

CHAPTER I INTRODUCTION

1.1 Background

For the common good of its citizens, every country has a system of government to coordinate and oversee daily activities. Provinces, regencies, and cities constitute part of Indonesia's regional government, alongside the central government. The central government oversees each region, but under the concept of regional autonomy, each region is given the freedom to manage its organizational operations according to its capacity.

The new style of governance, known as regional autonomy, allows for full autonomy and management of all government activities, including work plans and budgets, by each regional government.

Because regional governments formulate policies and decide on each regional work program, the idea behind regional autonomy is that each region can benefit from greater growth because its choices are based on what the region needs. This system of governance provides regions with independence in managing their finances, both income and expenditure.

Regional budgets and financial management must be handled very carefully by local governments, because these entities can be held financially accountable for the operations of their respective regions if they do not have adequate planning and management systems.

Budget planning at the central level is called the APBN (National while at the regional level it is often referred to as the APBD



(Regional Budget). For regional growth and governance, one of the most important factors is well-structured, efficient, and successful financial planning and administration. Budget absorption of more than 95% is considered sound and well-executed financial management. If this criterion is met, the regional government can see opportunities to increase the budget next year. With budget absorption realized and spent according to regional programs, the budget can be considered effectively implemented. Likewise, if the budget output exceeds the program target, it can be considered efficient.

Based on the guidelines of economics, effectiveness, and efficiency, the *Value for Money technique* provides insight into regional financial performance. Given the current economic climate, it makes sense to utilize and utilize existing resources to achieve established goals, and the results of these efforts are commensurate with the resources used. According to, the realization of direct expenditure budgets with the expenditure budget is a way to measure efficiency. Furthermore, the Supreme Audit Agency (BPK)'s opinion on accountable government financial reports provides an overview of how to gain public trust in a region's fiscal health. A similar concept in evaluating public sector budgets is the *Value for Money measurement*. Economics, the first component of *Value for Money*, emphasizes the need for careful budget or input control and avoiding waste in producing outputs. Second, organizational effectiveness, defined as the extent to which the

tion has realized its stated public interest goals. Third, efficiency,



defined as producing a certain amount of output with the least amount of input or budget.

Several previous studies have conducted various studies applying *the Value for Money concept* to examine the financial performance of local governments. For example, research conducted by Budianto (2022) investigated the financial performance of the East Java Province Regional Financial and Asset Management Agency by measuring financial performance using the *Value for Money concept*. The results showed that financial performance, reviewed from the economic, efficiency, and effectiveness perspectives of the 2017-2020 period, met the established percentages. This is despite a decline in regional tax revenue in 2020.

Furthermore, research conducted by Sanger & Manossoh (2023) examined the regional financial performance of Manado City using the *Value for Money concept*. The results revealed that Manado City's financial management complied with applicable regulations in the region. This indicates that the application of the *Value for Money method* to financial performance measurement is considered excellent and consistently oriented toward the public interest.

Furthermore, research conducted by Romadhan *et al.* (2024) analyzed the financial performance of the city of Bandung from 2020 to 2022, applying the *Value for Money concept*. The results of this study indicate that the Bandung city government was able to maintain its index

economic and effectiveness perspective. However, in terms of



efficiency, the Bandung city government's financial performance was less stable, showing a ratio increase of 100.90% in 2022. This is considered inefficient because it exceeds the 100% index. Therefore, the Bandung city government needs to conduct further investigation.

In addition to budgeting issues that arise in each region, this research was conducted within the Wajo District government because, from the initial stages of preparation and discussion to the final stages of implementation in the Regional Revenue and Expenditure Budget (APBD), the role of regional financial aspects is crucial for the smooth running of regional government. Beyond budgetary issues, the organizational performance of the Wajo District government remains lacking. This is evident in the 2023 BPK Opinion on the Wajo District Government Financial Report, which is still titled "Fair with Exceptions." In this audit, the BPK found weaknesses in internal control and non-compliance with statutory provisions, in accordance with Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government.

Based on the BPK Team's findings, 1) Management of Regional Original Income (PAD) is still not in accordance with regulations. This includes PBB-P2 which has been paid by Taxpayers (WP) to collectors but only entered the regional treasury in the 2023 tax year. 2) Data on Hotel, Entertainment, Parking, and Non-Metallic Mineral and Rock Tax turnover reported by Taxpayers is created manually, not using a sales or application. 3) The turnover value used for tax imposition is



unrealistic. In addition, there is no regular data update for advertising tax, which means the amount has not increased; 2) The mechanism for spending employee expenses in ten SKPDs does not follow regulations, thus opening up room for abuse in the management of employee expenses and putting the Wajo District Government at risk of paying employee expenses that do not match the real conditions. The regional economy and development are also hit because the Wajo District Government's spending budget has only been fulfilled 95% in the last three years.

Table 1.1 1on Realization of Regional Expenditure of Wajo District Government

NO	YEAR	BUDGET	REALIZATION	(%)
1	2021	1,390,432,771,050.00	1,296,455,698,249.35	93.24
2	2022	1,311,135,081,849.76	1,186,998,874,515.00	90.53
3	2023	1,583,814,351,117.00	1,478,536,337,478.00	93.35

Source: Processed Data, 2024

Among the consequences of inefficient budget implementation are: 1) Ineffective use of funds, meaning that public welfare initiatives such as poverty alleviation and local economic development are underfunded and fail to achieve their intended goals; 2) The efficiency of financial management is affected so that the allocated budget is not spent ed indicating that expenditure planning is less accurate so that



the risk that often occurs is the accumulation of spending at the end of the year resulting in ineffective spending or hasty decision making thus the risk of producing low-quality spending as quoted from the online page of the East Tribune revealing that in 2024 the budget realization as of January 1 - August 31, 2024 only reached 50.35 percent with a calculation of around IDR 797.35 billion from the target of IDR 1.58 trillion and there are still three regional apparatus organizations (OPD) that have not reached 50 percent. This will be detrimental to local governments, especially those dealing with budgets that receive transfer funds from the federal government; otherwise, the money could return to where it came from - not used efficiently. Moreover, the federal budget will not be able to absorb the maximum amount of funds, which will affect how funds are distributed in the following years.

The Wajo District Government must conduct a comprehensive review of budget implementation, taking these variations into account, to determine the root causes of difficulties and adopt appropriate solutions. Therefore, to improve public welfare and advance economic development, the Wajo District Government requires continuous efforts to improve the effectiveness and efficiency of regional financial management. Therefore, the author is interested in conducting a study entitled "**Analysis of the Financial Performance of the Wajo District Government Based on *the Value for Money Principle*.**"



1.2 Problem Formulation

Based on the discussion of the background of the problem above, a problem formulation can be formulated, namely how the financial performance of the Wajo District Government is using *the Value for Money principle*?

1.3 Research Objectives

The objective to be achieved in this research is to find and analyze the financial performance of the Wajo District government using the *Value for Money principle*, which is the objective of this research.

1.4 Uses of Research

The following applications may result from this research.

1. Academically, the aim of this research is to find a way to incorporate monetary value into performance reviews.
2. Practically, Wajo District government employees have the opportunity to learn about *Value for Money* through performance reviews.
3. Theoretically, it is hoped that it can provide additional knowledge related to the application of *the Value for Money concept* to financial performance, and can be used as a reference or benchmark in other research fields.

1.5 Writing Systematics



This text organization ensures that the material is presented in

a logical order. The cover, title, approval, abstract, table of contents, list of tables, list of figures, and list of appendices constitute the first section of the thesis.

Chapter one serves as an introduction. The problem context, problem formulation, research objectives, research uses, research scope, and writing systematics are all covered in this chapter.

The literature review is the second chapter. This chapter outlines theories, concepts, and empirical evidence. The research method is grounded in the theory discussed in this chapter. To formulate the hypothesis, the researcher reviewed several relevant previous studies; the conceptual framework outlines the steps the researcher will take to test this hypothesis.

The framework and hypotheses are presented in the third chapter. The development of the framework and hypotheses is detailed in this chapter.

Research techniques are discussed in chapter four. Research variables, operational definitions, data sources, data collection methods, research time and location, population, sample, and sampling methodology are all detailed in this chapter. Data processing methods are introduced in this chapter, which are useful for researchers using analytical tools.



CHAPTER II

LITERATURE REVIEW

2.1 Theoretical Basis

2.1.1. *Agency Theory*

Everyone is looking out for number one: themselves, according to agency theory. As principals, decision-makers are believed to be solely concerned with the growth of their investment or profits in the company. Meanwhile, agents are said to have accepted the responsibilities and terms of the partnership. Organizations, according to Gundono (2012) function as a set of contracts between principals, who own economic resources, and agents, who utilize, manage, and control those resources.

When a superior delegates responsibility to a subordinate to carry out certain activities or make decisions, agency theory explains what happens. In local government, an agency relationship occurs between a superior and a subordinate; for example, in this model, the superior supervises, while the subordinate is responsible for preparing, implementing, and reporting the regional budget (Sundari, 2015).

According to agency theory, a principal-agent relationship exists between business owners and their management teams. One party, the principal, directs the actions of the other party, the agent, to perform all tasks on the principal's behalf. The principal, who is also the business owner, is keenly interested in knowing how the company is performing the invested funds are being spent. The principal receives the



necessary information and has a means of evaluating the agent's performance over a specific period through accountability reports prepared by management as the agent.

According to agency theory, local governments cannot be trusted because they will slavishly pursue their own interests as agents for the community, rather than what is best for the community as a whole. According to agency theory, there is still a significant information asymmetry between the community and the government. The government has direct access to information. According to agency theory, there must be oversight of local government administration to ensure that all laws and regulations are adhered to.

2.1.2. Financial Performance

A company's financial success can be defined as the extent to which it has implemented financial management principles appropriately and efficiently. For example, according to Fahmi (2018) financial reports must adhere to specific rules and limitations outlined in various accounting standards, such as SAK or GAAP. In government financial management, certain performance indicators are more appropriate benchmarks for measuring the achievement of established goals. One way to evaluate the efficiency and effectiveness of a state or city government is to examine its financial performance. This includes examining the government's accountability, effectiveness, and efficiency in achieving development goals with allocated funds. Government



financial performance, in its simplest form, indicates the government's capacity to:

- a. Revenue collection: The extent to which taxes, levies, and other forms of monetary funding are effectively collected by the government.
- b. Distributing funds: How funds are distributed to initiatives aligned with development goals.
- c. Implementation of programs and activities: To what extent have government programs and activities succeeded in achieving their objectives?
- d. Asset management: the extent to which the country's fixed and current assets are supervised by the authorities.

Accountability, or the public's right to know how their tax dollars are spent, makes measuring government financial performance crucial. The public can evaluate government performance using performance measures. According to Trianto (2016), these goals can be achieved through the implementation of Performance-Based Planning based on the principles mentioned above: improving operational efficiency; increasing the flexibility and accountability of units in carrying out tasks and managing budgets; and demonstrating the link between funding and desired performance outcomes.

Better Decision Making, or how governments can use data on their past financial success to inform future financial policies. Measuring performance, including efficiency and effectiveness, allows for the



elimination of wasteful practices and the introduction of more beneficial alternatives. Performance measurement promotes transparency in the management of public funds. Measuring government financial performance is crucial because:

1. **Accountability:** The public has the right to know how their tax dollars are being spent. Performance measurement allows the public to assess government performance.
2. **Improved Decision Making:** Government officials can improve their future decision making by reviewing financial data from the past.
3. **Efficiency and Effectiveness:** Performance measurement helps identify inefficient or ineffective programs and activities so that improvements can be made.
4. **Transparency:** Performance measurement increases transparency in government financial management.

Government financial performance covers various aspects, including:

1. **Budget Performance:** Evaluation of budget preparation, implementation, and accountability.
2. **Revenue Performance:** Evaluation of the government's ability to collect revenue.
3. **Spending Performance:** Evaluation of the efficiency and effectiveness of budget use.
4. **Asset Performance:** Evaluation of government asset anagement, both fixed assets and current assets.



Several internal and external variables influence government financial performance.

a. Internal Factors:

- 1) Human Resource Quality: Employee skills and competencies in managing finances.
- 2) Internal Control System: The strength of the internal control system in preventing deviations and increasing accountability.
- 3) Organizational Structure: The efficiency of the organizational structure in supporting the implementation of tasks.
- 4) Organizational Culture: The values and norms that apply within an organization that influence employee behavior.
- 5) Information Technology: The use of information technology in financial management.

b. External Factors:

- 1) Economic Conditions: Economic growth, inflation, and interest rates.
- 2) Political Conditions: Political stability and central government policies.
- 3) Social Conditions: Levels of poverty, education, and public health.
- 4) Natural Resources: Access to natural resources that have the potential to generate income in the area.
- 5) Natural Disasters: Natural disasters can disrupt regional government and economic activities.



Financial Performance Indicators

Several indicators are used to assess financial success, including:

a. Financial ratios: Independence ratio, efficiency ratio, effectiveness ratio, etc.

1. Self-Sufficiency Ratio: This metric indicates how well the government can fund its own operations without relying too heavily on federal payments. Locally-Owned Revenue (PAD) as a percentage of Total Revenue is one example.
2. Efficiency Ratios: Show how well the government spends its money. Example: Ratio of Operating Expenditures to Total Expenditures
3. Effectiveness Ratio: Shows how effectively government programs and activities achieve their stated goals. Example: Percentage of infrastructure development targets achieved.
4. Liquidity Ratios: Whether the government can pay its urgent bills. Take the current ratio, for example: this ratio is calculated by dividing current assets by current liabilities.
5. Solvency Ratio: Measures the government's capacity to meet its long-term commitments. Total Debt/Total Equity is an example of a debt-to-equity ratio.

b. The HDI, or human development index, is a tool for tracking the progress of human civilization.

c. Poverty rate: To measure success in reducing poverty.

employment rate: To measure success in creating jobs.



Evaluating and measuring government financial performance is crucial. Tracking financial performance can improve accountability, decision-making, and budget efficiency and effectiveness.

2.1.3. Value for Money

The effort to maximize the return on investment (ROI) of monetary resources is known as *Value for Money* (VFM). In terms of purchasing products and services, *Value for Money* (VFM) refers to obtaining the best quality goods at the most affordable price. The existence of several *Value for Money concepts* will ensure efficient and waste-free budget use, ensure the budget actually achieves its stated goals, make public budget users more accountable, and ensure a transparent and open procurement process for goods and services. All of these factors impact the government's financial performance.

Value for Money is implemented through policies, namely the Regional Government Law, Number 23, which was passed in 2014: This law establishes a strong framework for regional governments to manage their finances autonomously and responsibly. Government Regulation (PP) No. 12 of 2019 concerning Regional Financial Management: The preparation, implementation, and accountability of regional budgets are all regulated by the detailed regulations of this PP. Permendagri, Regulation of the Minister of Home Affairs: The purpose of issuing Permendagri is to provide technical advice on how to implement rules and

ns related to regional financial management.



a. Value for Money Indicator

To aid decision-making, *Value for Money* in Mardiasmo (2009) uses performance metrics. One sign of good value for money is when expenses are distributed efficiently and economically. By "economical," we mean obtaining high-quality products and services at the lowest possible price. Two aspects of service quality are efficiency (i.e., utilizing available resources to achieve desired results) and effectiveness (i.e., how much impact an output has on achieving objectives) (investing wisely). Internal parties can evaluate the number and quality of programs that need improvement by using *Value for Money performance metrics*. Performance indicators allow third parties to evaluate public accountability and identify problems.

b. Implementation of Value for Money

The concept of *Value for Money* is useful for evaluating the performance of public sector organizations because it benefits both the wider community and the organization itself. Economic gains from resource acquisition, resource efficiency, and the successful achievement of organizational goals and objectives are some of the benefits of its application. According to Mardiasmo (2009) several benefits of implementing *the Value for Money principle* in government agencies are: a) better use of public funds; b) higher quality public services; c) lower costs associated with public services as a result of less wasteful use of inputs; d) more focused spending on serving the public and e) a better understanding of public costs as a basis for public



accountability. Value-for-money analysis is a useful tool for evaluating the efficiency and effectiveness of public sector organizations in meeting the needs of their constituents through the efficient and effective use of scarce resources.

c. Aspects of *Value for Money*

In terms of government performance management, Mardiasmo (2009) identified three main components, namely:

- 1) **Economy** means obtaining resources (inputs) in the ideal quantity and quality at a lower cost (or at least close to market price). Because economics is a relative metric, considerations regarding economic measurement include things like whether a business has used its financial resources efficiently and whether its actual expenses are higher than anticipated. In this study, the actual money used and the planned amount are the benchmarks. The criteria for economic indicators, as proposed by Paat *et al.* (2019) include:
 - a. If the comparison result exceeds 100%, it is said to be uneconomical.
 - b. If the results achieved are between 91%-100%, it is said to be less economical.
 - c. If the results achieved are between 81%-90%, it is said to be quite economical.
 - d. If the results achieved are between 61%-80%, it is said to be economical.



e. If the results achieved are below 60%, it is said to be very economical.

2) **Efficiency** The ratio of output to input is a measure of efficiency. A company is considered efficient if its output is higher than its input (Mardiasmo, 2004:133). Meeting the efficiency requirements in the Decree of the Minister of Home Affairs No. 690.900-327 concerning "Criteria for Assessment and Financial Performance" is the definition of an efficient budget. The following is the process for determining the level of budget efficiency. Paat et al. (2019) namely:

- a. A budget is considered inefficient if the comparison result exceeds 100%.
- b. A less efficient expenditure budget is defined as an achievement result whose percentage is between 90% and 100%.
- c. An efficient spending budget is defined as achieving results in the range of 80-90%.
- d. A budget is considered efficient if the results achieved are between 60% and 80%.
- e. A budget is considered very efficient if the results achieved are less than 60%.

3) **Effectiveness** means getting what you want from your resources. According to Nahdia & Sugiartono (2023) The capacity of local governments to achieve or mobilize projected



regional revenues in relation to established goals based on actual regional potential is described and measured by the effectiveness ratio. According to Ahmedi (2010) in (Paat et al. (2019) in terms of budget effectiveness, the budget is considered effective if it meets the effectiveness level standards outlined in the Decree of the Minister of Home Affairs No. 690.900-327 of 1996 concerning "Criteria for Assessment and Financial Performance", namely:

- a. A highly efficient budget is defined as a budget that has a comparative result greater than 100%.
- b. A successful budget is defined as a budget with achievement results between 90% and 100%.
- c. The expenditure plan is considered successful if the results achieved are in the range of 80-90%.
- d. The budget is considered ineffective if the results achieved are between 60% and 80%.
- a. The budget is considered unsuccessful if the results achieved are less than 60%.

According to Siregar (2017) a budget is a plan outlining future government activities. It encompasses revenues, expenditures, transfers, and financing strategies, all measured in rupiah and systematically structured according to specific categories for a specific period. Improved efficiency, meaning that better budget management can deliver greater

at lower costs, is one of the benefits of implementing *Value for*



Money in the Regional Revenue and Expenditure Budget (APBD). Improved results, meaning that planned initiatives are better able to achieve their targets and objectives. Transparency and accountability in regional budget administration are enhanced. It restores trust in local governments by showing them how to utilize allocated funds.

2.2 Empirical Review

Previous research has examined the fiscal performance of the Wajo District government based on *the value-for-money concept*, including:

Fauziah & Rustam's (2023) research on financial performance by applying *the Value for Money concept* using the *Value for Money metric*, this study ensures how well the financial performance of BLUD Puskesmas X Regency X and identifies the variables that have helped and hindered in achieving its goals. In this descriptive qualitative research, data was collected through in-depth interviews, careful recording, and careful observation. This analysis found that between 2019 and 2022, BLUD Puskesmas X had an efficient, cost-effective, and efficient financial performance on average. Competent human resources, support from above, well-defined expectations, adequate infrastructure, and the strategic position of Puskesmas X are factors that contribute to the financial success of BLUD. Concurrent positions in the position of BLUD Treasurer are an obstacle to the organization's financial success.



Anggita Suridiyanti *et al.*'s (2024) research evaluated *Value for Money* in Measuring the Performance of Regional Government Services. This study used *the Value for Money concept* as a metric to determine the performance of the Kolaka Regency Regional Government from 2019 to 2021. The Kolaka Regency Regional Government's financial report was used for data analysis, which was then refined using ratios included in *Value for Money*, namely economy, effectiveness, and efficiency. Regional budget and revenue expenditure reports for a specified time, obtained from the Kolaka Regency Regent's office, were required for this measurement technique. Based on the economic ratio, the Kolaka Regency Regional Government performed economically from 2019 to 2021. This was because regional spending was smaller than budgeted, which meant it was effective from that perspective. However, when viewed from the efficiency ratio, the government was inefficient because regional spending was still greater than revenue, resulting in a deficit.

Research (2022) Conducting a Financial Performance Assessment of the Bitung City Regional Finance and Asset Agency through a *Value for Money Lens*. This concept measures performance based on economic ratios, efficiency, and effectiveness. The purpose of this study is to assess the financial management performance of the Bitung City Regional Revenue Agency (BKAD) from 2016 to 2019. This study uses a descriptive qualitative approach for data analysis. Based on the economic ratio, the financial performance of the Bitung City Regional

Agency (BKAD) from 2016-2019 is considered economical in



terms of regional revenue and expenditure, while from 2017-2019 it is considered economical in the range of 90%-100%. Thus, the Bitung City government is considered to have achieved the minimum budget required to implement the established programs and activities. The financial performance of the Bitung City Regional Revenue Agency (BKAD) was found to be less efficient in 2016-2017 and inefficient in 2018-2019 based on an efficiency ratio of more than 100%. Based on the figures above, the Bitung City government still does not meet efficiency standards, because it has not been able to maximize output and minimize expenditure. The Bitung City Regional Revenue and Expenditure Agency (BKAD)'s financial performance effectiveness ratio was above 100% in 2017, which is considered highly effective. From 2017 to 2019, this ratio remained between 90% and 100%, also considered effective. The above information indicates that the Bitung City government has implemented its plans and operations as anticipated.

Penelitian Anggraeni (2016) Analysis of Regional Government Financial Performance Using *the Value for Money Method* (Empirical Study at the Regional Development Planning Agency of South Sulawesi Province). This study aims to do just that—evaluate the financial performance of BAPPEDA in terms of *Value for Money*. Activity Performance Reports from 2014-2015 serve as secondary data in this descriptive study. Although BAPPEDA's annual performance percentage is still in the economical, fairly efficient, and effective categories, the



research findings indicate that program performance is still poor when evaluated using the *Value for Money concept* in this study.

Surtiati's (2019) research analyzes the financial performance of local governments using the *Value for Money method* (a case study of the Makassar City Regional Revenue Agency in 2014-2018). This study aims to determine how well the financial performance of the Makassar City Regional Revenue Agency was between 2014 and 2018 using the *Value for Money technique*. By using primary and secondary sources, this study uses quantitative descriptive analysis. Interviews are the main method of collecting primary data. Relevant to the amount or results of the 2014-2018 budget realization report. The results of the 2014-2018 Revenue Target and Realization Report serve as secondary sources. This study found that the five-year averages for economy, efficiency, and effectiveness were 77.13%, 5.21%, and 80.95%, respectively. Although included in the economical, very efficient, and less efficient categories in terms of performance percentage each year, the Makassar City Regional Revenue Agency has shown relatively good performance when assessed using the *Value for Money technique*.

Kurnia's (2016) research conducted a *Value for Money analysis* of the financial performance of the Palembang City Regional Financial and Asset Management Agency. The aim was to analyze the agency's financial performance assessment system, focusing on value for money in three main areas: efficiency, effectiveness, and economy. This study

primary and secondary sources to collect quantitative descriptive



data. Based on the analyzed data, the financial performance of the Palembang City Regional Financial and Asset Management Agency from 2012 to 2015 was classified as economical, with some variations. When measured in terms of effectiveness, it was considered very effective, but its efficiency level was low and inefficient.

Ratnawati's (2022) research on public sector financial management accountability can be improved by using *Value for Money* as a performance measurement concept. This study aims to determine how the Jeneponto Regency Transportation Agency measures performance and how *the Value for Money concept* can help make financial management more accountable, these are the two main objectives of this study. Qualitative research with an emphasis on description is the most appropriate method to describe this research. Primary and secondary data are used in this study. This study aims to analyze the statistics of financial realization achievements from the 2018-2019 period of the Jeneponto Regency Transportation Agency, which can be found in the Government Agency Performance Accountability Report (LAKIP). Based on the findings of this study, the Jeneponto Regency Transportation Agency measures performance by comparing actual results with planned objectives using predetermined measures. Each project of the Jeneponto Regency Transportation Agency is in the top position in terms of effectiveness and cost efficiency. The only initiative that is not running well is the rural transportation procurement program.



Furthermore, the data shows that of all revenue streams, only special parking fees are functioning effectively.

Hasnawati's (2019) research evaluated the financial performance of the South Sulawesi Provincial Regional Revenue Agency. The purpose of this study was to use regional financial ratio analysis to determine the financial performance of the South Sulawesi Provincial Regional Revenue Agency. This study used financial ratio analysis, including: growth ratio, effectiveness ratio, and regional financial independence ratio. The research findings showed that the effectiveness ratio, growth ratio, and regional financial independence ratio of the South Sulawesi Provincial Regional Revenue Agency experienced fluctuations during the 2013 and 2017 fiscal years.

Nurazizah's (2024) research examined Labuang Baji Hospital in Makassar City using a *Value for Money Concept Analysis* in Performance Measurement. The purpose of this study was to examine Labuang Baji Hospital in Makassar, Indonesia, and how they assess their performance in relation to the value they provide to patients. The Financial Report of the Realization of the Regional Revenue and Expenditure Budget of Labuang Baji Hospital in Makassar City, Indonesia, from 2021 to 2023, served as the primary data in this descriptive quantitative study. In 2021, this ratio reached 97% according to the findings, and from 2022 to 2023, this ratio reached 99% according to the results, thus being categorized as economical. As for efficiency, in 2021 it fell into the inefficient category

io of 195%, in 2022 it was 192%, and in 2023 it was 229%. In



terms of effectiveness, there has been a decline every year, but it remains highly effective with a value above 100%.

