

ANALYSIS OF VALUE FOR MONEY ON THE FINANCIAL PERFORMANCE OF THE REGIONAL DEVELOPMENT PLANNING AGENCY REGIONAL DEVELOPMENT (BAPPEDA) ROKAN HULU REGENCY

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ABSTRACT

This research was conducted with the aim of measuring the financial performance of the Regional Development Planning Agency (Bappeda) of Rokan Hulu Regency in 2020 and 2021 using the value for money measurement method. The value for money measurements used are economy, efficiency, and effectiveness with data taken from the Government Agency Performance Report (LKjIP) of the Regional Development Planning Agency (Bappeda) of Rokan Hulu Regency in 2020 and 2021. The research design used is qualitative research using primary and secondary data. The data collection techniques used in this study used interviews and documentation methods. The results of this study indicate that the financial performance of the Regional Development Planning Agency (Bappeda) of Rokan Hulu Regency in 2020 is included in the economic, inefficient and ineffective categories. Meanwhile, in 2021 it is included in the economic, inefficient and ineffective categories. The cause of measuring value for money is inefficient and ineffective because there are several activities in the program that do not meet the predetermined targets.

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1. INTRODUCTION

Government institutions are organizations that are given the power to regulate the interests of the nation and state. Law No. 23 of 2014 concerning local government outlines that local governments exercise the widest possible autonomy. In carrying out regional autonomy, the government is required to run the wheels of government that are able to encourage community participation in development, increase equity and justice by developing all the potential possessed by each region.

The problem that often occurs is the improper management and distribution of resources. Resources are very important in economic development now

and in the future. Local governments are required to be able to use their resources carefully. The resources owned by local governments come from public funds that must be accounted for. To be able to see whether local governments can manage resources properly, a performance assessment is carried out.

Performance appraisal is intended to determine the extent to which the government carries out its duties in the wheels of government, development, and community services by submitting financial reports. Yulitiawati & Rusmidarti (2021) say that financial performance assessment is an indicator of the success and failure of performance so that it becomes a benchmark for the success or failure

of the organization in achieving the expected goals. Government Regulation No.12 of 2019 concerning regional financial management, namely regional finances are managed in an orderly manner, complying with applicable laws and regulations, efficiently, economically, effectively, and responsibly in the principles of justice, public compliance carried out in an integrity in creating a budget. One way to assess government performance can be used by using the concept of value for money.

Value for Money according to Ardilla & Putri (2015) is a concept used to assess the performance of a public sector organization which is not only seen from the financial aspect, but uses non-financial aspects to assess the success rate of a public sector work program. Meanwhile, Value for money according to effectiveness. The concept of value for money can be realized in the management of regional expenditure by emphasizing the principles of economy, efficiency, and effectiveness. These principles are explained by Mardiasmo (2004), namely: The economic principle is a comparison between input and input value expressed in monetary units. Economics is related to the extent to which public sector organizations can minimize the input resources used, namely by avoiding wasteful and unproductive spending. The principle of efficiency is the achievement of maximum output with certain inputs or the use of the lowest input to achieve certain outputs. The principle of effectiveness is the level of achievement of program results with the targets set. These three things are the main elements of value for money. The output of performance reported.

The Government Agency Performance Report (LKjIP) is a medium of accountability that is made periodically, which contains information needed by those who give the mandate or those who delegate authority. The preparation of the Government Agency Performance Report (LKjIP) is carried out at the end of each fiscal year for each agency to measure the achievement of performance targets that have been set in the performance agreement document.

Direct Expenditure of the Regional Development Planning Agency (BAPPEDA) Rokan Hulu Regency

Year	Budget	Budget Realization	(%)
2020	3.331.829.600	3.015.908.429	0,52
2021	8.206.854.771	7.565.007.093	92,18

Source: Regional Development Planning Agency of Rokan Hulu Regency

The Regional Development Planning Agency (BAPPEDA) of Rokan Hulu Regency in carrying out programs and activities to achieve the desired performance is funded by the Regional Budget (APBD). It can be seen in table 1.1 that the realization of the absorption of the expenditure budget of the Regional Development Planning Agency (BAPPEDA) of Rokan Hulu Regency in

2020 was 90.52% lower than in 2021, which was 92.18%. The budget realization that occurred has not yet reached the target, so that the use of the budget is still not fully absorbed.

In 2021 the nomenclature of the Regional Development Planning Agency (BAPPEDA) of Rokan Hulu Regency has changed with the issuance of the Minister of Home Affairs Regulation Number 90 of 2019 so that there is synchronization of programs and activities carried out. Changes in the new nomenclature are in the form of differences in the number of programs, activities and sub-activities.

Based on the description above, in 2020 and 2021 it shows that budget expenditures are still not maximally absorbed. To see whether the expenditures of the Regional Development Planning Agency (Bappeda) of Rokan Hulu Regency are economical, efficient, and effective, performance measurement is needed.

2. RESEARCH METHODS

Type of Research

This research uses a qualitative approach. This type of qualitative research is carried out using the data obtained and then arranged in such a way and analyzed based on relevant theories related to the problem to make conclusions and suggestions. This qualitative research is descriptive and the information collected is in the form of words or pictures.

In this study, a qualitative approach was used to describe the situation of the financial performance of the Regional Development Planning Agency of Rokan Hulu Regency that has been running following the concept of value for money.

Object of Research

The object of this research is the Regional Development Planning Agency of Rokan Hulu Regency which is located at Bina Praja Complex, Jl. Tuanku Tambusai Km. 4, Pematang Berangan, Rambah District, Rokan Hulu Regency.

Sources and Methods of Data Collection

There are two types of data sources in this research, namely:

1. Primary data, according to Saputra (2021) primary data is obtained by means of direct interviews with sources and also through observations made by researchers. Primary data is a source of information obtained directly, such as data directly related to research problems, namely the Government Agency Performance Report (LKjIP) of the Regional Development Planning Agency for 2020-2021.
2. Secondary data is a source of information collected from existing sources such as measurement.

The data collection methods used in this study are:

1. Interview method, according to Edri et al. (2022) interview technique, namely during oral question and answer and face to face directly between one

- or several people. Interviews were implementation of the performance program.
- Documentation is a way of collecting data by looking for information needed through documents, books or other written sources of information to obtain the necessary information, both in the form of theory and previous research reports. Saputra (2018) argues that documentation is a data collection technique by taking existing documents without reprocessing.

Definition of Research Variables

1. Value For Money

Value for money is a method that serves to assess or measure an organization, agency, or company that has managed financial performance properly in accordance with three elements, namely economy, efficiency and effectiveness.

Here's how to measure financial performance using the value for money method:

a. Economical

The economic formula according to Mahsun (2006) is as follows:

$$Economics = \frac{Input}{Input Value} \times 100\%$$

	Description
Input :	Budget realization is the realization of the budget on the activity program of the Regional Development Planning Agency of Rokan Hulu Regency in 2020-2021
Input Value :	Budget is the budget for the activity program of the Regional Development Planning Agency of Rokan Hulu Regency in 2020-2021

Assessment criteria at the economic level according to Wuwungan et al. (2019) are:

- If the comparison value is less than 100%, it means economical.
- If the value is equal to 100%, it means that it is economically balanced.
- If the value is more than 100%, it means it is not economical.

b. Efficiency

The efficiency formula according to Mardiasmo (2018) is as follows:

$$Efficiency = \frac{Output}{Input} \times 100\%$$

	Description
Output :	Percentage of physical realization Covers the percentage of the Rokan Hulu Regency Regional Development Planning Agency's program activities in 2020-2021
Input :	Percentage of budget achievement Includes the percentage of budget achievements in the activity program of the Regional Development Planning Agency of Rokan Hulu Regency in 2020-2021

The criteria for assessing the level of efficiency according to Mahsun (2006) are:

- If the comparison value is more than 100%, it is declared efficient.
- If the value is equal to 100%, it is declared as balanced efficient.

- If the value is less than 100%, it is declared inefficient.

c. Effectiveness

The effectiveness formula according to Mardiasmo (2018) is as follows:

$$Effectiveness = \frac{Outcome}{Output} \times 100\%$$

	Description
Outcome :	Performance realization includes the realization of performance on the program activities of the Regional Development Planning Agency of Rokan Hulu Regency in 2020-2021
Output :	Performance target includes performance targets on the activity program of the Regional Development Planning Agency of Rokan Hulu Regency in 2020-2021

The effectiveness criteria according to Mardiasmo (2018) are as follows:

- If the comparison value is more than 100%, it is declared effective.
- If the value is equal to 100%, it is balanced effective.
- If the value is less than 100%, it is not effective.

2. Financial Performance

Financial performance is the effective and efficient management of financial activities with the aim of seeking optimal operating profit. In other words, financial performance can show the government's financial position and the government's ability to obtain and use funds for state development (Rempowatu & Tirayoh, 2016).

Analysis Method

The method used by the author to analyze this data is the descriptive method. The descriptive method is to analyze and collect data, then arrange it based on the group so that the data can be examined based on relevant theories related to the formulation of the problems discussed and then draw conclusions.

3. RESULTS AND DISCUSSION

Research Results

The following are indicators in measuring the financial performance of the Regional Development Planning Agency of Rokan Hulu Regency using the value for money performance measurement method based on three main indicators, namely economy, efficiency and effectiveness.

Economic Calculation Result

Results of Economic Calculations at the Regional Development Planning Agency Rokan Hulu Regency in 2020 and 2021

Year	Budget	Realization	(%)	Description
2020	3,331,829,600	3,015,908,492	90.52	Economical
2021	8,206,854,771	7,565,007,093	92.18	Economical

Results of Efficiency Calculations at the Regional Development Planning Agency Rokan Hulu Regency in 2020 and 2021

Year	Output	Input	(%)	Description
2020	71.90	90.52	79.43	Not Efficient
2021	71.5	92.18	77.57	Not Efficient

Source: Processed Data (2023)

Effectiveness Calculation Results

Results of Effectiveness Calculation at the Regional Development Planning Agency Rokan Hulu Regency in 2020 and 2021

Year	Output	Outcome	(%)	Description
2020	95%	50%	53%	Ineffective
2021	96%	50%	52%	Ineffective

Source: Processed Data (2023)

Discussion

Economic Ratio

The financial performance of the Regional Development Planning Agency of Rokan Hulu Regency is said to be economical if the percentage achieved is not more than 100%. Based on the results of the calculation of the economic ratio in 2020 and 2021, the financial performance is included in the economic category with a percentage ratio in 2020 of 90.52% and a percentage ratio in 2021 of 92.18%. The financial performance of the Regional Development Planning Agency of Rokan Hulu Regency can minimize the budget that has been provided, namely by eliminating or reducing unnecessary costs. In other words, funds budgeted to run a program can be made savings in obtaining needs.

Efficiency Ratio

The financial performance of the Regional Development Planning Agency of Rokan Hulu Regency is said to be efficient if the percentage achieved is more than 100%.

Based on the results of the calculation of the efficiency ratio in 2020 and 2021, the financial performance is included in the inefficient category with a percentage ratio in 2020 of 79.43% and a percentage ratio in 2021 of 77.57%. The financial performance of the Regional Development Planning Agency of Rokan Hulu Regency will be said to be efficient if the output produced is greater than the lowest use of financial resources.

With the assumption that if the physical realization that has been achieved by an agency is greater than the specified financial realization, the resulting efficiency ratio will be greater.

The problem that resulted in the efficiency ratio not reaching 100% in 2020 and 2021 was because in 2020 there was a covid-19 national disaster which caused the budget for activities in several planned programs to be diverted to handle the covid-19 pandemic. This situation forced the Regional Development Planning Agency of Rokan Hulu Regency to make budget changes to the activities concerned. Meanwhile, in 2021, several activities in a program were not carried out even though they had been budgeted for because the disbursement was not carried out because it was not a priority so that there were delays / delays in disbursements made, so that in 2021 the Regional Development Planning Agency of Rokan Hulu Regency could not get maximum output.

Effectiveness Ratio

The financial performance of the Regional Development Planning Agency of Rokan Hulu Regency is said to be effective if the percentage achieved is more than 100%. Based on the results of the calculation of the effectiveness ratio in 2020 and 2021, the financial performance is included in the ineffective category with a percentage ratio in 2020 of 53% and a percentage ratio in 2021 of 52%. The financial performance of the Regional Development Planning Agency of Rokan Hulu Regency will be said to be effective if the activity process has achieved the objectives of the final target set.

There was a decrease in the level of effectiveness from 2020 to 2021. This decrease in the level of effectiveness shows that the Regional Development Planning Agency of Rokan Hulu Regency has not been able to carry out its activities as targeted. The number of spatial planning documents prepared and the number of spatial planning coordination documents have decreased significantly due to a change in authority where these activities are carried out by the regional apparatus (PD) of the Public Works and Spatial Planning Office.

4. CONCLUSION

Based on the results of research conducted by researchers with the title Value for Money Analysis on the Financial Performance of the Regional Development Planning Agency of Rokan Hulu Regency, the following conclusions can be drawn:

1. Assessment using the value for money method from an economic point of view shows that the performance of the Regional Development Planning Agency of Rokan Hulu Regency in 2020 and 2021 is included in the economic category.
2. Assessment using the value for money method in terms of efficiency shows that the performance of the Regional Development Planning Agency of Rokan Hulu Regency in 2020 and 2021 is included in the inefficient category.
3. Assessment using the value for money method in terms of effectiveness shows that the performance of the Regional Development Planning Agency of Rokan Hulu Regency in 2020 and 2021 is included in the ineffective category.

SUGGESTIONS

1. For the Regional Development Planning Agency of Rokan Hulu Regency, it is expected to continue to make savings on the budget used so that there is an increase in the performance of the Regional Development Planning Agency of Rokan Hulu Regency from an economic point of view every year.
2. For the Regional Development Planning Agency of Rokan Hulu Regency, it is expected to be able to get more results than those determined by using resources, especially the smallest funds so that there is an increase in performance, especially in terms of efficiency every year.

For the Regional Development Planning Agency of Rokan Hulu Regency, it is hoped that it can maximize performance beyond the set target. So that the Regional Development Planning Agency of Rokan Hulu Regency needs to increase performance realization by evaluating each activity carried out in accordance with performance targets. Apply the concept of value for money in carrying out its activities to be able to increase the effectiveness of the public services provided.

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