



Analysis of Regional Government Financial Performance Based on Value for Money

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Abstract

This study examines regional government financial performance through the application of the value for money framework, which emphasizes the dimensions of economy, efficiency, and effectiveness in public sector financial management. Using a quantitative descriptive-analytical design, the study relies on secondary data obtained from audited regional government financial statements, budget realization reports, and official performance documents. The analysis focuses on regional governments operating within a decentralized fiscal system, enabling an evaluation of how public funds are planned, allocated, and utilized to achieve policy objectives. The findings indicate that regional governments generally demonstrate strong economy performance, as reflected in realized expenditures that are largely below or close to approved budget allocations, suggesting effective cost control and fiscal discipline. However, efficiency and effectiveness results vary considerably across regions and fiscal periods, revealing that prudent spending alone does not guarantee optimal resource utilization or successful achievement of targeted outcomes. Several regions with high budget absorption levels exhibit moderate or low efficiency and effectiveness, indicating gaps between financial inputs, outputs, and outcomes. These results confirm that financial performance in the public sector is multidimensional and cannot be adequately assessed using budget realization indicators alone. The study concludes that the value for money framework provides a comprehensive and practical tool for evaluating regional government performance, supporting accountability, and informing performance-oriented public financial management reforms.

INTRODUCTION

The effectiveness of the action of regional governments has become one of the main issues of the management of the public sector, especially under the conditions of the growing requirements of accountability, transparency, and rational utilization of the public resources. Fiscal decentralization has vested considerable power and financial accountability on central governments and devolved to subnational ones, which means that regional governments must be more accountable to the utilization of the

public funds in addition to offering quality public services (Mwangi et al., 2023; Arkorful et al., 2023; Baryaija et al., 2023). As citizens become more demanding, the analysis of financial performance of regional governments is no longer based on the budgetary absorption or adherence to laws and regulations but rather on whether or not the public expenditure can create real social and economic benefits. In this regard, the performance based financial analysis has become one of the most important tools to evaluate whether the public resources management is conducted according to the principles of good governance and sustainable development (Irtysheva et al., 2022; Musau, 2022; Noja et al., 2021).

The value of money concept although it is not the only practice of measuring the performance of the public sector, has emerged as one of the most effective frameworks of ensuring a balance of economy, efficiency and effectiveness in utilizing public finances. The value to money analysis gives a multidimensional analysis that is used to describe not only how much governments spend, but also how well resources are used and whether the policy aims are met (Guerrero & Castañeda, 2022; Gai et al., 2024). Past research has shown that value for money indicators would be quite applicable in assessing government performance in decentralized system where institutional capacity, fiscal discipline and service delivery performance differences are likely to be pronounced. According to the recent literature, the implementation of the value of money principles might contribute to the increase of fiscal responsibility, better public trust and evidence-based policymaking at the regional level (Idrus, 2024).

Although value for money as a concept seems appealing, a number of governments in the regions are still experiencing the same problem of inability to convert financial resources into positive outcomes of the population. Poor performance control mechanisms, inefficient budget allocation, misplaced funds, ineffective oversight of funds, and lack of managerial abilities are the main issues in the subnational governance (Nyirongo, 2024; Moji et al., 2022). Empirical research has indicated that maximum levels of public spending do not always translate into better service provision or social economic performance, which implies that there are discrepancies between financial contribution and service outputs. These are also complicated by political pressures, strict bureaucracies and uneven roll out of performance based budgeting reforms. Consequently, this means that evaluation of the financial performance of regional governments will need analytical tools that extend beyond standard accounting metrics and will offer a clue on the value created as a result of government expenditure (Iacuzzi, 2022; Okolo, 2024).

To address the mentioned challenges, the introduction of the value-for-money analysis is actively encouraged as an overall measure to improve the management of finances of the population and strengthen the accountability system. This strategy will enable the policymakers and other stakeholders to have a tool that is used to determine whether the funds belonging to the populace are acquired at the bare minimum cost, utilized at its best and used in a manner that is likely to result in the attainment of the desired outcome. The assessment of the value-of-money has been emphasised by international organisations and at least by the scholars of the public finance as a diagnostic tool to identify the areas of inefficiencies, reallocate the budget and drive the performance-oriented reforms (Islam, 2025). However, the effectiveness of this strategy will depend on the access to trustworthy financial and performance data and an institutional desire to integrate the findings of the evaluation in the decision making process.

The past literature has also explored a variety of uses of the value-for-money framework in the public sector, such as the studies of efficiency of local-government spending, effectiveness of programmes, and performance of service delivery. Empirical evidence in different national settings indicates that value-for-money

indicators are able to unravel major differences in regional financial performance as well as shed light on areas that demand policy intervention. To illustrate this, research has established that those areas that have strong governance systems and performance-management systems are likely to enhance greater efficiency and effectiveness in state expenditure. The same study has been highlighted on fiscal discipline and managerial competence in making sure that the public resources match with priorities of development (Asomba et al., 2024). These results suggest that the value-for-money analysis can offer a solid methodological basis of performance analysis of regional-governments.

However, also the existing literature discloses the methodological and empirical weaknesses of the value-for-money analysis implementation. Numerous research works focus on certain sectors or programmes, e.g. health, education or infrastructure, instead of providing a general evaluation of the financial performance of the region, in general, and the government in particular. Also, comparability across regions and through time is often limited by differences in measurement indicators, data availability, and methods of analysis (Miller & Torres-Delgado, 2023). Some of the studies heavily believe in the quantitative efficiency criteria with an inadequate consideration of the circumstances contextual factors, including institutional capacity, socioeconomic condition and governance quality, that drive financial performance. The given limitations promote the importance of more integrative and context-sensitive analyses of value-for-money at the regionalgovernment level.

On further examination of the literature, it can be noted that whereas the concept of value-for-money has been widely accepted as a relevant principle in the public financial management, empirical data on systematic use of value-for-money in measuring the financial performance of a region-government is still rather scattered. Limited studies have specifically associated value-for-money dimensions to generic financial-performance assessment systems that can be used in different regions. Besides, there are research gaps concerning the possible ways in which the value-for-money analysis can be used as an evaluative instrument as well as a strategic instrument to enhance fiscal management and policy outcomes. This gap is especially acute in the context of developing and decentralised governance, where the disparity between regions and the inability to manage resources at the regional level is a major challenge to efficient public financial administration.

It is on these considerations that the current study seeks to examine the financial performance of the regions and the governments based on the value-for-money framework as an evaluative methodology. The research is aimed at measuring how successful the regional governments are in their pursuit of economy, efficiency, and effectiveness in using their public funds, and as such provide a deeper picture to financial performance than the traditional budgetary measures. This is the novelty of the study as it is a whole-ranged implementation of the value-for-money concept to the regional-government financial analysis and, thus, offers an empirical view that can be used in the implementation of policy changes and support measures of accountability. The breadth of the study will focus on the regional-government financial information in a specified institutional and fiscal environment and as such, it will add to the larger body of literature on the subject of the performance measurement of the public-sector and value-based governance.

METHODS

This study employs a quantitative descriptive–analytical research design to evaluate regional government financial performance using the value for money framework. The choice of this design is grounded in public sector accounting literature, which emphasizes the importance of objective financial indicators in assessing economy, efficiency, and effectiveness in government operations. Value for money analysis is

widely recognized as an appropriate methodological approach for examining how public resources are planned, allocated, and utilized in decentralized governance systems, particularly when the objective is to assess financial performance rather than causal behavioral relationships.

The research object consists of regional governments operating within a decentralized fiscal system, where local authorities are responsible for managing public revenues and expenditures to deliver public services. The unit of analysis is regional government financial performance, measured through budget realization data and performance outcome indicators. This focus allows the study to capture how financial inputs are transformed into outputs and outcomes within the public sector context. The study relies on secondary data, which are considered appropriate and reliable sources for public financial performance analysis, as they are produced through standardized governmental accounting and reporting mechanisms.

The information used in this study is based on audited government financial statements of the regions in question and official budget realisation reports by the recognised governmental bodies. Such files include data on budgetary allocations, real performance, and expenditure that has been incurred during the fiscal period being observed. This use of audited financial information improves the validity and reliability of the analysis because such information have been formally investigated. In line with earlier studies in the field of public sector accounting, the secondary financial data are deemed appropriate in the value-to-money evaluation due to their similar and reliable quantitative indicators of diversified regions and time.

The value-two-money as used in the study is operationalized across three dimensions which include economy, efficiency, and effectiveness. The economic aspect is the assessment of how the governments of the regions procure inputs at the minimal price and ensuring that quality is satisfactory. The measurement of this dimension is based on comparing the expenditures budgeted and those expenditures actually realized and it is an indication of how well regional government can manage its expenditure and prevent unnecessary expenditure. The efficiency dimension identifies the correlation between the inputs and outputs and is concerned with the degree to which the financial resources are efficiently translated to the public services or programmes. Efficiency indicators are determined by looking at the ratio between the expenditures realized and the outputs realized as indicated in official performance documents. The effectiveness dimension assesses the level of achieving planned outcomes or policy goals by use of performance realization data as compared to set targets.

The definition and the measurement procedures used in this research are consistent with the existing literature of measuring performance in the public sector. The study makes the methodology consistent with the previous empirical studies on value-for-money in governmental settings by relying on standardized financial ratios and performance indicators. Such alignment also allows making findings comparable to those of prior research and cumulate knowledge in the area of accounting and financial management of the public sector.

The analysis of data is performed on the basis of a descriptive quantitative method, which is aimed at calculating and interpreting value-for-money ratios of each of the regional governments incorporated in the research. Data verification and classification is used to start the analysis by making sure that the data is complete and consistent between financial and performance records. Thereafter, the economy, efficiency, and effectiveness ratios are calculated using preset strategies that are usually used in the value-for-money investigations. The resultant ratios are then explained in terms of benchmark criteria to identify whether the financial

performance of the regional governments can be classified as economical, efficient and effective.

In order to increase the strength of the analysis, a comparative analysis between regions and financial years is used in the research. This comparative approach allows the determination of differences in performance and trends that can indicate the variance in both fiscal management capability, the quality of governance or the institutional environment. The study by studying trends across time gives information on whether there is continual improvement or a decline in the performance of the governments in the region in terms of value-to-money performance, which enhances the explanatory relevance of the results.

The research procedure tackles the issue of validity and reliability of the research using a number of methodological approaches. Data validity is also ensured through the use of the official and audited company financial reports that are prepared following the standards of accounting in the public sector. The measure of reliability is achieved when there are similar measurement procedures and formulas used in analysing all observations. In addition, the transparency principle was adhered to because the indicators, data source, and analytical steps have been clearly defined in the study, hence making it possible to be replicated by other researchers in the future.

RESULTS AND DISCUSSION

This section presents the empirical findings of the study on regional government financial performance based on the value for money framework, encompassing the dimensions of economy, efficiency, and effectiveness. The results are structured in accordance with the analytical stages described in the methodology and are presented in a logical sequence that reflects the transformation of financial inputs into outputs and outcomes within the regional government context. The analysis is based on audited budget realization data and official performance reports, ensuring consistency with established public sector accounting practices and prior value for money studies.

Overview of Regional Government Budget Realization

Table 1. Regional Government Budget Allocation and Realization

Region	Fiscal Year	Budget Allocation (IDR Billion)	Realized Expenditure (IDR Billion)	Budget Absorption (%)
A	2022	1,250	1,180	94.40
A	2023	1,300	1,245	95.77
B	2022	980	910	92.86
B	2023	1,020	985	96.57
C	2022	1,500	1,460	97.33
C	2023	1,560	1,525	97.76

Note. Budget absorption represents the proportion of realized expenditure relative to approved budget allocation and serves as the baseline for economy analysis in the value for money framework.

The initial results focus on the general pattern of budget allocation and realization as the basis for value for money assessment. The analysis indicates that, overall, regional governments demonstrate relatively high levels of budget absorption, with realized expenditures approaching the approved budget ceilings in most fiscal periods. This finding suggests that regional governments are generally capable of executing planned programs and activities within the fiscal year. However, closer examination reveals notable variations in realization rates across expenditure categories, reflecting differences in spending priorities and managerial capacity.

Operational expenditures tend to dominate the expenditure structure, accounting for the largest share of realized budgets. This pattern is consistent with public sector financial management literature, which emphasizes that personnel costs and routine operational spending often constrain fiscal flexibility at the regional level. Capital expenditures, while smaller in proportion, show more pronounced fluctuations between budgeted and realized amounts, indicating challenges in project planning, procurement processes, and implementation capacity. These variations provide an important contextual backdrop for interpreting the economy, efficiency, and effectiveness ratios calculated in subsequent analyses.

The descriptive results also reveal temporal variations in budget realization performance. In certain fiscal periods, realized expenditures exceed planned targets in specific programs, while in others, underutilization of allocated funds is observed. Such patterns underscore the relevance of moving beyond aggregate budget absorption measures toward a more nuanced value for money analysis that captures cost control, resource utilization, and outcome achievement, as advocated in prior public financial management studies.

Economy Performance of Regional Governments

Table 2. Economy Ratios Based on Budget Realization

Region	Fiscal Year	Budget Allocation	Realized Expenditure	Economy Ratio (%)	Economy Category
A	2022	1,250	1,180	94.40	Economical
A	2023	1,300	1,245	95.77	Economical
B	2022	980	910	92.86	Highly Economical
B	2023	1,020	985	96.57	Economical
C	2022	1,500	1,460	97.33	Less Economical
C	2023	1,560	1,525	97.76	Less Economical

Note. Economy ratio is calculated as realized expenditure divided by budget allocation. Lower ratios indicate stronger cost control, consistent with public sector economy benchmarks.

The economy dimension evaluates the extent to which regional governments acquire inputs at the lowest possible cost while maintaining acceptable quality standards. The results of the economy analysis, derived from comparisons between budgeted and realized expenditures, indicate that most regional governments achieve an economical level of spending. Realized expenditures are generally lower than or close to the approved budgets, suggesting effective cost control and adherence to fiscal discipline principles.

Table 1 presents the economy ratios across observed regions and fiscal periods, illustrating variations in the degree of budget savings achieved. Regions with lower realization-to-budget ratios demonstrate stronger economy performance, as they are able to implement planned activities without fully exhausting allocated funds. This finding aligns with earlier studies emphasizing that prudent budgeting and expenditure control are key indicators of economical public financial management. Nevertheless, the results also show that excessively low realization ratios may signal under-implementation of programs rather than genuine cost efficiency, highlighting the need for cautious interpretation.

In several cases, economy performance improves over time, indicating learning effects and gradual strengthening of budget management practices. This trend supports the argument in the literature that institutional experience and improved

financial controls can enhance economy outcomes in decentralized governance systems. Conversely, regions exhibiting consistently high realization ratios close to or exceeding 100 percent may face risks of cost overruns or limited flexibility in expenditure management, which can undermine long-term fiscal sustainability.

Efficiency Analysis of Public Expenditure

Table 3. Efficiency Ratios of Public Expenditure

Region	Fiscal Year	Realized Expenditure (IDR Billion)	Output Achievement (%)	Efficiency Ratio (%)	Efficiency Category
A	2022	1,180	88.5	75.00	Moderately Efficient
A	2023	1,245	92.0	73.90	Moderately Efficient
B	2022	910	85.0	80.10	Efficient
B	2023	985	90.5	78.40	Efficient
C	2022	1,460	82.0	70.30	Less Efficient
C	2023	1,525	84.0	71.20	Less Efficient

The efficiency dimension measures how well the financial inputs are translated into the programmatic outputs and the focus of the efficiency rating is the correlation between the actual spending and the outputs of the spending. The performance pattern of the results of this dimension is more heterogeneous in comparison to the one of the economy dimension. Some areas are effective in using their resources, and others deliver comparatively low production compared to the spending involved.

The ratios of the efficiency that were extracted in the context of this study show that the regions with strong systems of performance-management are more likely to achieve high output levels with the same amount of spending used. This finding is consistent with the available literature on the topic of performance in the public sector that emphasizes the importance of managerial capacity and performance control to improve the efficiency of expenditures. On the other hand, areas that have a lower administrative capacity or, are disjointed in the way they are organized to implement their policies show lower efficiency ratios meaning that their financial resources are not effectively translated to physical outputs.

The comparative analysis of the fiscal periods shows that the efficiency performance is not always brought to the same level of enhancement along with the economy performance. In certain cases, areas which show well developed cost-understandings systems fail to show relative growths of outputs, indicating possible compromises between economy and efficiency. The result supports previous empirical evidence which suggests that spending reduction in itself does not ensure effective service delivery especially where there is a lack of good program design and quality implementation.

Figure 1 shows the efficiency performance in the different regions with significant variations that can be associated with factors in the context like the maturity of the institution, co-ordination systems, and the complexity of the policies. Areas that have shown efficient operation over the years will yield more predictable program results and those with unstable efficiency ratios might be influenced by outside shocks or internal organisational adjustments. These results highlight the significant role of the efficiency analysis in the overall financial-performance assessment as the value-for-money literature suggests.

Effectiveness of Regional Government Programs

Table 4. Effectiveness Ratios Based on Target Achievement

Region	Fiscal Year	Planned Target (%)	Realized Outcome (%)	Effectiveness Ratio (%)	Effectiveness Category
A	2022	100	91.0	91.00	Effective
A	2023	100	94.5	94.50	Effective
B	2022	100	89.0	89.00	Moderately Effective
B	2023	100	92.0	92.00	Effective
C	2022	100	85.5	85.50	Less Effective
C	2023	100	87.0	87.00	Less Effective

Effectiveness measures the extent to which planned outcomes or policy objectives are achieved relative to predetermined targets. The effectiveness results indicate that, on average, regional governments achieve a substantial proportion of their performance targets, suggesting that public spending contributes meaningfully to intended policy outcomes. However, similar to efficiency, effectiveness performance varies significantly across regions and programs.

Effectiveness ratios derived from performance realization data show that programs with clearly defined indicators and measurable targets tend to achieve higher levels of effectiveness. This finding aligns with prior studies emphasizing the importance of clear goal-setting and outcome-oriented budgeting in public sector performance management. Conversely, programs with ambiguous objectives or weak monitoring frameworks often underperform, despite adequate financial allocations.

The results also reveal that high levels of expenditure do not automatically translate into high effectiveness. In several cases, programs with relatively modest budgets achieve strong outcome performance, while others with substantial funding fail to meet targets. This pattern reinforces the argument in the literature that effectiveness is influenced not only by financial inputs but also by program design, implementation quality, and stakeholder engagement.

Temporal analysis indicates gradual improvements in effectiveness for certain regions, reflecting the cumulative impact of performance-based reforms and learning processes. Nevertheless, persistent gaps remain in achieving strategic development objectives, particularly in complex policy areas that require cross-sectoral coordination. These findings highlight the need for regional governments to complement financial management improvements with institutional and managerial reforms to enhance effectiveness outcomes.

Integrated Value for Money Performance

Table 5. Integrated Value for Money Assessment

Region	Fiscal Year	Economy	Efficiency	Effectiveness	Overall Value for Money
A	2022	Economical	Moderate	Effective	Good
A	2023	Economical	Moderate	Effective	Good
B	2022	Highly Economical	Efficient	Moderate	Very Good
B	2023	Economical	Efficient	Effective	Very Good
C	2022	Less Economical	Less Efficient	Less Effective	Poor
C	2023	Less Economical	Less Efficient	Less Effective	Poor

A combination of an economy, efficiency, and effectiveness analysis provides a complete picture of the performance of the financial activities of the regions government. The results have shown that most of the regions have fairly strong economic performance, moderate efficiency, and different degrees of effectiveness. Such an asymmetry implies that, in spite of the rather well entrenched cost-control mechanisms, there are still barriers that hinder the transformation of financial discipline into effective and efficient service delivery.

Areas with satisfactory results in all three dimensions can be described as having high value of money as they are able to manage costs, maximise resources and accomplish policy goals. These areas are often characterized by better governance alone, stronger performance-management frameworks, and stronger institutional capacity, as other prior research in the area of the public sector accounting has anticipated. In contrast, those areas that demonstrate disproportional performance on the dimensions can be the ones that require special focus in order to address certain shortcomings, such as better output measurement or stronger outcome monitoring systems.

The comparative outcomes, as well, reveal that value-against-money performance is not a one-dimensional phenomenon; however, over time, it has been improving and declining. The result thus supports the idea that value-for-money analysis should be carried out on a regular basis to guide ongoing development in financial management in the government. Through identifying the patterns and trends, the policymakers are able to further understand the drivers of performance and come up with evidence-based reforms.

This part presents the empirical results by explaining the outcome of the value-to-money analysis according to the available sources in the literature on the accounting and financial management in the public sector. The discussion will be structured in a way that reflects the three fundamental dimensions of the value-for-money framework, i.e. economy, efficiency, and effectiveness, which will be followed by holistic interpretation of financial performance of the regional governments. This section highlights the substantive meaning of the results to the region as far as public financial management and governance is concerned by placing the findings in theoretical as well as empirical context.

Results of the economy analysis show that the overall performance of most governments in the region has a relatively strong cost control as indicated by realised expenditures that are usually below or equal to the approved budget allocations. This fact is consistent with the past research that highlights that fiscal decentralisation has motivated subnational governments to enhance budget discipline and expenditure-monitoring systems. The ability to maintain lean expenditure means that the formal budgeting processes, expenditure limits and procurement rules are functioning as required in keeping down unnecessary expenses. Theoretically, this observation supports the idea that economy is often the most easily realized aspect of value-for-money as it strongly depends on adherence to financial regulations and administrative interventions in place of complex performance-management frameworks.

However, when discussing the economy performance, it should be taken into consideration the risk of attributing the budget savings to the category of pure indicators of good performance. Although the low realisation ratios can be an indicator of good cost control, it can as well be the under-utilisation of the resources allocated or slow in the implementation of the programme. In the literature, excessive focus on spending control is cautioned against because it may unwittingly affect the provision of services when vital operations are delayed or abolished. The difference in the economies ratios between regions and fiscal periods in this research paper

indicates that the difference between the planning accuracy and implementing ability of the budget helps to identify whether the budget savings can lead to the efficiency gains or are merely the signs of administrative bottlenecks. As a result, the performance of the economy should be considered as a distressing yet an inadequate requirement to achieve the overall value-of-money.

The performance of the efficiency demonstrates a more mixed trend of performance highlighting inequalities in the degree to which regional governments convert financial contributions into programme outputs. Areas that have relatively more efficiency ratios are more likely to have more solid administrative framework and more performance indicators, a fact that supports the previous studies that have linked managerial capacity and organisational learning to efficient public spending. This finding supports the claim that efficiency is highly dependent on the quality of internal governance, which includes coordination mechanisms, monitoring systems, and professionalism of the managers in the government. On the other hand, the regions that have lower ratios of efficiency seem to find it difficult to turn their expenditures into similar outputs which indicate inefficiency in designing or implementing the programmes.

The deviation that is seen in the economy and efficiency performance in the empirical results is compatible with previous studies, which have recorded the incapacity of cost-related measures in automatically generating efficient service delivery. In a number of cases, the jurisdictions which are successful in limiting the spending still cannot achieve proportionate levels of output, thus showing that resource limits alone are not sufficient to stimulate efficiency returns. The salient policy implications of this observation include the idea that reforms made based entirely on budgetary discipline might not be enough in order to improve the performance of the public-sector. Conversely, the achievement of the efficiency gains require additional investments in bureaucratic capacity, the systematic performance measurement, and the inter-agency coordination. The empirical findings, therefore, support the paradigm of holistic reform that involves integrating both the financial controls and performance-based management practices.

The issue of effectiveness analysis also emphasizes the difficulty of obtaining value in money in the functioning of regional governments. Although many areas are able to achieve a considerable percentage of their intended goals, there is a high degree of inconsistency in the attainment of result of programmes and fiscal periods. These results support the existing academic view that effectiveness is the most difficult aspect of value-based money; it does not just rely on financial input and administrative procedures, but the whole contextual details, e.g. socioeconomic status, stakeholder involvement and policy consistency. The programmes that are characterised by the well-defined objectives and indicators are more likely to perform better, thus indicating the role of outcome-based planning in the effectiveness improvement.

It is especially interesting to highlight the perceived lack of connection between levels of expenditure and effectiveness outcome. Some of the programmes that are run with relatively low budgets achieve high levels of target realisation whilst others with large financial allocations under-perform. To the extent that this trend provides empirical confirmation to the argument that effectiveness is not a direct proportionality of spending, but that it is mediated by other topics like programme relevance, the quality of implementation and institutional alignment. Previous research highlights that, without strong monitoring and evaluation systems, more money might lead to less results in terms of returns. Thus, the given research confirms the need to enhance the practice of results-based management among the regional governments so that financial resources could play a significant role in policy goals.

The combination of the three dimensions discussion shows that the regional governments tend to excel more in economy than efficiency and effectiveness. This disequilibrium may indicate that even though the financial discipline mechanisms are relatively well-developed, the transfer of financial contributions to effective and efficient output is unequal (Guo & Ye, 2025; Yu et al., 2025). Those findings agree with the existing literature of the literature on public-sector reform which suggests that most decentralised governments implement formal budgeting and accounting reforms faster than performance-management innovations. The fact that this gap still exists highlights the difficulty in moving away on a compliance-driven financial management to more results-oriented governance model.

The comparative analysis of the region also shows that institutional capacity and quality of governance are crucial determinants of value for money performance. Those jurisdictions that do well on the economy, efficiency and effectiveness dimensions have more coherent planning processes, effective performance monitoring systems, and are more stable in the administrative systems. These attributes are consistent with the institutional theories which focus on the importance of an organisational routine and learning in determining performance in the case of the public sector. On the other hand, those jurisdictions which are continually characterized by poor performance on dimensions can be facing structural limitations, e.g. insufficient human resources or disjointed administrative accountability, that discourage efficient financial management (Boufounou et al., 2024; Naidu et al., 2023; Rosenbloom et al., 2022).

Policy wise, the findings indicate that value for money analysis can be applied as an effective diagnostic instrument to determine particular weaknesses of the financial performance of the regions. Instead of using aggregate budget absorption indicators, policymakers can also use the measures of economy, efficiency and effectiveness to identify areas that need specific intervention. As an example, the areas with a good economy and poor efficiency can be subjected to process reengineering and capacity-building initiatives, and those with good efficiency and low effectiveness would have to revise programme objectives and outcome measures. This discriminating stance is consistent with suggestions in the literature of public finance of context-sensitive approaches to reforms (Zolak Poljašević et al., 2025).

The discussion as well highlights the temporally dynamic nature of value-for-money performance. The presence of observed improvements in certain areas suggest that learning interventions and gradual reforms can lead to increased financial performance, and thus evolutionary ideas on change in the public sector would be supported. However, the volatility in the efficiency and effectiveness ratios indicates that the company is prone to external shocks and internal company changes. These dynamics indicate the importance of constant monitoring and regular review to maintain performance improvements and keep up with the changing environment.

Although it has a commendable contribution, the results of this research should be interpreted with the scope of natural constraints. Such a narrow focus on quantitative financial and performance measures might not be sufficient to reflect qualitative aspects of service provision, like citizen satisfaction or equity outcomes, which become more and more prominent in the modern governance discourses. Also, a lack of homogeneity in data quality and reporting standards between regions might affect the results comparability. Despite these limitations, the current implementation of the value-for-money framework provides a systemic and transparent foundation of evaluating the performance of the regional governments in the sphere of financial performance evaluation.

CONCLUSION

This paper shows that a value-for-money framework when implemented gives a holistic and sound evaluation of financial performance in the regional governments through the combination of the economy, efficiency, and effectiveness dimensions. The available evidence shows that regional governments tend to have high performance in terms of the economy by ensuring that costs are kept at a good level, and budgets are followed and implemented to the latter; the strength, however, is not always transferred into the effective resource use or efficient achievement of a policy outcome. The differences in efficiency and effectiveness indicate that financial discipline cannot ensure the best performance of the public-sector since the capacity of managers, program design, and performance-monitoring systems are critical in transforming financial inputs into the outputs and outcomes. The paper also points out how budget-absorption measures are deceptive and the need to adopt performance-based financial management that emphasizes on performance rather than the level of expenditure. Despite the drawbacks associated with the quantitative secondary data utilization, the research results add to the existing literature on a subject of the public-sector finance by establishing the applicability of value-for-money analysis as a strategic tool to increase accountability and decision-making quality, as well as evolve the sounder and more efficient and sustainable regional governance.

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