

**FINANCIAL PERFORMANCE MEASUREMENT ANALYSIS OF
EDUCATION AND CULTURE DEPARTMENT AT MAGELANG CITY
AND SLEMAN DISTRICT FROM 2017- 2019 USING VALUE FOR
MONEY CONCEPT**

A THESIS

**Presented as a Partial Fulfillment of the Requirements to Obtain Bachelor
Degree in Accounting Department**



By

KHANSA NABILA

Student Number: 14312147

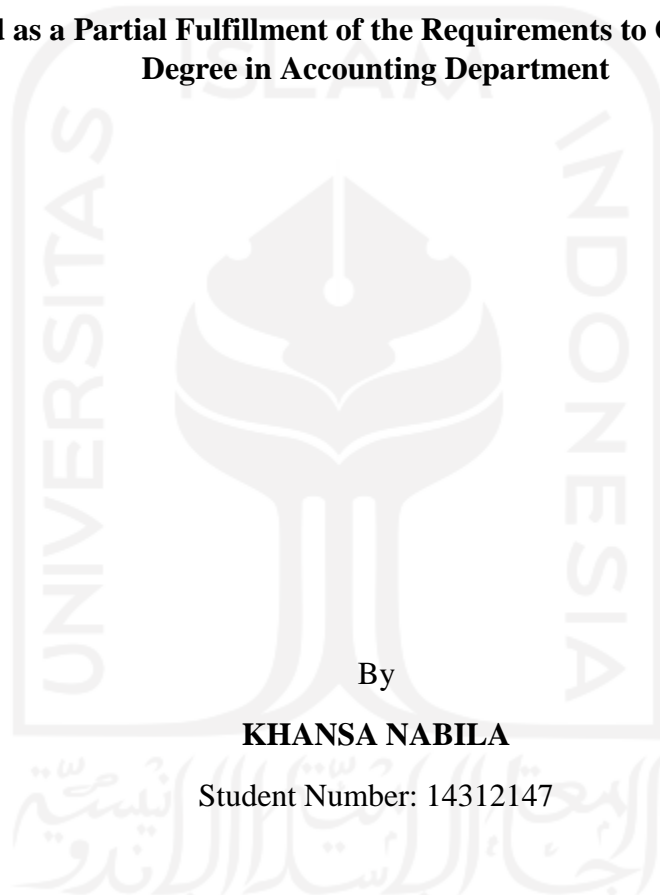
**INTERNATIONAL PROGRAM
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FACULTY OF BUSINESS AND ECONOMICS
UNIVERSITAS ISLAM INDONESIA**

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A BACHELOR DEGREE THESIS

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Defended before the Board of Examiners
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Board of Examiners

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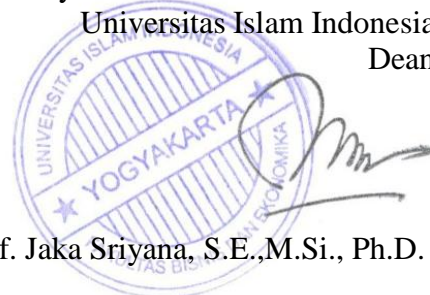
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DECLARATION OF AUTHENTICITY

Hereby I declare to the originality of this thesis; I have not presented someone's work to obtain my university degree, nor have I presented anyone else's words, ideas, or expression without acknowledgment. All quotation is cited and listed in the references of the thesis.

If in the future this statement is proven to be false. I am willing to accept any sanction complying with the determined regulation or its consequences.

Yogyakarta, 9 November , 2020



Khansa Nabila

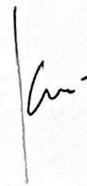
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Alhamdulillah rabbil alamin. All praise to Allah SWT for all the blessing and mercy. Peace and salutation be upon Prophet Muhammad SAW, his family and his best friends, who guided us to the bright side until the end of time. This thesis entitled **“Financial Performance Measurement Analysis of Education and Culture Department ay Magelang City and Sleman District 2017- 2019 using Value for Money Concept”** has been done and finished with the blessing of Allah SWT. The writer realized this thesis will not be finished without any advice, support and help from the people around. Therefore, the writer would love to appreciate those in order:

1. Allah *Subhannahu Wa Ta 'aala*, for all His blessing that get the writer through all the process.
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Yogyakarta, November 9, 2020

A handwritten signature in black ink, consisting of a vertical line followed by a stylized, cursive-like flourish.

Khansa Nabila

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ABSTRAK

Salah satu kasus yang ramai dipedebatkan masyarakat pada akhir tahun 2019 yaitu terkait Rencana Anggaran 2020 DKI Jakarta. Pada rencana anggaran tersebut terdapat alokasi dana sebesar Rp 82 miliar untuk pengadaan lem aibon bagi sekolah. UU No.32 Tahun 2004 dan UU No.9 Tahun 2015 berkaitan dengan peralihan wewenang pemerintah pusat ke daerah yang diikuti dengan penyerahan keuangan yang dipercayakan pemerintah pusat untuk bisa mengolah keuangan di masing-masing daerah. Pengukuran kinerja sangat diperlukan untuk menilai akuntabilitas organisasi dalam menghasilkan pelayanan publik yang lebih baik dan tepat sasaran. Penelitian ini menggunakan pendekatan deskriptif kualitatif. Lokasi penelitian ini dilakukan di Dinas Pendidikan dan Kebudayaan Kota Magelang dan Kabupaten Sleman.

Berdasarkan hasil analisis data yang telah dilakukan diperoleh hasil bahwasanya kinerja keuangan Dinas Pendidikan dan Kebudayaan Kota Magelang Tahun Anggaran 2018 – 2019 berdasarkan konsep value for money diperoleh bahwa rasio ekonomis berada di rentang 90% - 100% pada tahun anggaran 2017, sedangkan di atas rentang lebih dari 100% pada tahun anggaran 2018. Berdasarkan rasio efisiensi kinerja keuangan Dinas Pendidikan dan Kebudayaan Kota Magelang memperlihatkan hasil di atas 100% dapat dengan kata lain dapat dikatakan tidak efisien. Berdasarkan rasio efektivitas kinerja keuangan Dinas Pendidikan dan Kebudayaan Kota Magelang tahun 2017 – 2018 sangat efektif. Rasio efektivitas selalu menunjukkan hasil lebih dari 100%. Relialisasi pendapatan selalu lebih besar daripada anggaran pendapatannya. Kinerja keuangan Dinas Pendidikan dan Kebudayaan Kota Magelang tahun 2017 – 2018 secara keseluruhan menunjukkan hasil yang cukup baik.

Kata kunci: *Value for Money*, Kinerja, Elemen Ekonomi, Elemen Efisiensi, Elemen Efektivitas

ABSTRACT

One of the most controversial case on 2019 was DKI Jakarta's Budget Plan. On this plan, Rp 82 billion was allocated to buy glue for school. On regulation No.32 Year 2004 and regulation No.9 Year 2015 which related to the switching of autonomy of central government to local government followed by financial submission trusted by central government to be controlled by each regions. Performance measurement is needed in order to evaluate the accountability of organization on public service to be better and right on target. This study used qualitative descriptive method. It is located in Education and Culture Department at Magelang City and Sleman District.

Based on the data analysis, it showed that the financial performance of Education and Culture Department at Magelang City from 2018-2019 used value for money concept for economic ratio with the range of 90%-100% on 2017, meanwhile above 100% for 2018. According to its financial performance efficiency ratio, Education and Culture Department of Magelang showed 100% or it can be said that it was not efficient. Based upon the financial performance effectiveness ratio, Education and Culture Department at Magelang from 2017-2018 was very effective. Effectiveness ratio always showed the result to be above 100%. The income realization was always higher than the income budget. Financial performance of Education and Culture Department at Magelang from 2017-2018 overall showed a great number.

Keywords: Value for Money, Performance, Economic Element, Efficiency Element, Effectiveness Element

CHAPTER I

INTRODUCTION

1. Background

The demand on transparency and accountability of public institute regarding their financial management has increased more these days. It has been established ever since the reformation and decentralization era. The government's financial transparency and accountability, either for central or regional, has been such a crucial issue from many parties. This condition is supported by political freedom where mass media has the liberty to expose almost every cases and event regarding government financial that is never been touched by public before.

At the end of 2019, there was a hectic on the society regarding DKI Jakarta budgeting plan for 2020. On the budgeting plan, it is stated that Rp82 billion will be allocated for school to buy Aibon glue. This case has strengthened the society assumption on public sector organization as an inefficient place of fund where it is being extravagated and leaked. Based on this case, a lot of circles from different parts of society have demand public transparency and accountability from these public sectors. The claim is in line with UU No.32 Tahun 2004 and UU No.9 Tahun 2015 that is used as the foundation of institutional reformation on creating good governance; a clean, economics, effective, transparent, responsive and accountable governance.

UU No.32 Tahun 2004 and UU No.9 Tahun 2015 are related to the shifting of the funding authority given by central government to regional government.

This paradigm of shifting is aimed to good governance that according to United Nation Development Program (UNDP) on Mardiasmo (2018), it covered participation, rule of law, transparency, responsiveness, consensus orientation, equity, efficiency and effectiveness, accountability, and strategic vision. In a government organization context, public accountability is information given to public and other constitution that holds interest (stakeholders) (Mahmudi, 2007). Accountability is not only the ability to show how public fund is being spent but also the ability to show that this public fund is being spent economically, effectively, and efficiently. Public accountability also includes the responsibility of explaining and answering question regarding what have already been done, what is currently going on, and the plan for future on public organization.

Performance measurement is a crucial factor in an organization, as well as public sector organization. It is needed to assess organization accountability in public services whether or not it is good and right on target. There are three goals on doing this performance measurement. First, it is supposed to help the government on boosting up their performance as it will help them to focus on the goals and the target of certain unit program. This also helps with the increasing of efficiency and effectiveness on public institute on performing public service. Then, this performance measurement will be used for decision making and allocation for resources. Lastly, it is made as public responsibility and to restore institutional communication (Mardiasmo, 2018).

Performance measurement is also one of the important factors on implementing management strategic. It becomes crucial as performance

measurement is one of the steps on management strategic cycle. By understanding these management strategic cycles, it can be acknowledged that performance measurement is a vital phase for the successful of implementing management strategic. A strategic plan that has been implemented by the organization needs a place to actualize this plan into a daily organization's activity. The implementation of this plan will achieve its desired quality when it is supported by the performance measurements' cycle inside management strategic.

The result of public institute's performance measurement has to be reported in a form of performance accountability report. Creating this report is a manifestation that public institute do (Mahmudi, 2007). Public institute's performance is a multidimensional; therefore, there is no single indicator that can be used to show the performance comprehensively. On the other hand, in private institute, the output is intangible; therefore, the financial measurement is not enough to measure the performance of public institute. That is the reason why non-financial performance needs to be improved.

In order to accomplish the objective and well-covered measurement for both tangible and intangible aspect, a performance measurement method has to be designed to not only be representative but also applicable. There are some tools that can be used in doing performance measurement such as Balance Score Card and Value Money methods. In doing Balance Score Card, there are four perspectives that are measured; financial, customer, internal, and also growth and learn. While on Value for Money, there are three elements that are being measured; economic, efficiency, and effectiveness.

Value for Money is a core of performance measurement in public organization because government's performance cannot be dignified from output only as it needs to consider the input, output as well we outcome all together at the same time. Value for money is a concept of public organization's management which is based on three main ideas; economic, efficiency, and effectiveness. Economic means that input with certain quality and quantity with the lowest price. Efficiency means a maximum certain input, while effectiveness is a degree of achievement on a targeted result from a program. The goals desired by society covers the responsibility on applying Value for Money which are economic on holding and allocated resources, efficient on spending resources minimally but maximize the result, and effective in achieving goals and targets. Based on those three elements of Value for Money, some parties argued that it is not enough (Mardiasmo, 2018). It needs two others element to be added; equity and equality. Equity means that everyone has the same right to get services without any discrimination or privilege for certain group. Equality means that the government has to apply equality to the society by considering those in need to come first.

Indonesian educational sector is the fifth out of 34 ministries that obtain 20% of state budget (APBN). It was designed in order to fix the education quality in Indonesia that still requires to be fixed and improved in so many features. Ten years after receiving increasing of budget by 20% from state budget (APBN), there is still no significant result. This is in lined with what finance minister stated on how Indonesia is still behind some other Asian country in education even though it has been funded by the state budget (APBN) of 20% for this whole 10

years. It is still unsatisfying and even disappointing for us as Indonesian graduates who are not striking the desired level (Anoname, 2016).

In 2018, Indonesia ranked as 62nd with the PISA score of 295.3. This score is far from other countries such as Singapore of 556 and Thailand of 414. It is even left far behind from Vietnam that got 495. This condition is rather reversed with the hope that by big budget proportion will improve the education quality. Well-budgeting execution is far more needed than big budget to mend this case.

Performance measurement is needed in order to acknowledge the performance of programs as a whole. The performance of Education and Culture Department in many areas often assessed as its input and output only. This institute is rated as fairly successful on actualizing the budget by 100% (input) and working its annual program (output) without any assessment on its result (outcome), benefit, and also impact. As a consequence, non-financial measurement is needed for performance measurement for public institute. Based on that, the writer is tempted to do reserach by analyzing the performance of Education and Culture Department at Magelang and Sleman using Value for Money method.

The Education and Culture Department at Magelang and Sleman require performance measurement in order to acknowledge the performance as a whole in doing their programs. The performance of this department is often being assessed from its input and output only. This institute is rated as fairly successful on actualizing the budget by 100% (input) and working its annual program (output) without any assessment on its result (outcome), benefit, and also impact. As a

consequence, non-financial measurement is needed for performance measurement for public institute. Based on that, the writer is tempted to do study by analyzing the performance of Education and Culture Department at Magelang and Sleman using Value for Money method.

2. Problem Formulation

Based on the description above, the issue to be analyzed in this research was how was the performance of the Education and Culture Department at Magelang and Sleman from 2017-2019 with Value for Money approach analysis and focused the research on the following:

1. How was the performance of Education and Culture Department at Magelang and Sleman from 2017-2019 in economic perspective?
2. How was the performance of Education and Culture Department at Magelang and Sleman from 2017- 2019 in efficiency perspective?
3. How was the Education and Culture Department at Magelang and Sleman from 2017- 2019 in effectiveness perspective?

3. Research Objective

Based on the problem formulation written above, this reseach aims to:

1. To acknowledge the performance of Education and Culture Department at Magelang and Sleman from 2017-2019 in economic perspective.
2. To acknowledge the performance of Education and Culture Department at Magelang and Sleman from 2017-2019 in efficiency perspective.

3. To acknowledge the performace of Education and Culture Department at Magelang and Sleman from 2017-2019 in effectiveness perspective.

4. Systematical Writing

To simplify and clarify the writing of this thesis, the researcher used systematical writing so that the writing will be well-structured. This research is divided into several chapters as follow:

CHAPTER I: INTRODUCTION

This chapter contains the background of the research, problem identification, problem formulation, research objectives, research contributions, and systematical writing.

CHAPTER II: REVIEW OF RELATED LITERATURE

This chapter describes references of previous studies which were ever done in the same field as well as to load the basic theory used to approach the issues examined.

CHAPTER III: RESEARCH METHOD

This chapter elaborates the method of analysis used in the research and the data source used.

CHAPTER IV: DATA ANALYSIS AND DISCUSSIONS

This chapter contains the finding results from the data that had been obtained previously and analysis to find out the influence of the respective data obtained.

CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS

This chapter is the concluding chapter which contains the conclusions and implications of the analysis results of the data from the previous chapters.



CHAPTER II

LITERATURE REVIEW

1. Theoretical Framework

This chapter comprises several theories and previous studies that are used to answer the research questions. Those theories are expected to be helpful for the researcher to conduct this research. This chapter includes the theories of Value for Money.

1.1 Agency Theory

The development of business around the society keeps on changing, there is a need to separate owner from management. This creates agency relationship where principal (owner) trusts the agent (professional manager) to work their business. It is done by principal to look for media that supervise management's job who holds a little or no interest of the business and convince them of fair performance which build agency conflict between owner and management (Patrick and Vitalis, 2017).

According to Jensen and Meckling (1976) on Bilsqis (2015), agency theory is an interaction between agent and principal. Agent is one that receive order while principal is one that give order, supervise, give assessment and advice to agent's job. Sugiyono (2013) stated that principal gives authority to agent as well as sources (in form of tax and others).

Agency theory implied information asymmetric between manager (agent) and shareholder (principal). Information asymmetric described as some parties in business transaction to have more information than others or an imbalance

information received between management as information provider with shareholder and stakeholder as the user of information (Scott, 2015). Information asymmetric arise when manager knows more of internal information and company's prospect in the future than other shareholders and stakeholders

1.2 Budgeting

Budgeting represents the accounting instrument used by companies on a regular basis to plan and control their actions in order to satisfy their clients and secure their success on the market (Horngren et al., 2010). The budget can be defined as a financial plan that includes calculating the revenues and expenses of the state, a social or economic organization for a determined period of time (Caraiani, 2008). The budget may become an instrument for the amortization and optimization of the relation between revenues and expenses within an entity whereas the costs budgeting may become a systematic economical practice that demands carrying out a formal process by which financial resources are distributed in order to achieve the time-objectives for the forthcoming periods (Briciu et al., 2016).

Budgeting process is a very crucial process that has become a highlight on a public institution for many times. Many budgeting approaches has been improved following the era revolution and the dynamic of public organization's need itself (Nordiawan et al., 2017).

The word “budget” has known to be originated as an English word. However, it is actually come from French, “bougette” that means a small bag. The word “budget” had been used formally in a government financial planning on

1713 for the first time when the British Finance Minister brought a little bag filled with government financial proposals that would be delivered to the parliaments. He then stated “let's open the budget” (Arif, 2020).

Its definition then grow as time goes by, The National Committee on Governmental Accounting of United States has defined budget as an activity plan that is measured by currency includes estimated expenditure for a certain period and resource being proposed to sponsor this estimation.

a. Budgeting Function

According to Nordiawan et al. (2017), budgeting functions on public institute management are:

1. As a planning tools
2. As a controlling tools
3. As a policy tools
4. As a political tools
5. As a coordination and communication tools
6. As a performance measurement tools
7. As a motivation tools

b. Types of Budgeting

In general, budgeting can be classified into the following: (Nordiawan et al., 2017)

1. Operational Budget or Capital Budget

According to its activities, budgeting can be divided into operational budget and capital budget. Operational budget is used on designing the need on daily operational for the whole year. On the other hand, capital budget shows a long term plan and the spending on fixed asset such as building, equipment, vehicle, furniture, and others.

2. Tentative Budget and Enacted Budget

Based on its law status, budgeting can be divided into tentative budget and enacted budget. Tentative budget is one that does not need validation from legislative as it is emerge unplanned. Meanwhile, enacted budget is a well-planned budget that is being discussed and agreed by legislative.

3. General Fund Budget and Specific Fund Budget

In government, state fund is divided into General Fund and Specific Fund. General fund is used to sponsor government's daily and general activity, whereas specific fund budget is allocated for certain goals such as debt settlement.

4. Fixed Budget and Flexible Budget

In fixed budget, expenditure appropriation has been determined at the beginning of budgeting year. In the meantime, flexible budget is a goods/service price per unit that has been determined but the amount as a whole will be adjusted according to the amount of activities.

5. Executive Budget and Legislative Budget

According to its disposition, budget can be divided into executive budget and legislative budget. Executive budget is a budget arranged by the executive, in this case the government, while legislative budget is a budget settled by the legislative without any party from the executive.

c. The budgeting process

The budgeting process is characterized by the following features (Nicolae & Anca, 2010).

1. Planning and coordination

The budgeting process is based on some more general long-term objectives with the purpose of elaborating through operational plans for different sectors or executive links of the enterprise. Planning is the key to success in any business and it is encouraged by the allotment of budgetary resources.

Planning is reflected in the master budget that includes all the secondary budgets, a fact that determines the managers to consider the relation among the function of the budgets and the various departments of the enterprise and to analyze the way in which they contribute to achieving the objectives.

2. Authority and responsibility

The budgeting process assumes that the entity is organized in responsibility or budgetary centers and follows clear instructions regarding the responsibilities of each manager that has a budget as well. Adopting a budget includes the authorization of all its activity plans, allowing the

exceptional management which means that a subordinate is given a specified role and also the authority and necessary resources to carry out the assigned part of the plan but if the activities do not follow the plan, the variations are reported to the superior authority.

3. Communication

The budgeting process involves all the managerial levels and constitutes an important means of communication between the superior and middle management regarding the targeted objectives and their achievement. When the budgeting process ends, the approved plans are communicated to the entire involved personnel.

4. Control

This element of budgeting is the least expected by employees. The process of comparing the current results with the planned or budgeted results and reporting the comparison's results, which is in fact the budgetary control, establishes a guideline for carrying out the plans within the set limits for the expenses.

5. Performance evaluation

The performance of the managers is partially evaluated according to their ability to implement the budgets. The data regarding the manager's budget and his ability to achieve the budget objectives is an important factor whenever a manager is evaluated to be promoted, to give a raise or

in any other kind of assessment. The budgets used as objectives may assist a manager in monitoring his own performance.

1.3 Value for Money

Before discussing Value for money, it is better to understand about performance. Performance is an achievement illustration in an activity on actualizing target, goals, mission and vision of an organization (Bastian, 2019). Mahsun (2019) stated that performance is a preview of an activity/ program /policy on portraying its target, goals, mission, and vision of an organization that is stated on its strategic planning. The word performance is often used to address accomplishment or achievement of an individual or individual group. A performance can be known when an individual or individual group has the criteria of an achievement that has been set. These criteria are the desired goals. Without goals or targets, a performance of an individual or an organization may not get acknowledged as there won't be any benchmark. From those definition, it can be concluded that performance is a condition that has to be acknowledged by certain party to understand whether an institute or organization has reach the certain level of desired vision planned.

Mahsun (2019) argued that performance measurement is a process of assessing performance progress on its goals and target that has been plan before, that includes: the efficiency of resource used on producing goods and services; goods and services quality (how good are goods and services handed to the customer and how satisfied are they); the activity result then compared to the desired goals; and effectiveness on the activity on achieving goals. In conclusion,

performance measurement is a method or tools that is used to record and assess the achievement on activity based on its goals, target, and strategy so that it is possible to acknowledge the organization progress to improve the quality on decision making and accountability.

Value for Money, according to Mardiasmo (2018), is a concept on how a public institute manages its three main elements; economic, efficiency, and effectiveness. Another idea listed by Audit Commission on its Final Report stated by ITAD:

VFM is about obtaining the maximum benefit over time with the resources available. It is about achieving the right local balance between economic, efficiency and effectiveness, or, spending less, spending well and spending wisely to achieve local priorities. VFM is high when there is an optimum balance between all three elements, when costs are relatively low, productivity is high and successful outcomes have been achieved (Barnett, Chris. et al., 2010).

A value for money study, evaluation or critique is about forming an objective assessment about whether a program, project or activity is designed to, or has achieved, the best use of resources to optimize costs and benefits (outputs, outcomes, quality of service and increasingly issues of equity). Value for money studies typically follow a structure of diagnosis – what is the issue, e.g. under performance or scope for doing things better to obtain a hypothesis; the second stage is analyzing the underlying data – both quantitative and qualitative to test the hypothesis; the final stage is synthesis, where the data derived from the

analysis is triangulated to obtain well-founded conclusions to derive practical recommendations for improvement (Bourn, 2007).

As with any major activity, it is important that a value for money examination follows principles of good project management. In the UK National Audit Office, the approaches are as follow (<http://www.nao.org.uk/>):

- a. To develop a business case justifying the examination, the issues will address the evidence collected and how this will be analyzed together with a budget and time line for completing the study.
- b. Fieldwork stage to complete the analysis, derive conclusions about value for money achieved, and/or potential to do so and formulate recommendations.
- c. Give opportunity for departments, agencies or other stakeholders to comment on the findings, interpretation and presentation of evidence and conclusions – but the Auditor General retains ultimate responsibility for his conclusions and right to report to Parliament.
- d. Publication

Based on the definitions above, it can be concluded that Value of Money is a concept of performance measurement in a public institute with three main elements: economic, efficiency, and effectiveness on utilizing resources and it can be elaborated more as:

1. Economic

Economic is a certain input on a lowest price. It is a comparison of input and input value that stated in a monetary. The economic relates with how long a public organization can minimalized input resources on having

unnecessary and unproductive spending (Mardiasmo, 2018).. Economic indicator is about the input indicator. A question addressed is “does an organization spend fund economically?” (Bastian, 2019).

2. Efficiency

Efficiency is a relationship between input and output where goods and services are purchased by the organization being used to reach certain output (Bastian, 2019). It is the comparison of output/ input that is related to the performance standard or target that is planned (Mardiasmo, 2018)..

3. Effectiveness

Effectiveness is a relationship between output and goals, where effectiveness is measure based on how long the output, policy, and organization's procedure reach the goals planned (Bastian, 2019). When an organization successfully achieves its goals, this organization is working effectively. Effectiveness only sees whether or not a program has achieved its goals being planned (Mardiasmo, 2018).

From the explanations above, it can be concluded that (1) economic is related to input, (2) efficiency is related to input and output, and (3) effectiveness is related to output and goals.

2. Previous Study

1. Putri Ardi Ayuningtyas (2012) in “Analisis Value for Money dalam Pengukuran Kinerja Dinas Pariwisata dan Kebudayaan Kota Yogyakarta Periode Tahun 2009- 2011”.

The study proposed to assess Yogyakarta Tourism and Culture Department. The method used on this research was by documentation, collecting the data that were related to the research conducted. Data collected contained program plan and realization of Yogyakarta Tourism and Culture Department while document being used was Laporan Akuntabilitas Kinerja Instansi Pemerintah (LAKIP) of the department from 2009- 2011. The result of this research was that Yogyakarta Tourism and Culture Department performance worked economically, efficiently, and effectively.

The similarity of this research with previous research was that they were doing its performance measurement by applying Value for Money for its analysis. On the other hand, the difference was on the target areas, Yogyakarta Tourism and Culture Department and Magelang Education and Culture Department.

2. Dian Anisa (2011) in “Evaluasi Kinerja Keuangan Dinas Kesehatan Kota Makassar Melalui Pendekatan Value for Money”.

The research proposed to acknowledge finance performance of Makassar Health Department through the 3E (economic, efficiency, and effectiveness) measurement. This research showed the economic and efficiency level of this department which was able to reach decent result. However, the level of effectiveness was still lacking based on its public satisfaction.

Anisa (2011) used three methods for collecting data, which were (1) interview to know its performance from economic aspect; (2) documentation to know its performance from efficiency aspect; (3) questionnaire with 100 samples to know its performance from effectiveness aspect.

The similarity of this research with previous study by Anisa (2011) was that both were assessing public sector organization performance using Value for Money, while the differences were on the object and method. Previous study took place in Health Department at Makassar and used three methods on collecting the data, while this research took place in Education and Culture Department at Magelang and Sleman and used documentation on collecting its data.

3. Tri Siwi Nugrahani (2007) in “Analisis Penerapan Konsep Value of Money pada Pemerintahan Daerah Istimewa Yogyakarta”.

This research proposed to simplify performance measurement for public sector by using Value of Money concept that focussed on economic, efficiency, and effectiveness. The result of this research showed that DIY local government's financial performance is fairly economic and efficient but less effective.

The data collected in this research used secondary data from Biro Pusat Statistik Pemda DIY in a form of data about APBD and APBD realization for 2002- 2004, while the sample used was APBD and APBD realization of

DIY local government for four years. Method analysis used is quantitative and qualitative.

The similarity of this research to prior one was that both were assessing the performance on public sector using Value for Money concept. The difference is on the method analysis and object. Prior study was conducted on DIY local government by using qualitative and quantitative, while this research was conducted on Education and Culture Department at Magelang using descriptive analysis for its method.

4. Yosie Dwinanda (2008) in “Analisis Value for Money dalam pengukuran Kinerja Dinas Pendidikan Kota Yogyakarta”.

This research was done by Dwinanda (2008) which aimed to acknowledge the performance of Education Department at Yogyakarta from 2013 - 2017 by using value for money method. The result of this research showed that the performance of Education Department at Yogyakarta is economic, efficient enough and less effective.

3. Research Framework

A public sector organization requires performance measurement to help public manager on assessing its strategy achievement. Performance measurement in public sector organizations are not only on its financial measurement but also on its non-financial as the main goals of this organization is not to make profit but to improve society welfare. Public sector organization's performance is multidimensional which makes no single indicator to be used in measuring

performance. Other than that, output produced is intangible; therefore, there is an urgent to have non-financial measurement that reflect output produced.

Value of Money is the core of performance measurement in public sector organization. Value for Money is a concept of organizing public sector that based on three main elements; economic, efficiency, and effectiveness which will be elaborated more as:

1. Economic is a certain input on the lowest price. It is related to how far public sector organization can avoid the unnecessary and unproductive spending.
2. Efficiency is an output achievement that maximized with the certain input. It is the comparison of output related to performance standard or target planned.
3. Effectiveness is a successful level of a program with the desired target.

Education and Culture Department at Magelang and Sleman as one of public sector organizations concerning on education also needed performance measurement in order to acknowledge its whole program performance. Its performance often rated from its input and output. This institute was adequately successful on absorbing budget by 100% (input) and conduct annual program (outcome), without any judgment on its outcome, benefit, and impact. Therefore, it requires non-financial measurement in measuring public sector organization performance. Performance measurement using Value for Money, input, output, and outcome has become the indicator for measuring performance so that it can be

assessed from economic, efficiency, and effectiveness from Education and Culture
Department at Magelang and Sleman.



CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Design

This research used descriptive qualitative approach. It proposed to reveal empirical facts scientifically based on scientific logic, procedure, and supported by strong method and theory matched with the desire area (Mukhtar, 2013). According to Mukhtar (2013), qualitative descriptive is basically using data as the reference on the study. In this research, it was divided into primary and secondary data. Both had to be found by the researcher while doing the research.

This research showed the analysis of a phenomena using words rather than numbers. The result of this research was illustration based on the fact found on the field that was processed more intensively. In this research, the researcher wanted to obtain the illustration clearly and deeply about the Education and Culture Department at Magelang and Sleman from 2017- 2019 through its economic, efficiency, and effectiveness.

3.2 Research Location

The research location was conducted in the Education and Culture Department at Magelang and Sleman.

3.3 Data Collection Method

1. Library research. Data collection through library research was conducted by investigating books or literatures and scientific journal to obtain theoretical basis that is strong and comprehensible about financial performance measurement with the principal of Value for Money.
2. Documentation. Documentation is a data collection technique that indirectly showed the research subject. The document used for this research was a financial performance report of Education and Culture Department at Magelang and Sleman from 2017-2019.

3.4 Data Analysis Method

This research used qualitative descriptive analysis for its method in the form of case study by collecting, processing and interpreting data obtained. Financial performance analysis was measured through financial calculation ratios that is a financial performance measuring instrument. The formula used on measuring financial performance of Education and Culture Department at Magelang and Sleman using the concept of Value for Money through: economic ratio, efficiency ratio and effectiveness ratio.

1. Economic Ratio

Economic ratio is input with certain ratio on the lowest price. Economic ratio is the comparison between institute expenditure and the budget plan.

Economic measurement through the ratio between actual income and budget fixed and planned.

Efficiency ratio can be calculated with the formula:

$$\text{Economic Ratio} = \frac{\text{expenditure realization}}{\text{expenditure plan}} \times 100\%$$

Based on the calculation, it is then classified in accordance to percentage measurement. Afiati (2011) stated that financial performance above 100% is classified as non economic, 90%- 100% as less economic, 80%-90% as enough economic, 60%-80% as economic and below 60% as very economic. The lower the economic ratio, the better the performance ratio.

2. Efficiency Ratio

Efficiency ratio is the maximum output achievement with a certain input. Efficiency can illustrate the comparison on how big an expenditure to get the income realization.

Efficiency ratio can be calculated with the formula:

$$\text{Efficiency ratio} = \frac{\text{expenditure realization}}{\text{income realization}} \times 100\%$$

Based on the calculation, it is then being classified accordingly to the measurement percentage. Afiati (2011) argued that when a financial performance is above 100%, it is classified as non efficient, 90%-100% as less efficient, 80%-90% as efficient enough, 60%-80% as efficient and below 60% as very efficient. The lower the efficiency level, the better the performance ratio.

3. Effectiveness Ratio

Effectiveness ratio shows the ability of local government in realizing the planned income compared to the target plan.

Effectiveness ratio can be calculated with this formula:

$$\text{Effectiveness Formula} = \frac{\text{Income Realization}}{\text{Income Budget}} \times 100\%$$

Based on the calculation, it is then classified accordingly to the measurement percentage. Afiati (2011) stated that when a financial performance percentage is above 100% it means that it is highly effective, 90%-100% as effective, 80%-90% as effective enough, 60%-80% as less effective, and less than 60% as non effective. The higher the effectiveness ratio, the better it is.

CHAPTER IV

DATA ANALYSIS AND DISCUSSION

1. Overview of Magelang

1.1 Geographical Magelang

Magelang is one of many cities in Java Island with the area of 18.12 km². Geographically, this city is located in 100°12'30" - 110°12'52" east longitude and 7°26'28" - 7°30'9" south latitude. Magelang is strategically located in the transportation and economic cross among Semarang, Magelang, Yogyakarta and Purworejo. Beside that, local tourist also travels to Yogyakarta, Borobudur, Kopeng and Dieng hills. It is also supported by Magelang as Pusat Kota Kegiatan Wilayah (PKW) Kawasan Purwomanggung (Kabupaten Purworejo), Wonosobo District, Temanggung District, Magelang City dan Magelang District) on National Spatial Plan and Central Java Provincial Spatial Plan.

Topographically, Magelang is located in a highland with less than 380 m above the sea level, with slope between 50-100 which make Magelang as a city that is flooded free even though it is nearby Progo river on its west and Elo river on its east. The climatology of this city is categorized as wet climate with quite high rainfall for +7.10 mm/year.

According to its administrative region, Magelang is divided into 3 districts and 17 villages with the borders as followed:

- a. North: Secang distric, Tegalrejo distric, Magelang regency
- b. East: Elo river, Tegalrejo distric, Magelang regency

- c. South: Mertoyudan distric, Magelang regency
- d. West: Progo river, Bandongan, Magelang regency

1.2 Vision and Mission of Magelang Government

a. Vision

The development vision of Magelang from 2016- 2021 has been improved to “Magelang as Service City that is Modern and Smart based on Prosperous and Religious Society”. Elements included on these visions are:

1. Service City

The development of Magelang is directed in order to strengthen service sector that is dominated by general government service and public service as the city potential by stressing it on economic, health and educational sectors.

2. Modern City

Modern is defined as an act and way of thinking as well as the behavior according with time demands which means that it is a condition where this city is more advanced than others, able to compete with others using the available potential. Modern city is a capable city on harmonizing social, physical and economic with culture and history that is existed on that particular city. It is also equipped with the characteristics such as financially prosperous society, leading city on its service (modern city provides service that covers the need of its people or people in general), and captivating city visual (modern city can be seen through its physical as

it is interesting, neat, and enchanting to the comfort of its society to live and create).

3. Smart City

Smart city is defined as a city that managed effectively and efficiently in order to maximize its service to the society fairly without discrimination with information connectedness that is easy to access and communication with basis of information technology that it done in business world, public service organizer, society mechanism on stating aspiration, control and even complain and other field that supports the value of regional competitiveness.

Elements of Smart City:

- a) Smart Governance: the establishment of e-governance and the existence of society participation on planning the development.
- b) Smart Infrastructure: the expansion of IT network and management information system with IT based.
- c) Smart Economy: the management of city branding, expanding entrepreneurship, expanding e-commerce and creative economic.
- d) Smart Environment: the management of environment using IT based, management of natural resources using IT based and the utilization of renewable energy resources.
- e) Smart People: education and the expansion of human resource who are aware of technology and research support, the expansion of society with social cultural characteristic.

f) Smart Living: the simplicity of accessing educational service, health service, media development and security service.

4. Prosperous Society

The realization of prosperous city can be achieved through the development and stabilization of flourishing the society fairly without discrimination. This realization is done by enhancing the role and function of public institute, private one, civil society, and mass media especially the one in economic service, health and education service, creating job opportunities on economic service industry, health and education service without neglecting the development of other industry in order to create empowered and independent society.

5. Religious Society

Religious society is defined as a society who practice devotion to their God in their daily life as a part of citizen and society. In this society, the people are warranted to be able to perform their belief with the adequacy of place.

b. Mission

According to Magelang vision above, the following is the mission of Magelang from 2016-2021 as followed:

1. Upgrading the quality and professionalism of its human resource by optimizing the development of technology as the based on creating cleanliness and aware of its society aspiration in regional government

area, able to increase and manage the society aspiration in order to give effective and efficient service to the society to enhance prosperous society.

2. Expanding and manage the city's facility and its basic service facility on education, health and trade to be more modern and ecofriendly.
3. Increasing the city infrastructure on equal distribution to support the economic and prosperous society equal distribution.
4. Expanding the region art and culture potential as the base of expansion and development of Magelang tourism.
5. Strengthening religious life and tolerant among religious people through conducting religious event and increasing facility for people on performing their belief as the base of civil society.

1.3 Geographical of Sleman District

Sleman is one of the districts in Daerah Istimewa Yogyakarta (DIY). Sleman district is 7574.82 Km² and 18% from DIY. Geographically, Sleman district is bordered with other districts such as on north side with Magelang and Boyolali, on west side with Klaten, on east side with Kulonprogo and Magelang, and on the south side with Yogyakarta, Bantul and Gunungkidul. On its accessibility, Sleman district is easy to be accessed since it can be seen that Sleman is the center of everything right after Yogyakarta. Moreover, there are a lot of university in Sleman. While for the administrative, Sleman is divided by 17 districts, 86 villages and 1.212 hamlet.

Sleman district is located approximately on 100 up to 2,500 meter above the sea level. On the south side is relatively flat with the main objective to be used as farming, industrial, habitation, while on the north side is mountain slope of Merapi has many water sources potential. On the south side of Merapi's mountain slope, there are two hills, Turgo and Plawangan that are a part of Kaliurang tourist place. Some rivers also flow through Sleman and going to southern beaches such as Progo, Krasak, Sempor, Nyoho, Kuning, and Boyong river.

Sleman was chosen as the research location and become the title as consideration. Geographic location which is included as developed city has become one of the reasons why writer chose Sleman district as research location, considering the phenomenon of female SPBU worker. Sleman is included as developed district with many SPBU that have females as the worker.

1.4 Vision and Mission of Sleman District

a. Vision

To create Sleman society to be more prosperous, independent, cultural, and e-government system that will be integrated with smart regency by 2021.

1. Area Characteristic

Based on the resource characteristic, Sleman can be divided into 4 areas, which are:

- a) Merapi's mountain slope area starts from a road that connected Tempel, Turi, Pakem, and Cangkringan (ring belt) up to the top of Merapi Mountain. This area is full of water resource and

ecotourism potential that oriented with Merapi mountain activity and its ecosystem.

- b) West side that covered Prambanan, Kalasan, Berbah is rich of ancient relic (temple) as the center of culture tourism and dry area as well as white stone resource.
- c) On its center, an agglomeration of Yogyakarta covered Mlati, Sleman, Ngaglik, Ngemplak, Depok, and Gamping. This area is quickly developed and it is a center of education, industry, trade and service.
- d) East side covers Godean, Minggir, Seyegan, and Moyudan. It is a wet farming area and produce the main ingredient of arts industry such as mending, mambu and earthenware.

Based on its growth center, Sleman district is the head area of Yogyakarta and can be distinguished into:

- a) Agglomeration area of Yogyakarta that covered Depok, Gamping, as well as Ngaglik, Ngemplak, Kalasan, Berbah, Sleman, and Mlati.
- b) Sub-urban area covers Godean, Sleman, and Ngaglik that are located quite far from Yogyakarta and developed to be a destination for society around this district to be a development center.

c) Specific function area or buffer one that covered Tempel, Turi, and Cangkringan which are also the development center for the area around.

2. Demographic

Sleman is one of districts in Daerah Istimewa Yogyakarta. This district is included on a packed area due to many comers, especially university students who go to some universities in Sleman district area. It is also closed to the fact that many universities are located in Sleman so many students from other places are coming here. It can be seen that the society is rather individual and have weak social solidarity.

The number of people living in Sleman in 2013 increased by an average of 3.7 on every household. Based on the census, this number reached 1,137,365 with the rate of population growth 1.31 percent. Sleman society are mostly on its productive age by 15- 60 years old.

3. Education

By the end of school year 2012/2013, many schools on Sleman has also entered the 10-best school on province level. The education development of this district is not only increasing the quality, but also oriented on the education spread. One of the government commitments is to give education for every child minimum for hichschool (SMA/SMK) by facilitating the education flow for those needed families.

The effort to increase the quality of education is done by school, especially on SMP and SMA and SMK by making the students

acknowledging electronic media literacy and also social media. In order to make the student grow accordingly and able to do activity that integrates media on positive matter. On the other hand, school head master and teachers are encouraging the communication with parents and guardian with the purpose on reaching the goals on teaching and keeping an eye on school environment. On its public service, there has to be a transparency, accountability and professionalism. Therefore, it is needed to be minimized the possibility of mistake as minimum as possible. On every policy and activity, school head master should follow the fixed regulation.

4. Social Welfare

The construction of health department is able to support the effort on increasing social welfare, so that the average of life expectancy is 76.01 years or above 74 years on province and 70.6 for national. Furthermore, infant mortality rate per 1.000 birth is 4.60 or much better than the province number by 16 and 34 for national per 1,000 birth. On 2013, the mortality of mother giving birth was 63.70 per 100,000 birth, below the province by 124 per 100,000 birth and national by 226 per 100,000 birth. The more its health increase and life expectancy, the more it shows the social welfare of Sleman district is increasing.

The social welfare of Sleman can also be seen from both public and private sectors on accommodating foster kids on orphanage. Sleman has more or less 35 orphans, both private and public owned, and they are accommodating 1,500 children. With the availability of these orphanages

give hope for those coming from poor family to have a better future. There are at least 500 potential workers for Sleman human resource based on its society, youth group, and child care. This is one of the social concerns of Sleman for those in need.

b. Mission

Based the vision of Sleman district, the mission of Magelang city for 2016-2018 are:

- a) Upgrading government governance for its bureaucracy quality to be responsive and the integration of e-govt on giving service to the society.
- b) Increasing the quality of education and health service that should be able to be accessed by every part of the society.
- c) Increasing the immune system of society economic, accessibility and the ability of society economic and poverty alleviation.
- d) Set and establish the quality of natural resource management, environment, and comfort.
- e) Increase the quality of society culture and proportional gender equality.

1.5 Main Task and Function of Education and Culture Department of Magelang City and Sleman District

The main task of Education and Culture Department of Magelang City and Sleman District are to formulate technical policy that gives guidance and permission on education in Magelang based on the applicable law. Based on the

Magelang Mayor Regulation number 21 year 2008 about the explanation of Main Task, Function and Details of Main Task for Structural in Environment District Department, it is stated that the main task for Education and Culture Department is to support the Major on running its business for education and culture. In order to run this, the function of Education and Culture Department is as followed:

1. Formulating plans and technical policies on education and culture field that covers Primary Education, Early Childhood Education and Society Education, Teacher and Educational Staff, as well as culture.
2. Coordinating and briefing on constructing program, financial management as well as general matter and the employee affairs of education and culture department.
3. Implementing task according with applicable laws and regulation
4. Controlling and coaching on the operational running for its task.

On running its main task, Education and Culture Department of Magelang city and Sleman district have its functions as followed:

1. Coaching and managing Primary Education.
2. Coaching and managing Teaching and Educational Staff.
3. Coaching and managing culture.
4. Coaching and managing Early Childhood Education and Society Education.
5. Giving technical service and administrative on the area of Education and Culture Department.
6. Discussion

1.6 Financial Data of Magelang City

In this research, the data used was the income budget realization and expenditure of Magelang Government for the period of 2017 – 2019. The data is as followed:

Table 4. 1. Education and Culture Department of Magelang City Income Budget and Expenditure for the Budget year 2017 – 2019

No	Program	Amount		
		2017	2018	2019
1	Office Administration Service	1,190,000,000	2,124,530,000	52,639,067,000
2	Quality Improvement Program for Educators and Education Personnel	728,200,335	1,693,112,000	1,463,478,000
3	Early Childhood Education	197,466,972,597	908,573,000	1,016,331,000
4	Nine years Compulsory Education	1,970,845,000	25,244,805,000	2,041,126,000
5	Non- Formal Education	4,253,586,700	876,712,000	148,701,000
6	Quality Improvement of Educators and Education Personnel	22,483,168,380	1,693,112,000	743,390,000
7	Development of Cultural Values	2,294,147,000	57,366,000	1,015,691,000
8	Management of Cultural Wealth	288,883,000	869,655,000	498,342,000
9	Management of Cultural Diversity	1,160,652,000	614,397,000	442,345,000
	Total	231,836,455,012	34,082,262,000	60,008,471,000

Source: Secondary data processed, 2020

Table 4.1 showed that there was a decrease from 2017 income budget compared to 2018 on Education and Culture Department at Magelang. However, there was an increase of income from 2018 to 2019.

Table 4. 2. Education and Culture Department of Magelang City Income Budget and Expenditure for the Budget year 2017 – 2019

No	Description	Amount		
		2017	2018	2019
1	Office Administration Service	992,402,773	1,735,771,580	21,495,716,306
2	Quality Improvement Program for Educators and Education Personnel	685,271,645	1,586,440,368	599,757,988
3	Early Childhood Education	185,144,642,551	668,980,989	126,913,965
4	Nine years Compulsory Education	1,720,913,190	21,710,272,743	2,041,126,000
5	Non- Formal Education	4,094,341,470	802,683,000	129,521,000
6	Quality Improvement of Educators and Education Personnel	21,680,877,876	1,586,440,368	197,012,336
7	Development of Cultural Values	2,160,215,895	42,621,000	756,806,000
8	Management of Cultural Wealth	268,698,020	755,356,184	99,517,272
9	Management of Cultural Diversity	1,151,089,260	580,299,000	264,402,000
	Total	217,898,452,680	29,468,865,232	25,710,772,867

Source: Secondary data processed, 2020

Table 4.2 showed that there was a decrease on realization from 2017 - 2019 in Education and Culture Department at Magelang. The total of its realization decreased from 2017 until 2019.

1.7 Financial Data of Sleman District

In this research, the data used is the income budget realization and expenditure of Sleman District for the period of 2017 – 2019. The data is as follow:

Table 4. 3. Education and Culture Department of Sleman District Income Budget and Expenditure for the Budget year 2017 – 2019

No	Program	Amount		
		2017	2018	2019
1	Early Childhood Education Program	3,093,835,950	7,409,396,550	7,681,005,800
2	Nine Year Compulsory Basic Education Program	127,151,576,813	144,173,228,621	136,702,788.427
3	Program for Quality Improvement of Teachers and Education Personnel	31,498,964,600	35,833,249,300	43,739,635,750
4	Education Service Management Program	6,295,544,050	7,245.468.600	9,439,999,330
5	Student and Teacher Creativity Development Program	878,763,900	919,269,500	1,017.378,000

No	Program	Amount		
		2017	2018	2019
6	Drug abuse prevention program	185,099,400	174.459.500	30,6776,750
7	Non-Formal Education Quality Improvement Program	1,406,299,235	1,159,435,300	1,688,177,000
	Total	170,510,083,948	196,914,507,371	200,299,661,982

Source: Secondary data processed, 2020

Table 4.3 showed that there was an increase of income from 2017 to 2019 in Education and Culture Department of Sleman District. The total of its income was increasing from 2017 until 2019.

Table 4. 4. Education and Culture Department of Magelang City Income Budget and Expenditure for the Budget year 2017 – 2019

No	Program	Amount		
		2017	2018	2019
1	Early Childhood Education Program	2,969,559,900	7,409,396,550	7,560,852,490
2	Nine Year Compulsory Basic Education Program	77,900,467,320	144,173,228,621	128,520,240,182
3	Program for Quality Improvement of Teachers and Education Personnel	24,444,118,430	35,833,249,300	36,788,419,449
4	Education Service Management Program	5,229,791,070	7,245,468,600	8,526,230,986

No	Program	Amount		
		2017	2018	2019
5	Student and Teacher Creativity Development Program	813,140,500	919,269,500	883,323,000
6	Drug abuse prevention program	167,235,800	174,459,500	273,590,750
7	Non-Formal Education Quality Improvement Program	1,305,680,707	1,159,435,300	1,605,366,300
	Total	112,829,993,727	196,914,507,371	184,158,023,157

Source: Secondary data processed, 2020

Table 4.4. showed the increasing on realization for the budget year 2017 up to 2018 in Education and Culture Department of Sleman District. Meanwhile on 2018 until 2019 there was a decreasing on the realization of Education and Culture Department of Sleman District.

1.8 Economic Ratio Test

Economic ratio is related to the income input with the certain quality on the lowest price. Economic ratio is the comparison of institute expenditure to its budget plan. The economical calculation of this ratio happens between actual income and the budget one. The measurement using this ratio, according to Afiati (2011) is when financial performance surpasses 100% is considered as not economics, 90%- 100% as less economics, 80%-90% as quite economics, 60%-80% as economics and below 60% as very economics.

Economic Ratio can be calculated using this formula:

$$\text{Economic Ratio} = \frac{\text{expenditure realization}}{\text{expenditure plan}} \times 100\%$$

Here is the table of Economic Ratio for Education and Culture Department of Magelang for the budget year 2017- 2019.

Table 4. 5. Economic Ratio of Education and Culture Department of Magelang for the budget year 2017- 2019

No	Year	Expenditure Realization	Expenditure Budget	Economic Ratio
1	2017	224,521,788,307	231,836,455,012	97.05%
2	2018	21,495,716,306	34,082,262,000	137.09%
3	2019	52,639,067,000	60,008,471,000	87.71%

Source: Secondary data processed, 2020

Table 4.5 showed the financial performance analysis of Education and Culture Department of Magelang City based on value of money concept that consisted of economic ratio. The economic ratio of 2017-2018 was increasing while for 2018-2019 was decreasing. On budget year of 2017, the economic ratio reached up to 95.05% which was included as less economic category. On the other hand, on the budget year of 2018, it had 137.09% which concluded as not economic category. On budget year of 2019, it had 87.71% which made it as economic enough category. The spending realization on 2018 was bigger than the budget and it means that there was some extravagance on its spending. On 2017-2019, there was some decreasing on its economic. It was due to budgeting policy used by Education and Culture Department of Magelang when they started the program and at the end of it. The spending included for the employee, goods and services, subsitute, hibah, social and financial.

The following is the table of Economic Ratio for Education and Culture Department of Sleman District for the budget year 2017- 2019.

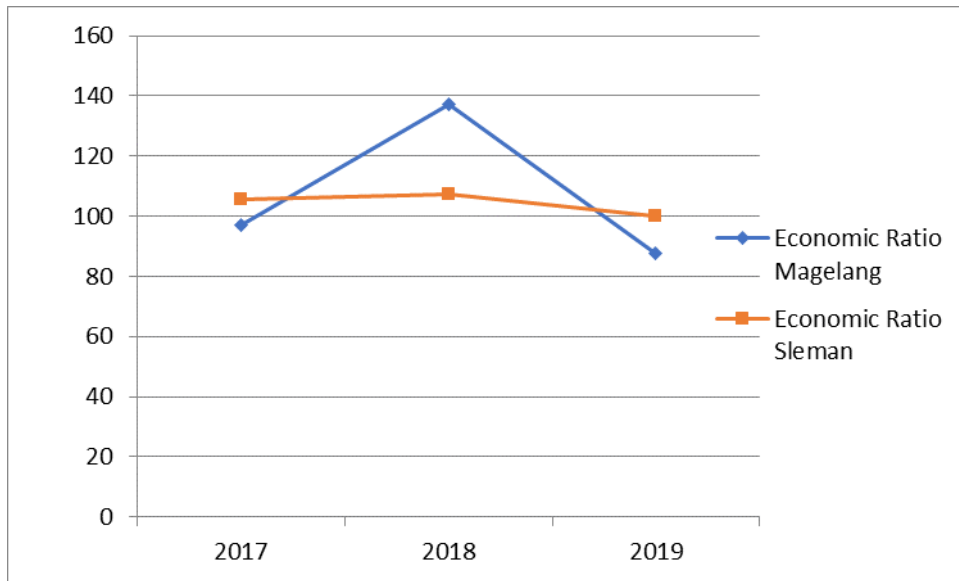
Table 4. 6. Economic Ratio of Education and Culture Department of Sleman Distict for the budget year 2017- 2019

No	Year	Expenditure Realization	Expenditure Budget	Economic Ratio
1	2017	179,901,178,248	170,510,083,948	105.50%
2	2018	210,968,335,471	196,914,507,371	107.13%
3	2019	200,575,761,057	200,299,661,982	100.13%

Source: Secondary data processed, 2020

Table 4.6 showed the financial performance analysis of Education and Culture Department of Sleman Dsistrict based on its value for money concept on economic ratio. The economic ratio showed increasing on 2017-2018. However, it decreased on 2018-2019. On 2017, the economic ratio showed 105.50% which made it as not economic. For 2018, it had 107.13% that made it as not economic category. As for 2019, it had 100.13% which also made it as not economic category. The spending realization for 2017-2019 was bigger than the budget which showed that there was an extravagance. It could also be concluded that the financial performance of Education and Culture Department of Sleman Distric was not economic as a whole. The biggest role that made this happened was the spending realization for grant structure that always surpassed the targeted budget.

The performance measurement chart for economic ratio using value for money from the budget year of 2017 until 2019 is as followed:



Source: Secondary data processed, 2020

Figure 4. 1. The Development of Economic Ratio for Education and Culture Department of Magelang for the budget year 2017- 2018

1.9 Efficiency Ratio Test

Effectiveness ratio is level of program achievement with the target fixed. Effectiveness ratio showed the ability of district government on realizing planned income compared with the target fixed. Afiati (2011) stated that when the financial performance percentage is 100%, it means that it is not efficient, 90%-100% as less efficient, 80%- 90% as quite efficient, 60%- 80% as efficient and less than 60% as very efficient.

Efficiency Ratio can be calculated using the following formula:

$$\text{Economic Ratio} = \frac{\text{expenditure realization}}{\text{expenditure plan}} \times 100\%$$

The following is the table of efficiency ratio calculation of Education and Culture Department of Magelang for the budget year 2017- 2019.

Table 4. 7. Efficiency Ratio of Education and Culture Department of Magelang for the Budget Year 2017- 2019

No	Year	Expenditure Realization	Income Realization	Efficiency Ratio
1	2017	224,521,788,307	217,898,452,680	103.03%
2	2018	34,797,600,000	29,468,865,232	118.08%
3	2019	21,495,716,306	25,710,772,867	83.60%

Source: Secondary data processed, 2020

Table 4.7 showed the financial performance analysis of Education and Culture Department of Magelang based on its value for money on its efficiency ratio. Efficiency ratio was increasing on 2017-2018 while on the other hand, it was decreasing on 2018-2019. In 2017, it showed 103.03% which made it as not efficient category. As for 2018, the number was 118.08% and it made this year also included as not efficient category. Meanwhile for 2019, it showed 83.60% which made it as efficient enough category. The analysis above showed that Education and Culture Department of Magelang could not make used of its sources in order to make an efficient spending as the expected target. In 2017-2018, the was an efficiency decreasing due to the budget allocation on infrastructure building for Education and Culture Department of Magelang. Therefore, there was a deficit for its spending. It was also supported by the undeveloped economic activity. However, it was then slowly growing after having good infrastructure which made 2019 to have an increase on its efficiency for Education and Culture Department of Magelang. It also showed that the performance of its government was getting better. As a whole, from 2017-2019, it can be concluded that Education and Culture Department of Magelang had not

been doing great on accommodating its financial or it could also be said that it was not efficient.

The following is the table of efficiency ratio calculation of Education and Culture Department of Sleman District for the budget year 2017- 2019.

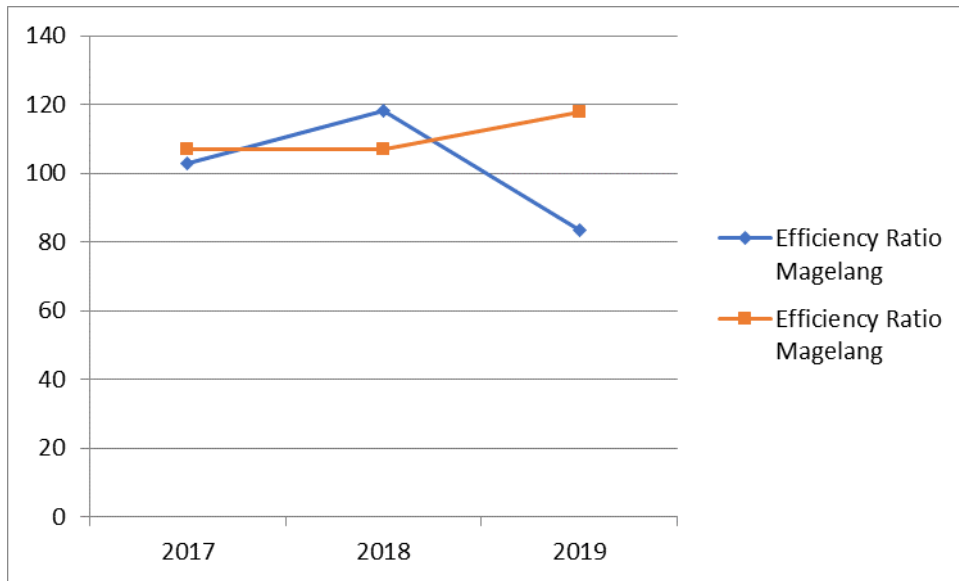
Table 4. 8. Efficiency Ratio of Education and Culture Department of Sleman District for the Budget Year 2017- 2019

No	Year	Expenditure Realization	Income Realization	Efficiency Ratio
1	2017	120,717,320,034	112,829,993,727	106.99%
2	2018	210,968,335,471	196,914,507,371	107.13%
3	2019	217,192,309,057	184,158,023,157	117.93%

Source: Secondary Data, processed 2020

Table 4.8 showed financial performance analysis of Education and Culture Department of Sleman based on the value for money concept which was consisted of efficiency ratio. Efficiency ratio experienced an increase or decrease from 2017- 2019. The efficiency ratio for the budget year of 2017 reached 106.99% which made it not efficient. Meanwhile for 2018 showed that it reached 107.13% which also made it not efficient. On 2019, the ratio surpassed 117.93% which also made it as not efficient category. Education and Culture Department of Sleman was not able to use its resource to achieve its target. This is due to their effort of working on their performance. The result of realization for 2017-2019 on its lower income component while spending component was realized more than the budget.

The performance chart using values for money to see the efficiency ratio for the budget year of 2017 up to 2019 is as followed:



Source: Secondary data processed, 2020

Figure 4. 2. The Development of Efficiency Ratio for Education and Culture Department of Sleman District for the Budget Year of 2017- 2019

1.10 Effectiveness Ratio Test

Effectiveness ratio is the program achievement level from the target fixed. Effectiveness ratio showed the ability of district government on realizing its income planned compared to the target fixed. Afiati (2011) argued that when the financial performance percentage is above 100%, it means that it is very effective, 90%- 100% as effective, 80%- 90% as quite effective, 60%- 80% as less effective and less than 60% as not effective.

Effectiveness ratio can be calculated using the formula as followed:

$$\text{Effectiveness Formula} = \frac{\text{Income Realization}}{\text{Income Budget}} \times 100\%$$

The following is the table of calculation for effectiveness ratio of Education and Culture Department of Magelang for the budget year of 2018- 2019.

Table 4. 9. Effectiveness Ratio of Education and Culture Department of Magelang for the budget year 2017- 2018

No	Year	Income Realization	Budget Income	Effectiveness Ratio
1	2017	217,898,452,680	231,836,455,012	106.39%
2	2018	29,468,865,232	34,082,262,000	115.65%
3	2019	25,710,772,867	60,008,471,000	42.84%

Source: Secondary Data, processed 2020

Table 4.9 showed the financial performance analysis of Education and Culture Department of Magelang based on value for money concept that consisted of effectiveness ratio. Efficiency ratio experienced an increase or decrease from 2017- 2018. Effectiveness ratio for the budget year of 2017 reached 160.39% which means that it was very effective. Meanwhile for 2018 reached 115.65% which means that it was also very effective. As for 2019, it reached 42.82% which made it as not effective. Education and Culture Department of Malang is doing well on its effectiveness side which was not only seen from the increase of effectiveness ratio percentage. Magelang has successfully managed to run its programs well in order to increase their performance. The effectiveness percentage of financial performance of Magelang for 2 years, 2017-2018, had a good number which were above 100% or could also be called as very effective. It was because the income realization that was gained from local government spent lower. Local spending on 2019, however, made it not efficient on spending the budget. This is because of the number spent from local income component and other income. As a whole, the analysis showed that Magelang was very effective as well as independent on its government spending.

The following is the table of calculation for effectiveness ratio of Education and Culture Department of Sleman District for the budget year of 2017- 2019.

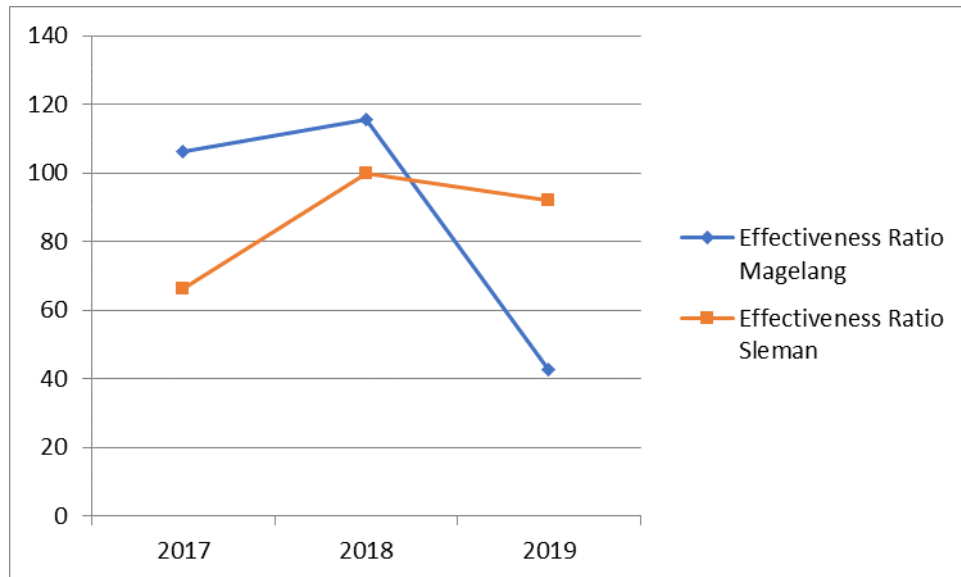
Table 4. 10. Effectiveness Ratio of Education and Culture Department of Sleman District for the Budget Year 2017- 2018

No	Year	Income Realization	Budget Income	Effectiveness Ratio
1	2017	112,829,993,727	170,510,083,948	66.17%
2	2018	196,914,507,371	196,914,507,371	100.00%
3	2019	184,158,023,157	200,299,661,982	91.94%

Source: Secondary data processed, 2020

Table 4.10 showed the financial performance analysis of Education and Culture Department of Sleman District based on value for money concept of its effectiveness ratio. It showed that there was an increase on 2017-2018 but a decrease on 2018-2019. In 2017, the effectiveness ratio reached 66.17% which made it as less effective. While in 2018, it reached 100% which made it as effective category. As for 2019, it reached 91.94% which also made it as effective category. Education and Culture Department of Sleman District showed that they have successfully outdone their programs that increased their performance. Even though they experienced ups and downs, the percentage of effectiveness for Education and Culture Department of Sleman District showed number above 100%. According to its PAD which also increased, it explained how the expenditure for 2017 created ineffectiveness on accommodating its local spending. But it also had a positive impact which made Sleman realize its PAD that concluded this district to be independent for making used of its sources.

The performance chart using values for money to see the effectiveness ratio for the budget year of 2017 up to 2018 is as followed:



Source: Secondary data processed, 2020

Figure 4. 3. The Development of Effectiveness Ratio for Education and Culture Department of Magelang for the budget year of 2017- 2019

CHAPTER V

CONCLUSION AND SUGGESTION

1. Conclusion

Financial performance of Education and Culture Department at Magelang for the budget year of 2017- 2019 based on its value for money concept, it had the economic ratio of 95.05% in 2017 and it was concluded to be less economic. Meanwhile in 2018, it had economic ratio of 137.07% which made it included as a non economic category. As in 2019, it had 87.71% for its economic ratio which made it enough economic. The financial performance at Sleman for the budget year of 2017- 2019 based on its value for money concept, it stated that in 2017, the economic ratio was 105.50% which made it included into non economic category. While in 2018, it had the economic ratio of 107.13% which made it included into a non economic category. As in 2019, it had the economic ratio of 100.13% which was also included as a non economic category.

Based on the financial performance on efficiency ratio, the Education and Culture Department at Magelang showed that in 2017, the efficiency ratio was 103.03% and it was included into non efficient category. While in 2018, the efficiency ratio was 118.08% which was also included into non efficient ratio. However, in 2019, the efficiency ratio was 83.60% which made it efficient enough. On the other hand in 2017, Education and Culture Department at Sleman, had the efficiency ratio of 106.99% and it was included into non efficient category. While in 2018, it had the ratio of 107.13% which made it included into

non efficient category. As in 2019, it had 177.93% which also made it non efficient category.

Based on its financial performance effectiveness ratio of Education and Culture Department at Magelang from 2017- 2019, the effectiveness ratio in 2017 was 106.39% which made it into highly effective category. While in 2018, the ratio was 115.65% which made it into highly effective category as well as in 2019, the ratio was 42.84% and it made this year to be included non effective category. For the financial performance on its effectiveness ratio for Education and Culture Department at Sleman from 2017- 2019 could be concluded as in 2017, the effectiveness ratio was 66.17% which made it into less effective. While in 2018, the ratio was 100.00% which made it included into effective category. And in 2019, the number of ratio was 91.94% which made it into effective category.

2. Limitations

There are some limitations of this study, namely:

1. Expand the sample by adding year of observation to give bigger sample number and the possibility of obtaining real condition.
2. Education and Culture Department of Magelang and Education and Culture Department of Sleman can not be explained in detailed for its Laporan Kinerja Satuan Kerja Perangkat Daerah (SKPD), therefore researcher has to collect deeper information on Education and Culture Department of Magelang as well as Education and Culture Department of Sleman.

3. Value Of Study

This study is expected to be valuable for:

1. Education and Culture Department of Magelang and Education and Culture Department of Sleman

This study is expected to be beneficial for Education and Culture

Department of Magelang and Education and Culture Department of Sleman

to give input on its financial performance measurement using Value for Money.

2. Universitas Islam Indonesia

This study is expected to be useful for Universitas Islam Indonesia as additional collection for reference on public sector organization.

3. Researcher

This study is beneficial as additional knowledge

4. Suggestion

Based on the discussion and conclusion of the research, suggestions for future researchers are as follows:

1. For future researchers Following researchers are expected to add data collection techniques as interview, in order to obtain deeper information regarding factors affecting targets to not be reached as well as the obstacle on having programs and activities run in Education Department of Magelang and Sleman.

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APPENDICES



Appendix 1. Education and Culture Department of Magelang City Income Budget and Expenditure for the Budget year 2017 – 2019

No	Description	Amount		
		2017	2018	2019
1	Office Administration Service	992,402,773	1,735,771,580	21,495,716,306
2	Quality Improvement Program for Educators and Education Personnel	685,271,645	1,586,440,368	599,757,988
3	Early Childhood Education	185,144,642,551	668,980,989	126,913,965
4	Nine years Compulsory Education	1,720,913,190	21,710,272,743	2,041,126,000
5	Non- Formal Education	4,094,341,470	802,683,000	129,521,000
6	Quality Improvement of Educators and Education Personnel	21,680,877,876	1,586,440,368	197,012,336
7	Development of Cultural Values	2,160,215,895	42,621,000	756,806,000
8	Management of Cultural Wealth	268,698,020	755,356,184	99,517,272
9	Management of Cultural Diversity	1,151,089,260	580,299,000	264,402,000
	Total	217,898,452,680	29,468,865,232	25,710,772,867

Appendix 2. Education and Culture Department of Magelang City Income Budget and Expenditure for the Budget year 2017 – 2019

No	Description	Amount		
		2017	2018	2019
1	Office Administration Service	992,402,773	1,735,771,580	21,495,716,306
2	Quality Improvement Program for Educators and Education Personnel	685,271,645	1,586,440,368	599,757,988
3	Early Childhood Education	185,144,642,551	668,980,989	126,913,965
4	Nine years Compulsory Education	1,720,913,190	21,710,272,743	2,041,126,000
5	Non- Formal Education	4,094,341,470	802,683,000	129,521,000
6	Quality Improvement of Educators and Education Personnel	21,680,877,876	1,586,440,368	197,012,336
7	Development of Cultural Values	2,160,215,895	42,621,000	756,806,000
8	Management of Cultural Wealth	268,698,020	755,356,184	99,517,272
9	Management of Cultural Diversity	1,151,089,260	580,299,000	264,402,000
	Total	217,898,452,680	29,468,865,232	25,710,772,867

Appendix 3. Education and Culture Department of Sleman District Income Budget and Expenditure for the Budget year 2017 – 2019

No	Program	Amount		
		2017	2018	2019
1	Early Childhood Education Program	3,093,835,950	7,409,396,550	7,681,005,800
2	Nine Year Compulsory Basic Education Program	127,151,576,813	144,173,228,621	136,702,788.427
3	Program for Quality Improvement of Teachers and Education Personnel	31,498,964,600	35,833,249,300	43,739,635,750
4	Education Service Management Program	6,295,544,050	7,245.468.600	9,439,999,330
5	Student and Teacher Creativity Development Program	878,763,900	919,269,500	1,017.378,000
6	Drug abuse prevention program	185,099,400	174.459.500	30,6776,750
7	Non-Formal Education Quality Improvement Program	1,406,299,235	1,159,435,300	1,688,177,000
	Total	170,510,083,948	196,914,507,371	200,299,661,982

Appendix 4. Education and Culture Department of Magelang City Income Budget and Expenditure for the Budget year 2017 – 2019

No	Program	Amount		
		2017	2018	2019
1	Early Childhood Education Program	2,969,559,900	7,409,396,550	7,560,852,490
2	Nine Year Compulsory Basic Education Program	77,900,467,320	144,173,228,621	128,520,240,182
3	Program for Quality Improvement of Teachers and Education Personnel	24,444,118,430	35,833,249,300	36,788,419,449
4	Education Service Management Program	5,229,791,070	7,245,468,600	8,526,230,986
5	Student and Teacher Creativity Development Program	813,140,500	919,269,500	883,323,000
6	Drug abuse prevention program	167,235,800	174,459,500	273,590,750
7	Non-Formal Education Quality Improvement Program	1,305,680,707	1,159,435,300	1,605,366,300
	Total	112,829,993,727	196,914,507,371	184,158,023,157

Appendix 5. Economic Ratio of Education and Culture Department of Magelang for the budget year 2017- 2019

No	Year	Expenditure Realization	Expenditure Budget	Economic Ratio
1	2017	224,521,788,307	231,836,455,012	97.05%
2	2018	21,495,716,306	34,082,262,000	137.09%
3	2019	52,639,067,000	60,008,471,000	87.71%

Appendix 6. Economic Ratio of Education and Culture Department of Sleman Distict for the budget year 2017- 2019

No	Year	Expenditure Realization	Expenditure Budget	Economic Ratio
1	2017	179,901,178,248	170,510,083,948	105.50%
2	2018	210,968,335,471	196,914,507,371	107.13%
3	2019	200,575,761,057	200,299,661,982	100.13%

Appendix 7. Efficiency Ratio of Education and Culture Department of Magelang for the Budget Year 2017- 2019

No	Year	Expenditure Realization	Income Realization	Efficiency Ratio
1	2017	224,521,788,307	217,898,452,680	103.03%
2	2018	34,797,600,000	29,468,865,232	118.08%
3	2019	21,495,716,306	25,710,772,867	83.60%

Appendix 8. Efficiency Ratio of Education and Culture Department of Sleman District for the Budget Year 2017- 2019

No	Year	Expenditure Realization	Income Realization	Efficiency Ratio
1	2017	120,717,320,034	112,829,993,727	106.99%
2	2018	210,968,335,471	196,914,507,371	107.13%
3	2019	217,192,309,057	184,158,023,157	117.93%

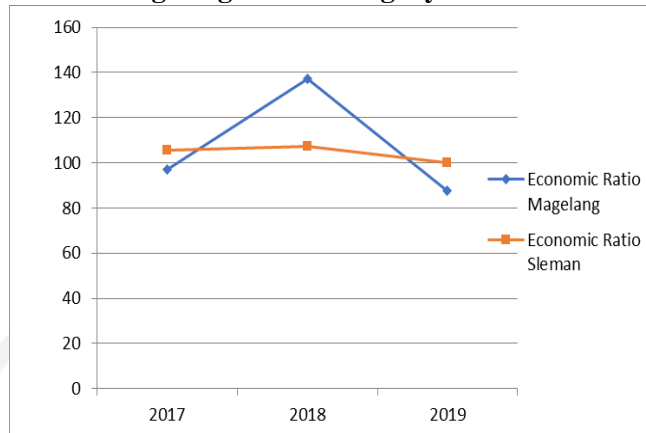
Appendix 9. Effectiveness Ratio of Education and Culture Department of Magelang for the budget year 2017- 2018

No	Year	Income Realization	Budget Income	Effectiveness Ratio
1	2017	217,898,452,680	231,836,455,012	106.39%
2	2018	29,468,865,232	34,082,262,000	115.65%
3	2019	25,710,772,867	60,008,471,000	42.84%

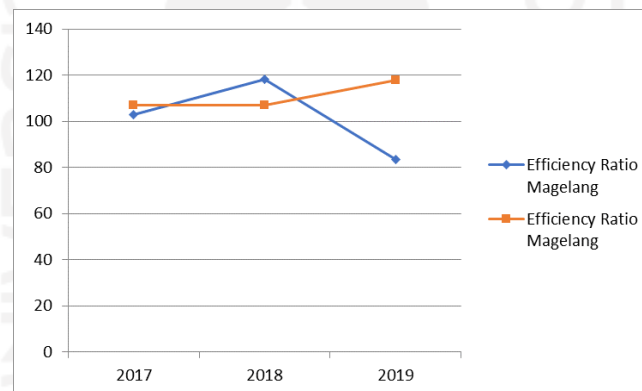
Appendix 10. Effectiveness Ratio of Education and Culture Department of Sleman District for the Budget Year 2017- 2018

No	Year	Income Realization	Budget Income	Effectiveness Ratio
1	2017	112,829,993,727	170,510,083,948	66.17%
2	2018	196,914,507,371	196,914,507,371	100.00%
3	2019	184,158,023,157	200,299,661,982	91.94%

Appendix 11. The Development of Economic Ratio for Education and Culture Department of Magelang for the budget year 2017- 2018



Appendix 12. The Development of Efficiency Ratio for Education and Culture Department of Sleman District for the Budget Year of 2017- 2019



Appendix 13. The Development of Effectiveness Ratio for Education and Culture Department of Magelang for the budget year of 2017- 2019

