

ABSTRACT

The purpose of this research aims to identify and analyze the influence and developments that occur between the financial performance of Regency/City governments in Central Java Province using a value for money approach with the level of community welfare as measured by the Human Development Index.

This research was conducted by examining the Regency/City Budget Realization Reports (LRA) in Central Java Province in 2018 and 2019 with a saturated sample of 35 samples calculated per year in order to find out developments. This research applies multiple linear regression analysis method.

The results of this research showed that in 2018 and 2019 the economic ratio had a significant negative effect on people's welfare. Meanwhile, the efficiency ratio has a significant positive effect on people's welfare, the effectiveness ratio has no significant positive effect on people's welfare and has increased in HDI from 2018 to 2019.

Keywords: financial performance, value for money, community welfare, economic ratio, efficiency ratio, effectiveness ratio, human development index.