

Value for Money Government Budget Performance

Ahmad Maulana¹, Rizky Zainul Alim², Mohammad Djasuli^{*3}

^{1,2,3} Universitas Trunojoyo Madura

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Abstract

The purpose of writing this study is to know and analyze the improvement of Government budget performance based on Value for Money. This research uses the literature review method or also known as the literature review method. Researchers have conducted a source search through the Google Scholar site and determined that there are 10 articles in accordance with the criteria that researchers expect based on a total of 16,900 articles published in the 2015-2024 time frame. After conducting a literature study related to sources relevant to the research topic, it can be drawn to know that in general the performance of public sector budgets, including the government, is strongly influenced by the concept of money of value. A good government system is certainly needed to be implemented in the country. The government sector should be able to provide good quality services.

Keywords: Financial Performance, APBD, Money for Value

(*) Corresponding Author: maulanalubab39@gmail.com¹, rizkyzainulalim@gmail.com², djasuli@trunojoyo.ac.id³

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INTRODUCTION

In today's world, it has become an intriguing topic to examine the financial performance outcomes of a public sector company, one of which is the government. The public sector, such as the government, should be able to achieve a level of financial strength for its region through the implementation of performance-based budgeting (Dila & Aqwa, 2023). In Indonesia itself, a crisis of trust can facilitate reforms in various aspects of life. In this technological era, easy access to information can create smart and critical citizens who demand transparency and public accountability regarding government performance (Ratnawati, 2022).

Government performance outcomes are often viewed negatively by some sectors, especially regarding perceived inefficiencies, wastefulness, and disregard for the needs of the people in budget expenditures. With increasing public concern about public performance, performance evaluation is gaining more attention, questioning the benefits that will be derived from the public services provided (Wakhid et al., 2023).

Given the negative perception of government performance by the public, the government should make efforts to enhance performance to establish good governance. In realizing these efforts, the government can start by improving performance management systems capable of measuring performance and success in the government sector. By making improvements, legitimacy and public trust in

governance will be created. Government performance evaluation, especially in terms of budget utilization, can be presented in the form of performance accountability reports. One tool that can be used to generate performance reports is through the value for money approach (Apriyanisa, 2023).

Government budget performance based on value for money is an effort to ensure that every expenditure made by the government provides optimal value to the public. The concept of "value for money" emphasizes the importance of efficiency, effectiveness, and accountability in public financial management. Efficiency refers to the most economical and effective use of available resources. The government must ensure that allocated budgets are used efficiently to achieve desired outcomes. Effectiveness relates to the achievement of goals and expected outcomes from such expenditures. The government must assess the extent to which budget-funded programs or projects can achieve their set targets. On the other hand, accountability encompasses transparency and responsibility in managing public finances. The government must be able to be accountable for the use of public funds to the public (Putra & Wirawati, 2015).

In practice, the value for money approach can be implemented through various mechanisms, including performance evaluation, auditing, and strict monitoring of budget utilization. Performance evaluations can be conducted regularly to assess the extent to which government programs or activities have achieved expected outcomes in relation to the budget allocations made (Lutfiawan, 2022). By adopting the value for money approach, the government can ensure that every dollar invested yields optimal benefits for society and the overall economy. The use of public funds must be evaluated to ensure that expenditures are made in the most economical and efficient manner. This includes assessing unnecessary expenditures, procuring goods and services at reasonable prices, and reducing wastefulness and budget misuse. Government-funded programs must be evaluated to assess the extent to which they achieve their set objectives. Effectiveness evaluation includes assessing the impact of programs on society and the economy, and whether the results align with the policy objectives set (ADB, 2018).

It is well known that the performance of the government sector is crucial to monitor. Based on the background provided, the objective of this research is to understand and analyze the improvement of government budget performance based on Value for Money.

RESEARCH METHOD

This research employs the literature review method, also known as literature review. Literature review is a method where, in the process of identification, literature is systematically, specifically, and representatively arranged to analyze the research findings and thoughts generated by previous researchers. The literature review method is generally carried out with the aim of analyzing and synthesizing information related to an existing topic and updating it for further research. Specifically, this literature review method is conducted with the aim of providing an overview of the basic theory of a study, analyzing the limitations and breadth related to the research topic, and helping to provide practical answers and solutions to the problems studied based on previous research results (Ulhaq, 2018).

There are several stages involved in the research process using the literature review method (Ulhaq, 2018):

1. Determining the topic to be analyzed.
2. Searching various sources such as journals, articles, books, papers, and other sources related to the chosen topic.
3. Analyzing the results of the found sources to determine their relevance and suitability to the chosen topic.
4. Grouping the review writing.

This literature review method employs an approach called SPIDER, which stands for S (Sample), Pi (Phenomenon of Interest), D (Design), E (Evaluation), and R (Research Type). When the SPIDER approach is applied to this research, it can be understood as follows: S (Sample): Entities operating in the public sector, especially local governments; Pi (Phenomenon of Interest): Budget performance; D (Design): Literature; E (Evaluation): Money for Value; R (Research Type): Various studies conducted on related topics from 2015 to 2023.

Some keywords used by the researcher to obtain various publication sources on Google Scholar are "budget performance," "money for value," "budget performance and money for value," and "government budget performance based on money for value." The criteria used by the researcher in searching for sources include: publications within the last ten years (2015-2023), both quantitative and qualitative research results, and research subjects focusing on government budget performance based on money for value.

RESEARCH RESULTS AND DISCUSSION

The researcher conducted source searches through Google Scholar and found that there were 10 articles that met the criteria the researcher expected out of a total of 16,900 articles published between 2015 and 2024. The analysis results conducted by the researcher can be summarized as follows:

Table 1. Analysis Of Previous Research

| Researcher Name (Year) | Research Title | Research Objective | Research Method | Findings | Implication |
|--|---|---|---|---|--|
| Alwin Ferdianto Tameon, Sarinah Joyce Rafael, dan Linda Lomi Ga (2023) | Analisis Kinerja Anggaran Menggunakan Metode <i>Value for Money</i> pada Pemerintah Daerah Provinsi Nusa Tenggara Timur Periode 2017-2021 | Analyze the level of budget performance of related sectors using the value for money approach for the period 2017-2021. | The method used is descriptive qualitative using documentation and library assessment techniques. | Based on the research conducted, it can be seen that in terms of economics, the budget shows that it is quite economical. Meanwhile, in terms of efficiency and effectiveness, it has shown an efficient and effective level. | By applying the concept of value for money, it can be seen the level of economy, efficiency, and effectiveness of financial performance. |

| Researcher Name (Year) | Research Title | Research Objective | Research Method | Findings | Implication |
|---|--|--|--|---|--|
| Nabila Putri Rachmadi, Anggeraini Oktarida, Kiagus Zainal Arifin (2023) | Determinan Kinerja Anggaran Berbasis <i>Value for Money</i> | Identify accountability, transparency, and value for money-based oversight in their impact on sector budget performance. | The type of research used is quantitative research with data collection using purposive sampling. | Based on the results of research that has been carried out, it can be seen that budget performance is positively and significantly influenced by accountability, transparency, and supervision based on the principle of value for money both simultaneously and partially. | Based on the principle of money for value, it can be seen that accountability, transparency, and supervision have a positive and significant effect on budget performance both simultaneously and partially. |
| Adriana Alesandra Da Cunha, Henrikus Herdi, Pipiet Niken Aurelia (2023) | Analisis Kinerja Keuangan dengan Menggunakan Metode <i>Value for Money</i> pada Badan Pengelola Keuangan dan Aset Daerah Kabupaten Sikka | Analyze the financial performance of the sector using the money for value approach. | Descriptive quantitative research method using secondary data with collection techniques through literature study and documentation. | Based on the research conducted, it can be seen that the financial performance of related governments in the 2019-2020 period is categorized as economical, efficient, and effective. | By applying the concept of value for money, it can be seen the level of economy, efficiency, and effectiveness of financial performance. |
| Gerald William Sanger, Hendrik Manossoh, Claudia W. M (2023) | Evaluasi Kinerja Keuangan dengan Metode <i>Value for Money</i> pada Badan Keuangan dan Aset Daerah Kota Manado | To determine the performance and financial management of the sector. | The research used descriptive qualitative. | From the results of the research that has been carried out, it can be seen that the financial performance of the related sectors is very good where it pays attention to the level of economy, efficiency, and effectiveness. | By applying the concept of value for money, it can be seen the level of economy, efficiency, and effectiveness of financial performance. |

| Researcher Name (Year) | Research Title | Research Objective | Research Method | Findings | Implication |
|--|--|--|--|--|--|
| | | | | In addition, financial management is in accordance with applicable regulations. | |
| Nyoman Utama, Fani Fatona, dan Nining Sudiyarti (2022) | Analisis Kinerja Keuangan berdasarkan Konsep <i>Value for Money</i> (Studi Kasus di Kantor Camat Taliwang Kabupaten Sumbawa Barat) | Examine the implementation of public management in related sectors through the concept of money for value in the implementation of organizational activities, resource utilization, and procurement processes. | Descriptive research uses quantitative data obtained from the annual reports of related sectors. | Based on the application of the Value for Money concept, it can be found that the financial performance of the relevant sectors in terms of economic and efficiency ratios can be categorized as poor. Meanwhile, in terms of effectiveness, the financial performance of the sector is categorized as good. | By applying the concept of value for money, it can be seen the level of economy, efficiency and effectiveness of financial performance. Thus, it will help make future decisions as a form of improvement. |
| Versiandika Yudha Pratama, Syamsuddin, dan Farah Difa (2022) | Analisis Pengukuran Kinerja Berbasis Konsep <i>Value for Money</i> pada Pemerintah Daerah Kabupaten Pekalongan | Analyze the performance of relevant government sectors in the period 2017-2019 using the money for value approach. | Descriptive research that uses secondary data in the form of related Local Government Financial Reports. | Based on the research that has been conducted, it can be seen that during the 2017-2019 period the government's performance was categorized as economical and not maximized at the effective level. On the other hand, the efficient aspect has decreased where in the 2017 period it | By using the money for value approach, it can be seen the process of increasing or decreasing in terms of economy, efficiency and effectiveness of a performance. |

| Researcher Name (Year) | Research Title | Research Objective | Research Method | Findings | Implication |
|---|---|--|---|---|--|
| | | | | was categorized as quite efficient, but in the 2018-2019 period it decreased to inefficient. | |
| C. Susi Maryanti & Agus Munandar (2021) | Analisis <i>Value for Money</i> untuk Kinerja Keuangan Pemerintah Daerah Kota Surabaya Tahun Anggaran 2015-2019 | Measuring the level of economy, efficiency, and effectiveness of the Surabaya City Government's regional finances for the 2015-2019 period using the concept of money for value. | Descriptive research using secondary data obtained from the Surabaya City Government website. | Based on the research conducted, it can be seen that the financial performance of the Surabaya City Government for five years is categorized as economical and stable. However, when viewed in terms of efficiency, the financial performance of the related sectors significantly over five years is categorized as inefficient and considered wasteful in the use of regional budgets. Unlike the case in terms of effectiveness, in the span of five years, the effectiveness of the budget in the related sector has always increased. Thus, the financial performance of the sector is | By analyzing financial performance using the value for money approach, it can be seen which parts of the results of the evaluation of regional budget performance need significant improvement and which parts need to be maintained and even developed. |

| Researcher Name (Year) | Research Title | Research Objective | Research Method | Findings | Implication |
|---|--|---|---|---|--|
| | | | | categorized as very effective. | |
| Sofiatul Umoro, Dwi Risma Deviyanti, dan Wulan I R Sari (2020) | Analisis Penilaian Kinerja Berdasarkan <i>Value for Money</i> pada Desa Sawit Jaya Kecamatan Long Ikis Kabupaten Paser | To assess the performance based on value for money in the relevant sectors in the 2016-2017 time period. | Using secondary quantitative data obtained from related Government Agency Accountability Reports. | Based on the research results, it is known that the form of development, maintenance, and use of regional infrastructure has been carried out quite economically, efficiently, and effectively based on the concept of value for money. | Applying the value for money approach can determine whether the utilization and maintenance of regional infrastructure has been running economically, effectively, and efficiently or not. |
| Tito Aditya Perdana, Risanda A Budiantoro, dan Febrianur Ibnu Fitro S. P (2020) | Mengukur Kinerja APBD Kota Surabaya Analisis <i>Value for Money</i> | Measuring the budget performance of the Surabaya City Government based on its APBD. | Using secondary data obtained from the relevant sector's APBD Allocation and Realization Documents. | Based on research conducted using the value of money approach, it shows that the utilization of the related sector budget has shown good performance in all aspects, namely economical, efficient, and effective. | By applying the concept of value for money, it can be seen the level of economy, efficiency, and effectiveness of financial performance. |
| Putu Adi Erawan, MD Satria Wira Adi Santosa, Dewa Komang Beny Budiarta, I Putu Tedy Arya Wahyudi (2019) | Peranan <i>Value for Money</i> untuk Mengukur Kinerja Pemerintah Kabupaten Buleleng | To determine the influence of value for money in its role for the performance of the relevant sector of government. | Using descriptive qualitative methods using data obtained from in-depth interviews, observations, and document studies. | Based on the results of observations that have been made, it can be seen that there are imbalances in the application of money for value which affect the performance | By applying value for money, it can be seen that there are deviations in operational activities. Thus, it can help leaders to make improvements. |

| Researcher Name (Year) | Research Title | Research Objective | Research Method | Findings | Implication |
|------------------------|----------------|--------------------|-----------------|--|-------------|
| | | | | of related sectors. Therefore, leaders have an important role to play in improving the image and improving government performance. | |

After conducting a literature study related to sources relevant to the research topic, it can be inferred that budget performance in the public sector, including the government, is generally influenced by the concept of money for value. A good government system is crucially needed to be implemented within a country. The government sector should be capable of providing quality services. A crucial aspect in implementing regional autonomy is the issue of regional budget allocation and Regional Budget (APBD). Financial performance measurement is generally carried out to enhance employee motivation to always meet behavioral standards as per established rules. Furthermore, financial performance is done to ensure that the work performed aligns with expectations. The specific objectives of financial performance can be explained as follows (Kemenkumham, 2022):

1. To determine if organizational goals have been achieved.
2. As a guide for employee learning.
3. As a reference for evaluation to improve future performance.
4. To serve as information sources for making appropriate decisions.
5. To establish accountability.

There is a need for an evaluation process of government budget performance to achieve good governance and gain public trust. Some things to consider in evaluating government budget performance are (Patarai, 2018):

1. Openness in every process conducted by the government, from planning to implementing regional budgets (Transparency).
2. All budget utilization processes, including planning, arranging, and implementing budgets, must be reported to ensure accountability (Accountability).
3. Implementing the principle of money for value, namely economy, efficiency, and effectiveness, should be considered in the budgeting process.

The basic idea of the value for money concept in performance-based budgeting lies in three main principles: economical, efficient, and effective. The goal of public financial management is to achieve budget outcomes in line with these principles. However, the implementation of accountability systems is still not optimal, posing risks of misuse and misallocation of funds that may be hidden from the public eye. Participation and oversight, both internally and externally, are key factors in achieving good performance in budget accountability mechanisms. Creating a clean, effective, accountable, and community-oriented government is the

result of transparency applied through horizontal accountability. The primary priority is the public interest. Transparency serves as a control tool over government performance. Government-set budgeting policies play a crucial role in determining the success of budget implementation. The more transparent the policies applied, the easier it is for the public to access information regarding accountability reports (Kurnia, 2016).

The concept of value for money is a crucial foundation in implementing performance-based budgeting in the public sector. The principles of being economical, efficient, and effective serve as the primary basis for managing public finances to achieve optimal budget outcomes. However, despite this, there is still room for improvement in the implementation of accountability systems, as there are indications of misuse and misallocation of funds that have not been clearly revealed to the public (Hermawati, 2014).

Strong participation and oversight, both internally and externally, are crucial factors in achieving good performance in budget accountability mechanisms. A clean, effective, accountable, and proactive government towards community interests is needed to achieve the expected level of transparency. Therefore, creating a transparent and accountable public financial management environment will strengthen the achievement of more effective and efficient development goals and increase public trust in their government.

CONCLUSION

Performance evaluation based on money of value is crucial to implement because this concept serves as an essential foundation in applying performance-based budgeting in the public sector. The principles of being economical, efficient, and effective are the primary basis for managing public finances to achieve optimal budget outcomes. However, despite this, the implementation of accountability systems still has room for improvement because there are indications of misuse and misallocation of funds that have not been clearly disclosed to the public.

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