

Value For Money : Analysis Of The Impact Of Village Government Performance On Village Financial Management In Subun Bestobe Village

Marisa S.B Seran*

Government Studies Program, Faculty of Social and Political Sciences, Universitas Timor
Email: cucanseran@gmail.com

(Received: May 3-2021; Revised: June 26-2021; Published: June 29-2021)

ABSTRACT

The purpose of this research is to find out the Financial Management Performance of the Village Government in Subun Bestobe Village. The research method used is to use quantitative research method with ratio analysis technique using Value For Money (VFM) method, using indicators of economic measurement, efficiency, and effectiveness. From the results of the research the performance ratio of the village government in terms of village financial management using the Value For Money method, where the economic ratio is at a very economical level, while in the assessment of the efficiency ratio of village financial management performance is at an inefficient level. In the assessment of village financial management performance, the effectiveness ratio is at a very effective level.

Keywords: Economy, Efficiency, and Effectiveness

INTRODUCTION

In the management of a source of funds this is certainly not missed from the good financial management procedures. Village funds are one of the sources of village income that can be used against village development. Village funds disbursed by the government to the village government began to increase in quantity. Many villages have been successful in managing their village finances. But there are also villages that cannot maximize the village funds they get.

Village autonomy is a hope and also a challenge for the village government and the community in the village. Village autonomy is said to be an expectation because the villagers can provide input and control over the bureaucracy in the village government, so that the village government can respond to what is the expectation of the village community. Meanwhile, it is said to be a challenge for the village government in making policies in accordance with the budget. In this case APBDes should be a reflection and benchmarks and expectations and demands of the community that can later be realized by the village government. In terms of planning and drafting village government budgets are expected to be able to improve the quality and standard of living of the villagers so that in its development no longer fall into the category of disadvantaged villages.

Village and traditional village or can also be referred to by another name, hereinafter referred to as Village, is a unitary legal community that has a territorial boundary authorized in the right to regulate and manage the affairs of the village government, the interests of the village community and based on community initiatives, rights of origin, and / or traditional rights recognized and respected in the system of government of the Unitary State of the Republic of Indonesia. The village is also a pillar in economic growth, especially in Indonesia. If we look

quickly, when the growth of the economy in our country is sluggish due to the coronavirus pandemic but the economy in the village is still running well. In fact, the village still exists in providing local food needs that are always available in traditional markets that we can find every day.

Law No. 32 of 2004 can be seen how it is explained about regional autonomy which uses the principle of autonomy as widely as possible in the sense that the region is given the authority to manage and regulate all government affairs outside the central government envoy. With the authority that has been obtained, in the making of regional policies related to the provision of services, increasing the role of infrastructure, and community empowerment aimed at improving the welfare of the people can be implemented properly. A good regional financial management system is decentralized fund management in a transparent, economical, efficient, effective, and accountable manner, one of which can be measured through the *Value For Money* method.

Value for money is a core measurement of a performance in a government organization based on three main elements, namely economy, efficiency, and effectiveness. *Value For Money* indicator is divided into two parts, namely cost allocation indicator (economy and efficiency) and service quality indicator (effectiveness). While Performance is a picture of a level in the achievement of an activity, program, certain policies with objectives, objectives, vision, and mission of the organization in the planning strategy of the organization. The financial performance of public sector organizations can be seen through the Regional Budget (APBD).

The definition of *Value For Money* according to Indra Bastian (2006:279) mentions that *Value For Money* is a concept that includes the assessment of efficiency, effectiveness, and economy in measuring its performance. *Value For Money* cannot be removed from the three main elements, namely economy, efficiency, and effectiveness which of each element contributes to assessing the performance of a public sector organization. Economically talk about how to use things carefully and wisely, so that later can get better results. Economics is defined as the acquisition of inputs of a certain quality and quantity at the lowest price. Economics is how we can compare between inputs with *input values* expressed in monetary units; Efficiency or usability is an action by minimizing losses in the use of its economic resources. So this efficiency can be measured by the use of output and cost ratios. Efficiency is the achievement of maximum output with a specific input or the use of low inputs to achieve a particular output. Efficiency is a comparison between output and input that can be attributed to using a standard of performance or a set target; while Effectiveness is the achievement of a goal so that it can not be separated from the link between the achievement of the goal and the output produced. Effectiveness can be said to be the level of achievement of program results with a target that

Performance which in English is also called *job performance* or *actual performance*, is the level of success of employees in completing their work. Performance is not actually a characteristic of an individual, such as talent, or ability, but performance is the embodiment of talent or ability itself. Performance is also a result of work and work behavior that has been achieved in the completion of tasks and responsibilities given in a certain period. Performance is also a function of motivation and self-ability. Therefore, in completing a task or work someone should have a certain degree of willingness and level of ability.

Performance is the result of actual work that must be achieved by employees in developing their duties and work in an organization. Performance is also a measure of the work produced

by an individual through stages or processes in an organization or company that can be measured concretely and compared through standards determined by that company or organization. Factors that affect performance are individual factors, psychology variables and organizational variables. Individual variables include abilities and skills both physical and mental, backgrounds such as family, social level and experience; demographics concerning age, origin and gender. While psychological variables include perception, attitude, personality, learning, and motivation.

The role of the Village Government is needed in supporting development. Social change in development is carried out through the Village Government. In carrying out its role effectively and efficiently, the Village Government must also continue to follow every development in order to adjust and quickly adapt to the development of the progress of the village community and the surrounding environment. So, it is expected that in the future the village and the community in it is not only limited as an object of development, but can position itself as one of the actors of development.

Law No. 6 of 2014, stated that in conducting village implementation is based on several azaz, among others: certainty, orderly public interest, orderly governmental, participatory, openness, professionalism, proportionality, effectiveness and efficiency, accountability, local wisdom, and diversity. In government regulation number 72 of 2005 the village's role referred to above consists of the village secretary, field technical implementers, and regional elements. In full the order of village responsibility holders is as follows: The head of the village, the head of the village has the task of organizing government affairs; Village secretary, has the task of assisting the village head and is responsible to the village head, especially in terms of administration, and village bureaucracy.; Technical implementation of the field and regional elements.

Village Fund is a budget disbursed from the village intended for village development. The source of village funds is derived from the State Budget (APBN). Village funds are the right of the village government to be used as an authority and pay more attention to the priorities of the needs of the people in the local village and still put the principle of justice first. In this case the village government should be able to determine which is the priority of the use of village funds each year.

Based on the description that has been presented in the introduction and in accordance with the identification of the problem, the researchers formulated the problem in the study, namely How to see the influence of village government performance in village financial management in Subun Bestobe Village by using the concept of *Value For Money*. With this research is also expected to contribute directly to the village apratur in order to pay good attention to the performance of village devices, especially in village financial management.

METHOD

In this study can be categorized in quantifiable research using Non-Parametric data analysis which in its use using Ratio Scale in analysis techniques of existing data. Ratio scale is the highest quality data scale. On the ratio scale, there are all characteristics of nominal, ordinal scale and interval scale coupled with the absolute nature of zero value. This absolute zero value means a base value that cannot be changed even if it uses another scale. Therefore, on the ratio scale, the measurement already has a comparison/ratio value.

Economic Ratio

$$\text{Economical} = \frac{\text{Expenditure Actual} \times 100\%}{\text{Expenditure Budget}}$$

Village financial management is categorized as economical when the ratio is at 100%, or the amount of realization of receipts exceeds the set budget amount. Criteria of economic level put forward by Mahmudi (2007) :

- 100% > Ratio : Very economical
- Ratio 90.01% - 100% : Economical
- Ratio 80.01% - 90.00% : Economical enough
- Ratio 60.01% - 80.00% : Less economical
- < Ratio 60.00% : Not Economical

Efficiency Ratio

$$\text{Efficiency} = \frac{\text{Cost Realization}}{\text{revenue realization}} \times 100\%$$

Efficiency is the achievement of maximum output with certain inputs. Efficiency can describe a comparison between the amount of costs incurred to earn income and the realization of revenue received. Efficiency level criteria according to Mahmudi (2007):

- 10% < Ratio : Highly efficient
- Ratio 10.01% - 20% : Efficient
- Ratio 20.01% - 30% : Quite efficient
- Ratio 30.01% - 40% : Less efficient
- 40% > Ratio : Inefficient

Effectiveness Ratio

$$\text{Effectiveness} = \frac{\text{Revenue Realization}}{\text{Budget Revenue}}$$

Effective is the level of achievement of program results with a set target. The effectiveness ratio describes the ability of local governments to realize revenues compared to the targets set. Criteria for effectiveness according to Mahmudi (2007):

- 100% > Ratio : Very effective
- Ratio 90.01% - 100% : Effective
- Ratio 80.01% - 90.00% : Quite effective
- Ratio 60.01% - 80.00% : Less effective
- < Ratio 60% : Ineffective

RESULTS AND DISCUSSION

Financial Data of Subun Bestobe Village, North Central Timor Regency

You can see the data of Subun Bestobe Village Fund for fiscal year 2016, 2017, 2018, 2019 and 2020 in the table below.

Table-1
Village Financial Data
Subun Bestobe Village, North Central Timor Regency

| No. | Budget Year | Total Revenue | Realization of Use |
|-----|-------------|---------------|--------------------|
| 1 | 2016 | 977,844,603 | 977,844,603 |
| 2 | 2017 | 1,075,027,939 | 1,075,027,939 |
| 3 | 2018 | 985,239,400 | 990,541,900 |
| 4 | 2019 | 1,042,632,200 | 1,083,227,200 |
| 5 | 2020 | 1,059,312,400 | 1,070,907,400 |

Source : Subun Besitobe Village Fund, data processed by the author

Based on the tabulation of data in table-1 can be seen the absorption or realization of village financial use in fiscal year 2016 to fiscal year 2020. From the data above, it can be seen that the village gets a large enough fund that can be used for the development and development of the village in order to become a more productive village in the future. The village's revenue is purely income obtained from the central government budget. Seen from the data of the realization of the use of the budget can be used to the maximum by the village government.

Financial Management Ratio Analysis of Subun Bestobe Village, Timor Regency North Central With *Value For Money* Approach

Table-2
Economic Calculation Ratio of Village Financial Management
Subun Bestobe Village, North Central Timor Regency
Fiscal Year 2016 - 2020

| Budget Year | Total Revenue | Realization of Use | Ratio economical | information |
|-------------|---------------|--------------------|------------------|-----------------|
| 2016 | 977,844,603 | 977,844,603 | 100% | economical |
| 2017 | 1,075,027,939 | 1,075,027,939 | 100% | economical |
| 2018 | 985,239,400 | 990,541,900 | 100.54% | Very Economical |
| 2019 | 1,042,632,200 | 1,083,227,200 | 103.89% | Very Economical |
| 2020 | 1,059,312,400 | 1,070,907,400 | 101.09% | Very Economical |

Source : Subun Besitobe Village Fund, data processed by the author

Table-3
Calculation Ratio of Village Financial Management Efficiency
Subun Bestobe Village, North Central Timor Regency
Fiscal Year 2016 - 2020

| Budget Year | Construction Costs | Village Shopping | Ratio Efficiency | information |
|--------------------|---------------------------|-------------------------|-------------------------|--------------------|
| 2016 | 621,174,045 | 977,844,603 | 63.52% | Inefficient |
| 2017 | 524,965,000 | 1,075,027,939 | 48.83% | Inefficient |
| 2018 | 649,666,800 | 990,541,900 | 65.59% | Inefficient |
| 2019 | 674,922,500 | 1,083,227,200 | 62.31% | Inefficient |
| 2020 | 518,681,500 | 1,070,907,400 | 48.43% | Inefficient |

Source : Subun Besitobe Village Fund, data processed by the author

Table-4
Calculation Ratio of Effectiveness of Village Financial Management
Subun Bestobe Village, North Central Timor Regency
Fiscal Year 2016 - 2020

| Budget Year | Total Revenue | Realization of Use | Ratio Effectiveness | information |
|--------------------|----------------------|---------------------------|----------------------------|--------------------|
| 2016 | 977,844,603 | 977,844,603 | 100% | effective |
| 2017 | 1,075,027,939 | 1,075,027,939 | 100% | effective |
| 2018 | 985,239,400 | 990,541,900 | 100.54% | Highly Effective |
| 2019 | 1,042,632,200 | 1,083,227,200 | 103.89% | Highly Effective |
| 2020 | 1,059,312,400 | 1,070,907,400 | 101.09% | Highly Effective |

Source : Subun Besitobe Village Fund, data processed by the author

Analysis of Village Government Performance in Financial Management of Subun Bestobe Village, North Central Timor Regency

Table-5
Recapitulation of Value For Money Ratio
Village Government Performance in Village Financial Management
Subun Bestobe Village, North Central Timor Regency
Fiscal Year 2016 - 2020

| Valeu For Money Ratio | Budget Year | | | | | Standard Value For Money Ratio (VPM) |
|------------------------------|--------------------|-------------|-------------|-------------|-------------|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 | |
| economical | 100% | 100% | 100.54% | 103.89% | 101.09% | ≤100% |
| Efficiency | 63.52% | 48.83% | 65.59% | 62.31% | 48.43% | ≤100% |
| Effectiveness | 100% | 100% | 100.54% | 103.89% | 101.09% | ≤100% |

Source : Subun Besitobe Village Fund, data processed by the author

From the tabulation of the data above, we can see that the economic ratio of village financial management performance in Subun Bestobe village is on 3 consecutive years. That is, in 2018, 2019 and 2020 with a ratio of 100.54%, 103.89% and 101.09% experienced a fairly good increase. From this can be identified that the financial management performance of Subun Bestobe village in 3 consecutive years, namely in the year that we have seen in the data tabulation above, can be classified at a very economical level, namely the performance of >100%. Meanwhile, in 2016 and 2017 the performance ratio of the village government was in the economic category because the ratio was in the 100% category.

So in this case it can be concluded that the performance of the village government related to the management of village finances in the village of Subun Bestobe falls into the category of very economical. Meanwhile, the efficiency ratio in the financial management of Subun Bestobe village in fiscal year 2016 to 2020 is still in the level or included in the non-efficient category. This happens because the budget intended for the development of the village used still can not be reduced the cost of use. It appears that the cost of usage is still too large close to the total cost of village spending. This is something that needs to be better noticed by the Village Government, especially in Subun Bestobe Village. So it is expected that in the future it can be better in using its budget more efficiently. When viewed from the presentation of data tabulation above the ratio of effectiveness of financial management performance of Subun Bestobe village is included in the category of very effective. It shows that in the use of the budget when viewed from the effectiveness ratio, then in this case the village government is said to be able to use well the entire budget.

CONCLUSION

In the analysis of the performance ratio of the village government in terms of village financial management using the *Value For Money* method, the economic ratio is at a very economical level, while in the assessment of the efficiency ratio of village financial management performance is at the level of inefficient. While in the assessment of the performance of village financial management, namely at the ratio of effectiveness is at a very effective level.

Through this, the village government can pay more attention to the use of the budget, so that in its use no longer experience a lot of waste of funds, so that it can effectively use its budget well, the village government is also expected to maintain the effectiveness of village financial management, so that with a good enough output because the effectiveness of a program can increase if the villagers are satisfied with good financial management especially a in the development of the village to be better, to be a superior village, independent and competitive.

REFERENCE

- Abdul Halim and Muhammad Iqbal. 2019. *Regional Financial Management*. Publisher UPP STIM YKPN. Yogyakarta.
- Ayu, Febriyanti Puspitasari, 2012, *Financial Performance Analysis of Malang City Government in Fiscal Year 2007-2011*, Brawijaya University Journal.
- Bastian, Indra. 2006. *Public Sector Accounting: An Introduction*. Jakarta: Erlangga.
- Deddi Nordiawan, Iswahyudi Sondi Putra, and Maulidah Rahmawati. 2009. *Government Accounting*. Publisher Salemba Empat. Jakarta.
- Dessler, Gary. 2009. *HR Management book 1*. Jakarta : Indices
- Endang Kuswoyo. 2014. *Value for Money Analysis in Improving The Quality of Public Services in Koni Bengkulu Province (Case Study on Athlete Development Effort Program)*
- H.S. Liando., D.P. E. Saerang., I. Elim. 2014. *Analysis of Financial Performance of Sangihe Islands Regency Government Using Value For Money Method*. Journal of EMBA. 2 (3): 1686-1694
- <https://nasional.kompas.com/read/2020/12/17/09202591/mendes-pdt-jelaskan-prioritas-penggunaan-dana-desa-tahun-2021>
- I Wayan Saputra. 2016. Effectiveness of Village Fund Allocation Management in Lembean Village, Kintamani District, Bangli Regency in 2009-2014. Journal of The Department of Economic Education (JJPE). Volume: 6 Number: 1 Year: 2016
- Jamaluddin, Yanhar. 2018. *Analysis of the Impact of Village Fund Management and Use on Regional Development*. Thesis. Bandung: Faculty of Economics, Universitas Padjadjaran.
- Kurniawan, B. (2015). *"Desa Mandiri Desa Membangun"*. Ministry of Villages, Development of Disadvantaged Villages and Transmigration of Indonesia. Jakarta.,
- Laode, Kadafi. 2013. *Measurement of Financial Performance through Value For Money Approach at the Tanjung Pinang City Environment Agency*. Journal of Raja Ali Haji Tanjungpinang Maritime University.
- Mahmudi. 2007. *Public Sector Performance Management*. Yogyakarta : UPP STIM YKPN.
- Mahmudi, 2010. *Analysis of Local Government Financial Statements*. Yogyakarta : Publisher of UPP STIM YKPN.
- Mahmudi. 2019. *Financial Performance Management*. Publisher UPP STIM YKPN. Yogyakarta.
- Mardiasmo. 2002. *Autonomy and Regional Financial Management*. Yogyakarta: Andi
- Mardiasmo. 2009. *Public Sector Accounting*. Publisher Andi. Yogyakarta.
- Mahsun, Muhammad. 2006. *Public Sector Performance Measurement*. First Edition. BPFE Yogyakarta
- Martono, Nanang. 2010. *Quantitative Research Method*. Publisher of PT Raja Grafindo Persada, Jakarta

Nurdiyantoro, B., Gunawan, Marzuki. 2000. *Applied Statistics for Research in Social Sciences*. Yogyakarta: Gadjah Mada University Press

Sumenge. 2014. *Analysis of Effectiveness and Efficiency of Budget Implementation of Regional Development Planning Agency (Bappeda) South Minahasa*. Journal of EMBA. 1 (3): 74-81

Sugiyono. 2012. *Quantitative And Qualitative Research Methods And R&D*. Bandung: Alfabeta

Ministry of Home Affairs . 2007. *Village Financial Management Guidelines*. Jakarta, Minister of Home Affairs.

Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 2 of 2017 concerning Minimum Village Service Standards.

Government Regulation No. 43 of 2014 concerning The Implementation Regulation of Law No. 6 of 2014.

Government Regulation No. 72 of 2005 concerning Villages (c. 3) Jakarta.

Regulation of the Minister of Home Affairs No. 114 of 2014 concerning Village Development Guidelines.

Regulation of the Minister of Finance of the Republic of Indonesia Number 241 of 2014 article 1 concerning the Implementation of Transfer Responsibility to Regions and Village Funds.