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Comparison of Government Financial Performance in Southern Sumatra Province (Jambi, South Sumatra and Lampung)

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ABSTRACT

This study aims to analyze and compare the financial performance of the Provincial Governments of Jambi, South Sumatra, and Lampung for the period 2020–2024 using the Value for Money (VfM) approach through three main ratios: economy, efficiency, and effectiveness. The research method used is quantitative comparative with secondary data in the form of the Budget Implementation Report (APBD). The results of the study show that overall, South Sumatra Province has the best performance with high consistency in economic aspects (average of 84.77%) and efficiency (92.48%), as well as an improving trend in effectiveness (92.32%). The Province of Jambi excels in effectiveness (104.68%) but needs improvement in spending management to be more economical (95.62%) and efficient (94.55%). Meanwhile, Lampung Province needs significant improvement, especially in effectiveness (89.45%) and performance stability, although its economic (83.70%) and efficiency (93.92%) achievements are already good. These findings indicate that the application of the VfM principle can serve as a comprehensive evaluation tool for assessing accountability and financial management in local governments during the era of autonomy

INTRODUCTION

Technological developments and regional autonomy require local governments to carry out their duties properly and transparently. Regional autonomy empowers regions to make decisions more freely in order to manage their resources in accordance with their own interests, priorities, and potential. The existence of regional autonomy gives the government the freedom to manage resources and be accountable to the community, in line with the implementation of regional autonomy which requires a decentralized system that is transparent, effective, efficient, and accountable to the wider community (Irnawati, 2023). The government is responsible for providing quality public services to all citizens. However, the public service sector still faces various problems, especially related to the quality of services provided. The community still feels dissatisfied with public services that are considered far from the ideal standards set by the government.

Management uses performance measurements to determine how successful their companies are. In public sector organizations, success is measured by the organization's ability to provide affordable and quality public services. This performance measurement means considering the responsibility of organizations and managers to provide better public services. The capacity to demonstrate that public funds are used economically, efficiently, and effectively is part of accountability (the VFM concept). (Ramadhan et al., 2023).

Good budget management is an absolute Value for Money principle. Implementing the Value for Money principle is believed to improve public sector performance through three main elements: economy, efficiency, and effectiveness. Value for Money can be achieved when an organization uses the lowest input costs to achieve optimal outputs to achieve organizational goals (Mardiasmo, 2021). Budget management is linked to Value for Money because many budgets remain unmanaged economically, characterized by high costs but minimal results, budgets not based on needs or priorities, and budget waste. The government should correct various causes of budget management that

are not based on Value for Money and operationalize it in regional financial management because in the context of regional autonomy, Value for Money is a bridge to lead regional governments to achieve good governance, namely transparent, accountable, economical, effective, and efficient governance (Laoli, 2019).

The provinces of Jambi, South Sumatra, and Lampung are three provinces located in the geographical region of Southern Sumatra. Based on data from the Budget Realization Report for the 2020-2024 period, the three provinces show varying performance patterns. Jambi Province recorded a consistent revenue realization of over 100% in 2020-2023 (112.79%, 115.13%, 111.82%, and 100.34%, respectively), but this declined sharply to 82.53% in 2024. South Sumatra Province showed an improving trend, from below-target realization (81%-94%) in the 2020-2023 period to exceeding the target (101.45%) in 2024. Meanwhile, Lampung Province experienced a significant decline in the 2023-2024 period with a realization of only around 78%, after previously being relatively stable above 95% in 2020-2022. The three provinces, which are located in the same geographical area but have different geographical, demographic, and fiscal characteristics, are interesting to study. Each province has unique economic potential, local revenue structures, fiscal policies, and different spending priorities. These differences have the potential to cause significant variations in the ability to apply the Value for Money principle. Previous studies have rarely compared the financial performance of the three provinces in a single integrated study. This comparison is highly relevant in the context of performance evaluation in the era of regional autonomy, where each local government has the same authority to manage the regional budget, but differences in results reflect differences in regional financial management capabilities.

Previous studies on Value for Money have mostly been conducted at the district/city level or in specific agencies (Dian Mawardi et al., 2022; Adriana Alesandra Da Cunha et al., 2023; Tameon et al., 2023). However, comparative studies between

provinces within a region that integrate all three elements of Value for Money simultaneously are still limited. Restina et al. (2024) only compared Jambi City with Tebo Regency, so there is a research gap that needs to be filled to address the lack of studies comparing provincial government financial performance using the Value for Money approach from a regional perspective.

Based on this gap, this study aims to analyze and compare the financial performance of the provincial governments of Jambi, South Sumatra, and Lampung for the period 2020-2024 using a Value for Money approach through three main ratios: economic ratio, efficiency ratio, and effectiveness ratio. These three ratios represent comprehensive dimensions of budget management, ranging from obtaining inputs at the lowest cost (economic), optimizing the input-output relationship (efficiency), to achieving revenue targets (effectiveness). Thus, this study is expected to provide a complete picture of the differences in financial performance characteristics between provinces, enrich the public sector accounting literature, and serve as a reference for local governments, regulators, and academics in formulating policies to strengthen regional financial management.

METHODS

Types and Sources of Data

The type of data used in this study is secondary data. Secondary data is a source of research data obtained indirectly by researchers through intermediaries or obtained and recorded by other parties. The secondary data in this study consists of the Budget Realization Reports (APBD) of the Provincial Governments of Jambi, South Sumatra, and Lampung for the 2020-2024 period, which were obtained from the official websites of the Audit Board (BPK) of each province.

Data Collection Techniques

The data collection method used in this study is documentation, which is a data collection technique by collecting, recording, and reviewing documents related to the data to be studied. In this study, the data collected were the Budget Realization

Reports (APBD) of the Provincial Governments of Jambi, South Sumatra, and Lampung for the 2020-2024 period. Financial performance was measured using three main ratios, namely economic, efficiency, and effectiveness ratios.

Data Analysis Techniques

Data analysis techniques in this study were conducted through two main stages, namely financial ratio analysis and comparative analysis.

Financial ratio analysis:

1. Economic ratio = $\text{Realized capital expenditure} / \text{capital expenditure budget} \times 100\%$
2. Efficiency ratio = $\text{Realized operating expenditure} / \text{operating expenditure budget} \times 100\%$
3. Effectiveness ratio = $\text{Realized local revenue} / \text{local revenue budget} \times 100\%$

Measurement criteria:

1. Economics:
 - < 100% = economical
 - = 100% = balanced economy
 - > 100% = not economical
2. Efficiency:
 - < 100% = efficient
 - = 100% = balanced efficiency
 - > 100% = inefficient
3. Effectiveness:
 - < 100% = ineffective
 - = 100% = balanced effectiveness
 - > 100% = effective

Comparative Analysis:

Comparative analysis is conducted by comparing the average financial ratios between provinces to determine the provinces with the best performance in each aspect as well as overall.

RESULTS AND DISCUSSION

1. Overview and Data Characteristics

This study analyzes the financial performance of the provincial governments of Jambi, South Sumatra, and Lampung during the period 2020-2024 using three main Value for Money ratios, namely the economic ratio, efficiency ratio, and effectiveness ratio. The data used is secondary data

sourced from the Budget Realization Reports (APBD) of each province.

Table 1. Calculation of Economic Ratio for Jambi, South Sumatra, and Lampung Provinces

Province of Jambi	Capital Expenditure Budget	Capital Expenditure Realization	Result %	Criteria
2020	Rp 628.761,54 M	Rp 642.695,37 M	102	Not Economical
2021	Rp 485.312,40 M	Rp 449.690,89 M	92,66	Economical
2022	Rp 975.361,00 M	Rp 906.797,80 M	92,97	Economical
2023	Rp 1.078,00 T	Rp 1.039,94 T	96,40	Economical
2024	Rp 1.055,00 T	Rp 992.707,46 M	94,07	Economical
Average			95,62	Economical
South Sumatra Province	Capital Expenditure Budget	Budget Capital Expenditure Realization	Result %	Criteria
2020	Rp 2.300,52 T	Rp 1.664,54 T	72,36	Economical
2021	Rp 2.191,00 T	Rp 1.836,94 T	83,82	Economical
2022	Rp 1.631,00 T	Rp 1.536,28 T	94,19	Economical
2023	Rp 1.458,00 T	Rp 1.239,99 T	84,99	Economical
2024	Rp 1.472,00 T	Rp 1.303,71 T	88,50	Economical
Average			84,77	
Lampung Province	Capital Expenditure Budget	Capital Expenditure Realization	Result %	Criteria
2020	Rp 844,10 M	Rp 752,89 M	89,10	Economical
2021	Rp 924.,60 M	Rp 849,21 M	91,91	Economical
2022	Rp 1.135,44 T	Rp 1.025,33 T	90,26	Economical
2023	Rp 1.456,85 T	Rp 1.207,99 T	82,88	Economical
2024	Rp 1.237,48 T	Rp 797,75 M	64,39	Economical

Average 83.70 Economically Viable

Source: Data Processed by Researchers, 2026

Based on the results of the table above, it can be seen that the economic ratio calculation of the Jambi Provincial Government for the 2020 fiscal year period obtained a result of 102% with economic criteria. In 2021, it obtained a result of 92.66% with economic criteria. Next, in 2022, it obtained a result of 92.97% with economic criteria. Then, in 2023, it obtained a result of 96.40% with economic criteria. Furthermore, in 2024, it obtained a result of 94.07% with economic criteria.

Based on the results in the table above, it can be seen that the economic ratio calculation for the South Sumatra Provincial Government for the 2020

fiscal year period obtained a result of 72.36% with economic criteria. In 2021, it obtained a result of 83.82% with economic criteria. Next, in 2022, it obtained a result of 94.19% with economic criteria. Then, in 2023, it obtained a result of 84.99% with economic criteria. Furthermore, in 2024, it obtained a result of 88.50% with economic criteria.

Based on the results in the table above, it can be seen that the economic ratio calculation of the Lampung Provincial Government for the 2020 fiscal year period obtained a result of 89.10% with economic criteria. In 2021, it obtained a result of 91.91% with economic criteria. Next, in 2022, the

yield was 90.26% based on economic criteria. Then, in 2023, the yield was 82.88% based on economic

criteria. Furthermore, in 2024, the yield was 64.39% based on economic criteria.

Table 2. Calculation of Efficiency Ratios for Jambi, South Sumatra, and Lampung Provinces

Province of Jambi	Operating Expenditure Budget	Operating Expenditure Realization	Result %	Criteria
2020	Rp 3.037,59 T	Rp 2.902,84 T	96	Efficient
2021	Rp 3.384,60 T	Rp 3.075,51 T	90,88	Efficient
2022	Rp 3.116,00 T	Rp 2.933,06 T	94,12	Efficient
2023	Rp 3.145,00 T	Rp 3.061,00 T	97,34	Efficient
2024	Rp 3.084,00 T	Rp 2.913,95 T	94,43	Efficient
Average			94,55	Efficient
Province of Sumsel	Operating Expenditure Budget	Operating Expenditure Realization	Result %	Criteria
2020	Rp 5.387,86 T	Rp 5.038,65 T	93,53	Efficient
2021	Rp 5.830,00 T	Rp 5.365,49 T	92,02	Efficient
2022	Rp 4.917,00 T	Rp 4.499,07 T	91,50	Efficient
2023	Rp 5.453,00 T	Rp 4.913,87 T	90,09	Efficient
2024	Rp 5.572,00 T	Rp 5.308,94 T	95,27	Efficient
Average			92,48	Efficient
Province of Lampung	Operating Expenditure Budget	Operating Expenditure Realization	Result %	Criteria
2020	Rp 5.088,30 T	Rp 4.864,80 T	95,58	Efficient
2021	Rp 5.352,64 T	Rp 5.151,92 T	96,25	Efficient
2022	Rp 4.587,93 T	Rp 4.407,61 T	96,07	Efficient
2023	Rp 5.129,29 T	Rp 4.628,71 T	90,22	Efficient
2024	Rp 5.643,64 T	Rp 5.164,30 T	91,52	Efficient
Average			93,92	Efficient

Based on the results of the table above, it can be seen that the efficiency ratio calculation of the Jambi Provincial Government for the 2020 fiscal year period obtained a result of 96% with economic criteria. In 2021, it obtained a result of 90.88% with efficiency criteria. Next, in 2022, it obtained a result of 94.12% with efficiency criteria. Then, in 2023, it obtained a result of 97.34% with efficiency criteria. Furthermore, in 2024, it obtained a result of 94.43% with efficiency criteria.

Based on the results in the table above, it can be seen that the efficiency ratio calculation for the South Sumatra Provincial Government for the 2020 fiscal year period obtained a result of 93.53% with economic criteria. In 2021, it obtained a result of

92.02% with efficiency criteria. Next, in 2022, it obtained a result of 91.50% with efficiency criteria. Then, in 2023, it obtained a result of 90.09% with efficiency criteria. Then, in 2024, it achieved a result of 95.27% based on efficiency criteria.

Based on the results in the table above, it can be seen that the efficiency ratio calculation for the Lampung Provincial Government in the 2020 fiscal year period achieved a result of 95.58% based on economic criteria. In 2021, it achieved a result of 96.25% based on efficiency criteria. Next, in 2022, it achieved a result of 96.07% with efficiency criteria. Then, in 2023, it achieved a result of 90.22% with efficiency criteria. Furthermore, in 2024, it achieved a result of 91.52% based on efficiency criteria.

Table 3. Calculation of Effectiveness Ratio for Jambi, South Sumatra, and Lampung Provinces

Province of Jambi	PAD Budget	PAD Realization	Result %	Criteria
2020	Rp 1.360,78 T	Rp 1.535,34 T	112,79	Effective
2021	Rp 1.601,00 T	Rp 1.843,03 T	115,13	Effective
2022	Rp 1.934,00 T	Rp 2.163,36 T	111,82	Effective
2023	Rp 2.088,00 T	Rp 2.095,57 T	100,34	Effective
2024	Rp 2.507,00 T	Rp 2.089,86 T	83,33	Not Effective
Average			104,68	Effective
Province of Sumsel	PAD Budget	PAD Realization	Result %	Criteria
2020	Rp 3.617,75 T	Rp 3.375,03 T	93,31	Not Effective
2021	Rp 4.747,00 T	Rp 3.865,17 T	81,43	Not Effective
2022	Rp 5.385,00 T	Rp 4.930,74 T	91,56	Not Effective
2023	Rp 5.537,00 T	Rp 5.199,80 T	93,89	Not Effective
2024	Rp 5.236,00 T	Rp 5.312,45 T	101,45	Effective
Average			92,32	Not Effective
Province of Lampung	PAD Budget	PAD Realization	Result %	Criteria
2020	Rp 2.962,14 T	Rp 2.842,36 T	95,95	Not Effective
2021	Rp 3.336,50 T	Rp 3.249,05 T	97,40	Not Effective
2022	Rp 3.784,74 T	Rp 3.678,71 T	97,19	Not Effective
2023	Rp 4.808,17 T	Rp 3.766,03 T	78,32	Not Effective
2024	Rp 5.150,04 T	Rp 4.039,78 T	78,42	Not Effective
Average			89,45	Not Effective

Source: Data Processed by Researcher, 2026

Based on the results of the table above, it can be seen that the calculation of the effectiveness ratio of the Jambi Provincial Government for the 2020 fiscal year period obtained a result of 112.79% with effectiveness criteria. In 2021, it obtained a result of 115.13% with effectiveness criteria. Next, in 2022, the result was 111.82% with effectiveness criteria. Then, in 2023, the result was 100.34% with effectiveness criteria. Furthermore, in 2024, the result was 83.33% without effectiveness criteria.

Based on the results of the table above, it can be seen that the effectiveness ratio calculation of the South Sumatra Provincial Government for the 2020 fiscal year period obtained a result of 93.31% with the criterion of ineffectiveness. In 2021, it obtained a result of 81.43% with the criterion of ineffectiveness.

Next, in 2022, it obtained a result of 91.56% with non-effectiveness criteria. Then, in 2023, it obtained a result of 93.89% with non-effectiveness criteria. Furthermore, in 2024, it obtained a result of 101.45% with effectiveness criteria.

Based on the results of the table above, it can be seen that the effectiveness ratio of the Lampung Provincial Government in the 2020 fiscal year period obtained a result of 95.95% with the criterion of ineffectiveness. In 2021, the result was 97.40% with the criterion of ineffectiveness. Next, in 2022, the result was 97.19% with the criterion of ineffectiveness. Then, in 2023, the result was 78.32% with the criterion of ineffectiveness. Then, in 2024, the result was 78.42% with the criterion of ineffectiveness.

Table 4. Recapitulation of the Average Financial Performance Ratio of Jambi, South Sumatra, and Lampung Provinces for the 2020-2024 Period

Province	Economy	Efficiency	Effectiveness
Jambi	95,62%	94,55%	89,45%
Sumsel	84,77%	92,48%	92,32%
Lampung	83,70%	93,92%	89,45%

Source: Data Processed by Researchers, 2026

Table 4 shows that the financial performance of local governments in the three provinces has different characteristics. Jambi Province recorded the highest average economic ratio (95.62%) but was also closest to the non-economic threshold (100%), indicating that capital expenditure realization was almost at the full budget. South Sumatra Province has an average economic ratio of 84.77% with capital expenditure realization consistently well below the budget. Lampung Province recorded the lowest average (83.70%) with significant fluctuations, particularly a drastic decline in 2023-2024. In terms of efficiency, the three provinces showed performance with an average below 100%. South Sumatra Province recorded the lowest average (92.48%), indicating the best

efficiency. Lampung Province was in second place (93.92%) with fluctuating performance, while Jambi Province recorded the highest average (94.55%), indicating more limited room for efficiency.

In terms of effectiveness, only Jambi Province managed to exceed its revenue target with an average of 104.68%, despite experiencing a drastic decline in 2024 (83.33%). South Sumatra Province recorded an average of 92.32% with a consistent improvement trend until it exceeded its target in 2024. Lampung Province recorded the lowest average (89.45%) and never reached the target during the study period, with a significant decline in the last two years.

Table 5. Economic Ratio Analysis of Jambi, South Sumatra, and Lampung Provinces

Year	Jambi	Sumsel	Lampung
2020	102,00%	72,36%	89,10%
2021	92,66%	83,82%	91,91%
2022	92,97%	94,19%	90,26%
2023	96,40%	84,99%	82,88%
2024	94,07%	88,50%	64,39%
Average	95,62%	84,77%	83,70%

Source: Data Processed by Researchers, 2026

The economic ratio calculations show that overall, the three provinces performed economically with an average below 100%, indicating that capital expenditure did not exceed the budget. However, there were differences in performance patterns between provinces.

Jambi Province recorded the highest average economic ratio (95.62%) with capital

expenditure realization almost reaching the entire budget. In 2020, the ratio reached 102% (uneconomical) because capital expenditure realization of IDR 642.70 billion exceeded the budget of IDR 628.76 billion. However, in subsequent years, it was successfully controlled below 100%. A ratio close to 100% indicates that almost the entire capital expenditure budget has been

absorbed, reflecting the successful implementation of physical development projects according to plan. However, a high ratio also indicates limited room for savings and fiscal risk in the event of unexpected cost increases.

South Sumatra Province showed excellent economic performance with an average of 84.77%, with capital expenditure consistently well below the budget. The highest ratio was 94.19% (2022) and the lowest was 72.36% (2020). The low ratio reflects very careful spending control, creating fiscal space to respond to emergencies, finance new projects, or reallocate budgets.

The government does not force spending of the budget, but spends according to actual needs in the field.

Lampung Province recorded an average of 83.70% with stable performance in 2020-2022 (89%-91%) but experienced a drastic decline in 2023 (82.88%) and 2024 (64.39%). This decline indicates that capital expenditure realization is much smaller than the budget allocation, which can be seen as significant savings. However, low capital expenditure absorption risks indicating slow realization of physical development projects or administrative obstacles preventing funds from being spent on time. This study is in line with Anita et al. (2025) in Sinjai Regency, which shows that all financial performance is categorized as economical. However, it is not in line with Nurafifah et al. (2022) in Nabire Regency, which is generally not economical because only 2020 was economical.

Tabel 6. Economic Ratio Analysis of Jambi, South Sumatra, and Lampung Provinces

Year	Jambi	Sumsel	Lampung
2020	96,00%	93,53%	95,58%
2021	90,88%	92,02%	96,25%
2022	94,12%	91,50%	96,07%
2023	97,34%	90,09%	90,22%
2024	94,43%	95,27%	91,52%
Average	94,55%	92,48%	93,92%

Source: Data Processed by Researcher, 2026

The efficiency ratio calculations show that all three provinces performed efficiently with an average below 100%, indicating that operating expenditure was lower than revenue. However, there were differences in efficiency levels and performance patterns.

South Sumatra Province recorded the best efficiency with the lowest average (92.48%), with operating expenditure consistently well below revenue. The highest ratio was 95.27% (2024) and the lowest was 90.09% (2023). The downward trend from 2020 to 2023 shows a continuous increase in efficiency, indicating a mature planning and control system and consistent budget discipline at all levels of government. The government has succeeded in creating a culture of economy and innovation in the use of the budget.

Lampung Province recorded an average of 93.92% with performance fluctuations. The highest ratio was 96.25% (2021) and the lowest was 90.22% (2023). The drastic decline in 2023 shows the success of significant savings, but the increase again in 2024 (91.52%) indicates the dynamics of operational expenditure management. These fluctuations show the process of finding the optimal balance between budget absorption and efficiency achievement.

The province of Jambi recorded the highest average (94.55%) despite remaining efficient. The highest ratio was 97.34% (2023) and the lowest was 90.88% (2021). A ratio close to 100% indicates that almost the entire operating budget has been absorbed, reflecting the successful implementation of operational programs according to plan. However, the high ratio also indicates limited room for savings,

as efficiency practices such as the optimization of goods/services procurement have not been implemented optimally. This study is in line with Matulatuwa et al. (2024) in Central Maluku Regency with an average of 85.65%

(efficient). However, it is not in line with Pratama et al. (2022) in Pekalongan Regency, which was generally inefficient because only 2017 was sufficiently efficient.

Tabel 7. Economic Ratio Analysis of Jambi, South Sumatra, and Lampung Provinces

Year	Jambi	Sumsel	Lampung
2020	112,79%	93,31%	95,95%
2021	115,13%	81,43%	97,40%
2022	111,82%	91,56%	97,19%
2023	100,34%	93,89%	78,32%
2024	83,33%	101,45%	78,42%
Average	104,68%	92,32%	89,45%

Source: Data Processed by Researcher, 2026

The results of the effectiveness ratio calculation show the most striking variation in performance between provinces. Only Jambi Province is effective overall (average >100%), while South Sumatra and Lampung have not yet reached their targets.

Jambi Province recorded the highest average (104.68%) with excellent achievements in 2020-2023 (112.79%, 115.13%, 111.82%, 100.34%) but declined sharply in 2024 (83.33%). The success in exceeding the target in the first three years was due to the effectiveness of the local tax and levy collection system, the optimization of local economic potential, and the accuracy of budget planning. The decline in 2023-2024 indicates a change in fiscal policy, a decline in economic activity, or an overly ambitious increase in targets without a corresponding increase in collection capacity.

South Sumatra Province recorded an average of 92.32% with a fluctuating pattern but a tendency to increase. The first four years (2020-2023) did not meet the target, but 2024 exceeded it

(101.45%). The consistent upward trend shows an improvement in the management of local revenue, the results of policy reforms, and an increase in the effectiveness of the collection system. This stability and predictability reflect a realistic revenue planning system and a strong control system.

The province of Lampung recorded the lowest average (89.45%) and never reached its target during the research period. The highest ratio was only 97.40% (2021), after three relatively stable years (95-97%), performance actually dropped dramatically in 2023-2024 (around 78%). The decline occurred when the PAD budget was planned to increase significantly (Rp3.78 trillion in 2022 to Rp4.81 trillion in 2023 and Rp5.15 trillion in 2024), indicating structural challenges in PAD management related to policy effectiveness or regional economic characteristics.

This study is in line with Sari et al. (2022) on the city of Pekanbaru (effective) and Nurafifah et al. (2022) on the district of Nabire (not effective overall).

Comparison of Financial Performance Between Provinces

Table 8. Performance Rankings Based on Each Ratio

Rangking	Economics	Efficiency	Effectiveness
Best	Sumsel (84,77%)	Sumsel (92,48%)	Jambi (104,68%)
Second	Lampungng (83,70%)	Lampung (93,92%)	Sumsel (92,32%)
Third	Jambi (95,62%)	Jambi (94,55%)	Lampung (89,45%)

Source: Data Processed by Researchers, 2026

Based on economic ratios, South Sumatra Province is the province with the best performance (average of 84.77%), as evidenced by the consistency of capital expenditure realization below the budget for five years. The largest difference between the budget and realization indicates the most careful expenditure control.

Based on the efficiency ratio, South Sumatra Province again excels (average 92.48%), as evidenced by the largest difference between the

realization of operating expenditures and revenue, indicating the most optimal level of operational cost savings. High performance stability with limited fluctuations (90.09%-95.27%) throughout the period. Based on the effectiveness ratio, Jambi Province is the province with the best performance (average 104.68%), the only province that overall exceeded the PAD budget target. Stability above the 100% threshold indicates a mature planning system and a good ability to estimate potential local revenue.

Table 9. Overall Local Government Performance Rankings

Rank	Province
1	Sumatera Selatan
2	Jambi
3	Lampung

Source: Data Processed by Researchers, 2026

Based on the integration of the three aspects of Value for Money, South Sumatra Province is considered to have the best financial performance during the 2020-2024 period. Although the composite average is lower than Jambi due to effectiveness below 100%, South Sumatra shows high consistency in economic and efficiency aspects, as well as a clear improvement trend in effectiveness without fluctuations or drastic declines like Jambi and Lampung. This stability in performance reflects mature regional financial management, good budget discipline, and an effective control system.

CONCLUSION

This study aims to analyze and compare the financial performance of the Provincial Governments of Jambi, South Sumatra, and Lampung for the period 2020-2024 using the Value for Money approach through economic, efficiency, and effectiveness ratios. Based on the results of the analysis and discussion, this study concludes:

First, from an economic perspective, all three provinces generally performed well with an average ratio below 100%, indicating that capital expenditure did not exceed the budget. South Sumatra Province recorded the best economic performance (average of

84.77%) with capital expenditure consistently well below the budget, reflecting very careful expenditure control and creating ample fiscal space. Lampung Province followed with an average of 83.70%, despite experiencing a significant decline in 2023-2024, indicating strict austerity policies or budget absorption constraints. Jambi Province had the highest average (95.62%) with realization almost reaching the entire budget, reflecting the successful implementation of projects but limited room for savings.

Second, in terms of efficiency, all three provinces performed efficiently with ratios below 100% throughout the period. South Sumatra Province excelled with the lowest average (92.48%), reflecting its ability to manage operational spending without waste. The downward trend from 2020 to 2023 shows a continuous increase in efficiency. Lampung Province is in second place (93.92%) with fluctuations in performance, indicating a process of searching for the optimal balance point. Jambi Province recorded the highest average (94.55%) with the realization of operating expenditures almost reaching the entire budget, indicating limited room for efficiency.

Third, in terms of effectiveness, the performance of the three provinces showed striking variations. Jambi Province recorded the best performance with an average of 104.68%, overall exceeding the PAD target, reflecting its ability to optimize revenue potential and planning accuracy. However, the drastic decline in 2024 (83,33%) requires serious attention. South Sumatra Province recorded an average of 92.32% with a consistent improvement trend and successfully exceeded the 2024 target, reflecting a realistic planning system and strong control. Lampung Province recorded the lowest average (89,45%) and never reached the target, with a drastic decline in the last two years indicating structural challenges in PAD management.

Fourth, based on the integration of the three aspects of Value for Money, South Sumatra Province is considered to have the best financial performance during the 2020-2024 period. This province shows

high consistency in economic and efficiency aspects, as well as a clear improvement trend in effectiveness, without fluctuations or drastic declines like Jambi and Lampung. This stable performance reflects mature regional financial management, good budget discipline, and an effective control system.

The Jambi Provincial Government needs to be more cautious in its capital expenditure planning so as not to come too close to the budget limit. A high economic ratio risks reducing fiscal flexibility in the event of unexpected cost increases. It is recommended that a budget reserve be set aside and a stricter monitoring system be implemented. Operational spending efficiency can be improved through refinement of the goods/services procurement system, digitization of administration, and routine evaluation of priority programs. The drastic decline in effectiveness in 2024 needs to be further analyzed to identify the causes and evaluate regional taxation policies. The South Sumatra Provincial Government has performed very well in terms of economic and efficiency aspects, which should be maintained. Best practices such as spending control mechanisms, transparent reporting systems, and participatory planning models need to be documented for replication. Effectiveness needs to be improved to remain consistently above 100% through strengthening the revenue potential database, increasing taxpayer compliance, and reviewing local retribution rates. Success in maintaining performance stability can be capitalized on to improve the quality of public services. For the Lampung Provincial Government, low effectiveness performance requires serious attention through an audit of the PAD management system, starting from target planning, collection systems, administration, to law enforcement. The drastic decline in the economic ratio needs to be examined to determine whether it is caused by austerity policies or technical constraints in project implementation. Fluctuations in efficiency indicate that the operational expenditure management system is not yet stable. It is necessary to develop a more accurate budget planning system, strengthen internal oversight, and improve the capacity of human resources.

This study has several limitations. First, it only uses three financial ratios as performance indicators. Second, the study is limited to three provinces in Southern Sumatra, so the results cannot be generalized to all provinces in Indonesia. Third, the five-year observation period (2020-2024) does not fully capture the long-term dynamics of regional financial management. Fourth, the study did not analyze factors that influence performance differences between provinces, such as fiscal capacity, regional policies, or macroeconomic conditions.

Based on these limitations, future studies are recommended to add other performance indicators such as regional financial independence ratios, growth ratios, or expenditure consistency ratios. Future research could also expand the scope of provinces and research periods, as well as analyze the determining factors that influence differences in financial performance between provinces. Thus, comparative studies of local government financial performance are expected to continue to develop and contribute more broadly to the development of public sector accounting literature and local financial management practices.

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