Analysis of Financial Performance in Realizing Good University Governance (Study at Manado State University)

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ABSTRACT

Financial management reform in university is an effort to realize good university governance in financial management. The research objective was to determine the financial performance of the Manado State University Institution, and how to reform financial management as an effort to achieve Good Governance. The research method used in this research is descriptive qualitative with the type of data qualitative data. The data source uses secondary data obtained from the Financial Statements of Manado State University for Fiscal Year 2017 - 2019. The data analysis technique used a qualitative approach with descriptive methods. This study proves that the good governance of the Manado State University has implemented financial management following Government Regulation Number 71 of 2010 and is of higher quality by taking into account the determinants of financial performance.

Keywords: Financial performance, Good Governance, Manado, State University

INTRODUCTION

Reforms in the field of financial management mandate a shift in the budgeting system from traditional to performance-based budgeting, so that the use of government and public funds becomes output-oriented. This change is very important because the need for funds is increasing but government resources are limited. This budgeting is carried out by modern governments in various countries; where the effort to enterprising the government is a paradigm to encourage the improvement of public services by the government. Financial management reform is an effort to realize good governance in the management of state finances.

Finance is the lifeblood of higher education institutions, both public and private universities. However, the management of state universities is regulated by and subject to state finance regulations and involves the Ministry of Education and Culture and the Ministry of Finance. Since 2006, after the end of the transition period of Law Number 17 of 2003 concerning State Finances, the financial management of state universities has experienced various problems that have disrupted the flow of blood in state universities. Until now, this disruption of blood flow has disrupted some of the health of higher education institutions and at a certain level has resulted in some universities unable to carry out their duties and responsibilities to produce intelligent people who are competitive and develop knowledge to solve national problems and improve the welfare of society. Most of the chancellors have been confined by financial regulations, so that their creativity and motivation to build and develop the universities they lead are dying (Taifur, 2015).

For the aforementioned purposes, the government strives to continue to conduct performance assessments of institutions or organizations that do not only apply to profit-oriented institutions or organizations, but also need to be carried out on non-commercial institutions or organizations. Finance is something that is indispensable for universities to carry out daily operational activities. A university must be able to guarantee the availability of funds to support the implementation of the Tri Dharma and improve the quality of higher education on an ongoing basis. Healthy, transparent and accountable financial management is the main goal of higher education. However, the principle of transparency in financial management creates its own difficulties for a university. This is due to the fact that budget items that have been made are often incompatible with higher education operational activities which tend to be flexible. The various problems that arise related to the financial management of higher education are one thing that requires immediate solutions (Taifur, 2015).

The relevant research that is used as study material in this study is as follows: (1) Sijabat et al. (2013), the results of the study state that the financial performance of Malang City from 2008 to 2012 has a trend positive increasing with an average level of financial independence of 16.43% , the effectiveness of PAD is 107.7%, the priority of expenditure allocation is still routine expenditure, while the growth in the ratio of PAD, income and expenditure is experiencing fluctuating growth and SILPA is increasing every year. This indicates that the ability and financial performance of Malang City is still not optimal, so it is necessary to make more improvements in the regional financial management of Malang City. (2) Sino et al. (2017), stated that the results of the study showed that the Regional Financial Independence Ratio of the West Kutai Regency Secretariat Office in 2013-2014 only experienced a one-time increase of 2.59%.namely 7.07% -4.48%, the ratio of the effectiveness of local governments in 2013-2014 at the Secretariat Office of West Kutai Regency, decreased by -17%, namely 106.20% - 123.20%, the ratio of financial efficiency of local governments in the Office The Secretariat of West Kutai Regency in 2013-2014 decreased by - 6.21%namely 47.85% -54.06%, the ratio of the growth of local government financial performance at the Secretariat Office of West Kutai Regency 2013-2014 has increased by 20.08% compared to the previous year. Thus, the financial performance of the local government at the West Kutai District Secretariat has not experienced a significant increase.

Financial performance is an important factor to assess the overall performance of the organization or it can be interpreted as the condition of the organization. To analyze the financial performance of an organization, a certain measure is needed, such as financial ratios so that it can be seen how the financial performance of an organization is.

Financial ratios are an activity of comparing numbers in financial statements by dividing one number by another. Comparisons can be made by dividing one component by component in one financial report or among components that exist between financial statements; Then the numbers being compared can be figures in one period or several periods (Kasmir, 2010). Halim (2008) argues that financial performance is the level of achievement of a work result in the financial sector which includes revenue and expenditure using financial indicators that are determined through a policy or statutory provision during a budget period. The form of financial performance is in the form of financial ratios which are formed from the elements of the accountability report from a government institution.

The measurement of public sector performance is carried out to meet the three elements in question. *First*, public sector performance measurement is intended to help improve government performance. Performance measures are intended to help the government focus on the work unit's program goals and objectives. This in turn will increase the efficiency and effectiveness of public sector organizations in providing public services. *Second*, public sector performance measures are used for resource allocation and decision making. *Third*, public sector performance measures are intended to achieve public accountability and improve institutional communication (Mardiasmo, 2008).

Furthermore, Riyanto (2005) argues that by conducting an analysis of the historical ratio of the company concerned over several periods, the analyzer can make a more realistic assessment or opinion. Therefore, the analysis of the development of financial performance in this study will be seen from the financial ratios from year to year or often referred to as *Time Series Analysis*.

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Puspitasari Ayu Febrianti (2013) suggests that financial performance measurement is important to be able to assess government accountability in institutional financial management and is set forth in the form of financial reports which aim to present information about financial position, budget realization, and financial performance of agencies governments that are useful in decision making and to demonstrate accountability reporting for resources managed by government institutions. The form of performance appraisal is in the form of financial ratio analysis of agencies government.

Furthermore, the results of the analyzed financial ratios are used as a measurement medium in assessing the financial independence of government institutions in financing government administration, measuring effectiveness in realizing revenue, measuring the extent to which activities are able to spend income, seeing the growth and development of revenue and expenditure gains made during the period. a certain time. Brown in Andayani (2009), suggests using financial ratio analysis to assess the government's financial condition. There are several ratio analyses in measuring financial performance based on financial data, including:

1. Financial Independence Ratio
   Halim (2008) stated that the ratio of financial independence shows the level of local government capacity to self-finance government activities, development,

and local community services. The ratio of financial independence (RKK) can be measured using the formula:

$$RKK = \frac{receipt\,of\,public\,funds}{total\,revenue} \times 100\%$$

2. Effectiveness and Efficiency Ratio
    Sukirno (2010) argues that Effectiveness Ratios show the comparison of input-output in various activities, up to the achievement of the goals set, both in terms of quantity (volume) of work results, quality of work results and the target time limit. And efficiency is acting to make the most appropriate sacrifice compared to the desired result. An organization is considered to be effective, if it can achieve its goals efficiently, economically and comply with applicable regulations.

This ratio illustrates how an institution prioritizes its allocation of funds to routine spending and development spending optimally. The higher the percentage of funds allocated for routine expenditures means that the percentage of development spending for community economic facilities and infrastructure tends to be smaller. The formula for measuring the effectiveness ratio is formulated as:

$$RE = \frac{realization\,of\,revenue}{target\,revenue} \times 100\%$$.

Meanwhile Mardiasmo (2008) suggests Efficiency Ratio, how to measure the ratio between output and input; the greater the output compared to the input, the higher the level of efficiency of an organization. Thus, to measure the efficiency ratio, it can be formulated as follows:

$$REK = \frac{realization\,of\,expenditures}{realization\,of\,revenue} \times 100\%$$

3. Budget Growth Ratio
    According to Halim (2008), the growth *ratio is used* to measure how much a labelgovernment islocal to maintain and increase its success. that has been achieved from period to period.

Measurement of the growth rate of the budget is calculated using the formula:

$$r = \frac{Pn - Po}{Po} \times 100\%$$

Information:
r = growth ratio
Pn = total income and expenditure calculated in year n
Po = total income and expenditure calculated in year o

The phenomenon shows that the financial performance of private universities (PTS) in Central Java is not good, (Listiyowati et al., 2016). Likewise, with state universities (PTN) in Indonesia, although they have progressed in many ways, the development of the number and quality of PTNs is still very unequal, especially between the main PTNs on the island of Java and outside Java. Meanwhile, all state universities have the same responsibility for the development of knowledge, solving various problems, improving people's welfare and producing intelligent and competitive individuals. (Taifur, 2015).

Financial management problems relate to the principles of financial management itself, namely transparency, accountability, effectiveness and efficiency. Each of these principles is at the same time a solution to the problems that arise, where there is a need for financial transparency to the public regarding the income and expenditure of funds, accountability for the use of funds by the tertiary institution, the effectiveness of the activities carried out and the need for efficiency in every existing aspect. (Ariani, 2017).

Manado State University (UNIMA) is one of the state university organizations that still uses the *Work Unit Financial Management Pattern or PNBP*, which uses funds from the government, in this case the Ministry of Research, Technology and Higher Education as well as funds from the community, which are expected to be able to manage finances in a responsible, quality manner and can be measured through its performance. Financial ratio analysis is expected to be a measuring tool for assessing financial performance at UNIMA institutions, using financial ratio analysis consisting of financial independence ratios, income effectiveness and efficiency ratios and growth ratios.

For that, this study aims to analyze and to find out the financial performance of the Manado State University institution, in an effort to realize Good University Governance. The focus issues of this research are (1) **h**ow is the financial performance of Manado State University, (2) **h**ow about financial management reforms as an effort to achieve Good University Governance?

RESEARCH METHOD

The research method used in this research is descriptive qualitative (Sugiyono, 2015), with the type of data used is qualitative data. The data source of this research uses secondary data obtained from the Financial Statements for Fiscal Year 2017-2019, Manado State University. This research was carried out in stages, as follows: (1) Preparation, planning the implementation of research activities to be carried out, (2) Field Observation, observing directly the condition of the financial accounting department of accounting executives, especially regarding the evaluation of financial performance at the Manado State University Institution. (3) Data collection, by using structured observation and interviews to respondents both UNIMA leaders, implementing staff and other stakeholders (service users). (4) Data analysis, namely in order to verify the data, then proceed to test the validity and reliability of the model; then carried out consultations with financial accounting experts, resulting in the application of financial reports, especially financial performance at the Manado State University. The data analysis technique used a qualitative approach with descriptive methods.

RESULTS AND DISCUSSION

To compare Realization Report Budget Institutions UNIMA 2017, 2018 and 2019 by using analysis of the financial statements as follows:

Ratio of Financial Independence Institute UNIMA
Independence of finance shows the ability of institutions to finance their own development activities and services to Public. The independence ratio illustrates the dependence of institutional funds on external sources, especially the Central Government. The higher the independence ratio of an organization / institution, the

lower the level of dependence on external assistance (especially the Central Government), and vice versa.

Regional Financial Independence Ratio = $\frac{PNBP Revenue}{Central Government Assistance}$ x 100%

Table 1: Calculation of UNIMA Institutional Financial Independence Ratio 2017-2018

Year	PNBP	Income Transfer Pure Rupiah Funds	Other Income	Ratio Independence
2017	IDR 94,719,524,191, -	IDR 159,929,614,000, -		59, 22%
2018	IDR 94,482,698,692, -	IDR 160,994,614,000, -		58.68%
2019	IDR 92,197,924,399, -	IDR 147,020,323,000, -		62.71%

Source: Data Processed 2020

Based on the ratio of the level of financial independence in Table 1 in above, the average level of financial independence of UNIMA institutions during the 2017 - 2019 fiscal year period is 60.20%, so that it is classified according to the institutional financial assessment criteria is the level of Financial Independence of UNIMA Very *Less* (see table 2: K / L Financial Independence Assessment Criteria). This shows that the UNIMA institution during the 2017-2019 Fiscal Year period has very less financial independence, so it has a high dependence on central government assistance through pure rupiah funds.

Effectiveness Ratio
Describes financial capacity in realizing the planned PNBP compared to the target set based on real potential. The financial capacity of an institution in carrying out its duties is categorized as effective, if the ratio achieved is at least 1 (one) or 100 percent. *The higher the effectiveness ratio, the better the financial capability of the institution.*

Effectiveness Ratio = $\frac{Realization of PNBP Revenue}{Target of PNBP Revenue}$ x 100%

The following is the calculation of the effectiveness ratio of PNBP of Manado State University, namely:

Table 2: Calculation of the Effectiveness Ratio of UNIMA Institution PNBP for 2017 - 2019

Year for	Target PNBP	Revenue Realization of PNBP Revenue	Ratio Effectiveness
2017	IDR 100,719,804,000, -	IDR 94,719,524,191, -	94.04%
2018	IDR 101,010,096,000, -	IDR 94,482,698,692, -	93.54%
2019	IDR 101,404,116,000, -	IDR 92,197,924,399, -	90.92%

Source: Data Processed 2020

For the 2017-2019 Fiscal Year period based on table 2. The effectiveness level of PNBP funding from UNIMA institutions, has a tendency to be still effective with an effectiveness level in the 90-100% range because the effectiveness of PNBP fund

receipts for the 2017-2019 fiscal year was obtained an average of 92.83%. Based on this level of achievement, it really needs to be considered and optimized.

Non-tax State Revenue Efficiency Ratio (PNBP)
To obtain a better measure, the effectiveness ratio needs to be compared with the efficiency ratio achieved by an institution. Efficiency ratio which describes the comparison between the amount of costs incurred to obtain income with the actual revenue received. The performance of the UNIMA institution is said to be efficient if the ratio achieved is less than (one) or below 100 percent. The smaller the efficiency ratio, the better the financial capability.

Efficiency Ratio = $\frac{CostIncurredForPickingPNBP}{RevenuesPNBP}$ x 100%

The calculation of the efficiency ratio can be seen in the following table:

Table 3: Efficiency Ratio Calculation PNBP Manado State University Year 2017-2019

Year	Revenues PNBP	Shopping PNBP	Ratio Efficiency
2017	IDR 94,719,524,191, -	IDR 88,719,524,191, -	93.66%
2018	IDR 94,482,698,692, -	IDR 90,896,841,296, -	96.20%
2019	IDR 92,197,924,399, -	IDR 92,197,924,399, -	100%

Source: Data Processed 2020

During the 2017 - 2019 fiscal year, the level of efficiency of UNIMA institute spending has a tendency to be *Efficient*, with an efficiency level of below 100%, namely 96.62%. The trend is efficient, where in public services the allocation of PNBP funds is used to finance operational activities and institutional activities of UNIMA, which has accuracy in calculating the capacity of the allocation of funds and the level of funding priorities, so that target achievement is more optimal.

Growth Ratio.
The Growth *ratio measures* how much the UNIMA institution's ability to maintain and increase the success it has achieved from period to period.
By knowing the growth of each component of income and expenditure sources, it can be done as an evaluation of the potential of UNIMA institutions that need attention. The higher the percentage growth for each component of income and expenditure, the greater the ability of UNIMA institutions to maintain and increase the success achieved from each period.

where: t_0 = initial years
t_1 = the end of the year

following is a growth ratio calculation results table Budget and Revenue Manado State University:

Table 4: Growth Ratio Calculation Expenditure and Revenue UNIMA in 2017-2019

Year	PNBPt_0	PNBPt_1	Ratio Growth
2017	IDR 275,710,058,000, -	IDR 279,304,710,000, -	101.30%
2018	IDR 279,304,710,000, -	IDR 266,324,439,000, -	95.35%
2019	IDR 266,324,439,000, -	IDR -	-

Source: Data Processed 2020

Based on the results of the analysis above, the financial performance of Manado State University can be seen in the table below:

Table 5: Financial Performance at Manado State University in 2017 - 2019

Performance Indicators	2017	2018	2019
Independence	59.22%	58.68%	62, 71%
Effectiveness	94.04%	93.54%	90.92%
Efficiency	93.66%	96.20%	100.00%
Growth	101.30%	95.35%	-

Source: Data Processed 2020

Based on the results of the analysis above, seen from the financial independence ratio of UNIMA institutions in the 2017-2019 Fiscal Year, it shows the percentage level of unstable dependency every year, where the 2017-2018 FY has decreased by 0.54%, while the 2018-2019 FY has increased by 4.03%. Although there was an increase in the performance of Non-Tax State Revenue (PNBP) every year during the 2017 - 2019 period, it was still followed by an increase in obtaining pure rupiah funds from the government, in this case the Ministry of Research, Technology and Higher Education. The fact is that the independence of the Manado State University institution will greatly depend on the size of the potential source of revenue, especially the Single Tuition Fee (UKT) for students to pay for expenditure or institutional operational costs. And another important aspect that cannot be ruled out is the support of adequate quality human resources as a driving force for institutional development.

Based on the ratio of the level of financial independence in table 1 above, the average level of financial independence for UNIMA institutions during the 2017-2019 Fiscal Year period is 60.20%, so that it is classified according to the financial assessment criteria of the institution is the level of Financial Independence of UNIMA Very *Less*. This shows that the UNIMA institution during the 2017-2019 Fiscal Year period has very less financial independence, so it has a high dependence on central government assistance through pure rupiah funds.

Then seen from the ratio of effectiveness and efficiency, that the financial performance of UNIMA institutions for Fiscal Year 2017-2019, has decreased by - 0.5% and - 2.62%, which means that the financial capacity of the institution has not been effective. This illustrates that the financial capacity of UNIMA institutions in realizing PNBP has decreased, due to the institution's ability to manage finances or carry out its duties is still less than 100% (below 100%); whereas seen from the financial efficiency ratio at the UNIMA institution in 2017-2019, an increase of 9.98% means that the financial

management capacity of the UNIMA institution is optimal. This ratio illustrates the ratio between the amount of expenditure incurred to obtain income and the actual revenue received is between 1 and 100%.

In terms of the ratio of financial performance growth of UNIMA institutions in 2017-2019, it increased by 20.08% compared to the previous year. This illustrates that the UNIMA institution can maintain and increase the success achieved from one period to the next. By knowing the growth of each component of income / revenue and expenditure sources, it is possible to evaluate the institutional potentials that need attention.

Based on the analysis and discussion above, it can be concluded that the financial performance of the Manado State University has not increased significantly or that financial management is not optimal.

CONCLUSIONS

Based on the results of data analysis on the Financial Performance Evaluation of the Manado State University (UNIMA) for the 2017-2019 Fiscal Year, it can be concluded as follows: (1) Based on the analysis of the financial performance of UNIMA institutions, in the 2017-2019 Fiscal Year describes financial performance that has not been optimal in the implementation of independence managing financial institutions, this is indicated by financial performance indicators, which include; The level of financial independence of an institution is categorized as low, while the level of dependence on financial institutions is namely, central government funding assistance (pure rupiah) is still very high. (2) The effectiveness performance indicator shows that the management of Non-Tax State Revenue (PNBP) funds is not *yet effective*, but the performance indicators of the efficiency of PNBP fund management show results *Very Efficient*. (3) Judging from the financial performance indicators of the general fund non-tax revenues, non-tax financial contribution *(share)* of the total revenue and / or receipt of UNIMA institutions Fiscal Year 2017-2019, is still low, but the rate of growth *(growth)* PNBP funds is quite high. Although there is still an increase in the receipt of PNBP funds, when compared to the increase in spending or financing, the proportion of the increase in PNBP funds is still very minimal.

Based on the findings of this study, two things can be recommended as follows: (1) Manado State University (UNIMA) should continue to maintain and improve all indicators of financial performance assessment, (2) UNIMA Institution should continue to improve their financial independence, effectiveness and efficiency and in particular the financial growth revenues of non-tax states (non-tax).

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