

# Analysis of Budget Realization to Assess the Effectiveness and Efficiency of the Sisarahili Village Government's Performance, Namohalu Esiwa District

Asria Harefa<sup>1</sup>, Idarni Harefa<sup>2</sup>, Maria Magdalena Bate'e<sup>3</sup>, Aferiaman Telaumbanua<sup>4</sup>

<sup>1,2,3,4</sup>Faculty of Economics, Management, Nias University, Indonesia.

## ARTICLE INFO

### Article history:

Received Sep 10, 2026

Revised Sep 20, 2026

Accepted Sep 26, 2026

### Keywords:

Effectiveness,  
Efficiency,  
Budget realization,  
APBDESA,  
Village government performance

## ABSTRACT

This study was motivated by the discrepancy between the budget and the realization of the Village Revenue and Expenditure Budget (APBDesa) of Sisarahili Village, Namohalu Esiwa District, during the 2023–2024 fiscal years. Although the budget realization rate was close to 100%, this condition did not necessarily indicate that village financial management had been implemented effectively and efficiently. Therefore, this study aimed to analyze the effectiveness and efficiency of financial management performance in Sisarahili Village based on the realization of the APBDesa for the 2023–2024 fiscal years. This study employed a descriptive quantitative approach. The data consisted of APBDesa documents and APBDesa Realization Reports for the 2023–2024 fiscal years. Data were collected through documentation and literature review. The data were analyzed using effectiveness and efficiency ratios based on predetermined assessment criteria. The results showed that the effectiveness ratio was 100.00% in 2023 and 99.93% in 2024, categorized as very effective and effective, respectively. Meanwhile, the efficiency ratio was 99.99% in 2023 and 100.01% in 2024, categorized as less efficient and inefficient, respectively. The findings indicate that APBDesa financial management in Sisarahili Village during the 2023–2024 fiscal years was effective but had not yet achieved efficiency. Therefore, the village government needs to strengthen budget planning, control, and evaluation to improve the efficiency of budget utilization while maintaining the achievement of village development objectives.

*This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license.*



## Corresponding Author:

Asria Harefa,  
Faculty of Economics, Management,  
Nias University, Indonesia.  
Email: [harefaasria05@gmail.com](mailto:harefaasria05@gmail.com)

## 1. INTRODUCTION

The performance of public sector organizations is an important indicator of the extent to which government institutions are able to carry out their responsibilities and achieve the objectives established through public policies and development programs (Yuniarti, 2022). Government performance is not merely reflected in the completion of administrative activities, but also in the extent to which public resources are managed responsibly to produce outputs and outcomes that provide benefits to society. In this context, sound financial management constitutes an essential component of public sector performance because government activities fundamentally depend on the availability and proper utilization of financial resources (Basri et al., 2013).

Budget management plays a strategic role in ensuring that public resources are allocated according to established priorities. In the public sector, a budget functions not only as a financial

planning instrument but also as a mechanism for accountability, control, and evaluation (Yuniarti, 2022). Through the budgeting process, government institutions determine the resources required to implement programs and activities while establishing measurable targets for their implementation. Consequently, the quality of budget management can influence the extent to which government organizations are able to achieve their predetermined objectives (Basri et al., 2013).

Two important dimensions in assessing budget management are effectiveness and efficiency. Effectiveness concerns the extent to which predetermined objectives and targets can be achieved, whereas efficiency relates to the ability to utilize available resources optimally in producing the expected outputs. Effective budget management ensures that planned programs and activities are implemented and their objectives are achieved. Efficient budget management, meanwhile, requires government institutions to achieve those objectives without unnecessary or excessive use of resources. Therefore, effective and efficient financial management should be viewed as complementary dimensions of sound public sector governance (Marchelino et al., 2013).

The principles of effectiveness and efficiency are particularly important at the village government level. Village governments have responsibilities for administering government affairs, implementing development programs, empowering communities, and providing public services. These responsibilities require the availability of adequate financial resources and, more importantly, the capacity to manage those resources appropriately. The ability of village governments to manage financial resources therefore has direct implications for the implementation of development priorities and the delivery of public services to village communities (Hapsari et al., 2025).

The Village Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Desa/APBDesa) serves as the principal instrument for village financial planning. APBDesa provides a framework for allocating village revenues to various expenditure programs and activities in accordance with local needs and development priorities (Eka et al., 2020). Through APBDesa, the village government establishes a financial plan that serves as a basis for implementing governmental administration, development, community development, community empowerment, and other activities within its authority (Hapsari et al., 2025).

The implementation of APBDesa can be assessed through budget realization. Budget realization represents the extent to which planned financial allocations have actually been implemented during a particular fiscal year. A comparison between the planned budget and its realization provides information regarding the level of achievement of financial targets. Such information is important because budget realization can be used as an initial basis for evaluating whether financial management has been conducted according to the established plan (Eka et al., 2020).

However, a high budget realization rate does not automatically demonstrate that budget management is effective and efficient. A realization rate approaching 100% may indicate that the planned budget has largely been implemented, but it does not necessarily explain whether the expenditures generated optimal results or whether resources were used economically (Dien et al., 2015). Therefore, assessment of budget performance should go beyond simply observing the percentage of expenditure realization and should incorporate effectiveness and efficiency measurements.

Effectiveness measurement is important because it provides an indication of the extent to which budget implementation achieves predetermined targets. When budget realization reaches or closely approaches the established target, the implementation can be considered effective according to the applicable assessment criteria. In this sense, effectiveness reflects the capacity of the village government to implement planned programs and activities in accordance with the budget that has been established (Dien et al., 2015).

Efficiency, on the other hand, emphasizes the relationship between the resources utilized and the results achieved. Efficient financial management requires the government to use financial resources appropriately and economically while maintaining the quality and achievement of the intended outputs. Consequently, a government institution should not only pursue the achievement of budgetary targets but should also ensure that resources are not unnecessarily wasted (Tulangow et al., 2016).

The financial management of Sisarahili Village, Namohalu Esiwa District, provides an important context for examining these two dimensions. Based on the APBDesa data for the 2023–2024 fiscal years, there was a difference between the budgeted expenditure and the actual realization (Febriana & Narastri, 2023). In 2023, the expenditure budget amounted to Rp1,811,197,845.00, while its realization reached Rp1,811,202,158.00. In 2024, the expenditure budget amounted to Rp1,639,955,640.00, while the realization reached Rp1,638,847,076.00. The corresponding realization rates were reported at 100.00% and 99.93%, respectively.

These figures indicate that the realization of village expenditure was very close to the planned budget in both years. Nevertheless, the high realization percentage requires further examination because it cannot, by itself, establish whether the management of village finances was efficient. In 2023, the realized expenditure slightly exceeded the budgeted amount, while in 2024 the realization remained below the budget (Febriana & Narastri, 2023). These differences demonstrate the importance of examining budget realization using more comprehensive financial performance indicators rather than relying solely on the magnitude of expenditure realization (Cellya et al., 2024).

From the perspective of village governance, evaluating effectiveness and efficiency is important because financial resources available to villages are limited and must be allocated to multiple development priorities. Inefficient financial management may reduce the resources available for other programs and potentially limit the ability of the village government to maximize development outcomes. Conversely, effective and efficient budget management can support the achievement of development priorities while strengthening financial accountability and public trust (Baizah et al., 2024).

Previous discussions concerning village financial management generally emphasize the importance of budget planning, implementation, control, and evaluation. Nevertheless, the existence of a high budget realization rate can create a misleading perception that financial management is automatically satisfactory. This study therefore places particular emphasis on distinguishing between effectiveness and efficiency. Such a distinction is necessary because a budget may be effectively realized while simultaneously demonstrating weaknesses in efficiency (Cellya et al., 2024).

The present study addresses this issue by analyzing the realization of APBDesa in Sisarahili Village during the 2023–2024 fiscal years. The analysis focuses on the effectiveness and efficiency ratios derived from the available APBDesa and budget realization documents. The results are expected to provide an objective description of the financial performance of the Sisarahili Village Government and to identify areas that require improvement in budget management (Van Nguyen et al., 2022).

Accordingly, this study aims to analyze the effectiveness and efficiency of APBDesa financial management in Sisarahili Village, Namohalu Esiwa District, based on budget realization during the 2023–2024 fiscal years. The findings are expected to contribute to the evaluation of village financial management and provide a basis for improving budget planning, implementation, control, and evaluation in subsequent fiscal years (Uslu & Şengün, 2021).

## 2. RESEARCH METHOD

This study employed a descriptive quantitative research design. The descriptive approach was used to provide a systematic, factual, and accurate description of the realization of the Village Revenue and Expenditure Budget (APBDesa) and to assess the effectiveness and efficiency of financial management performance in Sisarahili Village, Namohalu Esiwa District. The quantitative approach was selected because the study relied on numerical financial data that could be measured, calculated, and objectively compared (Amegbe et al., 2021). The study was non-experimental and did not examine causal relationships among variables; rather, it focused on describing the actual condition of village financial management.

The research was conducted in Sisarahili Village, Namohalu Esiwa District, North Nias Regency. The primary data consisted of official village financial documents, particularly the APBDesa and APBDesa Realization Reports for the 2023 and 2024 fiscal years. These documents were selected because they contain information concerning the planned allocation and actual realization of village revenues and expenditures (Wang & Pala, 2021). The unit of analysis was the annual APBDesa realization report for each fiscal year under examination.

The population of the study comprised the village financial management documents available in Sisarahili Village. Because the number of relevant documents was limited and all documents corresponding to the research period could be examined, the study employed total sampling or census sampling. Accordingly, the sample consisted of the APBDesa Realization Reports for the 2023 and 2024 fiscal years. This approach enabled the researcher to analyze the entire set of financial realization data relevant to the research objectives rather than selecting only a portion of the available documents (Uslu & Şengün, 2021).

Data were collected through documentation and literature review. Documentation was conducted by collecting and examining APBDesa documents and APBDesa Realization Reports for the relevant fiscal years. The literature review was conducted to obtain theoretical and conceptual references concerning public sector budgeting, APBDesa, budget realization, effectiveness, efficiency, and government performance. The collected data were subsequently organized according to the variables and indicators required for the analysis (Amegbe et al., 2021).

The data analysis employed descriptive financial analysis through effectiveness and efficiency ratio calculations. The effectiveness ratio was calculated by comparing realized expenditure with budgeted expenditure, while the efficiency ratio was calculated by comparing realized expenditure with realized revenue (Baizah et al., 2024). The formulas applied were as follows:

Effectiveness Ratio =  $(\text{Realized Expenditure} / \text{Budgeted Expenditure}) \times 100\%$

Efficiency Ratio =  $(\text{Realized Expenditure} / \text{Realized Revenue}) \times 100\%$

The calculated ratios were subsequently compared with the predetermined effectiveness and efficiency criteria to determine the category of financial performance for each fiscal year. The effectiveness and efficiency results for 2023 and 2024 were then compared descriptively to identify changes and patterns in the financial management performance of Sisarahili Village (Cellya et al., 2024). Finally, the results were interpreted to determine whether APBDesa financial management during the research period could be considered effective and efficient.

### 3. RESULTS AND DISCUSSIONS

#### Results

The analysis of the financial performance of Sisarahili Village Government was conducted using the effectiveness and efficiency ratios based on the realization of the Village Revenue and Expenditure Budget (APBDesa) for the 2023 and 2024 fiscal years. The analysis focused on the extent to which budgeted expenditures were realized and the relationship between realized expenditures and realized revenues. The results provide an empirical basis for assessing the extent to which village financial management was implemented effectively and efficiently during the study period (Febriana & Narastri, 2023).

The expenditure realization data indicate that the budget allocated for Sisarahili Village decreased from IDR 1,811,197,845.00 in 2023 to IDR 1,639,955,640.00 in 2024. In 2023, realized expenditure reached IDR 1,811,202,158.00, resulting in a difference of IDR 4,313.00 above the budgeted amount. In 2024, realized expenditure amounted to IDR 1,638,847,076.00, leaving an unspent balance of IDR 1,108,564.00. Despite the decline in both the budget and expenditure realization in nominal terms, the percentage of expenditure realization remained close to 100% in both years (Febriana & Narastri, 2023).

The effectiveness ratio was calculated by comparing realized expenditure with budgeted expenditure. The analysis shows that the effectiveness ratio reached 100.00% in 2023 and 99.93% in 2024. Based on the assessment criteria applied in the study, the 2023 performance was classified as very effective, whereas the 2024 performance was classified as effective. These results indicate that the village government was generally successful in implementing the expenditure budget in accordance with the targets established in the APBDesa (Dien et al., 2015).

The effectiveness ratio remained remarkably stable despite the decrease in the nominal amount of the village expenditure budget. The difference between budgeted and realized expenditure was extremely small in both fiscal years. In 2023, realized expenditure slightly exceeded the budget by IDR 4,313.00, while in 2024, realized expenditure was lower than the budget by IDR 1,108,564.00.

Thus, the difference between planned and realized expenditure did not materially affect the overall level of budget realization (Hapsari et al., 2025).

The efficiency analysis produced a different result. The efficiency ratio was calculated by comparing realized expenditure with realized revenue. The ratio was 99.99% in 2023 and increased slightly to 100.01% in 2024. Based on the criteria used in the study, the financial management performance was categorized as less efficient in 2023 and inefficient in 2024. The results therefore demonstrate that a high level of budget realization did not automatically correspond to efficient financial management (Basri et al., 2013).

The efficiency ratio in 2023 was 99.99%, with realized revenue of IDR 1,811,292,353.00 and realized expenditure of IDR 1,811,202,158.00. In 2024, realized revenue amounted to IDR 1,638,557,600.00, while realized expenditure reached IDR 1,638,847,076.00, resulting in an efficiency ratio of 100.01%. The 2024 ratio indicates that realized expenditure slightly exceeded realized revenue according to the calculation applied in the study. Although the difference was very small, it placed the performance in the inefficient category under the study's assessment criteria (Basri et al., 2013).

## Discussion

The effectiveness findings demonstrate that Sisarahili Village Government was able to implement its expenditure budget at a level that was very close to the planned target. The effectiveness ratio of 100.00% in 2023 indicates almost complete alignment between the planned and realized expenditure, while the 99.93% ratio in 2024 indicates that the vast majority of the allocated budget was successfully realized. From a budget implementation perspective, these results suggest a high degree of consistency between financial planning and execution (Basri et al., 2013).

The high effectiveness level can be interpreted as an indication that the village government was capable of translating its budgetary plans into actual expenditure. The relatively small differences between the budget and realization suggest that most planned activities could be implemented within the available financial framework. The findings are consistent with the concept of effectiveness, which emphasizes the extent to which an organization achieves predetermined objectives. In the context of village financial management, a high realization ratio indicates that the expenditure plan was largely implemented as intended. However, effectiveness in this study should primarily be understood as the degree of budget realization, rather than as direct evidence of the social or developmental impact generated by the expenditure (Marchelino et al., 2013).

The findings also reveal an important distinction between effectiveness and efficiency. Although expenditure realization was almost 100% in both years, the efficiency ratios were 99.99% and 100.01%, respectively. This indicates that achieving a high realization rate is not sufficient to demonstrate optimal resource utilization. Effectiveness concerns the achievement of planned budget targets, whereas efficiency concerns how economically financial resources are utilized to achieve those targets. Therefore, the results suggest that Sisarahili Village Government was relatively successful in executing its budget but still faced challenges in ensuring that financial resources were utilized as economically as possible (Hapsari et al., 2025).

The slight deterioration in efficiency in 2024 deserves particular attention. While the effectiveness ratio remained high at 99.93%, the efficiency ratio increased from 99.99% to 100.01%. The increase does not indicate a substantial deterioration in financial management in absolute monetary terms because the difference was very small. Nevertheless, under the analytical criteria employed in this study, a ratio exceeding 100% indicates that expenditure was higher than realized revenue. This condition points to the need for stronger budget control, more accurate expenditure planning, and closer monitoring during budget implementation. The findings therefore suggest that maintaining high budget realization should be accompanied by stronger efforts to minimize unnecessary expenditure and improve the alignment between available resources and planned spending (Wang & Pala, 2021).

The expenditure structure in 2024 further illustrates the importance of expenditure planning and control. Expenditure was distributed across village administration, village development, community development, community empowerment, and disaster, emergency, and urgent expenditure (Febriana & Narastri, 2023). Several expenditure areas recorded realization equal to the

planned amount, while the largest difference occurred in the village administration sector, where budgeted expenditure of IDR 627,468,050.00 was realized at IDR 626,359,486.00, leaving a difference of IDR 1,108,564.00. Overall expenditure was therefore realized at IDR 1,638,847,076.00 from the budgeted IDR 1,639,955,640.00.

From a managerial perspective, the findings imply that future budget planning should place greater emphasis on the accuracy of expenditure estimates and the control of implementation. The very small deviations observed in the two fiscal years are not necessarily evidence of serious financial mismanagement; rather, they indicate that the village government has achieved a high degree of budget execution while still having room to improve resource efficiency. The study itself emphasizes the importance of improving budget planning, control, and evaluation so that financial resources can be utilized more efficiently without compromising the achievement of village development objectives (Wang & Pala, 2021).

Overall, the results provide a clear picture of the financial management condition of Sisarahili Village during 2023–2024. The village government's financial management can be characterized as effective but not yet efficient. The effectiveness results demonstrate strong budget implementation, whereas the efficiency results indicate that the relationship between expenditure and available revenue still requires improvement. This distinction is important because successful public financial management should not only focus on whether the budget has been absorbed, but also on whether financial resources have been managed economically and appropriately (Hapsari et al., 2025).

Accordingly, improving efficiency should become an important component of subsequent village financial management. The village government should strengthen the accuracy of budget formulation, conduct more systematic expenditure monitoring, and undertake periodic evaluations of budget realization. These measures would enable the government to maintain the high level of effectiveness already achieved while gradually improving efficiency. In this regard, the findings support the view that effective village financial management requires a balance between achieving planned expenditure targets and ensuring prudent, controlled, and economically responsible use of public resources (Febriana & Narastri, 2023).

#### 4. CONCLUSION

The results show that village financial management in Sisarahili Village during 2023–2024 was effective but not yet efficient. Expenditure effectiveness reached 100.00% in 2023 and 99.93% in 2024, while efficiency was 99.99% and 100.01%, respectively. Therefore, the village government needs to strengthen budget planning, monitoring, and evaluation to maintain effectiveness while improving financial efficiency.

#### ACKNOWLEDGEMENTS

The author would like to express sincere gratitude to the academic supervisors, Universitas Nias, and the Government of Sisarahili Village, Namohalu Esiwa District, North Nias Regency, for their support, guidance, and assistance throughout the research process. Appreciation is also extended to all parties who contributed to the completion of this study.

#### REFERENCES

- Amegbe, H., Dzandu, M. D., & Hanu, C. (2021). The role of brand love on bank customers' perceptions of corporate social responsibility. *International Journal of Bank Marketing*, 39(1), 189–208. <https://doi.org/10.1108/IJBM-07-2020-0356>
- Baizah, Z., Akbar, R., & Ismail. (2024). Sistem Informasi Realisasi Anggaran Pada Dinas Pertanian Provinsi Aceh Berbasis Web. *Jurnal Ilmu Komputer Dan Teknologi Informasi*, 1(1), 24–33. <https://doi.org/10.35870/jikti.v1i1.735>
- Basri, R., Ekonomi, F., Bisnis, D., Akuntansi, J., Sam, U., & Manado, R. (2013). ANALISIS PENYUSUNAN ANGGARAN DAN LAPORAN REALISASI ANGGARAN PADA BPM-PD PROVINSI SULAWESI UTARA. *Analisis Penyusunan Anggaran... 202 Jurnal EMBA*, 1, 202–212.
- Cellya et al. (2024). Analisis Laporan Realisasi Anggaran Pemerintahan Kota Medan. *Jurnal Ilmiah Ekonomi Dan Manajemen*.
- Dien, A. N. J., Tinangon, J., & Walandouw, S. (2015). ANALISIS LAPORAN REALISASI ANGGARAN UNTUK MENILAI KINERJA KEUANGAN PADA KANTOR DINAS PENDAPATAN DAERAH KOTA BITUNG. *Analisis Laporan Realisasi... Jurnal EMBA*, 534(1), 534–541.

- Eka, O. :, Dona, M., & Lestari, V. A. (2020). ANALISIS LAPORAN REALISASI ANGGARAN UNTUK MENILAI KINERJA KEUANGAN PADA KANTOR BADAN PENDAPATAN DAERAH KABUPATEN OKU. *BALANCE: JURNAL AKUNTANSI DAN BISNIS*, 5(2), 135–144. <http://jurnal.um-palembang.ac.id/balance>
- Febriana, A. B., & Narastri, M. (2023). ANALISIS LAPORAN REALISASI ANGGARAN (LRA) UNTUK MENILAI PELAKSANAAN ANGGARAN BELANJA (Studi pada Badan Pengelolaan Keuangan dan Aset Daerah Kota Surabaya). *Jurnal Manajemen Dan Ekonomi Syariah*, 1(3), 160–173. <https://doi.org/10.59059/maslahah.v1i3>
- Hapsari, M. T., Zamzama, D. A., Sujiatmiko, D. P. S., Umroh, R. U. Z., & Kusumadewi, R. T. (2025). Analisis Rasio Keuangan Daerah dalam Laporan Realisasi Anggaran. *JIBEMA: Jurnal Ilmu Bisnis, Ekonomi, Manajemen, Dan Akuntansi*, 3(2), 154–164. <https://doi.org/10.62421/jibema.v3i2.175>
- Marchelino, O. :, Fakultas, D., Jurusan, E., Universitas, A., & Manado, S. R. (2013). PEMERINTAH KABUPATEN MINAHASA TENGGARA. *EMBA*, 1(3), 82–89.
- Tulangow, A. P., Runtu, T., Ekonomi dan Bisnis, F., & Akuntansi Universitas Sam Ratulangi Manado, J. (2016). ANALISIS REALISASI ANGGARAN PENDAPATAN DAN BELANJA DAERAH PEMERINTAH KABUPATEN MINAHASA ANALYSIS OF REALIZATION OF BUDGET REVENUE AND EXPENDITURE OF THE REGIONAL GOVERNMENT OF MINAHASA REGENCY Oleh. *EMBA*, 4(3), 564–571.
- Uslu, A., & Şengün, H. İ. (2021). The multiple mediation roles of trust and satisfaction in the effect of perceived corporate social responsibility on loyalty. *Business, Management and Economics Engineering*, 19(1), 49–69. <https://doi.org/10.3846/bmee.2021.13362>
- Van Nguyen, T., Bui, H. T. T., & Le, C. H. D. (2022). The impacts of corporate social responsibility to corporate financial performance: A case study of Vietnamese commercial banks. *Cogent Economics and Finance*, 10(1). <https://doi.org/10.1080/23322039.2022.2132642>
- Wang, Y., & Pala, B. (2021). Communicating philanthropic CSR versus ethical and legal CSR to employees: empirical evidence in Turkey. *Corporate Communications*, 26(1), 155–175. <https://doi.org/10.1108/CCIJ-01-2020-0014>
- Yuniarti, S. (2022). LITERATURE REVIEW : REALISASI ANGGARAN DAN RENCANA KERJA ANGGARAN SEKOLAH (RKAS) DI SMPIT AL-IZZAH KOTA SERANG. *Leadership:Jurnal Mahasiswa Manajemen Pendidikan Islam*, 3(2), 181–194. <https://doi.org/10.32478/leadership.v3i2.1007>