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Factors Affecting Budget Absorption with the Support of Islamic-Based Leadership as a Moderating Variable in the Government of Southeast Aceh Regency

Dicky Zulkarnaen
Prodi Akuntansi, Universitas Gunung Leuse Aceh, Indonesia
Coresponding Author e-mail: Zulkarnaendicky0707@gmail.com

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Abstract

The aim of this research is to test and analyze the effect of budget participation and clarity of budget targets on budget absorption moderated by leadership support. The approach used in this research is an associative approach. The population in this study was all regional apparatus organizations (OPD) in Southeast Aceh district, totaling 33 OPDs. The sample in this study was taken from 3 people from each regional apparatus organization (OPD), consisting of the head of department or secretary, authorized budget user and head of program subdivision so that the number of respondents was 99 people. Data collection techniques in this research used documentation studies and questionnaires. The data analysis technique in this research uses a quantitative approach using statistical analysis using Auter Model Analysis, Inner Model Analysis and Hypothesis Testing. Data processing in this research uses the PLS (Partial Least Square) software program. The results of this research prove that budget participation and clarity of budget targets have a significant effect on budget absorption, leadership support moderates the influence of budget participation and clarity of budget targets on budget absorption in Southeast Aceh Regency

1. Intoduction

The success of public sector organizations cannot be assessed solely from the surplus or deficit in financial reports, because the main purpose of public organizations is not to seek profit but to provide optimal services to the community (Almanda, 2012). In this context, public sector organization performance indicators must be viewed more broadly, including the extent to which planned programs and activities can be realized in accordance with the organization's vision, mission, and strategic objectives (Zahra & Hidayat, 2017). According to Kurotomo and Erwan (2005), the performance of public organizations is ideally realized through transparent, efficient, quality, fair, and accountable work results. In governance practices, efforts to achieve these performance targets must be supported by a good budgeting system. The budget is a planning and control tool, so that public accounting information plays an important role in performance measurement (Mardiasmo, 2018).

One important aspect of performance measurement is the level of budget absorption. Budget absorption reflects how much of the allocated public funds can be realized in real terms for financing public programs and activities (Halim & Syam, 2013). Optimal budget absorption indicates a match between the plan and realization, and supports the accountability of local governments in the eyes of the public.

Table 1. Data on Realization of Regional Budget Expenditure of Southeast Aceh District Government 2018-2022

Year	Regional Budget	Regional Budget Realization	Percentage
2018	1.257,65 M	1.183,21 M	94.08
2019	1.301,28 M	1.350,62 M	103.79
2020	1.480,84 M	1.326,68 M	89.59
2021	1.398,46 M	1.274,69 M	91.15
2022	1.288,16 M	849,54 M	65.95

Source : https://djpk.kemenkeu.go.id/

Budget absorption information is recorded in the Budget Realization Report (LRA). This report displays a comparison between the budget plan and realization in a certain period, and provides an explanation regarding fiscal policies and factors that influence the deviation between targets and actual achievements (Saragih & Desy, 2017). Budget absorption also covers the entire financial cycle, from the preparation stage, implementation, to accountability carried out by state officials or heads of agencies as budget users (Jumarny, 2019). However, in Southeast Aceh Regency, the problem of budget absorption is still a fairly prominent issue. Based on data from the Southeast Aceh Regency Government's LRA for the 2018–2022 period, the percentage of regional spending realization fluctuated and in 2022 it was recorded at only around 65.95%. This figure is far below the ideal average for local government budget absorption, which is generally targeted to approach 95–100%. This condition indicates that there are still obstacles in managing the regional budget.

As conveyed by Abimanyu (2010), increased and effectively managed regional spending will have an impact on community productivity, increased investment, and increased regional original income (PAD). Unfortunately, practices in the field often show distortions in the allocation of capital expenditures due to political intervention, so that the effectiveness of the budget to meet public needs is not optimal (Sasongko, 2010). Low budget absorption is certainly inseparable from several determining factors. One of the main factors is participation in budget preparation. Bawono and Nugraheni (2015) explain that budget preparation participation is a process involving individuals who have responsibility and influence in formulating budget targets. The higher the participation, the more relevant information can be used to set budget targets more realistically.

Table 2. Southeast Aceh District Government Budget Revision Data for 2023

Year	Item	Budget	Change
2023	PAD	Rp.92.331.850.000,00	Rp.98.321.723.959,00
2023	PAD Sah	Rp.15.350.000.000,00	Rp.21.339.873.959,00
2023	Belanja Daerah	Rp.60.698.696.872,00	Rp.69.117.101.927,00

Source: Southeast Aceh District Government, 2024

Unfortunately, in Southeast Aceh Regency, the process of participation in budget preparation still has limitations. Budget determination is still centralized through a council member meeting forum, with less than optimal stakeholder involvement. This is reflected in the 2023 budget revision data, where there were significant adjustments to the Regional Original Income (PAD) and regional spending items. The high number of revisions indicates the low accuracy of initial planning and lack of communication between related parties. Previous studies support the importance of participation in budgeting, such as the results of studies by Handayati and Safitri (2020), Kewo (2014), Hidayat

(2014), and Kamilah (2013) which found a significant relationship between participation in budget preparation and the effectiveness of budget realization. In addition to participation, clarity of budget targets is also a determining factor in good budget absorption. Budget clarity refers to the extent to which budget objectives are formulated specifically, measurably, and can be understood by the responsible party (Jumarny, 2019). Wiprastini et al. (2014) emphasized that clear budget targets will make it easier for individuals to set targets, adjust work plans, and avoid unproductive Budget Calculation Surplus (SILPA). However, in Southeast Aceh, work plans are still found to be running optimally and development activities are not evenly distributed. Performance achievement data shows that there are programs that have not been realized according to target, which reflects the suboptimal setting of budget targets (Saragih, 2003; Stine, 2005).

Previous studies also support this finding, such as research by Jumarny (2019) and Fahrianta (2001), which prove that budget clarity has a significant influence on budget absorption. In addition to the two factors above, leadership support has a major contribution to the success of budget absorption. Kartono & Kartini (2014) argue that an ideal leader has a firm, honest, communicative, open character, and is able to motivate his subordinates to achieve organizational targets. In public organizations, the head of the department has a dual role as a budget manager and person in charge of implementing work programs (Bastian, 2015). Strong leadership support can encourage subordinates to work optimally and comply with the budget targets that have been prepared. However, in Southeast Aceh Regency, the dynamics of leadership are not yet stable. Data shows that several departments have changed heads of department up to three times in the last two years. Changing leaders too often can affect policy continuity, hinder work processes, and have an impact on low employee motivation. Nor (2007) and Rusnindita et al. (2017) emphasized that the effectiveness of organizational control is largely determined by the attitude and consistency of the leadership. This finding is in line with research by Bagus et al. (2013), Ratu (2017), and Dewi & Gayatri (2019) which showed a significant influence of leadership on budget absorption. Based on these various problems, it is clear that budget absorption in Southeast Aceh still needs serious attention through comprehensive academic studies. Therefore, this study aims to analyze the influence of budget preparation participation, clarity of budget targets, and leadership support on budget absorption in the Southeast Aceh Regency Government, with the hope of providing practical input in efforts to improve regional financial management in the future.

2. Research method

This research method uses a survey approach with associative and verification research types that are causal quantitative in nature. The study was conducted to explain the causal relationship between variables and test hypotheses through primary data collection with a questionnaire instrument. The research location is at the Southeast Aceh Regency Government Office, Jl. Iskandar Muda No.04, Kutacane, with implementation from October 2023 to March 2024. The research population includes all regional apparatus organizations (OPD) in Southeast Aceh Regency totaling 33 OPDs. The sample determination was carried out using the saturated sample technique, namely the entire population was sampled. Each OPD was represented by three respondents, namely the head of the service or secretary, the authorized budget user, and the head of the program sub-section, so that the total number of respondents was 99 people. Primary data was collected through documentation methods and distributing questionnaires with a Likert scale to measure respondent perceptions. Instrument testing was carried out with validity and reliability tests using SPSS version 24. Validity was measured by product moment correlation, while the reliability of the instrument was tested on respondents who were not research samples. The data obtained is expected to provide an empirical picture of the relationship between budget preparation participation, clarity of budget targets, and leadership support for budget absorption within the Southeast Aceh District Government.

3. Results and Discussion

Results

This study was conducted in 33 Regional Apparatus Organizations (OPD) of Southeast Aceh Regency with 99 respondents, but only 86 questionnaires were eligible to be processed, dominated by male respondents with a bachelor's degree and aged 40-50 years, indicating adequate experience. Data were collected through a Likert scale questionnaire for the variables of budget participation (X1), clarity of budget targets (X2), leadership support (Z), and budget absorption (Y). The results showed an average budget absorption of 3.86 (Good) with the highest value in timeliness (4.01) and the lowest in program consistency (3.71). Budget participation was also rated Good (3.76) with the highest participation (3.80) and the lowest commitment (3.52). Clarity of budget targets received an average of 3.86, indicating quite clear planning although sometimes revisions made targets confusing. Leadership support had an average value of 3.85 with the highest charisma (4.09) and the lowest intellectual stimulation (3.56). These findings show that participation, clarity of targets, and leadership support support relatively good budget absorption, although there is still a need to strengthen implementation consistency, commitment discussions, and leadership innovation efforts.

The Outer Model Analysis section explains the evaluation of the indicator measurement model through four stages: individual item reliability, internal consistency (composite reliability), average variance extracted (AVE), and discriminant validity, with the first three included in the convergent validity test. The convergent validity test assesses the extent to which the indicator is able to explain the dimensions of its construct; the higher the value, the better the indicator's ability to represent the latent variable. The item reliability test or indicator validity is seen from the loading factor, namely the correlation between the indicator and its construct, where a value above 0.7 is considered ideal and valid, a value above 0.5 is still acceptable, while a value below 0.5 should be eliminated from the model (Chin, 1998).

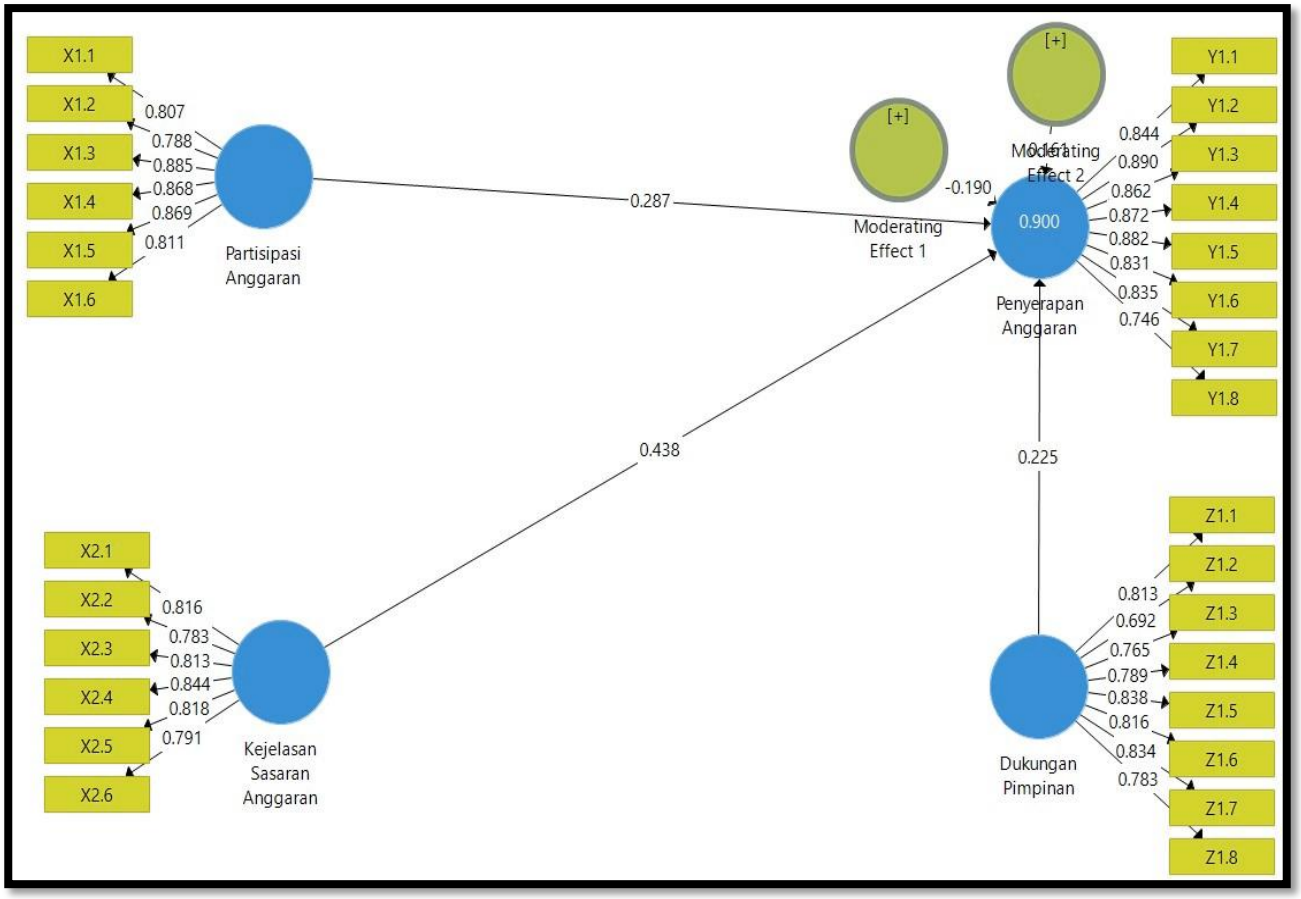

Figure 1. Standardized Loading Factor Inner and Outer Model

From the figure above, it can be seen that all loadings are worth more than 0.5 so they do not need to be set aside. Thus, each indicator has been valid to explain each of its latent variables, namely budget participation, clarity of budget targets, budget absorption and leadership support. The following are the reliability values of the items that can be seen in the outer loading column

Table 3. Result Outer Loading

	Leadership Support	Budget Target Clarity	Budget Participation	Budget Absorption
X1.1			0.807	
X1.2			0.788	
X1.3			0.885	
X1.4			0.868	
X1.5			0.869	
X1.6			0.811	
X2.1		0.816		
X2.2		0.783		
X2.3		0.813		
X2.4		0.844		
X2.5		0.818		
X2.6		0.791		
Y1.1				0.844
Y1.2				0.890
Y1.3				0.862
Y1.4				0.872
Y1.5				0.882
Y1.6				0.831
Y1.7				0.835
Y1.8				0.746
Z1.1	0.813			
Z1.2	0.692			
Z1.3	0.765			
Z1.4	0.789			
Z1.5	0.838			
Z1.6	0.816			
Z1.7	0.834			
Z1.8	0.783			

Sourch : Data Processing Results 2024

.The calculation results show that all outer loading values for the budget participation variable indicators (X1), budget target clarity (X2), leadership support (Z), and budget absorption (Y) are above 0.5, so that all indicators are declared valid and do not need to be eliminated. The highest loading value on budget participation is found in indicator X1.3 (budget proposals influence the final budget), on the highest budget target clarity in X2.4 (budget targets are clear and specific in OPD), on the highest leadership support in Z5 (leaders encourage innovative followers), and on the highest budget absorption in Y2 (budget absorption rate fluctuates from the previous year). These results confirm that each indicator contributes significantly to explaining its latent variables.

Composite Reliability

The statistics used in composite reliability or construct reliability are Cronbach's alpha and D.G rho (PCA). Cronbach's alpha measures the lower limit of the reliability value of a construct while composite reliability measures the actual value of the reliability of a construct. The rule of thumb

used for composite reliability values is greater than 0.6 and Cronbach's alpha values are greater than 0.6. With these measurements, if the value achieved is > 0.60, it can be said that the construct has high reliability.

Table 4. Result Composite Reliability

	Cronbach's Alpha	rho_A	Composite Reliability
Leadership Support	**0.915**	**0.917**	**0.931**
Budget Target Clarity	**0.896**	**0.897**	**0.920**
Moderating Effect 1	**1.000**	**1.000**	**1.000**
Moderating Effect 2	**1.000**	**1.000**	**1.000**
Budget Participation	**0.915**	**0.915**	**0.934**
Budget Absorption	**0.943**	**0.945**	**0.953**

Sourch : Data Processing Results 2024

Based on table above, it shows that the composite reliability value for leadership support is 0.931; clarity of budget targets is 0.920; budget participation is 0.934; budget absorption is 0.953;. Furthermore, Cronbach's alpha for leadership support is 0.915; clarity of budget targets is 0.896; budget participation is 0.915; budget absorption is 0.943;. The four variables obtained Cronbach's alpha and composite reliability values above 0.6 so that it can be said that all items have good reliability or reliability as measuring instruments. Furthermore, Average Variance Extracted (AVE) describes the amount of variance that can be explained by the items compared to the variance caused by measurement errors. The standard is if the AVE value is above 0.5, it can be said that the construct has good convergent validity. This means that the latent variable can explain an average of more than half of the variance of its indicators.

Table 5. Result Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
Leadership Support	**0.628**
Budget Target Clarity	**0.658**
Moderating Effect 1	**1.000**
Moderating Effect 2	**1.000**
Budget Participation	**0.703**
Budget Absorption	**0.716**

Sourch : Data Processing Results 2024

Based on table above, it shows that the AVE value for leadership support is 0.628; clarity of budget targets is 0.658; budget participation is 0.703; budget absorption is 0.716; the variables have AVE above 0.5 so that the construct has good convergent validity where the latent variables can explain an average of more than half of the variance of its indicators.

Discriminant Validity

Discriminant validity examination of the reflective measurement model is assessed based on cross loading and comparing the AVE value with the square of the correlation between constructs. The measure of cross loading is comparing the correlation of the indicator with its construct and the construct from another block. Good discriminant validity will be able to explain the indicator variable higher than explaining the variance of the other construct indicators. The following are the discriminant validity values for each indicator. Discriminant Validity is a concept in construct validity testing that is used to ensure that a construct (latent variable) is empirically different from other constructs in a measurement model. In other words, discriminant validity indicates that a construct actually measures what it is intended to measure, and is not too highly correlated with other constructs that are supposed to be different. Discriminant validity proves that two constructs do not overlap, although they may be related. If two constructs have good discriminant validity, then the measurement results can be said to be unique and stand alone

Table 6. Discriminant Validity

	Leadership Support	Leadership Support	Leadership Support	Leadership Support
X1.1	0.650	0.740	0.807	0.752
X1.2	0.670	0.771	0.788	0.779
X1.3	0.632	0.709	0.885	0.749
X1.4	0.601	0.689	0.868	0.713
X1.5	0.629	0.768	0.869	0.781
X1.6	0.709	0.746	0.811	0.736
X2.1	0.714	0.816	0.656	0.712
X2.2	0.789	0.783	0.726	0.761
X2.3	0.749	0.813	0.674	0.698
X2.4	0.703	0.844	0.743	0.793
X2.5	0.704	0.818	0.769	0.780
X2.6	0.646	0.791	0.711	0.702
Y1.1	0.702	0.766	0.699	0.844
Y1.2	0.774	0.806	0.831	0.890
Y1.3	0.713	0.798	0.709	0.862
Y1.4	0.778	0.784	0.799	0.872
Y1.5	0.730	0.783	0.794	0.882
Y1.6	0.768	0.774	0.762	0.831
Y1.7	0.712	0.824	0.758	0.835
Y1.8	0.622	0.658	0.722	0.746
Z1.1	0.813	0.720	0.698	0.727
Z1.2	0.692	0.686	0.643	0.619
Z1.3	0.765	0.685	0.679	0.681
Z1.4	0.789	0.736	0.568	0.708
Z1.5	0.838	0.707	0.573	0.665
Z1.6	0.816	0.694	0.597	0.694
Z1.7	0.834	0.738	0.639	0.719
Z1.8	0.783	0.637	0.498	0.613

Source: Data Processing Results 2024

Based on table above, it shows that the discriminant validity or loading factor value for X1.1 on budget participation is 0.807. The correlation of indicator X1.1 is higher on budget participation compared to the clarity of budget targets, which is 0.740; especially on leadership support (0.650), and on budget absorption of 0.752. The correlation of indicator X2.1 is higher on the clarity of budget targets (0.816) compared to budget participation, which is 0.656; especially on leadership support (0.714) and on budget absorption of 0.712. Likewise with the indicators of each variable. This shows that the placement of indicators on each variable is correct. Another measurement criterion is to look at the Heretroit-Monotrait Ratio (HTMT) value. If the HTMT value < 0.90 then a construct has good discriminant validity (Azuar Juliandi, 2018).

Table 7. Heretroit-Monotoroit Ratio (HTMT)

	Leadership Support	Leadership Support	Leadership Support
Leadership Support			
Budget Target Clarity	0.878		
Moderating Effect 1	0.704	0.699	
Moderating Effect 2	0.753	0.736	
Budget Participation	0.845	0.870	
Budget Absorption	0.822	0.894	0.865

Source: Data Processing Results 2024

Based on table above, it shows that the discriminant validity value or Heretroit-Monotrait Ratio (HTMT) for each variable has a correlation that is smaller than 0.90. Likewise with the indicators of each variable. This shows that the placement of indicators on each variable is correct

Inner Model Test

Goodness Of Fit Test

To validate the overall structural model, Goodness of Fit (GoF) is used. The GoF index is a single measure to validate the combined performance of the measurement model and the structural model. The GoF value is obtained from the square root of the average communalities index (AVE) value multiplied by the R2 value of the model. The GoF value ranges from 0 to 1 with the interpretation of the values: 0.1 (small GoF), 0.25 (moderate GoF), and 0.36 (large GoF) (Hair, Hult, Ringle, & Sarstedt, 2014). The higher the GoF value, the better or more fit the model can be said to be with the data. The following are the results of the calculation of the goodness of fit model:

Table 8. Average Communalities Index Result

Variabel	AVE	R Square
Leadership Support	**0.628**	
Budget Target Clarity	**0.658**	
Budget Participation	**0.703**	
Budget Absorption	**0.716**	
Average	0.676	0.900
GOF	0.780	

Source: Data Processing Results 2024

Based on Table above, the average communalities result is 0.676. This value is then multiplied by R2 and rooted. The calculation results show that the GoF value of 0.780 is more than 0.36 so it is categorized as a large GoF, meaning that the model is very good (has high capability) in explaining empirical data.

Determination Coefficient Test (R-Square)

R-square is a measure of the proportion of variation in values that are influenced (endogenous) that can be explained by the variables that influence them (exogenous). This is useful for predicting whether the model is good/bad. The r-square result for endogenous latent variables of 0.75 indicates that the model is substantial (good); 0.50 indicates that the model is moderate (medium) and 0.25 indicates that the model is weak (bad) (Juliandi, 2018). Based on the data processing that has been carried out using the smartPLS 3.0 program, the R-Square value is obtained which can be seen in the following figure and table.

Table 9. Uji R-Square Result

	R Square	R Square Adjusted
Budget Absorption	0.900	0.895

Source: Data Processing Results 2024

From table above, it is known that the influence of budget participation and clarity of budget targets on budget absorption with an r-square value of 0.900 indicates that the variation in budget absorption values can be explained by the variation in budget participation values and clarity of budget targets by 90% or in other words that the model is substantial (good), and 10% is influenced by other variables. To determine the strength of the regression model in explaining the relationship between variables. The higher the R^2 value, the better the model explains the variation in data.

R^2 cannot show whether the relationship is statistically significant or not. For this reason, it needs to be supplemented with an F-statistic test or t-test. A high R^2 does not always mean a good model, especially if many independent variables are insignificant.

F2 Test (Size Effect / F-Square)

F-Square is a measure used to assess the relative impact of an influencing variable (exogenous) on the influenced variable (endogenous). The criteria for drawing conclusions are if the F2 value is 0.02 then there is a small (weak) effect of the exogenous variable on the endogenous, the F2 value is 0.15 then there is a moderate (moderate) effect of the exogenous variable on the endogenous, the F2 value is 0.35 then there is a large (good) effect of the exogenous variable on the endogenous (Juliandi, 2018). Based on the data processing that has been carried out using the smartPLS 3.0 program, the F-Square value is obtained which can be seen in the following image and table.

Table 10. F-Square Value

	Budget Absorption
Leadership Support	0.098
Budget Target Clarity	**0.215**
Moderating Effect 1	0.123
Moderating Effect 2	0.088
Budget Participation	0.136
Budget Absorption	

Source: Data Processing Results 2024

Based on table 4.16 above, it is known that:

1. The effect of budget participation on budget absorption has an F2 value of 0.136 indicating that there is a small (weak) effect.
2. The effect of budget target clarity on budget absorption has an F2 value of 0.215 indicating that there is a moderate (medium) effect.
3. The effect of budget participation on budget absorption is moderated by leadership support has an F2 value of 0.123 indicating that there is a small (weak) effect.
4. The effect of budget target clarity on budget absorption is moderated by leadership support has an F2 value of 0.088 indicating that there is a small (weak) effect.

Hypothesis Testing

This test is to determine the path coefficient of the structural model. The goal is to test the significance of all relationships or hypothesis testing. Hypothesis testing in this study is divided into direct influence and indirect influence. The results of the direct influence hypothesis test can be seen in the following path coefficient table.

Table 10. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Leadership Support -> Budget Absorption	0.225	0.229	0.089	2.526	**0.012**
Clarity of Budget Targets -> Budget Absorption	0.438	0.431	0.106	4.150	**0.000**
Moderating Effect 1 -> Budget Absorption	0.190	0.181	0.070	2.691	**0.007**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Budget Participation -> Budget Absorption	0.287	0.292	0.091	3.152	**0.002**

Source: Data Processing Results 2024

Based on Table abouve it can be stated that the hypothesis testing is as follows:

1. The effect of budget participation on budget absorption has a path coefficient of 0.287. This effect has a probability value (p-value) of 0.002 <0.05, meaning that budget participation has a significant effect on budget absorption in Southeast Aceh district.
2. The effect of budget target clarity on budget absorption has a path coefficient of 0.438. This effect has a probability value (p-value) of 0.000 <0.05, meaning that budget target clarity has a significant effect on budget absorption in Southeast Aceh district.
3. The effect of budget participation on budget absorption is moderated by leadership support, which has a path coefficient of 0.190. This effect has a probability value (p-value) of 0.007 <0.05, meaning that leadership support moderates the effect of budget participation on budget absorption in Southeast Aceh district.
4. The effect of budget target clarity on budget absorption is moderated by leadership support, which has a path coefficient of 0.161. This influence has a probability value (p-value) of 0.019 < 0.05, meaning that leadership support moderates the influence of clarity of budget targets on budget absorption in Southeast Aceh district.

Discussion

The results of this study discuss the suitability of the findings with theory, expert opinion, and previous research findings, as well as providing an overview of behavioral patterns that need to be carried out to overcome obstacles to budget absorption in Southeast Aceh Regency. The following is a description of the discussion divided into four main points.

The Effect of Budget Participation on Budget Absorption

The results of the hypothesis test show that budget participation has a significant effect on budget absorption with a path coefficient of 0.287 and a significance of 0.002. The t-count value of 3.152 is greater than the t-table of 1.96, so the hypothesis is accepted. This finding shows that the higher the budget participation, the more effective the budget absorption in the OPD of Southeast Aceh Regency. Participation is measured through indicators of participation, influence, and commitment. The influence indicator has the highest outer loading (0.885), while the participation indicator has the lowest (0.788). This indicates that the budget proposals submitted by employees contribute greatly to the final budget, but the commitment to discussions with superiors still needs to be strengthened. The majority of respondents have a bachelor's degree, but there are still obstacles in determining proposals that are not fully accepted. Theoretically, budget participation can increase the sense of ownership and managerial responsibility because goals are set together (Hansen & Mowen, 2013; Pradana, 2002).

The Effect of Budget Target Clarity on Budget Absorption

The results of the second hypothesis test show that budget target clarity also has a significant effect on budget absorption, with a path coefficient of 0.438 and a significance of 0.000. The t-count value of 4.150> t-table 1.96 supports the hypothesis. The clarity indicator is measured through the clear, specific, and understandable dimensions, with the highest outer loading on the specific indicator (0.844). Clear budget targets make it easier for leaders to set targets according to OPD needs. However, respondents were still found to consider budget targets confusing, indicating the need for

improvement. According to Wiprastini (2014), clear budget targets help employees plan and realize targets more precisely. This finding is in line with research by Jumarny (2019) and Fahrianta (2001), but differs from Ufairah et al. (2022) who argue the opposite.

Leadership Support Moderates the Effect of Budget Participation on Budget Absorption

The test shows that leadership support moderates the effect of budget participation on budget absorption, with a path coefficient of 0.190 and a significance of 0.007. This means that the higher the leadership support, the stronger the influence of participation on budget absorption. The highest outer loading value on participation is found in the influence indicator (0.885) and in leadership support on the intellectual stimulation indicator (0.838). This indicates that the role of leadership in encouraging innovation and providing space for budget target negotiation is very important. However, the realization of budget absorption is still less than optimal due to the mismatch between the OPD proposal and the final budget. Leadership is expected to improve the budget preparation and determination process to suit needs. This finding is in line with Idrianto (2018), Ridwan & Putra (2016), and Triseptya et al. (2017) who proved the role of leadership in moderating the influence of participation on managerial performance.

Leadership Support Moderates the Effect of Budget Target Clarity on Budget Absorption

Finally, the test results show that leadership support also moderates the effect of budget target clarity on budget absorption with a path coefficient of 0.161 and a significance of 0.019. High leadership support helps ensure that clear budget targets can be fully realized according to OPD needs. The highest clarity indicator is in the specific dimension (0.844), while leadership support is again highest in intellectual stimulation (0.838). However, budget realization is still unbalanced because frequent budget changes confuse employees. Therefore, OPD leaders are expected to be able to maintain consistency of plans and commitment in budget execution. This finding supports the results of Agusti (2013) who also found that leadership moderates the relationship between target clarity and managerial performance.

Conclusion

Based on the results of the study in Southeast Aceh Regency, it can be concluded that budget participation has been proven to have a significant effect on budget absorption, clarity of budget targets has also been proven to have a significant effect on budget absorption, and leadership support moderates the effect of budget participation and clarity of budget targets on budget absorption, which means that the better the participation and clarity of budget targets with strong leadership support, the more optimal budget absorption will be; therefore it is recommended that local governments be more careful and precise in determining the final budget in accordance with OPD proposals, OPDs are better able to utilize the budget according to needs, OPD leaders prepare budgets appropriately and realistically, and each leader supports and is highly committed so that the planned budget can be realized optimally and on target, so that obstacles to budget absorption can be minimized and regional development goals can be achieved effectively.

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