

THE INFLUENCE OF BUDGET-RELATED FACTORS ON BUDGET ABSORPTION IN PELALAWAN REGENCY OPD

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Abstract

This study aims to prove and test the factors that affect budget absorption. The factors are budget planning, budget execution, procurement of goods and services, competence of human resources and budget politics. The data source is primary data and data collection is done directly using a questionnaire which is measured using a Likert scale. The total sample of this study was 108 respondents with a sampling technique, namely purposive sampling which occupied the position of the head of the department, financial technical executive and expenditure treasurer. Data analysis was carried out using multiple linear regression which was processed with the help of the SPSS version 23 program. The results of this study indicate that budget planning, budget execution, procurement of goods and services,

Keywords: *budget planning, budget execution, procurement of goods and services, human resource competence, budget politics, budget absorption*

1. INTRODUCTION

A country uses the budget as a driving tool intended by the government to run the wheels of government. With this budget, an agency can plan as an effort to estimate the finances of the agency. Every year the local government makes an annual financial plan contained in the Regional Revenue and Expenditure Budget (APBD) which has been approved by the Regional People's Representative Council (DPRD).

As a country that is actively developing, the role of the government is very much needed to provide a stronger and faster impetus for the movement of the economy. The implementation of local government expenditure budgets is almost certain that every period at the end of the fiscal year there is a sharp increase in the disbursement of funds. Basically, the implementation of the government budget is not in accordance with the planning, perhaps due to the unrealistic planning process or the efficiency in the implementation of the government budget. In Indonesia, budget absorption is always a problem that occurs every year. Various efforts have been made to optimize the absorption of the state budget, but the facts show that there have been no significant changes related to the absorption of the budget. The economy runs properly if the absorption of the budget is optimal and in accordance with the initial planning, but if there is a delay, economically it will cause state losses.

The low absorption of the budget in the first semester and swelling at the end of the year are still problems that often arise until now. The 2015 World Bank stated that developing countries such as Indonesia have a uniform problem in budget absorption which is called "slow back-loaded", which means absorption is low at the beginning to the middle of the year, but will increase when entering the end of the fiscal year. The condition of low budget absorption shows that there are serious problems among budget users which always repeat themselves every year. This is accompanied by government spending, which always increases dramatically in the middle to the end of the third quarter of the fiscal year. Usually the last four months have always spiked very sharply. Budget absorption problems also occur in regencies/cities in Riau Province, one of which is Pelalawan Regency.

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As quoted from <https://www.goriau.com> (2020) that the realization of the absorption of the Pelalawan 2020 regional revenue and expenditure budget (APBD) is still minimal, only 41.85 percent of the total regional budget of more than Rp. 1.5 trillion. As previously reported, the realization of the absorption of the Pelalawan APBD is still very low. The reason is, until August 24, 2020, this has only reached 41.85 percent of the total regional budget of more than Rp. 1.5 trillion.

Based on the report on the results of the Ministry of Home Affairs of the Republic of Indonesia, the budget data is presented as follows.

Table 1: Budget and Realization of Regional Revenue and Expenditure

Quarter	LRA 2020					
Quarter I	Income			Shopping		
	Budget	Realization	%	Budget	Realization	%
	Rp. 1,414,736, 945,981.00	Rp. 118.118.861. 104.44	8.35	Rp. 2,083,266,513, 559.34	Rp. 23,747,983,5 58.00	1.14
Quarter II	Income			Shopping		
	Budget	Realization	%	Budget	Realization	%
	Rp. 1,405.02 trillion	Rp. 686.70 billion	48.88	Rp. 1,525.33 trillion	Rp. 609.05 billion	39.9 3

Source: <https://www.kemendagri.go.id>

Of the many factors that affect the absorption of the budget, five of them are planning factors, budget execution, procurement of goods and services, competence of human resources and political factors of the budget. The first factor that can affect budget absorption is budget planning. Furthermore, the second factor that can affect the absorption of the budget is the implementation of the budget. In the process of procurement of goods and services that are effective and efficient, it will facilitate the process of budget absorption, so that the procurement of goods and services is included in the third factor that affects budget absorption. The fourth factor that can affect budget absorption is the competence of human resources. Another factor that is no less important in budget absorption is budget politics, Where the budget is used to decide the priorities and the need for these priorities.

This study seeks to re-examine how the influence of budget planning, budget execution, procurement of goods/services, and competence of human resources on budget absorption. This research is a development of research Koriatmaja et al., (2020). The difference between this research and the research conducted Koriatmaja et al., (2020) where in this research there is the addition of a new independent variable, namely budget politics carried out by Ramadhani & Setiawan (2019) to examine whether budget politics has an effect on budget absorption. With samples and respondents at the Pelalawan District OPD. The object of research used is focused on OPD with the reason that OPD is a government work tool that manages state finances and budget funds that have been made by the government in a certain period.

2. LITERATURE STUDY

The concept of agency theory (agency theory) according to Jensen & Mackling (1976) The agency relationship is a contract between the principal and the agent, by looking at

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the delegation of some decision-making authority to the agent. The agency relationship in the public sector can be seen in the preparation of the Regional Revenue and Expenditure Budget where the central government gives authority to local governments to prepare the budget. In the government sector, local government can be declared as principal and OPD can be declared as agent of local government because OPD is needed to produce an output for certain communities. The purpose of local government is to facilitate OPD in implementing the implementation of the program of activities that have been determined and OPD as an agent must be able to show good performance by carrying out activities that have been designed appropriately. In this study, the underlying grand theory is part of agency theory, namely stewardship theory. According to Donaldson and Davis (1991) stewardship theory describes management motivation not from individual goals, but rather aimed at the interests of the organization. Donaldson and Davis (1991), describe that stewardship theory is defined as a situation in which the stewards (managers) do not have personal interests but are more concerned with the interests of the principal (owner).

Budget according to Mardiasmo (2009) The budget is a statement regarding the estimated performance to be achieved during a certain period of time expressed in financial measures. The budget is an activity plan that is prepared based on a program that has been approved and then realized in financial form, including proposed expenditures that are estimated for a period of time, as well as suggestions for ways to meet these expenditures. In general, this budget is a financial plan related to expenditures and revenues that are expected to occur in the future by looking at data from the previous period as a reference for budgeting. Budget absorption, particularly expenditure on goods and services, has a significant influence in encouraging economic growth. For this reason, every government agency must regulate its expenditure so that it runs smoothly and can support the success of achieving national development targets.

Planning is a process that begins with setting organizational goals in the form of determining strategies for achieving overall goals and formulating an overall planning system to integrate and coordinate all organizational activities, to achieve these goals. (Robbins & Coulter, 2002). Planning is an important element in an organization, whether public or private. This means that if the budget planning is getting better, the absorption of the budget will be higher.

Implementation is an activity or efforts carried out to realize all plans and policies that have been formulated and determined (BPKP, 2011). The implementation process includes the regulation of the use of the necessary tools, who implements it, how it is carried out, when it is implemented and where it is carried out and the payment mechanism process (budget disbursement). This means that if the implementation of the budget is getting better, the absorption of the budget will be higher.

Implementation is an activity or efforts carried out to realize all plans and policies that have been formulated and determined (BPKP, 2011). While the implementation of the procurement of goods and services is an activity carried out in obtaining goods and services in accordance with the procurement plan.

according to Moeheriono (2014) Human resource competence is a basic characteristic of a person that identifies ways of thinking, acting and acting and drawing conclusions. The government and the structure below it should be able to realize the dreams of the community through regional development, because the government which has the position and power as financial manager has an important role in realizing the expectations of the community.. The competence of human resources has an important role in the level of budget absorption.

according to Abdullah & Nazry (2015), budget politics is one of the factors that affect budget absorption, where this political process is the process of determining budget policies

that are influenced by political elements. Budget politics is unavoidable, this results in a tug of war between the interests of the government and the legislature which can directly reduce the time in implementing the work program that has been agreed upon at the beginning of the fiscal year.

Hypothesis Formulation

H1: budget planning has an effect on budget absorption.

H2: the implementation of the budget affects the absorption of the budget.

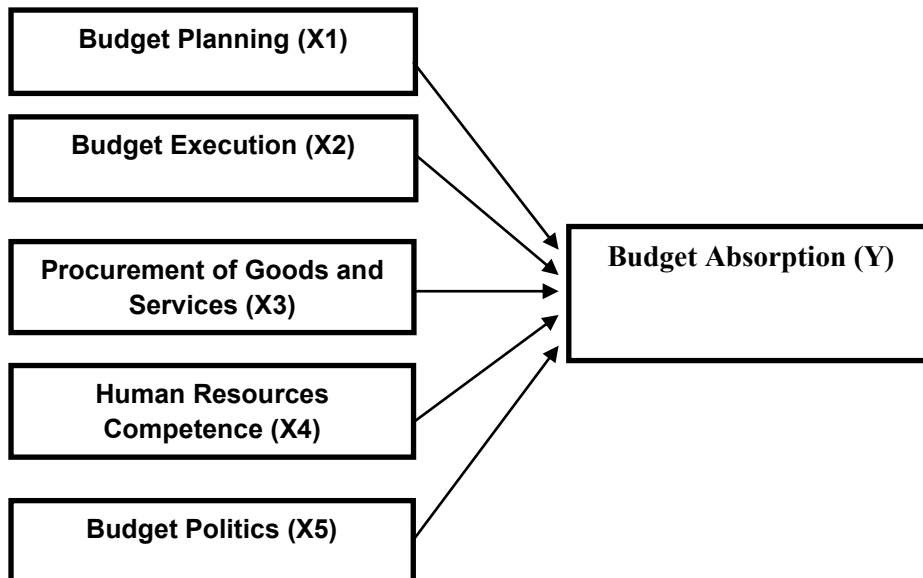
H3: the procurement of goods and services affects the absorption of the budget.

H4: Human resource competence has an effect on budget absorption.

H5: budget politics has an effect on budget absorption.

Research Model

Based on the framework of thought, the following research model is displayed.



3. RESEARCH METHODOLOGY

In this study, the population is all regional apparatus organizations (OPD) in Pelalawan district. The sampling method in this research is using purposive sampling, namely the technique of determining the sample by determining certain criteria. The Head of the OPD, the Financial Technical Implementing Officer (PPTK), and the Expenditure Treasurer in each OPD because they are expected to know about the preparation and implementation of the OPD budget. Have a minimum working period of 1 year in the budgeting period and have the authority to prepare, use and report financial statements. The sample in this study was all agencies and services in regional level organizations (OPD) in Pelalawan district.

This type of research is quantitative research. Sources of data in this study using primary data. To obtain data that can be tested for truth and in accordance with the problems studied, the researchers used the data collection method with the questionnaire method (questionnaires). In this study, the questionnaire method was used to obtain information from respondents in each Pelalawan Regency Government through questions that revealed about budget absorption. The type of measurement scale used to answer questions on the

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questionnaire in this study is the Likert scale. The Likert scale is designed to examine how strongly the subject agrees or disagrees with questions on a 5-point scale, namely:

Table 2: Likert scale

Weight	Category
5	Strongly agree
4	Agree
3	Neutral
2	Do not agree
1	Strongly Disagree

This study uses the independent variable (independent) and the dependent variable (dependent). The independent variables are budget absorption (X1), budget execution (X2), procurement of goods and services (X3), human resource competence (X4) and budget politics (X5). The dependent variable is budget absorption (Y). The dimensions of budget planning are setting goals and strategies, preparing programs and preparing budgets (Alimuddin, 2018). The dimensions of budget execution are problems that occur in the internal work unit, procurement of goods and services and payment mechanisms (Herriyanto, 2012). The dimensions of procurement of goods and services are the number of officials/committees for procurement of goods, understanding of regulations, formation of organizational structures, determination of HPS and selection of providers of goods and services. (Alimuddin, 2018). The dimensions of human resource competence are knowledge, skills and attitudes (Iqbal, 2018). The political dimension of the budget is allocation budget, the principle of need and the principle of justice (Handayani, 2017). The dimensions of budget absorption are proportional to budget absorption, accumulation of activities and percentage of budget absorption (Alimuddin, 2018).

4. RESEARCH AND DISCUSSION

Pelalawan Regency is one of the regencies in Riau Province, Indonesia with Pangkalan Kerinci as its capital city. This district is the result of the division of Kampar Regency. Based on Law Number 53 of 1999 concerning the establishment of 8 (eight) Regencies/Cities in Riau Province which was inaugurated by the Minister of Home Affairs on October 12, 1999, one of them is Pelalawan Regency. Initially, Pelalawan district consisted of 4 sub-districts, namely Langgam, Pangkalan Kuras, Bunut and Kuala Kampar.

Pelalawan Regency has an area of approximately 13,067.29 km², with Teluk Meranti sub-district being the largest sub-district, namely 423,984 Ha (30.45%) and the smallest being Pangkalan Kerinci sub-district with an area of 19,355 Ha or 1.39% of the Pelalawan Regency area. Pelalawan Regency is located on the East Coast of Sumatra Island between 1.25' North Latitude to 0.20' South Latitude and between 100.42' East Longitude to 103.28' East Longitude.

The population of Pelalawan Regency in 2020 is 390,046 people. Since the first population census was conducted in Pelalawan Regency in 2000, the population of Pelalawan Regency has continued to increase by about 20 thousand people per year. The increase in population occurred in the 2010 population census, which increased by 148,880 people. It consists of a male population of 201,685 people or 51.71 percent of the total population. Meanwhile, the female population is 188,361 people or 48.29 percent of the total population of Pelalawan Regency.

Descriptive statistics provide an overview of data that can be seen from the minimum value, maximum value, average value (mean) and maximum and minimum standard deviation of each variable (Ghozali, 2018). The independent variables used are budget

planning, budget execution, procurement of goods and services, competence of human resources and budget politics on the dependent variable, namely budget absorption.

Table 3 : Descriptive Test Results

	N	Minimum	Maximum	mean	Std. Deviation
Budget Absorption	92	13.00	25.00	21.1196	2.93461
Budget Planning	92	12.00	25.00	19.5435	2.36463
Budget Execution	92	10.00	15.00	12.9457	1.55743
Procurement of goods and services	92	21.00	40.00	31.7174	4.35846
Human Resources Competence	92	23.00	45.00	38.0435	4.11887
Budget Politics	92	10.00	20.00	15.9783	2.66841
Valid N (listwise)	92				

Furthermore, validity testing shows the accuracy and accuracy of the questionnaires distributed to respondents. To determine the validity of the statement of each variable, then r count is compared with r table, r table can be calculated by $df = N - 2$. The number of respondents in this study was 92, so $df = 92 - 2 = 90$, $r(0.05 ; 90) = 0.205$ If $r_{count} > r_{table}$ then the statement is said to be valid.

Table 4 : Data Validity Test Results

Budget Absorption (Y)			
Items	r Count	r Table	Information
Y1	0.848	0.205	Valid
Y2	0.843	0.205	Valid
Y3	0.814	0.205	Valid
Y4	0.672	0.205	Valid
Y5	0.807	0.205	Valid
Budget Planning (X1)			
Items	r Count	r Table	Information
X1.1	0.721	0.205	Valid
X1.2	0.785	0.205	Valid
X1.3	0.752	0.205	Valid
X1.4	0.680	0.205	Valid
X1.5	0.638	0.205	Valid
Budget Execution (X2)			
Items	r Count	r Table	Information

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X2.1	0.670	0.205	Valid
X2.2	0.905	0.205	Valid
X2.3	0.905	0.205	Valid
Procurement of Goods and Services (X3)			
Items	r Count	r Table	Information
X3.1	0.616	0.205	Valid
X3.2	0.781	0.205	Valid
X3.3	0.729	0.205	Valid
X3.4	0.722	0.205	Valid
X3.5	0.653	0.205	Valid
X3.6	0.715	0.205	Valid
X3.7	0.708	0.205	Valid
X3.8	0.764	0.205	Valid
Human Resources Competence (X4)			
Items	r Count	r Table	Information
X4.1	0.726	0.205	Valid
X4.2	0.771	0.205	Valid
X4.3	0.696	0.205	Valid
X4.4	0.847	0.205	Valid
X4.5	0.747	0.205	Valid
X4.6	0.757	0.205	Valid
X4.7	0.697	0.205	Valid
X4.8	0.721	0.205	Valid
X4.9	0.563	0.205	Valid
Budget Politics (X5)			
Items	r Count	r Table	Information
X5.1	0.757	0.205	Valid
X5.2	0.840	0.205	Valid
X5.3	0.684	0.205	Valid
X5.4	0.789	0.205	Valid

Furthermore, reliability testing shows how much an instrument can be trusted and used as a data collection tool. The method used is the Alpha Cronbach method. A research instrument is said to be reliable if the alpha value > 0.60 .

Table 5: Data Reliability Test Results

Variable	<i>Cronbach's Alpha</i>	<i>Alpha Coefficient Standard</i>	Information
budget absorption	0.6	0.853	Reliable
budget planning	0.6	0.755	Reliable
budget execution	0.6	0.780	Reliable
procurement of goods and services	0.6	0.857	Reliable
human resource competence	0.6	0.883	Reliable
budget politics	0.6	0.753	Reliable

Furthermore, the results of multiple linear regression analysis, this hypothesis uses a significant level (alpha) of 5%. If P value (sig) $< (\alpha)$, then there is a joint effect of the independent variable on the dependent variable. Testing of research variables using multiple linear regression analysis is intended to determine whether or not there is a significant effect between all independent variables on budget absorption.

Table 6: Multiple Linear Regression Analysis Test Results

Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-4.061	2,392		-1,698	.093
	budget planning	.233	.108	.187	2.163	.033
	budget execution	.338	.157	.180	2.157	.034
	procurement of goods and services	.137	.054	.204	2,537	.013
	human resource competence	.226	.061	.317	3,691	.000
	budget politics	.206	.088	.188	2,356	.021
a. Dependent Variables: budget absorption						

Source: SPSS 23 Output Data, (2021)

5. CONCLUSION

Based on the results of the study, several conclusions can be drawn, namely the results of testing the first hypothesis proving that the variables of budget planning, budget execution for goods and services procurement, human resource competence and budget

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politics affect budget absorption in regional apparatus organizations (OPD) of the Pelalawan Regency government. Based on the results of this study, the researcher provides several suggestions for the implications, namely for further researchers it is necessary to add other independent variables to see their effect on budget absorption such as budget regulation, administrative records, organizational commitment and so on to see their effect on budget absorption so that the results obtained are more accurate. and varied.

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