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PREFACE OF EDITOR IN CHIEF

The editorial team would like to praise God Almighty for the blessings and grace so that AKUMULASI Journal of Volume 2 Issue 2, December 2023 is published. We extend our gratitude to the authors for submitting manuscripts. We also extend our gratitude to the reviewers who have contributed to the peer review process of the manuscripts in this issue. Their professional support has made this journal qualified to be published.

We are very thankful for the support from the Deans of UNS Vocational School and the Big Team of Social and Humanities Journal of UNS Vocational School, UP Pengembangan Jurnal LPPM UNS, and the Big Family of UNS Vocational School.

This publication is expected to contribute to the development of science and trigger more in-depth research in Accounting and Finance. The editorial team welcomes any feedback to improve the quality of the journal publication and performance.

Surakarta, 31 December 2023

Editor in Chief of AKUMULASI

Andi Asrihapsari, S.E., M.Sc., Ak.

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The Effect of Green Innovation, Green Organizational Culture, Eco-Efficiency and Collaboration on Competitive Advantage

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ABSTRACT

Currently, the increase and competition of industrial development cause natural resource depletion. It is worsened by the pollution that comes from the production process of manufacturing companies with high-profile status. This study aims to analyze the effect of Green Innovation, Green Organizational Culture, Eco-Efficiency, and Collaboration on Competitive Advantage. This study employed a quantitative approach and used secondary data. Causal research was used to establish a relationship between the variables studied and the results of the research questions. Companies listed on the Indonesia Stock Exchange with high profile status in the Consumer Cyclical, Consumer Non-Cyclical, Basic Materials, Industrials, and Healthcare sectors from 2019-2021, were used as samples and taken by purposive sampling. A total of 67 companies participated, with a total of 201 research samples that lasted for three years. This study used descriptive statistical methods, panel data regression selection tests, and hypothesis testing using Eviews 12 software. The results of the model estimation test show that the selected model, namely the Random Effect Model (REM), is the regression analysis method. This study shows that partially the independent variables Green Innovation and Eco-Efficiency as well as the control variables Firm Size and Financial Performance (ROA) have a positive and significant effect on the Competitive Advantage of High-Profile Companies from 2019 to 2021. Meanwhile, the Green Organizational Culture and Collaboration variables do not affect the Competitive Advantage of High-Profile Companies from 2019 to 2021.

Keywords: collaboration; competitive advantages; eco-efficiency; green innovation; green organizational cultures

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INTRODUCTION

In the era of the 4.0 industrial revolution, industrial development was increasing day by day. This industrial development leads to a rapid pace of the economy and increases public demand for products to meet their needs which leads to competition among industries. As industrial production continues to grow, so does the problem of pollution caused by the waste it generates. Production waste that is directly disposed of without being recycled first can cause water and soil pollution both in industrial areas and residential areas. The competition results in environmental harm as a result of the excessive use of natural resources. As a result, environmental quality decreases and causes global warming, depletion of the ozone layer, water pollution, industrial waste, acid rain, and desertification (Ramlogan, 1997) in (Firmansyah, 2017). In addition to these concerns, the manufacturing industry is also facing critical issues such as scarcity of resources, global warming, limited carbon emissions, and soil erosion. On the other hand, customers are increasingly looking for eco-friendly products and services that are less harmful or even beneficial to the natural environment.

As a result of the lack of awareness of the importance of a green environment, both business actors and/or individuals are the main cause of environmental damage. One of the water pollution cases was found to be done by PT. KSA is a company that produced Corrugated Carton Boxes and Plastic Boxes. The company's B3 waste disposal channels do not meet the requirements, resulting in B3 waste being channeled into the local community's drainage system and eventually polluting the Sadang River on June 15, 2022 (Source: <https://www.bekasikab.go.id>). The growing concern for the environment has prompted environmental advocates to push for all companies to prioritize nature and the surrounding environment when tackling environmental issues. The Indonesian government recently implemented stricter regulations pertaining to the environment. These include Environmental Law No. 46 of 2017, which focuses on Environmental Economic Instruments. Additionally, the Financial Services Authority (OJK) released OJK Regulation Number 51/POJK.03/2017. This regulation aims to promote sustainable finance for Financial Services Institutions, which will help create a financial system that adheres to sustainable principles.

Nanath & Pillai (2017) define competitive advantage as a strategy that makes a business stand out from its competitors and cannot be fully replicated by them. Then, the company can achieve a competitive edge by implementing an environmental strategy that yields sustainable benefits for the company's growth and development. A company is said to be sustainable when the company tries to minimize the negative impact on the environment and social environment and ensures that the future generation can meet their needs and live longer with sufficient resources. Companies can adopt the strategy of Green Innovation to develop environmentally friendly products and production processes that benefit all activities (Muisyo et al., 2022). This approach can provide a competitive advantage and sustainable benefits for all parties involved. This statement is in line with the result of the research conducted by Barforoush et al. (2021) and Muisyo et al. (2022). It was found that green innovation has a significant effect on competitive advantage. Moreover, Berney (1986) states that a company can maintain a sustainable competitive advantage through a unique and valuable culture that cannot be easily replicated by competitors. This can be achieved through the adoption of an Organizational Green Culture strategy that prioritizes environmental concerns and integrates them into the company's core values. When a company fully integrates a green culture into its systems, it is more likely to achieve superior green performance, as suggested by Muisyo et al. (2022). This finding aligns with previous research conducted by Wang (2019) and Widiyati & Murwaningsari (2021), which found that Green Organizational Culture has a significant positive influence on Green Competitive Advantage. When an entity prioritizes ecosystems, it increases the aggressiveness of the company compared to other businesses. To further promote environmental consciousness, companies can practice Eco-Efficiency by utilizing more efficient energy sources, reducing waste, recycling, and

designing and packaging products in an environmentally friendly way during their production processes and marketing approaches. Many companies are now embracing the concept of eco-efficiency, which aims to be environmentally friendly while remaining competitive (Ztruk & Yilmaz, 2016). According to previous studies by Ztruk & Yilmaz (2016) and Azizah et al. (2013), Environmental Management Accounting is a form of eco-efficiency that can improve a company's competitive advantage. To achieve this, companies can also adopt a collaboration strategy with external parties to achieve common goals. By working together, industries can gain access to greater sources of energy, recognition, and rewards, especially when faced with limited resources and competition (Reficco et al., 2018). The findings of Mugni et al. (2022) and Liu et al. (2023) further support the idea that collaboration between companies has a significant impact on competitive advantage.

The purpose of conducting this study is that, currently, business people need to develop production strategies that are different from business competitors to maintain their existence and protect their competitive positioning. The goal can be achieved by promoting awareness of the environment by adopting a strategy that environmentally friendly production activities to shape the competition, so they can compete in the market and cannot be imitated by other competitors. Currently, problems and issues related to green environmental issues are becoming very relevant in the manufacturing sector after increasing public awareness of the environment, strict environmental regulations, and increasing pressure from shareholders to preserve the environment (Muisyo et al., 2022). It happens especially to manufacturing companies that operate in high-profile industries where the company gets the attention of the public and society because its operational activities have the potential and possibility of being related to the interests of the public and society at large. Therefore, the object of research in this study is companies that are listed in the high-profile type of industry, namely, companies that have a high level of sensitivity to the environment, a high level of political risk, or a strong level of competition (Diansari & Ervina, 2022).

Basis Theory and Hypothesis

The theory that becomes a basis for the researchers to formulate hypothesis. The followings are the basis theories that the researchers used:

Legitimation theory

The theory of legitimacy is a framework that governs the operations of an entity or company, taking into account the needs and expectations of various stakeholders such as the community, individuals, government, and local organizations. Its main objective is to ensure that the company's activities are aligned with societal expectations, making it a system that prioritizes community alignment. The theory of legitimacy is a framework that governs the operations of an entity or company, taking into account the needs and expectations of various stakeholders such as the community, individuals, government, and local organizations. Its main objective is to ensure that the company's activities are aligned with societal expectations, making it a system that prioritizes community alignment (Dewi & Rahmianingsih, 2020). The purpose underlying this theory is that a sustainable entity will prioritize environmental awareness that the entity or company in carrying out its activities provides a balanced value to the environment. Furthermore, the legitimacy theory motivates an entity so that its activities and performance can be accepted by society. Green Innovation and eco-efficiency are related to legitimacy theory because green innovation can gain the social legitimacy of an organization. Due to pressure from various parties, companies are encouraged to pay attention to and be responsible for environmental and social conditions by taking strategic steps, such

as investing in environmentally friendly operational activities, products, and processes through green innovation practices and good environmental management in eco-efficiency practices.

Resource-based view theory

Barney & Hesterly (2015, p. 86) defined Resource-Based View Theory (RBV) as a model of company performance that focuses on the resources and capabilities controlled by the company as a source of competitive advantage. This theory discusses how company resources are managed effectively and efficiently, so they can ultimately create a competitive advantage. Having competent resources can give a company a competitive edge over its rivals. RBV theory suggests that organizations can gain long-term competitive advantage by using resources that are scarce, valuable, inimitable, and non-replaceable. Implementing RBV as a strategic choice can help organizations develop and maximize their returns (Sukma, 2018). Green organizational culture can be a valuable asset for companies in the RBV context. A culture that prioritizes environmental preservation as a core value can lead to competitiveness and sustainability. Additionally, the RBV theory emphasizes collaboration as combining diverse resources can give companies an edge that competitors cannot easily replicate.

Stakeholder theory

According to Freeman and McVea (2001), stakeholder theory refers to any person or group that can impact or be influenced by the attainment of organizational objectives. It is a concept that outlines the parties that a company is accountable for, as described by Freeman (1984). One way companies implement this theory is by providing sustainable reports that cover economic, social, and environmental performance to maintain positive relationships with interested parties (Tahu, 2019). The essence of the stakeholder theory is that the stronger the company's relationship with stakeholders is, the better the business is run. This theory relates to several environmental performance strategies that companies can carry out in their operational activities in environmental disclosure, namely the eco-efficiency strategy, green innovation, and green organizational culture because the bigger the company's role in environmental activities is, the better the company's image for stakeholders is. Organizations that can achieve sustainable competitive advantage and differentiate themselves from competitors in increasingly environmentally conscious markets can directly increase competitive advantage. Then, this theory relates to collaboration whose goal is to help corporations strengthen relationships with external parties to develop competitive advantage. In addition, this theory pertains to a company's economic performance. If a company maintains good economic performance, it will draw attention from stakeholders. One way to do this is by emphasizing the value of financial performance, specifically the Return On Assets (ROA). This metric reflects the company's financial state during a certain period and is used to measure its success from a financial perspective. Stakeholders may also be interested in a firm's size, as measured by its total assets. A larger total asset value signifies that the company has more resources and capabilities to increase profitability and advance the company, thereby increasing its competitive advantage.

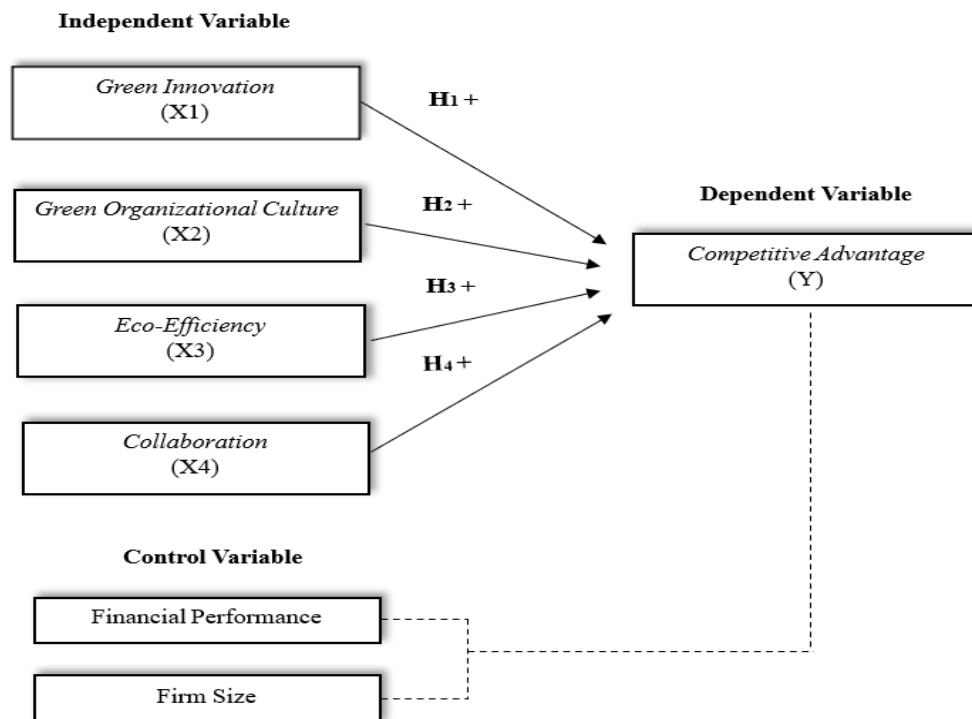


Figure 1. Theoretical framework

Based on the introduction, theoretical basis, and framework, the researchers aims to gather empirical evidence and analyze the factors that influence competitive advantage with the following research hypotheses:

The effect of green innovation on competitive advantage

Companies that support green innovation can achieve green performance which helps them to improve their corporate image and even to create new markets. It is due to the popularity of the environment among consumers and strict environmental protection regulations can improve the green performance of enterprises, thereby creating a competitive advantage (Wang, 2019). According to a recent study by Barforoush et al. (2021), green innovation can be divided into three areas focused on encouraging competitive advantage. Firstly, stakeholders of green innovation should be treated differently from other innovative strategies because it creates positive external impacts such as environmental improvement. Secondly, innovation in products and processes can increase the creativity of human resources and all aspects of industry and companies, leading to a competitive advantage. Lastly, green innovation can improve product quality levels, increase customer satisfaction, and contribute to industry market share. Green Innovation is focused on the effect of innovation on competitive advantage through creative human resource management towards Green Innovation. This approach is viewed as a reflection of legitimacy theory as a form of strategic step to produce environmentally friendly products in creating a balanced value for the environment. Additionally, stakeholder theory suggests that a company cannot ignore the demands of its stakeholders. Based on this description, the researchers propose the following hypothesis:

H1: Green Innovation has a positive effect on a company's Competitive Advantage.

The effect of green organizational culture on competitive advantage

The concept of Green Organizational Culture aligns with RBV Theory, as it emphasizes distinctive resources that are hard for rivals to acquire and utilize. Green Organizational Culture is

defined as managerial routines, mechanisms, approaches, or ideas that support entities in securing industrial ecological goals, adhering to pro-environmental policies, assessing the environmental significance of entity operations, as well as measures to reduce "waste and pollution" before a regulation or seeking methods which are no doubt to take advantage of business prospects through environmental improvement in increasing industrial ecological activities efficiently and effectively (Chen, 2008) in (Widiyati & Murwaningsari, 2021). The Green Culture of an organization has unique characteristics that make it hard for competitors to copy. It also helps members of the organization recognize environmental issues as fundamental values. By implementing activities and policies that prioritize environmental preservation, companies can gain value and gain a competitive edge Wang (2019). Engaging in environmental preservation activities can enhance a company's reputation and appeal to stakeholders, as per the stakeholder theory. The researchers put forth a hypothesis based on this observation:

H2: A company's adoption of a Green Organizational Culture results in a positive effect on its Competitive Advantage.

The effect of eco-efficiency on competitive advantage

Companies will gain social legitimacy if they emphasize their activities according to the prevailing norms in society by implementing eco-efficiency as a form of a good environmental management system. Eco-efficiency is a production strategy aimed at reducing product-related environmental impacts and risks to human health. While planning production for the future, today's businesses must consider the fact that future generations have access to the natural resources used today and shift to environmentally friendly production activities. The goal of the eco-efficiency strategy is to reduce the use of water, energy, and raw materials during all stages of production. The processes are regularly reviewed to minimize pollution and waste, which helps to protect the environment and make companies more competitive. Implementing eco-efficiency as a production strategy can generate additional revenue and reduce production costs for businesses (Zturk and Yilmaz, 2016). Having good environmental performance is reflected in a company's eco-efficiency strategy (Ar, 2012). When a company practices eco-efficiency and has good environmental performance, they are more highly regarded by the public and maintains positive relationships with stakeholders. It can even lead to long-term relationships. Based on this information, the researchers propose the following hypothesis:

H3: Eco-Efficiency has a positive effect on Competitive Advantage.

The effect of collaboration on competitive advantage

Collaboration can increase competitive advantage. It is because the resource network generated by inter-firm collaboration accelerates obtaining external information within the firm and enables firms to respond to changes in the external environment through dynamic capabilities and propose innovative performance to create excellence (Liu et al., 2023). Following stakeholder theory, establishing collaboration aims to assist companies in strengthening relationships with external parties so that companies receive more support in developing competitive advantages. Resource Base Value Theory is related to collaboration as it involves competencies, soft skills, and establishing a good relationship with external parties. Collaborating with other companies can obtain more important external information, where companies can use strategies of collaborating with other companies to internalize external knowledge to improve technology and create collaborative benefits (Ndubisi et al., 2020). Based on this description, the researchers propose the following hypothesis:

H4: Collaboration has a positive effect on Competitive Advantage

RESEARCH METHOD

Research Plan

The researchers conducted quantitative research using the Eviews program version 12. The study focused on 201 companies listed on the Indonesia Stock Exchange (IDX) between 2019-2021. A purposive sampling method was used to select a sample of High Profile Companies from the Basic Materials Sector, Industrial, Consumer Non-Cyclicals, Consumer Cyclicals, and Healthcare industries listed on the IDX from 2019 to 2021. The selected companies published a complete annual report for the same period. The information utilized in this study consists of secondary data gathered from sustainability reports and company annual reports, which were obtained from the IDX website, specifically www.idx.co.id, as well as the company's website. The approaches to analyzing the data in this research involve conducting a descriptive statistical test, selecting a panel data regression model, and performing a hypothesis test.

Definition of Variable and Measurement

The variables used in this study consisted of four independent variables (x), one dependent variable (y), and two control variables (control). The following describes these variables:

Competitive advantage (Y)

Rapid economic growth can bring benefits, but it also leads to intense competition (Liu et al., 2023). Competitive advantage refers to a company's ability to outperform its rivals by utilizing its resources effectively (Roos Ana et al., 2021). A business can be considered to possess a competitive advantage if it possesses a distinctive and challenging-to-replicate feature that sets it apart from other companies within the same market or industry. The existence of this competitive advantage strategy is intended to increase the added value of the goods and services offered by the company in meeting the needs of consumers who still pay attention to the environment.

The level of competitive advantage is determined by the Return On Invested Capital (ROIC) in this study. When the ROIC is high, investors receive higher returns and are more likely to invest in the company. Companies with high ROIC often face competition, making it a reliable indicator of financial performance. By maintaining or increasing ROIC over an extended period, companies can establish a sustainable competitive advantage (Tang & Liou, 2010) in (Widyaningdyah & Aryanani, 2013).

$$\text{ROIC} = \frac{\text{NOPAT}}{\text{IC}}$$

Information:

ROIC = Return On Invested Capital

NOPAT = Net Operating Profit After Taxes (Sales less Cost of Goods Sold, Advertising & Promotion Expenses, Research & Development Expenses, Depreciation Expenses, Selling General & Administrative Expenses, Income Tax Expenses) then divided by sales.

IC = Invested Capital (Cash plus Accounts Receivable and Inventory, Fixed Assets then minus Accounts Payable) then divided by sales.

Green innovation (X1)

According to Barforoush et al. (2021), green innovation is an important tool for companies to win the competition in an era of environmental concern. Green innovation refers to a range of improvements made to a product through the use of technology, to reduce energy consumption,

mitigate pollution during production, recycle waste, create eco-friendly products, and manage the environment of the company. It involves the replacement of limited resources with sustainable natural resources.

The measurement of Green Innovation is done through content analysis. Each indicator point is assigned a value of 1 if the company has conducted business activities related to that indicator, and a value of 0 if the company has not. Then, the indicator points obtained are added up and divided by the total points of all indicators.

$$\text{Green Innovation} = \frac{\text{The total items disclosed for each element (n)}}{\text{The total of all indicators (k)}}$$

Green organizational culture (X2)

Green organizational culture is a system of beliefs, values, inspiration, principles, and attitudes that shape organizational behavior and commitment related to environmental protection (Afum et al., 2020). Green organizational culture has different characteristics from its competitors' cultures and is not easily imitated by competitors and is an intangible asset, and guides organizational members to accept environmental issues as a core value in the organization.

Green organizational culture is measured based on content analysis. Where each indicator point is given a value of 1 if the company has carried out business activities following the indicator and given a value of 0 if the company has not done so. Then, the indicator points obtained are added up and divided by the total points of all indicators.

$$\text{Green Organizational Culture} = \frac{\text{The total items disclosed for each element (n)}}{\text{The total of all indicators (k)}}$$

Eco-efficiency (X3)

Eco-efficiency is a concept contained in environmental management accounting that displays the relationship between productive activities and low use of energy sources (Agustia et al., 2019). This effort can reduce environmental impact and excessive resource consumption. Eco-efficiency is addressed through the use of resources, where companies carry out resource efficiency to minimize negative impacts that cause harm to the environment such as waste and pollution (Dewi & Rahmianingsih, 2020).

Eco-efficiency is measured based on content analysis. Where each indicator point is given a value of 1 if the company has carried out business activities by the indicator and given a value of 0 if the company has not done so. Then, the indicator points obtained are added up and divided by the total points of all indicators.

$$\text{Eco-Efficiency} = \frac{\text{The total items disclosed for each element (n)}}{\text{The total of all indicators (k)}}$$

Collaboration (X4)

Collaboration is a term frequently used to describe a pattern of cooperation carried out by more than one party. Collaboration involves setting goals together with other parties, sharing responsibilities, and working together. Collaboration is associated with positive ideas of interaction and convergence of efforts for specific accomplishments. Therefore, the presence of collaboration among companies is highly correlated with joint innovation which obviously can deliver benefits that are increasingly difficult to compete with (Liu et al., 2023).

This collaboration is measured based on content analysis in which each indicator point is given a value of 1 if the company has carried out business activities following the indicator and given a value of 0 if the company has not done so. Then, the indicator points obtained are added up and divided by the total points of all indicators.

$$\text{Collaboration} = \frac{\text{The total items disclosed for each element (n)}}{\text{The total of all indicators (k)}}$$

Financial performance (Control 1)

Financial performance is the condition of a company's finances which is analyzed using financial analysis to find out the good and bad conditions of the company's financial performance reflected in a certain period (Gani et al., 2020).

$$\text{ROA} = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$$

Firm size (Control 2)

Firm size is a scale for classifying the size of the company in several ways, such as the total value of assets. Total assets are a measurement tool that is commonly used because it can reflect the company's wealth. If the company's asset level is high, it indicates good company performance and vice versa (Nugraha et al., 2021).

$$\text{Firm Size} = \text{Log } n (\text{Total Assets})$$

RESULT AND DISCUSSION

Descriptive Statistical Test

Descriptive statistical tests provide an overview or description of data seen from the average value (mean), standard deviation, maximum, and minimum (Ghozali, 2018).

Table 1. Result of descriptive statistical test

	N	Minimum	Maximum	Mean	Std. Deviation
Competitive Advantage	201	-1.27550	0.43140	0.06723	0.154145
Green Innovation	201	0.25000	1.00000	0.77985	0.212966
Green	201	0.16670	1.00000	0.79933	0.211681
Organizational Culture					
Eco-Efficiency	201	0.12500	1.00000	0.78172	0.215069
Collaboration	201	0.00000	1.00000	0.67497	0.236739
Financial Performance	201	-1.0498	0.607167	0.045245	0.132836
Firm Size	201	25.3102	33.5372	28.9537	1.873115

Based on Table 1, it is known that the objects studied (n) in 2019-2021 were 201 samples in high-profile companies in the Basic Materials, Industrial, Consumer Non-Cyclicals, Consumer Cyclicals, and Healthcare sectors. Table 1 is used to assist in identifying the size of the deviation for each variable that affects one variable to another. Where the Competitive Advantage and Financial

Performance variables are heterogeneous or varied (std. dev > mean), meaning that the various data distributions result in a high level of deviation. Then, the variables Green Innovation, Green Organizational Culture, Eco-Efficiency, Collaboration, and Firm Size are homogeneous (std. dev < mean), meaning that they have a low level of deviation.

With an average (mean) Competitive Advantage value of 0.06723, it means that the average competitive advantage variable is low because the average value does not reach 0.100000 (10%). It can be inferred that from 201 companies, the asset turnover is quite high, but debt is high enough which further reduce a company's income.

The average value (mean) of Green Innovation is 0.77985 from 201 companies, meaning that this value reflects a high and very good value because the resulting average value is close to the maximum value. These results indicate that most of the research data samples apply the four aspects of environmental innovation as a set of innovations in an environmentally friendly product to reduce the consequences of environmental pollution.

With an average (mean) Green Organizational Culture value of 0.799333 from 201 sample companies, it means that this value reflects a high value because the resulting value is close to the maximum value. The results of these average values indicate that the 6 indicators set have been implemented by most of the 201 sample companies in efforts to preserve the company's environment in shaping behavior and organizational commitment related to environmental protection.

With an average (mean) Eco-Efficiency value of 0.78172 from 201 sample companies, it means that this value reflects a high value because the resulting value is close to the maximum value. The results of the average value indicate that of the 8 indicators set, most of the 201 sample companies have implemented environmental management for the company's production activities in minimizing the impact on the environment.

With an average Collaboration value of 0.67497 from 201 sample companies, it means that this value reflects a high value because the resulting value is close to the maximum value. The results of the average value show that of the 3 indicators set, most of the 201 sample companies have been implemented in collaboration engagement and joint innovation, which obviously can produce advantages that are increasingly difficult to compete with.

With an average (mean) ROA value of 0.045245 from 201 sample companies, it means that the average value of the ability of company assets to generate profits is low.

Firm size has the lowest (minimum) value of 25.3102 or IDR 98,191,210,595 recorded by PT. Pratama Abadi Nusa Industri Tbk in 2020 which is seen from the total assets it has. The highest (maximum) value of 33,5372 was recorded by PT Astra International Tbk of IDR 367,311,000,000,000 in 2021 which is seen from the total assets it owns.

Panel Data Regression Method Selection Test

Here are the steps to choose among the common effect model, fixed effect model, and random effect model as a panel data regression model.

Chow test

The Chow test was conducted to choose between the common effect and the fixed effect as a panel data model, as seen from the chi-square (probability) cross-section.

Information:

H_0 : Common Effect (probability > 0.05)

H_a : Random Effect (probability < 0.05)

Hausman test

The Hausman test was conducted to choose between the fixed effect and the random effect as a panel data model, as seen from the random cross-section (probability).

Information:

H_0 : Random Effect (probability > 0.05)

H_a : Fixed Effect (probability < 0.05)

Langrange multiplier test

The Lagrange Multiplier test was conducted to choose between the common effect and random effect as a panel data model, which is seen in the Breusch-pagan (probability) cross-section.

Information:

H_0 : Common Effect (probability > 0.05)

H_a : Random Effect (probability < 0.05)

Table 2. Result of panel data regression method selection test

Summary Test	Alpha	Prob	Explanation	Result
Chow Test	< 0.05	0.0984	CEM vs FEM	<i>Common Effect Model</i>
Hausman Test		0.4121	REM vs FEM	<i>Random Effect Model</i>
Langrange Multiplier Test		0.02708	REM vs CEM	<i>Random Effect Model</i>

Based on the results of Table 2, the Chow test shows that H_0 is accepted and H_a is rejected, so the Common Effect Model is better used in panel data regression analysis. However, the Hausman test shows that H_0 is accepted and H_a is rejected, so the Random Effect Model is better used in panel data regression analysis. These results are then supported by the Langrange Multiplier Test where H_0 is rejected and H_a is accepted, indicating that the Random Effect Model is better used in panel data regression analysis. Based on these results, the Random Effect Model is the best model for panel data regression tests.

Hypothesis Test

Test of coefficient determination (R^2)

Test the Coefficient of Determination (R^2) to measure the closeness between the predicted value and the actual value of the independent variable. If the R-value of a regression is close to 1, the stronger the relationship between the dependent variable and the independent variable and vice versa.

Table 3. Result of coefficient determination test (R^2)

Predictors	Adjusted R-squared
<i>(Constant), Green Innovation (X1), Green Organizational Culture (X2), Eco-Efficiency (X3) dan Collaboration (X4), Financial Performance-Return On Asset (K1) and Firm Size (K2)</i>	0.418621

Based on the test results for the Coefficient of Determination (R^2) in Table 3, the Adjusted R Square value is 0.418621. It means that the values of the variables (Green Innovation, Green Organizational Culture, Eco-Efficiency, Collaboration, Financial Performance, and Firm Size) are collectively able to influence the dependent variable (Competitive Advantage) by 41.8% while the remaining 58.2% is explained by other variables or factors.

Test of simultaneous significance (F-Test)

The simultaneous Significance Test (F Test) was done to determine whether all independent or independent variables included in the model have a joint or simultaneous effect on the dependent variable at a significance level of 5%.

Information:

H0: Probability value < 0.05 , the independent variable (x) has a simultaneous effect on the dependent variable (y)

Ha: Probability value > 0.05 , the independent variable (x) has no simultaneous effect on the dependent variable (y)

Table 4. Result of simultaneous significance test (F-Test)

F-statistic	Prob (F-statistic)	Conclusion
25.00161	0.000000	Has a Simultaneous Effect

Based on the results of the Simultaneous Significance Test (F Test) in Table 4, the Fcount value is 25.00161 with a probability value of 0.000000. From the sig value of the F test of 0.000000 where this value is less than 0.05, then H0 is accepted. It can be concluded that the independent variables are green innovation, green organizational culture, eco-efficiency, collaboration, and the control variables of financial performance and firm size together (simultaneously) affect the dependent variable Competitive Advantage.

Test of partial significance (T-Test)

The Partial Significance Test (T-test) aims to determine whether the independent variable has a statistically significant or not significant effect on the dependent variable at a significance level of 5%.

Information:

H0: If the Sig. < 0.05 , then the independent variable (x) affects the dependent variable (y)

Ha: If the Sig. > 0.05 , then the independent variable (x) does not affect the dependent variable (y)

Table 5. Result of partial significance test (T-Test)

Variable	Directional Hypothesis	B	t-Statistic	Sig (One tailed)	Conclusion
Constant		-0.1925	-1.45042	0.1486	
Green Innovation	(+)	0.109124	2.187753	0.0299	H1 Accepted
Green Organizational Culture	(+)	0.081716	1.612861	0.1084	H2 Rejected
Eco-Efficiency	(+)	0.150428	3.040516	0.0027	H3 Accepted
Collaboration	(+)	0.080485	1.769592	0.0783	H4 Rejected
Financial Performance	(+)	0.674953	11.32285	0.0000	
Firm Size	(+)	0.009242	2.661652	0.0098	

$$CA = -0.1925 + 0.109124 GI + 0.081716 OGC + 0.150428 ECO + 0.080485 CL + 0.674953 ROA + 0.009242 SIZE + \varepsilon$$

Based on the results of the Partial Significance Test (T-Test) in Table 5 with a significance level of 5%, the following interpretation is obtained:

H1: green innovation has a coefficient value of 0.109124 and sig 0.0299 where this value is lower than 0.05, meaning that H1 is accepted, green innovation has a positive and significant effect on Competitive Advantage

H2: green organizational culture has a coefficient value of 0.081716 and sig 0.1084 which means it is greater than 0.05, meaning that H2 is rejected, so green organizational culture does not affect Competitive Advantage

H3: eco-efficiency coefficient value of 0.150428 and a sig of 0.0027 where this value is lower than 0.05, meaning that H3 eco-efficiency has a positive and significant effect on Competitive Advantage.

H4: collaboration has a coefficient value of 0.080485 and sig 0.0783 which means it is greater than 0.05, meaning that H4 is rejected, collaboration does not affect Competitive Advantage

ROA: financial performance has a coefficient value of 0.674953 and sig 0.0000 which means it is lower than 0.05, meaning that financial performance has a positive and significant effect on Competitive Advantage

SIZE: firm size has a coefficient value of 0.009242 and sig 0.0098 which means it is lower than 0.05, meaning that firm size has a positive and significant effect on Competitive Advantage.

Hypothesis Discussion

H1: Green innovation has a positive and significant effect on competitive advantage

According to studies conducted by Barforous et al. (2021), green innovation has a positive and notable impact on competitive advantage. This means that the more innovative a company is, the greater the advantage it will have over its competitors (Awaliyah & Haryanto, 2022). Based on legitimacy theory, the researchers suggest that companies that prioritize environmental issues and social responsibility gain greater support and recognition from society and the public. By implementing eco-friendly technologies and processes, companies can mitigate risks related to environmental regulations and contribute positively to long-term excellence. This differentiation can lead to increased customer attraction and market share, resulting in higher income and a positive impact on return on investment (ROIC) for investors. Businesses that prioritize creating eco-friendly products can establish stronger connections with their stakeholders, leading to lasting support and sustainable benefits aligned with stakeholder theory.

H2: Green organizational culture has no effect on competitive advantage

The findings obtained are not consistent with the study conducted by Widiyati and Murwaningsari (2021), whose research suggests that having a green organizational culture can significantly enhance competitive advantage. On the other hand, this aligns with the results of the study by Awaliyah and Haryanto (2022) that reveal companies have not yet fully disclosed their green organizational culture in maintaining their commitment to environmental preservation in the corporate setting. The researchers suggest that although the average value of descriptive statistics is 77.985%, which appears high, the company is not fully committed to prioritizing environmental awareness in its business. This lack of commitment has caused the level of public trust to remain low. The management of the organization has not fully embedded knowledge about the environment, which has impacted the company's ability to compete in an increasingly environmentally conscious market. This lack of competitiveness can affect the company's profitability or income, and the value of return (ROIC) to investors may not be high enough. These results contradict the theory of Resource

Base Value, as the green organizational culture has not influenced competitive advantage. According to stakeholder theory, consumer behavior can change due to changes in the economic situation and urgent needs, leading to reduced demand for products or services related to green culture. This change can cause the company's priorities to shift, focusing more on business continuity or economic aspects. This shift in priority may divert the commitment from environmental preservation or sustainability, which is the core value of green organizational culture, resulting in a weak competitive ability.

H3: Eco-efficiency has a positive and significant effect on competitive advantage

The result is in line with research from Zturk and Yilmaz (2016), eco-efficiency has a positive and significant impact on competitive advantage. Eco-efficiency can be viewed as a cost strategy that provides businesses with a competitive edge in terms of cost reduction. Companies can reduce waste and excessive use of resources like raw materials, energy, and water by adopting efficient production methods (Zturk and Yilmaz, 2016). This helps to lower production costs, resulting in higher net profits and an increased ROIC. Eco-efficient practices can also lead to the creation of innovative and environmentally friendly products. These products can appeal to consumers who are more environmentally conscious and meet the growing demand for sustainable products. This can enhance a company's competitiveness and boost profits, resulting in increased revenue and a positive impact on return on invested capital (ROIC) for investors. Thus, in line with the stakeholder theory that by implementing eco-efficiency practices, companies can meet the needs and expectations of stakeholders, achieve sustainability, and gain a competitive advantage, in line with stakeholder theory. The company being studied has implemented eco-efficiency as a form of environmental management awareness, which aligns with the prevailing norms in society. This approach is based on the theory of legitimacy, which means that the company aims to provide a balanced value to the environment while carrying out its activities. As a result, the company has added value for investors who support its sustainability, creating a competitive advantage over its competitors.

H4: Collaboration has no effect on competitive advantage

The findings of this study differ from the research done by Liu et al. (2023), who discovered that collaboration has a favorable and significant impact on competitive advantage. They found that companies can enhance their chances of success in varying markets by collaborating with business partners. However, the obtained results exceed the anticipated direction. The companies examined may not be fully concentrating on collaboration strategies for gaining the ability to compete. Instead, they prioritize internal activities, such as increasing the value of Return On Assets. Companies must focus on external activities such as market share, customers, and industry trends. Companies must also seek opportunities for innovation that can give them a competitive advantage. The Covid-19 pandemic has had an impact on stakeholder theory, particularly in terms of limiting a company's ability to collaborate with external parties such as business partners, suppliers, or investors. This is due to disruptions in global supply chains resulting from travel restrictions and remote work, which can slow down or make collaboration less relevant in joint innovation development, knowledge exchange, and new product development. Additionally, the pandemic has led to a decrease in revenue for many companies across different sectors, resulting in changes in consumer behavior that may lead to a decrease in demand for products, ultimately affecting a company's income and ability to generate high returns on invested capital (ROIC) through collaboration. Consequently, collaboration may not significantly contribute to a company's competitive advantage in current conditions.

Financial performance (ROA) has a positive and significant effect on competitive advantage

These results are in line with Sianturi et al. (2021) and Fabiola & Khusnah (2022) show that financial performance has a positive effect on Competitive Advantage. A high ROA indicates that a company can use its assets efficiently to generate profits and create a competitive advantage. According to the stakeholder theory, a company's financial performance is a key indicator of its ability to generate profits while managing assets effectively. By improving its financial performance (measured by ROA), a company can increase stakeholder confidence, attract potential investors and creditors, and build trust with related parties. This success in generating higher income leads to increased profitability and a positive impact on the return on investment (ROIC) for investors. This improved financial performance allows companies to focus on operational and competitive advantage activities.

Firm size has a positive and significant effect on competitive advantage

These results are in line with research (Nyuur et al., 2019). The larger companies have an easier time obtaining funding sources to achieve their goals, including gaining a competitive advantage over their competitors (Indriyani, 2017). The studied company has a significant advantage over others due to its large total assets. One benefit of having a high total asset value is that it often indicates that a company is large and has a greater operational capacity. This can contribute to building trust and a positive reputation among stakeholders, which can be a valuable advantage in a competitive market. When stakeholders have a high level of trust, it can result in improved opportunities such as attracting more investment and forming profitable partnerships. This increased trust can also lead to higher returns on investment (ROIC) due to increased income and access to better resources, ultimately improving competitive advantage.

CONCLUSION

Based on the study conducted, it is found that the Green Innovation and Eco-Efficiency factors have a positive and significant effect on the Competitive Advantage of High Profile Companies from 2019 to 2021. However, Green Organizational Culture and Collaboration do not have any effect on the Competitive Advantage. It is also observed that the control variables, Financial Performance (ROA) and Firm Size, have a positive and significant effect on the Competitive Advantage of High Profile Companies from 2019 to 2021.

There are some limitations to this study. Firstly, the data were obtained through content analysis and the results may be subjective due to the researchers' personal bias. Additionally, there were challenges in conducting the data search due to varying keywords used. Secondly, it is important to consider previous research on collaboration and firm size's impact on competitive advantage in order to think logically about the findings. Lastly, the adjusted R² result of 41.8% indicates that the independent variable can only explain 41.8% of the dependent variable, with the remaining 58.2% being influenced by other variables outside the scope of this research.

Based on the limitations identified in this study, the researchers recommend being more cautious when searching for keywords related to variables using content analysis to avoid bias. Future researchers can measure the Green Organizational Culture variable using proxies, as demonstrated in the study by Widiyati & Murwaningsari (2021), and examine the Collaboration variable using the approach taken in Mugni et al.'s (2022) research, as well as investigate the Competitive Advantage variable in line with Purwanto & Mela's (2021) study. The adjusted R² result of 41.8% suggests that other variables may also have an impact on a company's Competitive Advantage. Therefore, further research can explore additional independent variables such as Business Strategy, Environmental

Performance, Entrepreneurial Motives, and Entrepreneurial Orientation to broaden the discussion on Competitive Advantage.

This study has several implications that may be useful for interested parties. These implications include:

1. Theoretical

This study aims to contribute to the advancement of science in Indonesia by providing valuable insights. The findings indicate that the implementation of legitimacy theory and stakeholder theory in this study reinforces the independent variables of green innovation and eco-efficiency, resulting in a positive impact on Competitive Advantage. Additionally, the use of stakeholder theory reveals that financial performance control variables (ROA) and firm size, also have a beneficial effect on Competitive Advantage. This research can serve as a reference or comparison material for future studies and can be adapted to current conditions to further advance the field.

2. Practical

a. For Company

It is hoped that this research will encourage companies in Indonesia to prioritize good environmental management by adopting Green Innovation and Eco-Efficiency. It will not only add value to their business and improve their image in the eyes of stakeholders but also boost their ROA and Firm Size, which reflects the financial success of a good company and enhances its Competitive Advantage.

b. For Investor

It is hoped that this research can be used by investors as investment decision-makers because companies that have a high level of Return On Assets and Total Assets can create a Company Competitive Advantage. In addition, the company has good environmental and social awareness by implementing Green Innovation and Eco-Efficiency strategies in achieving the Company's Competitive Advantage.

c. For Government

The research can provide valuable information for creating a concept map on environmental issues, particularly sustainability. The government can utilize the research findings to evaluate environmental regulations and enforce strict auditing procedures on businesses to ensure compliance with proper environmental standards.

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The Effect of Environmental Performance, Eco-Efficiency, and Cash Holding on Firm Value

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ABSTRACT

This study aims to examine the relationship between environmental performance, eco-efficiency, and cash holding on firm value. The present study uses multiple regression analysis and the purposive sampling technique to analyse the data. The data are the annual report and financial report for manufacturing companies in the consumer non-cyclical sub-sector listed on the IDX from 2019 to 2021. The results show the relationship between environmental performance, eco-efficiency, and cash holding has a significant positive effect on firm value. The results of this study can provide valuable insight to managers, investors, policymakers, and stakeholders to make strategic decision-making and promote sustainable practices within the non-cyclical consumer goods manufacturing sub-sector.

Keywords: cash holding; environmental performance; eco-efficiency; firm value

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INTRODUCTION

Maximizing the value of the firm is an important goal to maintain the viability of the company. Increasing the firm value is a goal or target that every owner wants to achieve because if the firm value increases, the level of welfare will also increase. Firm value can also be used to assess the company's long-term performance and to compare it with its competitors. The firm value of companies listed on the Indonesia Stock Exchange (IDX) and active in offering shares to the public is assessed as an investor's perception of the company. Companies do not only rely on their financial performance but must also

pay attention to non-financial performance such as the company's environmental performance (Erlangga et al., 2021). Environmental performance from an economic perspective can be defined as a company's ability to obtain financial benefits by considering or paying attention to its impact on the environment. Research conducted by Kusuma & Dewi (2019) and Rismayanti et al., (2021) states that good environmental performance will improve the company's image in the eyes of the public and increase public buying interest which has an impact on increasing the profits earned by the company. Increased profits give a positive signal to investors, so they invest their funds in the company and make the stock prices go up. The results of research conducted by Hafidz and Deviyanti (2022) and Valdera, et al., (2022) show a significant relationship between environmental performance and firm value. Good environmental performance shows a form of corporate responsibility for environmental sustainability that can attract the interest of stakeholders to trust the company. It will also have an impact on increasing the value of the firm.

Industrial activities coexist directly with the environment which encourages society and stakeholders to force companies to adopt green strategies. Based on data from the National Waste Management Information System (Indonesian: *Sistem Informasi Pengelolaan Sampah Nasional*, abbreviated SIPSN) of the Ministry of Environment and Forestry (Indonesian: *Kementrian Lingkungan Hidup dan Kehutanan*, abbreviated KLHK), most of the national waste in 2022 is coming from food waste with 41.55% and the plastic waste is in the second place with 18.55%. Consumer non-cyclical are a significant contributor to environmental damage since unresolved waste generation can hurt the environment and health. Several global reports state that Indonesia is among the world's largest producers of plastic waste and food waste. The environmental damage has prompted the Indonesian government to oblige companies to care for nature and the surrounding environment.

To deal with the environmental problems, the Government of the Republic of Indonesia has tightened regulations related to the environment, including regulations such as Environmental Law No. 46 of 2017 concerning Environmental Economic Instruments. Furthermore, the Financial Services Authority (Indonesian: *Otoritas Jasa Keuangan*, abbreviated OJK) issued OJK regulation No. 51/POJK.03/2017 concerning the implementation of sustainable finance for Financial Services Institutions to create a financial system that applies sustainable principles. Indonesia has also drawn up several regulations to control the company's negative impact on the environment, such as Government Regulation No. 22 of 2021 concerning Implementation of Environmental Protection and Management and Regulation of the Minister of Environment and Forestry No. 1 of 2021 concerning Programs for Evaluation of Company Performance Ratings in Environmental Management. Corporate Performance Rating Assessment Program in Environmental Management, Corporate value, and environmental performance can be increased by implementing an environmental strategy that can connect the economy and the environment (Damas et al., 2021). Indicators for improving the assessment of environmental performance are assessed through the Company Performance Rating Program (Indonesian: *Program Penilaian Peringkat Kinerja Perusahaan Program*, abbreviated PROPER) by promoting sustainable improvements to disaster response programs that are expected to participate in the Sustainable Development Goals (SDGs) as a sustainable development effort that promotes people's welfare.

The Dictionary of the Environment and the Ministry of Environment of the Republic of Indonesia defines eco-efficiency as a combination of the concepts of economic efficiency which then includes aspects of natural resources and energy or a production process that minimizes the use of raw materials, water, and energy and minimizes the environmental impact due to production. In addition, eco-efficiency is the concept of an environmental management system whose function is to manage control over the resulting environmental impacts (Aviyanti & Isbanah, 2019). Reducing operational expenses and company compliance costs due to the implementation of eco-efficiency will cause the company's

profitability to increase and will be accompanied by an increase in firm value. PT Unilever Indonesia is also one of the major companies in Indonesia that implements the eco-efficiency concept and has also carried out ISO 14001 certification. This company has implemented the zero waste to landfill program since 2014 which aims to reduce waste generated during the production process. The value of the company increases when the company has an ISO 14001 certificate, which means the company has applied the concept of eco-efficiency in its activities. Research conducted by Damas et al., (2021) related to eco-efficiency proves that eco-efficiency has a negative effect on firm value. The results of research from Dewi & Rahmianingsih (2020) regarding increasing corporate value through green innovation and eco-efficiency state that eco-efficiency has a positive influence on firm value because companies are considered to have a better future compared to companies that do not implement eco-efficiency.

Cash holding is the ownership of cash owned by the company which is used for the company's operational activities. Optimal cash can reduce financial distress in the company so that the company's operational activities will run according to plan (Aviyanti & Isbanah, 2019). It is supported by the results of the research conducted by Danang Satrio (2020) and Safitri et al., (2019) that show eco-efficiency has a positive effect on firm value. The firm's value has increased and the company has an ISO-14001 certificate on environmental management. It means the company applies the concept of eco-efficiency in its activities. A high level of cash holding will indicate a lack of profitable investment opportunities, thereby reducing the value of the firm. In the previous research, cash holding is stated to have a negative effect on firm value and is contrary to signalling theory which explains that companies that have a high level of cash holding can attract investors to invest in the company. However, the use of a combination of environmental performance and eco-efficiency in influencing the value of companies participating in PROPER with the cash holding variable has not been investigated. Different from the previous research, this study uses consumer non-cyclical manufacturing companies listed on the Indonesia Stock Exchange as objects to obtain a more objective and representative test.

This study is different from previous research because it alters research that has been conducted by Dewi & Rahmianingsih (2020), entitled *Corporate Value through Green Innovation and Eco-efficiency*, and also research from Aviyanti & Isbanah (2019), entitled *Effects of Eco-efficiency, Corporate Social Responsibility, Ownership Concentration, and Cash Holding on the Firm Value of the consumer goods sector on the IDX from 2011 to 2016*. In the previous research, cash holding is stated to have a negative effect on firm value and is contrary to signalling theory which explains that companies that have a high level of cash holding can attract investors to invest in the company. However, the use of a combination of environmental performance and eco-efficiency in influencing the value of companies participating in PROPER with the cash holding variable has not been investigated. Different from the previous research, this study uses consumer non-cyclical manufacturing companies listed on the Indonesia Stock Exchange as objects to obtain a more objective and representative test. From various studies regarding the relationship between cash holdings and firm value, there are still different and inconsistent interpretations. Different from the previous research, this study uses consumer non-cyclical manufacturing companies listed on the Indonesia Stock Exchange as objects to obtain a more objective and representative test.

The Effect of Environmental Performance on Firm Value

Environmental performance is the ability of a company to gain profits by considering its impact on the environment and fulfilling its responsibilities to the environment. Environmental performance can also be viewed as an act of better corporate responsibility towards environmental sustainability. The relationship between environmental performance and legitimacy theory is closely related to how companies manage their perceptions and image toward the public and stakeholders. By achieving good environmental performance, companies can meet public expectations of corporate social responsibility

to protect the environment and contribute to sustainability. Poor environmental performance can lead to decreased support and investment, while good environmental performance can increase trust and maintain good relations with stakeholders. Research conducted by Abrahams, et al., (2020) shows that there is a positive effect on environmental disclosure with company valuation using an assessment of carbon emission productivity. It happens because the company can fulfil contracts or legitimize the community, so its existence will be responded to positively by the community or investors (Rismayanti, et al., 2021). It is supported by the results of research conducted by Hafidz and Deviyanti (2022) and Valdera, et al., (2022) which show a significant relationship between environmental performance and firm value. Good environmental performance shows a corporate responsibility for environmental sustainability that can attract stakeholders' interest and trust in the company and it will have an impact on increasing firm value.

H1: Environmental Performance Has a Positive Influence on Firm Value

The Effect of Eco-Efficiency on Firm Value

According to the World Business Council for Sustainable Development (WBCSD), eco-efficiency is a management philosophy that stimulates businesses to seek environmental improvements that produce parallel economic benefits. Eco-efficiency can be defined as a company's ability to achieve optimal results by using fewer resources, so it produces less waste and reduces company operational costs. According to Connelly, et al., (2011), the signal theory states how the signal giver (inside party/company) provides information about the company or product which turns into a signal (information) that is sent to the recipient/user (outside party). The signals provided by the company are intended to assist investors in making decisions or taking quick and appropriate steps to invest. This efficiency gives a positive signal to stakeholders and investors that the company can manage resources wisely and generate greater profits from efficient operations. It is supported by research conducted by Danang Satrio (2020) and Safitri, et al., (2019) which obtained results that eco-efficiency has a positive effect on firm value. The firm's value increases if the company has an ISO-14001 certificate regarding environmental management, which means the company applies the eco-efficiency concept in company activities. According to Panggau and Septiani (2019), the involvement of eco-efficiency as a business strategy has a positive relationship with firm value. It can be proven companies that adopt the eco-efficiency concept have a higher firm value than companies that do not adopt this concept. According to Khoiroh and Subardjo (2020) in their research, it is stated that a company that has optimal cash means that the company can meet all of the company's operational needs.

H2: Eco-Efficiency Has a Positive Effect on Firm Value.

The Effect of Cash Holding on Firm Value

According to the Indonesian Accounting Association (Indonesian: *Ikatan Akuntansi Indonesia*, abbreviated PSAK) in PSAK 2 Revised 2016, it is explained that cash consists of cash balances (cash on hand) and checking accounts (demand deposits) while cash equivalents are investments that are liquid, short-term, and can quickly be used as cash in an amount that can be determined and has an insignificant risk of change in value. The availability of cash holding will influence how much the company will invest. If cash Holding is too high, it can reduce the potential profits that can be obtained through more productive investments, while too little cash holding can increase financial risk. In signal theory, financial reports are considered relevant if they can provide something useful for users and have information that can be used as consideration before making decisions. A high level of cash holding (excess cash holding) will indicate a lack of profitable investment opportunities because the cash in the company is only stored and not used to make more profitable investments, thereby reducing the value of the firm. It is supported by research conducted by Aviyanti and Isbanah (2019) which states that cash

holding has a negative effect on firm value due to operational activities which will be hampered if there is no money for transactions, investments, and dividend distribution. It causes investor interest to decrease so that share prices and firm value also decrease.

H3: Cash Holding Has a Negative Effect on Firm Value.

RESEARCH METHOD

This study is causal research that uses secondary and quantitative data. The data were obtained from data available on the Indonesia Stock Exchange (BEI), financial reports, and company annual reports. The samples are manufacturing companies and the consumer non-cyclical manufacturing sub-sector which is also known as primary consumer goods which are often involved in producing goods that directly affect the environment, such as food, drinks, personal care, and the other products that are similar to it. The current study was carried out from 2019 to 2021 because the latest data tends to be more accurate and reflects real economic business conditions. The data were selected using a purposive sampling method. The data that meet the specified conditions and characteristics were collected, including companies that disclose financial reports and annual reports during years of research and consumer non-cyclical sub-sector manufacturing companies registered in PROPER. The hypothesis test and analysis were performed using multiple linear regression analysis supported by SPSS (Statistical Package for The Social Sciences) data processing software.

Firm Value

Firm value is measured using Tobin's Q. The greater the value generated, the more the company has good growth prospects. Tobin's Q explains the companies' ability to develop their share price, the manager's capacity to manage company assets, and the ability to grow investments. Here is the equation of Tobin's Q:

$$Tobin's\ Q = \frac{TNP + TNL}{Total\ Asset\ Value}$$

Description:

TNP = Closing price x number of outstanding stocks

TNL = Total value of liabilities in the financial statements

TNA = Total asset value in the financial statements

Environmental Performance

Environmental performance is measured using the Company Performance Rating Assessment Program in Environmental Management which is managed by the Ministry of Environment and Forestry. PROPER is assessed based on company ranking categories in five colours to assess the company's compliance and awareness in managing the environment, including:

Table 1. Measurement of environmental performance

Colour	Description	Score/Number
Gold	Excellent	5
Green	Very good	4
Blue	Good	3
Red	Poor	2
Black	Very poor	1

Source: Ministry of Environment and Forestry

Eco-Efficiency

Eco-efficiency is an approach in business that aims to reduce negative impacts on the environment by maximizing the efficient use of resources and increasing economic profits. According to Dewi & Rahmianingsih (2020), eco-efficiency will function as a management controller to reduce the company's impact on the environment and simultaneously create more value for shareholders. Eco-efficiency is measured by the company's participation in the ISO 14001 certification program. Information related to the company's participation in ISO can be obtained from annual sustainability reports and other sources. Eco-Efficiency is measured using dummy data which refers to research conducted by Damas et al., (2021) by giving a value of one for eco-efficient companies and zero for non-eco-efficient companies.

Cash Holding

The amount of Cash Holding shows the company's ability to face unexpected economic challenges or market instability. By having good environmental performance and eco-efficiency, companies tend to be more competitive and able to generate sustainable profits. The amount of cash holding can also reflect the company's ability to carry out business expansion, make acquisitions, or invest in more efficient technology and sustainable systems. A high level of cash holding will indicate a lack of profitable investment opportunities, thereby reducing the value of the company. The following is the equation used to calculate cash holding:

$$CH = \frac{\text{Cash and Cash Equivalent}}{\text{Total Asset}}$$

Analysis Method

This study uses multiple linear regression analysis techniques to determine the effect of the independent variable on the dependent variable. The multiple linear regression equation is formulated as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

- X1 = Environmental Performance
- X2 = Eco-Efficiency
- X3 = Cash Holding
- Y = Firm Value
- a = Constant Coefficient
- e = Standard Error
- β1, β2, β3 = Regression Coefficient

RESULT AND DISCUSSION

Descriptive Statistical Test

Table 1. Result of descriptive statistical test

	N	Minimum	Maximum	Mean	Std. Deviation
Environmental Performance	105	2	5	3,01	0,427
Cash Holding	105	-0,0390	0,5920	0,122441	0,2185987

	N	Minimum	Maximum	Mean	Std. Deviation
Firm Value	105	6,0790	1488,6740	152,219495	238,3230658
Valid N (listwise)	105				

Source: Output SPSS 25, processed data 2023

Based on the data shown in Table 1, it shows that the objects studied (N) in 2019-2021 were 105 samples. Table 1 is used to assist in identifying the size of the deviation for each variable that affects one variable to another.

The average (mean) value of the company from 35 companies is 152.22. It means the value of the company is valued at 152.22 times greater than its book value. Tobin's Q shows the relationship between market value and the intrinsic value of a company (Hayes, 2021). When Tobin's $Q < 1$, it indicates that the stock is undervalued because its book value is higher than its market value. It happens because management has failed in managing company assets or there is low investment growth. Conversely, when Tobin's $Q > 1$ indicates that the stock is overvalued, management has succeeded in managing the company's assets or has high investment growth potential.

The average (mean) environmental performance of the 35 companies, is equal to 3.01. The value illustrates the company's position in the colour indicator of the Company Performance Assessment Program is in a blue position or it can be said that there are still many companies that are making environmental management efforts that are following the required conditions (have fulfilled all aspects required by KLH).

Table 2. Result of frequency of eco-efficiency dummy variable

Description	Frequency	Percentage (%)
Company that does not have ISO 14001 certification	16	45,71
Company that has ISO 14001 certification	19	54,29
TOTAL	35	100

Eco-efficiency has a minimum value of 0 and a maximum value of 1. It is because eco-efficiency uses dummy measurements where 0 is for companies that do not have ISO 14001 certification and 1 is for companies that have ISO 14001 certification. Table 2 shows 16 companies or 45.71% of companies did not obtain ISO 14001 certification or did not implement eco-efficiency, while 19 companies, or 54.29% received ISO 14001 certification.

From 35 companies, the average (mean) cash holding value was 0.122. Cash holding Percentage refers to the percentage of total firm value represented by the amount of cash in the company. A high cash holding percentage can indicate that the company is more conservative in its use of cash. It is usually used to maintain larger cash reserves to face economic risks and uncertainty or as a safer financial strategy.

Classical Assumption Test

The classical assumption test consists of a normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test. The classical assumption test in this study uses graphs (histograms and normal probability plots) and the Kolmogorov-Smirnov test. Table 3 describes the results of the normality test that shows a significance value of > 0.05 and it can be concluded that the regression model that will be used as a research hypothesis has met the assumptions of normality or normally distributed data. Table 3 also explains the results of the multicollinearity test which can be seen from the tolerance

value above 0.1 and the VIF value <10 for all variables. It can be concluded that there is no multicollinearity. The results of the heteroscedasticity test above show that all variables have a sig value greater than 0.05. Therefore, it can be concluded that the regression model is not constrained by heteroscedasticity. With a total of 105 samples and an independent variable of 3 ($k = 3$), the Durbin-Watson table will give a du value of 1.7411. Because the dw value of 2.117 is greater than the upper limit (du) of 1.7411 and less than 4-du ($4 - 1.7411 = 2.2589$). It can be concluded that there is no autocorrelation.

Table 3. Result of classical assumption test

Description	Result	
Normality Test	Sig. (2-tailed)	.083
Multicollinearity Test	<i>Tolerance</i>	VIF
Environmental Performance	.976	1.025
Eco-Efficiency	.994	1.006
Cash Holding	.978	1.023
Heteroscedasticity Test		
Environmental Performance		.908
Eco-Efficiency		.695
Cash Holding		.931
Autocorrelation Test	R^2 .933	Dw 2.117

Source: Output SPSS 25, processed data 2023

Hypothesis Testing

Table 4 explains that the independent variable F test has a calculated F of 346.587 with a significance of $0.000 < 0.005$ so that the independent variables (environmental performance, eco-efficiency, and cash holding) have an effect on the dependent variable (firm value). Based on the results of the t-test from the table in the Environmental Performance regression model, a significance value of 0.005 was obtained, which means it is smaller than 0.05 ($0.000 < 0.05$) and the unstandardized beta value is 189.480 in the positive direction and T count $>$ T Table ($2.888 > 1.98373$). Therefore, it can be concluded that H1 is accepted. It means partially the Environmental Performance variable has a positive effect on firm value. Eco-Efficiency obtained a significance value of 0.000 which means it is smaller than 0.05 ($0.000 < 0.05$) and an unstandardized beta value of 149.484 in the positive direction and T count $>$ T table ($11.345 > 1.98373$). Therefore, it can be concluded that H2 is accepted. It means partially the eco-efficiency variable has a positive effect on firm value. Cash holding obtained a significance value of 0.000 which means it is smaller than 0.05 ($0.000 < 0.05$) and an unstandardized beta value of 161.725 in the positive direction and T count $>$ T table ($15.076 > 1.98373$). Therefore, it can be concluded that H3 is accepted. It means partially the cash holding variable has a positive effect on firm value. Adjusted R Square is 0.930. It means that the variation of the independent variable (cash holding, environmental performance, eco-efficiency) can explain the variation of the dependent variable (firm value) by 93% while the remaining 7% of the variance in the dependent variable is explained by other factors.

Table 4. Result of hypothesis testing

	B	t	Sig.	Decision
F test			.000	
T test				
Constant	156.259	.548	.585	
Environmental Performance	189.480	2.888	.005	H1 Accepted
Eco-Efficiency	149.484	11.354	.000	H2 Accepted
Cash Holding	161.725	15.076	.000	H3 Accepted
Adjusted R	.930			

Source: Output SPSS 25, processed data 2023

The Effect of Environmental Performance on Firm Value

A significance value of $0.005 < 0.05$ proves that environmental performance which is assessed by a PROPER rating based on a decree issued by the Ministry of Environment and Forestry, has a positive effect on firm value. Environmental management activities can be used as an act of corporate responsibility for environmental sustainability with the hope of gaining legitimacy from the community and a positive response from stakeholders (Rismayanti et al., 2021). It happens because environmental strategy can bridge the economy and the environment. In line with legitimacy theory, if a company's environmental performance is good, public opinion towards the company will increase, and vice versa (Wirawati, et al., 2020; Sudjana & Sudana, 2017). Companies with good environmental performance need to disclose better environmental quantity and quality information than companies with poor environmental performance. The more the company has a role in environmental management, the more the company needs to disclose the annual report related to environmental performance. Disclosures made by the company imply good and positive environmental performance which will gain higher legitimacy from stakeholders and increase the company's image in society.

The Effect of Eco-Efficiency on Firm Value

The eco-efficiency significance value of $0.000 < 0.05$ successfully proves that an environmental management system with ISO 14001 certification has a positive effect on Firm Value. In this study, Eco-efficiency is defined as increasing productivity which can simultaneously reduce costs by increasing environmental performance (Meutia et al., 2019). Efficient use of resources that can damage the environment can provide a higher assessment for the company compared to its competitors. By implementing eco-efficiency, companies are considered to have a better future compared to companies that do not implement Eco-Efficiency (Dewi & Rahmianingsih, 2020). In line with signal theory, ISO 14001 certification is a signal to stakeholders that the company has met international standards in environmental management. It can strengthen the perception that the company has good quality and adherence to environmental principles. Thus, ISO 14001 certification can increase the perception of firm value by stakeholders, including customers, investors, and governments. ISO 14001 certification can also be a signal to stakeholders that the company has an efficient and structured management system to manage environmental impacts. In the context of eco-efficiency, ISO 14001 can help companies identify opportunities to increase operational efficiency and reduce negative impacts on the environment. These signals can strengthen the perception that the company is a high-performing and efficient entity which can increase firm value. It follows the results of research by Danang Satrio (2020) which found that eco-efficiency has a positive effect on firm value.

The Effect of Cash Holding on Firm Value

The significance value of cash holding of $0.000 < 0.05$ proves that cash holding has a positive effect on firm value. The advantages of cash holding can be used to fulfil short-term obligations and maintain the business activities running smoothly. A high level of cash holding in manufacturing companies in Indonesia shows the company's liquidity, the company's ability to maintain operational levels, and the ability to survive in uncertain economic conditions. It indicates good company performance. The signalling theory explains that companies that have a high level of cash holding can attract investors to invest. In this context, a high level of cash holding can be considered as a resource available for business expansion, acquisition, research and development, or other investments that have the potential to generate growth and added value for the company. It can increase the perception of corporate value by stakeholders. A high level of cash holding can be a signal to stakeholders that the company has strong financial stability and security. By having sufficient cash reserves, companies can deal with unexpected situations or times of uncertainty without being overly dependent on loans or external funding. It can increase the perceived value of the company because stakeholders feel more confident about the company's ability to survive in difficult conditions. It is in line with the results of research by (Teruel, 2009) which concluded that in signal theory, financial reports are considered relevant if they can provide something useful for users and have information that can be used as material for consideration before making decisions.

The results of this study indicate that there is a significant positive influence between environmental performance, eco-efficiency, and cash holding on firm value in manufacturing companies in the consumer non-cyclical sub-sector. The hypothesis proposed in this research is strongly supported by the data analysed. In the context of environmental performance, companies that show better environmental performance tend to have higher corporate values. It shows that environmentally friendly business practices can make a positive contribution to the market assessment of the company. Companies that can reduce the environmental impact of their operations, for instance by reducing carbon emissions or managing waste properly, have the potential to be more highly valued by investors and stakeholders. Furthermore, eco-efficiency is also proven to have a positive influence on company value. Companies that can generate higher economic value using fewer resources and produce lower environmental impacts have a competitive advantage that can increase firm value. It reflects that efficiency in the use of resources, both in operational and environmental aspects, can generate long-term financial benefits. Moreover, cash holding also has an important role in increasing firm value. Companies with sufficient levels of cash reserves tend to be more valued by the market. It can be concluded that having adequate cash reserves guarantees financial stability and flexibility in dealing with economic uncertainty. Better smart investments and strategic decisions can be made when a company has a strong financial position.

CONCLUSION

This study has found that environmental performance, eco-efficiency, and cash holding have a positive and significant effect on firm value in manufacturing companies in the consumer non-cyclical sub-sector from 2019 to 2021. This study implies that the integration of business practices that focus on environmental performance, resource efficiency, and prudent financial management can positively influence the market valuation of companies in the consumer non-cyclical sub-sector. Company stakeholders need to consider the importance of these aspects in making strategic decisions to increase corporate value and create long-term positive impacts. Furthermore, these findings have provided valuable insights for investors who want to identify companies with long-term value growth potential. Meanwhile, for policymakers, these findings can raise awareness of the benefits of sustainable business practices and encourage the implementation of regulations for companies to adopt these practices.

This study is limited by the lack of manufacturing companies in the consumer non-cyclical sub-sector participating in the Corporate Performance Assessment Program as an indicator of environmental performance assessed by the Ministry of Environment and Forestry. Moreover, the observation was carried out until 2021 and cannot use data in 2022 since measuring firm value and cash holding requires the latest financial reports and annual reports. In this case, many companies have not disclosed their latest financial reports or annual reports until the time of this study. Further studies need to be carried out by expanding the scope of the observation industry by adding or changing the industrial sector used, using different measurements, or changing independent variables to broaden the discussion.

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Analysis of Financial Performance of BPKPAD Klaten Regency for the 2018-2022 Fiscal Year

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ABSTRACT

This present study aims to seek out the result of the analysis of the budget realization report of Klaten Regency for the 2018-2022 fiscal year to assess its financial performance. The quantitative descriptive analysis method was utilized in this study. The data were the budget realization report of Klaten Regency for the 2018-2022 fiscal year. The data were collected from Regional Income and Asset Financial Management Agency (Indonesian: *Badan Pengelolaan Keuangan Pendapatan dan Aset Daerah*, abbreviated BPKPAD) Klaten Regency by using documentation techniques and library research in research journal literature. The results show that based on the variance analysis, regional revenue and expenditure are included in the Good (Favorable) category. Based on the income growth ratio analysis, the result tends to decrease and is categorized as negative. The result of the expenditure growth ratio shows there is an increase and is categorized as positive. Meanwhile, looking at the regional expenditure compatibility ratio analysis, the result shows operating expenditure is more dominant than capital expenditure. Based on the findings, the author advises the Klaten Regency Government to make efforts to maximize various sources of regional revenue as well as allocate regional expenditure appropriately to avoid waste of funds to realize positive growth in revenue and expenditure and create a balance in regional expenditure.

Keywords: budget realization report; compatibility ratio; financial performance; growth ratio; revenue and expenditure variances

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INTRODUCTION

Law No. 23 of 2014 concerning Regional Government (Indonesian: *Pemerintah Daerah*, abbreviated Pemda), Law No. 33 of 2004 concerning Financial Balance between the Central Government and Regional Government, and Law No. 17 of 2003 concerning State Finance, are the starting points for the implementation of regional autonomy in Indonesia. Regional autonomy is the authority of an autonomous region to manage its resources following the potentials, priorities, and policies of its region. The main objective of implementing regional autonomy is to improve public services and advance the regional economy (Ardhini and Handayani, 2010).

Based on those laws, regional governments now have the authority to prepare their own Regional Revenue and Expenditure Budget (Indonesian: *Anggaran Pendapatan dan Belanja Daerah*, abbreviated APBD) based on their regional potential. The APBD is essentially a quantitative description of the aims, targets, tasks, and main functions of the regional government that must be able to provide a clear picture of the amount of financing according to the real needs of the community in a certain period (Perwira, 2012). It shows the increasing importance of healthy, good, and correct regional financial management under applicable regulations. Good regional financial management will be demonstrated by good financial performance (Sularso & Restianto, 2011).

The measurement of financial performance aims to determine the ability of a region to empower all of its assets and to assess the success rate of financial management in the area (Jumingan, 2006, pp. 239). The achievement level of financial management in a region can be identified by measuring financial performance using financial ratio analysis in the budget realization report (Halim, 2002).

The financial performance of regional government can be evaluated by analyzing the budget realization report. The budget realization report describes a comparison between the region's budget and its realization in a certain reporting period. The budget realization report also provides beneficial information for estimating the sources of income obtained to help fund regional government activities in the coming period (Mahsun, 2015, pp. 120).

Measuring regional government's financial performance is an important factor for assessing the level of accountability and responsibility of regional government in managing its finances. In this context, accountability includes the ability of regional governments to demonstrate that public money has been spent and used effectively, efficiently, and economically (Mardiasmo, 2004, pp. 182).

Klaten Regency is one of the regions that have implemented regional autonomy. However, the financial management process is still not optimal (Perwira, 2013). It is indicated by several financial problems faced by the region, such as the regional dependence on assistance from the central government is still high reflected in the nominal size of transfer income compared to transfer income in the Klaten Regency budget realization report.

In addition, the Klaten Regency budget realization report shows a problem which is the occurrence of a regional budget revenue and expenditure deficit in 2018 (solopos.com). It is shown in the larger expenditure budget compared to the stipulated revenue budget. However, it cannot be used as a reference to determine whether the regional financial management has been carried out properly or not. Thus, some financial ratio analysis is needed to determine the regional financial performance.

A number of studies have investigated the analysis of the financial performance of a region, especially for Central Java Province, including research conducted by (Adhiantoko, 2013; Pramita, 2015; Untari, 2015; Janah, 2015; Ruslina, 2003; Suprpto, 2006; Simatupang, 2007; Diana, 2008; Christina, 2017; Pailingan, 2015; and Pramono, 2014). The majority of these studies were conducted using the independence ratio, effectiveness ratio, and efficiency ratio. For example, the research conducted by

(Adhiantoko, 2013) regarding the measurement of the performance of Blora Regency in 2007-2011. From his research, it can be concluded that the performance of Blora Regency based on the ratio of independence shows an instructive relationship. Based on the efficiency ratio, it is categorized as efficient. From the effectiveness ratio, it is said to be effective.

Meanwhile, research on financial performance in Klaten Regency is rarely done, especially on income and expenditure variance analysis and financial ratio analysis using the ratio of income and expenditure growth and the ratio of compatibility between operating expenditure and capital expenditure. Therefore, the authors are interested in researching the analysis of budget realization reports to assess the financial performance of Klaten Regency for the 2018-2022 fiscal year.

This research focuses on assessing the financial performance analysis of Klaten Regency for the 2018-2022 fiscal year using several ratios, including analysis of variance in regional income and expenditure, analysis of income and expenditure growth ratios, and analysis of regional expenditure compatibility. It is surely different compared to previous research conducted by (Wardhani, 2012; and Kristanto, 2014) regarding the analysis of the financial performance of Klaten Regency that only uses variance analysis of income and expenditure as well as the independence ratio for the 2008-2012 fiscal year.

Hence, the authors are interested in researching the Klaten Regency Government entitled "Analysis of Financial Performance of BPKPAD Klaten Regency for the 2018-2022 fiscal year." The research questions are formulated as follows:

1. How is the financial performance of Klaten Regency for the 2018-2022 fiscal year based on the Budget Realization Report measured using Income Variance Analysis?
2. How is the financial performance of Klaten Regency for the 2018-2022 fiscal year based on the Budget Realization Report measured using Expenditure Variance Analysis?
3. How is the financial performance of Klaten Regency for the 2018-2022 fiscal year based on the Budget Realization Report measured using the Income Growth Ratio?
4. How is the financial performance of Klaten Regency for the 2018-2022 fiscal year based on the Budget Realization Report measured using the Expenditure Growth Ratio?
5. How is the financial performance of Klaten Regency for the 2018-2022 fiscal year based on the Budget Realization Report measured using Regional Expenditure Compatibility Analysis?

Regional Financial Statement

Based on the Statement of Government Accounting Standards No. 1 concerning the Presentation of Financial Statements listed in the Attachment to Government Regulation No. 71 of 2010 states that Financial Statements are a form of structured presentation which is the result of a representation of the financial position and financial transactions carried out by a reporting entity. Financial statements are the final result of all accounting processes that have been done.

Regional financial statements are the result of the process of identifying, measuring, and recording financial transactions carried out by a regional government entity which can be used as a reference for information in the process of regional financial management accountability, as well as policy making and economic decisions for external parties who need them (Erlina, 2013, pp. 20).

Moermahadi (2017) states that regional government financial statements abbreviated as LKPD (Indonesian: *Laporan Keuangan Pemerintah Daerah*) are a form of accountability for the use, utilization, and allocation of public funds or APBD which contain the state of financial performance in a particular agency. The regional government financial statement is a combination of the financial statements of each SKPD within the scope of the area. It is prepared to provide relevant information related to the financial position and all transactions carried out by the government entity within a certain reporting period.

In general, the purpose and function of public sector financial statements or regional government financial statements according to (Kawatu, 2009) are accountability, management and compliance, planning, public relations, organizational sustainability, and sources of facts. Public sector financial statements have 7 main components as stated in Government Regulation No. 71 of 2010 concerning Government Accounting Standards. The components are as follows:

1. The Budget Realization Report (Indonesian: *Laporan Realisasi Anggaran*, abbreviated LRA) contains information regarding the comparison between the budget set and the realization achieved. This information covers starting from the initial source of funds up to the process of allocating funds used in a certain reporting period.
2. Report on Changes in Excess Budget Balance or SAL Change Report (Indonesian: *Saldo Anggaran Lebih*, abbreviated SAL) contains information regarding the increase or decrease in the excess budget balance in the reporting year compared to the previous year.
3. Balance Sheet contains information regarding the financial position of an entity in the process of reporting equity, assets, and liabilities in a certain reporting period.
4. Operational Report (Indonesian: *Laporan Operasional*, abbreviated LO) contains information regarding the recapitulation of economic resources that contribute to the equal distribution of government operational activities which are carried out in one reporting period and managed by the central government or regional government.
5. Cash Flow Report (Indonesian: *Laporan Arus Kas*, abbreviated LAK) contains information on cash out and in, operating activities, funding, investments, receipts, and expenditures of the entity, as well as the final cash balance in a certain reporting period.
6. Report of Changes in Equity (Indonesian: *Laporan Perubahan Ekuitas*, abbreviated LPE) contains data relating to the increase or decrease in value estimated between the reporting year and the previous year.
7. Notes to Financial Statements (Indonesian: *Catatan atas Laporan Keuangan*, abbreviated CaLK) contains detailed information regarding the figures contained in the reports previously explained, such as budget realization reports, reports on changes in excess budget balances, balance sheets, operational reports, cash flow reports, and reports on changes in equity.

Budget Realization Report

The budget realization report presents an overview of the sources, allocation, and use of financial resources managed by the central/regional government which illustrates the comparison between the budget and its realization in one reporting period (Erlina, 2013, pp. 23). The budget realization report is a report that explains the difference between the total that has been realized at the end of the reporting period (Mahsun, 2015, pp. 120). The budget realization report compares the budget with its realization during a reporting period by providing an overview of the sources, allocation, and use of financial resources managed by the entity. Through the budget realization report, information can be found regarding the total costs, sources of income, and estimated expenditure of the entity during a certain period. In addition, the entity's sources of income to finance its activities are also listed in the budget realization report.

Following Government Regulation No. 71 of 2010 concerning Government Accounting Standards which are presented based on PSAP No. 2, the Budget Realization Report presents data and information related to the comparison of the budget with its realization in a certain reporting period. The following is the structure of the budget realization report containing budget realization data.

1. Revenue (cash basis) is revenue received from the regional general treasurer or by other government entities that adds to the value of current fund subsidies and is valid for the period of the relevant budget year which is a right for the government and does not need to be repaid.

2. Revenue (accrual basis) is the government's right to receive revenue that is recognized as an addition to net worth.
3. Expenditures (cash basis) are all expenditures made by the regional general treasurer that reduce the equity of current funds in the relevant fiscal year period where the government does not need to pay them back.
4. Expenditure (accrual basis) is the government's liability for expenditure recognized as a deduction from net worth.
5. The transfer is the receipt or expenditure of cash from a reporting entity to another reporting entity which includes balancing funds and profit-sharing funds.
6. A surplus or deficit is the difference between income and expenses during one reporting period.
7. Financing is any receipt of income that must be repaid or expenditure for use that will be recouped, either in the relevant budget year or in long-term expenditure plans in the government budget which is expected to cover the shortfall (deficit) or utilize budget excess.

Performance Measurement

Regional government financial performance is a description of the level of achievement of financial management for the implementation of policy program activities in realizing the targets, objectives, vision, and mission of regional government (Mahsun, 2013, pp. 25). In general, performance is a form of achievement achieved by an organization in a certain period. Government performance describes the level of achievement of goals and targets of a government agency showing the results of the vision, mission, and strategy of the regional government. Besides, it also shows the level of success or failure of the implementation of existing activities, following the programs and policies that have been determined previously.

According to (Moehariono, 2012), the definition of performance measurement is a management tool used to maximize quality in the decision-making process and government accountability. Performance measurement is the process of evaluating or assessing the achievements of implementing activities in an entity based on predetermined standards, targets, and objectives. Information related to the results of this performance measurement can be used as a reference in the process of setting performance standards in the future.

In Article 75 of Law No. 5 of 2014 concerning performance assessment, it is stated that the performance assessment of Civil Servants aims to ensure objectivity in the development of Civil Servants based on an achievement system and career system. The purpose of carrying out the performance measurement process is to produce accurate data and information for management that is useful in the decision-making process to improve the performance of an entity.

The benefits of performance measurement, include the ability to monitor and evaluate performance achievements, compare them with performance targets by carrying out corrective actions aimed at improving performance, and as a basis for providing awards or punishments (reward and punishment) objectively for achievements that have been achieved following the established performance measurement system (Sedarmayanti, 2009, pp. 264).

Analysis of Regional Government Performance

As a form of implementation of Government Regulation No. 105 of 2000 concerning Regional Financial Management and Accountability and Government Regulation No. 108 of 2000 concerning Procedures for Regional Financial Accountability, it is necessary to carry out a good and correct regional financial management and accountability process. Good regional financial management will be reflected in good financial performance (Sularso & Restianto, 2011, pp. 114).

Financial performance analysis is the process of critically reviewing financial performance including financial review, calculation, measurement, interpretation, and providing solutions to the company's financial problems in a certain period (Henry, 2015). One of the ways to analyze regional government financial performance is to carry out a financial ratio analysis of the budget realization report which has been determined and implemented (Halim, 2002, pp. 126).

Financial Ratio Analysis is a number obtained from the comparison of one financial statement with the other that has a relevant and significant relationship. Financial ratio analysis is a way to assess company performance in the past and present (Harahap, 2011, pp. 297).

According to Halim (2002), there are several ways of analysis to measure the financial performance of a regional government; (1) Income Variance Analysis (2) Expenditure Variance Analysis (3) Income Growth Ratio Analysis (4) Expenditure Growth Ratio Analysis and (5) Regional Expenditure Compatibility Ratio Analysis.

RESEARCH METHOD

This study was conducted at the Regional Government of Klaten Regency by collecting data at the Regional Income and Asset Financial Management Agency of Klaten Regency which is located at Jl. Pemuda No. 294, Hamlet 1, Tegalyoso, South Klaten District, Klaten Regency, Central Java 57413. The organizational structure of the Klaten Regency BPKPAD is as follows:

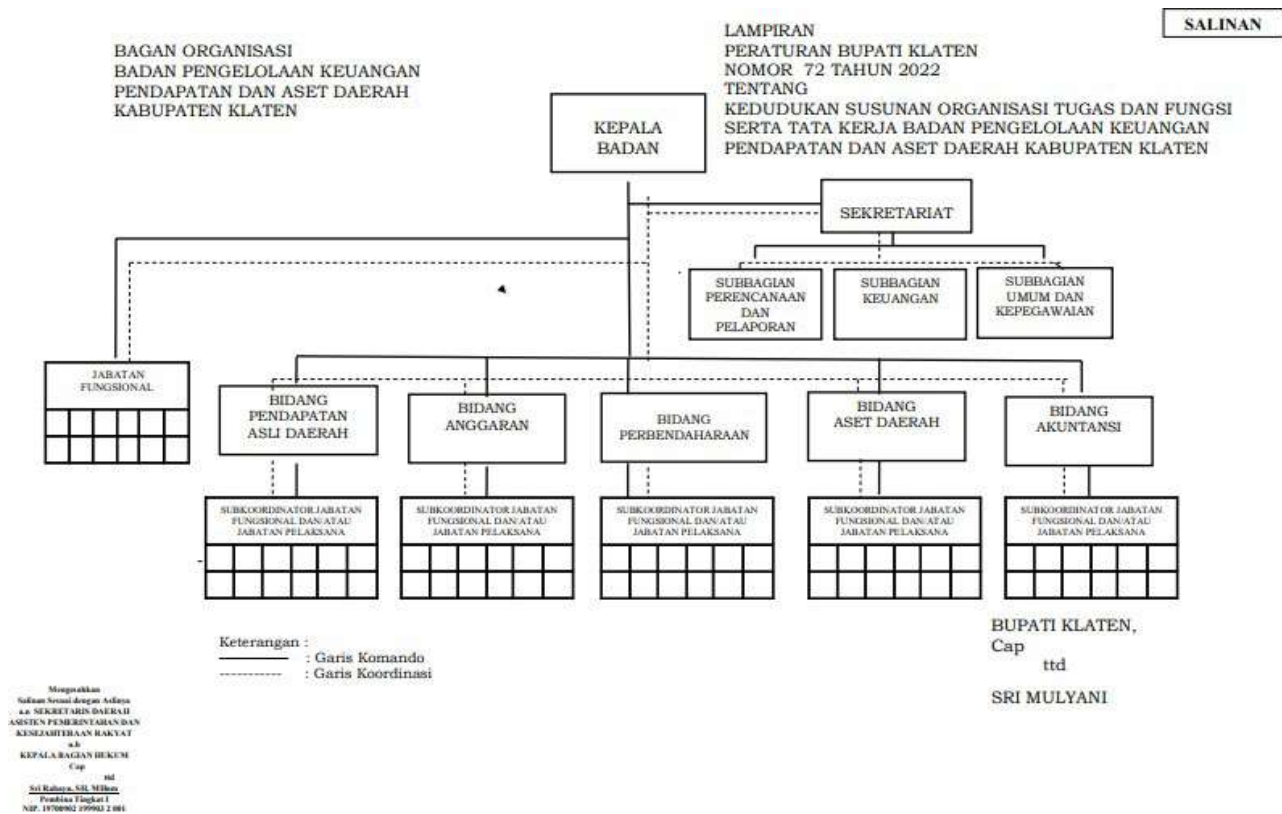


Figure 1. The structural organization of BPKPAD Klaten Regency
Source: Regent Regulation No. 72 of 2021

This study uses a quantitative descriptive research method. Quantitative descriptive analysis is a data analysis technique used to analyze data by describing the data that has been collected without aiming to make a general conclusion (Sugiyono, 2009, pp. 206). The subject of the study is the Financial Performance of Klaten Regency. Meanwhile, the object of this study is the Klaten Regency Budget

Realization Report for the 2018-2022 fiscal year. This study uses secondary data named historical. Secondary data is a type of data that is usually obtained in ready-made form and has been collected or processed by another party in the form of publication. The secondary data that are used in this study is the budget realization report for the 2018-2022 fiscal year which has been published. The material or theory sources for this study were obtained through library research in several published research journals. Meanwhile, the ratio analysis used in this study is as follows:

Revenue Variance Analysis

$$\text{Percent Revenue Variance} = \frac{\text{Revenue realization}}{\text{Revenue budget}} \times 100\%$$

Information:

- Revenue realization = Total of revenue realization in the budget realization report
- Revenue budget = Total of revenue budget in the budget realization report

Table 1. Assessment criteria of revenue variance performance

Revenue Variance Criteria	Size
Good (<i>Favorable</i>)	Revenue Realization > Revenue Budget
Poor (<i>Unfavorable</i>)	Revenue Realization < Revenue Budget

Source: Mahmudi (2016)

Expenditure Variance Analysis

$$\text{Percent Expenditure Variance} = \frac{\text{Expenditure realization}}{\text{Expenditure budget}} \times 100\%$$

Information:

- Expenditure realization = Total of expenditure realization in the budget realization report
- Expenditure budget = Total of expenditure budget in the budget realization report

Table 2. Assessment criteria of expenditure variance performance

Revenue Variance Criteria	Size
Good (<i>Favorable</i>)	Expenditure Realization < Expenditure Budget
Poor (<i>Unfavourable</i>)	Expenditure Realization > Expenditure Budget

Source: Mahmudi (2016)

Revenue Growth Ratio

$$\text{Revenue Growth Year} = \frac{\text{Revenue realization year}_t - \text{Revenue realization year}_{t-1}}{\text{Revenue realization year}_{t-1}} \times 100\%$$

Information:

- Revenue realization year_t = Total realized revenue of the previous year in the LRA
- Revenue realization year_{t-1} = Total realized revenue for the year calculated in the LRA

Table 3. Assessment criteria of revenue growth performance

Revenue Growth Criteria	Percentage (%)
Increase	Positive
Decrease	Negative

Source: Mahmudi (2010:160)

Expenditure Growth Ratio

$$\text{Expenditure Growth Year} = \frac{\text{Expenditure realization year}_t - \text{Expenditure realization year}_{t-1}}{\text{Expenditure realization year}_{t-1}} \times 100\%$$

Information:

Expenditure Realization year_t = Total realized expenditures for the year calculated in the LRA

Expenditure realization year_{t-1} = Total realized expenditures from the previous year in the LRA

Table 4. Criteria of performance measurement of expenditure growth

Expenditure Growth Criteria	Percentage (%)
Increase	Positive
Decrease	Negative

Source: Mahmudi (2010:160)

Regional Expenditure Compatibility Ratio

Operational expenditure

According to Mahmudi (2010) states that the proportion of operational expenditure usually dominates the total regional expenditure, which is 60-90%. The Operational Expenditure Compatibility Ratio can be formulated as follows:

$$\text{Operational Expenditure Compatibility} = \frac{\text{Operational Expenditure Realization}}{\text{Operational of Regional Expenditure}} \times 100\%$$

Information:

Operational Expenditure Realization = Total Realized Operating Expenditure for the year calculated in the LRA

Operational of Regional Expenditure = Total Regional Expenditure Realization for that year in the LRA

Capital expenditure

According to Mahmudi (2010), the proportion of capital expenditure usually does not dominate the total regional expenditure, namely only 5 to 20%. The Capital Expenditure Compatibility Ratio can be formulated as follows:

$$\text{Capital Expenditure Compatibility Ratio} = \frac{\text{Capital Expenditure Ralization}}{\text{Total of Regional Expenditure}} \times 100\%$$

Information:

Capital Expenditure Realization = Total Realized Capital Expenditures for the year calculated in the LRA

Total of Regional Expenditure = Total Regional Expenditure Realization for that year in the LRA

RESULT AND DISCUSSION

Revenue Variance Analysis

The result of the performance measurement of Klaten Regency for the 2018-2022 Fiscal Year using the Income Variance Analysis presented in the following table:

Table 5. The result of calculation of revenue variance analysis of Klaten Regency for 2018-2022

Fiscal Year	Revenue Budget (Rp)	Revenue Realization (Rp)	Revenue Variance (Rp)	(%)	Criteria
2018	2,545,432,179,217	2,577,961,130,135.42	32,528,950,918.42	101,28	Favorable
2019	2,716,040,824,886	2,689,353,252,985.44	26,687,571,900.56	99,02	Unfavorable
2020	2,509,533,202,687	2,578,135,836,354.00	68,602,633,667	102,73	Favorable
2021	2,532,484,633,385	2,570,037,777,373.00	37,553,143,988	101,48	Favorable
2022	2,550,512,308,850	2,587,693,432,935.00	37,181,124,085	101,46	Favorable
Mean	2,570,800,629,805	2,600,636,285,956.572	29,835,656,151.572	101,16	Favorable

Source: Budget realization report of BPKPAD Klaten regency (processed data, 2023)

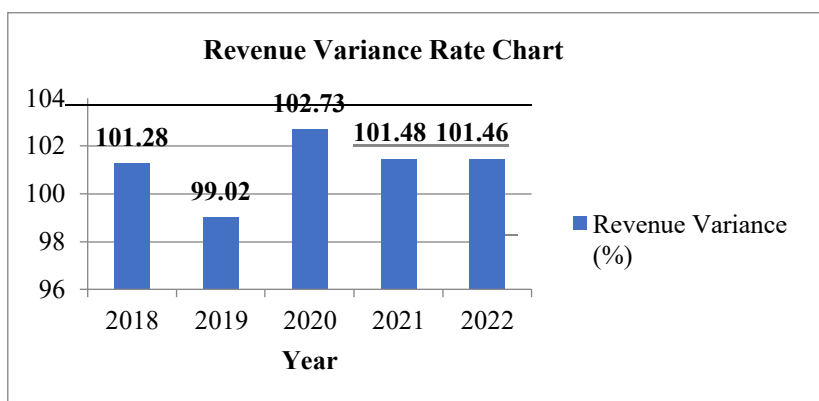


Figure 2. Chart of revenue variance rate of Klaten Regency for 2018-2022
 Source: Budget realization report of BPKPAD Klaten Regency (processed data, 2023)

Based on the results of calculations that have been carried out as presented in Table 5 above, it can be concluded that the average results of the revenue variance analysis in Klaten Regency from 2018 to 2022 are 101.16%, so it can be categorized as Good (Favourable) which can be proven in the amount of Revenue Realization is greater than the Revenue Budget that has been set. It means that from 2018 to 2022, Klaten Regency is considered to have succeeded in optimally managing its regional finances and being able to realize the revenue budget well.

Based on the chart regarding the level of variance analysis of Klaten Regency revenue for the 2018-2022 fiscal year as in Figure 2, it can be seen that Klaten Regency experiences fluctuations from year to year. The lowest percentage for measurement using this analysis occurred in 2019 which is 99.02%. This is because the realization of transfer revenue in 2019 was smaller than the predetermined budget. It resulted in the revenue realization budget target set by Klaten Regency not being exceeded

for that year.

However, in 2020, the results of the income variance analysis showed the highest percentage which is 102.73%. This is because the realization of local original income can exceed the predetermined budget so that it can exceed the budget target set by Klaten Regency in 2020.

The results of this revenue variance analysis are in line with research conducted by Assidiqi (2012) in Klaten Regency for the 2008-2012 Fiscal Year regarding income variance analysis. It is because both research show results of revenue variance analysis that exceed 100% so that they fall into the good (Favourable) criteria.

Expenditure Variance Analysis

The result of the performance measurement of Klaten Regency for the 2018-2022 Fiscal Year using Expenditure Variance Analysis is presented in the following table:

Table 6. The result of calculation of expenditure variance analysis of Klaten Regency for 2018-2022

Fiscal Year	Expenditure Budget (Rp)	Expenditure Realization (Rp)	Expenditure Variance (Rp)	(%)	Criteria
2018	2.256.817.387.277,98	1.906.017.589.489,88	350.799.797.788,1	84,46	Favorable
2019	2.313.507.060.398,52	1.917.895.032.426,68	395.612.027.971,84	82,90	Favorable
2020	2.188.110.038.816,28	1.820.342.899.284,00	367.767.139.532,28	83,19	Favorable
2021	2.949.643.677.710,28	2.493.406.881.542,00	456.236.796.168,28	84,53	Favorable
2022	3.020.031.884.691,28	2.527.619.332.474,28	492,412,552,217	83,70	Favorable
Mean	2,545,622,009,778.868	2,133,056,347,043.368	412,565,662,735.5	83,79	Favorable

Source: Budget Realization Report of BPKPAD Klaten Regency (processed data)

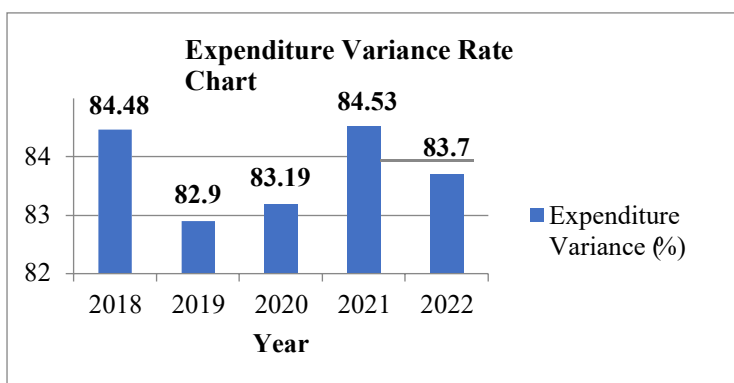


Figure 3. Chart of the expenditure variance level of Klaten Regency Expenditures for 2018-2022

Source: Budget Realization Report of BPKPAD Klaten Regency (processed data, 2023)

Based on the results of calculations that have been carried out as presented in Table 6. above, it can be concluded that the average results of the expenditure variance analysis of Klaten Regency from 2018 to 2022 are 83.79%, so it can be categorized as Good (Favourable) which can be proven in the

amount of Expenditure Realization that does not exceed the stipulated Expenditure Budget. It means Klaten Regency from 2018 to 2022 is considered successful in managing its finances and allocating its regional expenditure optimally, as well as being able to realize its expenditure budget well. Therefore, it is not categorized as wasting funds.

Based on the graph regarding the level of expenditure variance analysis of Klaten Regency for the 2018-2022 fiscal year as in Figure 3, it can be seen that Klaten Regency experiences fluctuations from year to year. The lowest percentage for measurements using this analysis occurred in 2019, which was 82.9%. The low level of expenditure realization is due to the absorption of the expenditure budget in 2019 which has not been realized optimally. However, this is still considered good because by not exceeding the predetermined expenditure budget, it proves that Klaten Regency does not experience wasteful regional expenditure, and has allocated expenditure appropriately.

Meanwhile, in 2021, the results of the expenditure variance analysis show the highest percentage which is 84.53%. The high level of revenue realization is due to the absorption of the expenditure budget in 2021 which can be realized optimally. Therefore, in 2021, Klaten Regency is considered to have been able to allocate its expenditure budget appropriately so that it is not said to experience wasteful regional expenditure.

The results of this expenditure variance analysis are in line with research conducted by Assidiqi (2012) in Klaten Regency for the 2008-2012 Fiscal Year regarding expenditure variance analysis. Both researches show the result of analysis of expenditure variance that does not exceed 100% so that they fall into the good (Favourable) criteria.

Revenue Growth Ratio

The result of the performance measurement of Klaten Regency for the 2018-2022 Fiscal Year using the Income Growth Ratio are presented in the following table:

Table 7. The result of the measurement of revenue growth ratio of Klaten Regency for 2018-2022

Fiscal Year	Revenue Realization Year _t (Rp)	Revenue Realization Year _{t-1} (Rp)	Result (%)	Criteria
2018	2.577.961.130.135,42	2.581.515.295.917,04	(0,138)	Negative
2019	2.689.353.252.985,44	2.577.961.130.135,42	4,320	Positive
2020	2.578.135.836.354,00	2.689.353.252.985,44	(4,135)	Negative
2021	2.570.037.777.373,00	2.578.135.836.354,00	(0,314)	Negative
2022	2.587.693.432.935,00	2.570.037.777.373,00	0,687	Positive
Mean	2,600,636,285,956.57	2,599,400,658,552.98	0,047	Positive

Source: Budget Realization Report of BPKPAD Klaten Regency (processed data)

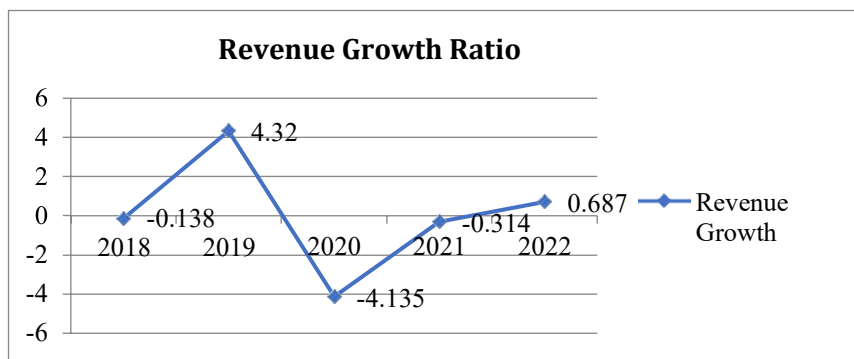


Figure 4. Chart of revenue growth ratio of Klaten Regency for 2018-2022
 Source: Budget Realization Report of BPKPAD Klaten Regency (processed data, 2023)

Based on the results of the calculations that have been carried out as presented in Table 7, it can be concluded that the average results of the ratio analysis of revenue growth in Klaten Regency from 2018 to 2022 are 0.047%, so it can be categorized as positive which can be proven in the amount of realized revenue tends to increase when compared to the previous year's Realized Revenue. It means that from 2018 to 2022, Klaten Regency is considered successful in managing its regional revenue. Thus, it can realize regional revenue properly and can maintain and even increase its regional income from year to year.

Based on the graph regarding the analysis of the level of the revenue growth ratio of Klaten Regency from 2018 to 2022 as shown in Figure 4, it can be seen that Klaten Regency experiences fluctuation from year to year with a percentage of 4.32% in 2019 then decreased in 2020 by (4.135) % with a decreasing percentage of 8.455%. This decrease was due to a decrease in regional revenue especially in the Klaten Regency regional revenue. One of the causes was the outbreak of the COVID-19 disease which had an impact on decreasing Klaten Regency regional revenue. Even though there was a decrease in revenue in 2020, the realization of income in that year was able to exceed the revenue target set by Klaten Regency.

In 2019, the results of the analysis of the revenue growth ratio experienced the highest increase in revenue realization with a percentage of 4.32% compared to 2018 which was only (0.138) % with a percentage increase of 4.458%. This increase was due to an increase in regional revenue especially in transfer income and other legal regional revenue that was quite significant that year. The results of the analysis of revenue growth ratio are in line with the research conducted by Assidiqi (2012) in Klaten Regency for the 2008-2012 Fiscal Year regarding revenue growth ratio analysis. Both show the results of the ratio analysis of revenue growth which tends to increase every year, so it is included in the positive growth criteria.

Expenditure Growth Ratio

The result of the performance measurement of Klaten Regency for the 2018-2022 Fiscal Year using the Expenditure Growth Ratio is presented in the following table:

Table 8. The result of measurement of expenditure growth ratio of Klaten Regency for 2018-2022

Fiscal Year	Expenditure Realization Year _t (Rp)	Expenditure Realization Year _{t-1} (Rp)	Result (%)	Criteria
2018	1.906.017.589.489,88	1.846.458.264.255,22	3,225	Positive
2019	1.917.895.032.426,68	1.906.017.589.489,88	0,623	Positive
2020	1.820.342.899.284,00	1.917.895.032.426,68	(5,086)	Negative
2021	2.493.406.881.542,00	1.820.342.899.284,00	(2,843)	Positive
2022	2.527.619.332.474,28	2.493.406.881.542,00	1,372	Positive
Mean	2.133.056.347.043,37	1.996.824.133.399,56	6,822	Positive

Source: Budget Realization Report of BPKPAD Klaten Regency (processed data)

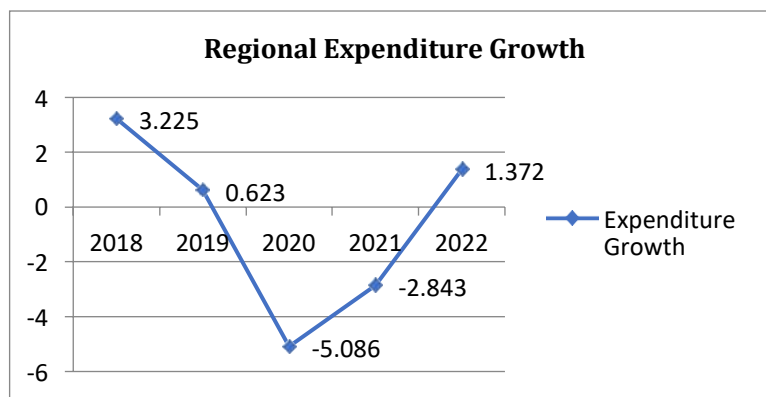


Figure 5. Chart of expenditure growth ratio Klaten Regency of the 2018-2022 fiscal year
 Source: Budget Realization Report of BPKPAD Klaten Regency (processed data, 2023)

Based on the results of calculations that have been carried out as presented in Table 8 above, it can be concluded that the average results of the analysis of the expenditure growth ratio in Klaten Regency from 2018 to 2022 is 6.822%, so it can be categorized as Positive, which can be proven by the amount of actual expenditure realized tends to increase when compared to the previous year's expenditure realization. This means that from 2018 to 2022 Klaten Regency is considered to have succeeded in managing its regional spending optimally so that it can realize regional spending well can maintain its regional spending from year to year, and is not considered to be wasting regional spending. Based on the results of calculations that have been carried out as presented in Table 8, it can be concluded that the average results of the analysis of the expenditure growth ratio in Klaten Regency from 2018 to 2022 are 6.822%, so it can be categorized as positive which can be proven by the amount of actual expenditure realized tends to increase when compared to the previous year's expenditure realization. It means from 2018 to 2022, Klaten Regency is considered to have succeeded in managing its regional expenditure optimally. Therefore, it can realize regional expenditure well and can maintain its regional expenditure from year to year. As a result, it is not considered to be a waste of regional expenditure.

Based on the graph regarding the level of analysis of the income-expenditure ratio for Klaten Regency in 2018-2022 as in Figure 5 above, it can be seen that Klaten Regency experienced fluctuations from year to year, with a percentage of 0.623% in 2019 which then decreased in 2020, namely to amounting to (5,086) % with a decrease percentage of 5,709%. This decrease was due to a decrease in the absorption of regional spending which had not been implemented optimally. However, this is still considered good because the expenditure budget for that year was not exceeded, proving that Klaten Regency did not experience wasteful regional expenditure, and had allocated expenditure appropriately.

In 2022, the results of the expenditure growth ratio analysis experienced the highest increase in expenditure realization with a percentage of 1.372% compared to 2021 which was only (2.843)%. With an increase percentage of 4.215%. This increase was due to the absorption of the spending budget in 2021 which can be realized optimally. As a result, in 2022 Klaten Regency is considered to have been able to allocate the expenditure budget appropriately and is not said to experience wasteful regional expenditure.

The result of this expenditure growth ratio analysis is in line with research conducted by Assidiqi (2012) in Klaten Regency for the 2008-2012 Fiscal Year regarding expenditure growth ratio analysis. Both researches show the results of the analysis of the expenditure growth ratio which tends to increase every year, so it falls into the criteria for positive spending growth.

Regional Expenditure Compatibility Ratio

The result of the performance measurement of Klaten Regency for the 2018-2022 Fiscal Year using an analysis of expenditure compatibility is presented in the following table:

Table 9. The result of measurement analysis of regional expenditure compatibility of Klaten Regency of the 2018-2022 fiscal year

Fiscal Year	Operational Expenditure Realization (Rp)	Capital Expenditure Realization (Rp)	Total of Regional Expenditure (Rp)	Operational Expenditure Ratio (%)	Capital Expenditure Ratio (%)
2018	1.521.442.608.529,88	384.574.980.960,00	1.906.017.589.489,88	79,82	20,18
2019	1.609.749.628.450.68	308.145.403.976,00	1.917.895.032.426,68	83,93	16,07
2020	1.572.625.425.629,00	157.126.719.574,00	1.820.342.899.284,00	86,39	8,63
2021	1.612.412.988.846,00	189.606.772.936,00	2.493.406.881.542,00	64,67	7,6
2022	1.619.377.441.227,28	246.670.020.742,00	2.527.619.332.474,28	64,07	9,76
Mean	1.587.121.618.536,57	257.224.779.637,60	2.133.056.347.043,37	74,40	12,05

Source: Budget Realization Report of BPKPAD Klaten Regency (processed data, 2023)

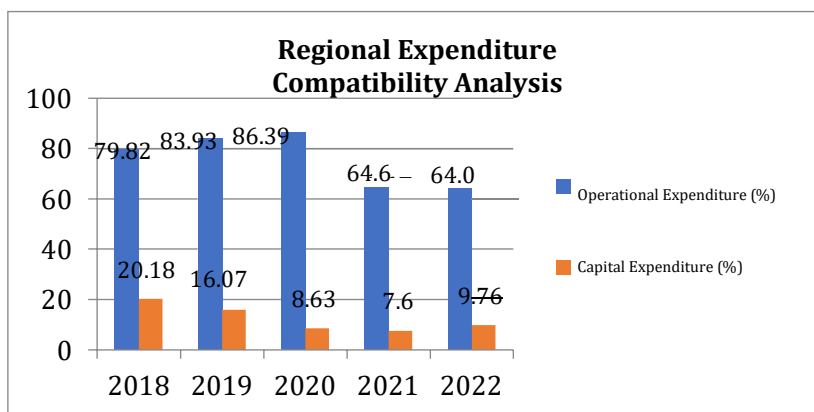


Figure 6. Chart of regional expenditure compatibility ratio Klaten Regency for 2018-2022
 Source: Budget Realization Report of BPKPAD Klaten Regency (processed data, 2023)

Based on the results of the calculations that have been carried out as presented in Table 9, it can be concluded that the average results of the analysis of regional expenditure compatibility ratios in Klaten Regency from 2018 to 2022 are 74.40% for operating expenditure while for capital expenditure is 12.05%. It means Klaten Regency focuses its regional expenditure allocation more on operational expenditure than on capital expenditure by prioritizing routine activities that are frequently carried out, such as asset maintenance and purchasing necessities needed for the activities carried out. Therefore, it can be said that from 2018 to 2022 Klaten Regency based on measuring regional expenditure compatibility analysis shows the allocation of operating expenditure was more dominant than the allocation of capital expenditure in that area.

Based on the chart regarding the level of analysis of the compatibility ratio of regional expenditure in Klaten Regency from 2018 to 2022 as shown in the chart, it can be seen that Klaten Regency experiences fluctuations in the use of regional expenditure every year. The highest percentage of operating expenditure of Klaten Regency occurred in 2020 reaching 86.39%. The high percentage value is influenced by the high use of regional expenditure for routine/operational purposes such as personnel spending, goods and services spending, subsidy spending, grant spending, and social assistance spending. Meanwhile, the lowest percentage occurs in 2021 which is 64.67%.

Then, based on an analysis of the compatibility ratio of regional expenditure, especially capital expenditure, the highest percentage occurred in 2018 which was 20.18%. The high percentage value is influenced by the high use of regional expenditure allocations for investment purposes such as capital expenditure for land, capital expenditure for machine equipment, capital expenditure for buildings, and capital expenditure for other fixed assets. Meanwhile, the lowest percentage occurs in 2021 which is 7.6%.

Based on the results of the regional expenditure compatibility ratio analysis, it can be concluded that Klaten Regency from 2018 to 2022 prioritizes the allocation of regional expenditure for operational expenditure compared to capital expenditure. It surely requires more attention to achieve a balance between regional expenditure components, so expenditure allocation can be realized on target by real conditions and priority regional needs in the 2018-2022 fiscal year.

The results of the regional expenditure compatibility ratio analysis are in line with research conducted by Assidiqi (2012) in Klaten Regency for the 2008-2012 Fiscal Year regarding the expenditure compatibility ratio analysis. Both researches show the results of the regional expenditure compatibility ratio analysis which tends to be predominantly allocated to operating expenditure compared to capital expenditure.

CONCLUSION

Based on the description of the results and discussion regarding the analysis of the budget realization report in the context of assessing the financial performance of Klaten Regency for the 2018-2022 Fiscal Year, some conclusions are drawn. First, based on the revenue variance analysis, the result is included in the Good (Favourable) category. Second, based on the expenditure variance analysis, the result is included in the Good (Favourable) category. Third, based on the analysis of the revenue growth ratio, the result is included in the positive category because it shows an increase in revenue realization from the previous year. Fourth, based on the analysis of the expenditure growth ratio, the result is included in the positive category because it shows an increase in expenditure realization from the previous year. Fifth, based on the analysis of the regional expenditure compatibility ratio, Klaten Regency's funds is more allocated dominantly in operational expenditures than capital expenditures.

Based on the description of the conclusions above, the authors provide several suggestions that can be used as balancing material for Klaten Regency, including the following; (1) The Regional Government of Klaten Regency is expected to make more optimal use of various sources of income, whether in the form of original regional income, transfer income, or other income legal area, (2) The Regional Government of Klaten Regency is expected to be more optimal in planning regional expenditure budgets and pay attention to the appropriate allocation of funds, (3) The Regional Government of Klaten Regency is expected to be more optimal in managing and allocating its regional revenues and expenditures so that it can maintain and even increase realization from year to year, (4) The Regional Government of Klaten Regency is expected to be more optimal in allocating its regional expenditures, both on operational and capital expenditure, so it can realize a harmonious regional expenditure balance and there is no dominating expenditure allocation, (5) This research is still far from perfect, so the authors hope that further research can be carried out in more detail, such as analysis on regional taxes and levies by using the ratio of effectiveness, efficiency, and contribution ratio of regional taxes and levies to PAD.

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The Effect of Livin' by Mandiri Application Service Quality on Customer Satisfaction: Study on PT Bank Mandiri (Persero) Tbk. Solo

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ABSTRACT

This research tries to understand the relationship between service quality and customer satisfaction on the Livin' by Mandiri, a mobile-banking application of Bank Mandiri. The respondents are customers of the Bank Mandiri Solo UNS Branch office. The number of respondents is 100. The data were collected by questionnaire and test using SPSS 23. The result of this study shows that service quality factors such as tangibles, reliable, assurance, and empathy positively affect customer satisfaction. When the Livin' by Mandiri application improves in terms of the tangibility, reliability, assurance, and empathy, customer satisfaction will increase. The variable of responsiveness has no significant effect on customer satisfaction. The subject of this research is an application that cannot literally become responsive to serve customers. This research result may be important as the policy implication for Bank Mandiri to make the customers able to use the application optimally.

Keywords: customer satisfaction; Livin' by Mandiri; mobile banking; service quality

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INTRODUCTION

Entering the all-digital era, technology is one of the basic needs for a company, especially for its operation. The most rapid development of technology today is information technology. According to Prihanto and Yuniarti (2021), the development of information technology has had a significant impact on the business world, a vital and very influential sphere in the economic sector, one of which is the banking industry. According to Agustin and Putra (2022), the banking industry utilizes information technology to optimize bank performance so that customers receive maximum quality service and banks can compete in the business world.

Today, many banks have sprung up in Indonesia: commercial banks, sharia banks, rural credit banks (BPR), and many more. Seeing the many banks that have sprung up in Indonesia, competition between these banks cannot be avoided. One of the inter-bank competitions is that of expanding the market. Banks are required to make improvements and enhancements, especially in service quality, to create customer satisfaction. According to Lupiyoadi (2001), when customers are satisfied, they return to make purchases and provide positive feedback about the company to others. Delivering superior customer value to attain customer satisfaction is vital in achieving a competitive edge (Murali et al., 2016).

Service quality is one of the primary and essential factors that companies need to consider to increase customer satisfaction. Tjiptono (2005) stated that service quality is a process that aims to fulfill customer desires by providing a sense of trust through fulfilling the expected level of perfection. Banks continue to compete in developing service quality, one of which is through the products the bank provides. Products that can meet the needs and satisfaction of its customers can be said to be successful. Products provided by banks also take advantage of technological developments, one of which is a mobile banking product that is used to make customer satisfaction levels even better and higher.

According to Parasuraman et al. (1988), service quality can be determined by five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. Tangibles is the company's ability to communicate and promote its existence and products to external parties. They use physical appearance of the company such as buildings, employee appearance, and technology as tools used in the company. Tangibles is defined as a visible and clear display of the mobile banking application in mobile banking applications. Reliability is the company's capability to provide services as promised, with high speed, accuracy, and reliability. Service levels must comply with established quality standards and customer expectations can be met properly. Responsiveness is the ability of company to provide fast and accurate responses to customers as an effort to provide effective assistance and service. This is done by providing precise and clear information to customers. Assurance is the ability of company employees to gain the trust and confidence of customers and empathy is attention given to customers individually or personally to understand customer desires and expectations. The concept of SERVQUAL or service quality is also the very famous approach and instrument which use in many marketing research conducted by Parasuraman et al. (1985). Based on SERVQUAL, service quality has been found to have a positive and significant relationship with customer satisfaction in many contexts, including hotel businesses in Indonesia (Nuryakin and Priyo, 2018), the life insurance industry in Malaysia (Panigrahi et al., 2018), the insurance sector in India (Goswami, 2007), restaurant businesses in Korea (Kim and Shim, 2019), grocery retail in Chile (Go'ic et al., 2021), and the banking industry across the globe (Setiawan and Sayuti, 2017a; Adams et al., 2016).

Rigopoulou et al., 2008 has found that Customer satisfaction is highly correlated with service quality. It is defined as result of the comparison between consumers' perceptions regarding perceived and expected services, and the functional relationships among variables such as technical quality, functional quality, and image (Prentice and Kadan, 2019).

Moreover, Wahyuningsih, et al. (2018) has found that several factors that affects customer satisfaction are: product quality, service quality, customer emotions, price, and the easiness to access the product or services. Rangkuti (2013) stated that apart from service quality, product quality and price, situational factor and personal factor also become the factors that affect customer satisfaction. Zalatar (2012) found that gender differences affect the relative importance attributed to the five dimensions as well as customers' expectations and perceptions of service quality in banks.

Mobile banking is an application-based service or product that users or customers can access and use anywhere (Fitria, et al. 2021). Customers and banks benefit from mobile banking. Customers can quickly and efficiently obtain banking information when they carry out banking transactions. For banks, using information technology products will make their work easier, especially for tellers and customer service. The word "mobile" in "mobile banking" refers to activities that move without obstacles or restrictions, such as space, time, or distance, which are often obstacles for some customers when making transactions. The transactions in question are non-cash transactions, such as transfers between accounts, payments, filling in digital wallet balances, checking balances, etc. Ayinaddis et al. (2023) found that customer satisfaction with the electronic banking service quality has a significant effect on customer loyalty. In the other hand, system availability, easiness to use, and service charge, on the other hand, have no statistically significant impact on customer satisfaction. Mobile banking services generally offer almost all the facilities in Automated Teller Machines (ATM), except cash deposits and withdrawals. Nigatu et al (2023) found that the ATM as the conventional model of mobile banking convenience, reliability, ease of use, fulfillment, and security/privacy of ATM service quality dimensions are positively and significantly associated with customer satisfaction.

Mobile banking facilities and services give customers solutions for carrying out banking activities. The mobile banking application is intended for customers with tight schedules and limited time to visit the bank or ATM. However, even though the system in the mobile banking application is very sophisticated, if in the end, the mobile banking's system disappoints increases risk, and creates a feeling of insecurity for customers, the system does not provide added value for banks or customers (Imelda and Huwaida, 2019). Therefore, banks with mobile banking applications must continue to be improved and developed to meet the standards required by customers.

Banks in Indonesia continue to develop and improve the mobile banking applications they provide. Bank Mandiri is no exception, which has a mobile banking application called Livin' by Mandiri. Livin' by Mandiri has undergone various developments and improvements in its systems and services. Bank Mandiri carried out a significant update and development of the Livin' by Mandiri application. These updates and developments include system optimization, enabling customers to use services, and adding features or services. Bank Mandiri continues to develop its banking system and the Livin' by Mandiri application to increase customer satisfaction.

This study tries to understand the effect of Livin' by Mandiri's service quality on customer satisfaction. Specifically, our subject is the customers of PT Bank Mandiri (Persero) Tbk. Solo UNS branch because the customers of this branch are well literate about the technology and adopt the technology well. Shrestha (2021) has found customer satisfaction important for making customers loyal towards the service provided by the organization. Moreover, Kurniawan et al. (2020) have found that service quality which consists of reliability, responsibility, assurance, empathy, and tangibles, can affect customer satisfaction and have a positive and significant effect partially and simultaneously. The remainder of this paper is organized as follows. The second section presents hypothesis development. Section three discusses the main result and discussion. Section four discusses the conclusion of this study.

RESEARCH METHOD

Customer satisfaction in using a mobile banking application service, especially Livin' by Mandiri, depends on the service quality the application provides to facilitate each customer's needs. This study investigates the effect of using Livin' by Mandiri application service quality on customer satisfaction. Service quality has several dimensions: tangibles, reliability, responsiveness, assurance, and empathy. Specifically, we study the customers of PT Bank Mandiri (Persero) Tbk. Solo UNS branch as our respondents.

We defined service quality as the independent variable: tangibles, reliability, responsiveness, assurance, and empathy. The dependent variable of this research is customer satisfaction (CS). We categorized respondents' age into five categories: less than 20 years, 21-30 y.o., 31-40 y.o., 41-50 y.o., and more than 51 y.o. Then, we categorized respondents' education into five categories: junior high school, senior high school, diploma, undergraduate program, and postgraduate program. We determined the sample size using Slovin method. The population of the customers of PT Bank Mandiri (Persero) Tbk. UNS Solo is 1,824 and the number of respondents required is 94 respondents, then rounded up to 100 respondents. To test our hypothesis the specification to test the effect of service quality to customer satisfaction shows below:

$$\text{Service Quality} = \alpha + \beta_1 \text{TANGIBLE} + \beta_2 \text{RELIABILITY} + \beta_3 \text{RESPONSIVENESS} + \beta_4 \text{ASSURANCE} + \beta_5 \text{EMPATHY} + \varepsilon$$

RESULT AND DISCUSSION

Below are the results of descriptive statistical analysis from this research. We describe the descriptive statistics based on the characteristics of the respondents and the variables of the questionnaire:

Tabel 1. Descriptive statistic

Variable	Obs	Mean	Std. dev.	Min	Max
SERVICEQUA	100	4.385	.5166667	3	5
TANGIBLES	100	4.3775	.4639736	3	5
RELIABILITY	100	4.46	.4710294	3	5
RESPONSIVENESS	100	4.03	.6621819	2.5	5
ASSURANCE	100	4.3	.5265136	3	5
EMPATHY	100	4.22	.5427204	3	5

Table 2. Respondent's statistic descriptive

Variable	Criteria	Frequency	Percentage
Sex	Men	64	64%
	Women	36	36%
	Total	100	100%
Age	<= 20 years old	6	6%
	21 - 30 years old	46	46%
	31 - 40 years old	33	33%
	41 - 50 years old	13	13%
	51 years old =>	2	2%
	Total	100	100%

Variable	Criteria	Frequency	Percentage
Education	Junior High School	7	7%
	Senior High School	43	43%
	3 years diploma	15	15%
	Bachelor	31	31%
	Master/doctoral	4	4%
	Total	100	100%
Job	Civil servant	17	17%
	Private sector	45	45%
	Businessman	21	21%
	Student	16	16%
	Housewife	1	1%
	Total	100	100%

Data Analysis Result

Validity Test

We test the data using SPSS 23 statistic program. Following is validity test results questionnaire using SPSS 23, which was carried out on 100 respondents. There are 16 items for variable X and 4 items for variable Y. We use a validity test analysis correlation *Pearson Bivariate* at level significance 5%. For the count table r-value, $df = n - 2$ is used, where n is the amount of sample. In the case of this, $df = 100 - 2 = 98$. Therefore, on the level significance 5%, the r value table is 0.1966. If the value of r is calculated as bigger than 0.1966, the statement is considered valid. However, if the calculated r value is smaller than 0.1966, the statement is considered invalid. The results of validity tests are as follows:

Table 3. Validity test results

Variable	No.	Rcount	Table	Information
Tangibles (X1)	1	0.696	0.1966	Valid
	2	0.613	0.1966	Valid
	3	0.798	0.1966	Valid
	4	0.816	0.1966	Valid
Reliability (X2)	1	0.798	0.1966	Valid
	2	0.743	0.1966	Valid
	3	0.797	0.1966	Valid
	4	0.657	0.1966	Valid
Responsiveness (X3)	1	0.910	0.1966	Valid
	2	0.874	0.1966	Valid
Assurance (X4)	1	0.786	0.1966	Valid
	2	0.860	0.1966	Valid
	3	0.772	0.1966	Valid
Empathy (X5)	1	0.848	0.1966	Valid
	2	0.849	0.1966	Valid
	3	0.783	0.1966	Valid
Satisfaction Customer (Y)	1	0.783	0.1966	Valid
	2	0.855	0.1966	Valid
	3	0.871	0.1966	Valid
	4	0.822	0.1966	Valid

Validity test results on independent variables (X1, X2, X3, X4, and X5) and dependent variables (Y) in Table 3 show that all statements own mark *Pearson correlation* > 0.1966. Therefore, all overall statements are considered valid and acceptable for use in the study.

Reliability Test

Reliability tests are used to know data reliability. According to Ghozali (2018), if Cronbach's Alpha > 0.70, it indicates that the variables are reliable. The results of the reliability test are as follows:

Table 4. Reliability test results

Variable	Cronbach's Alpha	N of items	Information
X1	0.713	4	<i>Cronbach's Alpha</i> > 0.70
X2	0.733	4	<i>Cronbach's Alpha</i> > 0.70
X3	0.740	2	<i>Cronbach's Alpha</i> > 0.70
X4	0.729	3	<i>Cronbach's Alpha</i> > 0.70
X5	0.765	3	<i>Cronbach's Alpha</i> > 0.70
Y	0.852	4	<i>Cronbach's Alpha</i> > 0.70

Based on results in Table 4, we obtained results that independent variables (X1, X2, X3, X4, and X5) and dependent variable (Y) have marked Cronbach's Alpha > 0.70, which determines that all variables in the research are reliable.

Normality Test

The normality test in the regression model used to understand whether the residual result regression follows a normal distribution. The results of the normality test are as follows:

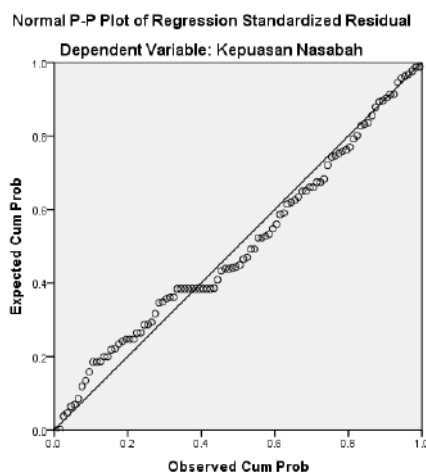


Figure 1. PP plot graphic results

Based on the results, it can be seen that the data spread around the line as well as follows the diagonal line, then it can be said that the residual has a normal distribution. Normality test results with the Kolmogorov-Smirnov test are as follows:

Table 5. Kolmogorov-Smirnov data normality test results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.11696530
Most Extreme Differences	Absolute	.079
	Positive	.062
	Negative	-.079
Test Statistic		.079
Asymp. Sig. (2-tailed)		.128 ^c

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

Table 5 shows that the significance of the data is 0.069, so it can be interpreted that data are normally distributed ($0.069 > 0.05$).

Multicollinearity Test

The multicollinearity test is used to understand if there are correlations from regression data between variables. Assessment of multicollinearity test data can be seen from mark *tolerance* and also value *variance inflation factor* (VIF). Details of multicollinearity test results can be found shown below:

Table 6. Multicollinearity test results

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Tangible	.408	2.449
	Reliability	.326	3.065
	Responsiveness	.421	2.377
	Assurance	.317	3.157
	Empathy	.376	2.662

- a. Dependent Variable: Kepuasan Nasabah

Based on Table 3.10, it is known that variables X1, X2, X3, X4, and X5 have mark tolerance > 0.100 and VIF value < 10.00. It can conclude that there is no multicollinearity among variables.

Heteroscedasticity Test

The heteroscedasticity test is a test used in analysis regression to determine if there is a difference in variance between different researchers.

Table 7. Glejser test results

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.500	.247		2.024	.046
Tangible	-2.136E-6	.000	-.365	-.557	.579
Reliability	-1.475E-6	.000	-.262	-.336	.738
Responsiveness	-.008	.010	-.110	-.788	.433
Assurance	7.219E-6	.000	.976	1.547	.125
Empathy	-.032	.026	-.539	-1.230	.222

a. Dependent Variable: ABS_RES2

Table 7 shows that the significance of the data is 0.286, and there is no heteroscedasticity problem ($0.286 > 0.05$). The following are heteroscedasticity test results using the Scatterplot test:

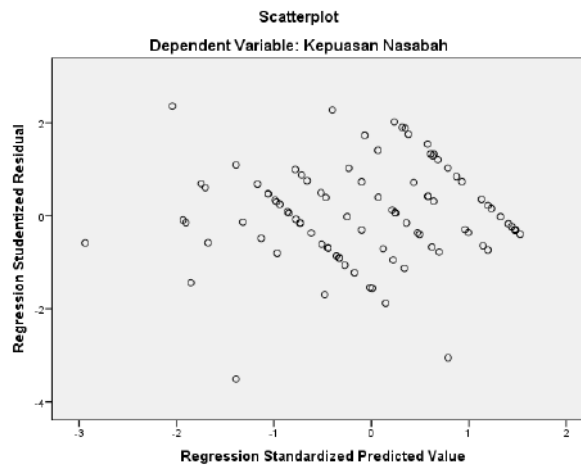


Figure 2. Scatterplot test graphic results

Based on Figure 1, it is known that data patterns/dots spread in a random way above and below zero (0) on the Y axis, so it can be interpreted that the data do not show existing heteroscedasticity.

Autocorrelation Test

According to Ghozali (2017), the autocorrelation test is a statistical test where the aim is to check whether there is a correlation in regression data between residuals in the moment (t) with period residuals before (t-1). Data correlation is good when there is no autocorrelation. In the research, we can understand whether there is a correlation or not using the Durbin-Watson test. Determination. There is no autocorrelation if the result of the Durbin-Watson test is $DU < DW < 4-DU$. Given $N=100$ and $k=5$, it is known that the DU value is 1.7804 and the 4-DU value is 2.2196. The following are the results from the autocorrelation test:

Table 8. Autocorrelation test results

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.878 ^a	.770	.758	.96946	1.839

a. Predictors: (Constant), Empathy, Tangible, Responsiveness, Assurance, Reliability

b. Dependent Variable: Kepuasan Nasabah

Based on the table, we can see that the Durbin Watson value of 1.839 can be concluded that the data does not show autocorrelation because the DW value is between DU and 4-DU ($1.7804 < 1.839 < 2.2196$).

Multiple Linear Regression Test

The following are the results of the multiple linear regression test in this study:

Table 9. Simple linear regression test results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.062	.127		16.185	.000
	Tangible	.019	.010	.141	1.876	.064
	Reliability	.025	.011	.191	2.271	.025
	Responsiveness	-.011	.014	-.060	-.814	.418
	Assurance	.057	.014	.361	4.225	.000
	Empathy	.054	.012	.350	4.459	.000

a. Dependent Variable: Kepuasan Nasabah

Based on the Table 9, the variables tangibles, reliability, assurance, and empathy show that there is a positive effect of the independent variables on customer satisfaction. On the other hand, the responsiveness variable show a negative effect.

Hypothesis Test

Partial test (T-test)

Table 10. T-test result

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.062	.127		16.185	.000
	Tangible	.019	.010	.141	1.876	.064
	Reliability	.025	.011	.191	2.271	.025
	Responsiveness	-.011	.014	-.060	-.814	.418
	Assurance	.057	.014	.361	4.225	.000
	Empathy	.054	.012	.350	4.459	.000

a. Dependent Variable: Kepuasan Nasabah

This test measures the effect of individual independent variable on the dependent variable. If we compare the result of this test to that of the multiple linear regression test, the result remains the same. It shows that variables: tangibles, reliability, assurance, and empathy partially positively affect customer satisfaction. In addition, the variable responsiveness does not affect customer satisfaction.

Table 11. Simultaneous test (F-test)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.867	5	.973	67.556	.000 ^b
	Residual	1.354	94	.014		
	Total	6.221	99			

a. Dependent Variable: Kepuasan Nasabah

b. Predictors: (Constant), Empathy, Tangible, Responsiveness, Reliability, Assurance

Simultaneous test is used to test the effect of independent variable on dependent variable simultaneously. The result shows that all independent variables simultaneously affect customer satisfaction.

Table 12. Adjusted R2 test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.884 ^a	.782	.771	.12004

a. Predictors: (Constant), Empathy, Tangible, Responsiveness, Reliability, Assurance

Based on the Table 12, it shows that the number of adjusted R square is 0.771 or 77.1% that shows that the variables: tangibles, reliability, responsiveness, assurance, and empathy describe the customer satisfaction at the level 77,1%.

Discussion

This study aims to understand the effect of service quality on customer satisfaction on Livin' by Mandiri application. This application is a mobile banking provided by Mandiri, a state-owned bank in Indonesia. We use a questionnaires to test the independent variables namel: tangibles, reliability, responsiveness, assurance, and empathy. On the multiple regression linear test and T-test, we find that tangibles, reliability, assurance, and empathy affect customer satisfaction, but responsiveness does not. The explanation is that the subject of this research is an application that cannot literally be responsive. Another feature can still be shown by an application, such as the appearance of the application, the facilitation, the security system of the application, and the empathy shown by the way this application understand the customer needs. Moreover, on the F-test or simultaneous test, we find that in general, service quality affects customer satisfaction. Specifically, based on t-test, the result on the tangibles variable and responsiveness in line with Winarni (2022) and Imelda, et al. (2019). Moreover, the t-test reliability, assurance, and empathy in line with Rizal and Munawir (2017), Purnomo and Dwiyanto (2017), and Nurdin et al, (2020). Based on the result, if Bank Mandiri improves the service quality of the application such as improving the appearance of the application, customers can carry out many types of transactions on the application, feel safe when using the Livin' by Mandiri application, and if the application can give what customer needs, customer satisfaction will increase.

CONCLUSION

This research tries to understand the relationship between service quality and customer satisfaction on the Livin' by Mandiri application, with the respondents being customers of the Bank Mandiri Solo UNS Branch office. The number of respondents is 100, which was determined by employing the Slovin method, and the data were collected by questionnaire.

The result of this study shows that tangibles, reliable, assurance, and empathy factors significantly positively affect customer satisfaction. When the Livin' by Mandiri application increases the tangibles, reliability, assurance, and empathy, customer satisfaction will increase. The responsiveness variable has no significant effect on customer satisfaction. The explanation is that the subject of this research is an application that cannot literally become responsive to serve customers. Customer satisfaction is essential for a company. This result is in line with Kurniawan (2020) and Shrestha (2021), who find that, in general, service quality affects customer satisfaction.

The policy implication of this research is that Bank Mandiri needs to increase the service quality of the Livin' by Mandiri application to increase customer satisfaction. This application needs to be always updated by Bank Mandiri in accordance with the customer needs and literate customers to use the application so the customers can use it more optimally.

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Analysis of Implementation of Mayor Regulation Number 31 of 2018 on BMD Removal Procedure in Surakarta

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ABSTRACT

The Standard Operating Procedure for BMD elimination becomes the realization of BPKAD Surakarta in attempting to manage BMD. This study set out to investigate the implementation of the BMD removal process in Surakarta and to prove the suitability of Mayor Regulation No. 31 of 2018 with the BMD removal procedure in Surakarta. The present study employs descriptive analysis including data collection, literature study, observation, and interviews. The results of this study indicate that the SOP for eliminating BMD at BPKAD Surakarta is following Mayor Regulation No. 31 of 2018. Even though the applicable guidelines are appropriate, the implementation of the BMD removal process is inseparable from several obstacles, such as there are still differences in objects between the physical BMD in the field and the list, plans to write off goods, and human resources less competent in the field of eliminating BMD. There are no guidelines for naming goods and lack of human resources in OPD in the BMD as well as the sorting process has not been recorded at SIMDA. The researchers suggest that separating between BMD that has been recorded at SIMDA, holding refreshments, coordinating meetings on SOP that apply within a certain period or whenever there is a renewal of regulations, making preparation of standards for naming goods, and collaborating with third parties in the form of professional service providers to sort BMD recorded in SIMDA.

Keywords: regional property; standard operating procedures; write-off

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INTRODUCTION

Every region in Indonesia has the right to implement governance in their respective areas. Governance is a crucial element in achieving established development, both in economic growth and human resource development. The principles of implementing governance following the UNDP (United Nations Development Program) include 9 principles, namely the principles of participation, legal certainty, transparency, responsibility, agreement-oriented, fairness, effectiveness and efficiency, accountability, and strategic vision. Being effective and efficient means the processes and activities of the institution must produce output that follows the goals and objectives outlined and uses resources as optimally as possible. Thus, it is hoped that local governments can maximize their resources to the fullest.

One of the resources owned by government agencies is Regional Owned-Asset (*Indonesian: Barang Milik Daerah*, abbreviated BMD). Based on the Minister of Regulation of Home Affairs (*Indonesian: Peraturan Menteri Dalam Negeri*, abbreviated Permendagri) No. 19 of 2016, BMD is all goods purchased or obtained at the expense of the Regional Government Budget (*Indonesian: Anggaran Pendapatan Belanja Daerah*, abbreviated APBD) or originating from other legitimate acquisitions. The provision of BMD aims to support the regional economy and give benefits to the community. Regional asset management needs seriousness and patience, for this reason, it is necessary for several regions to socialize (kaltimprov.go.id, 2019) and conduct technical guidance on this regulation (mep.feb.ugm.ac.id, 2023).

Putting efforts to maximize BMD is inseparable from management activities. Based on Permendagri No. 19 of 2016, BMD Management is a whole activity that includes planning needs and budgeting, procurement, use, utilization, security and maintenance, assessment, transfer, destruction, deletion, administration and development, supervision, and control. BMD management aims to make BMD optimally organized and coordinated so that it is hoped that it can provide returns to local governments in good regional financial management.

Based on the cycle above, BMD management activities are a complex cycle and bound to each other. Every process of the BMD management cannot be underestimated because each stage has its urgency. The urgency in the BMD management process, especially the write-off of goods, is a condition where items that have not been deleted cannot be used or even do not provide beneficial value to ongoing operational activities. The time to use the goods has expired resulting in the economic value of an item becoming less than the cost of maintaining it. There are BMDs that after applying write-off experience discrepancies in the physical condition of the goods, which are caused by severe damage or due to other reasons.

The implementation of each process in the BMD management cycle has a defined procedure. The purpose of implementing procedures is that the realization of management activities has definite guidelines. In Surakarta, the procedure for deleting BMD was carried out based on Mayor Regulation (*Indonesian: Peraturan Walikota*, abbreviated Perwali) No. 31 of 2018. In practice, BMD removal activities in Surakarta still found obstacles in the form of discrepancies between the planned list of proposed BMD deletion and BMD objects in the field. These constraints have an impact on the delay in the deletion process which is longer than the standard time that has been set. These findings raise questions about whether the elimination of BMD has been carried out under applicable regulations and the causes that make these problems still occur today. It attracts the researchers to raise and analyze topics related to the implementation of Perwali No. 31 of 2018 on the BMD Elimination Procedure in Surakarta.

Some researchers have conducted research on BMD (Irwanto et al., 2022; Rahmadhani & Ariani, 2022; Dharmawati et al, 2021; Fitriani & Masitoh, 2020). Novita et al (2023) have conducted research to evaluate the application of Permendagri No.19 of 2016 in the administration of Regional Property

Assets at BPKAD (Indonesian: *Badan Pengelola Keuangan dan Aset Daerah*, abbreviated BPKAD). In this study, the researchers focus on the implementation of the elimination of BMD in the form of equipment and machinery at the Regional Technical Implementation Unit (Indonesian: *Unit Pelaksana Teknis Daerah*, abbreviated UPTD) of Community Health Center (Indonesian: *Pusat Kesehatan Masyarakat*, abbreviated Puskesmas) X Surakarta. As mentioned in the background above, the research problems are:

1. What is the BMD Removal Procedure based on the SOP (Standard Operating Procedure) of BPKAD Surakarta?
2. What is the Procedure for removing BMD based on Perwali No. 31 of 2018 concerning Management of State/Regional Property?
3. What obstacles did the Surakarta BPKAD assessment team experience while they were doing the BMD Removal process?
4. What is the conformity of the Implementation of Perwali No. 31 of 2018 with the BMD Removal Procedure in Surakarta?

RESEARCH METHOD

The researchers use descriptive analysis methods to analyze data by describing and presenting data according to existing facts. The researchers collect data and documents related to Perwali No. 31 of 2018 and SOP for the Elimination of BMD at BPKAD Surakarta, and then analyze and study the documents that have been collected. In addition, the researchers also collected data through joint interviews with the management of the UPTD Health Center X. The researchers also did observations while doing an internship with the BPKAD Surakarta. The data that the researchers obtained will be presented by the researchers in the form of a narrative to draw the right conclusions. In addition to describing the data collected, the researchers also make a comparison table to draw the right conclusions.

RESULT AND DISCUSSION

The Regional Income and Asset Financial Management Agency of Surakarta is the implementing element of the supporting functions of Government affairs in the Finance Sector, Sub-Management of Regional Financial and Asset which is the authority of the Regional Government led by the Head of the BPKAD. As an element of implementing the functions of supporting government affairs, BPKAD has a position under and is responsible to the Mayor through the Regional Secretary.

BPKAD was formed based on Regional Regulation (Indonesian: *Peraturan Daerah*, abbreviated Perda) of Surakarta No. 8 of 2021 concerning the Formation and Composition of Regional Apparatuses which are further elaborated in Perwali Surakarta No. 41 of 2021 concerning Position, Organizational Structure and Functions and Work Procedures of Regional Agencies. The establishment of the BPKAD has the objective of assisting the Mayor in exercising regional authority in the Regional Finance and Asset Sector. The following are the duties and functions of the BPKAD Surakarta, namely:

1. Formulate policies related to financial management and BMD
2. Organizing government affairs and public services related to financial management and BMD
3. Conduct coaching and implementation of tasks related to financial management and BMD
4. Perform monitoring, evaluation, and reporting related to financial management and BMD
5. Carry out agency secretarial activities related to financial management and BMD and
6. Carry out other tasks from the mayor following the duties and functions of the BPKAD Surakarta.

Organizational Structure of Surakarta. The main basis for the preparation of regional apparatus in the form of an organization is the existence of governmental affairs which are the authority of the region which consists of mandatory affairs and optional affairs. It does not mean that every handling of

government affair must be formed into a separate organization. The existence of regional apparatuses has a very important role in achieving regional government goals, such as increasing the welfare of the people in the regions, through improving public services, increasing community participation, and increasing regional competitiveness. Therefore, regional apparatuses must be formed and structured by the principles of ideal organizational design based on the principles of efficiency, effectiveness, division of tasks, span of control, clear work procedures, flexibility, and government affairs which are the authority of the regions, and the intensity of government affairs and potential area.

Regional government affairs in Surakarta are led by a Mayor. The mayor is an element of regional government administration who leads the implementation of government affairs which is the authority of the autonomous region. The administration of regional government carried out by the Mayor includes the administration of government affairs by the regional government and the Regional People's Representative Council (Indonesian: *Dewan Perwakilan Rakyat Daerah*, abbreviated DPRD) according to the principles of autonomy and co-administration with the principle of broadest autonomy within the system and principles of the Unitary State of the Republic of Indonesia as stipulated in the 1945 Constitution of the Republic of Indonesia. Mayors carry out government affairs assisted by several regional apparatuses.

The following is the organizational structure of the regional apparatus in Surakarta based on Surakarta Regional Regulation No. 8 of 2021:

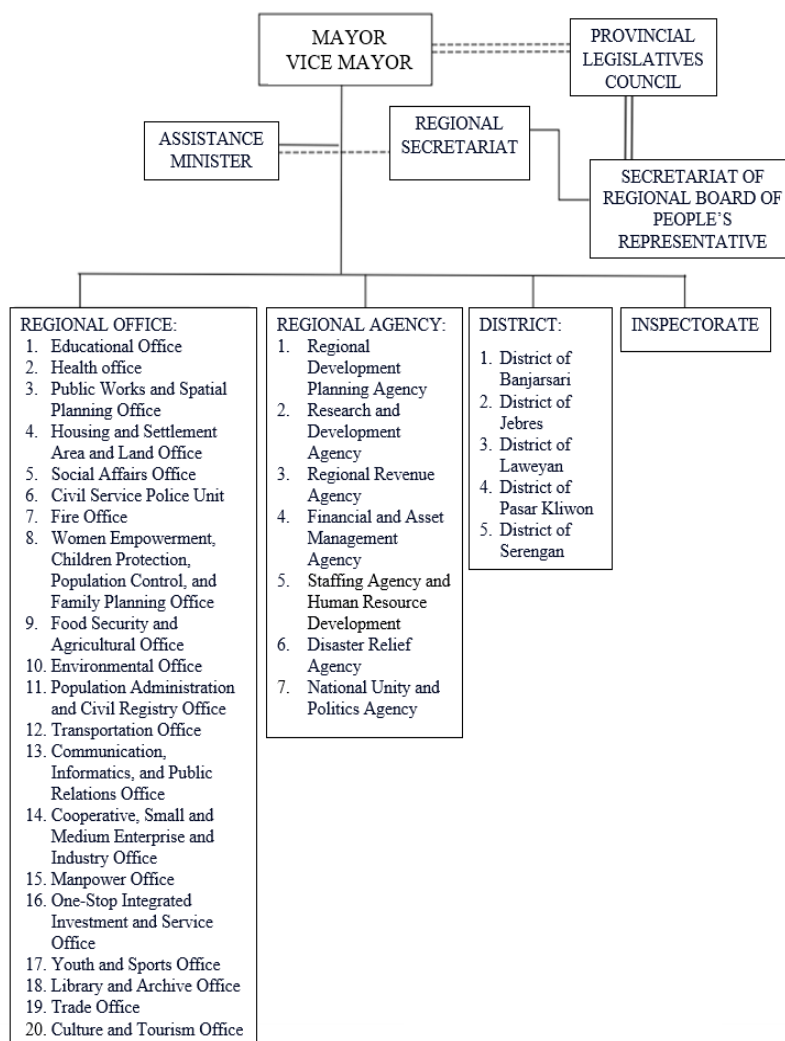


Figure 1. Organizational structure of Surakarta
Source: Regional Regulation No. 8 Year 2021

Based on the chart above, the regional apparatus formed in Surakarta consists of:

1. Regional Secretariat with Type A
It is an element of regional head support staff who carry out the functions of policy formulation, coordination and administrative service functions, and other supports. Regional Secretariat with Type A is a typology criterion for regional apparatus based on the results of the mapping of local government affairs for regional secretariats with a large workload category that has a variable value greater than 800.
2. DPRD Secretariat with Type B
It is an element of administrative services and providing support for the duties and functions of the DPRD. DPRD Secretariat with type B is a typology criterion for Regional Apparatuses based on the results of the mapping of Regional Government affairs for the DPRD Secretariat with a moderate workload category which has a variable value of 601 to 800.
3. Inspectorate with Type A
It is a regional apparatus that has the task of assisting the mayor in fostering and overseeing the implementation of government affairs which are the authority of the region and assistance tasks by regional apparatuses with a large workload category that has a variable value greater than 800.
4. 20 Regional Offices consisting of:
 - a. Educational Office with Type A administers government affairs in the education sector.
 - b. Health Office with Type A administers government affairs in the health sector.
 - c. Public Works and Spatial Planning Office with Type B administers governmental affairs in the field of public works and spatial planning.
 - d. Housing and Settlement Area and Land Office with Type A administers government affairs in the housing and residential areas sector as well as government affairs in the land sector.
 - e. Social Affairs Office with Type A administers governmental affairs in the social sector.
 - f. Civil Service Police Unit with Type A administers governmental affairs in the field of peace and public order as well as community protection in the sub-affairs of peace and public order.
 - g. Fire Office with Type C administers government affairs in the field of peace and public order as well as public protection in the fire sub-affairs.
 - h. Women Empowerment, Children Protection, Population Control, and Family Planning Office with Type A administers government affairs in the field of women's empowerment and child protection as well as government affairs in the field of population control and family planning
 - i. Food Security and Agricultural Office with Type A administers government affairs in the food sector, government affairs in the agriculture sector, and government affairs in the maritime and fisheries sector
 - j. Environmental Office with Type A administers governmental affairs in the environmental sector
 - k. Population Administration and Civil Registry Office with Type A administers government affairs in the field of population administration and civil registration
 - l. Transportation Office with Type A administers government affairs in the transportation sector
 - m. Communication, Informatics, and Public Relations Office with Type A administers government affairs in the field of communication and informatics, government affairs in the field of statistics, and government affairs in the field of encryption
 - n. Cooperative, Small and Medium Enterprise and Industry Office with Type A administers government affairs in the field of small and medium business cooperatives as well as government affairs in the industrial sector
 - o. Manpower Office with Type B administers government affairs in the field of labor and government affairs in the field of transmigration

- p. One-Stop Integrated Investment and Service Office with Type A carry out government affairs in the field of investment and the administration of business licensing
 - q. Youth and Sports Office with Type A administers government affairs in the field of youth and sports
 - r. Library and Archive Office with Type A administers governmental affairs in the library sector and government affairs in the archives sector
 - s. Trade Office with Type A administers governmental affairs in the trade sector
 - t. Culture and Tourism Office with Type A administers government affairs in the field of culture and government affairs in the tourism sector.
5. 7 Agencies
- a. Regional Development Planning Agency with Type A carries out planning support functions
 - b. Regional Research and Development Agency with Type C carry out research and development supporting functions
 - c. Regional Revenue Agency with Type B performs financial support functions
 - d. Regional Financial and Asset Management Agency with Type B performs the financial support function
 - e. Staffing and Human Resources Development Agency with Type A carries out supporting functions for personnel affairs as well as education and training
 - f. Disaster Relief Agency classification B administers governmental affairs in the field of peace and public order as well as community protection in the disaster sub-affairs; And
 - g. National Unity and Politics Agency carries out high-intensity governmental affairs in the field of national unity and politics.
6. 5 Districts include:
- a. District of Banjarsari with Type A organizes general government affairs, government affairs in the field of community and village empowerment, and the delegation of some government affairs in other fields
 - b. District of Jebres with Type A organizes general government affairs, government affairs in the field of community and village empowerment, and the delegation of some government affairs in other fields
 - c. District of Laweyan with Type A organizes general government affairs, government affairs in the field of community and village empowerment, and the delegation of some government affairs in other fields
 - d. District of Pasar Kliwon with Type A administers general government affairs, government affairs in the field of community and village empowerment, and the delegation of some government affairs in other fields
 - e. District of Serengan with Type A organizes general government affairs, government affairs in the field of community and village empowerment, and the delegation of some government affairs in other fields.

To assist the Mayor in exercising regional authority in the area of finance and regional assets, the Regional Financial and Asset Management Agency of Surakarta has an organizational structure consisting of:

- 1. Head of Agency
- 2. Secretariat, consisting of Head of General Affairs and Administration Subdivision
- 3. Budgeting Sector, consisting of three subdivisions namely:
 - a. Head of Budgeting Plan Subdivision
 - b. Head of Regional Financial Information System Subdivision
 - c. Coordinator of Budgeting Implementation and Control

4. Treasury and Accounting Sector, consisting of two subdivisions namely:
 - a. Treasury subdivision
 - b. Accounting subdivision
5. Asset Sector, consisting of two subdivisions namely:
 - a. Subdivision of BMD Management
 - b. Subdivision of BMD Assessment and Supervision
 - c. Sub-coordinator of BMD Administration
6. UPT and
7. Functional Position Group

The following is a chart of the organizational structure of the Regional Financial and Asset Management Agency of Surakarta.

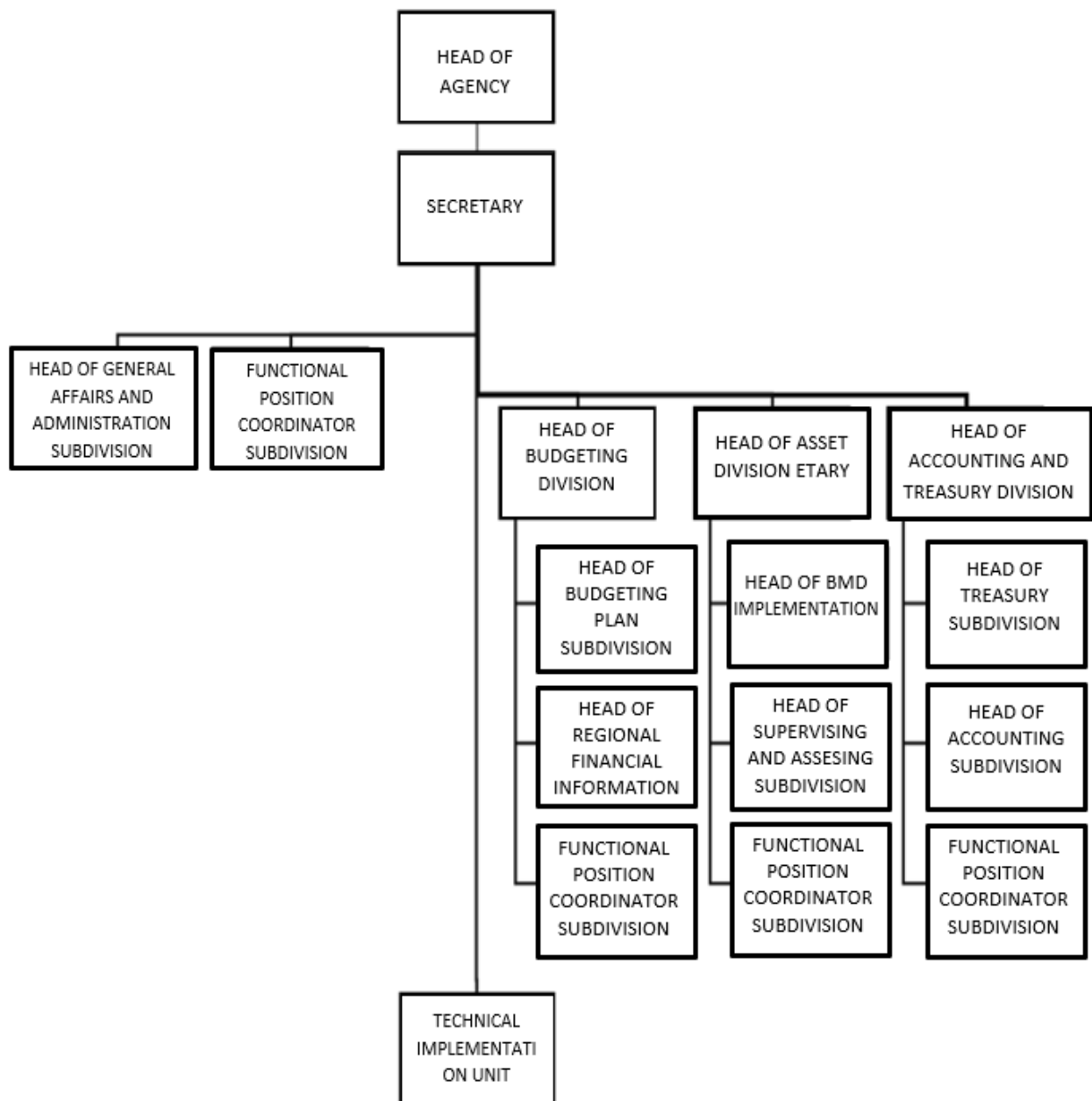


Figure 2. Organizational structure of the BPKAD Surakarta
 Source: BPKAD Surakarta

Based on the data that has been collected, there are four results and discussions that the researchers can describe:

BMD Removal Procedure Based on SOP (Standard Operating Procedure) BPKAD Surakarta

Data collection related to the elimination of BMD at BPKAD Surakarta was carried out by the researchers using the library study method on the SOP document for BMD Elimination that applies to BPKAD Surakarta. The discussion regarding the write-off of BMD focuses on write-offs caused by the transfer of BMD in the form of sales. In carrying out the deletion process at BMD BPKAD Surakarta has fixed guidelines in the form of SOPs for deleting BMD. The applicable SOP is an SOP that has been approved and signed by the head of the Surakarta BPKAD. Using the formation of SOPs, it is intended that the deletion process runs systematically, and clearly, and can make it easier for the parties concerned.

Here are the procedures for eliminating BMD due to transfer in the form of sales based on SOP at BPKAD Surakarta:

1. The BMN manager submits a Sales application.
2. Standard cost analysts research sales proposals.
3. The general administrator makes an official memorandum and a draft mayoral approval letter regarding sales.
4. The head of the sub-department of regional property management, head of asset management, agency secretary, and head of agency examine and initial the official note and the mayor's approval letter concept regarding sales.
5. The general administrator submits an official memorandum and a draft approval letter from the mayor regarding sales through the regional secretary
6. The head of the agency receives the mayor's approval letter regarding the sale and disposition
7. Head of assets division receive the disposition of the mayor's approval letter regarding the sale and disposition.
8. A standard cost analyst performs an appraisal of the BMD approved for sale.
9. The standard cost analyst submits the appraisal BA to Regional Government Agency (Indonesian: *Organisasi Perangkat Daerah*, abbreviated OPD for sale.
10. Head of assets division receive reports on sales results from OPD.
11. The general administration makes official memorandums and drafts of decree from regional secretary regarding the abolition of BMD.
12. The head of the sub-department of regional property management, head of asset management, and agency secretary examine and initial the official notes and the decree of regional secretary's draft regarding the elimination of BMD
13. The head of the agency examines and initials the official memorandum
14. The general administrator submits an official memorandum and a draft approval letter from the mayor regarding sales through the regional secretary
15. The head of the agency receives a decree from the regional secretary regarding the abolition of BMD and disposes of it
16. The Head of Asset Management received the decree of regional secretary's disposition regarding the abolition of BMD and disposed of it
17. The head of the subdivision for the Management of Regional Property received the disposition of the Regional Secretary's Decree on the Elimination of BMD and ordered staff to duplicate it and submit it to OPD
18. The general administration duplicates and archives the Secretary's Decree on the Elimination of BMD

19. The general administrator submits the Secretary's Decree on the Elimination of BMD to OPD
20. The Head of the Subdivision for Regional Property Management monitors the elimination of BMD in OPD through semiannual and annual reports in Regional Information Management System (Indonesian: *Sistem Informasi Manajemen Daerah*, abbreviated SIMDA) BARANG.

To clarify the reader's understanding regarding the SOP for BMD Elimination in force at BPKAD Surakarta, the researchers has attached the original document in the form of a flow chart of the SOP for BMD Elimination at BPKAD Surakarta in the appendix.

The Procedure for Removing BMD is Based on Perwali No. 31 of 2018 Concerning the Management of State/Regional Property

Based on Perwali No. 31 of 2018 concerning the Management of State/Regional Property, the BMD elimination process includes 3 things, namely being removed from the list of user goods and/or the list of goods authorized by users, removed from the list of managing goods, and removed from the list of BMDs. Based on the elimination processes above, what is meant by the goods manager is the official who is authorized and responsible for coordinating the management of BMD. Users of goods are officials who have the authority to use BMD. Meanwhile, the power of the user of the goods is the head of the work unit or the official appointed by the user of the goods to use the BMD that is in his control as well as possible.

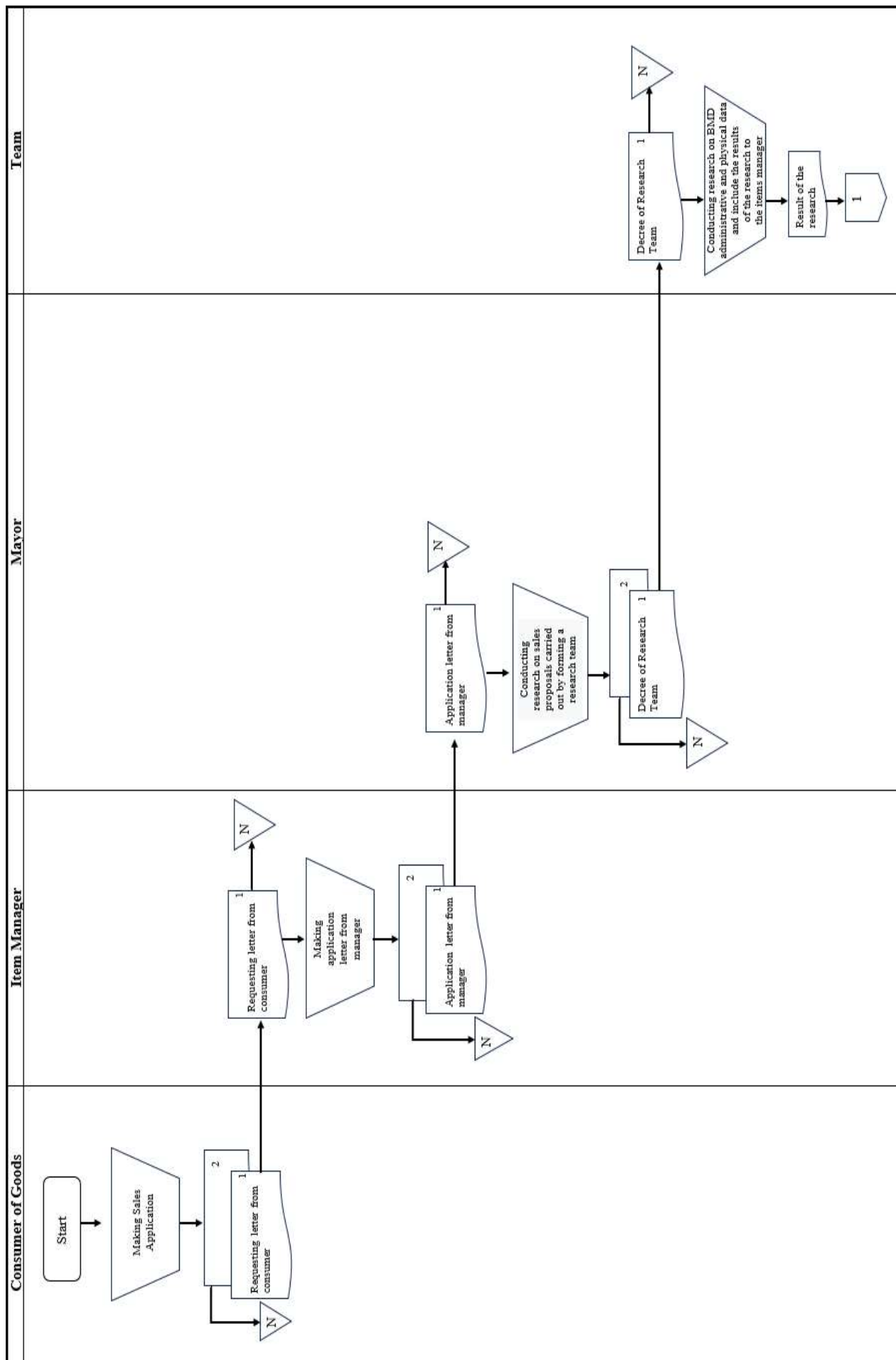
BMD removal process flow for goods users and/or goods user proxies based on Perwali No. 31 of 2018-page 245 article 439 paragraphs 1-6 are as follows:

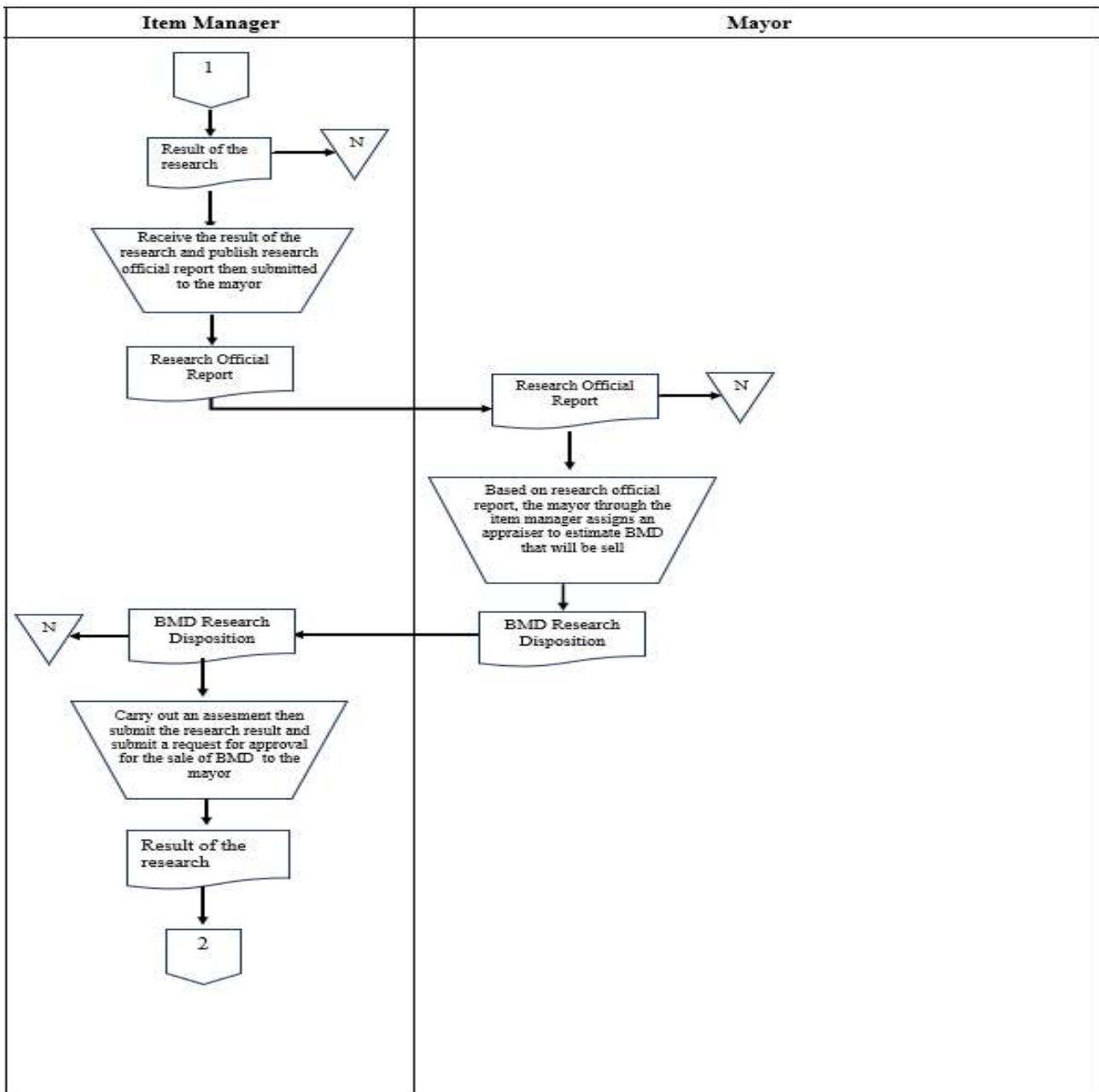
1. Deletion due to transfer is carried out by the Property User/The Authority of the Property User.
2. Deletion is carried out when the Property Manager has issued a decision on the deletion of regional property (issuance no later than 1 month from the date of the Record of Transfer (Indonesian: *Berita Acara Serah Terima*, abbreviated BAST).
3. The decision to write off regional property due to the transfer of regional property is conveyed to the Property User accompanied by BAST if the transfer is made in the form of a sale without an auction
4. The User of the Goods submits a write-off report to the Mayor by attaching the deletion decision, BAST, minutes of the auction, and grant text

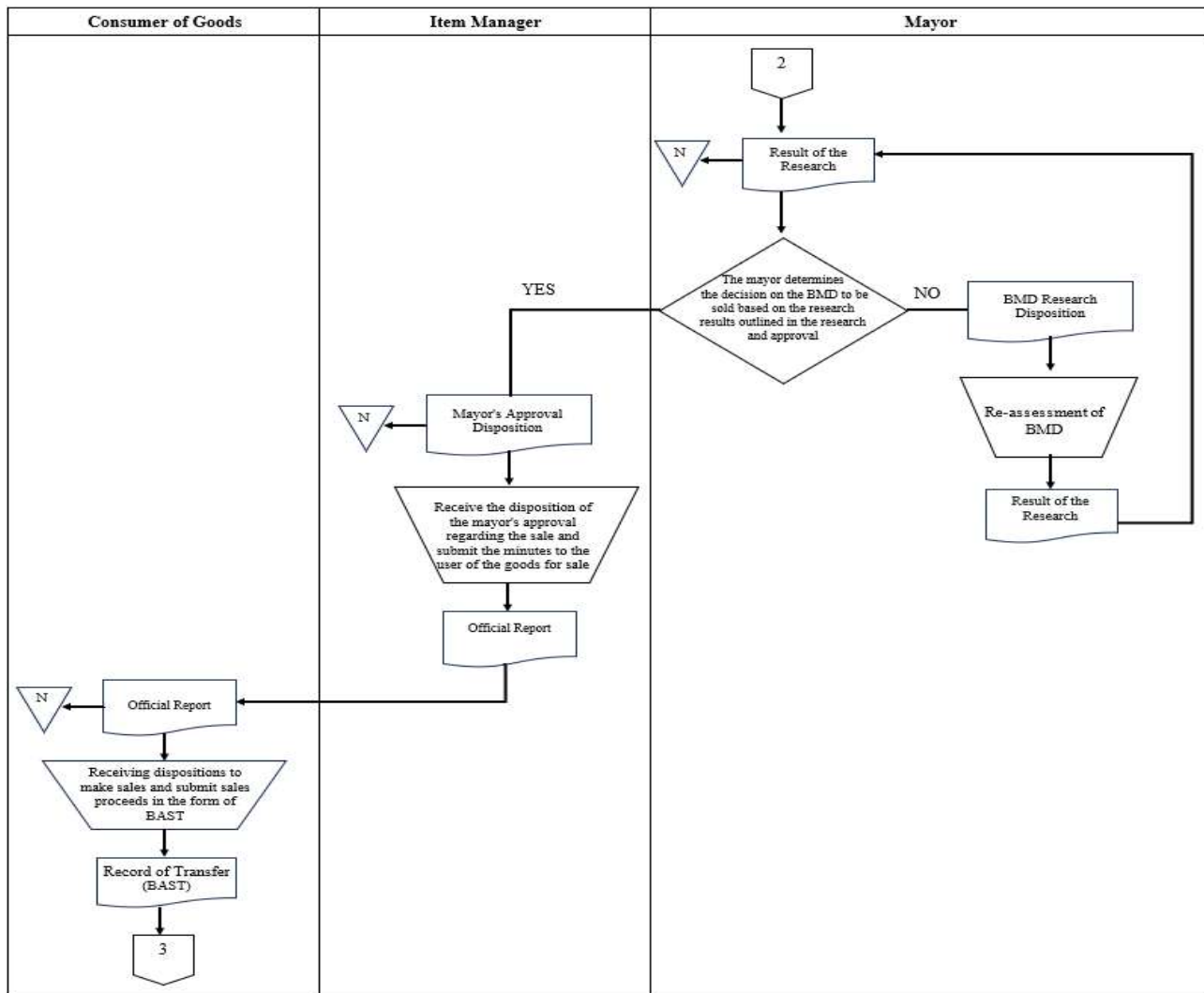
The following is the flow of BMD removal for goods managers based on Perwali No. 31 of 2018-page 258 article 459 paragraphs 1-5:

1. Write-offs caused by the transfer of regional property to other parties are carried out by the property manager
2. Deletion is carried out when the mayor has issued a decision to abolish BMD (issuance no later than 1 month from the date of BAST)
3. The property manager provides a write-off report to the mayor accompanied by a write-off decision along with BAST, if the handover is carried out in the form of a sale without auction, exchange, and local government capital participation
4. Based on the deletion decision, the Property Manager removes regional property from the BMD list.

To clarify the reader's understanding of the write-off procedure based on Perwali No. 31 of 2018 the researchers present a flowchart regarding the write-off and procedures for selling BMD contained in articles 439, article 459, and articles 348-358 in the following flow section.







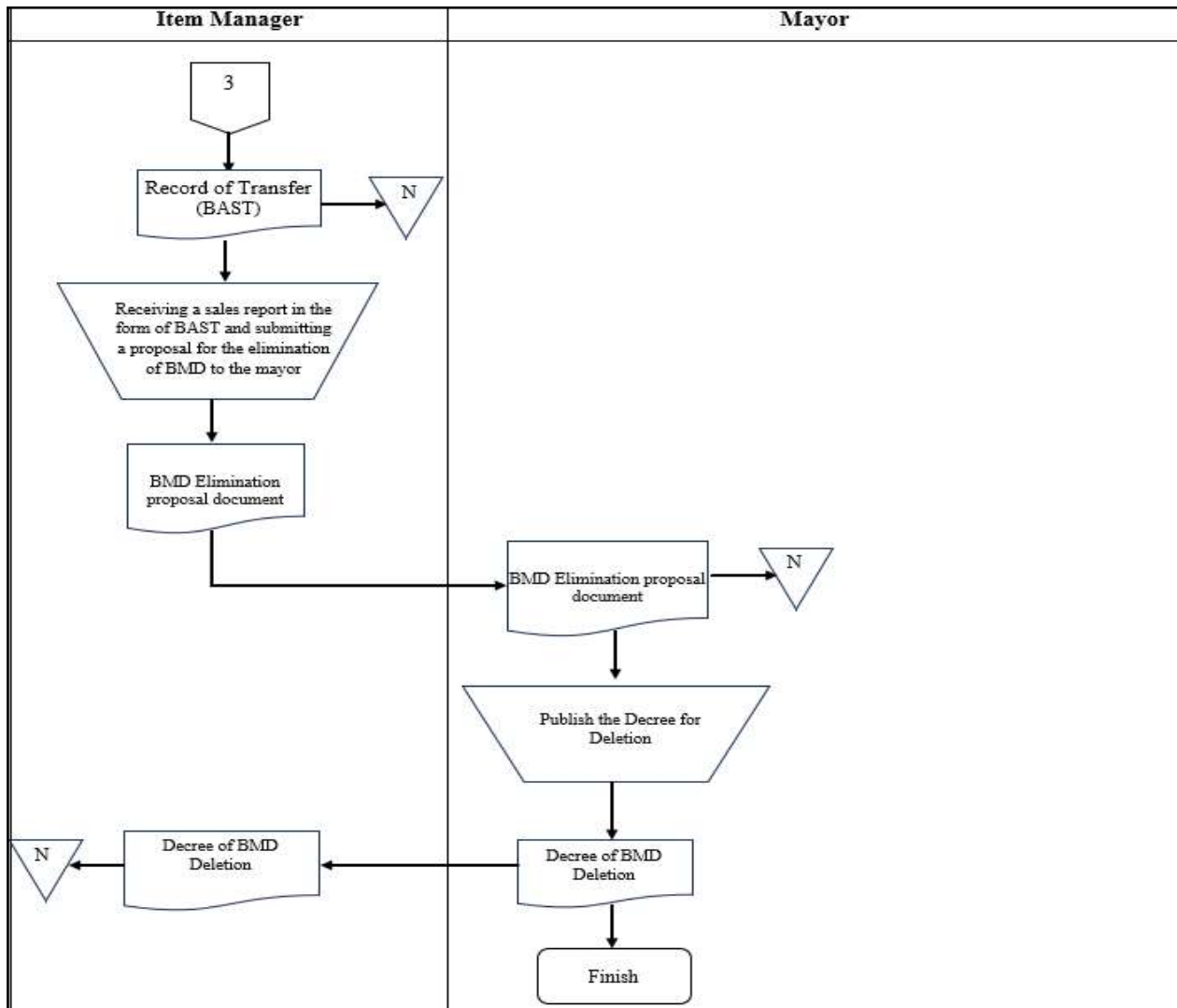


Figure 3. Flowchart of BMD removal process based on Perwali No. 31 of 2018

Obstacles that Occur in the Implementation of BMD Removal at BPKAD Surakarta

The discussion regarding the obstacles to the BMD removal process focuses on the BMD group in the form of equipment and machinery valued at IDR 16,405,000 which was submitted by the UPTD Puskesmas X to BPKAD Surakarta in 2021. In this elimination process, the UPTD Puskesmas X is an OPD that plays as a product user. Meanwhile, the BPKAD of Surakarta is the authorized party as the manager of BMD. The discussion data regarding the constraints in the BMD removal process were obtained by the researchers through data collection methods in the form of interviews with BMD managers from the UPTD Health Center X and observations by visiting the UPTD Health Center X. The obstacles experienced by the UPTD Puskesmas X in implementing the removal in the form of equipment and machines:

1. There are differences in objects between the physical BMD in the field and the list of plans to write off goods. In the process of appraising the goods, the appraisal team found items that had been submitted for deletion, but at the time of reviewing the form or condition of the goods were not the same or different. These differences are in the form of differences in television brands, differences in types of personal computer equipment, and the form of brands on goods can happen because:
 - a. Items are lost so that the items that originally existed become non-existent. The goods may be lost due to the negligence of the goods management officer.

- b. The brand of the item that was erased because the item was heavily damaged. Since the goods have been used for too long, the mark on some goods has experienced scratches, peeling, or other things so that the mark cannot be read during inspection,
 - c. There is a difference in the name of the item in the system and the field caused by an incorrect input of the name of the item in the system. The heavy workload allows human error to occur which causes data input errors.
 - d. The origin of the goods is unclear. The origin of BMD can be obtained based on the expense of the APBD and also on other legitimate acquisitions. However, it is not uncommon to find items that were obtained through grants or donations but do not have an attached proof of the grant.
- The impact of this is that the deletion process must be delayed until the goods in the field are following the list.

2. Human Resources are less competent in the field of BMD removal.
Along with the development of the progress of the times, the current regulations are also increasingly developing more complex and detailed. This progress was not followed by progress in human resource competence in the field. This has led to a doubling of tasks for supporting human resources.
3. There are no guidelines for naming goods.
The existence of job transfers and other matters has caused the managers at the UPTD Health Center X to experience several management changes. Each item manager has a different item name. This can trigger problems because when submitting a write-off from the OPD to the goods manager, the process of removing or destroying the goods is not directly carried out. However, it must first
4. The lack of human resources in OPD in the process of sorting out BMD that has not been recorded at SIMDA
During the delay in the deletion process, the UPTD Health Center X was still collecting data on all existing BMD as suggested by the asset sector. The UPTD of Puskesmas X is also sorting out which BMDs are already in SIMDA and which are not. If the data has been collected, BMD that is not in SIMDA will be deleted by issuing BA for unregistered goods. Based on these constraints, the efforts made by the UPTD Puskesmas X from 2021 until now are presented in the following table:

Table 1. The efforts made by the UPTD Puskesmas x from 2021-2023

No	Year	Effort
1.	2021	Submission of requests for deletion and discussion with the BPKAD asset team. The results of the discussion recommended the asset team sort BMD. BMD sorting includes BMDs that have been registered in the system and those that have not.
2.	2022	The goods manager sorts BMDs that have been registered in the system and those that have not.
3.	2023	The goods manager sorts BMDs that have been registered in the system and those that have not.

Analysis of Conformity of Implementation of Perwali No. 31 of 2018 for BMD Removal Procedures in Surakarta

The discussion regarding the analysis of the SOP for BMD Elimination at BPKAD Surakarta with Perwali No. 31 of 2018 focuses on a comparison between the contents of the SOP for BMD Elimination which is currently still valid at BPKAD Surakarta with the stages of elimination through the transfer process with follow-up sales contained in the Perwali No 31 of 2018 Surakarta. The discussion data regarding the process of eliminating BMD is obtained by the researchers through the data collection

method in the form of a literature study on the Perwali document No. 31 of 2018 and the SOP for BMD Removal at BPKAD Surakarta.

Table 2. Comparison of the removal process based on Perwali No. 31 of 2018 with the SOP of BPKAD Surakarta

No	Perwali No. 31 Year of 2018	SOP of BPKAD of Surakarta	Information
1.	The sale of regional property to goods users begins with preparing a sales request, including: a. BMD Data b. Sales considerations: and c. Consideration of technical, Economic, and juridical aspects by users of the goods (Article 357 section 1)	The BMN manager at OPD submits a sales application	Appropriate
2.	The item manager performs an analysis in the form of planning on the data that has been prepared by the item user. The sale of regional property to the Property Manager begins with making a sales plan. (Article 349 section 1)	Standard cost analysts research sales proposals	Appropriate
3.	The Property Manager submits a sales proposal to the Mayor accompanied by a sales plan (Article 349 section 2)	The head of the agency submits an official memorandum and a draft approval letter from the mayor regarding sales through the regional secretary	Appropriate
4.	If the concept of the Mayor's approval letter regarding sales is approved, the Mayor researches the sales proposal (Article 350 section 1)	The head of the agency receives the mayor's approval letter regarding the sale and disposition	Appropriate
5.	In conducting research the Mayor formed a team to conduct research. (Article 350 section 1 and 2)	Kabid assets receive the disposition of the mayor's approval letter regarding the sale and disposition.	Appropriate
6.	Based on the Minutes of Research Report as referred to in Article 351 paragraph 3, the Mayor through the Property Manager assigns an Appraiser to conduct an assessment of regional property to be sold. (Article 352 section 1)	Standard cost analyst performs appraisal of BMD approved for sale	Appropriate

No	Perwali No. 31 Year of 2018	SOP of BPKAD of Surakarta	Information
7.	The handover of the goods from the sale of regional property to the User of the Goods is stated in the Record of Transfer (BAST). (Article 358 section 1)	Kabid assets receive reports on sales results from OPD	Appropriate
8.	OPD deletes and is monitored by the item manager. The user of the old property deletes regional property that has been transferred and lists the goods with the user of the goods based on the decree on the deletion of the goods. (Article 59 section 4b)	The general administration makes official memorandums and draft regional secretaries' decrees regarding the abolition of BMD.	Appropriate

Source: of BPKAD Surakarta

CONCLUSION

Based on the results of data analysis and discussion that the researchers have described, the conclusion can be drawn as follows:

1. Strength

- a. In carrying out government activities, the BPKAD Surakarta already has guidelines in the form of an SOP for BMD removal so that the BMD removal process is standardized.
- b. Based on data on the 2021 asset mutation list, there were already 49 OPDs that carried out the write-off. The implementation of the write-off in each OPD shows that efforts to manage and secure BMD in Surakarta have been implemented.
- c. The HR performance of the BPKAD Surakarta is following procedures and is firm not to proceed with the deletion due to differences in goods.
- d. The process of eliminating BMD can lighten the workload of carrying out inventories on goods users and ease the maintenance burden on goods users.

2. Weakness

- a. There are still differences in objects between the physical BMD in the field and the list of plans to write off goods
- b. Human Resources are less competent in the field of BMD removal
- c. There are no guidelines for naming goods
- d. The lack of human resources in OPD in the process of sorting out BMD has not been recorded at SIMDA

3. Recommendation

- a. In overcoming the problem of differences in objects between physical BMD in the field and a list of plans to write off goods, the researchers recommend sorting out BMD that has been recorded at SIMDA and those that have not. If the data has been collected, the BMD removal activity can be continued immediately. In addition, as a preventive measure for subsequent BMD elimination activities, it is best if the BMD management in each OPD performs an independent check and ensures that each process is following the procedure.
- b. In line with the development of applicable regulations, it is necessary to make efforts to increase the competence of human resources in each of their duties and authorities. To develop these competencies, the researchers recommend digitalization training to improve employee

competence related to BMD management, which is now computerized. In addition to training on digitalization, refreshments, and coordination meetings should also be held on the latest regulations and SOPs that are valid for a certain period or whenever there is a regulatory update.

- c. To standardize the naming of goods in SIMDA at the UPTD Health Center X, the researchers recommend holding an evaluation of the SOP for BMD removal. In this evaluation, it is better to discuss additional guidelines regarding the naming of BMD following the standards or rules for naming goods in SIMDA BMD. The researchers also recommends that all goods managers fill out the complete SIMDA BMD. This is intended to prevent misinterpretation by other managers or new managers when selecting goods to submit for deletion.
- d. To overcome the constraints on the lack of human resources in OPD in the process of sorting out BMD that have not been recorded at SIMDA, the researchers recommend that the UPTD Health Center X cooperate with a 3rd party in the form of a professional service provider so that BMD data collection activities that are already in SIMDA and those that are yet will save more time and energy.

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Analysis of Procedures and Effectiveness of Covid-19 Cash Transfer Program (Case Study in Karangasari Village, Kulon Progo)

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ABSTRACT

This study aims to determine the procedure and effectiveness of the distribution of the Village Fund Cash Transfer program in Karangasari Village, Subdistrict Pengasih, Kulon Progo Regency. The method used in this study is qualitative method. The type of data used is secondary data obtained from the realization report of the 2021 cash transfer program distribution and primary data obtained from interviews with informants. Data collection techniques are carried out using documentation and interview methods. The results of the study show that the effectiveness of cash transfer distribution in terms of timeliness, target accuracy, and budget accuracy has been running effectively. This can be seen from the qualitative data analysis of the statements expressed by informants in line with quantitative data calculations from the cash transfer distribution realization report which shows 100% figures from all aspects. Likewise, the procedures applied to the distribution process have been running in accordance with the regulations set by the government.

Keywords: cash transfer; effectiveness; village fund

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INTRODUCTION

Poverty is one of the long-standing problems in Indonesia, especially from 2014 to 2015. Poverty is caused by many influencing factors such as people's educational qualifications are lacking, labor capacity is not optimal, the amount of work wages is very minimal, inadequate income distribution, lack of workplace expectations, and political instability. According to the Central Statistics Agency (Indonesian: *Badan Pusat Statistik*, abbreviated BPS) in 2021, the total poor population in Indonesia in September 2021 reached 26.50 million or approximately 9.54% of the total population of Indonesia, this number is smaller by around 1.03 million compared to March and shrank by 1.04 million people compared to September last year.

Table 1. Poverty data of D. I. Yogyakarta Province

No	Poor Population Data in 2021	Population	Number of Poor Population
1	Province D I Yogyakarta	3.668.719	506.400
2	Kulon Progo Regency	436.395	81.140
3	Pengasih District	52.514	23.410
4	Karang Sari Village	11.087	5.753

Source: BPS Kulon Progo Regency 2021

According to table 1 of the poverty data of Yogyakarta Province in 2021, the population of Yogyakarta Province is 3,668,719 people with the number of poor people being 506,400 (13.80%). Data on the population of Kulon Progo Regency is 436,395 people with a total poor population of 81,140 people (18.59%). While Pengasih District has a population of 52,514 people with a total poor population of 23,410 people. Especially for Karang Sari Village itself, the total poor population is 5,753 people from the total population, which is 11,087 people.

The Covid-19 pandemic has caused disruptions to economic sectors around the world, including Indonesia. The impact of the Covid-19 pandemic on the Indonesian economy is very significant, one example is that many companies have laid off their employees. The data obtained shows that there have been layoffs of approximately 1.5 million workers, with 90% of them laid off and 10% laid off (Hanoatubun, 2020).

The government has always moved quickly in dealing with threats to the national economy, such as implementing the Direct Cash Transfer (Indonesian: *Bantuan Langsung Tunai*, abbreviated BLT) program to overcome the negative impact of fuel price increases on poor households in 2005 and 2008 (Rosfadhila et al., 2013; Emalia, 2013). Likewise, the government has moved to overcome the negative impact of Covid-19 on the community. The government will provide policies in the form of BLT to people affected by Covid-19. The government through the Minister of Villages will prepare funds for this program amounting to IDR22.4 trillion to be distributed to poor people affected by the Covid-19 pandemic, these funds are taken around 31% of the Village Fund (Prabandari, 2020).

Another policy to further reduce the impact of the spread of Covid-19 is that the Government has designed various new policies by establishing a new Law to replace Law No. 1 of 2020, namely Law No. 2 of 2020. In this new regulation, it is explained that the priority use of Village Funds can be used for direct cash assistance to the poor in the village and especially for activities to overcome the Covid-19 pandemic.

The government through Permendes PDPTT policy No. 6 of 2020 has a very good goal in saving the resilience and helplessness of village communities through BLT-Dana Desa in handling Covid-19 (Septiani, 2020), which is an amendment to Permendes PDPTT No. 11 of 2019 concerning Priorities for

the Use of Village Funds in 2020. According to the policy written in the Regulation of the Permendesa PD TT No. 6 of 2020, BLT-Dana Desa is assistance specifically for the poor who live in the village, the funds to be given to the community are the allocation of the use of the Village Fund. The purpose of this program is so that the lives of the poor in the village can run stably in their economic and social activities. Each registered family will receive Rp 300,000/month, and the program will run for 12 months. If the needs of the village exceed the maximum amount of funds that can be allocated by the village, the village head can propose to the Bupati/Walikota to increase the allocation of village funds for direct cash assistance. The reason for the additional allocation based on the decision of the Special Village Board (Indonesian: *Badan Desa Khusus*) must be attached to the proposal (Nugraha, 2020).

Research on the effectiveness of the distribution of Village Fund BLT has been conducted by Widyastui et al. (2021), and Firmansyah et al. (2022). The results of their research show that the effectiveness of the distribution of the BLT program in the areas they studied is in accordance with applicable procedures but not yet effective. Meanwhile, research conducted by Sofi (2021), Ibrahim (2021), and Nafiah & Bharata (2021) showed the results in the areas they studied that the effectiveness of the distribution of BLT was effective and carried out according to procedures.

Based on several previous studies there are differences in results. This shows that the distribution of direct cash assistance in each region has not been fully effective and according to procedures, so researchers conducted a similar study in Karang Sari Village, Pengasih District. This research uses a mixed research type of convergent parallel design. According to Creswell (2011) convergent parallel design is a technique of collecting quantitative and qualitative data and then analyzing them together to understand the research problem being carried out. In this case the researcher wants to compare the results of qualitative and quantitative observations whether they support or contradict each other.

Karangsari Village is part of Pengasih District, Kulon Progo Regency with an area of about 1,054,0885 hectares. Village or subdistrict (Indonesian: *Kelurahan*) Karang Sari has a hilly plain 20 m above sea level and consists of 12 padukuhan, 68 RT and 30 RW. The Covid-19 pandemic limits people's movement in public spaces so that their daily needs are not fulfilled because the majority of residents in Karang Sari Village are freelance daily laborers (karangsari-kulonprogo.desa.id, 2019).

Table 2. Data on Covid-19 cash transfer program recipients in Kulon Progo in 2021

No	Cash Transfer Recipient Data in Kulon Progo	Number of RTS Cash Transfer Recipients
1	Kulon Progo Regency	9.913
2	Pengasih District	871
3	Karangsari Village	200

Source: DTKS Kabupaten Kulon Progo 2021

Based on table 2 cash transfer program recipient data in Kulon Progo Regency, Karang Sari Village is the Village with the highest number of Targeted Households (Indonesian: *Rumah Tangga Sasaran*, abbreviated RTS) Covid-19 cash transfer recipients in Pengasih District with a total of 200. Therefore, it is important to conduct research in Karang Sari Village regarding the Analysis of Covid-19 Direct Cash Transfer Program Procedures and Effectiveness in Karang Sari Village to find out how the cash transfer distribution procedure and the effectiveness of the distribution carried out considering the large number of RTS in Karang Sari Village.

RESEARCH METHOD

The object of research that the researchers took was in Karang Sari Village, Pengasih District, Kulon Progo Regency. The choice of research location in Karang Sari Village is because the location is the village with the highest number of RTS recipients of cash transfer in Pengasih District. The source of data obtained in this study came from the subject during carrying out the study. This study used primary data and secondary data. This study uses secondary data taken from the report on the distribution of Direct Cash Transfer in Karang Sari Village. While primary data is obtained from informant sources, namely individuals or individuals, through interviews conducted. Interviews in this study were conducted to cash transfer recipient communities, Karang Sari Village Heads and Civil Service regarding the procedures and effectiveness of distributing the Direct Cash Transfer program to communities affected by Covid-19 in Karang Sari Village, Pengasih District, Kulon Progo Regency. The resource persons (subjects) in this study were 7 people consisting of 1 Village Head, 1 Village Secretary, and 5 people from Karang Sari sub-district who received the Village Fund cash transfer program who represented each hamlet in Karang Sari sub-district and had different jobs. Here is the profile of each informant:

1. Informant 1 with the initials MJ who is the Head of Karang Sari Village, the interview was conducted in Karang Sari Village, Kapanewon Pengasih, Kulon Progo Regency.
2. Informant 2 with initials AK who is the Secretary of Karang Sari Village, the interview was conducted in Karang Sari Village, Kapanewon Pengasih, Kulon Progo Regency.
3. Informant 3 with the initials M who is a resident of Karang Sari Village who received the Village Fund cash transfer in 2021, the interview was conducted at Karang Sari Village, Kapanewon Pengasih, Kulon Progo Regency.
4. Informant 4 with US initials who is a resident of Karang Sari Village who received the Village Fund cash transfer in 2021, the interview was conducted in Karang Sari Village, Kapanewon Pengasih, Kulon Progo Regency.
5. Informant 5 with the initials S who is a resident of Karang Sari Village who received the Village Fund cash transfer in 2021, the interview was conducted at Karang Sari Village, Kapanewon Pengasih, Kulon Progo Regency.
6. Informant 6 with the initials NK who is a resident of Karang Sari Village who received the Village Fund cash transfer in 2021, the interview was conducted at Karang Sari Village, Kapanewon Pengasih, Kulon Progo Regency.
7. Informant 7 with the initials P who is a resident of Karang Sari Village who received the Village Fund cash transfer in 2021, the interview was conducted at Karang Sari Village, Kapanewon Pengasih, Kulon Progo Regency.

The interview method used in this study is a structured interview method to the recipient communities of the cash transfer Program, Lurah and Pamong Karang Sari Village about the procedures and effectiveness of the distribution of the Covid-19 cash direct assistance program, the classification of questions given to get answers include:

1. The amount of Village Fund received by Karang Sari Village
2. Village Fund cash transfer distribution procedure in Karang Sari Village
3. Criteria for Beneficiary Families (Indonesian: *Keluarga Penerima Manfaat*, abbreviated KPM) recipients of Village Fund cash transfer in Karang Sari Village
4. The process of recording data on prospective recipients of Village Fund cash transfer in Karang Sari Village
5. Number of KPM recipients of Village Fund cash transfer in Karang Sari Village
6. Indicators of the achievement of the Village Fund cash transfer distribution process (timeliness, accuracy of recipient targets, budget suitability and realization)

This type of research is a type of qualitative descriptive research with qualitative data analysis techniques. Qualitative data analysis techniques are intended to answer problem formulations about the procedures and effectiveness of cash transfer distribution whether it is in accordance with the procedures set by the government and effectiveness which includes timeliness, target accuracy, budget suitability for cash transfer program distribution in Karangasari Village. The process of qualitative data analysis in this research is by collecting data obtained when conducting research (Asfar, 2019), then the data is processed by comparing with the provisions set by the government, for further conclusions are drawn whether the data in the object under study is appropriate or not with applicable regulations.

RESULT AND DISCUSSION

Village Fund Cash Transfer Distribution Procedure

Cash transfer distribution procedures of the Ministry of Social Affairs of the Republic of Indonesia (Setiawan, 2020) mention several procedures or mechanisms, namely:

1. The amount of budget allocated for cash transfers is divided into three categories, namely, for villages that receive Village Funds of IDR800,000,000 can allocate a maximum of 25% funds for this program. Meanwhile, villages that receive Village Funds of IDR800,000,000 - IDR1,200,000,000 can allocate a maximum of 30% funds. Then the last one for villages that receive Village Funds above IDR1,200,000,000 can allocate a maximum of 35% funds.
2. The Village Head is responsible for the running of this program.
3. Providing funds to the community using non-cash methods to avoid unwanted things.
4. The amount of funds received by the community is IDR300,000/month for 12 months.
5. Village Fund cash transfer distribution through financial services business units in the village.
6. The distribution process pays attention to health protocols.

Data obtained and identified from in-depth interviews with resource persons, regarding the procedure for distributing village fund cash transfer programs in Karangasari Village. Data analysis regarding the Village Fund cash transfer distribution procedure is presented in the following table:

Table 3. Analysis of cash transfer procedure for Karangasari Village Fund

No	Village Fund Cash Transfer Distribution Procedure in accordance with Ministry of Finance Guidelines	Implementation in Karangasari Village	Description
1.	Villages that receive Village Funds of IDR800,000,000 can allocate a maximum of 25% for this program. Meanwhile, for villages that receive Village Funds of IDR800,000,000, IDR1,200,000,000 can allocate a maximum of 30% funds. Then the last one for villages that receive Village Funds above IDR1,200,000,000 can allocate a maximum of 35% funds.	<i>"For the Village Fund in 2021, we get IDR1,300,000,000 from the central government and for those allocated for cash transfer as much as 200 KPM each per month IDR300,000 for 3 months, so the total for one year is IDR180,000,000" (M)</i>	Karangasari Village receives Village Funds of IDR1,300,000,000, meaning that Karangasari Village according to the procedures set by the government can allocate Village Funds for the cash transfer program a maximum of 35%, and in reality Karangasari Village distributes Village Funds for the cash transfer program as much as 13.8%, this means that Karangasari Village for allocating Village Funds for the cash transfer program is in accordance with the fund allocation procedure.

No	Village Fund Cash Transfer Distribution Procedure in accordance with Ministry of Finance Guidelines	Implementation in Karangasari Village	Description
2.	The Village Head is responsible for the running of the Village Fund Cash Transfer program.	<i>"For the implementer of the activity it is the responsibility of the community welfare kasi or kamituo, but for the person in charge of the activity it is still my own mas" (MJ).</i>	In Karangasari Village, the responsibility for the implementation of the cash transfer program distribution is the head of the Village who is assisted by the community welfare office as the acting officer, so in Karangasari Village it is in accordance with the procedures set by the government in terms of the person in charge of activities.
3.	Providing funds to the community using non-cash methods to avoid unwanted things.	<i>"We go through village-owned enterprise (Indonesian: Badan Usaha Milik Desa, abbreviated BUMDes), so the distribution of cash transfer from Kelurahan we distribute it to BUMDes and through financial service units so that this cash transfer can be taken immediately or maybe the person concerned wants the money to remain in the account first so that if at any time it needs to be taken or maybe it can be used to pay for other things" (AK).</i> <i>"Yes, yesterday I was invited to the village to take help, but what was given by the officer was only a passbook and I was given the choice to take money or save it again, my grandma yesterday did not take all mas soale for daily needs" (A).</i>	The process of distributing Village Fund cash transfer in Karangasari Village uses a transfer method that is processed through BUMDes so as to reduce the crowd caused by antrain when taking cash, so this shows that the distribution method is in accordance with government procedures, namely by transfer.
4.	The amount of funds received by the community is IDR300,000 / month for 12 months.	<i>"Each KPM received per month can be three hundred thousand rupiah for three months, the program is indeed every month but for the same KPM get three months and then every three months we change the KPM so that all are evenly distributed" (MJ).</i> <i>"I received money from the village around January mas, I think I got rations for three months per month, if I am not mistaken, three hundred thousand mas" (A)</i>	The amount of money received by KPM in Karangasari Village is IDR300,000/month, the amount of funds received by KPM in Karangasari Village is in accordance with what is determined by the government.

No	Village Fund Cash Transfer Distribution Procedure in accordance with Ministry of Finance Guidelines	Implementation in Karangasari Village	Description
5.	Village Fund cash transfer distribution through financial services business units in the village.	<i>"After the money is transferred from the central government, Kelurahan is directly distributed to BUMDes through the financial services business unit, namely if in Karangasari Village it is called a Micro Finance Institution (Indonesian: Lembaga Keuangan Mikro, abbreviated LKM)" (AK).</i>	In Karangasari Village, for the cash transfer distribution process, the entire budget allocated to the community to BUMDes, namely the Micro Finance Institution (Indonesian: <i>Lembaga Keuangan Mikro</i> , abbreviated LKM)", this shows that the cash transfer distribution process in Karangasari Village is in accordance with the procedures set by the government, namely through the financial services unit.
6.	The distribution process pays attention to health protocols.	<i>"For Karangasari itself, yesterday because 2021 was again severe Covid-19, so we divided it into 4 waves a year and we still divide each wave between days and hours so as not to cause crowds, we also apply health procedures to officers and KPM who come to take cash transfer" (M).</i> <i>"When I went to the village, I didn't queue, how come I came directly into the room, but before entering, I was directed by the officer to wash my hands and was given a mask, so I forgot not to bring a mask" (S).</i>	Based on data that researchers got in the field in Karangasari Village, in 2021 there was a significant spike in cases, so to reduce this, the cash transfer distribution process uses strict health protocols, this is in accordance with the procedures set by the government regarding the implementation of health protocols during the Village Fund cash transfer distribution process.

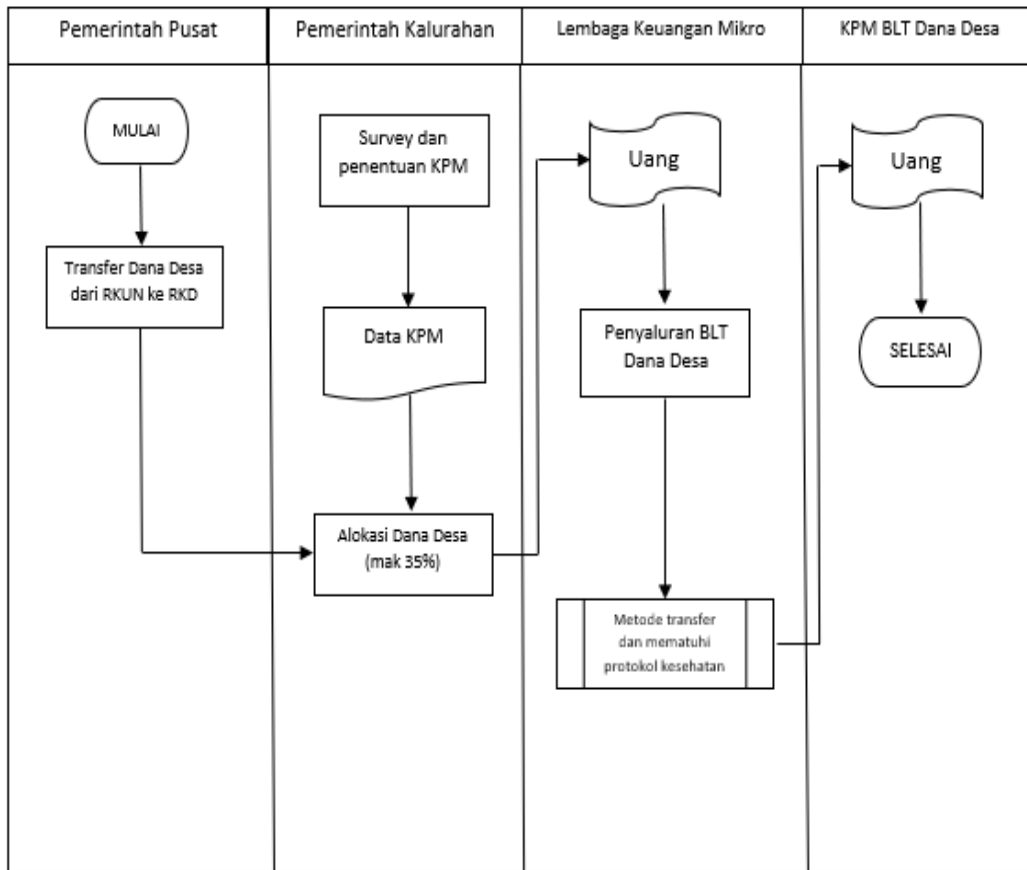


Figure 1. Flow diagram of SOP procedure for distribution of cash transfer funds in Karangasari Village

Effectiveness of Village Fund Cash Transfer Distribution

Effectiveness according to Ravianto (2014) is how the work can be done well, how far individuals can complete the work as desired. This means that work can be said to be effective if it can be completed according to the initial plan both in terms of time, cost, and quality. In general, the effectiveness in the cash transfer distribution process of Village Funds is categorized into 3 (Pasila, 2022), namely:

1. Timeliness

One of the indicators for assessing effectiveness is timeliness. To carry out an activity or program, planning in determining time is absolutely necessary. The time used correctly will affect the level of effectiveness of a program in achieving goals. The time set by the government for the Village Fund cash transfer program is 12 times a year or every month 1 time.

2. Target accuracy

The accuracy of making choices based on applicable regulations is very important so that there is no mistake in determining the KPM entitled to receive. The criteria set by the government for the Village Fund cash transfer program include:

- a. Non-productive elderly, people with old age who no longer have regular sailing.
- b. Non-skilled freelance day laborers, freelance day laborers who do not have skills and only rely on energy.
- c. Farmers, farmers who have minimal income and belong to the category of poor people.
- d. Self-employed people are directly affected by the pandemic, entrepreneurs whose fields of work are directly affected by the pandemic, resulting in being unable to do work.

e. People with disabilities, families who have members with disabilities.

3. Budget Accuracy

The amount of budget that has been set by the government for the Village Fund Cash Transfer program is IDR300,000/KPM.

The following is explained the data obtained and identified from the results of the realization report on the distribution of cash transfer of the Karangari Village Fund and interviews with resource persons, in this analysis there is one variable that is analyzed, namely the effectiveness of the distribution of village fund cash transfer programs in Karangari Village.

Right on target

Right on Target is the conformity of aid recipients with criteria set by the government. In annex 1, the Sa value is 200 KPM, this value comes from the target number of KPM recipients of Village Fund cash transfer, which is 600 KPM for 12 months, each same KPM will receive Village Fund cash transfer 3 times for 3 consecutive months, then a value of 200 is obtained from 600 divided by 3. For the Ss value, it is contained in annex 2, namely the amount of KPM realization of Village Fund cash transfer recipients for 12 months which amounts to 600 KPM, the value is divided by 3 because it is the same as the Sa value, a value of 200 KPM is obtained. The following is the calculation of the level of target accuracy through the realization report of the distribution of cash transfer Village Funds in Karangari Village.

$$\begin{aligned} \text{Right on Target} &= \frac{Sa}{Ss} \times 100\% \\ &= \frac{200}{200} \times 100\% \\ &= 100\% \end{aligned}$$

Based on the results of interviews with resource persons regarding target accuracy as follows:

"The village fund is for the non-productive elderly and then non-skilled freelance day laborers, so if maybe the bricklayer is still an expert, so for freelance daily laborers who really don't have the skills and skills so they need to be assisted by the three people whose families have disabilities continuously, with farmer work as well as self-employed jobs directly affected by the pandemic, coincidentally, 2021 is worse than 2020" (AK).

"I am a small rice vendor on the deck, when the pandemic was severe yesterday, I couldn't sell because people also didn't buy it, so I wanted to close it all at once, but thank God I got help from the village that was quite able to increase my daily needs" (M).

"I am already old on the deck, so if I work my body is not strong, so yes, I only want garden products that can be sold, but thank God yesterday I got help from the village" (P).

"Alhamdulillah, the money I received from the village yesterday was able to buy fertilizer, coincidentally when yesterday the fertilizer also ran out for the rice fields" (AS).

"Only this time my son got help from the village, never before" (S).

"Hmm, I'm just an odd worker, sometimes someone invites me to work, yes, work if no one invites me to be unemployed at home, thank God, I got help from the village yesterday" (NK).

Based on the results of the calculation of the effectiveness of the accuracy of KPM targets based on the initial criteria and targets for the distribution of the Village Fund Cash Transfer program in Karangari Village showing a figure of 100%, the results of interviews with resource persons can be

concluded that the process of distributing Village Fund Cash Transfer in Karangasari Village is intended for entrepreneurs who are really directly affected by the pandemic then the elderly who no longer have income, Then for citizens with disabilities, farmers, and casual day laborers. This shows that based on the accuracy of the target, the level of effectiveness achieved by Karangasari Village Village in the process of distributing Village Fund cash transfer is right on target and is said to be **effective** because the value obtained is between 90%-100% and the results of interviews with resource persons **are in accordance** with government regulations.

Timeliness

Timeliness is the time for the distribution of the cash transfer program in accordance with government regulations. In annex 1, the W_a value is 12, this figure comes from the target time for distributing Village Fund cash transfer in 2021 which is carried out every month for 1 year. For the W_s value contained in annex 2, this figure is obtained from the realization report on the distribution of Village Fund cash transfer in Karangasari Village in 2021 which has been carried out every month for 1 year. The following is the calculation of the level of timeliness through the realization report of the distribution of cash transfer Village Funds in Karangasari Village:

$$\begin{aligned} \text{Timeliness} &= \frac{W_a}{W_s} \times 100\% \\ &= \frac{12}{12} \times 100\% \\ &= 100\% \end{aligned}$$

Based on the results of interviews with resource persons regarding punctuality as follows:

"In 2021, every 3 months there are 50 KPM and divided into 4 waves, for the distribution of each month we do not necessarily depend on the funds we receive from the central government, because Karangasari Village is an independent village, so village funds are transferred 2 times, the first 40% and the second 60%, then the funds if they have been transferred we immediately hand them over to MFIs which are then directly distributed to the community, so for each month what date it is distributed definitely" (M).

"When I was in 2021, I think I received the aid in April and until June because I went to the village 3 times, I wanted it when it started to get worse from Covid-19, but my neighbor's grandma got it first before me." (M).

Based on the results of the calculation of the level of effectiveness based on the timeliness of the distribution of the cash transfer program, the Village Fund of Karangasari Village shows a figure of 100%. The results of interviews with resource persons can be concluded that the distribution of Village Fund cash transfer in Karangasari Village for the 2021 period was carried out 12 times which were divided into 4 waves, for each wave 50 KPM were allocated for 3 months of assistance. Based on the timeliness of the level of effectiveness achieved by Karangasari Village Village in the process of distributing Village Fund Cash Transfer is timely and is said to be **effective** because the value obtained is between 90%-100%.

Budget Accuracy

Budget Accuracy is the amount of the initial budget and realization in the field is appropriate or not. In annex 1, a H_a value of 180,000,000 is obtained based on the amount of Village Fund budget allocated by Karangasari Village for the cash transfer program during the 2021 period. The H_s value obtained in annex 2 is 180,000,000 which is the realization of the distribution of Village Fund cash

transfer in Karangasari Village for the 2021 period. The following is the calculation of the level of budget accuracy through the realization report of the distribution of cash transfer Village Funds in Karangasari Village:

$$\begin{aligned}\text{Budget Accuracy} &= \frac{Ha}{Hs} \times 100\% \\ &= \frac{180.000.000}{180.000.000} \times 100\% \\ &= 100\%\end{aligned}$$

Based on the results of interviews with resource persons regarding budget accuracy as follows: *"In 2021, the budget for cash transfer is IDR180,000,000 for each KPM per month, it can be 300,000 for three months, every 3 months there are 50 KPM, so the total of one year is IDR180,000,000 for a total of 200 KPM" (MJ).*

Based on the results of the calculation of the level of effectiveness based on the accuracy of the budget distribution of the cash transfer program, the Village Fund of Karangasari Village shows a figure of 100%. The results of interviews with resource persons can be concluded that the budget allocated for the Village Fund cash transfer program in Karangasari Village for the 2021 period is 180,000,000 for 200 KPM and 3 waves for one year or in other words every one month each KPM receives funds of 300,000. This shows that the level of effectiveness achieved by Karangasari Village in the process of distributing Village Fund cash transfer is in accordance with the budget and is said to be **effective** because the value obtained is between 90%-100%.

CONCLUSION

Based on the formulation of the problem, the results of research and discussions that have been carried out, it can be concluded that the procedure for distributing cash transfer Village Funds in Karangasari Village in 2021 for all indicators includes, the amount of village fund allocation, the person in charge of activities, the method of distribution, the amount of funds distributed, the distribution process through financial service units, and complying with health protocols has been carried out according to procedures set by the government. Meanwhile, the effectiveness of the distribution of cash transfer Village funds in Karangasari Village in 2021 for all indicators including, budget suitability, timeliness, and accuracy of realization targets is in accordance with the budget, targets and government regulations. Reinforced by the calculation of effectiveness for all indicators studied shows a figure of 100%, this shows that the output produced is in accordance with the target or has been effective. From the conclusions in this study, the author provides several suggestions for future research expected to add other variables studied regarding the distribution of the Village Fund cash transfer program in addition to procedures and effectiveness. Meanwhile, the Karangasari Village Government is expected to be more transparent in providing information about the cash transfer distribution process, one of which is by uploading a report on the realization of the Village Fund budget, especially those allocated for the cash transfer program so as not to cause conflicts in the community.

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GUIDELINES FOR AUTHOR

AKUMULASI: Indonesian Journal of Applied Accounting and Finance

A. Writing format

1. Manuscript is typed using Cambria font.
2. Manuscript is written in a quarto paper size (A4), with upper, below, left, and right margins of 2 cm.
3. The front page of the manuscript includes the title, author's name, institution, country, and email of the corresponding author.
4. The Result of Turnitin Checking (20%) and Author's Statement Letter must be included.
5. All pages are given sequential numbers, including the pages containing references and appendices.
6. Footnotes, headers, and footers are used for additional information about the content (not for providing supplementary information about the author and title of the article).
7. Manuscript is prepared following the template provided by the AKUMULASI: Indonesian Journal of Applied Accounting and Finance available on Paper Template.

B. Manuscript organization

1. **TITLE.** The title should be straightforward, clear, and informative. This section is presented in Cambria 12; 1.15 Space; Capitalize Each Word; Bold; Centered.
2. **NAME OF THE AUTHOR, INSTITUTION, COUNTRY, AND E-MAIL.** This section contains the author's name (without academic title), name of the institution (study program, faculty, and university), name of the country, and e-mail address (corresponding author). If a manuscript is written by a team, the editor only deals with the first author (or corresponding author). This section is presented in the Cambria 11; 1.15 Space; Capitalize Each Word; Centered.
3. **ABSTRACT.** The abstract is composed of a maximum of 250 words, while keywords are composed of 3-5 words (in alphabetical order). The abstract contains the main issues, objectives, methods, research results, and implications. The abstract title is presented in the Cambria 12; 1.15 Space; UPPERCASE; Bold; Centered. The abstract body is written in Cambria 11; 1.15 Space; Sentence case; Justified. Meanwhile, the keywords are typed with the Cambria 11; 1.15 Space; Sentence case; Left.
4. **INTRODUCTION.** This section describes the background on issues, problems, urgency, research novelty, research rationalization, research objectives and contributions, and literature review. For a research article, the literature review details a synchronization of theoretical frameworks, reviews of previous research, and hypothesis development. Meanwhile, for a conceptual article, the problems/issues are discussed in the Introduction. The Introduction and References are presented in uniform writing format: 1) TITLE-INTRODUCTION, RESEARCH METHOD, etc: Cambria, 12; Space 1.15; UPPERCASE; Bold; Justified; and 2) the body of the article: Cambria, 11; Space 1.15; Sentence case; Justified.
5. **RESEARCH METHOD.** This section presents the research design, scope, data collection techniques, and analysis techniques.
6. **RESULTS AND DISCUSSION.** This section presents the results of the research analysis, describes the results of data processing and logical interpretation of findings, as well as links them to relevant reference sources (can be completed with tables, graphs/pictures, or charts).

7. **CONCLUSION.** This section provides a brief summary of the research results and discussions that address the research objectives and presents certain methodological or procedural difficulties (beyond the researcher's control) as well as practical and theoretical recommendations that are useful for further research.
8. **REFERENCES.** The minimum number of references is 20 (primary reference is recommended), published in the past 10 years. The references only include the works cited in the body of the article. The citations and references are written based on the APA 7th Edition Style (American Psychological Association). To help compile references, please use the Mendeley application tool.

C. Tables and Figures

The following is the format for tables and figures:

1. The title of the table is written above the table with Cambria 11; 1.15 Space; Sentence case; Left. Information in the table is typed with 1 Space, a horizontal line for the first line (table subtitle), and the last line, without a vertical line.
2. The title of the figure (picture) is presented below the picture with Cambria 11; 1.15 Space; Sentence case; Centered. The figure is prepared in printable form (not cropped).
3. Sources of tables and figures must be listed.
4. The titles of tables and figures are numbered sequentially from 1 to the last.

D. References (the APA 7th Edition Style)

Example:

In-text citation

Cocoa is one of the functional foods in Madiun (Ariyantoro *et al.*, 2019). The research by Widodo *et al.* (2019) has concluded the need for an environmentally friendly approach to preventing bad pollution, particularly by increasing the awareness of public and business actors in managing liquid waste by creating an integrated wastewater treatment system.

Reference list citation

- Ariyantoro, A. R., Anam, C., Kawiji, K., Minardi, S., Zulfa, F., Purnomo, D., ... Widiatmoko, C. (2019). Pengembangan produk coklat couverture dengan penambahan pangan fungsional di Desa Randualas Kecamatan Kare Kabupaten Madiun. *PRIMA: Journal of Community Empowering and Services*, 3(2), 43-38. <https://doi.org/10.20961/prima.v3i2.37835>
- Widodo, T., Budiastuti, M. T. S., & Komariah, K. (2019). Water quality and pollution index in Grenjeng River, Boyolali Regency, Indonesia. *Caraka Tani: Journal of Sustainable Agriculture*, 34(2), 150-161. <https://doi.org/10.20961/carakatani.v34i2.29186>

Other Examples (reference list citation):

Journal Article

Dhaliwal, D., Li, O. Z., Tsang, A., & Yang, Y. G. (2014). Corporate social responsibility disclosure and the cost of equity capital: The roles of stakeholder orientation and financial transparency. *Journal of Accounting and Public Policy*, 33(4), 328-355. <https://doi.org/10.1016/j.jaccpubpol.2014.04.006>

Print Authored Book

Ghozali, I. (2009). *Aplikasi analisis multivariate dengan program SPSS*. Badan Penerbit Universitas Diponegoro.

Online Newspaper Article (terdapat nama author)

Ricky, M. (2020, September 28). Tak efektif, Pemkot Solo turunkan target pemasangan alat monitoring pajak hotel dan restoran. *Solopos.com*. <https://www.solopos.com/tak-efektif-pemkot-solo-turunkan-target-pemasangan-alat-monitoring-pajak-hotel-dan-restoran-1083391>

Online Newspaper Article (tidak ada nama author)

Tak efektif, Pemkot Solo turunkan target pemasangan alat monitoring pajak hotel dan restoran. (2020, September 28). *Solopos.com*. <https://www.solopos.com/tak-efektif-pemkot-solo-turunkan-target-pemasangan-alat-monitoring-pajak-hotel-dan-restoran-1083391>

Law or Regulation

Standar Akuntansi Pemerintahan, Peraturan Pemerintah Nomor 71 Tahun 2010 (2010). JDIH BPK RI. <https://peraturan.bpk.go.id/Home/Details/5095/pp-no-71-tahun-2010>

Online Dissertation From a Database

Wati, T. Z. (2020). *Analisis penerimaan pajak restoran sebelum dan sesudah penggunaan tapping box sebagai Pendapatan Asli Daerah Kota Metro tahun 2015—2019* [Tugas Akhir, Universitas Sebelas Maret]. UPT Perpustakaan Universitas Sebelas Maret. <https://digilib.uns.ac.id/dokumen/detail/80624/Analisis-Penerimaan-Pajak-Restoran-Sebelum-dan-Sesudah-Penggunaan-Tapping-Box-sebagai-Pendapatan-Asli-Daerah-Kota-Metro-Tahun-2015-2019>



7th edition

Common Reference Examples Guide

This guide contains examples of common types of APA Style references. Section numbers indicate where to find the examples in the *Publication Manual of the American Psychological Association* (7th ed.).

More information on references and reference examples are in Chapters 9 and 10 of the *Publication Manual* as well as the *Concise Guide to APA Style* (7th ed.). Also see the [Reference Examples](#) pages on the APA Style website.

Journal Article (Section 10.1)

Edwards, A. A., Steacy, L. M., Siegelman, N., Rigobon, V. M., Kearns, D. M., Rueckl, J. G., & Compton, D. L. (2022). Unpacking the unique relationship between set for variability and word reading development: Examining word- and child-level predictors of performance. *Journal of Educational Psychology*, 114(6), 1242–1256. <https://doi.org/10.1037/edu0000696>

Online Magazine Article (Section 10.1)

Thomson, J. (2022, September 8). Massive, strange white structures appear on Utah's Great Salt Lake. *Newsweek*. <https://www.newsweek.com/mysterious-mounds-great-salt-lake-utah-explained-mirabilite-1741151>

Print Magazine Article (Section 10.1)

Nicholl, K. (2020, May). A royal spark. *Vanity Fair*, 62(5), 56–65, 100.

Online Newspaper Article (Section 10.1)

Roberts, S. (2020, April 9). Early string ties us to Neanderthals. *The New York Times*. <https://www.nytimes.com/2020/04/09/science/neanderthals-fiber-string-math.html>

Print Newspaper Article (Section 10.1)

Reynolds, G. (2019, April 9). Different strokes for athletic hearts. *The New York Times*, D4.

Blog Post (Section 10.1)

Rutledge, P. (2019, March 11). The upside of social media. *The Media Psychology Blog*.
<https://www.pamelarutledge.com/2019/03/11/the-upside-of-social-media/>

Authored Book (Section 10.2)

Kaufman, K. A., Glass, C. R., & Pineau, T. R. (2018). *Mindful sport performance enhancement: Mental training for athletes and coaches*. American Psychological Association.
<https://doi.org/10.1037/0000048-000>

Edited Book Chapter (Section 10.3)

Zelege, W. A., Hughes, T. L., & Drozda, N. (2020). Home-school collaboration to promote mind-body health. In C. Maykel & M. A. Bray (Eds.), *Promoting mind-body health in schools: Interventions for mental health professionals* (pp. 11–26). American Psychological Association.
<https://doi.org/10.1037/0000157-002>

Online Dictionary Entry (Section 10.3)

American Psychological Association. (n.d.). Internet addiction. In *APA dictionary of psychology*. Retrieved April 24, 2022, from <https://dictionary.apa.org/internet-addiction>

Report by a Group Author (Section 10.4)

World Health Organization. (2014). *Comprehensive implementation plan on maternal, infant and young child nutrition*. https://apps.who.int/iris/bitstream/handle/10665/113048/WHO_NMH_NHD_14.1_eng.pdf?ua=1

Report by Individual Authors (Section 10.4)

Winthrop, R., Ziegler, L., Handa, R., & Fakoya, F. (2019). *How playful learning can help leapfrog progress in education*. Center for Universal Education at Brookings. https://www.brookings.edu/wp-content/uploads/2019/04/how_playful_learning_can_help_leapfrog_progress_in_education.pdf

Press Release (Section 10.4)

American Psychological Association. (2020, March 2). *APA reaffirms psychologists' role in combating climate change* [Press release]. <https://www.apa.org/news/press/releases/2020/03/combating-climate-change>

Conference Session (Section 10.5)

Davidson, R. J. (2019, August 8–11). *Well-being is a skill* [Conference session]. APA 2019 Convention, Chicago, IL, United States. https://irp-cdn.multiscreensite.com/a5ea5d51/files/uploaded/APA2019Program_190708.pdf

Dissertation From a Database (Section 10.6)

Horvath-Plyman, M. (2018). *Social media and the college student journey: An examination of how social media use impacts social capital and affects college choice, access, and transition* (Publication No. 10937367). [Doctoral dissertation, New York University]. ProQuest Dissertations and Theses Global.

Preprint Article (Section 10.8)

Latimier, A., Peyre, H., & Ramus, F. (2020). *A meta-analytic review of the benefit of spacing out retrieval practice episodes on retention*. PsyArXiv. <https://psyarxiv.com/kzy7u/>

Data Set (Section 10.9)

O'Donohue, W. (2017). *Content analysis of undergraduate psychology textbooks* (ICPSR 21600; Version V1) [Data set]. Inter-university Consortium for Political and Social Research. <https://doi.org/10.3886/ICPSR36966.v1>

Film or Video (Section 10.12)

Docter, P., & Del Carmen, R. (Directors). (2015). *Inside out* [Film]. Walt Disney Pictures; Pixar Animation Studios.

TV Series Episode (Section 10.12)

Dippold, K. (Writer), & Trim, M. (Director). (2011, April 14). *Fancy party* (Season 3, Episode 9) [TV series episode]. In G. Daniels, H. Klein, D. Miner, & M. Schur (Executive Producers), *Parks and recreation*. Deedle-Dee Productions; Fremulon; 3 Arts Entertainment; Universal Media Studios.

Webinar (Section 10.12)

Kamin, H. S., Lee, C. L., & McAdoo, T. L. (2020). *Creating references using seventh edition APA Style* [Webinar]. American Psychological Association. <https://apastyle.apa.org/instructional-aids/tutorials-webinars>

YouTube Video (Section 10.12)

Above The Noise. (2017, October 18). *Can procrastination be a good thing?* [Video]. YouTube. <https://www.youtube.com/watch?v=FQMwmBNNOnQ>

Song or Track (Section 10.13)

Nirvana. (1991). *Smells like teen spirit* [Song]. On *Nevermind*. DGC.

Radio Broadcast (Section 10.13)

Hersher, R. (2020, March 19). *Spring starts today all over America, which is weird* [Radio broadcast]. NPR. <https://www.npr.org/2020/03/19/817237429/spring-starts-today-all-over-america-which-is-weird>

Podcast Episode (Section 10.13)

Santos, L. (Host). (n.d.) *Psychopaths and superheroes* (No. 1) [Audio podcast episode]. In *The happiness lab with Dr. Laurie Santos*. Pushkin Industries. <https://www.happinesslab.fm/season-2-episodes/episode-1>

Infographic (Section 10.14)

American Psychological Association. (n.d.). *Data sharing* [Infographic]. <https://www.apa.org/pubs/journals/>

[data-sharing-infographic.pdf](#)

PowerPoint From a Classroom Website (Section 10.14)

Mack, R., & Spake, G. (2018). *Citing open source images and formatting references for presentations* [PowerPoint slides]. Canvas@FNU. <https://fnu.onelogin.com/login>

Tweet (Section 10.15)

Obama, B. [@BarackObama]. (2020, April 7). *It's World Health Day, and we owe a profound debt of gratitude to all our medical professionals. They're still giving* [Tweet]. Twitter. <https://twitter.com/BarackObama/status/1247555328365023238>

Open Educational Resource (Section 10.16)

Fagan, J. (2019, March 25). *Nursing clinical brain*. OER Commons. Retrieved January 7, 2020, from <https://www.oercommons.org/authoring/53029-nursing-clinical-brain/view>

Webpage (Section 10.16)

Chandler, N. (2020, April 9). *What's the difference between Sasquatch and Bigfoot?* howstuffworks. <https://science.howstuffworks.com/science-vs-myth/strange-creatures/sasquatch-bigfoot-difference.htm>

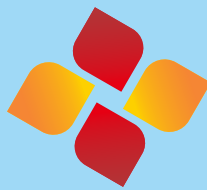
Webpage on a News Website (Section 10.16)

Machado, J., & Turner, K. (2020, March 7). *The future of feminism*. Vox. <https://www.vox.com/identities/2020/3/7/21163193/international-womens-day-2020>

Webpage With a Retrieval Date (Section 10.16)

Center for Systems Science and Engineering. (2020, May 6). *COVID-19 dashboard by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)*. Johns Hopkins University & Medicine, Coronavirus Resource Center. Retrieved May 6, 2020, from <https://coronavirus.jhu.edu/map.html>





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