owned by public sector organizations is open/transparent to the public because actually the source of budget funds comes from the community. Therefore, financial performance in public sector organizations is very important to discuss.

(Sutama et al., 2022) Stating that problems that are often encountered in assessing the performance or financial accountability of a public or government organization are the system of planning, management, and supervision of its budget which still often occurs in the waste of funds, abuse of power that ends up becoming corruption, and the implementation of programs that are not economical in determining and allocating the budget, not *Efficiency* which causes a low output than the output. Therefore, the performance of public sector organizations has always been a public concern for the management and services provided. Public perception that public sector organizations are always detrimental institutions, often waste budgets, and become a source of fund leakage ((Qolbuniah & Setiawan, 2022).

This study was conducted to analyze financial performance with the *Value For Money approach* which consists of three measurement elements, namely economical, efficient, and effectiveness in the Technical Implementation Unit (UPT) of the Inten Suweno Integrated Center in Bogor. UPT Integrated Center Inten Suweno (STIS) is one of the public service units in the field of social rehabilitation which is responsible to the Director General of Social Rehabilitation to assist the government in Development in the field of Social Welfare as part of National Development with the aim of realizing a fair and prosperous and equitable society for all Indonesian people. In 2022, the Inten Suweno Integrated Center (STIS) UPT is called the Center for Vocational Rehabilitation of Persons with Disabilities (BBRVPD) Inten Soeweno Cibinong. However, in early 2022, the Regulation of the Minister of Social Affairs of the Republic Number 3 of 2022 concerning the Organization and Work Procedures of the Technical Implementation Unit within the Directorate General of Social Rehabilitation was issued which made changes to the structure and work procedures of the UPT. In the regulation, it is explained that there is a change in the organizational structure, making the merger of the BBRVPD UPT with the UPT of the Social Rehabilitation Center for Persons with Intellectual Disabilities (BRSPDI) into the Inten Suweno Integrated Center UPT. The change in work procedures also makes UPT services change from one type of service to multi-service and multi-target. UPT STIS provides social protection service programs to all Social Welfare Recipients (PPKS) such as vulnerable groups, victims of drug abuse and Odha, the elderly, children, people with disabilities as well as victims of disasters and emergencies who cannot carry out their social functions properly and require special attention and social welfare efforts from all levels of society.

## **2. Material and Method**

### **2.1. Unit of Analysis, Population and Sample**

The analysis unit in this study is the Technical Implementation Unit (UPT) of the Suweno Integrated Center in Bogor. The data population used is the Performance Accountability Report (LAKIN) UPT BBRVPD for the 2018-2021 fiscal year and LAKIN UPT STIS for the 2022 fiscal year. Meanwhile, the sample used in the scattered data population is a performance indicator achievement report and a budget realization report during the 2018-2022 fiscal year.

### **2.2 Data collection techniques**

The data collection technique in this study is secondary data with documentation collection techniques and literature studies. Documentation techniques are carried out to obtain the required data, namely the Performance Accountability Report (LAKIN) and the Budget Realization Report of the Inten Suweno Integrated Center UPT for 2018-2022. And the literature study technique is carried out to collect references and supporting theories from various sources such as articles, books, legal statements, and previous research journals related to financial performance analysis with *a value for money approach*.

## 2.3 Variable Operations

### 2.3.1 Race Economics

Economics measures an organisation's ability to minimise and avoid wasteful and unproductive expenses. The following is the formula for calculating the economic ratio used in this study (Mahmudi, 2010) :

$$\text{Race Economics : } \frac{\text{Input}}{\text{Input Values}} \times 100\%$$

Remarks

Input : Realization of program/activity expenses

Input Values : Budget: Expenditure of programs/activities

The performance of a program or activity carried out can be said to be economical if *Input* or the realization of the budget is smaller than the budget set by the achievement of *the output* as targeted or 100% achieved (Mardiasmo, 2016) The following are the criteria for assessing economic ratios ((Mahsun, 2014).

Table 2.1 Economic Ratio Assessment Criteria

Performance Score Percentage	Criteria
>100	Very Economical
90 - 100	Economical
80 - 90	Quite Economical
60 - 80	Less Economical
<60	Not Economical

Source : (Mahsun, 2014)

### 2.3.2 Efficiency Ratio

Efficiency is the success of achievement *Output* which is maximised with certain expenses or usage *Input* low to achieve *Output* the maximum. The following is the formula for calculating the efficiency ratio used (Mahmudi, 2010) :

$$\text{Efficiency Ratio: } \frac{\text{Output}}{\text{Input}} \times 100\%$$

Remarks

Output : Results of program/activity performance achievements

Input : Realization of Program/Activity Expenditure

The efficiency of a program and activity will be successful if *Output* or the results achieved are greater than the realized funds that have been used (Mardiasmo, 2016). In other words, the work achieved will be efficient if it uses the lowest possible resources and funds. The following are the efficiency ratio assessment criteria ((Mahsun, 2014).

Table 2.2 Efficiency Ratio Assessment Criteria

Performance Score Percentage	Criteria
>100	Highly Efficient
90 - 100	Efficient
80 – 90	Quite Efficient
60 - 80	Less Efficient
<60	Inefficient

Source : (Mahsun, 2014)

### 2.3.3 Effectiveness Ratio

Effectiveness is the success of an organisation in achieving its goals. The following is the formula for calculating the effectiveness ratio used (Mahmudi, 2010) :

$$\text{Effectiveness Ratio} : \frac{\text{Outcome}}{\text{Output}} \times 100\%$$

Remarks

Outcome : Objectives/targets of program/activity achievements

Output : Results of program/activity performance achievements

The effectiveness of the program or activity that has been carried out will be effective if the organisation succeeds in achieving the goals of the services carried out. The following are the criteria for assessing the effectiveness ratio ((Mahsun, 2014).

Table 2.2 Effectiveness Ratio Assessment Criteria

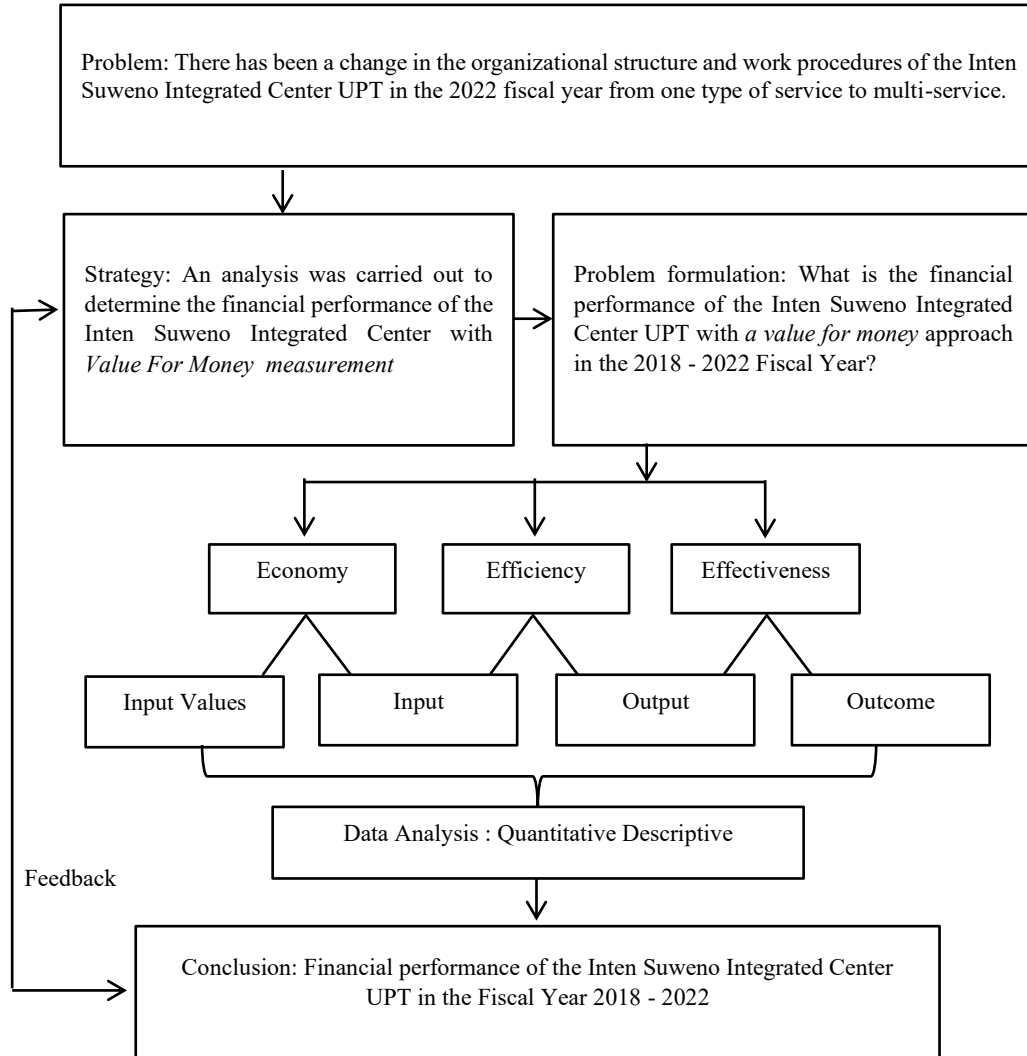
Performance Score Percentage	Criteria
>100	Highly Effective
90 - 100	Effective
80 – 90	Quite Effective
60 - 80	Less Effective
<60	Ineffective

Source : (Mahsun, 2014)

## 2.4 Data Analysis Techniques

The analysis of the financial performance of the Inten Suweno Integrated Centre will be carried out by comparing the performance of program services implemented during the 2018-2021 fiscal year, before changes in organisational structure and work procedures, and during the 2022 fiscal year, after changes in organisational structure and work procedures. After collecting the required research data, measurements are carried out by calculating the economic, efficiency, and effectiveness ratios. The results of the calculation of each ratio will then be analyzed with the performance value criteria of each indicator to determine the program performance of each indicator variable.

## 2.5 Frame of Mind



**Figure 1.** Frame of Mind

## 3. Result

### 3.1 Economic Measurement

**Table 3. 1 Economic Measurement of the Social Protection Program at the Inten Suweno Integrated Center for the 2018-2022 Fiscal Year**

Year	<i>Input</i>	<i>Input Values</i>	<i>Output</i>	<b>Economic Value</b>
2018	4.614.195.220	4.626.061.000	104,27%	99,74%
2019	5.537.121.564	5.583.090.000	113,51%	99,18%
2020	57.259.617.987	57.502.594.000	101,21%	99,58%
2021	17.625.317.886	18.423.225.000	153,25%	95,67%
2022	13.696.370.600	13.697.461.000	883%	99,99%

Source : (Processed by the author)

Based on the data in table 3.1 above regarding economic performance measurement, the performance of UPT during the 2018-2022 fiscal year shows economic performance in each period with an average economic value of 98.83% and the achievement of output every year exceeds the target or >100%. In 2018 the economic value reached 99.74%, in 2019 the economic value reached 99.18%, in 2020 the economic value of performance reached 99.58%, an increase from the previous year. Meanwhile, in 2021 it decreased with a value of 95.67%, while in 2022 performance increased to 99.99%.

### 3.2 Efficiency Measurement

**Table 3. 2 Measuring the Efficiency of the Social Protection Program at the Inten Suweno Integrated Center for the 2018-2022 Fiscal Year**

Year	Output	Input	Efficiency Value
2018	104,27%	99,74%	104,54%
2019	113,51%	99,18%	114,46%
2020	101,21%	99,58%	101,63%
2021	153,25%	95,67%	160,18%
2022	883%	99,99%	883,51%

Source : (Processed by the author)

Based on Table 3.2 above, it shows the results of the efficiency performance calculation. The efficiency performance of UPT every year produces an efficient performance value with an average efficiency value of 272.86%. In 2018, the efficiency value of the UPT service program reached 104%, in 2019 the efficiency value reached 114.46%, in 2020 the efficiency value reached 101% smaller than the previous year. In the 2021 budget, efficiency performance reached 160.18% and in 2022 the program performance reached 88.51%.

### 3.3 Effectiveness Measurement

**Table 3. 2 Measuring the Effectiveness of the Social Protection Program at the Inten Suweno Integrated Center for the 2018-2022 Fiscal Year**

Year	Outcome (PM)	Output (PM)	Effectiveness Value
2018	610	610	100,00%
2019	420	420	100,00%
2020	24004	24518	97,90%
2021	7414	7414	100,00%
2022	14.002	14.029	99,81%

Source : (Processed by the author)

Table 3.2 above shows the results of financial performance measurement in terms of effectiveness. The effective performance of the Inten Suweno Integrated Centre UPT during 2018-2022 resulted in an average efficiency value of 99.54%. In 2018, the efficiency value reached 100%, in 2019, it also produced an effectiveness value of 100%, while in 2020, the effectiveness value reached 97.90%. In 2021, the performance of UPT increased to 100% from the previous year. and in 2022, UPT's performance decreased to 99.81%.

## 4. Discussion

### 4.1 Financial Performance of UPT Inten Suweno Integrated Center with Value For Money Approximation

Year	Economic Performance	Performance Efficiency	Performance Effectiveness
2018	Economical (99.74%)	Highly Efficient (104.54%)	Effective (100%)
2019	Economical (99.18%)	Highly Efficient (114.46%)	Effective (100%)
2020	Economical (99.58%)	Highly Efficient (101.63%)	Effective (97.90%)
2021	Economical (95.67%)	Highly Efficient (160.18%)	Effective (100%)
2022	Economical (99.99)	Highly Efficient (883.51%)	Effective (99.81)

Source : (Processed by the author)

Based on table 4.1 above, the financial performance of the Inten Suweno Integrated Center UPT for the Service Program carried out during the 2018-2022 budget year as a whole

is classified as economical, very efficient and effective performance every year. From an economic point of view, the performance of the UPT shows that the use of the UPT budget in the implementation of service programs does not result in budget waste because the amount of budget realization used does not exceed the budget target that has been set. So that it can be categorised as an economic performance with the achievement of >100% results/output. In terms of efficiency, UPT's performance shows maximum achievement with service achievement results exceeding the previously set service targets, meaning that UPT is able to maximize its service program at the desired target. And in terms of effectiveness, it shows that achieving pre-planned program goals indicates that UPT can provide service benefits to service recipients.

## **5. Conclusion, Implication, and Recommendation**

### **5.1 Conclusion**

Based on the results and previous discussions, it can be concluded that the financial performance of the Inten Suweno Integrated Center UPT from the service program implemented during the 2018-2022 fiscal year is economical with a percentage of criteria of 98.83%, very efficient with a percentage of criteria of 272.86% and effective with a percentage of criteria of 99.54%. The financial performance of the Inten Suweno Integrated Center UPT during 2018-2022 is able to manage its budget well so that there is no budget waste, is able to maximize the use of its budget so as to produce program achievements in accordance with the target or even more, and the UPT is able to provide effective and quality service so that it successfully achieves the expected program service goals.

### **5.2 Involvement**

The implications of this research in theory contribute to the development of science in the field of accounting regarding the financial performance of public sector organizations and the measurement of financial performance using *the value for money method*. And in practice, it can contribute insight and experience for its readers, including the author in the practice of analysing the financial performance of an organisation with the value for money or 3E method (economical, efficient, and effective) if, in the future, there are cases regarding financial performance analysis.

### **5.3 Recommendation**

It is recommended to be able to research the same topic as this study but with complete data from both UPTs (BBRVPD and BRSPDI). Adding trend analysis to financial performance, adding elements of equity and equity, involves researching qualitative methods to measure performance effectiveness regarding service quality.

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