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FACTORS AFFECTING BUDGET ABSORPTION OF EXPENDITURE LOCAL APPARATUS ORGANIZATION PRABUMULIH CITY GOVERNMENT DURING THE COVID-19 PERIOD

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Abstract: The COVID-19 spread to all countries including Indonesia requires the government to refocus the budget and reallocate activities to accelerate the handling of this outbreak. There are still many local governments in South Sumatra that have not maximized their budget absorption, but on the one hand the Prabumulih Government has a budget absorption that is categorized as good in terms of handling COVID-19, with a percentage of 93.38% in 2019, 93.62% in 2020. This research aims to identify the factors that influence the absorption of the Prabumulih City Government budget which is categorized as high absorption rate with these good criteria. This research was conducted in 37 Local Apparatus Organization Prabumulih Government. The respondents were the Head of Regional Apparatus Organization, Head of Sub-Division of Finance and Commitment Making Officer as many as 90 respondents. The method used is quantitative with primary and secondary data, data collection techniques are through questionnaires and interviews, with uses SPSS version 26. The results show that partially the budget execution and the process of procurement of goods and services have a significant effect on the high budget absorption of expenditure, while budget planning has no effect on the high absorption of the Prabumulih City Government's

Keywords: Budget Absorption, Budget Planning, Budget Implementation, Process of Procurement of Goods and Services

1. Introduction

In 2019 the world was hit by a pandemic that affected various aspects of life such as health aspects, social aspects, economic aspects, as well as state finances. This pandemic is in the form of the spread of a new type of virus from SARS-CoV-2 and this disease is called Corona Virus Disease (Covid-19). The government makes a policy to restore state finances by issuing a Government Regulation in Lieu of Law of the Republic of Indonesia Number 1 of 2020 concerning state financial policies and financial system stability for handling the Covid-19 pandemic and/or in order to face threats that endanger the economy, Presidential Regulation of the Republic of Indonesia Number 54 of 2020 concerning Changes in Posture and Details of the State Budget for fiscal year 2020, and Presidential Instruction of the Republic of Indonesia Number 4 of 2020 concerning budget refocussing and reallocation of activities and Procurement of Goods and Services in order to accelerate the handling of Covid-19.

State revenues in 2020 declined very deeply, while spending increased very high during the Covid-19 pandemic. The realization of state revenue amounted to IDR 1,647.7 trillion or 96.9% of the revenue budget in the FY 2020 State Budget. Meanwhile, the realization of state spending reached IDR 2,595.4 trillion or 94.7% which consisted of central government expenditure of IDR 1,832.9 trillion, as well as transfers to regions and village funds of IDR 762.5 trillion. Based

on the realization of revenue and expenditure, the state budget deficit in 2020 reached IDR 947.6 trillion (Kemenkeu.go.id, 2021).

The conditions for absorption of the central budget are also almost the same as those in the regions. The absorption of the regional budget for regional budgets of district and city budgets in South Sumatra is still considered very low, marked by the existence of eight regencies and cities as of September 2021 which have not reached 50%. Among them are Palembang City 49.19%, Lubuk Linggau 41.38%, Empat Lawang Regency 46.15%, PALI 45.60%, Banyuasin 45.56%, Lahat 43.94%, Ogan Ilir 43.54% and the lowest, namely Musi Rawas Utara (Muratara) 37.74%. The Governor of South Sumatra said that the cause of the slow absorption of the budget in several regions of South Sumatra was due to the slow tender process (Media Indonesia.com, 2021). On the other hand, the Mayor of Prabumulih said that the absorption of the Prabumulih City Government's budget to overcome Covid-19 has reached approximately Rp. 3.6 billion, causing Prabumulih to zero Covid-19 so that it has managed to get out of the red zone to the yellow zone and go to the green zone. The use of these funds is recofussing (allocated) for the purchase of basic necessities, incentives for medical personnel and others (Sumsel.bpk.go.id, 2020). The following is the Prabumulih City Government Budget Realization Report for the 2019-2020 Fiscal Year which can be seen in table 1 below:

Table 1 Report on the Realization of the Budget of the Prabumulih City Government

Year	Expenditure	Realization Expenditure	%
2019	Rp1,227,903,208,122.00	Rp1,146,555,333,892.44	93.38
2020	Rp1,093,764,628,464.00	Rp1,024,031,018,357.66	93.62

Sources: LHP BPK RI Prov.Sumatera Selatan Tahun 2019-2020

Based on table 1, we can know that the absorption of the budget of the Prabumulih City Government in FY 2019 was 93.38% and FY 2020 was 93.62%, this means that it is included in the category of High budget absorption rate with Good criteria.

Research on factors affecting budget absorption was conducted by (Gusmartina & Azlina, 2021), (Silalahi et al., 2021), (Putri et al., 2021), (Wanggai et al., 2021) with the results of the research state that budget planning, budget implementation and the procurement process have a positive effect on budget absorption. In contrast to the research (Harahap et al., 2020) the results of the study state that budget planning and budget implementation have a negative effect on budget absorption. Also, The results of research (Salwah, 2019) state that budget planning has no effect on budget absorption, also Research (Jauhari, 2017) which says that budget implementation is more influential than budget planning. The difference between this research and the previous research is related to the place and time of the research. The update of this research with previous research that was carried out during the Covid-19 period so that researchers are interested in seeing how budget absorption during the Covid-19 period.

Considering that budget absorption in the Regencies and Cities of South Sumatra Province is still slow and low during the Covid-19 pandemic, in other positions the Prabumulih City Government has a good categorized budget absorption, while previous research examined before the Covid-19 pandemic, as well as inconsistencies in the results of previous research, this is the focus to know whether Budget Planning, Budget Implementation and Procurement Process of Goods and Services have an effect to the absorption of the budget of the well-categorized Prabumulih City Government, and to find out the details of the budget to overcome Covid-19, it is more absorbed into what sub-expenditures for each Local Government Apparatus considering the various kinds of regulations from the government such as refocusing the budget for priority

programs and some obstacles experienced by other districts or cities such as slow tenders. It is hoped that the results of this study will contribute practically to the government in improving planning and contribute theoretically to support goal setting theory and agency theory.

Goal Setting Theory

The goal-setting theory put forward by Edwin Locke in 1960. Locke points out that there is a link between purpose and performance. He found that specific goals will result in better performance than easy goals. Based on the approach of goal setting theory, success in budget management is a goal to be achieved, these goals can be influenced by the variables of budget planning, budget implementation and procurement of goods and services so as to create the possibility of achieving goals better (Silalahi, 2021).

The Agency Theory

According to Jensen and Meckling (1976) the agency relationship is a contract between the principal and the agent, by looking at the delegation of some decision-making authority to the agent (Harahap et al., 2020). In the government sector, local apparatus organizations can be declared agents of the government because local apparatus organizations are needed to produce an output for society at a certain level. The accuracy of budget expenditures can be interpreted as a component of the contract between the government as principal and the local apparatus organizations as an agent. The government's goal is to facilitate local apparatus organizations in implementing the established activity program and them as an agent must be able to show good performance by carrying out activities that have been planned appropriately (Ferdinan et al., 2020).

Budget Absorption

Budget absorption likes the ability of local governments to implement and accountable for every activity that has become an accumulated budget absorption performed by local apparatus organizations (Ramdhani & Anisa, 2017). Because what is observed is a public sector organization or government entity, the absorption of the budget can be interpreted as the disbursement or realization of the budget contained in the Budget Realization Report in a certain period (Halim, 2017). The categories of absorption rate and performance value as well as Absorption Criteria based on a Letter issued by the Minister of Finance with Number S-837 / MK.05 / 2019 can be seen in the table as follows:

Table 2 Categories and Criterias for Budget Absorption Performance Values

Absorption Performance Value	Category Budget Absorption Rate	Criteria
More than 100%	Exceeding High	Exceeding Good
91 to 100%	High	Good
81 to 90%	Sufficiently Low	Enough Good
61 to 80%	Low	Poor
60 and below %	Very Low	Not Good

Source: Surat Menkeu Nomor S-837/MK.05/2019

Budget Planning

Without good budget planning, maximum budget absorption as an impossible thing can be achieved (Halim, 2017). Budget planning has a very important role in efforts to increase budget absorption, because if done well, it will facilitate its implementation. Weak budget planning can result in too high a budget or a budget that is too low will affect the level of budget efficiency and effectiveness (Mardiasmo, 2018). If this happens, it will cause many public services to be run inefficiently and not in accordance with the demands and needs of the public. According to Yunto, if the budget planning is not good, it will have an impact on difficulties in its implementation, so it must be revised or even unrealized (Silalahi, 2021).

Budget Implementation

To minimize the buildup of budget absorption, budget implementation must be carried out consistently appropriate with the planning that has been made. The problem that is often faced in budget absorption is the gap that occurs between planning and implementation, so that the budget that has been set is not realized properly. Although it has been planned well, if in its implementation there are many obstacles that result in activities not appropriate with the schedule or not appropriate with the previous plan, it can result in the realization of the budget can be late

Procurement Process of Goods and Services

In essence, the procurement of goods and services is an effort made by budget users to obtain or realize the goods/services needed. Weak management of procurement of goods and services will have an impact on the quality of project implementation and the functioning of local apparatus organizations, besides that the impact can also be in the form of postponement of activities or disbursement of the budget so that the benefits of the program expected by the community are delayed (Silalahi, 2021).

Hypothesis Development

Planning is an important series in budget preparation, because it will determine the direction in the implementation of the budget and will determine whether a goal will be achieved properly. A good planning consists of accurate preparation of activities and budgets, no blocked budget and no budget additions will determine the timely withdrawal of the budget (Nugroho & Alfariis, 2017).

The goal-setting theory was used as the basis for the formation of the first hypothesis. Each organization sets goals that are then formulated into a budget plan. In budget planning, the organization sets the targets that will be achieved through each work program and activity of the organization. Involvement in planning is also needed so that they can develop strategies that will be carried out to achieve goals (Silalahi, 2021). Several researches have proven that budget planning affects budget absorption. This research was conducted by (Lannai, Darwis & Amin, 2020), (Gusmartina & Azlina, 2021), (Putri et al., 2021), (Wanggai et al., 2021), (Ramadhani & Setiawan, 2019), (Ramdhani & Anisa, 2017), (Dewi et al., 2017), (Rahayu, 2019), (Sudasri, 2016), (Anisa, 2017) found that planning had a positive effect on budget absorption. The better the budget planning process will be able to increase budget absorption, but if budget planning is not good, it will inhibit the implementation of programs and activities and this will result in low budget absorption (Silalahi, 2021). Based on this description, then the 1st hypothesis is

H1 : Budget planning affects the budget absorption of expenditures

Budget implementation is an implementation of the budget planning that has been prepared. The most important factor in the implementation of the budget is the process of implementing the budget itself. The process of implementing the budget includes problems that occur within

the internal task of Local Apparatus Organization, the process of procurement of goods and services, as well as the process of payment mechanisms (disbursement of budgets) (Ferdinan et al., 2020).

The Agency theory became the basis in the formation of the second hypothesis. In this agency theory the role of the implementation of the budget plays an important role, especially in how to carry it out, the time of its execution, where is the place of its execution and who carries it out so that the target of budget absorption can be achieved. Several researches prove budget implementation has an effect on budget absorption including (Gusmartina & Azlina, 2021), (Silalahi et al., 2021), (Wanggai et al., 2021), (Ramdhani & Anisa, 2017), (Salwah, 2019), (Rahayu, 2019), (Anisa, 2017), (Purwati et al., 2021) stated that budget implementation factor have a positive effect on budget absorption. This can be interpreted as the better the implementation of the budget that carried out as the better the absorption of the Local Apparatus Organization budget. But if problems that occur in the implementation of the budget are higher, the absorption of the budget Local Apparatus Organization will be lower (Silalahi, 2021). Based on the description, then the 2nd hypothesis is.

H2 : Budget Implementation affects budget absorption of expenditures

Procurement of goods/services is an important activity to carry out development and which is the business of government so that it can run effectively. Budget absorption procurement spending on goods and services is usually very slow to realize and often piling up at the end of the year (Silalahi, 2021).

The goal setting theory is used as the basis in the formation of the third hypothesis. Somebody those who are given specific and difficult but achievable goals will have good performance. Have a goal will increase the perseverance of the individual to achieve the goal, so that it can assist in carrying out actions according to what has been planned. Several researches have proven that the procurement of goods and services affects budget absorption includes (Gusmartina & Azlina, 2021), (Putri et al., 2021), (Silalahi et al., 2021), (Wanggai et al., 2021) (Ramadhani & Setiawan, 2019), (Delia et al., 2021), (Purwati et al., 2021) which state that the procurement of goods and services has a positive influence on budget absorption. Based on this description, then the 3rd hypothesis is

H3 : The procurement process of goods and services affects budget absorption

Frame of Mind

In this study, an independent variable can be described, namely Budget Planning (X1), Budget Implementation (X2), and Procurement process of goods and services (X3), as well as dependent variables is Budget Absorption (Y).

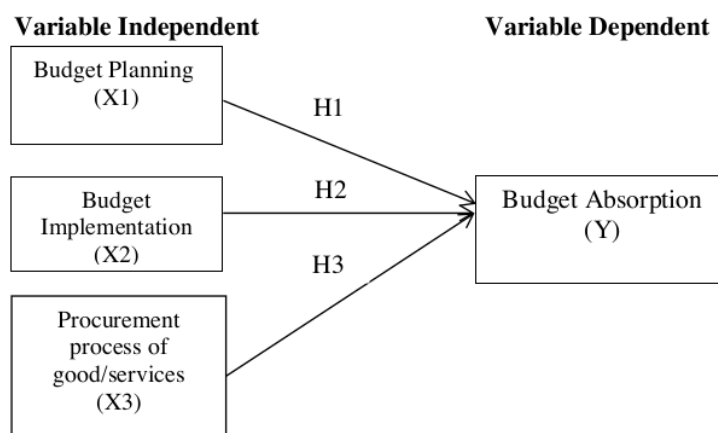


Figure 1 Frame of Mind

Source : Data processed, 2022

2. Research Method

This research is a quantitative research and the data used are primary data and secondary. This research was conducted in 37 Local Apparatus Organizations of Governments of Prabumulih city. The sample used in this study is Purposive Sampling, those are Budget User, Head of Finance Sub-Section and Commitment Making Officer. Head of Local Apparatus Organization as a Budget User in charge of preparing work plans budget and budget implementation documents, implementing and accounting for use of the budget. The Head of finance sub-section / finance sub-section has responsibility in carrying out regular budget and financial management. Officials Commitment Makers have the responsibility of issuing a letter of appointment of the supplier of goods and services, making, signing and executing agreements/contracts with providers of goods and services. So that the number of respondents in this study was 111 respondents where 3 x 37 Local Apparatus Organization.

Table 3 Operational Definitions of Variables

Variables	Definition	Indicators	Scale
Budget Absorption (Y)	Budget absorption can be interpreted as budget realization of a agencies at the end of the year budget compared with its budget (Halim,2017)	Budget Absorption	Likert (Positive & Negative)
Budget Planning (X1)	Budget planning is a process for develop a Work Plan of Local Apparatus Organization (Silalahi, 2021)	-Participation -Data Accuracy -Ratification of the APBD -Approach and Instruments in budgetary feeding -Planning and Needs -Revisions or Changes	Likert (Positive)
Budget Implementation (X2)	Budget implementation is an activity or the undertakings that implemented for realize all plans and policies that has been formulated and set (Silalahi,2021)	-Compatibility with planning -Effectiveness and -efficiency -Obedience to regulation	Likert (Positive)
Procurement process of good/services	Procurement process goods/services are activities for	-Procurement committee goods and services	Likert (Negative)

(X3)	obtaining goods/services by Local Apparatus Organization in order to carry out development and to running effective governance (Silalahi, 2021)	-Auction process	
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Source : Data processed, 2022

Data collection techniques are questionnaire and interview methods as well as literature methods. The measurement scale in the questionnaire used a positive Likert scale and a negative Likert scale. Scale Positive Likert consists of "Strongly Agree" (5), "Agree" (4), "Hesitate" (3), "Disagree" (2), "Strongly Disagree" (1), while for the Negative Likert Scale consists of "Strongly Agree" (1), "Agree" (2), "Hesitate" (3), "Disagree" (4), "Strongly Disagree" (5). Data analysis techniques using the SPSS version 26 program, with tests carried out, namely statistical analysis descriptive, data quality test : validity, reliability, classical assumption test : normality, multicollinearity, heteroskedasticity, hypothesis test : coefficient of determination test, partial test (t test), and multiple linear regression test.

3. Results and Discussion

3.1. Results

Descriptive Statistical Analysis

Table 4 Descriptive Statistics of Respondents' Answers

Variable	Indicator	Mean Score	Category
Budget Absorption (Y)	Budget absorption almost reached 100% of the budget ceiling	4.44	Highest
	The percentage of absorption of Capital Expenditure is below 95%.	3.17	Lowest
Budget Planning (X1)	Leadership participation is always needed in planning	4.53	Highest
	Revisions/changes can hinder Local Apparatur Organizations work plans	3.94	Lowest
Budget Implementation (X2)	Good planning supports the implementation of activities	4.63	Highest
	Budget absorption realization in accordance with the plan for withdrawing funds	4.52	Lowest
Goods & Services Procurement Process	Late approval of tender announcement documents	3.73	Highest

(X3)	Limitations of officials implementing procurement of goods and services who have certificates	2.41	Lowest
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Source : Data processed, 2022

Respondents' responses from the above statement regarding budget absorption variables (Y) spending with the budget absorption indicator itself, it can be known that the average score the highest at 4.44, this indicates that the absorption of the budget is all almost on average reaches 100% of the budget. While the average score is the lowest, namely of 3.17 indicating that the percentage of absorption of the capital budget is still below 95%. The budget planning variable (X1) the highest average score of 4.53 things indicating that the participation of Local Apparatus Organization leaders is always needed in providing ideas, opinions and suggestions so that budget planning is in accordance with the needs of the Local Apparatus Organization. While the score is average-the lowest average of 3.94 this means that budget managers believe that revisions/changes to budget planning can hinder Local Apparatus Organization work plans. The budget implementation variable (X2) has the highest average score of 4.63 this indicates that the budget manager believes that budget planning and activities are both support the smooth implementation of activities. While the lowest average score is 4.52 which indicates that the realization of budget absorption in accordance with the withdrawal plan cash budget funds/plans. The variable of the procurement process of goods and services (X3) has an average score of 3.73 this indicates that the budget manager believes the ratification of the auction documents is not too late. Meanwhile, the lowest average score is 2.41 which indicates that there are limitations for budget implementing officer in having a certificate.

The Covid-19 pandemic which has become a problem in Indonesia that causes the government should refocus the budget and reallocate activities for the program priority and urgent. On the other hand, OPD which also has budget planning becomes hampered by budget refocusing. As for the 90 respondents, 50% were 45 respondents among them said that refocusing the budget and reallocation of activities during the Covid-19 period becomes an obstacle and not an obstacle in the implementation of the budget in opd and 50% namely another 45 respondents did not assume that budget refocusing and reallocation of activities could be obstacles in the implementation of the budget during the Covid-19 period which can be seen from the figure next:

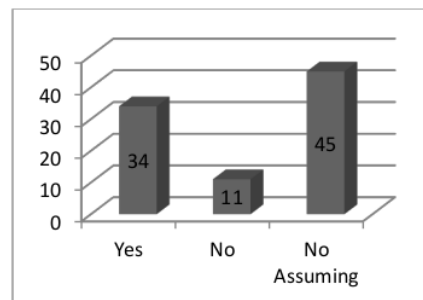


Figure 2 Respondents' Perceptions of Refocusing of Budget and Reallocation of Activities

Source : Data processed, 2022

Based on Figure 2 above, it can be seen that out of 45 respondents, 34 of them said that refocusing the budget and reallocating activities are obstacles in the implementation of the budget in Local Apparatus Organization because it is an obstacle in implementing activities that have been planned but due to the covid-19 pandemic which is a post mayer or circumstances

emergency so the Local Apparatus Organization must follow the rules of the center. There are also those who argue that the implementation of activities can still be carried out but is slightly constrained due to the Covid-19. There are also those who say the presence of refocusing causes difficulties to achieve outputs/outcomes in the results of an activity and planning objectives. The existence of refocusing also becomes obstacles due to reducing the budget that has been approved in the Parent Budget Implementation Document/Regional Budget and changing Work Plans and changing budgets also cause suboptimal activities that have been planned. Then of the 45 respondents, 11 of them said that refocusing and the reallocation of activities is not an obstacle in the implementation of the budget in the Local Apparatus Organization because even though there is a refocusing of the budget that remains well done and the refocusing budget is also not is a priority scale in Local Apparatus Organization there are also those who argue that the covid-19 pandemic is only is a limited time in carrying out activities, the implementation of permanent official activities running by utilizing the existing budget. There are also those who argue that refocusing is a necessary obligation to carry out more urgent activities in covid-19 response efforts.

Data Quality Test Results

Validity Test Results and Reliability Test

Table 5 Validity and Reliability Test Results

Research Instrument	Items Instrument	r Count	r Table	Description	Cronbach's Alpha	Reliability Limit	Description
Budget Absorption (Y)	1	0,687	0,207	Valid	0,722	0,7	Reliable
	2	0,824	0,207	Valid			
	3	0,602	0,207	Valid			
	4	0,703	0,207	Valid			
	5	0,667	0,207	Valid			
Budget Planning (X1)	1	0,758	0,207	Valid	0,899	0,7	Reliable
	2	0,615	0,207	Valid			
	3	0,824	0,207	Valid			
	4	0,803	0,207	Valid			
	5	0,828	0,207	Valid			
	6	0,547	0,207	Valid			
	7	0,859	0,207	Valid			
	8	0,803	0,207	Valid			
	9	0,881	0,207	Valid			
	10	0,812	0,207	Valid			
	11	0,539	0,207	Valid			
	12	0,795	0,207	Valid			
Budget Implementation (X2)	1	0,888	0,207	Valid	0,982	0,7	Reliable
	2	0,907	0,207	Valid			
	3	0,955	0,207	Valid			
	4	0,977	0,207	Valid			
	5	0,986	0,207	Valid			
	6	0,972	0,207	Valid			
	7	0,961	0,207	Valid			
Procurement process of goods/services (X3)	1	0,741	0,207	Valid	0,914	0,7	Reliable
	2	0,789	0,207	Valid			
	3	0,688	0,207	Valid			
	4	0,878	0,207	Valid			
	5	0,864	0,207	Valid			
	6	0,883	0,207	Valid			
	7	0,875	0,207	Valid			

Source : Data processed, 2022

Based on the test results The table above for the budget absorption variable (Y) indicates that r count is greater than r of the table so that it is declared valid. Planning variables budget (X1), budget implementation (X2) and procurement process of goods and services (X3) shows that r counts greater than r at the significance level of $\alpha = 5\%$ by 0.207 so that declared valid. Reliability test calculation results show Cronbach's Alpha numbers for variables of budget absorption (Y), budget planning (X1), budget implementation (X2) as well as the procurement process of goods and services (X3) Cronbach's Alpha – which is greater than 0.7 then can it is stated that the instrument is reliable.

10

Multiple Linear Regression Test Results

Table 6 Multiple Linear Regression Test Results

Model	Unstandardized Coefficients B		t	Sig.
(Constant)	2,532		0,851	0,397
Budget Planning	0,086		1,111	0,270
Budget Implementation	0,308		2,568	0,012
Procurement process of goods/services	0,150		3,479	0,001
<i>R Square</i>		0,323		
<i>Adjusted R Square</i>		0,300		

Source : Data processed, 2022

$$Y = 2,532 + 0,086X_1 + 0,308X_2 + 0,150X_3 + e$$

A constant value of 2.532 means that if the independent variable is the planning variable budget, budget implementation, procurement process of goods and services, considered zero (0) then the value variable absorption of the budget will increase by 2,532. The value of the planning coefficient a budget of 0.086 indicates that the planning variable is positive which means that the increase in planning by one unit, it will increase absorption budget of 0.086 or 8.6% assuming other independent variables in the model regression is fixed. The value of the coefficient of execution of the budget of 0.308 indicates that the variable the implementation of the budget is positive which means that the increasing quality of implementation a budget of one unit would increase budget absorption by 0.308 or by 30.8% assuming the other independent variables in the regression model are fixed. Process procurement of goods & services of 0.150 indicates that the variables of the procurement process of goods & services is positive which means that the increasing quality of the procurement process of goods & services by one unit, it will increase budget absorption by 0.150 or by 15.0% assuming the other independent variables in the regression model are fixed. Adjusted R Square in the table above 30.0% of the factors of budget absorption can be explained by variables of budget planning, budget execution and procurement processes of goods and services. While the rest of the 70.0% is explained by other variables that are not included in the this research model.

3.2. Discussion

The Effect of Budget Planning on Budget Absorption

The 1st hypothesis which states that planning has an effect on budget absorption of expenditure. Partial test results show that budget planning has no effect significant to the budget absorption of the Prabumulih City Government, with using the t test and obtained the result of the calculated t value of 1.111 smaller than the t table 1.987 and significance level of 0.270

greater than $\alpha = 0.05$ and a regression coefficient of 0.086 so that it can be concluded that the planning variables have no significant effect on variable absorption of the budget. Thus Hypothesis 1 which states that budget planning can affect on the budget absorption expenditure is rejected.

The results of this research do not support the goal-setting theory that states that any the organization sets goals which are then formulated into a budget plan which organizational budget planning sets the targets or targets to be achieved through each work program/activity of the organization. Budget planning is not a variable the cause of the high absorption of the budget in the Prabumulih City Government, this is due to the the Covid-19 pandemic has hampered the Local Apparatus Organization work plan. This statement supported by descriptive statistical results stating that the average score is the lowest i.e. 3.94 this indicates that the budget manager believes that revisions/changes to budget planning may hinder Local Apparatus Organization work plans. While for the highest average score of 4.53 indicating that participation Local Apparatus Organization leaders are always needed in providing ideas, opinions and suggestions for planning budget according to the needs. The results of this research are in line with the results of Salwah's research (2019) which states that partial planning factors have no influence on budget absorption of expenditures. also research (Jauhari, 2017) which states that the implementation of the budget is more influential on the absorption of the budget than the budget planning. Nevertheless, although there are many activities that have been planned in general became hampered, but Local Apparatus Organization also continued to adjust the situation to the budget that had been set.

The Effect of Budget Implementation on Budget Absorption

The 2nd hypothesis which states that budget implementation affects budget absorption of expenditures. The test results partially showed that the budget implementation has a significant positive effect on the budget absorption of the Prabumulih City Government, with using the t test and obtained the result of the calculated t value of 2.568 greater from t table 1.987 and the significance level of 0.012 is less than $\alpha = 0.05$ and regression coefficient of positive 0.308 so that it can be concluded that the variables of budget implementation have an effect significant positive to the variable absorption of the budget. Thus Hypothesis 2 that states that the implementation of the budget affects the budget absorption is accepted.

The results of this research also support the agency theory which states that the better the implementation of the budget then the budget alignment will be better. Budget implementation is one of the factors that causes the high budget absorption of expenditure of the Prabumulih City Government. This can be supported by a descriptive statistical statement stating that the Budget implementation variable (X2) has the highest average score of 4.63 it indicates that the budget manager believes that budget planning and activities are both support the smooth implementation of activities. While the lowest average score is 4.52 which indicates that the realization of budget absorption is in accordance with the withdrawal plan/plan cash budget.

The results of this research are in line with the results of the research (Gusmartina & Azlina, 2021), (Putri et al., 2021), (Silalahi et al., 2021), (Wanggai et al., 2021), (Ramdhani & Anisa, 2017), (Salwah, 2019), (Rahayu, 2019), (Anisa, 2017) which states that budget implementation factors affect positive towards budget absorption. This can be interpreted as the better the implementation of the budget which is carried out by OPD, the better the absorption of the Local Apparatus Organization budget (Silalahi, 2021).

The absorption rate of the Prabumulih City Government's budget is categorized high with Good criteria are influenced by one of the variables, namely budget implementation. This is due to because even though the Covid-19 pandemic is not an obstacle for Local Apparatus Organization to continue realizing the existing budget even if there are budget cuts or in other

words refocusing the budget for priority programs in terms of overcoming the Covid-19 pandemic.

The Effect of the procurement process of goods and services on Budget Absorption

The 3rd hypothesis which states that the process of procurement of goods and services has an effect to the absorption of the budget. The test results partially showed that the process procurement of goods and services has a significant positive effect on Budget absorption of expenditure of Prabumulih City Government. by using the t test and obtaining the result of the calculated t value of 3.479 is greater than t table 1.987 and the significance level of 0.001 is less than $\alpha = 0.05$ and regression coefficient of positive 0.150 so that it can be concluded that the variables of the procurement process goods and services have a significant positive effect on the variable budget absorption. Thus Hypothesis 3 which states that the process of procurement of goods and services affects the budget absorption is received.

The results of this study also support the goal-setting theory which states that a person who is given specific and difficult but achievable goals will have good performance. The existence of a goal will increase the perseverance of the individual to achieve the goal such, so that it can assist in carrying out actions according to what has been planned. Budget absorption is generally slow to realize and often piled up at the end of the year. However, the Prabumulih City Government has an absorption rate High budget with good criteria this is influenced by one of the variables, namely procurement of goods and services, this is evidenced by a descriptive statistical statement that variables the procurement process of goods and services (X3) has an average score of 3.73 this indicates that budget managers believe the ratification of the auction documents is not too late. While the score is average-the lowest average is 2.41 which indicates that there are limitations for implementing officials budget in having a certificate, meaning that even though the covid-19 pandemic does not mean the process procurement of goods and services is also slow, especially for procurement of goods and services of a nature urgent for the response to the covid-19 pandemic.

This research is also in line with research proving factors of procurement of goods and services affects budget absorption including (Gusmartina & Azlina, 2021), (Putri et al., 2021), (Silalahi et al., 2021), (Wanggai et al., 2021) (Ramadhani & Setiawan, 2019), (Delia et al., 2021), which states that the procurement of goods and services has a positive influence on budget absorption

4. Conclusion

Partially budget planning has no effect on the high buget absorption of Prabumulih City Government. This is because the revision of budget planning is considered to be able to hinder the work of Local Apparatus Organizations. Partially budget implementation has a significant effect on the high budget absorption of the Prabumulih City Government'. The existence of budget refocusing and the reallocation of activities during the COVID-19 pandemic has become a bit of an obstacle for Local Apparatus Organizations in implement the budget, but the existing budget is still maximized according to regulations and regulations respectively so that the handling of the COVID-19 pandemic in Prabumuih City remains carried out. Partially the procurement process of goods and services has a significant effect on the high absorption of the budget of the Prabumulih City Government. Absorption of budget spending for tackling Covid-19 is more for social assistance sub-expenditure, grant expenditure and unexpected expenditure.

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