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# Analysis the Relationship of Budget Planning to Budget Absorption in Regional Device Organizations Health Department of Konawe District Islands

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### ABSTRACT

**Introduction:** Based on data from the Regional Finance Agency of the Konawe Islands Regency in the 2019 budget year the achievement rate is 21.93%. Meanwhile, for the 2020 fiscal year, it only reached 19.31%. The problem of the level of budget absorption should be reduced if the Regional Device Organization of the Health Office of the Konawe Islands Health Office. Based on this, the researcher is interested in conducting a study on the analysis of the relationship between budget planning and budget absorption in the Regional Device Organization of the Konawe Islands District Health Office.

**Method:** This research is quantitative using a cross sectional design, namely collecting, analyzing, and describing information and data systematically, while increasing understanding of certain phenomena.

**Result:** There is a moderate relationship between planning and budget absorption, it is known from the results of data analysis and obtained a value of X Count or Chi Square 14,653 > from 3.84 or X table and a Phi value of 0.536, there is a moderate relationship between budget execution and budget absorption

**Conclusion:** There needs to be an increase in periodic performance evaluations for the Regional Device Organization of the Konawe Islands District Health Office, especially regarding budget absorption, and it is necessary to improve employee performance by providing training to further deepen their work and fluency in work.

## Introduction

The budget is a crucial policy - making tool as a reflection of political priorities and commitments in government. The budget acts as a planning tool and a control tool. The budget as a planning tool refers to the goals to be achieved by the government, while the budget as a control tool refers to the allocation of sources of public funds approved by the legislature for its expenditures.<sup>[1]</sup> Entering the reform era, the government ratified Law No. 22 of 1999 concerning Regional Government, which now applies Law No. 23 of 2014 concerning Regional Government. With the enactment of the law, it marks the start of regional autonomy because the fiscal cycle that was originally focused on the central government is now left to the regions to manage their own financial affairs in the form of regional revenues and expenditures according to the regional revenue and expenditure budget.<sup>[2]</sup>

Absorption of the budget, especially expenditure on goods and services, has a significant influence in encouraging economic growth, for that every government agency must regulate its expenditure so that it runs smoothly and can support the successful achievement of national development targets.<sup>[3]</sup>

In addition, budget absorption is also influenced by organizational commitment where optimal absorption can be created if Regional Apparatus Organizations provide encouragement, respect, appreciate contributions and give appreciation for individuals to budget actors. This means, if the organization cares about the existence and personal well-being of its members/employees and also appreciates their contribution, budget actors will increase their commitment to the organization in realizing the vision and mission of the local government.<sup>[4]</sup>

Failure in Optimal budget absorption can lead to loss of spending profits, because the allocated funds cannot be used. If the budget allocation is effective and efficient, then the available resources are limited to finance strategic activities and prioritize as needed. Limited revenue sources require the government to allocate an effective and efficient budget.

The Regional Device Organization of the Konawe Islands District Health Office has health service facilities which is sufficient. Currently, there are eight health center and one Regional

General Hospital serving 38,849 residents in seven sub-districts in the Konawe Islands Regency.<sup>[5]</sup>

The absorption of the budget for the regional organization of the Konawe Islands District Health Office for the 2018 budget year from the budget ceiling of IDR 42,041,014,787, - which was absorbed was IDR 35,976,821,139, - or reaching 85.58%, for the 2019 budget year from the budget ceiling of IDR 35,578,416,481, - which was absorbed was IDR 29,461,404,204,- or an achievement rate of 82.81%. Meanwhile, for the 2020 fiscal year, from the budget ceiling of IDR 37,118,594,882, - which was absorbed was IDR 31,346,689,548, - or only reached 84.45%.

Based on the phenomenon that occurs, it certainly causes problems because of the disproportionate absorption of the budget throughout the fiscal year. This is due to the pattern of budget absorption showing a relatively similar trend every year, namely increasing in the third quarter and peaking in the fourth quarter, while in the previous quarter, it increased slowly and was almost stagnant. In addition, the process of submitting accountability documents that accumulate at the end of the year can cause other problems such as lack of supervision over the completeness of accountability documents. Due to pursuing budget absorption targets and also clash with time, so sometimes the completeness of the document is neglected.<sup>[6]</sup>

From the problems above and the low absorption of the budget in the Regional Device Organization of the Konawe Islands District Health Office, the authors are interested in conducting research on "Analysis of the relationship between budget planning and budget absorption in the Regional Device Organization of the Konawe District Health Office".

## Method

This type of research is quantitative using a cross sectional design, namely collecting, analyzing, and describing information and data systematically, while increasing understanding of certain phenomena. The population, namely 8 Health center and the Konawe District Islands Health Office involved in determining policies and budget management, amounted to 71 people with a sample of 61 people who used the Lemeshow formula in determining the sample.

**Result**

**Table 1** shows that of the total respondents, 61 people stated that with good budget absorption, 14 people (22.95%) and 47 people (77.05%) less.

**Table 2** shows that from a total of 61 respondents, it was known that the respondents stated that the Budget Planning was good, amounting to 47

people (77.05%), and 14 people who thought it was less or (22.95%).

**Table 3** shows that the value of X Count or Chi Square 14.653 > of 3.84 or X table and the value of Phi 0.536 which means it has a moderate relationship.

**Table 1. Frequency Distribution of Respondents Statements on Budget Absorption**

Absorption Budget	Frequency (f)	Percentage (%)
Good	14	22.95
Not enough	47	77.05
Total (n)	61	100

**Table 2. Frequency Distribution of Respondents Statements with Budget Planning Variables**

Budget Planning	Frequency (f)	Percentage (%)
Good	47	77.05
Not enough	14	22.95
Total (n)	61	100

**Table 3. Relationship between Planning and Budget Absorption**

Planning Budget	Absorption budget				Σ	%	Chi-Square	φ	X table
	Good		Not enough						
	f	%	f	%					
Good	5	35.71	42	89.36	47	77.05	14.65	0.536	3.84
Not enough	9	64.29	5	10.64	14	22.95			
Total	14	100	47	100	61	100			

**Discussion**

**Relationship between Budget Planning and Budget Absorption**

Research results It is known that there is a moderate relationship between planning and budget absorption, it is known from the results of data analysis and obtained a value of X Count or Chi Square 14,653 > from 3.84 or X table and a Phi value of 0.536, thus it is very clear that inappropriate budget planning can hinder budget absorption. In this case, there is usually a delay in the decision of the budget planner and with a short work contract, so it is risky if it is done and worries about delays in completion.

Planning is the essence of management, because all the organizational activities involved depend on planning. If budget actors can plan

regularly according to regulations. Law No. 14/2015, in the early stages of budget preparation and planning, the central government will determine the fiscal policy in the following year and the macroeconomic framework for the current year in mid-May.<sup>[7]</sup>

The state budget bill will be discussed in accordance with the law. In this discussion, the People's Representative Council can propose changes in the amount of revenue and expenditure for the state budget Bill. The People's Representative Council decision on the state budget Bill will be taken no later than two months before the implementation of the fiscal year. The state budget that has been approved by the People's Representative Council is described in detail in terms of organizational units, functions, sub-

functions, programs, activities, and types of expenditures.<sup>[8]</sup>

In the event that the People's Representative Council does not approve the state budget Bill proposed by the government, the government may use the maximum state budget figures for the previous fiscal year. Some of the problems that often arise when reducing budget planning and internalizing budget expenditures are 1). The activity plan is not in accordance with the needs. 2). Incomplete support data during budgeting. 3). The budget document had to be revised because the calculation decision was wrong. 4) The budget limit is set too low / not in accordance with the market price. 5). There is a price adjustment with government policy (escalation). 6). Not buying support and allocating management costs and budgets. 7). Reference period where the reference period is incorrect/incomplete. 8). Monastery budget plan does not match the unit price. and 9). No formalization of withdrawal planning.<sup>[8]</sup>

This research is also known to have good planning but the realization in its implementation is slow or not well known. The results of the study are 42 respondents stated that this is because there are supporting factors related to the lack of budget absorption, namely the slow procurement time of the auction and the lack of support for regulations in the government. where it is feared that activities will be inefficient.<sup>[9]</sup>

## Conclusion

It is necessary to increase the performance evaluation on a regular basis for the Regional Device Organization of the Konawe Islands District Health Office, especially regarding budget absorption, and it is necessary to improve employee performance by providing training to further deepen their work and fluency in work. Regional apparatus organization in working by improving education, training and self-motivation in work to be more active, structured and measurable.

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