

FINANCIAL PERFORMANCE ANALYSIS USING THE VALUE FOR MONEY CONCEPT AT THE REGIONAL FINANCIAL AND ASSET MANAGEMENT AGENCY OF ENREKANG REGENCY

Nurul Annisaa¹, M. Ridwan Tikollah², Warka Syachbrani³

¹⁻³⁾ Accounting Study Program/ Makassar State University, Makassar

E-mail: ¹⁾ nurulannisaa54@gmail.com , ²⁾ m.ridwan.tikollah@unm.ac.id ,
³⁾ warka.syachbrani@unm.ac.id

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Abstract

This study aims to: (1) analyze the financial performance of the Regional Financial and Asset Management Agency (BKAD) of Enrekang Regency during the period 2022–2024 using the Value for money concept, and (2) analyze the factors influencing the economic, efficiency, and effectiveness aspects of BKAD's financial performance. The research variable is the financial performance of BKAD as a single variable. The research subject is the BKAD of Enrekang Regency, with a focus on financial performance as reflected in the budget realization reports. Data were collected through documentation and interviews, while the data analysis method used was descriptive qualitative analysis. The results of the study indicate that the financial performance of BKAD Enrekang Regency in terms of economy falls into the economical category, in terms of efficiency falls into the very efficient category, and in terms of effectiveness falls into the fairly effective category. This indicates that regional budget management has been carried out economically and efficiently, and that revenue realization has generally approached the set target, although there is still a need for increased effectiveness particularly in increasing the achievement of Regional Original Income (PAD).

Keywords: *Effectiveness, Efficiency, Economy, Financial Performance, Value for money.*

1. INTRODUCTION

Financial performance is an important aspect that must be continuously evaluated in public sector organizations, including local governments, as it is closely associated with the successful management of public resources in a transparent, accountable, and results-oriented manner (Matondang et al., 2025). Financial performance measurement is not only conducted to determine the level of budget absorption but also to assess the extent to which the budget is managed economically, efficiently, and effectively in accordance with the Value for Money principle (Mardiasmo, 2018). In addition to serving as an internal performance measurement tool for local governments, financial performance is also of great

importance to the public. Information regarding financial performance achievements should be made available to the public because government funds are derived from taxes, levies, and central government transfers, which ultimately originate from public contributions (Rosadi et al., 2022).

The Value for Money concept is essential because it provides a more comprehensive assessment of the quality of local government financial management through three key dimensions: economy, efficiency, and effectiveness. A study conducted by Anita et al. (2025) found that the financial performance of Sinjai Regency had achieved the economic criterion but continued to face challenges in terms of efficiency and effectiveness. Similarly, the study by Handayani and Supatminingsih (2025) in Makassar City revealed that the efficiency and effectiveness of local government financial management still experienced fluctuations. Meanwhile, research on the Government of Palopo City during the 2019–2023 period demonstrated that the application of the Value for Money approach provided a comprehensive evaluation of the economy, efficiency, and effectiveness of regional budget management, thereby serving as a basis for improving accountability and the quality of public financial management (Salsabila et al., 2025). These findings indicate that Value for Money analysis is an important instrument for evaluating financial performance in the public sector.

Table 1. Budget and Actual Revenue and Expenditure of the Regional Financial and Asset Management Agency of Enrekang Regency, 2022–2024

Year	Revenue Budget (IDR)	Actual Revenue (IDR)	Anggaran Belanja (Rp)	Realisasi Belanja (Rp)
2020	1.095.709.791.429	1.042.033.673.883	29.129.456.173	21.127.168.263
2021	1.096.198.765.359	971.161.933.183	189.637.823.912	181.581.366.839
2022	978.995.636.078	902.363.939.364	172.247.174.623	160.275.695.497
2023	1.179.988.984.409	1.009.091.724.152	176.945.246.894	172.401.998.397
2024	1.242.551.799.195	1.071.769.615.977	199.265.257.299	173.669.654.708

Source: Regional Financial and Asset Management Agency (BKAD) of Enrekang Regency, 2026 (Processed Data)

The Regional Financial and Asset Management Agency (BKAD) of Enrekang Regency is a regional government institution that plays a strategic role in managing regional finances. Based on the regional budget realization data for the 2020–2024 period, the realization of regional revenue consistently remained below the predetermined targets, while expenditure realization fluctuated from year to year. These conditions indicate the possibility of issues related to the economic, efficiency, and effectiveness aspects of regional financial management, thereby requiring a more comprehensive evaluation.

As an effort to address these issues, this study employs the Value for Money concept to analyze the financial performance of the Regional Financial and Asset Management Agency (BKAD) of Enrekang Regency during the 2022–2024 period. The study aims to assess the levels of economy, efficiency, and effectiveness in regional financial management and to identify the factors influencing these dimensions. Accordingly, the research hypothesis proposes that the financial performance of BKAD Enrekang Regency has implemented the Value for Money principles; however, the levels of economy, efficiency, and effectiveness vary across the years of observation.

2. RESEARCH METHOD

This study employs a qualitative descriptive approach, with the financial performance of the Regional Financial and Asset Management Agency (BKAD) of Enrekang Regency for the 2022–2024 period as the object of analysis, using the Value for Money concept. The study focuses on measuring the economy, efficiency, and effectiveness of regional financial management, as well as identifying the factors influencing their achievement. The research was conducted at the Regional Financial and Asset Management Agency (BKAD) of Enrekang Regency, with informants consisting of employees involved in regional financial management and reporting.

The data used consist of primary data obtained through interviews and secondary data in the form of Budget Realization Reports (Laporan Realisasi Anggaran/LRA) for the 2022–2024 period, along with other supporting documents. Data were collected using semi-structured interviews and documentation techniques. The collected data were analyzed using a qualitative descriptive method by calculating the economy, efficiency, and effectiveness ratios based on the Value for Money concept. The results were then interpreted to provide a comprehensive overview of the financial performance of the Regional Financial and Asset Management Agency (BKAD) of Enrekang Regency. The measurement indicators for each dimension are described as follows.

1. Economic Performance

Economy is a performance measurement indicator that emphasizes how a public sector organization acquires and utilizes resources in a prudent, appropriate, and cost-conscious manner (Judijanto & Afandy, 2024). Economic performance is used to measure the level of savings achieved in budget expenditure. The lower the actual expenditure compared to the allocated budget, the more economical the budget management is considered to be (Rumapea & Siringoringo, 2020).

$$\text{Economy Ratio} = \frac{\text{Actual Expenditure}}{\text{Allocated Budget}} \times 100\%$$

Budgeted Expenditure

The following table presents the interpretation of the economic performance measurement.

Table 2. Criteria for Economic Performance Measurement Based on the Value for Money Concept

Economy Ratio	Performance Criteria
>100%	Highly Economical
90-100%	Economical
80-90%	Moderately Economical
60-80%	Less Economical
<60%	Not Economical

(Utami et al., 2025)

2. Efficiency Performance

Efficiency is a performance indicator that reflects the ability of a government or public sector organization to utilize available resources optimally (Mardiasmo, 2018). Efficiency performance is used to measure an institution's ability to use its budget optimally. It is assessed by comparing actual expenditure with actual revenue, indicating how effectively financial resources are utilized in achieving organizational objectives (Abriano et al., 2023).

$$\text{Efficiency Ratio} = \frac{\text{Actual Expenditure Budget}}{\text{Actual Revenue Budget}} \times 100\%$$

The following is the interpretation of the efficiency performance measurement.

Table 3. Efficiency Criteria for Value for Money Performance Measurement

Efficiency Ratio	Efficiency Criteria
>100%	Inefficient
90-100%	Less Efficient
80-90%	Moderately Efficient
60-80%	Efficient
<60%	Highly Efficient

(Hendrawan & Syachbrani, 2023)

3. Effectiveness Performance

Effectiveness performance is used to measure the level of success of an institution in achieving the revenue targets that have been established (Polii et al., 2020). Effectiveness is an indicator oriented toward the achievement of predetermined goals and objectives (Prameswari et al., 2025).

Actual Revenue Realization

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

The following table presents the interpretation of effectiveness performance measurement.

Table 4. Effectiveness Criteria for Value for Money Performance Measurement

Effectiveness Ratio	Effectiveness Criteria
>100%	Very Effective
90-100%	Effective
80-90%	Moderately Effective
60-80%	Less Effective
<60%	Ineffective

Source: (Hendrawan & Syachbrani, 2023), *Proceed Data*, 2026

3. RESULTS AND DISCUSSION

Value for Money is a public sector performance measurement concept that emphasizes three main dimensions: economy, efficiency, and effectiveness (Silaban et al., 2024). This concept is used to assess the extent to which regional financial management is conducted economically, efficiently, and effectively in achieving predetermined objectives. Through the Value for Money approach, financial performance is evaluated not only based on the amount of budget utilized but also on the organization's ability to manage available resources optimally to generate maximum benefits for the public.

Economic Performance

Economic performance is measured using the economic ratio, which is calculated by comparing actual expenditure with the budgeted expenditure. This indicator is used to determine the degree of economy achieved in budget utilization. The lower the actual expenditure relative to the allocated budget, the more economical the financial management is considered. Measuring the economic aspect is essential within the Value for Money framework because it reflects an organization's ability to acquire and utilize resources prudently without compromising the quality of public services provided.

Table 5. Economic Analysis of Budget Expenditure Implementation at the Regional Finance and Asset Agency (BKAD) of Enrekang Regency, 2022–2024

Year	Budgeted Expenditure	Actual Expenditure	Economic Performance	Criteria
2022	172.247.174.623	160.275.695.497	93.05%	Economical

2023	176.945.246.894	172.401.998.397	97.43%	Economical
2024	199.265.257.299	173.669.654.708	87.16%	Fairly Economical
Average	182.819.226.272	168.782.449.534	92.55%	Economical

Source: Regional Finance and Asset Agency (BKAD) of Enrekang Regency (2026) (Processed Data).

Based on the calculation of the economic ratio at the Regional Finance and Asset Agency (BKAD) of Enrekang Regency for the period 2022–2024, the results were 93.05% in 2022, 97.43% in 2023, and 87.16% in 2024. These values indicate that budget expenditure management during the study period was categorized as economical, with an average ratio of 92.55%. This achievement demonstrates that BKAD of Enrekang Regency was able to implement its programs and activities without exceeding the allocated expenditure budget. Nevertheless, the decline in the economic ratio in 2024 indicates an increase in actual expenditure, resulting in a lower level of economy compared with the previous year. Overall, these findings suggest that budget management was carried out in accordance with the economy principle of the Value for Money concept.

Efficiency Performance

Efficiency performance is measured using the efficiency ratio, which compares actual expenditure with actual revenue. This indicator is employed to assess an organization's ability to utilize available resources in producing outputs optimally. The lower the efficiency ratio, the more efficient the financial management is considered, as it indicates that the expenditure incurred is relatively lower than the revenue generated.

Table 6. Efficiency Analysis of Actual Expenditure and Actual Revenue at the Regional Finance and Asset Agency (BKAD) of Enrekang Regency, 2022–2024

Year	Actual Expenditure	Actual Revenue	Efficiency Performance	Kriteria
2022	160.275.695.497	902.363.939.364	17.76%	Highly Efficient
	172.401.998.397	1.009.091.724.152	17.08%	Highly Efficient
2024	173.669.654.708	1.071.769.615.977	16.20%	Highly Efficient
Average	168.782.449.534	994.408.426.498	16.95%	Highly Efficient

Source: Regional Finance and Asset Agency (BKAD) of Enrekang Regency (2026) (Processed Data)

Based on the calculation of the efficiency ratio, the Regional Finance and Asset Agency (BKAD) of Enrekang Regency recorded efficiency ratios of 17.76% in 2022, 17.08% in 2023, and 16.20% in 2024. These results indicate that the level of efficiency throughout the study period was categorized as highly efficient, with an average ratio of 16.95%. A lower efficiency ratio reflects a greater ability of the organization to manage expenditure relative to the revenue generated. The continuous decline in the efficiency ratio over the three-year period indicates an improvement in budget utilization efficiency,

supported by better planning, sound financial management, and more effective use of available resources. Therefore, BKAD of Enrekang Regency has successfully implemented the efficiency principle within the Value for Money framework in managing regional public finances.

Effectiveness Performance

Effectiveness performance is measured using the effectiveness ratio, which compares actual revenue with the revenue budget target. This indicator is used to assess the extent to which the organization has achieved its predetermined revenue targets. The higher the effectiveness ratio, the greater the organization's ability to realize revenue in accordance with the planned targets.

Table 7. Effectiveness Analysis of the Revenue Budget Target and Actual Revenue at the Regional Finance and Asset Agency (BKAD) of Enrekang Regency, 2022–2024

Year	Actual Revenue	Revenue Budget Target	Effectiveness Performance	Criteria
2022	902.363.939.364	978.995.636.078	92.17%	Effective
2023	1.009.091.724.152	1.179.988.984.409	85.52%	Moderately Effective
2024	1.071.769.615.977	1.242.551.799.195	86.26%	Moderately Effective
Rata-Rata	994.408.426.498	1.133.845.473.227	87.98%	Moderately Effective

Source: Regional Finance and Asset Agency (BKAD) of Enrekang Regency (2026) (Processed Data)

Based on the calculation of the effectiveness ratio, the Regional Finance and Asset Agency (BKAD) of Enrekang Regency recorded effectiveness ratios of 92.17% in 2022, 85.52% in 2023, and 86.26% in 2024. These results indicate that the level of effectiveness fluctuated during the study period, with an average ratio of 87.98%, which falls within the moderately effective category. The decline in the effectiveness ratio in 2023 indicates that actual revenue was unable to achieve the predetermined revenue target optimally. Although the effectiveness ratio improved in 2024, the level of effectiveness remained in the moderately effective category. This condition suggests that the achievement of regional revenue targets continues to face several challenges, including a high dependence on intergovernmental transfer revenues and the suboptimal contribution of Locally Generated Revenue (PAD). Therefore, greater efforts are required to increase regional revenue so that the effectiveness of regional financial management can be further improved in the coming years.

4. CONCLUSION

Based on the findings of this study, the financial performance of the Regional Finance and Asset Agency (BKAD) of Enrekang Regency during the 2022–2024 period, as measured using the Value for Money concept, indicates that regional financial management has generally been well implemented. This is reflected in the economic aspect, which was classified as economical; the efficiency aspect, which was categorized as highly efficient; and the effectiveness aspect, which was classified as moderately effective. Nevertheless, the level of effectiveness has not yet reached an optimal level, as the regional revenue targets were not fully achieved. Furthermore, the financial performance of BKAD was influenced by several factors, including financing revenues, fiscal reconciliation, the quality of human resources, budget planning, financial governance, the utilization of information technology, and the management of regional revenues and expenditures.

Based on the findings of this study, the Regional Finance and Asset Agency (BKAD) of Enrekang Regency is recommended to further enhance its financial performance by optimizing Locally Generated Revenue (PAD), improving budget planning and control, strengthening the competencies of human resources, and maximizing the utilization of information technology in regional financial management. In addition, future researchers are encouraged to employ a broader range of performance indicators and a longer study period to obtain more comprehensive findings in evaluating regional financial performance using the Value for Money approach.

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