

Hospital financial performance: Effectiveness, efficiency and economic approach

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Abstract

This research aims to determine the financial performance of public sector organizations by using the effectiveness, efficiency and economic ratios of the financial reports of the Batang Regional General Hospital in 2019-2021. The type of data used is secondary data in the form of Financial Financial Reports, namely LRA (Budget Realization Report. The results of the Batang Regional Hospital analysis show that the effectiveness ratio in 2019 was 81.02% and was categorized as quite effective, in 2020 it experienced an increase of 93.74%, categorized as effective and in 2021 there was an increase of 118.49%, categorized as very effective. The efficiency ratio in 2019 was 112.21% and categorized as very inefficient, in 2020 it decreased by 91.25%, it was categorized as inefficient and in 2021 it decreased again by 81.10% in the quite efficient category. The economic ratio in 2019 was 91.11% and categorized as economical, in 2020 it decreased by 83.09%, categorized as quite economical, and in 2021 it experienced an increase of 96.10% and was categorized as economical.

Keywords: Financial Performance, Effectiveness, Efficiency, Economics, Hospitality

INTRODUCTION

Public sector organizations were formed to provide services to the community in the form of providing goods and/or services without prioritizing profits and carrying out their activities based on the principles of efficiency and productivity (Republic of Indonesia, 2005). Public Sector Organizations generally have their own guidelines for managing their finances according to the type and complexity of the function of the organization. One type of public sector organization is a government organization which carries out service activities to the community in accordance with Law Number 25 of 2009.

The Indonesian government is reforming state financial laws in Indonesia by bringing several changes to the financial management system of Public Sector Organizations in Indonesia, especially in the state government environment. One of these reforms is the emergence of a new financial management model aimed at government agencies which aims to produce goods and/or services to the community directly, this financial management model is the Public/Regional Service Agency (BLU/D) (Farwitawati, 2020). Article 1 paragraph 2 of Republic of Indonesia Government Regulation Number 23 of 2005 explains the Financial Management of Public Service Bodies which provides flexibility in the form of freedom to implement sound business practices to improve services to the community in order to advance general welfare and make the nation's life intelligent.

According to data collected from the Regional Hospital Association, there are 80% of the total Regional Hospitals that have implemented BLUD principles in Indonesia. In reality, in the field there are still several cases where the performance of hospitals that have BLU/D status do not show an increase in performance both in terms of financial and non-financial aspects (Chrishartoyo, Rahayu & Zutilisna, 2017). Apart from that, as time goes by there are still many public complaints related to budget allocations that are not in accordance with needs and priority scale and do not reflect economic, efficiency and effectiveness aspects (Mentang, Sabijono & Pangerapan, 2020).

Financial performance assessment is one way that management can fulfill its obligations to funders and also to achieve the goals set by the hospital.

Measuring the good and bad of activities in public sector organizations requires a method/tool/system called performance measurement. This is the process of assessing work progress against predetermined goals and objectives, including information about the efficiency of using resources in production, measuring quality and also the speed of producing goods or services (how well goods and services are delivered to customers and to what extent customers are satisfied). The results obtained in organizational management are compared with the plans that have been set, as well as the effectiveness of actions in achieving these goals (Verbeeten, 2008). One component in measuring organizational performance can be viewed from the analysis carried out on financial sector performance. Measuring financial performance is one of the main factors in an organization's success in improving the quality of effective, efficient and economical management.

Financial performance is expected to measure a series of financial activities in a period, including income and expenditure, using financial indicators determined through a policy or statutory provisions for one budget period. Hery (2017) explains that financial reports are the final product of a series of processes for recording and summarizing data on business transactions/activities of an organization. Financial reports contain records of financial information as a basis for assessing organizational performance in a certain time period. Financial reports assess an organization's ability to carry out its operational activities and fulfill its obligations. Apart from that, Budiman (2020) describes financial reports in the form of documents that describe the company's financial condition and company performance in a certain period. A factor that can indicate the quality of financial performance is using financial report analysis in accordance with applicable guidelines. Analysis of financial reports according to Kewaru and Kewo (2021) can be carried out based on measuring several aspects in the form of economic, efficient and effective. The economic aspect emphasizes the realization of expenditures that are smaller than the budget, while the efficiency aspect emphasizes that the output produced must be greater than the existing input, and the effectiveness aspect emphasizes the realization of income that is greater than the budget (Fahrudin, 2017).

LITERATURE REVIEW AND HYPHOTHESIS DEVELOPMENT

Agency Theory

Agency theory explains that there is an unequal relationship between the principal and the agent, where the principal is represented as a shareholder and the agent is represented as management (Bui and Krajcsák, 2023). The principal delegates authority to the agent to do the best, including in decision making (Hendrastuti and Harahap, 2023). Management in running an organization must be in accordance with the interests of shareholders. This aims to ensure that shareholders can maximize the profits they will receive (Susilo and Ria, 2022). Wu et al (2024) explain that agency theory can explain theoretically the impact of diversity that occurs in the meeting room on the performance of a company. Al-Smadi and Al-Smadi (2024) added that the existence of an independent board, audit committee and institutional ownership can increase transparency and reduce information asymmetry and conflicts that occur in companies. Zogning (2017) explains that this information asymmetry arises due to different access between agents and principals. The agent in this case is the management who has enough information about the company's operations. Meanwhile, the principal in this case is that shareholders do not have enough information about whether a transaction that has occurred in the company has had a positive impact on them, so that management has the potential to manipulate the information they manage as a form of opportunistic behavior.

Regional Public Service Agency (BLUD)

The Regional Public Service Agency (BLUD) is a regional work unit and has legal status that is not separate from the regional government. BLUD was formed to provide services to the community in the form of providing goods and services that are sold without prioritizing making a profit. BLUD

in carrying out its activities is based on the principles of efficiency and productivity (Minister of Home Affairs Regulation No. 61 of 2007). So it can be interpreted that BLUD is an institution in the regional government that provides services to the community and in its operations part of the APBD funds and part of the income from the services provided, its nature is not solely for profit.

The Government of the Republic of Indonesia Regulation Number 23 of 2005 concerning Financial Management of Public Service Bodies which aims to improve services to the community in order to advance general welfare and make the life of the nation intelligent, as well as Minister of Home Affairs Regulation Number 61 of 2007 concerning Technical Guidelines for Financial Management of Regional Public Service Bodies (BLUD) article 1 states that the Regional Public Service Agency, hereinafter abbreviated to BLUD, is a Regional Work Unit or Work Unit within a Regional Work Unit within the regional government which is formed to provide services to the community in the form of providing goods and/or services that are sold without prioritizing seeking profit, and in carrying out its activities is based on the principles of efficiency and productivity.

Financial performance

Performance measurement according to Mahsun (2006) is a process of assessing work progress against predetermined goals and objectives, including information on the efficiency of the use of human resources in producing goods and services, the quality of goods and services, the results of activities compared with the desired goals and actions to achieve goals. According to (Maryanti & Munandar, 2021) Performance measurement is an evaluation of the achievement of an organization's activities based on predetermined goals and objectives as well as standards and criteria. Information on these measurements will also serve as a reference for setting performance benchmarks in the future. The target value is the basis for the acquisition for the next period. Meanwhile, according to Mahmudi (2010), it is a process where work progress is assessed against the achievement of predetermined goals and targets, including information on the efficiency of resource use in producing goods or services, the quality of goods and services, comparison of work results with targets and also the effectiveness of actions to achieve goals.

Effectiveness Ratio

Effectiveness is the level of achievement of results from a program that has achieved the stated objectives. Simply put, effectiveness is a comparison of outcomes with output. Effectiveness is related to results and goals. The greater the contribution of results to achieving a goal, the more effective the organization, program or activity is. Effectiveness focuses on outcomes or results when economics focuses on input and efficiency focuses on output or process. According to Indrayani & Khairunnisa (2018) the effectiveness ratio describes the ability of local governments to realize planned revenues compared to the established budget.

Effectiveness can be measured by comparing outcome with output. Outcome is the impact resulting from a particular activity, while output is the result achieved from a program, activity and policy. So the measure of effectiveness can be interpreted as a standard for the fulfillment of the targets and objectives to be achieved. The measurement of the effectiveness ratio is the acquisition of program results with certain objectives that have been determined and can be formulated as follows:

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

Performance achievement criteria based on the effectiveness ratio can be seen in the following table:

Table 1 Effectiveness Ratio Criteria

| Effectiveness Performance Value | Information |
|--|--------------------|
| >100% | Very effective |
| 90%-100% | Effective |
| 80%-90% | Effective enough |
| 60%-80% | Less effective |
| <65% | Ineffective |

Source: (Karina & Ramadhani, 2021)

Efficiency Ratio

Efficiency means achieving maximum output with a certain input, or using the smallest input to achieve a certain output with the least amount of effort to achieve a goal. Output is the format of goods or services produced using the resources used to produce the output. According to Indrayani & Khairunnisa (2018) the efficiency ratio is a ratio that describes the comparison between the amount of realized costs incurred and realized income. So if the target to be achieved by a public policy turns out to be too simple while the costs incurred are very large compared to the results achieved, then the policy is not feasible to implement. Government performance is said to be efficient if the ratio achieved is less than 100% or the smaller the ratio obtained, the more efficient its performance.

Efficiency can be measured by achieving maximum output with certain inputs or using the lowest input to achieve certain outputs. Where output is the result achieved from a program, activity and policy, while input is the resource used to implement a policy, program and activity. Efficiency ratio measurement aims to achieve the highest output with certain inputs, or use cheap inputs to obtain certain outputs. Efficiency measurements are formulated as follows:

$$\text{Efficiency Ratio} = \frac{\text{Actual Spending}}{\text{Revenue Realization}} \times 100\%$$

Source: (Karina & Ramadhani, 2021)

Performance achievement criteria based on efficiency ratios can be categorized in the table below:

Table 2 Efficiency Ratio Criteria

| Efficiency Performance Value | Information |
|------------------------------|-----------------|
| >100% | Not efficient |
| 90%-100% | Less efficient |
| 80%-90% | Quite Efficient |
| 60%-80% | Efficient |
| <65% | Very Efficient |

Source: (Karina & Ramadhani, 2021)

Economic Ratio

Economic is the lowest price for a certain quality and quantity of input. Economics shows the comparison of input values and input values expressed in monetary units. Economics refers to the extent to which public sector organizations can minimize the resources used by avoiding wasteful and unproductive expenditure. Economics converts primary inputs in the form of financial resources (money or cash) into secondary inputs in the form of labor, materials, infrastructure and capital goods consumed for the organization's operational activities. According to Mahsun (2006) economic ratios measure the level of savings in expenditures made by public sector organizations, where this measurement requires budget data and its realization. The economic concept is closely related to the concept of cost.

Economics means that input resources should be obtained at lower prices, namely prices that are close to market prices. Economic value can be measured by comparing inputs and input prices. Inputs are resources used to implement policies, programs and activities. Economic ratio measurement understands that obtaining a certain quality and quantity of resources (input) is better at a cheaper price or a price that is close to the market price. The measurement of economic indicators can be formulated as follows:

$$\text{Economic Ratio} = \frac{\text{Actual Spending}}{\text{Budget}} \times 100\%$$

Source : (Karina & Ramadhani, 2021)

Performance achievement criteria based on economic ratios can be seen in the following table:

Table 3 Criteria for Economic Ratios

| Economic Performance Value | Information |
|----------------------------|------------------|
| >100% | Very Economical |
| 90%-100% | Economical |
| 80%-90% | Quite Economical |
| 65%-80% | Less Economical |
| <65% | Not Economical |

Source : (Karina & Ramadhani, 2021)

METHODS

Object of research

The Batang Regency Regional General Hospital was founded in 1957, at which time it was still part of the Pekalongan jurisdiction. In 1966, the management of the hospital was handed over to the Regional Government of Dati II Batang Regency with facilities of 80 beds and included in the Type D hospital category. In 1996 the status changed to a Type C hospital. Since then, efforts have been made to improve quality. services until finally in 1999 it received Full Basic Level Accreditation, then in 2006 it received Full Advanced Level Accreditation. Batang Hospital currently has a land area of 26,501 m², a building area of 17,250 m², and a bed capacity of 258 beds. In 2016, it was accredited at Full Level PARIPURNA 15 Service Working Groups.

The Batang Regional General Hospital is one of the assets of the Batang Regency government which contributes to community welfare through functional health services and is able to increase Regional Original Income. Batang Regional Hospital is one of the type C hospitals in Batang Regency. To realize its existence as a class C hospital so that it is able to provide professional services, a Vision, Mission and Philosophy are needed as a map for realizing ideals.

Operational definition

Operational definition is a definition given to a variable by giving meaning and operating the variable so that it can be measured (Putra and Basuki, 2015).

1. Effectiveness ratio

The effectiveness ratio describes the ability of local governments to realize planned revenues compared to the budget set by Indrayani & Khairunnisa (2018). Effectiveness can be measured by comparing the actual budget with the income budget which is then multiplied by 100% and the results are adjusted to the assessment criteria.

2. Efficiency Ratio

The efficiency ratio is a ratio that describes the comparison between the amount of realized costs incurred and realized income Indrayani & Khairunnisa (2018). So if the target to be achieved by a public policy turns out to be too simple while the costs incurred are very large compared to the results achieved, then the policy is not feasible to implement. Efficiency can be measured by comparing actual expenditure with realized income which is then multiplied by 100% and the results are adjusted to the assessment criteria.

3. Economic Ratio

Economic ratios measure the level of savings in expenditures made by public sector organizations, where this measurement requires budget data and its realization Mahsun (2006). Economics can be measured by comparing actual expenditure with the expenditure budget which is then multiplied by 100% and the results are adjusted to the assessment criteria.

Data Sources and Data Collection Techniques

The data used in this research is secondary data taken from the Batang Hospital Budget Realization Report (LRA) for the 2019-2021 budget year.

Data analysis method

Effectiveness Ratio

The effectiveness ratio can be measured by comparing the actual budget with the income budget which is then multiplied by 100% and the results are adjusted to the assessment criteria.

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

Efficiency Ratio

The efficiency ratio can be measured by comparing actual expenditure with realized income which is then multiplied by 100% and the results are adjusted to the assessment criteria.

$$\text{Efficiency Ratio} = \frac{\text{Actual Spending}}{\text{Revenue Realization}} \times 100\%$$

Economic Ratio

Economic ratios can be measured by comparing actual expenditure with the expenditure budget which is then multiplied by 100% and the results are adjusted to the assessment criteria.

$$\text{Economic Ratio} = \frac{\text{Actual Spending}}{\text{Budget}} \times 100\%$$

RESULTS AND DISCUSSIONS

Effectiveness Ratio

The Effectiveness Ratio is a ratio that shows the level of achievement of results from a program that has achieved the stated objectives. If the results are more than 100% then it can be said that the budget is very effective. If the results are between 90%-100% then the budget is effective. If the results are between 80%-90% then the budget is said to be quite effective, and results between 60%-80% can be said to be less effective. If the results are below 60% of the budget, it is said to be ineffective. This ratio is calculated via the formula:

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

The total value of realized income and budgeted income is obtained by adding up all income items in the form of (1) service income from the community, (2) service income from accounting entities/reporting entities, (3) income from collaboration, (4) grant income and (5) Other business income. Based on the Budget Realization Report above, the analysis of the financial effectiveness ratio of RSUD BLUD for the 2019 to 2021 fiscal year:

Table 4 Effectiveness Ratio of RSUD BLUD for Fiscal Year 2019-2021

| Year | Realization Income | Budget Income | Ratio Effectiveness | Criteria |
|----------------|-----------------------|---------------------|------------------------|------------------|
| 2019 | IDR 65,622,525,601 | IDR 81,000,000,000 | 81.02% | Effective enough |
| 2020 | IDR 118,402,214,865 | IDR 126,305,114,208 | 93.74% | Effective |
| 2021 | IDR 157,336,361,216 | IDR 132,786,798,602 | 118.49% | Very effective |
| Average Amount | | | 97.75% | Effective |

Source: Data processed (2023)

The results of the effectiveness ratio of RSUD BLUD for the 2019 Fiscal Year, the revenue budget for RSUD BLUD is IDR 81,000,000,000 and the actual budget is IDR 65,622,525,601. The difference between budget and realization is IDR. IDR 15,377,474,398, thus obtaining an

effectiveness ratio of 81.02% and categorized as Quite Effective because the percentage level is between 80%-90%. The BLUD Hospital's income still appears to be insufficient because it is unable to achieve existing targets and is dominated by income from other services provided by the RSUD.

In the 2020 fiscal year, the BLUD Hospital's revenue budget was IDR 126,305,114,208 and the realization was IDR 118,402,214,866. The difference between the budget and realization is IDR 7,902,899,342, thus obtaining an effectiveness ratio of 93.74% and can be categorized as effective because the percentage level is between 91%-100%. If we look at 2019, in 2020 RSUD BLUD experienced an increase in financial performance of 12.73%.

In 2021, the revenue budget for RSUD BLUD is IDR 132,786,798,602 and the realization is IDR 157,336,361,217. The difference between the budget and realization is -Rp. 24,549,562,615, thus obtaining an effectiveness ratio for the BLUD RSUD revenue budget of 118.49%, and can be categorized as Very Effective because the percentage level exceeds 100%. It can be said that BLUD performance in 2021 will increase by 24.74% from 2021.

Table 5 Comparison of Effectiveness Ratios from 2019 to 2021

| No | Income Type | Effectiveness Ratio | | | Information |
|----|---|---------------------|---------------|----------------|---|
| | | 2019 | 2020 | 2021 | |
| 1 | Service income from the community | 80.30% | 57.83% | 45.48% | There was a decline in 2020 of 22.47% and decreased again in 2021 of 12.34%. |
| 2 | Service revenue from accounting entities/reporting entities | 0.00% | 110.92% | 146.02% | It only started in 2020 and will continue to increase in 2021 by 35.10%. |
| 3 | Grant income | 0.00% | 0.00% | 0.00% | Until the last 3 years, BLUD has not had any realizations originating from the Grant post. |
| 4 | Income from collaboration | 100.67% | 166.36% | 42.48% | Experienced a significant increase in 2020 amounting to 65.69% but decreased drastically in 2021 amounting to 123.88%. |
| 5 | Other business income | 301.87% | 395.74% | 25.46% | It experienced an increase in 2020 by 79.84% and continued to fall in 2021 by 370.28%. |
| 6 | APBD income | 0.00% | 79.84% | 94.28% | It only started in 2020 and will continue to increase in 2021 by 14.44%. |
| 7 | Total income | 81.02% | 93.74% | 118.49% | Overall, the effectiveness trend is increasing from year to year with an increase of 12.73% in 2020 and 24.74% in 2021. |

Source: Processed data (2023)

The financial performance of RSUD BLUD seen in terms of effectiveness ratio can be said to be very effective. The calculation results in table 5 and figure 1 show a fluctuating trend for the movement of each income item. The relatively low effectiveness achievement in 2019 was influenced by the migration of RSUDs to start implementing the BLUD mechanism in the 2019 period, so that there are still many different financial posts in 2020 and 2021. One (1) year running, the BLUD management mechanism shows a positive trend, as shown by The achievement of the effectiveness score will predominantly increase in 2021. As in the post Service income from accounting entities/reporting entities because RSUD has only recognized income from SKPD in this account. This was followed by a decline in the level of achievement in the Community Service

Income post, which in this post describes the real income of RSUDs from their health services. However, in 2020 it was dominated by increasing trends in other income items. RSUD's income achievements in 2021 were boosted by income from the APBD Revenue post amounting to IDR 40,362,460,558, income from collaboration amounting to IDR 304,440,000 and other business income amounting to IDR 986,119,301, which of these three items greatly increased the RSUD's effectiveness achievements in the 2020 period.

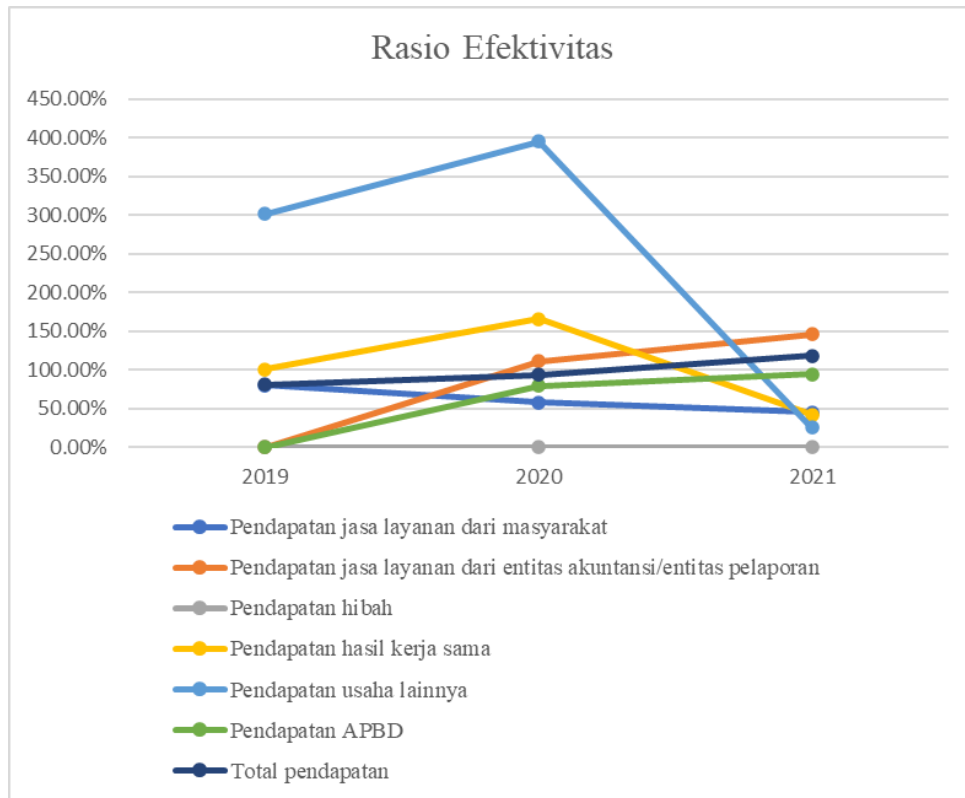


Figure 1. Graph of the Development of the Effectiveness Ratio

Achievements in 2021 for the level of effectiveness of RSUDs in general have increased compared to 2020 with an increase of 24.74%. However, it should be noted that at this time regional hospitals are also affected by the Covid-19 pandemic, so that their income items tend to be dominated by effectiveness achievements below 60%, which can be interpreted as very ineffective. However, thanks to the focus of the budget from the Government of the Republic of Indonesia during that period to overcome the impact of the Pandemic, RSUD succeeded in increasing their income from service income from accounting entities/reporting entities with a realization achievement of IDR 109,136,743,171 with an efficiency level of 146.02% (Very Effective). So overall the performance of RSUD BLUD from 2019 to 2021 shows positive performance with progress in achieving an effectiveness ratio which increased in 2020 by 12.73% and increased again by 24.74% in 2021 with an overall average effectiveness ratio of 97.75% indicating Effective criteria.

Efficiency Ratio

The Efficiency Ratio is a ratio that shows the level of performance we carry out in obtaining input based on the output we have issued. If the results are more than 100% then it can be said that the budget is inefficient. If the results are between 90%-100% then the budget is less efficient. If the results are between 80% -90% then the budget is said to be quite efficient, and results between 60% -80% can be said to be an efficient budget. If the results are below 60% of the budget, it is said to be very efficient. This ratio is calculated via the formula:

$$\text{Efficiency Ratio} = \frac{\text{Actual Spending}}{\text{Revenue Realization}} \times 100\%$$

Expenditure Realization Value is obtained from the sum of all expenditure realization values consisting of (1) Employee Expenditures, (2) Goods and Services Expenditures, (3) Interest Expenditures, (4) Other Expenditures, (5) APBD Employee Expenditures, (6) APBD expenditure on goods and services, (7) capital expenditure on land, (8) capital expenditure on equipment and machinery, (9) capital expenditure on buildings and structures, (10) capital expenditure on roads, irrigation and networks, (11) capital expenditure on fixed assets Others, (12) Capital Expenditure on APBD land, (13) Capital Expenditure on APBD Equipment and Machinery, (14) Capital Expenditure on APBD Buildings and Structures, (15) Capital Expenditure on APBD Roads, Networks and Irrigation, and (16) Capital Expenditure on Assets Fixed Other APBD.

Meanwhile, the value for Realized Income is obtained from the sum of all income items in the form of (1) Service income from the community, (2) Service income from accounting entities/reporting entities, (3) Income from collaboration, (4) Grant income and (5) Other business income. Based on the Budget Realization Report above, the analysis of the financial efficiency ratio of RSUD BLUD for Fiscal Year 2019 to Fiscal Year 2021:

Table 6 Efficiency Ratio of BLUD Hospitals for 2019-2021

| Year | Shopping Realization | Income Realization | Efficiency Ratio | Category |
|------|----------------------|---------------------|------------------|------------------|
| 2019 | IDR 73,632,912,153 | IDR 65,622,525,601 | 112.21% | Very Inefficient |
| 2020 | IDR 108,046,253,481 | IDR 118,402,214,865 | 91.25% | Not efficient |
| 2021 | IDR 127,606,757,758 | IDR 157,336,361,216 | 81.10% | Quite Efficient |

Source: Processed data (2023)

Based on the 2019 Budget Realization Report, total expenditure realization was IDR 73,632,912,153 and total revenue realization was IDR 65,622,525,601. The difference between the amount of actual expenditure and the amount of actual revenue is IDR 8,010,386,551, thus obtaining an efficiency ratio of 112.21% and is categorized as very inefficient because it exceeds 100%. This value is obtained because actual expenditure is greater than the income received in that period, so that the organization incurs very large costs to obtain their income.

In the 2020 budget year, total expenditure realization was IDR 108,046,253,481 and total revenue realization was IDR 118,402,214,865. The difference between the amount of actual expenditure and the amount of actual revenue is IDR 10,355,961,384, thus obtaining an efficiency ratio of 91.25% and is categorized as inefficient because the percentage level is between 91%-100%. This value is lower than the achievement in the previous period which was more efficient at 20.95%.

In the 2021 budget year, total expenditure realization was IDR 127,606,757,758 and total revenue realization was IDR 157,336,361,216. The difference between the amount of actual expenditure and the amount of actual revenue is IDR 29,729,603,458, thus obtaining an efficiency ratio of 81.10% and is categorized as quite efficient because the percentage level is between 91%-100%. This value is lower than the achievement in the previous period which was more efficient at 10.15%. It appears that in the last 3 years the organization's performance achievements have increased by seeing the trend of increasingly good efficiency ratios.

Efficiency describes the level of comparison between input and output which is reflected in the ratio or comparison between the two. If the output is greater than the input then it can be said to be efficient and conversely if the input is greater than the output then it can be said to be inefficient. The high or low efficient value is determined by the size of the resulting ratio. RSUD Efficiency Ratio, in realizing revenue will of course incur costs, this will describe the organization's performance in collecting revenue which is balanced with costs that meet reasonable limits. The effectiveness ratio for each type of shopping referred to in Table 7 is grouped as follows:

Table 7 Comparison of Efficiency Ratios from 2019 to 2021

| Year | Efficiency Ratio | Surplus/(Deficit) | Information |
|------|------------------|--------------------|--|
| 2019 | 112.21% | (Rp 8,010,386,551) | Experiencing a Deficit with a Very Inefficient ratio. |
| 2020 | 91.25% | IDR 10,355,961,384 | Experienced an increase in performance of 20.95% and achieved a Surplus with an Inefficient ratio level. |
| 2021 | 81.10% | IDR 29,729,603,458 | Experienced an increase in performance of 10.15% and achieved a Surplus with a Fairly Efficient ratio. |

Source: Data processed (2023)

Based on table 7 above, it illustrates that the efficiency ratio at RSUD BLUD in 2021 is the best level of efficiency during the 2019-2021 budget year. The efficiency ratio value for the 2021 period is 81.11%, as based on the efficiency financial performance criteria at BLUD Hospitals, which is within the 80%-90% criteria, which is a fairly efficient criterion. In 2019, the ability of RSUD BLUD to realize budgeted expenditure was very inefficient and was the lowest during 2019-2021 because the efficiency ratio was above 100%, namely 112.21%. An overview of the development of the efficiency ratio value of RSUD BLUD over the last 3 years can be seen in the following graph:

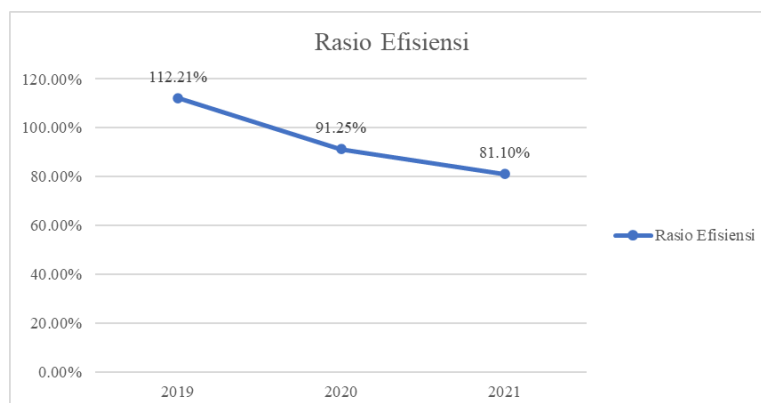


Figure 2. Efficiency Ratio Development Graph

It can be seen from Figure 2 above that the efficiency ratio level of RSUD BLUD has decreased. On average, the efficiency ratio during 2019-2021 shows a figure of 94.85%, which means it shows inefficient performance as based on the efficiency criteria, between 91%-100% according to the inefficient criteria. The development of the graph in value shows that the numbers continue to decline, but in terms of criteria, the financial performance of RSUD is increasing because it has increasingly improving efficiency criteria, although the figures in 2021 still show criteria that are Fairly Efficient (80%-90%).

2019 received the title of least efficient among the three years of observation, namely by getting an efficiency score of 112.21% (>100%). This is because the income of IDR 65,622,525,601 which was realized in 2019, was obtained by spending resources worth IDR 73,632,912,153 on actual expenditure. This achievement resulted in a deficit of IDR 8,010,386,551 from the surplus target of IDR 178,180,000 in 2019. In terms of its own income, RSUD failed to achieve its income target, especially from the service income post from the community, which was only realized at 80.30% in that year. This was exacerbated by the incurrence of costs (expenditures) that exceeded the expenditure target for that year, namely in the Road, Irrigation and Network & Other Asset Expenditure items amounting to IDR 158,950,000 from a budget of only IDR 15,610,000. Of

course, these two spending items made financial performance worse in 2019 and resulted in a very low level of efficiency in that year.

Meanwhile, in 2020 RSUD BLUD showed an increase in financial performance in terms of efficiency, namely by decreasing the value of their financial efficiency ratio, namely 20.95%. In terms of ratios, it is indeed getting better in the 2020 period, but the same thing happened in the previous year 2019, for the post of revenue from community services, income was still less than optimal, in this post only 57.83% of the existing target was realized. Meanwhile, from expenditure items in 2020, in general the organization has been able to minimize the realization of existing expenditure, however there is only 1 (one) expenditure item that exceeds 100% in its realization, namely APBD Road, Network and Irrigation Capital Expenditures amounting to IDR 246,363,636 (133.60%).

Observing the financial performance of RSUD BLUD from 2019 to 2021, the average financial performance of RSUD BLUD shows that it is inefficient. Based on the existing analysis, there are several posts that support this inefficient performance, namely:

1. Services from Community Services always experience failure to achieve their revenue targets. It is necessary to evaluate the existing obstacles and what alternatives need to be made in providing these services to be more efficient.
2. Expenditure items that often exceed the budget in realization are still dominated by capital expenditure items in the 3 years of observation. There needs to be a more precise allocation from the organization in the next budgeting whether it will actually budget expenditure for this post. This has a big influence on the RSB (Business Strategy Plan) that RSUD has so that it can be implemented well every year.

Economic Ratio

Economic Ratio is a ratio that shows the level of savings made by an organization in realizing their spending. If the results are more than 100% then it can be said that the budget is very economical. If the results are between 90%-100% then the budget is economical. If the results are between 80%-90% then the budget is said to be quite economical, and results between 65%-80% can be said to be less economical. If the results are below 65% of the budget, it is said to be uneconomical. This ratio is calculated via the formula:

$$\text{Economic Ratio} = \frac{\text{Actual Spending}}{\text{Budget}} \times 100\%$$

The total value of expenditure realization and expenditure budget is obtained by adding up all income items in the form of (1) Employee Expenditures, (2) Goods and Services Expenditures, (3) Interest Expenditures, (4) Other Expenditures, (5) APBD Employee Expenditures, (6) APBD expenditure on goods and services, (7) capital expenditure on land, (8) capital expenditure on equipment and machinery, (9) capital expenditure on buildings and structures, (10) capital expenditure on roads, irrigation and networks, (11) capital expenditure on fixed assets Others, (12) Capital Expenditure on APBD land, (13) Capital Expenditure on APBD Equipment and Machinery, (14) Capital Expenditure on APBD Buildings and Structures, (15) Capital Expenditure on APBD Roads, Networks and Irrigation, and (16) Capital Expenditure on Assets Fixed Other APBD. Based on the Budget Realization Report above, the financial economic ratio analysis of RSUD BLUD for Fiscal Year 2019 to Fiscal Year 2021:

Table 8 Economic Ratios of BLUD Hospitals for Fiscal Year 2019

| Year | Shopping Type | Budget | Realization | Economic Ratios | Criteria |
|------|---------------------------------|----------------------|--------------------|-----------------|------------------|
| 2019 | Employee Shopping | IDR 27,363,693,000 | IDR 27,284,032,742 | 99.71% | Economical |
| | Shopping for Goods and Services | IDR 48,690,218,000 | IDR 43,435,214,631 | 89.21% | Quite Economical |
| | Capital Expenditures | IDR 4,767,909,000.00 | IDR 2,913,664,780 | 61.11% | Not Economical |
| | Total Shopping | IDR 80,821,820,000 | IDR 73,632,912,153 | 91.11% | Economical |

Source: Data processed (2023)

The results of the economic ratio of employee expenditure at RSUD BLUD for the 2019 Fiscal Year obtained a score of 99.71%. This value is categorized as economic because the percentage level is between 91%-100%. Furthermore, the results of the economic ratio for spending on goods and services at RSUD BLUD for the 2019 Fiscal Year obtained a score of 89.21%. This value is categorized as quite economical because the percentage level is between 80%-90%. Also, the results of the economic ratio for capital expenditure for RSUD BLUD for the 2019 Fiscal Year obtained a score of 61.11%. This value is categorized as uneconomic because the percentage level is below 65%. Overall, in the 2019 fiscal year, the total expenditure budget was IDR 80,821,820,000 and the total expenditure realization was IDR 73,632,912,153. The difference between the budget amount and actual expenditure is IDR 7,188,907,847, thus obtaining an efficiency ratio of 91.11% and is categorized as economical because the percentage level is between 91%-100%.

Table 9 Economic Ratios of BLUD Hospitals for Fiscal Year 2020

| Year | Shopping Type | Budget | Realization | Economic Ratios | Criteria |
|------|---------------------------------|---------------------|---------------------|-----------------|------------------|
| 2020 | Employee Shopping | IDR 61,325,706,134 | IDR 59,302,479,209 | 96.70% | Economical |
| | Shopping for Goods and Services | IDR 46,153,733,364 | IDR 36,018,939,383 | 78.04% | Less Economical |
| | Capital Expenditures | IDR 22,555,702,574 | IDR 12,724,834,889 | 56.42% | Not Economical |
| | Total Shopping | IDR 130,035,142,072 | IDR 108,046,253,481 | 83.09% | Quite Economical |

Source: Data processed (2023)

The results of the economic ratio of employee expenditure at RSUD BLUD for the 2020 Fiscal Year obtained a score of 96.70%. This value is categorized as economic because the percentage level is between 91%-100%. Furthermore, the results of the economic ratio for spending on goods and services at RSUD BLUD for the 2020 Fiscal Year obtained a score of 78.40%. This value is categorized as less economical because the percentage level is between 65%-79%. Also, the results of the economic ratio for capital expenditure for RSUD BLUD for the 2020 Fiscal Year obtained a score of 56.42%. This value is categorized as uneconomic because the percentage level is below 65%. Overall, in the 2020 fiscal year, the total expenditure budget was IDR 130,035,142,072 and the total actual expenditure was IDR 108,046,253,481. The difference between the budget amount and actual expenditure is IDR 21,988,888,591, thus obtaining an efficiency ratio of 83.09% and is categorized as quite economical because the percentage level is between 80%-90%.

Table 10 Economic Ratios of BLUD Hospitals for Fiscal Year 2021

| Year | Shopping Type | Budget | Realization | Economic Ratios | Criteria |
|------|---------------------------------|---------------------|---------------------|-----------------|------------------|
| 2021 | Employee Shopping | IDR 58,884,954,112 | IDR 58,477,769,029 | 99.31% | Economical |
| | Shopping for Goods and Services | IDR 55,135,913,016 | IDR 52,501,995,529 | 95.22% | Economical |
| | Capital Expenditures | IDR 18,765,913,474 | IDR 16,626,993,200 | 88.60% | Quite Economical |
| | Total Shopping | IDR 132,786,780,602 | IDR 127,606,757,758 | 96.10% | Economical |

Source: Data processed (2023)

The results of the economic ratio of employee expenditure at RSUD BLUD for the 2021 Fiscal Year obtained a score of 99.31%. This value is categorized as economic because the percentage level is between 91%-100%. Furthermore, the results of the economic ratio for spending on goods and services at RSUD BLUD for the 2021 Fiscal Year obtained a score of 95.22%. This value is categorized as economic because the percentage level is between 91%-100%. Also, the results of the economic ratio for capital expenditure at RSUD BLUD for the 2021 Fiscal Year obtained a score of 88.60%. This value is categorized as quite economical because the percentage level is between 80%-90%. Overall, in the 2021 budget year, the total expenditure budget was IDR 132,786,780,602 and the total actual expenditure was IDR 127,606,757,758. The difference between the budget amount and actual expenditure is IDR 5,180,022,844, thus obtaining an efficiency ratio of 96.10% and is categorized as economical because the percentage level is between 91%-100%.

Economic describes the level of costs incurred by RSUD BLUD to provide a service to the public. The economic level in managing finances by looking at the comparison between the realization of the expenditure budget and the budget target and the percentage level of achievement. The calculation of the economic level is based on data from the BLUD Hospital Revenue and Expenditure Budget realization report for each Expenditure post for the 2019-2021 fiscal year as follows:

Table 11 Comparison of Economic Ratios from 2019 to 2021

| No | Shopping Type | Economic Ratios | | | | Information |
|----|---------------------------------|-----------------|--------|--------|---------|--|
| | | 2019 | 2020 | 2021 | Average | |
| 1 | Employee Shopping | 99.71% | 96.70% | 99.31% | 98.57% | There was a decline of 3.01% in 2020 and returned to its original position in 2021 |
| 2 | Shopping for Goods and Services | 89.21% | 78.04% | 95.22% | 87.49% | There was a decrease of 11.17% in 2020 and an increase of 17.18% in 2021. |
| 3 | Capital Expenditures | 61.11% | 56.42% | 88.60% | 68.71% | There was a decrease of 4.69% in 2020 and an increase of 32.19% in 2021. |
| 4 | Total Shopping | 91.11% | 83.09% | 96.10% | 90.10% | There was a decrease of 8.02% in 2020, and an increase of 13.01% in 2021. |

Source: Data processed (2023)

In 2019 the economic ratio for implementing the RSUD BLUD budget was 91.19%, which means it was economical in managing the budget. In 2019, what needs attention is the capital expenditure item which received the title Less Economical because it received a score of 61.11%. Capital Expenditures in 2019 saw the realization of Other Asset Expenditures amounting to IDR 125,500,000, of which there was no budget for this post. Also, the realization of Road, Irrigation and Network Shopping posts amounting to IDR 33,450,000 exceeds the existing budget by 214.29%.

In 2020, instead of achieving better performance than the previous year, there was actually a decline in the economic performance of RSUD BLUD. In 2020, RSUD's performance achieved the title of Fairly Economical with a score of 83.09%. Not only did total expenditure for 2020 decrease, but the decline in performance also occurred at the three expenditure posts in RSUD. The biggest decline was in the Goods and Services Shopping post which decreased by 11.17%. As we know, that year we faced the Covid-19 pandemic together which required all sectors to provide maximum service in facing these conditions. However, optimal performance was again proven by RSUD BLUD in 2021 with increased economic performance in all shopping posts.

In 2021, there will be an overall increase in the performance graph of up to 13.01% for RSUD BLUD. A very significant increase was found in the Capital Expenditures post, namely that it became more economical by 32.18%, by placing the Capital Expenditures post as Fairly Economical from the previous year's Very Uneconomical one. There are several expenditure items that have been successfully economized, such as Capital Expenditures for Equipment and Machinery, Capital Expenditures for Buildings and Structures, as well as Capital Expenditures for Roads, Networks and Irrigation in the APBD. An overview of the development of the economic ratio value of RSUD BLUD over the last 3 years can be seen in the following graph:

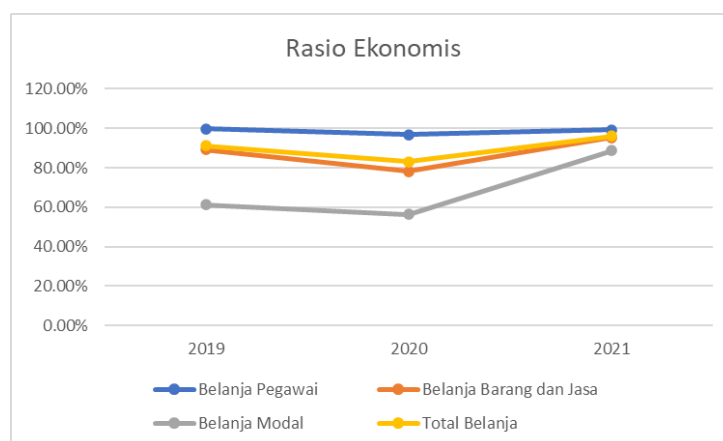


Figure 3 Graph of Development of Economic Ratios

Based on table 11, the calculation of financial performance using the economic level shows that budgeting at RSUD is said to be economical with an average value of 90.10%, because from 2019 to 2021 the economic level ranges between 90% - 100%. Judging from the average of the three existing expenditure posts, the Employee Expenditure and Goods and Services Expenditure posts have shown economic performance in the 3 year period. However, in the Capital Expenditure post, it consistently shows less economical performance in the 3 years of observation. If we look at the RSUD LRA, for capital expenditure items, it is still common for (1) realizations to exceed the budget, and (2) realizations that are not in accordance with the budget (there is no budget for these items, but expenditure realization occurs).

The greater the economic percentage, the better the regional hospital's financial performance. RSUD BLUD has managed the budget in an economical way. Economics is related to the extent to which primary inputs in the form of budget or cash can be reduced to secondary inputs in the form of labor, materials, infrastructure and capital goods consumed for carrying out organizational operational activities, by avoiding wasteful and unproductive expenditure. If the regional government succeeds in realizing the expenditure budget in accordance with the set target, this success will have little meaning if it turns out that the costs incurred to realize the expenditure budget are greater than the set budget target.

CONCLUSIONS

Based on the results of the analysis of the BLUD Regional General Hospital (RSUD) above, it can be concluded that the effectiveness ratio level at the BLUD Hospital in the 2019 Fiscal Year was 81.02% and was categorized as quite effective because the percentage level was between 80%-90%. In the 2020 Fiscal Year, the effectiveness ratio was 93.74% and was categorized as effective because the percentage level was between 91%-100%. If we look at 2019, in 2020 RSUD BLUD experienced an increase in financial performance of 12.73%. In 2021 the effectiveness ratio is 118.49% and can be categorized as very effective because the percentage level is above 100%. Judging from the level of effectiveness ratio at RSUD BLUD for Fiscal Year 2019 to Fiscal Year 2021 it increases every year, and if you look at the calculation the average effectiveness ratio is 97.75% and this is included in the effective category. It can be said that RSUD BLUD has been successful in realizing income

within the predetermined budget. The efficiency ratio level at RSUD BLUD in the 2019 Fiscal Year was 112.21% and was categorized as very inefficient because it exceeded 100%. This value is obtained because actual expenditure is greater than the income received in that period, so that the organization incurs very large costs to obtain their income. In the 2020 Fiscal Year the efficiency ratio was 91.25% and was categorized as inefficient because the percentage level was between 91%-100%. This value is lower than the achievement in the previous period which was more efficient at 20.95%. In the 2021 Fiscal Year the efficiency ratio was 81.10% and was categorized as quite efficient because the percentage level was between 81%-90%. This value is lower than the achievement in the previous period which was more efficient at 10.15%. If we look at the last 3 years, the organization's performance achievements have increased, seeing the trend of increasingly good efficiency ratios. If we look at the calculation of the average efficiency ratio of RSUD BLUD for Fiscal Year 2019 to Fiscal Year 2021, it is found to be 94.85% and is categorized as inefficient. This means that RSUD BLUD can be said to have failed in realizing expenditure within the previously determined expenditure budget. The economic ratio level at RSUD BLUD in the 2019 Fiscal Year was 91.11% and was categorized as economic because the percentage level was between 91%-100%. In the 2020 Fiscal Year the economic ratio was 83.09% and was categorized as quite economical because the percentage level was between 80%-90%. This value illustrates that in 2020 the achievement was lower than in 2019 at 8.02%. In the 2021 Fiscal Year the economic ratio is 96.10% and is categorized as economic because the percentage level is between 91%-100%. This value illustrates that in 2021 there will be an increase of 13.01%. If we look at the calculation of the average economic ratio of RSUD BLUD for the 2019-2021 Fiscal Year, it is found to be 90.10% and is categorized as economical. This means that RSUD BLUD can be said to be successful in realizing expenditure on previously set targets.

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