

## Performance Measurement Using Value For Money Concept in Village Government

Nur Awalia Reski <sup>1\*)</sup> Darmawati <sup>2)</sup> Andi Kusumawati <sup>3)</sup>

Email:

[nurawaliareskis@gmail.com](mailto:nurawaliareskis@gmail.com) <sup>1\*)</sup>

<sup>1,2,3</sup> Universitas Hasanuddin, Makassar, Sulawesi Selatan, Indonesia

(Received: 31 March 2021; Revised: 14 April 2020; Published: 30 April 2020)



©2020 – Bongaya Journal for Research in Accounting STIEM Bongaya. This is an article with open access under license CC BY-NC-4.0 (<https://creativecommons.org/licenses/by-nc/4.0/>).

**Abstract:** This study aimed to determine the measurement of performance in the Village Government of Jabal Nur, Kec. Kodeoha, North Kolaka Regency in 2015-2019 using the concept of Value For Money. Performance measurement is one of the factors for a private or public organization. Performance measurement is used as a control tool in an organization to evaluate the results of activity and determine the success of the management carried out by an organization. The application of the value for money concept is important for the government as a public service because the implementation of this concept will provide benefits for assessing: 1) the effectiveness of public services, 2) the quality of public services, 3) spending allocations that are more oriented to the public interest, and 4) increasing public cost awareness as the root of the implementation of public accountability. The results of this study indicate that the performance of the Jabal Nur village government has been said to be economical because the percentage ratio has never exceeded 100%; in terms of efficiency, government performance is efficient even though the first 3 years are in balanced efficiency, but in years 4 and 5 the level of efficiency has increased, and from in terms of the effectiveness of the performance of the village government of Jabal Nur has been effective even though in 2017 the level of effectiveness was according to. Still, the following year the level of effectiveness increased again.

**Keywords:** Value For Money; Economical; Effectiveness

## INTRODUCTION

Performance measurement is one factor for a private or public organization. Performance measurement is used as a control tool in an organization to evaluate the results of activity and find out a description of the organization's success. In measuring performance, it will be seen as an achievement that will be obtained by an organization, as well as with public sector organizations. A public sector organization is an organization that uses public funds to provide public goods and services. Based on the characteristics, public sector organizations can be divided into two, namely pure non-profit organizations and quasi non-profit organizations (Mahsun, 2009). The public sector is often understood as one that relates to the public interest and the provision of goods or services to the public, paid for through taxes or other state revenues regulated by law (Mahsun, 2009).

After the enactment of Law Number 6 of 2014 concerning Villages, the performance of public organizations, especially in Village Government, is essential; with the passage of the Law, the Village Government will obtain significant enough funds to be managed so that the Village Government will be required to improve its performance in serving and improve the welfare of rural communities. Most

people think that the Village Government is not essential even though the Village is the country's foundation; performance dramatically affects the achievements' results.

The success of regional autonomy cannot be separated from the performance of local governments in managing their regional finances. Measures of local government performance based on performance-based budgets can be measured using the concept of value for money. According to Mardiasmo (2009), the application of the idea of value for money (VFM) is essential for the government as a public service because the implementation of the concept will provide benefits for assessing the effectiveness of public services, the quality of public services, spending allocations that are more oriented to the public interest, and increasing public interest. Cost awareness is the root of the implementation of public accountability. The community certainly wants accountability regarding the implementation of public sector performance, including the performance of the Jabal Nur Village Government in managing its regional finances, especially with the billions of rupiah budget provided by the central government; the community will, of course, always demand better services and development.

## LITERATURE REVIEW

### Performance Measurement

According to Krismiaji and Anni (2011) Performance measurement is a process of quantifying the efficiency and effectiveness of an action. Performance measurement shows whether an organization has achieved the targets that have been determined at the strategic level and the operational level. In addition, according to Lohman in Mahsun (2013), performance measurement is an activity to assess the achievement of specific targets set in the organization's strategic objectives. A person's ability is the first measure in improving the performance aimed at the results of his work. That is, whether or not a person can carry out the work will determine his performance.

### Benefits of performance measurement Performance

measurement is used to determine performance in the company's organization and benefit from knowing whether the goals established by the organization have been appropriately achieved. According to Mardiasmo, (2009), there are eight benefits of performance measurement, namely providing an understanding of the measures used to assess management performance, providing direction to achieve predetermined performance targets. To monitor and evaluate performance achievements, compare with work targets, and take corrective actions to improve performance. As a basis for providing rewards and punishments and objectivity for achievement measured under the agreed performance measurement system. As a communication tool between subordinates and leaders to improve organizational performance, Help identify whether customer satisfaction has been met, Help understand the process of government agency activities, Ensure that decision-making is carried out objectively.

### Objectives and types of performance measurement

According to Mahmudi (2010) there are six objectives of measuring the performance of the public sector, namely to determine the level of achievement of organizational goals, provide learning facilities for employees, improve performance in the next period, provide systemic consideration in making decisions on rewards and punishments, provide motivation on employees, Creating public accountability. Mahsun (2009) suggests several approaches to measuring the performance of public sector organizations such as:

- **Budget Analysis Budget**  
an analysis is a performance measurement that is carried out by comparing the expenditure budget with its realization. The results obtained are in the form of favorable or unfavorable variance. Data used in the form of budget data and budget realization
- **Performance (value money)**  
A performance audit is a performance based on the concept of value for money, which expands the scope of the financial audit. The measurement indicators consist of economy, efficiency, and effectiveness.

- **Balanced scorecard**  
The balanced scorecard is a performance measurement with financial and non-financial aspects. As described in four perspectives, namely: the customer perspective, financial perspective, internal business perspective, and growth and learning perspective.
- **Value For Money**  
Value for money is the concept of managing public sector organizations based on three main elements, namely:

Economics is the acquisition of specific resources (inputs) at the lowest price. Economics is a comparison of inputs with input values expressed in monetary units. Economics is related to the extent to which public sector organizations can minimize input resources by avoiding wasteful and unproductive spending (Mardiasmo, 2009). Efficiency is a comparison of output/input associated with performance standards or targets that have been set (Mardiasmo, 2009). Effectiveness is the relationship between output and goals, where effectiveness is measured based on how far the organization's level of output, policies, and procedures achieve the goals that have been set (Indra Bastian, 2006). Effectiveness only looks at whether a program has achieved the goals that have been previously set (Mardiasmo, 2009). Based on the three elements of value for money above, it can be concluded that: 1) economy is related to inputs, 2) efficiency is related to inputs and outputs, and 3) effectiveness is related to outputs and goals.

#### Benefits of Value For Money

Implementation The application of the value for money concept in measuring performance in public sector organizations benefits organizations and society. According to Mardismo (2009) the desired benefits in implementing value for money in public sector organizations are; economical (saving carefully) in the procurement and allocation of resources, efficiency (effective) in the use of resources, and practical (effective) in achieving goals and objectives.

The steps in measuring value for money according to Mahsun (2009):

#### Economic Measurement

We measure the level of savings from all expenditures made by public sector organizations. Measurement of the economic level requires data on expenditures and their realization. Here is the formula for measuring the economic level:

$$Economy = \frac{\text{Expenditure realization}}{\text{Expenditure Budget}} \times 100\%$$

Efficiency measurement requires data on the realization of expenditure and realization of income. The following is a formula for measuring efficiency:

$$Efficiency = \frac{\text{Expenditure realization}}{\text{Revenue realization}} \times 100\%$$

Measurement of effectiveness requires the realization of revenue data. Budget and revenue targets. Here's a formula for measuring effectiveness.

$$Effectiveness = \frac{\text{Budget revenue}}{\text{Revenue Realization}} \times 100\%$$

The results of Annisa's research (2011) show that for the level of economy and efficiency, the Makassar City Health Office is able to achieve economic results. However, the level of effectiveness is still lacking, because it is based on the level of satisfaction that has not been maximized. The results of Dewi's research, (2016) show that the performance of the Yogyakarta City Education Office from all activities in 2012-2014 shows a very economical, quite efficient, and quite effective performance.

## METHOD

This research uses a descriptive research method with a qualitative approach. Moleong, (2010) suggests that qualitative research is a research procedure that produces descriptive data in written or spoken words from people and observable behavior. The author uses a descriptive research method because the research conducted is related to events with current conditions. This descriptive research aims to make a description, an overview of the 2015-2019 performance measurement of the Jabal Nur Village Government, Kodeoha District, Kab. North Kolaka, Southeast Sulawesi. The location of this research will be carried out in the Jabal Nur Village Government, Kec. Kodeoha, Kab. North Kolaka. The author chose this location because the object used in this study is a public sector organization classified as a pure non-profit organization. This research only uses secondary data sources. Secondary data is generally in the form of evidence, historical records, or reports that have been compiled in archives. In this study, the secondary data came from the APBDes and RAPBDes of the Jabal Nur Village Government, Kodeoha District, North Kolaka Regency, Southeast Sulawesi in 2015-2019. In this study, the data analysis technique used is a descriptive qualitative method where researchers collect data, compiled, described, and then analyzed to provide clear conclusions on the existing problems, namely measuring the performance of the Jabal Nur Village Government using the value for money method. According to Sugiyono (2016), data analysis is the process of systematically searching and compiling data obtained from interviews, field notes, and other materials to be easily understood, and the findings can be informed to others.

## RESULT AND DISCUSSION

### Result

The Jabal Nur Village Government's performance measurement uses the Village Revenue and Expenditure Budget (APBDes) and the 2015-2019 Jabal Nur Village Budget Realization Report (RAPBDes).

**Table 1. Jabal Nur Village Revenue and Expenditure Budget (APBDes) for 2015-2019**

Description	2015	2016	2017	2018	2019
<b>Revenue</b>	<b>527.788.573,00</b>	<b>119.327.768,00</b>	<b>1.151.623.519,00</b>	<b>1.122.584.838,00</b>	<b>1.296.785.096,00</b>
Income	527.788.573,00	119.327.768,00	1.151.623.519,00	1.122.584.838,00	1.296.785.096,00
Village Fund	264.588.068,00		769.060.968,00	745.166.437,00	867.758.000,00
Transfer Allocation of village funds	263.200.505,00	1.193.277.768,00	382.562.551,00	377.418.401,00	429.027.096,00
<b>Expenditure</b>	<b>527.788.573,00</b>	<b>119.327.768,00</b>	<b>1.151.623.519,00</b>	<b>1.067.584.838,00</b>	<b>1.296.785.096,00</b>
Village Government Organizing Sector	328.288.573,00	61.827.768,00	352.512.551,00	274.618.401,00	288.085.096,00
Village Development Implementation Sector	153.500.000,00	50.000.000,00	616.910.968,00	378.869.342,00	780.514.000,00
Community Development Sector	39.500.000,00	2.000.000,00	26.550.000,00	17.000.000	111.928.000,00
Community Empowerment	6.500.000,00	5.500.000	155.650.000,00	397.097.095,00	116.258.000,00

**Table 2. Realization of the Jabal Nur Village Revenue and Expenditure Budget (RAPBDes) for 2015-2019**

Description	Description	Description	Description	Description	Description
<b>Revenue</b>	<b>527.788.573,00</b>	<b>119.327.768,00</b>	<b>754.275.551,00</b>	<b>1.122.584.838,00</b>	<b>1.296.785.096,00</b>
Income	527.788.573,00	119.327.768,00	754.275.551,00	1.122.584.838,00	1.296.785.096,00
Village Fund	263.200.505,00	1.193.277.768,00	290.962.551,00	377.418.401,00	429.027.096,00
Transfer					
Allocation of village funds	263.200.505,00	1.193.277.768,00	290.962.551,00	377.418.401,00	429.027.096,00
<b>Expenditure</b>	<b>527.788.573,00</b>	<b>119.327.768,00</b>	<b>754.275.551,00</b>	<b>1.067.584.838,00</b>	<b>1.296.785.096,00</b>
Village Government	328.288.573,00	61.827.768,00	260.912.551,00	274.618.401,00	288.085.096,00
Organizing Sector					
Village Development	153.500.000,00	50.000.000,00	373.063.000,00	378.869.342,00	780.514.000,00
Implementation Sector					
Community Development	39.500.000,00	2.000.000	26.550.000,00	17.000.000	111.928.000,00
Sector					
Community Empowerment	6.500.000,00	5.500.000	93.750.000,00	397.097.095,00	116.258.000,00

Measuring the performance of the Jabal Nur Village government using the Village Revenue and Expenditure Budget (APBDes) and the Jabal Nur Village Revenue and Expenditure Budget Realization (RAPBDes) using the value for money performance ratio analysis, namely:

**Economic Ratio**, (efficiency) as the level of costs incurred to produce something. The level of economy in managing finances can be seen by comparing the budget with its realization. The financial ratio is said to be good if the level of expenditure is lower than the budget.

**Table 3. Economic Ratio of Jabal Nur Village Government 2015-2019**

Year	Expenditure Actual	Expenditure Budget	Economical Ratio
2015	527.788.573,00	527.788.573,00	100%
2016	119.327.768,00	119.327.768,00	100%
2017	754.275.551,00	1.151.623.519,00	65,50%
2018	1.067.584.838,00	1.067.584.838,00	100%
2019	1.296.785.096,00	1.296.785.096,00	100%

Based on table 3, it can be seen that the financial ratio in 2015, 2016, 2018, 2019 the performance of the Jabal Nur Village government is said to be economically balanced because it produces a ratio of 100%, and in 2017 its performance is economical because it produces less than 100% or 65.50. So the performance of the Jabal Nur Village government can be said to be quite economical because the economic percentage from 2015-2019 has never passed 100%.

Efficiency Ratio, Efficiency (usefulness) relates to the method of operation. Process efficiency can be efficient if a resource and funds are used as low as possible. Efficiency is the ratio between output and output. The performance of the Village Government is said to be efficient if the ratio achieved is less than 100%; the smaller the efficiency ratio achieved, the better the performance. The level of efficiency in managing finances by comparing the realization of expenditure with the realization of income.

Based on table 4, it can be seen that the performance of the Jabal Nur Village government is quite good in 2015-2017 with balanced efficiency, and in 2018-2019 it is very efficient. So that the overall performance of the Jabal Nur Village Government can be said to have been efficient, which means the government can use the required resources with a minimum to achieve the target.

Effectiveness Ratio, Effectiveness (use results) is a measure of the success of an organization in achieving its organizational goals; effectiveness is a comparison between outcomes and outputs. The level of effectiveness in financial management can be seen from comparing the realization of income and the revenue budget.

**Table 4. Efficiency Ratio of Jabal Nur Village Government 2015-2019**

Year	Expenditure realization	Revenue Realization	Efficiency Ratio
2015	527.788.573,00	527.788.573,00	100%
2016	119.327.768,00	119.327.768,00	100%
2017	754.275.551,00	754.275.551,00	100%
2018	1.067.584.838,00	1.122.584.838,00	95,10%
2019	1.296.785.096,00	2.164.543.096,00	59,91%

**Table 5. Effectiveness Ratio of Jabal Nur Village Government 2015-2019**

Year	Revenue Realization	Budget revenue	Effectiveness Ratio
2015	527.788.573,00	527.788.573,002	100%
2016	119.327.768,00	119.327.768,00	100%
2017	754.275.551,00	1.151.623.519,00	65,50%
2018	1.122.584.838,00	1.122.584.838,00	100%
2019	2.164.543.096,00	1.296.785.096,00	166,92%

Based on table 5, the performance of the Jabal Nur Village Government from 2015-2019 looks quite effective, although in 2018, the effectiveness level decreased by 65.50% the following year, it increased back to 100% to 166.92%. This means that the government in determining the revenue target has been appropriate and can realize the planned revenue.

## CONCLUSION

This study aims to measure the performance of the Jabal Nur Village Government by using the concept of value for money based on economy, efficiency, and effectiveness. This study uses the Jabal Nur Village Government documents using the Village Revenue Budget Report (APBDes) and Village Revenue Budget Realization (RAPBDes) data for the five years, 2015-2019. The results of measuring the performance of the Jabal Nur Village Government based on the concept of value for money are obtained that the financial ratios from 2015-2019 tend to be economically balanced. The performance of the Jabal Nur Village government can be said to be quite economical. After all, the percentage of the financial ratio from 2015-2019 has never passed 100%, meaning that the government is quite good at controlling costs because the government has never spent more than budgeted. Measuring the performance of the Jabal Nur Village Government based on the value for money concept, it was found that the efficiency ratio from 2015-2019 showed 100% results from 2015-2017. The following year it decreased by 95.10% to 59.9%. This means that the government can manage finances by using a certain level of resources to achieve output. The performance measurement of the Jabal Nur Village Government is based on the concept of value for money seen from the effectiveness ratio generated from 2015-2019, where during the five years, it showed 100% results then decreased by 65.50% then increased 100% again to 166.92. This means that the performance of the Jabal Nur Village government can be said to be effective even though the percentage ratio decreased in 2017. However, the government has tried to achieve effective performance as indicated by developing the effectiveness ratio in the following year. The financial ratio calculation that tends to be balanced requires the Jabal Nur Village government to minimize the costs or expenditures incurred, not to cause wasteful spending, especially expenses that are not useful. Improving the welfare of the people of Jabal Nur Village by expanding employment opportunities so that the quality and income of the community increases so that the levies and taxes paid by the community also increase.

## REFERENCES

- Annisa, D. (2011). Evaluasi Kinerja Keuangan Dinas Kesehatan Kota Makassar Melalui Pendekatan Value For Money. Skripsi. Universitas Hasanudin.
- Moleong, L. J. (1989). Metodologi Penelitian Kualitatif, Remaja Karya.
- Darmawati, D. (2018, December). Faktor-Faktor Yang Memengaruhi Akuntabilitas Laporan Keuangan Dengan Penerapan Standar Akuntansi Pemerintah Berbasis AkruaI Sebagai Intervening. *In Seminar Nasional Hasil Penelitian & Pengabdian Kepada Masyarakat (SNP2M)*.
- Dewi, M. S., & Dharma, U. S. (2016). Analisis Pengukuran Kinerja Organisasi Sektor Publik dengan Pendekatan Value for Money.
- Krismiaji, Y., & Aryani, A. (2011). Akuntansi Manajemen. Edisi Kedua. Cetakan Pertama. UPP STIM YKPN. Yogyakarta.
- Laporan Tahunan Anggaran Pendapatan Belanja Desa (APBDes) dan Realisasi Anggaran Pendapatan Desa (RAPBDes) Jabal Nur
- Mahmudi. 2010. Manajemen Keuangan Daerah. Jakarta: Erlangga
- Mahsun, M. (2006). Pengukuran kinerja sektor publik. Yogyakarta: BPF.
- Mardiasmo, D., & MBA, A. (2009). Akuntansi sektor publik. Yogyakarta: Andi.
- Nasir, M. (2003). Metode Penelitian Jakarta: Ghalia Indonesia
- Sugiyono, P. (2015). Metode penelitian kombinasi (mixed methods). Bandung: Alfabeta, 28, 1-12.