



Analysis of Financial Performance of the Jambi Province Forestry Service for the 2017-2021

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ABSTRACT

Financial reports provide information about the financial position that is useful for most report users in order to make decisions and demonstrate accountability for the use of resources entrusted to users. The aim of this research is to determine the financial performance of the Jambi Province Forestry Service, analyzed from the Budget Realization Report for the 2017-2021 Fiscal Year. The method used is descriptive quantitative using economic ratios, effectiveness and efficiency. Data was obtained through field studies. The research results showed that the level of effectiveness in the Jambi Provincial Forestry Service for the 2017-2021 Fiscal Year was effective, for the economic level and overall budget efficiency it was quite efficient due to the use of the budget being too high.

INTRODUCTION

Local governments have an important role in providing services to the community and distributing resources. In making infrastructure and regional development a success, local governments take part. Therefore, to maximize its performance, regional governments are given leeway in managing government affairs based on the principle of autonomy. With regional autonomy, it will make it easier for local governments to set policies to produce quality activities. Planned activities must be more effective, efficient and fast.

The Forestry Service is a Regional Work Unit (SKPD) which has authority in the field of forestry area management and forestry production results in Jambi Province, carrying out provincial and district/city government affairs in the forestry sector. Over time, government agencies are developing more rapidly, both at the central and regional levels. However, this has led to the emergence of increasingly strong demands for public accountability and transparency.

Therefore, regional governments need to pay more attention to the performance of regional financial management so that its implementation can run effectively, efficiently and economically, as well as fulfilling the concept of value for money, where this concept also supports accountability, justice and transparency which encourages independent economic growth for the region. . If a region has the financial capacity to finance the implementation of regional autonomy, therefore this region can be said to have good financial performance.

The application of the value for money concept is very important for the government as a public servant. The indicators in the value for money concept are used to assess the following things related to spending allocations oriented to the public interest, quality of services to the public, effectiveness of public services, and increasing public cost awareness. These four things will become supporting roots in responsible efforts to manage public funds (Rahmawati, 2019).

The performance of public sector organizations is now in the spotlight for the public, they are starting to pay attention to the performance of public sector organizations. The public questions whether funds managed by public sector organizations are used as specified in the programs that have been implemented. Public trust is starting to disappear due to the lack of organizational transparency regarding the accountability of financial information. People think that public sector organizations are nests of waste and are a source of fund leaks. Therefore, the emergence of the phenomenon that public sector organizations pay more attention to effectiveness and efficiency by considering input, output and outcome simultaneously in carrying out the performance of public sector organizations (Wuwungan, 2019).

By implementing the above legal regulations, the finances of the Jambi Provincial Forestry Service are centralized in one provincial level office, there is no longer anything at the district/city level. All of its employees also become provincial employees who are placed in UPTD in districts/cities in Jambi Province. That way all financial management is at the provincial level. Responsibility for activities carried out by UPTD/KPHP lies with the Provincial

Forestry Service. The results of researchers' observations at the beginning of October 2021 showed that financial performance based on financial realization at the Jambi Province Forestry Service in the third quarter of 2021 had only reached 54 percent.

Based on the background above, the researcher wants to know the level of the Forestry Service in realizing budgeted finances through economic ratios, effective ratios and efficiency ratios. To serve as evaluation material for the government in order to improve accountability and performance now and in the future.

LITERATURE REVIEW

Performance Measurement

Performance is a description of the level of achievement of the application of an event/activity/policy in realizing the organization's goals, vision and mission that are still in an organization's strategic plan. Performance is implementation according to the plan that has been prepared. Human resources who have competence, ability, interest and motivation are a form of performance implementation.

Halim (2014) performance measurement is a tool for management to measure the success of the organization. The success of an organization is measured by the organization's ability to facilitate cheap and quality public services. If the public sector organization is able to facilitate public services well, then the organization will gain the trust and support of the community. Measuring the success of public sector organizations is not as easy as measuring business organizations.

Value for Money

The concept of value for money is a form of appreciation for the value of money. This means that every rupiah must be valued properly and used as well as possible. Value for money is an important basis in public sector organizations (Mahmudi, 2015).

Value for money performance measurement can balance outcome measurement and process measurement. Effectiveness indicators in value for money lead to results and are qualitative in nature, while economic indicators and efficiency indicators are more process-oriented and quantitative in nature. Based on the definition above, it can be concluded that value for money means a concept for measuring the performance of public sector organizations which has three main elements, namely economics, efficiency and effectiveness. However, these three elements are not sufficient and need to be expanded by adding elements of equity and equality.

It is believed that the implementation of the value for money concept can improve the accountability of public sector organizations and improve public sector performance. Therefore, several benefits of implementing the value for money concept in public sector organizations based on Mardiasmo (2018) include the following, increasing effectiveness in public services, providing services on target, improving the quality of public services, reducing costs (administration) of public services due to the elimination of inefficiencies and

savings in the use of inputs, allocation of expenditure that is more directed towards the public interest and increasing awareness of public money as a basis for implementing public accountability.

Previous research used as a reference in this research includes: Research conducted by Imanuel, David and Steven (2020) entitled Analysis of the Financial Performance Measurement of the North Sulawesi Provincial Government based on the Value For Money Concept. The aim of this research is to determine the financial performance of the North Sulawesi provincial government based on the value for money concept by looking at economic elements, efficiency and effectiveness. The method used is qualitative descriptive research to measure the financial performance of the North Sulawesi provincial government. The research results show that the financial performance of the North Sulawesi provincial government produces an economic ratio of more than 100%. The efficiency ratio shows that financial performance is considered efficient, because the ratio calculation results obtained are in the range of 90% - 99%. Meanwhile, the effectiveness ratio shows that the financial performance of the North Sulawesi provincial government is categorized as quite effective, because from the results of the ratio calculation the results obtained are 85% - 99%.

Another research that is used as a reference is research conducted by Deliana (2021), entitled Analysis of Financial Performance at the North Sumatra Provincial Forestry Service Jl. Sisingamangaraja Medan. The aim of this research is to find out how the financial performance of the North Sumatra Province Forestry Service is seen from the analysis of the spending compatibility ratio, the amount of indirect spending and the remainder allocated to direct spending. Indirect spending is in the range of 82%, 78%, 83%. This is due to the large amount of employee expenditure, namely salaries and allowances as well as additional income for Civil Servants (PNS). Based on the results of the analysis, during the 2018 to 2020 period the financial performance budget of the Sumatra Provincial Forestry Service was considered not good. Apart from that, the financial performance of the North Sumatra Provincial Forestry Service, seen from the analysis of spending effectiveness over three years, has been 100% effective. However, the financial performance of the North Sumatra Province Forestry Service when viewed from the analysis of regional expenditure efficiency states that the realization of the Forestry Service budget is inefficient because the efficiency interval is above 100%.

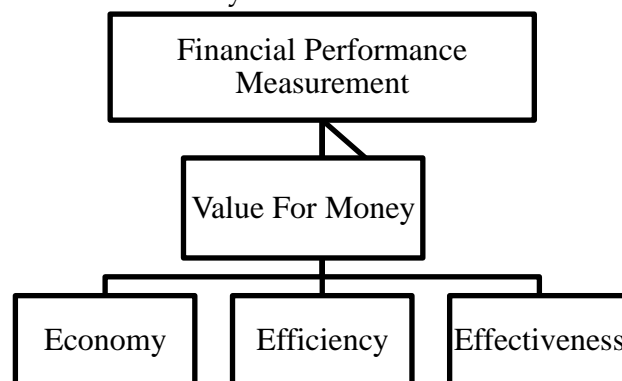


Figure 1. Conceptual Framework

METHODOLOGY

Research methods are explained as a way to find out real data with the aim of finding, developing and proving certain knowledge so that research results can be used to understand, solve and anticipate problems (Sugiyono, 2015). The type of research that will be used is quantitative research. The approach used is a quantitative descriptive research approach which is carried out by collecting data and presenting data obtained from the Jambi Province Forestry Service in the form of Budget Realization Report data for 2017 to 2021 so that the data can provide a sufficient picture to analyze the data and compare it with existing theory.

In this research, the type of data used is quantitative data, where the data is based on figures obtained through an agency's document files. The calculated data is regional income and expenditure budget data, and the realization of regional income and expenditure.

The data sources in this research are secondary and primary data. Secondary data is data obtained and processed by an organization in the form of reports and written documents in the form of the Jambi Province Forestry Service Budget Realization Report from 2017 to 2021 as well as other supporting data.

According to Sugiyono (2015), operational variables are attributes or properties or values of objects or activities that have certain variations that have been determined by researchers to be studied and then conclusions drawn. In this research, the operational variables used are as follows.

Table. 1 Operational Variables

Variables	Definitions	Indicators
To answer this problem formulation, namely: What is the financial performance of the Jambi Provincial Forestry Service in 2016-2020 using the effectiveness ratio, efficiency ratio and economic ratio to the APBD.	Value for money means a concept for measuring the performance of public sector organizations which has three main elements, namely economics, efficiency and effectiveness. Value for money performance measurement is an important concept in public sector organizations, so it is often called the core of public sector performance measurement.	1. Economy 2. Efficiency 3. Effectiveness

Measuring Economy Ratios

Mahmudi (2015), is mathematically said to be economical if the actual budget is smaller than the budget target that has been set. Economic ratios can be calculated using the formula:

$$\text{Economy} = \frac{\text{Realization of Regional Expenditures}}{\text{Regional Expenditure Budget}} \times 100 \% \quad (1)$$

Table. 2 Classification of Economic Ratio Measurements

Percentage	Criterion
> 100 %	Very Economical
91 - 100 %	Economical
81 - 90 % %	Quite Economical
61 - 80 %	Less Economical
< 60 %	Not Economical

Source : Mahmudi (2015)

Measuring Efficiency Ratios

Mardiasmo (2009), efficiency is the most important element compared to other elements, because efficiency is an indicator of value for money which can be measured by the ratio of input and output. Mahmudi (2015), mathematically, the efficiency ratio is explained as a comparison between output and input, in other words it is output per input. The efficiency ratio can be calculated with the formula :

$$\text{Efficiency} = \frac{\text{Realization of Regional Expenditures}}{\text{Realization of Regional Income}} \times 100 \% \quad (2)$$

Table. 3 Classification of Efficiency Ratio Measurements

Percentage	Criterion
> 100 %	Not efficient
91 - 100 %	Less efficient
81 - 90 % %	Quite Efficient
61 - 80 %	Efficient
< 60 %	Very Efficient

Source: Mahmudi (2015)

Measuring Effectiveness Ratio

Mardiasmo (2018), effectiveness measurement is a measure of whether or not an organization is successful in achieving its goals. If an organization can achieve its goals, then the organization is said to be running effectively. Effectiveness does not state how much it costs to achieve the goal. The costs may be greater than the budgeted costs. This effectiveness measurement only measures whether the activity or program is in accordance with the objectives to be achieved.

Based on Mahmudi (2015) the effectiveness ratio can be calculated using the following formula:

$$\text{Effectiveness} = \frac{\text{Realization of Regional Income}}{\text{Regional Income Budget}} \times 100 \% \quad (3)$$

Table. 4 Classification of Effectiveness Ratio Measurements

Percentage	Criterion
> 100 %	Very effective
91 – 100 %	Effective
81 – 90 % %	Effective enough
61 – 80 %	Less effective
< 60 %	Ineffective

Source: Mahmudi (2015)

RESEARCH RESULT

The Jambi Provincial Forestry Service is a regional apparatus that carries out the function of administering government affairs in the forestry sector. This research analyzes the financial performance of the Jambi Province Forestry Service. The concept of financial performance consists of 3 (three) indicators, namely economy, efficiency and effectiveness.

Table. 5 Results of Economic Ratio Calculation for the Jambi Province Forestry Service for the Fiscal Year 2017-2021

Fiscal Year	Expenditure Budget (Rp)	Realization Expenditures (Rp)	Ratio (%)	Criteria
2017	66.658.488.887,74	42.712.122.336,00	64,08	Less Economical
2018	72.284.170.837,68	58.879.302.272,00	81,46	Quite Economical
2019	83.552.632.077.66	71.945.564.948,00	86,11	Quite Economical
2020	56.268.966.283,00	54.526.714.467,00	96,90	Economical
2021	64.032.709.991,00	53.824.043.986,00	84,06	Quite Economical

Source: Processed by researchers

Judging from Table 5, for the Economic Ratio of the Jambi Province Forestry Service which is measured in 5 years, where :

1. For 2017 the economic ratio was 64.08%, included in the less economic category because it was between 61%-80%.
2. For 2018 the economic ratio was 81.46%, included in the quite economical category because it was between 81%-90%.
3. For 2019 the economic ratio was 86.11%, included in the quite economical category because it was between 81%-90%.
4. For 2020 the economic ratio is 96.90%, included in the economic category because it is between 90%-100%.
5. For 2021 the economic ratio is 84.06%, included in the quite economical category because it is between 80%-90%.

Table. 6 Results of Efficiency Ratio Calculation for Jambi Province Forestry Service for Fiscal Year 2017-2021

Fiscal Year	Realization Expenditures (Rp)	Income Realization (Rp)	Ratio (%)	Criteria
2017	42.712.122.336,00	66.764.288.887,74	63,97	Efficient
2018	58.879.302.272,00	72.394.370.837,68	81,33	Quite Efficient
2019	71.945.564.948,00	83.652.919.077,66	86,00	Quite Efficient
2020	54.526.714.467,00	56.308.040.783,00	96,84	Less efficient
2021	53.770.623.986,00	64.086.129.991,00	83,90	Quite Efficient

Source: Processed by researchers

Judging from Table 6, for the Efficiency Ratio of the Jambi Province Forestry Service which is measured in 5 years, where:

1. For 2017 the efficiency ratio was 63.97%, classified as efficient because it was at a ratio of 61-80%.
2. For 2018 the efficiency ratio was 81.33%, classified as quite efficient because it was at a ratio of 81-90%.
3. For 2019 the efficiency ratio was 86.00%, classified as quite efficient because it was at a ratio of 81-90%.
4. For 2020 the efficiency ratio is 96.84%, which is classified as less efficient because it is at a ratio of 91-100%.
5. For 2021 the efficiency ratio is 83.90%, included in the quite efficient category because it is at a ratio of 81-90%.

Tabel 7. Results of Calculation of the Effectiveness Ratio for the Jambi Province Forestry Service for the Fiscal Year 2017-2021

Tahun	Anggaran (Rp)	Realisasi (Rp)	Rasio (%)	Kriteria
2017	66.758.488.887,74	66.764.288.887,74	100,00	Sangat Efektif
2018	72.384.170.837,68	72.394.370.837,68	100,01	Sangat Efektif
2019	83.672.632.077.66	83.652.919.077,66	99,97	Efektif
2020	56.298.966.283,00	56.308.040.783,00	100,01	Sangat Efektif
2021	64.087.709.991,00	64.086.129.991,00	99,99	Efektif

Source: Processed by researchers

Judging from Table 7, for the Effectiveness Ratio of the Jambi Province Forestry Service which is measured in 5 years, where:

1. For 2017 the effectiveness ratio was 100.00%, classified as very effective because it was >100%.
2. For 2018 the effectiveness ratio was 100.01%, classified as very effective because it was >100%.

3. For 2019 the effectiveness ratio was 99.97%, classified as effective because it was between 91%-100%.
4. For 2020 the effectiveness ratio was 100.01%, classified as very effective because it was >100%.
5. For 2021 the effectiveness ratio is 99.99%, classified as effective because it is between 90%-100%.

DISCUSSION

The economic ratio for the financial performance of the Jambi Province Forestry Service for 2017-2021 as a whole was obtained on average at 82.52%, which is included in the Fairly Economical category. Research conducted by G. Yulia Novita Sari, et al shows that the performance of the Pekanbaru City Health Service in terms of economic ratios over the past 3 (three) years is said to be economical because it has a ratio below 100%. Where in 2018 the economic ratio obtained was 82.52%, in 2019 it was 60.76% and for 2020 it was 71.74%. So the average economic ratio at the Pekanbaru City Health Service is 71.67%, which is less economical. This shows that the Pekanbaru City Health Service has not been able to achieve the targets of the work program implemented. When compared with the economic ratio obtained by the Jambi Province Forestry Service, it is 82.52%, which shows that it is quite economical compared to the Pekanbaru City Health Service. This is shown by the results of calculating economic ratios for 5 years and in the regional budget realization report, that the regional expenditure targets set every year by the Jambi Provincial Forestry Service have almost been fully realized.

The overall efficiency ratio for the financial performance of the Jambi Province Forestry Service for 2017-2021 was 82.41%, which is included in the Fairly Efficient category. Research carried out by G. Yulia Novita Sari, et al shows that the efficiency ratio of the Pekanbaru City Health Service for two consecutive years, namely in 2018 it was quite efficient at 80.92% and in 2019 it was less efficient at 94.36% whereas in 2020 it was inefficient at 106.60%. This is because the Pekanbaru City Health Service has postponed many of its budgeted work programs and diverted these funds to a special allocation fund for the Covid-19 pandemic. If the average efficiency ratio for the Pekanbaru City Health Service for three years is 93.96%, that is, it is less efficient. This shows that the budget funds realized at the Pekanbaru City Health Service are still far below the budget. When compared with the efficiency ratio obtained by the Jambi Province Forestry Service of 82.41%, it shows that it is quite efficient compared to the Pekanbaru City Health Service. Regional expenditure and regional income for 2017 to 2021 experienced increases and decreases. This shows that regional income performance has decreased because the amount of expenditure incurred by the Jambi Province Forestry Service is greater than the realization of regional income.

The effectiveness ratio for the financial performance of the Jambi Province Forestry Service from 2017-2021 was obtained on average at 99.99%, which is included in the Effective category. Research conducted by G. Yulia Novita Sari, et al shows that the effectiveness ratio of the Pekanbaru City Health

Service over the past three years has been very effective, in 2018 it was 120.67%, in 2019 it was 110.38% and in 2020 it was 117.64% . It is said to be very effective if the ratio is more than 100%, which means that the Pekanbaru City Health Service is able to implement the budget with maximum achievements. When compared with the effectiveness ratio obtained by the Jambi Province Forestry Service, it is 99.99%, which shows that it is in the effective category. The result is a better level of effectiveness of the Pekanbaru City Health Service compared to the Jambi Province Forestry Service. Based on these results, the financial performance of the Jambi Provincial Forestry Service has managed the realization of income against the income targets set each period. This is shown in the results of calculating the effectiveness ratio for 5 years, the income target set each year continues to increase in line with the realization of income which continues to increase. This means that achieving output compared to the input that has been determined is optimal and getting better.

CONCLUSIONS

Based on the research results, it shows that the financial performance of the Jambi Province Forestry Service based on the Value for Money ratio is quite good. This is proven by the fact that based on measurements measured by the Value for Money ratio level during 2017-2021, it has increased every year. The economic ratio can be said to be quite economical because based on the economic ratio calculated over 5 years the average is between 82.52% which is still included in the quite economical category. In terms of efficiency, the average efficiency ratio is 82.41%, which is included in the quite efficient category. And in terms of effectiveness, the average effectiveness ratio is 99.99%, which is included in the effective category. The method used to increase the value for money ratio at the Jambi Provincial Forestry Service is that the Jambi Provincial Forestry Service must be optimal in managing the budget to obtain input, namely regional income. This is because based on the efficiency ratio analysis, the Jambi Province Forestry Service is still not efficient enough in managing its budget realization when compared with the realization of income for 5 consecutive years. Therefore, the Jambi Provincial Forestry Service must optimally use its budget in order to obtain regional income that is above the planned target., especially revenue from the Kenali Pal 11 Forest Park, as well as emphasizing operating expenditure and increasing capital expenditure so that the quality of service to the community increases.

ADVANCED RESEARCH

For future researchers who will conduct research on the same topic, it is hoped that performance measurement will not only be measured using the concept of value for money, but can also be measured using regional financial ratios and SWOT analysis so that the research results show good results regarding the performance of the Jambi provincial regional government.

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