

Financial performance analysis using value for money concept

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ABSTRACT

The purpose of this study was conducted to find out how the financial performance of the North Padang Lawas Regency Social Service in social empowerment programs and handling the poor, social protection and security programs, and social rehabilitation programs is measured from the level of the economy, efficiency, and effectiveness. This research uses the descriptive quantitative method. Researchers use secondary data in the form of financial reports and primary data by distributing questionnaires. Data collection techniques are interviews, documentation, and questionnaires. The data is then analyzed using a value for money which consists of three elements, namely economy, efficiency, and effectiveness. The sampling technique used incidental sampling with a total sample of 105 respondents, then tested for validity and reliability to measure the reliability of the data. The results of this study indicate that the measurement of financial performance using the concept of value for money in social empowerment programs and handling the poor is included in the category of economical and efficient, but not yet classified as effective. Then the social protection and security program is included in the economical and efficient category, but not yet classified as effective. Whereas the social rehabilitation program is included in the economic category, it is not yet classified as efficient and not yet effective in achieving the target.

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1. Introduction

The purpose of fund accounting is to plan, budget, manage and evaluate performance, while the Budget is a plan regarding organizational activities expressed in units of money. The success of a government is seen from its ability to manage finances to finance development that prioritizes the interests and needs of the public in administering regional finance in accordance with laws and regulations.

The financial reports that are prepared must follow government accounting standards that represent the approval of all groups so that they can be used as guidelines in preparing financial reports that are fair, clear and complete in order to achieve transparency. The budget realization report is a financial report that explains the incoming budget and budget allocations managed by the government in one reporting period.

The public sector in carrying out budget preparation and regional financial accounting begins with the formulation of budget activity proposals, ratification, and implementation of approved budgets, as well as preparing accountability reports. After carrying out activities that use the budget, it is necessary to report the results of activities that are worth public accountability, namely financial reports that explain information about financial conditions and transactions that occur.

Concept of value for money is used to measure financial statements, the realization of the budget is done by means of financial analysis. Value for money is a concept of operating the public sector in performance appraisal and measurement which prioritizes three main important parts, namely efficiency, effectiveness, and economy in providing services that are fit for purpose.

Public sector organizations tasked with assisting government affairs in providing public services with the aim of achieving community welfare are the duties of the social services. But in reality there are still many social problems that have not been fully resolved. This also happened to the people of North Padang Lawas Regency. According to data obtained from the Central Bureau of Statistics for North Padang Lawas Regency, in 2020 the number of poor people will reach 26,790 people, then there will be an increase in poverty in 2021, reaching 28,370 people.

The North Padang Lawas Regency Social Service is an institution that assists local government affairs in implementing social empowerment programs and handling the poor, social protection and security, and social rehabilitation. In implementing the program, a budget is needed. The following is a table of budget allocations according to the program activities of the North Padang Lawas Regency Social Service.

Table 1. Budget Realization Report Based on Programs and Activities

No.	Program	Target Program (%)	Realisasi Program (%)	Anggaran	Realisasi Dana
1	Social Empowerment Program and Management of the Poor	100%	100%	Rp 293.297.200	Rp 275.323.200
2	Social Protection and Security Program	100%	96%	Rp 453.369.800	Rp 414.400.800
3	Social Rehabilitation Program	100%	74%	Rp 200.444.200	Rp 196.701.100

Source: Financial Report of the North Padang Lawas District Social Service

Based on the data above, the North Padang Lawas Regency Social Service receives a budget to run programs that are expected to directly touch the community according to plan. The implementation of social service activities in the social empowerment program and handling the poor went 100% according to plan, with an excess budget of IDR 17,974,000. Meanwhile, in the social protection and security program, there were 4% of activities were not implemented, with an excess budget of IDR 38,969,000. Then in the social rehabilitation program, there were 26% of the activities were not carried out, with an excess budget of Rp. 3,743,100. If the overall budget is calculated from the three programs that are directly felt by the community, it is IDR 886,425,100 from the available budget.

Factors causing the decrease in the percentage of activity implementation based on the performance achievement report of the North Padang Lawas Regency Social Service occurred because several activities that had been achieved were not as planned, this occurred due to several unfavorable conditions, such as the lack of budget funds to carry out activities, and error in predicting. For example, like the budget for disaster-affected communities or emergencies, disasters cannot be determined, but can only be predicted. This situation encourages social services to make a strategy in managing their finances and prioritize the implementation of the most important activities. Then it is necessary to measure the financial performance of the activities that have been carried out to determine the ability to manage finances.

Teresia Antikapuspa Wardhani in her research stated that the performance of the Temanggung District Office of Social Affairs in the social welfare rehabilitation service program and the empowerment program for the poor, was classified as very economical and very efficient. However, in terms of effectiveness it produces varying levels of effectiveness, which are in the effective and moderately effective categories. Nur Zeni Amilia Putri in her research stated that the calculated financial performance as a whole is classified as efficient and economical, but when viewed from an effectiveness perspective it is still classified as ineffective.

According to Wibowo, performance or in English is often called performance which means how to work, work ability, and work results. Financial performance is an analysis carried out to see the company's movements in using finance according to good and correct rules. So in assessing companies that have good quality performance can be seen from the financial condition. financial performance is the ability to manage finances effectively, efficiently, and be able to achieve goals that can be seen from financial reports as information about financial conditions.

Measurement of financial performance is needed to assist in achieving a strategy through financial and non-financial measurement tools. The results of the measurements can be used as information to evaluate how to work, that is by comparing the plans made with the results achieved and improving how to work to avoid mistakes, measuring financial performance will influence the decisions that will be made.

The benefits of measuring financial performance include: Identifying Company Financial Strengths and Weaknesses, Measuring Company Effectiveness and Efficiency, Measuring Achievements, Predicting Failure and Financial Distress

2. Method

This study uses a type of quantitative research. The population in this study, namely the realization of social assistance recipients, took samples using incidental sampling techniques, namely from social empowerment programs and handling the poor, social protection and security programs, and social rehabilitation programs. with the rough guidelines (rules of thumb) put forward by Roscoe, namely: the number of samples is 105 samples. Then the researcher divided the sample by dividing it into three parts, so that each sub-sample used as many as 35 samples. The data used in this research are secondary data and primary data. secondary, namely the report on the realization of the budget for the North Padang Lawas Regency Social Service. Meanwhile, primary data is data obtained from direct data sources related to receiving social service assistance. Data Collection Techniques namely: Interviews, Documentation, Questionnaires

3. Results And Discussions

This study uses a value for money approach to assess the financial performance of the North Padang Lawas Regency Social Service. Value for money is a public sector organization management concept based on three main elements, namely economy in minimizing budgets that avoid waste, efficiency in achieving maximum output with minimal input use, and effectiveness in achieving planned results.

This study uses validity and reliability tests on questionnaires distributed to respondents to fulfill and measure the research data used, as well as to analyze the financial performance of social services using the concept of value for money, namely in terms of effectiveness in social empowerment programs and handling the poor, protection and social security, and social rehabilitation.

Based on the analysis and calculations on the social empowerment program and handling the poor, it shows that this program was able to minimize funds of Rp. 17,974,000 from the budget obtained in the amount of Rp. 293,297,200 and the realized budget of Rp. 275,323,200. Measurements made on the budget for the program resulted in a percentage value below 100%, namely 94%, so that it was included in the economic category. In this case the social service allocates funds according to the proportion that is right on target, because it follows the procedures and provisions that are entitled to receive funds for the poor. So as to increase the standard of living of people who are deserving of assistance, with systematic planning in social service empowerment programs and the poor, the Value for money concept in fund accounting can be used by other regions in terms of saving the budget each period and the remaining budget can be diverted to programs that something more useful.

The social empowerment program and the handling of the poor are capable of managing funds, and if you look at the activities, everything can be implemented according to plan. This situation shows that the North Padang Lawas District Social Service is classified as efficiency, so that it obtains a percentage value of 106%. The level of effectiveness is measured by the target of social services, namely the community receiving assistance. The results of the effectiveness measurement obtained a percentage level of 71% which was included in the not yet effective category. In terms of handling the poor, of course it becomes a reference because of the many demands on the necessities of life, because in people's lives there are still many people who have not been able to save on the assistance that has been provided by the government, but if the community is accompanied by entrepreneurship training or other businesses, the community will continue to be able to earn income without depending on social service assistance. As we can see in the field, the price of groceries is increasing, while people's income is still below standard. In other words, no matter how much value (assistance) is given to the community, it will certainly not be effective if the community does not have other income.

The social protection and security program obtains a percentage value of 91%, so that the financial performance of social services is included in the economic category. The social services in carrying out their duties were able to minimize funds of Rp. 38,969,000 from the budget obtained in the amount of Rp. 453,369,800, and the budget that was realized was Rp. 414,400,800. Social protection and security programs are capable of managing funds, and are able to carry out their activities. This situation indicates that the North Padang Lawas Regency Social Service is efficient in producing output, due to activities that are running according to the target, thus obtaining a percentage value of 105%. The activities carried out by the social service in the social protection and security program resulted in a percentage value below 100%, namely 71%, which means that it was not yet effective in achieving the target. In the application of the social protection program there are many provisions so that to produce the maximum percentage it cannot be implemented in just one period, but can only be minimized so that social protection can run as planned by allocating the budget appropriately.

Measurements made of the social rehabilitation program which received a budget of Rp. 200,444,200 and a realized budget of Rp. 196,701,100, the social service was able to minimize a budget of Rp. 3,743,100. The financial performance of the social rehabilitation program is included in the economic category, namely achieving a percentage value of 98%, which means it is capable of minimizing the budget. The North Padang Lawas Regency Social Service in the social rehabilitation program obtained a percentage rate of 76%, which means it was not efficient because several programs were not implemented according to plan. The activities carried out by the social service in the social rehabilitation program resulted in a percentage value of 99%, which means that it has not been effective in achieving the target. From a social perspective, social rehabilitation includes the lives of the general public, because the budget used for social rehabilitation has several provisions according to the needs of the community. channeling the social rehabilitation budget can be achieved with the right target with a more effective goal of using the budget.

4. Conclusion

Based on the results of the research conducted by the researcher, the researcher draws several conclusions, namely: Measurement of financial performance uses the concept of value for money at the North Padang Lawas Regency Social Service with social empowerment programs and handling the poor included in the economic category, namely being able to minimize budgets, and being efficient in producing output, but has not been able to run effectively; Measurement of financial performance uses the concept of value for money at the North Padang Lawas District Social Service with social protection and security programs included in the economic category, which means capable of managing finances, and efficient in producing output, but not yet running effectively; Measurement of financial performance uses the concept of value for money at the North Padang Lawas District Social Service with a social rehabilitation program that runs economically in managing finances, but is not yet efficient in producing output, and has not been running effectively.

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