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Regional Organizational Budget Absorption: The Role of Budget Planning, Human Resource Competence and Procurement of Goods and Services

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ABSTRACT

This research examines the influence of budget planning, human resource competency, and procurement of goods and services on budget absorption. The object of this research was 40 OPDs, which were surveyed using a questionnaire. Data was processed from 63 respondents used in this research. This type of research is quantitative method research, and data is processed using multiple linear regression. The study results show that budget planning, human resource competence, and procurement of goods and services partially influence budget absorption in downstream Indragiri district regional apparatus organizations.

1. INTRODUCTION

Budget absorption reflects the success of a program or policy the government implements (Anfujatin, 2016). The challenge in the government budget lies in the low budget absorption at the beginning of the year, which results in an accumulation of funds at the end of the year, creating inequality in budget absorption (Suwarni, 2018). Regional Apparatus Organizations (OPD), in carrying out their duties and functions, refer to the level of quality of life and welfare of the community, which can be measured through the Realization of budgets and expenditures. Regional budgets have a crucial role in improving the quality of public services and become a driver of the regional economy if implemented effectively. The low absorption of the expenditure budget requires special attention from the government, especially in understanding the urgency of optimizing expenditure budget absorption, especially in the goods expenditure and capital expenditure categories which influence the achievement of OPD performance targets. Therefore, it can be concluded that optimizing expenditure budget absorption will have a positive impact on the level of service and community welfare.

The phenomenon of low budget absorption was also observed in the Regional Apparatus Organization (OPD) of Indragiri Hilir Regency. The average budget absorption there is considered to have not reached the optimal level and is moving slowly, causing a low level of budget absorption and potentially harming the economy. The process of procuring goods and services is often the main obstacle resulting in delays in the Realization of the budget. Therefore, there is a need for strategic improvements in handling the procurement process in order to increase efficiency and accelerate budget absorption.

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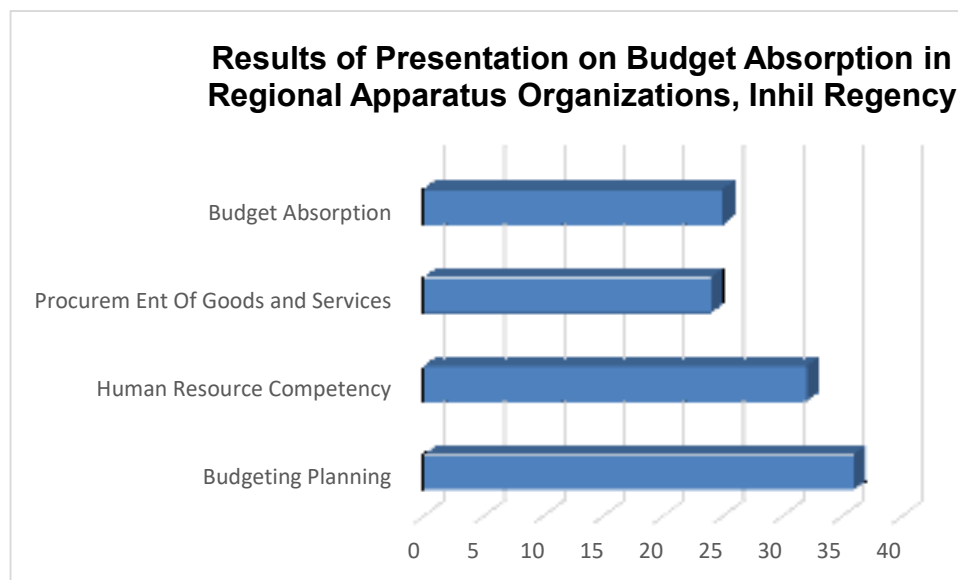


Figure 1. Results of Presentation of Budget Absorption in Regional Apparatus Organizations in Indragiri Hilir Regency

Source: Inspectorate, 2023

Based on a total of 40 Regional Apparatus Organizations (OPD) in Indragiri Hilir Regency, it appears that performance evaluation, especially in the aspects of budget planning, human resource competency, and procurement of goods and services, only involves 21 of the 40 OPDs who are willing to provide information related to budget planning in Indragiri Hilir Regency. The performance of government organizations can be measured through the achievement of predetermined goals or targets, in accordance with the formulation of the organization's vision, mission and strategy. The level of success or failure of organizational actions can be seen through an assessment of the achievement of the vision, mission and strategy. Therefore, researchers are interested in carrying out this research with the title: "The Impact of Budget Planning, Human Resource Competency, and Procurement of Goods and Services on Budget Absorption in Regional Apparatus Organizations in Indragiri Hilir Regency."

In this research, the focus will be given to analyzing the influence of budget planning, human resource competence, and the procurement process for goods and services on budget absorption in the OPD environment. This research is aimed at understanding in more depth the factors that influence the level of budget absorption and its implications for the performance of local government organizations.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Stakeholder Theory and Institutional Theory

The concept of Stakeholder Theory, according to Freeman and Reed (1983), refers to a group of individuals or parties identified as having the potential to influence or be influenced by the achievement of certain goals (Veronika et al., 2022). Shareholders, suppliers, banks, customers, government and communities are seen as stakeholders who have key roles in an organization (Ramadhani & Setiawan, 2019).

Institutional Theory, or better known as Institutional Theory, bases its thinking on the process of forming an organization by institutional environmental pressures which produce institutional phenomena. DiMaggio and Powell (1983) identified three mechanisms of organizational change and adaptation to the environment (institutional isomorphism). The first, coercive isomorphism, arises from formal and informal pressures between interdependent organizations. Second, mimetic isomorphism, arises when ambiguous goals or environmental uncertainty cause an organization to imitate the model of another organization. Third, normative isomorphism is related to professionalism (Ahyaruddin & Akbar, 2016).

Budget Absorption

Absorption refers to the Realization or disbursement of funds. In the context of the APBN (State Revenue and Expenditure Budget), absorption of funds can be interpreted as the implementation of activities listed in the DIPA (Budget Implementation List) by work units, followed by the disbursement of funds to support the implementation of these activities (Kurniawan et al., 2020). Budget absorption reflects budget realization in a period, allowing evaluation of the proportion of the budget that has been disbursed or realized in one budget year (Ferdinan et al., 2020).

Budget Planning

Planning is a basic management function, where organizing, staffing, directing and controlling are planned first. Planning is dynamic, directed at a future full of uncertainty due to changing conditions and situations. The results of new planning can be seen in the future, with the aim of reducing risks that may arise (Kurniawan et al., 2020).

Human Resources Competency

Human resources are potential that involve reason, feelings, desires, abilities, skills, knowledge, motivation and work. All of these aspects influence an organization's efforts to achieve its goals. Human resources competency includes the ability to detail tasks, determine the number and qualifications of staff, and ensure needs are met.

Procurement of goods and services

Procurement of goods and services is a routine activity of the government, including regional governments, which is needed to support the implementation of programs or activities. Goods and services procurement activities influence the level of government budget absorption, where more and more of these activities will increase budget absorption proportionally (Zulaikah & Burhany, 2019).

The budget planning process involves preparing activity plans and budgets necessary to achieve specific goals. Budgeting includes a planned shopping list and receipts to meet expenditure needs in a certain period. This process is considered a complex task for the government (Arora & Talwar, 2020). Stakeholder theory explains the reciprocal relationship between government and internal and external stakeholders. Thus, budget planning that involves stakeholders can have an impact on budget absorption through the reciprocal relationships that exist within it (Nadia, 2021). Previous research, such as that conducted by Wandari & Nugraha (2021), shows that budget planning has a positive and significant influence on budget absorption in a region. Therefore, it can be hypothesized that the more

optimal the budget planning, the more optimal the budget absorption will be. Based on this context, a hypothesis is formulated between budget planning and budget absorption.

H1: budget planning influences budget absorption

Stakeholder theory details the reciprocal interactions between the government and the parties with an interest in it. Thus, budget planning carried out by stakeholders is closely related to budget absorption through reciprocal relationships. The more capable the government is as a budget manager, it is hoped that work programs/activities in one budget year can run effectively and efficiently (Nadia, 2021).

In an organizational context, human resources are considered a key element to achieve organizational goals. Therefore, human resource management must be implemented as well as possible to provide maximum contribution to organizational development. The determining factor for success in budget management is experienced and highly motivated staff. In every Regional Apparatus Organization (OPD), it is a necessary to have human resources who have trained skills and are able to complete tasks according to their competencies. The details must be in accordance with the job description provided. If each OPD has competent Human Resources in accordance with the job description given, then this can be used as an indicator of achieving optimal budget management (Patiran & Bonsapia, 2018). The results of research conducted by Husen et al. (2022) stated that Human Resource Competency has a positive and significant influence on budget absorption in Bacan District, South Bacan District, and East Bacan District.

H2 : human resource competency influences budget absorption

Stakeholder theory explains that local governments establish reciprocal relationships with various parties, and these interactions have a significant impact on achieving certain goals. The government, as a stakeholder that has quite a big influence on regional development, provides services for the needs of the community through the online procurement process for goods/services. This approach is considered one way to speed up budget absorption (Ramadhani & Setiawan, 2019).

Institutional Theory explains that the environment influences organizations. The implication of Institutional Theory in this research is that to achieve optimal budget absorption through the procurement of goods/services, a match is needed between the existing environment in an organization and the goals to achieve, namely optimal budget absorption (Okniafita & Handayani, 2022).

A study conducted by Kuntadi & Nugroho (2022) states that procurement of goods and services has an impact on budget absorption. This conclusion can be interpreted that the more optimal the procurement of goods and services, the more optimal the absorption will be. Based on this explanation, a hypothesis can be formulated that the procurement of goods and services has an impact on budget absorption.

H3: the procurement of goods and services has an impact on budget absorption

3. RESEARCH METHODS

This research is quantitative research that presents data in the form of numbers. The main focus of this quantitative research is on research variables and the relationships between variables, and it involves certain subjects and locations. The number of samples in this research was 63 employees, with the sampling technique using a purposive sampling method

with certain criteria, namely employees in regional organizations who were directly involved, including the Head of the Planning and Program Subdivision, the Head of the Finance Subdivision, and the Technical Implementation Officer for Activities.

The main source of data and data in this research comes from the answers of employees associated with the Regional Apparatus Organization (OPD) of Indragiri Hilir Regency. The data collection method in this research was carried out through distributing questionnaires. This questionnaire will be distributed to respondents who are logically related to Budget Planning, Human Resource Competency, and Procurement of Goods and Services to Budget Absorption in the OPD of Indragiri Hilir Regency.

Operational Definition of Variables

Table 1: Operational Definition of Variables

No.	Variable	Indicator	Scala	Question Items	
1	Planing Budgeting (X1)	a. Participation, Punctuality b. Compatibility with need c. Compatibility with Regulation d. Easy to understand e. Error administrative, And Participative	Likert	10	Iqbal (2018)
2	Human Resource Competency (X2)	a. Ability b. Knowledge c. Attitude	Likert	8	Iqbal (2018)
3	Procurement of Goods and Services (X3)	a. Number of officials/committee for procurement of goods b. Understanding of Regulations c. Formation of Organizational Structure d. HPS determination e. Election f. Provider of goods and services	Likert	8	Alimmudin (2018)

4	Budget Absorption (Y)	a. Comparison of the budget with the Budget absorption target, b. Quarterly Realization, Consistency in c. implementing programs/activities, punctuality d. absorption schedule every month,	Likert	6	Iqbal (2018)
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The hypothesis in this research was tested using SPSS software, with hypothesis testing involving the T test (partial) after the stages of descriptive statistical analysis, data quality testing, and classical assumption testing.

4. RESULTS AND DISCUSSION

The distribution of questionnaires in this research focused on employees in the Regional Apparatus Organization (OPD) of Indragiri Hilir Regency, involving various positions such as inspectors, heads of service departments, secretaries, heads of general divisions, heads of financial divisions, heads of general sub-divisions, heads of financial sub-divisions, and planners. young experts, with the number of respondents reaching 120 people. Of the total questionnaires distributed, 63 questionnaires (52.5%) were returned. In comparison, 57 questionnaires (47.5%) were not returned due to differences in administration and level of information disclosure in various regional organizations in Indragiri Hilir Regency.

Respondent Characteristics

The characteristics of respondents according to gender showed that the number of women reached 33 people (52.4%), while there were 30 men (47.6%). In terms of age, most respondents were between 31-40 and 40-50 years old, 38 people each (60.4%), with 7 people aged over 50 years (11.1%). Judging from the level of education, respondents with a bachelor's degree reached 32 people (50.8%), while 5 people had a D3 degree (7.9%). Furthermore, based on length of service, most respondents had worked for more than 5-10 years, namely 32 people (50.8%), while those who had worked for 1-5 years reached 15 people (23.8%).

Tabel 2: Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
Y	63	22	28	1557	24.71	1.288

X1	63	26	44	2312	36.70	.488	3.871
X2	63	24	39	2031	32.24	.437	3.472
X3	63	15	35	1492	23.68	.560	4.443
Valid N (listwise)	63						

Source: data processed, 2023

Because the mean is greater than the standard deviation, the statistical test above shows that all variables have good data distribution.

Data Quality Test

Table 3: Validity Test Results

Variable	Item	R-Calculate	R-Table	Description
Budget Planning (X1)	X1.2	0,475	0,250	Valid
	X1.3	0,629	0,250	
	X1.4	0,384	0,250	
	X1.5	0,662	0,250	
	X1.6	0,729	0,250	
	X1.7	0,617	0,250	
	X1.8	0,576	0,250	
	X1.9	0,629	0,250	
	X1.10	0,681	0,250	
	Human resource competency (X2)	X2.1	0,683	
X2.2		0,678	0,250	
X2.3		0,324	0,250	
X2.4		0,703	0,250	
X2.5		0,596	0,250	
X2.6		0,391	0,250	
X2.7		0,655	0,250	
X2.8		0,667	0,250	
Procurement of goods and services (X3)	X3.1	0,740	0,250	Valid
	X3.2	0,601	0,250	
	X3.4	0,271	0,250	
	X3.5	0,555	0,250	
	X3.6	0,801	0,250	
	X3.7	0,795	0,250	
Budget absorption (Y)	Y.1	0,339	0,250	Valid
	Y.2	0,597	0,250	
	Y.3	0,401	0,250	
	Y.4	0,529	0,250	
	Y.5	0,309	0,250	
	Y.6	0,542	0,250	

Source: Data Processed, 2023

Data quality testing results for budget planning variables, human resource competency, procurement of goods and services, and absorption of the District's OPD budget. Indragiri Hilir shows that the calculated r value is greater than table r (0.250), which shows that all variables are valid.

Table 3: Reliability Test Results

Variable	Cronbach's Alpha	Description
Budget Planning	0,742	Reliable
HR Competency	0,704	
Procurement of goods and services	0,782	
Budget Absorption	0,701	

Source: Data Processed, 2023

The test results show that the measuring instrument used in this research is reliable. This can be concluded from the Cronbach's Alpha value of the Budget Planning variable of 0.742 above 0.60, the HR Competency variable of 0.704 above 0.60, the Procurement of Goods and Services variable of 0.782 above 0.60, and the Budget Absorption variable of 0.701 above 0.60.

Classic assumption test

Kolmogorov-Smirnov normality test results with Sig value. 0.200. Because Asymp Sig. 0.200 is greater than 0.05, the normality test results of this study indicate that the residuals are normally distributed.

Table 4: Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		63
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.08411539
Most Extreme Differences	Absolute	.066
	Positive	.066
	Negative	-.058
Test Statistic		.066
Asymp. Sig. (2-tailed)		.200 ^{c,d}
Test distribution is Normal.		

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Data Processed, 2023

The heteroscedasticity test results show that there is no heteroscedasticity problem; The significance value (Sig) between the independent variable and the residual logarithm is greater than 0.05

**Table 5: Multicollinearity Test Results
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	Collinearity Statistics	
	B	Std. Error	Beta	T		Tolerance	VIF
1 (Constant)	20.865	1.629		12.810	.000		
X1	.094	.040	-.282	-2.356	.022	.836	1.196
X2	.175	.045	.472	3.849	.000	.799	1.252
X3	.070	.033	.241	2.115	.039	.925	1.082

a. Dependent Variable: Y

Source: Data Processed, 2023

The results of multicollinearity tests carried out on the variables of supervision, accountability, transparency and internal control systems on OPD performance show that there is no multicollinearity; tolerance value is more than 0.10 and VIF is less than 10.

T Test (Partial)

Table 6: T Test Results (Partial)

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	Collinearity Statistics	
	B	Std. Error	Beta	T		Tolerance	VIF
1 (Constant)	20.865	1.629		12.810	.000		
X1	.094	.040	-.282	-2.356	.022	.836	1.196
X2	.175	.045	.472	3.849	.000	.799	1.252
X3	.070	.033	.241	2.115	.039	.925	1.082
R	.540	1.111	-	-	-	-	-
R ²	.256	1.111	-	-	-	-	-

Source: Data Processed, 2023

Hypothesis H1 has a calculated t value of -2.356 with a significance level of 0.022. Thus, it is known that the calculated t value is $(-2.356) < t \text{ table } (1.671)$, and the significance is $(0.022) < 0.05$. This means that X1 has a significant effect on Y. Hypothesis H2 has a calculated t value of 3.849 with a significance level of 0.000. Thus, it is known that the t value is $(3.849) > t \text{ table } (1.671)$, and the significance is $(0.000) < 0.05$. This means that X2 has a significant effect on Y. Hypothesis H3 has a calculated t value of 2.115 with a significance level of 0.039. Thus, it is known that the estimated t value is $(2.115) > t \text{ table } (1.671)$, and the significance

is $(0.039) < 0.05$. This means that X3 has a significant effect on Y. The results of the coefficient of determination test provide an adjusted R-squared value of 0.256, meaning that the variables of budget planning, HR competency and procurement of goods and services can explain 25.6% of the OPD performance variable. In comparison, other variables explain the remaining 74.4%.

The Influence of Budget Planning on Budget Absorption in Regional Apparatus Organizations in Indragiri Hilir Regency

Based on the results of the first hypothesis analysis, it can be concluded that budget planning has a significant effect on budget absorption in regional apparatus organizations in Indragiri Hilir district. Planning (Planning) is a process that starts from determining organizational goals in the form of deciding strategies for achieving overall goals as well as formulating a comprehensive planning system to integrate and coordinate all corporate work, to achieve goals.

The Influence of Human Resource Competency on Budget Absorption in Regional Apparatus Organizations in Indragiri Hilir Regency

Based on the results of the second hypothesis analysis, it can be concluded that human resource competency influences budget absorption in downstream Indragiri district regional apparatus organizations. This can be proven through the regression coefficient which shows that if the competency of human resources is quality, it will influence the budget absorption of Indragiri Hilir Regency.

The Effect of Procurement of Goods and Services on Budget Absorption in Regional Apparatus Organizations in Indragiri Hilir Regency

Based on the results of the third hypothesis analysis, it can be concluded that the procurement of goods and services has a significant effect on budget absorption in regional organizations in the downstream Indragiri district. This means that the more effective and efficient the procurement of goods and services, the more budget absorption will increase in regional organizations in the downstream Indragiri district.

5. CONCLUSION

Based on the results of data processing in this research, the following conclusions can be drawn: Budget Planning variables have a significant effect on Budget Absorption in Regional Apparatus Organizations in Indragiri Hilir Regency. This is because planning is important in regional development good planning can be the beginning of sustainable regional development activities. The Human Resources Competency variable has a significant effect on Budget Absorption in Regional Apparatus Organizations in Indragiri Hilir Regency. This is because human resources (HR) are a central factor in every organization, and their activities are designed into formal systems to ensure the effective and efficient use of human talent and potential to achieve organizational goals so that the quality of human resources owned by the organization will determine organizational capacity to achieve goals. The variable procurement of goods and services has a significant effect on budget absorption in regional apparatus organizations in the Indragiri Hilir Regency. This is because the procurement of goods and services is closely related to budget absorption in realizing government activities.

SUGGESTION

Based on the test results above, this research can suggest the following things to other researchers: (1) For other researchers, it is best to use interview techniques in data collection methods to get more accurate results. (2) It is recommended that other researchers help respondents fill in the questionnaire. This is done so that the answers given are not subjective. (3) Future researchers are advised to add other variables to the research, such as the use of information technology, organizational commitment or work motivation.

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