



Research Paper

# Analysis of Efficiency, Effectiveness, and Financial Independence at Legal Entity State Universities in Hasanuddin University

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**ABSTRACT:** This study aims to analyze the efficiency, effectiveness, and financial independence of the Legal Entity State College (PTN-BH) Hasanuddin University. The data used are revenue realization data, non-APBN revenue realization, and expenditure realization for the last five years. The analysis techniques used are efficiency, effectiveness, and independence ratios. The analysis results show that Unhas's financial efficiency ratio is still in the reasonably efficient category, the financial effectiveness ratio is in the very effective category, and the independence ratio is in the high category with a delegative relationship pattern.

**KEYWORDS:** financial efficiency, financial effectiveness, financial independence, PTN-BH.

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## I. INTRODUCTION

Universities have an important role in producing young people with character and competitiveness. Universities also play a role in improving the quality of Human Resources (HR), which will affect the progress of a country [1]. Technological developments cause very significant changes in the management of tertiary institutions. Output standards produced by universities must also adapt to industry needs. Therefore, universities must respond to these changes in an adaptive, flexible, and agile way.

Autonomy is believed to be one of the solutions to deal with these changes. Autonomy in tertiary institutions provides freedom to manage academic activities, independence, and governance of non-academic activities [2]. Law (UU) Number 12 of 2012 is one law regulating higher education autonomy. This law states that there are three administrations of State Universities (PTN), namely Working Units, Public Service Agencies (BLU), and Legal Entities (BH). Universities with the status of a Legal Entity or PTN-BH are given the freedom to organize higher education autonomously to produce quality higher education [3].

One of the non-academic activities that is greatly affected by university autonomy is Financial Management. This Financial Management includes planning and budgeting, administration, and reporting related to the use of income in tertiary institutions. PTN-BH uses various methods to carry out good financial management. The use of the Financial Information System at PTN-BH is one of the solutions that has been successfully implemented [4]. The opportunity to become a Center of Excellence (CoE) for PTN-BH is also very open [5]. Therefore, it is very important to carry out good supervision to ensure the implementation of good financial governance [6].

Higher education autonomy includes the freedom to manage academic activities, and independence and governance are a must in dealing with changes happening so fast. Higher education autonomy in Indonesia has been regulated in Law Number 12 of 2012, wherein the Law explains that there are three management of State Universities (PTN), namely PTN-Satker, Public Service Agency PTN (BLU), and Legal Entity PTN (BH). PTN-BH is a state university established by the government as an autonomous public legal entity. So, it can be said that a State University with PTNBH status is given the freedom to organize higher education autonomously to produce quality higher education [3]. It is hoped that this autonomy will result in competition between tertiary institutions so that tertiary institutions will race to be the best.

Talking about higher education autonomy certainly leads to the independence of tertiary institutions to finance the operational activities carried out every year. Activities in higher education generally consist of three: education, research, and community service. All of these activities must be financed using college revenue. If your revenue is insufficient to finance activities in tertiary institutions, then the activities carried out will not be optimal, and the output produced will certainly not be optimal either. Rudhianto explained that acceptance at PTN-BH can come from Single Tuition Fees (UKT), Income from Higher Education Owned Enterprises, cooperation, Receipts from Ministries/Other Agencies, and Others [7]. A study by Nurrahma and Valentino Aris found that most PTN-BH acceptance at the Faculty of Economics and Business at Hasanuddin University still came from UKT [1]. This shows that it is interesting to study whether Unhas has effectively and efficiently managed all admissions.

One of the PTN-BH in East Indonesia is Hasanuddin University (Unhas). Unhas has PTN-BH status based on Government Regulation Number 80 of 2014 concerning the Designation of Hasanuddin University as a Legal Entity State University. Based on these regulations, Unhas is given the authority to autonomously manage academic and non-academic fields. Since being granted autonomous authority in managing its finances, Unhas has continued developing into one of Indonesia's best tertiary institutions internationally. Unhas succeeded in becoming the nineteenth best tertiary institution in Indonesia and ranked 2,062 in the world, according to Webometrics [8]. Unhas has also obtained the Unqualified Opinion (WTP) title for its Financial Statements for 12 consecutive years. This shows the success of Unhas in implementing good financial governance and transparency.

Based on the explanation above, the authors are interested in researching the efficiency, effectiveness, and independence of PTN-BH at Hasanuddin University. This research aims to understand the management of income and expenditure at Hasanuddin University and whether it has been managed effectively and efficiently. The research results are expected to be a reference for subsequent studies and financial management implementation in other PTN-BH.

## **II. LITERATURE REVIEW**

### **Funding and Finance in Higher Education**

Reforms in the financial sector were marked by issuing three packages of laws, namely Law Number 17 of 2003 concerning State Finances, Law Number 1 of 2004 concerning the State Treasury, and Law Number 15 of 2004 concerning State Financial Accountability. This law reforms all aspects of state finance, including managing money in the treasury. Financial management at tertiary institutions is a determining factor for success in implementing activities at tertiary institutions, including producing graduates, quality research, and teaching staff with an international reputation [9]. This, of course, requires funding and will not be able to be implemented properly if there is no adequate money/funds or budget [10]. Indonesia's Higher Education Financial System is regulated in Law Number 12 of 2012 Higher Education. The administration of tertiary institutions by the government is divided into three types, namely: 1) PTN in the form of Work Units (Satker); 2) PTN in the form of a Public Service Agency (PTN-BLU); 3) PTN in the form of Legal Entity (PTN-BH). Based on the three types of PTN management, management has several differences. In the Indonesian context, the income of most (almost all) public universities in Indonesia depends on government grants and student funds. PTN-BLU and PTN-BH revenues can come from APBN and PNPB [11].

### **University Autonomy in Indonesia**

Government Regulation Number 61/1999 is the first step towards autonomy for state universities in Indonesia. This Government Regulation has raised a discourse on establishing a State Owned Legal Entity (BHMN) which aims to increase tertiary institutions' managerial capacity and accountability. The early stages of BHMN implementation consisted of the University of Indonesia, Gadjah Mada University, the Bogor Agricultural Institute, and the Bandung Institute of Technology. Three higher education institutions then followed namely the University of North Sumatra (2003), the Indonesian University of Education (2004), and Airlangga University (2004). The seven tertiary institutions officially carry out the management of higher education institutions autonomously. However, the issuance of Government Regulation Number 66 of 2010 concerning the management and implementation of education caused the seven tertiary institutions above to change their status to State Universities with the Public Service Agency. In principle, PTN-BLU has experienced autonomous management but not as a whole. Several studies have provided empirical evidence of the success of PT-NBLU in improving the quality of education implementation [12]. Finally, in 2012, the issuance of Law Number 12 of 2012 concerning Higher Education, in which the management of PTN-BH was regulated, caused state universities to begin to be passed, and many PTNs in Indonesia prepared themselves to become PTN-BH.

**PTN-BH Financial Management**

PTN-BH is a state university established by the Government with the status of an autonomous public legal entity. PTN-BH has regulations that are more flexible regarding academic and non-academic aspects, including terms of financial management. It can be said that a State University that has PTN-BH status is given the freedom to organize higher education autonomously to produce quality higher education, but financial management at PTN-BH must still be accountable [2]. PTN-BH manages funds provided by the government through the State Budget and Revenue Expenditure (APBN) and management of higher education called the PTN-BH Funding Assistance. Other funds managed by PTN-BH are Non-APBN funds originating from funds other than the APBN and management of higher education such as Single Tuition Fees (UKT), cooperation income, and others. Universities then use these funds for operational activities and report to the relevant ministries.

**III. METHODOLOGY**

This research is a descriptive study that aims to analyze and obtain an in-depth description of the efficiency, effectiveness, and financial independence of PTN-BH at Hasanuddin University. The location of this research was carried out at Hasanuddin University, which as a whole carried out activities which included planning, implementation, reporting, accountability, and monitoring of service and financial performance. The analysis technique used in this research is efficiency ratio, effectiveness ratio, and independence ratio. The effectiveness ratio can be calculated using the following formula:

$$Efficiency\ Ratio = \frac{Expense\ Realization}{Income\ Realization} \times 100\%$$

The results of the comparison between the realization of expenses and the realization of income using this efficiency measure can determine the assessment of financial performance. The efficiency ratio assessment is as follows:

Table 1. Financial Efficiency Ratios

Financial Efficiency	Efficiency Ratio
Very Efficient	≤ 60
Efficient	> 60 - 80
Efficient Enough	> 80 - 90
Less Efficient	> 90 - 100
Not Efficient	≥ 100

Source: Processed (2023)

The effectiveness ratio shows the magnitude of the ratio of realized revenue to the set revenue target. The formula used to calculate the effectiveness ratio is:

$$Effectiveness\ Ratio = \frac{Revenue\ Realization}{Revenue\ Target} \times 100\%$$

The effectiveness value is obtained from the comparison as mentioned above, measured by the following assessment criteria:

Table 2. Financial Effectiveness Ratio

Financial Effectiveness	Effectiveness Ratio
Very effective	> 100
Effective	> 90 - 100
Effective Enough	> 80 - 90
Less effective	> 60 - 80
Not effective	≤ 60

Source: Processed (2023)

The independence ratio shows the ability of tertiary institutions to self-finance development and service government activities, which is calculated by the following formula:

$$Independence\ Ratio = \frac{Revenue\ Realization}{Central\ Government\ Funding\ Assistance} \times 100\%$$

The criteria for determining independence and financial capability can be seen in the following table:

Table 3. Independence Ratio

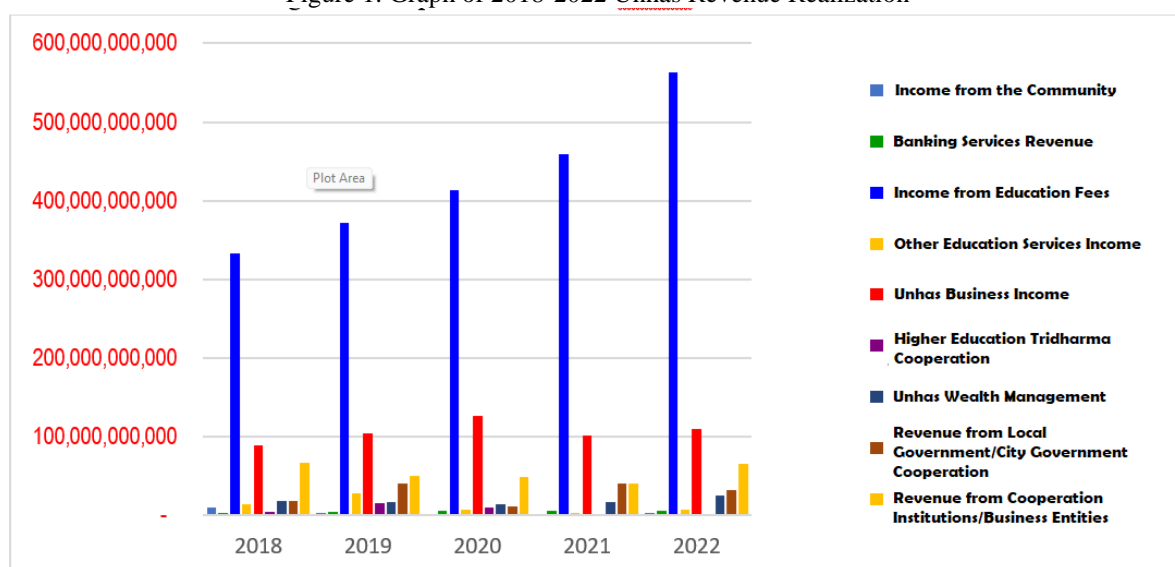
Financial Capability	Independence Ratio	Relationship Patterns
Very Low	0 – 25	Instructive
Low	> 25 – 50	Consultative
Moderate	> 50 – 75	Participatory
High	> 75 – 100	Delegative

Source: Processed (2023)

#### IV. RESULT AND DISCUSSION

Income conditions at Hasanuddin University have continued to increase from 2019 to 2022. Income-related to Unhas' autonomy as PTBN-BH is the receipt of non-APBN funds. Income from non-APBN funds at Unhas includes income from the community, banking services, educational expenses, business income, cooperation income, wealth management income, regional and city government cooperation, and income from institutional and business partnerships. Overall, Unhas income data from 2019 to 2022 is as follows:

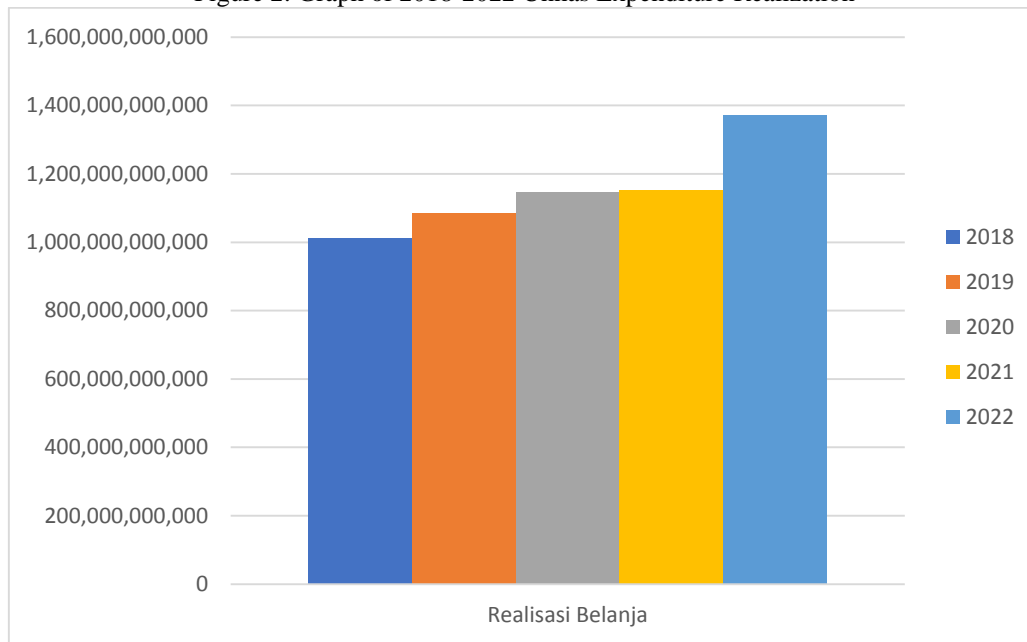
Figure 1. Graph of 2018-2022 Unhas Revenue Realization



The data shows that Unhas's total Non-APBN income increases yearly. In 2018, Unhas's total Non-APBN income was Rp. 557,281,179,616, - and increased by 13.2% in 2019 with a value of Rp. 630,734,296,668, -. In 2020, the Unhas Non-APBN income increased again compared to 2019, although it is not very significant, amounting to Rp. 634,707,460,114, -. Unhas Non-APBN Revenue for 2021 has again increased by 4.7% compared to the previous year with a value of Rp. 664,730,107,459, - and in 2022, it will again increase by 21.8% compared to the previous year with a value of Rp. 809,488,502,960,-.

In addition to income data, we collected data on Unhas spending realization from 2018 to 2022 in this study. The data shows that the Unhas spending realization trend is increasing yearly. In 2018 the realization of Unhas expenditure was Rp. 1,012,599,084,589, - of which the total realization of Non-APBN expenditure is Rp.491,322,908,424, - or 48.5% of the total expenditure realization. In 2019 the realization of Unhas spending was Rp. 1,084,761,853,532, - where the total realization of non-APBN spending is Rp. 585,933,746,123, - or 54% of the total expenditure realization. In 2022 the realization of Unhas spending is Rp. 1,372,199,493,315, - where the total realization of non-APBN spending is Rp. 747,741,156,888, - or 54.5% of the total expenditure realization. Data on the total realization of Unhas spending from 2018 to 2022 can be seen in the following figure:

Figure 2. Graph of 2018-2022 Unhas Expenditure Realization



### Hasanuddin University Financial Efficiency

Efficiency is often associated with the performance of an organization because efficiency reflects the ratio between output and input. The following is data regarding the financial efficiency at Unhas.

Table 3. Results of Analysis of the Efficiency of Unhas Financial Management

No	Year	Expenditure Realization (Non APBN)	Revenue Realization (Non APBN)	Financial Efficiency	Criteria
1	2018	491.322.908.424	557.281.179.616	84,98	Efficient Enough
2	2019	585.933.746.123	630.734.296.668	77,89	Efficient
3	2020	586.096.192.706	634.707.460.114	92,31	Not Efficient
4	2021	637.118.463.247	664.730.107.459	88,17	Efficient Enough
5	2022	747.741.156.888	809.488.502.960	78,71	Efficient

Source: Data Processed (2023)

Table 3 shows that Unhas's financial efficiency was efficient in the 2019 and 2022 Fiscal Years, namely 77.89% and 78.71%. In 2018 and 2021, Unhas' financial efficiency was quite efficient, with ratios of 84.98% and 88.17%. 2020 is the year with the lowest financial efficiency ratio, with a ratio of 92.31%. The average value of Unhas' financial efficiency ratio for 2018 to 2022 is 84.41, in the fairly efficient category.

The results of the analysis above show that the expenditure made by Unhas is efficient enough to increase the realization of Unhas' Non-APBN revenues. Unhas needs to think about a strategic plan for the types of spending that can also significantly increase the realization of Non-APBN revenues. However, in our opinion, it is necessary to think about the type of analysis that can more accurately measure the efficiency of Unhas's financial management, considering that when comparing actual revenues and actual expenditures, generally, government agencies/institutions must minimize the remaining balance every year. In other words, the revenue earned in a fiscal year must be spent in that fiscal year as expenditure realization.

### Hasanuddin University Financial Effectiveness

This study measures effectiveness by comparing actual revenue receipts and revenue targets that will be carried out. The following is data regarding the effectiveness of financial management at Unhas.

Table 4. Results of Analysis of the Effectiveness of Unhas Financial Management

No	Year	Revenue Realization	Revenue Target	Financial Effectiveness	Criteria
1	2018	557.281.179.616	540.000.000.000	103,20%	Very Effective
2	2019	630.734.296.668	560.000.000.000	112,63%	Very Effective
3	2020	634.707.460.114	560.000.000.000	113,34%	Very Effective
4	2021	664.730.107.459	580.000.000.000	114,60%	Very Effective
5	2022	809.488.502.960	580.000.000.000	139,56%	Very Effective

Source: Data Processed (2023)

Table 4 shows that Unhas's financial effectiveness was very effective in all fiscal years in this study. Fiscal Year 2022 will be the year with the best financial effectiveness, with a ratio of 139.56%. In 2019, 2020, and 2021, Unhas' financial effectiveness is also very effective and continues to increase with ratios of 112.63%, 113.34%, and 114.60%. 2018 was the fiscal year with the lowest financial effectiveness ratio of 103.20%. The average value of Unhas's financial effectiveness ratio for 2018 to 2022 is 116.67, in the very effective category.

The results of the analysis above show that the Unhas Non-APBN revenue target has always been achieved from the 2018 Fiscal Year to the 2022 Fiscal Year. The data shows that the 2019 and 2020 revenue targets are of the same value, namely Rp. 560,000,000,000,-. This is because, in that fiscal year, Covid-19 entered Indonesia, so Unhas decided not to increase its revenue target. Unhas achieved the planned target, even with an excess income ratio of 13% to 15%. The same conditions also occurred in the 2021 Fiscal Year, and the 2022 Fiscal Year also experienced similar conditions, but the planned targets were again met.

### Hasanuddin University Financial Independence

This ratio shows the ability of tertiary institutions to finance their own educational and operational activities. The following is data regarding financial independence at Unhas.

Table 5. Results of Unhas Financial Independence Analysis

No	Year	Revenue Realization	Central Government Funding Assistance	Financial Independence	Financial Capability	Relationship Pattern
1	2018	557.281.179.616	521.276.176.165	106,91%	High	Delegative
2	2019	630.734.296.668	498.828.107.409	126,44%	High	Delegative
3	2020	634.707.460.114	560.033.283.076	113,33%	High	Delegative
4	2021	664.730.107.459	514.888.993.594	129,10%	High	Delegative
5	2022	809.488.502.960	624.458.336.427	129,63%	High	Delegative

Sumber: Data diolah (2023)

Table 5 shows the current level of financial independence at Hasanuddin University, which is included in the Delegative category where the central government's interference is no longer there because universities are truly capable and independent in carrying out autonomous affairs. Data shows Unhas Financial Independence in the 2019 Fiscal Year to 2022 Fiscal Year is already in the high category, where the Realization of Non-APBN Income is already higher when compared to assistance from the central government. Even so, it appears that government aid funds still tend to increase every year. This assistance fund is in the form of salary expenditure, State University Operational Assistance (BOPTN) or BPPTNBH funds, PHLN funds, and other assistance funds.

## V. CONCLUSION

The results of our research found that the efficiency of financial management at Unhas has been in the fairly good category in the last five years. Seeing this condition, it is necessary to develop strategic plans to continue increasing Unhas Non-APBN revenues. However, better analytical methods for explaining the efficiency of financial management also need to be developed. Another finding is that the effectiveness of financial management at Unhas has been very effective in the last five years. In the last five years, Hasanuddin University has always succeeded in achieving the non-APBN revenue target with an average excess income ratio of 16.5% over the last five years. The results of the analysis also show that the level of financial independence of Hasanuddin University is included in the high category with a delegative relationship pattern. This shows that Unhas can be independent without the interference of the central government to finance the implementation of activities at the tertiary institution.

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