

Value for Money Antecedents on the Performance of Provincial Revenue Agency East Kalimantan, Indonesia

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ABSTRACT: This study aims to investigate the effect of accountability, transparency, oversight, and participation on value-for-money-based financial performance in the Regional Revenue Agency of East Kalimantan Province. This study uses a quantitative approach with the method of analysis using the PLS-SEM 4.0 application, namely analyzing primary data obtained through a survey conducted on respondents at the Regional Revenue Agency. The results of the analysis show that accountability has a positive and significant impact on value-for-money-based financial performance. This shows that the higher the level of accountability in the Regional Revenue Agency, the better the financial performance achieved. Transparency also has a positive and significant effect on value-for-money-based financial performance, indicating that the higher the level of transparency, the better the financial performance that can be achieved. In addition, participation was also found to have a positive and significant impact on value-for-money-based financial performance. Active participation from all related parties, both internal and external, can improve the financial performance of the Regional Revenue Agency. But finally, supervision does not have a positive or insignificant effect, this is due to a lack of several aspects such as limited Human Resources who have supervisory competence and the inability or lack of willingness to take the necessary actions at the Regional Revenue Agency, the better the financial performance that can be achieved. This research makes an important contribution in strengthening the understanding of the factors that influence value-for-money-based financial performance in Regional Revenue Agencies. The results of this study can become the basis for the management of the Regional Revenue Agency to improve accountability, transparency, supervision and participation in order to improve sustainable financial performance.

KEY WORD: Value for Money; Financial performance; East Kalimantan Regional Revenue Agency.

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I. INTRODUCTION AND LITERATURE REVIEW

Value for Money is very important in looking at public sector finance. Value for Money is a concept used to evaluate the efficiency, effectiveness, and economization of the use of resources in achieving certain organizational or project goals. In the context of the Regional Revenue Agency for the Province of East Kalimantan (Kaltim), the phenomenon of the reality of Value for Money can reflect how the organization uses available resources to produce maximum benefits for society.

There are several aspects that can be derived from this phenomenon and become a consideration in analyzing Value for Money at the Regional Revenue Agency for the Province of East Kalimantan, among others, which are still considered to be lacking in efficiency in resource management. Efficiency relates to the extent to which regional revenue agencies use available resources optimally. This includes wise use of budgets, effective management of time, and efficient use of manpower to achieve organizational goals. Required Effectiveness of achieving goals. Effectiveness focuses on the extent to which the East Kalimantan Regional Revenue Agency can achieve its strategic objectives. For example, in this case, the goals of the Regional Revenue Agency might include increasing local revenues, increasing tax compliance, and providing quality services to the public. Evaluation is carried out to see the extent to which these goals have been achieved. and finally, especially on the aspect of monitoring and preventing corruption, ensuring that internal and external monitoring mechanisms need to be implemented to ensure integrity in managing regional revenues. Therefore, the Regional Revenue Agency for the Province of East Kalimantan must continuously evaluate and monitor to ensure that the management of resources and the achievement of organizational goals is carried out according to the Value for Money principle. Thus, limited resources can be used optimally to provide maximum benefits for the community and regional development.

Theory of the relationship between variables

Public sector institutions/organizations are required to put more emphasis on horizontal accountability and vertical accountability because this is a demand for accountability. Accountability affects the dependent variable, namely budget performance which shows that high accountability can improve budget performance in order to achieve organizational goals that have been set (Fernandes & Hanif, 2015). Pertiwi (2015) in his research concluded that accountability has a positive and significant effect on Value for Money-based budget management. (H1: Accountability affects budget performance based on Value for Money).

In the context of budgeting, performance measurement issues cover various aspects that are able to provide effective and efficient information on performance achievement, not limited to issues of budget use. Therefore, the implementation of participation in the organization is very important in order to equalize perceptions between leaders and employees (Premananda&Latrini, 2017). Employees are involved to participate in the budget process which shows good interaction between management and employees. Premananda&Latrini (2017) concluded that budget participation has a positive effect on Value for Money-based budget performance. (H2: Participation affects the performance of the Value for Money-based budget).

The existence of policies and easy access to information, namely aspects of transparency that can cover every aspect of the policy. Openness and freedom in obtaining information are basic aspects of transparency. That is, the public can directly access information relating to the public interest (Pasaribu, 2011). Research conducted by Pertiwi (2015) states that transparency has an influence on the performance of Value for Money-based budgets in regional financial management and is supported by research by Adiwirya&Sudana (2015) which concludes that transparency has a positive effect on Value for Money-based budget performance. Fernandes (2015), which states that transparency (openness) in budgeting can improve budget performance with a Value for Money concept to produce the expected budget. Policies in preparing the budget made by the government are an important variable in determining the success of budget implementation, therefore the more transparent the policy itself, the easier access to information can be known by the public. (H3: Transparency affects the performance of the Value for Money-based budget).

Supervision is a means to control the activities carried out in an organization. Supervision is also a form of government anticipation to prevent irregularities so that government activities or activities can run well and optimally. Based on research conducted by Wandari et al., (2015) states that there is an effect of monitoring variables on government budget performance variables on a Value for Money basis and supported by research by Hanafiah et al., (2016) that internal supervision has an effect on regional financial management . (H4: Supervision affects the performance of the Value for Money-based budget).

II. RESEARCH METHODS

This study uses a type of quantitative research. Quantitative research is research data in the form of numbers and analysis using statistics. The data collection technique is using a questionnaire. Questionnaire is a data collection technique that is carried out by giving a set of statements to respondents to answer. The scale used in this study is the Likert scale, which is a scale used to measure attitudes, opinions and perceptions of a person or group of people about a particular object or phenomenon. The Likert scale has two forms of statements, namely positive and negative statements. For positive statements, each answer category is scored as follows:

Likert Scale

Strongly Agree (SS) 5

Agree (S) 4

Disagree (KS) 3

Disagree (TS) 2

Strongly Disagree (STS) 1

Source: Managed by the author, (2020).

The analysis technique used in this study uses the PLS-SEM method. Then this data is grouped based on the same answer, PLS is a component- or variant-based Structural Equation Modeling (SEM) model. According to Ghozali (2013), the PLS approach is distribution free (does not produce data with a specific distribution, which can be nominal, ordinal, interval and ratio). According to Ghozali (2013) PLS is a powerful factor indeterminacy analysis method because it does not assume data must be of a certain scale of measurement and a small number of samples. PLS is used to confirm the theory, when compared to covariance based SEM, components based on PLS are able to avoid two major problems faced by covariance based SEM. The difference between covariance based SEM and component based PLS is whether we will use a structural equation model to test theory or develop theory for predictive purposes. And the sampling technique used is Simple Random Sampling, namely the sampling of members of the population is done randomly without regard to the existing strata in the population. The technique for determining the number of samples can use the Slovin formula. From the calculation of the total population of 224 employees, the results obtained are as large as the

sample using the solvency formula with an error margin of 10 percent or 0.1, namely the results of 69, 13. Due to fulfilling the requirements for greater significance to influence between variables using PLS-SEM, 100 samples were taken.

III. RESULT AND DISCUSSION

There is a value in the output result for inner weight which provides information about the relationship between research variables basically in hypothesis testing. Hypothesis testing is done by comparing t-tables and t-statistics. t-table can be obtained from a total of 100 respondents with a significance value of 0.05 and a t-table value of 1.96. The bootstrapping test results above show that:

Table1 Path Coficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O /STDEV)	P values
AKUNTABILITAS → VALUE for MONEY	0.677	0.617	0.210	3.215	0.001
PARTISIPASI → VALUE for MONEY	-0.665	-0.585	0.228	2.909	0.004
PENGAWASAN → VALUE for MONEY	-0.020	-0.018	0.116	0.176	0.860
TRANSPARANSI → VALUE for MONEY	0.710	0.713	0.107	6.627	0.000

Source: Author Managed using the PLS SEM 4 application.

The Effect of Accountability on Value for Money

Based on the results of calculations using PLS SEM, it was found that there was a positive influence between accountability variables on *Value for Money*. This is evidenced by the results of the description above, there is a significant relationship between accountability (AK1, AK2, AK3, AK4, AK5) and *Value for Money* (VM1, VM2, VM3, VM4, VM5). The high t-statistic value (10,679 - 35,527) shows that the effect of accountability on *Value for Money* is very significant. So the researcher justifies that these results show that increased accountability can contribute to increasing *Value for Money* in the Regional Revenue Agency in East Kalimantan Province. When organizations are more accountable, budgets and resources can be managed more efficiently and effectively. The effect of this variable is also proven by the results of the analysis with the value of Original Sample (O): 0.677, Average or Sample Mean (M): 0.617, Standard Deviation (STDEV): 0.210, T statistics: 3.215, P value: 0.001.

Based on this, good accountability variables ensure transparency in the use of public budgets and allow stakeholders to track expenditures and results. Thus, accountability helps minimize the risk of misuse of public funds and encourages better accountability. By fostering a culture of transparency and accountability, organizations can improve the efficiency and effectiveness of resource use. Overall, good accountability plays an important role in achieving *Value for Money*. Accountability affects the dependent variable, namely budget performance, which shows that high accountability can improve budget performance in order to achieve predetermined organizational goals (Fernandes & Hanif, 2015). Pertiwi (2015) in her research concluded that accountability has a positive and significant effect on Value for Money-based budget management. The findings on this variable found novelty that the Regional Revenue Agency of East Kalimantan Province has carried out Accountability for financial performance based on "*Value for Money*" so that employees are expected to emphasize the importance of achieving optimal results from expenditures made. In the context of local government, this kind of accountability indeed refers to the responsibility of government agencies such as the Regional Revenue Agency of East Kalimantan Province to manage finances in an efficient, effective, and transparent way in order to achieve maximum results for the community. Researchers assess that several principles and practices that are usually related to accountability for financial performance are based on "*Value for Money*": *Apart from integrated planning and budgeting, a good planning and budgeting process is the basis for achieving "Value for Money"*.

The Effect of Participation on Value for Money

Based on the calculation results using PLS SEM, it was found that there was a positive influence between the Participation variable on *Value for Money*. This is evidenced by the results of the description above, there is a significant relationship between participation (PI1, PI2, PI3, PI4, PI5) with *Value for Money* (VM1, VM2, VM3, VM4, VM5). A high t-statistic value (5,535 - 7,933) indicates that the effect of participation on *Value for Money* is significant. Thus, the author justifies that the active participation of employees and

stakeholders in the decision-making process related to financial management can increase the efficient use of resources and support the creation of better *Value for Money* in the Regional Revenue Agency in East Kalimantan Province. This is also evidenced by the value of Original Sample (O): -0.665, Sample Mean (M): -0.585, Standard Deviation (STDEV): 0.228, T statistics: 2.909, P value: 0.004.

Participation plays an important role in ensuring the legitimacy of public budget spending decisions. Involving the community or stakeholders in the decision-making process creates a greater sense of ownership and acceptance of the budget allocation made. This can minimize conflicts or rejections that may arise due to public dissatisfaction with the use of public funds. In the long run, good participation can maintain community support and ensure effective use of budgets. Thus, community participation or stakeholders both officials and employees play an important role in increasing *Value for Money*. Through participation, accurate needs can be identified, more effective monitoring can be made, innovation and efficiency can be realized, and people can feel a sense of belonging. Therefore, the application of participation in organizations is very important to equalize perceptions between leaders and employees (Premananda& Latrini, 2017). Employees are involved to participate in the budget process which shows good interaction between leaders and employees. Premananda&Latrini (2017) concluded that budget participation has a positive effect on Value for Money-based budget performance.

The findings on this variable found novelty that the Regional Revenue Agency of East Kalimantan Province has participated in "*Value for Money*"-based financial performance. This is an important element in achieving higher accountability. Involving the community or employees in the decision-making process related to financial management can help ensure that the decisions taken produce optimal results and are in accordance with the needs of the community. For example through Participatory Budget Forums, Public Reporting and Complaint Mechanisms, Involvement in Social Audits, Collaboration with External Parties.

The Effect of Supervision on *Value for Money*

Based on the calculation results using PLS SEM, there was no significant influence between supervision (PWS1, PWS2, PWS3, PWS4, PWS5) and *Value for Money* (VM1, VM2, VM3, VM4, VM5). Low t-statistic values and high p-values indicate that the supervisory effect on *Value for Money* is not statistically significant. So the author justifies that these results show that the supervision carried out has not had a significant impact on *Value for Money* in the Regional Revenue Agency in East Kalimantan Province. It may be necessary to conduct further evaluation regarding the mechanism and effectiveness of the supervision carried out. In addition, it is also proven by the value of Original Sample (O): -0.020, Sample Mean (M): -0.018, Standard Deviation (STDEV): 0.116, T statistics: 0.176, P value: 0.860.

Good supervision can actually have a positive influence on "*Value for Money*" or the value obtained from expenses made. Effective supervision can help ensure that resources are allocated efficiently, expenditures are in accordance with set objectives, and activities are implemented according to plan. However, there are several reasons why surveillance does not always have the expected positive effect on "*Value for Money*". There are several factors that can influence this, namely First, Inability or lack of willingness to take necessary actions, the point is that effective supervision requires strict enforcement measures against violations or nonconformities. If necessary action is not taken or there are no significant consequences for violations, such oversight will not be effective and will not promote the achievement of optimal "*Value for Money*". Second, the lack of competence in carrying out this supervision indicates that to carry out effective supervision, adequate expertise and knowledge are needed. If supervisory officers do not have an adequate understanding of the processes, policies, and practices involved, they may not be able to identify nonconformities or problems that may arise. This can hinder efforts to achieve "*Value for Money*". Effective supervision requires adequate resources, including time, manpower, and budget. If resources allocated for surveillance are limited, then the ability to identify and resolve potential problems can be hampered. This can result in low effectiveness of supervision and negative impact on "*Value for Money*".

The Impact of Transparency on *Value for Money*

Based on the results of calculations using PLS SEM, it was found that there was a positive influence between transparency variables on *Value for Money*. This is evidenced by the results of the description above, there is a significant relationship between transparency (TP2, TP3, TP4, TP5) and *Value for Money* (VM1, VM2, VM3, VM4, VM5). The high t-statistic value (6,627 - 36,218) shows that the effect of transparency on *Value for Money* is very significant. So the author justifies that transparency in financial management can provide confidence to stakeholders regarding the efficient and accountable use of resources. This can increase *Value for Money* in the Regional Revenue Agency in East Kalimantan Province.

Overall, transparency has a significant impact on *Value for Money*. By ensuring open access to budget information, effective oversight, stakeholder participation and engagement, and improving the efficiency and effectiveness of resource use, transparency helps minimize the risk of misuse and corruption. The existence of

policies and ease of access to information are aspects of transparency that can reach every aspect of policy. Openness and freedom of information are basic aspects of transparency. This means that the public can directly access information related to the public interest (Pasaribu, 2011).

Research conducted by Pertiwi (2015) states that transparency has an influence on the performance of Value for Money-based budgets on regional financial management and is supported by research by Adiwirya&Sudana (2015) which concludes that transparency has a positive effect on the performance of Value for Money-based budgets. Fernandes (2015), who stated that transparency (openness) in budget preparation can improve budget performance with the concept of Value for Money to produce the expected budget. Policies in preparing budgets made by the government are important variables in determining the success of budget implementation, therefore the more transparent the policy itself, the access to information can be easily known by the public.

So that the findings on this variable found novelty that the Regional Revenue Agency of East Kalimantan Province has carried out transparency in financial performance based on "Value for Money" this ensures public accountability and trust in public financial management which makes transparency allow the public to understand how public funds are used, whether the expected results are achieved, and whether the expenditure is getting a good value. Optimal. For example, by publishing financial statements, program and project information, open access to financial data, independent audits. This indicates that by implementing transparency in financial performance based on "Value for Money", local government agencies can build public trust.

IV. CONCLUSION

The results of research conducted by researchers entitled "Value for Money Antecedents on the Performance of the East Kalimantan Provincial Revenue Agency" it can be concluded that:

1. The Accountability variable has a significant positive effect on Value for Money. Based on the results of this test it can be concluded that increasing the level of accountability can contribute to increasing Value for Money. When organizations are more accountable, budgets and resources can be managed more efficiently and effectively.
2. The Participation Variable has a significant positive effect on Value for Money. Based on the results of this test, it can be concluded that active participation of employees and stakeholders in decision-making processes related to financial management can increase the efficient use of resources and support the creation of better Value for Money.
3. However, the monitoring variable on Value for Money was not statistically significant. Based on the results of this test it can be concluded that the supervision carried out has not had a significant impact on Value for Money. It is necessary to carry out further evaluation regarding the mechanism and effectiveness of the supervision carried out, including enforcement of the necessary actions, increasing competence, and allocation of adequate resources.
4. Transparency variable has a significant positive effect on Value for Money. Based on the results of this test it can be concluded that transparency in financial management can provide confidence to stakeholders regarding the efficient and accountable use of resources.

V. SUGGESTION

Based on the findings previously described, there are several suggestions or contributions that can be allocated to improve the variables used in this study in order to increase Value for Money at the Regional Revenue Agency in East Kalimantan Province. Here are some suggestions to consider:

1. Accountability:

- 1) Strengthen clear and standardized accountability policies and procedures to ensure transparency and accountability in the use of public budgets.
- 2) Improve training and awareness of staff regarding the importance of accountability in financial management and develop mechanisms to track and report budget usage efficiently.
- 3) Carry out routine evaluation and monitoring of the implementation of accountability to ensure that the established policies and procedures are properly followed.

2. Participation:

- 1) Building a strong culture of participation in the Regional Revenue Agency by involving the community and stakeholders in the decision-making process related to financial management.
- 2) Improve communication and collaboration between employees and external stakeholders to ensure effective participation in budget planning and management.
- 3) Develop structured participatory mechanisms, such as participatory budget forums or public complaint mechanisms, to facilitate wider and more equitable participation.

3. Supervision:

- 1) Evaluate and improve the mechanism and effectiveness of supervision carried out by the Regional Revenue Agency to ensure that the allocated resources are used efficiently and in accordance with the stated objectives.
- 2) Identify and address barriers that may impede effective oversight, such as a lack of will to take the necessary actions or a lack of competence in carrying out oversight.
- 3) Allocate adequate resources, including time, manpower and budget, to support the implementation of effective supervision.

4. Transparency:

- 1) Increase open access to public budget information by publishing financial reports, implemented programs and projects, and other financial data openly and easily accessible to the public.
- 2) Increase cooperation with external parties, such as independent audit institutions or NGOs, to verify and monitor budget use in a transparent manner.
- 3) Develop policies and procedures that ensure that every policy related to financial management has a strong transparency aspect.

5. Value for Money

- 1) Value for Money will assist Regional Revenue Agencies to optimize the use of public budgets, improve financial performance, and provide greater benefits to the community.
- 2) Value for Money can be achieved through continuous evaluation, monitoring and continuous improvement of existing policies, procedures and financial management practices.

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