Analysis of the Influence of Budget Planning and Human Resource Quality on Budget Absorption: An Empirical Study at The Coordinating Ministry for Economic Affairs of The Republic of Indonesia

Vianida Hardiningsih[1*], Sagita Tirta Gunawan[2]

[1]Student of Accounting Study Program, Faculty of Economics and Business Universitas Terbuka, Indonesia

[2]Tutor at Accounting Study Program, Faculty of Economics and Business , Universitas Terbuka, Indonesia

Corresponding Author. E-mail: hvianida@gmail.com

Abstract

The study was conducted with the aim of knowing the effect of budget planning factors and the quality of human resources on budget absorption within the Coordinating Ministry for Economic Affairs. This research is important because the absorption of the State Budget (APBN) is the main indicator to determine whether the efficiency of state financial management is good or bad. Therefore, the factors that influence it need to be studied more deeply. The population and sample of the study were employees of the Coordinating Ministry for Economic Affairs who handled budget management in both main and additional assignments. Primary data sources were obtained by distributing questionnaires and secondary data were obtained from literature studies on books, journals, and government regulations. The data analysis technique used multiple linear regression analysis with SPSS ver 23 software. The results of the study showed that budget planning had a significant positive effect but the quality of human resources had an insignificant positive effect on budget absorption. In addition, both variables simultaneously affect budget absorption within the Coordinating Ministry for Economic Affairs.

INTRODUCTION

Background

The government plays an important role in encouraging the progress of the country through various policies that are expected to run optimally. The progress of the country can be seen from how the government manages the budget to improve the welfare of the community. Law No. 17/2003 on State Finance explains the budget as an accountability tool for management and policies in supporting stable economic growth and income distribution. As according to the Government Accounting Standards Board (GASB), the budget is a monetary work arrangement that includes the evaluation of costs that are planned.

The budget is a monetary work arrangement that includes an evaluation of the planned costs and revenue sources that should be used in supporting activities for a certain time (Bastian, 2010: 19).

So it can be said that the budget is an important aspect in the delivery of public services. Although in practice, problems are often encountered related to the realisation of suboptimal budget absorption. The World Bank in 2015 confirmed that developing countries such as Indonesia have a 'slow back-loaded' problem. The problem is interpreted as the inefficiency of budget absorption because the progress tends to be low at the beginning and increases sharply at the end of the year.

Furthermore, budget absorption, which is defined by BPKP (2011) as the activity of comparing budget realisation with budget ceiling, should reach 50% in the middle of the year and can be optimised to 100% by the end of the year. Minister of Finance Regulation No. 249/PMK.02/2011 explains that budget absorption is an indicator of work evaluation, so it is clear that low budget absorption can be a parameter of bureaucratic failure.

A budget ceiling that is not fully realised will result in a loss of expenditure benefits and lead to idle funds. When linked to development, these delays ultimately hamper the benefits that should be felt by the community. In the long run, the effects of delays in budget realisation will ultimately affect the national economy (Iqbal, 2018).

The many problems related to budget management led researchers to explore various references. The main thing to look for is related to factors that have an impact on the budget absorption process so that it runs more efficiently. In the process, researchers found two factors that have often been the source of previous research studies, namely budget planning and the quality of human resources. These two things are often associated because they are very close and inseparable in the budget absorption process.

Budget planning according to Mardiasmo (2009) is a narrative about work predictions that will be achieved in a certain period displayed in financial values. According to Putra Farhan Bayu, et al. (2021), planning is proven to have an impact on budget absorption. In addition, there are human resources (HR) which are defined as human individuals who work in an agency or organization with functions as movers, thinkers, and planners in achieving goals. According to Muhammad Iqbal (2018) HR is the main element in every activity carried out by the organization and is very important for budget absorption.

With these two factors, researchers were moved to want to study them in depth as an influence on budget absorption. Furthermore, researchers consider ministries/agencies with strategic budgets to be interesting research objects because they fund important projects mandated by the president, one of which is the Coordinating Ministry for Economic Affairs. This is supported by the fact that there are no sources of studies that specifically highlight the effectiveness of the budget absorption process in the agency led by Minister Airlangga Hartarto since 23 October 2019.

Therefore, the researcher decided to produce a study that could be useful for the efficiency and success of budget absorption at the Coordinating Ministry for Economic

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Affairs, namely 'Analysis of the Influence of Budget Planning and Human Resource Quality on Budget Absorption: An Empirical Study at The Coordinating Ministry for Economic Affairs of The Republic of Indonesia.

Problem Formulation

1. Does budget planning (X1) significantly affect budget absorption (Y) at the Coordinating Ministry for Economic Affairs?
2. Does the quality of human resources (X2) significantly affect budget absorption (Y) at the Coordinating Ministry for Economic Affairs?
3. Does budget planning (X1) and the quality of human resources (X2) affect simultaneously on budget absorption (Y) at the Coordinating Ministry for Economic Affairs?

Research Objectives

1. In order to obtain the results of a significant effect of budget planning on budget absorption at the Coordinating Ministry for Economic Affairs.
2. In order to obtain the results of a significant influence on the quality of human resources on budget absorption at the Coordinating Ministry for Economic Affairs.
3. In order to obtain the results of the simultaneous influence of budget planning and the quality of human resources on budget absorption at the Coordinating Ministry for Economic Affairs.

METHODOLOGY

The research is correlational in nature which explains the influence of one variable on another. The research was conducted at the Coordinating Ministry for Economic Affairs. The population in the study was employees of the Coordinating Ministry for Economic Affairs with specific criteria, namely handling budget management in both main and additional assignments. The sample is the entire population with specific criteria that have been mentioned.

Data collection with primary and secondary data. Primary data was obtained from Likert scale questionnaires in each variable measurement, namely budget planning, quality of human resources, and budget absorption. Likert scale option answers are completed by assigning a value to each answer as shown in the following table:

No	Bobot Nilai	Alternatif Jawaban
1	5	Sangat Setuju (SS)
2	4	Setuju (S)
3	3	Cukup Setuju (CS)
4	2	Tidak Setuju (TS)
5	1	Sangat Tidak Setuju (STS)

Tabel 1 Skala Likert

The questionnaire contains a list of structured questions created with the aim of obtaining information related to each variable from respondents. The questionnaire was created through gform which was distributed to the research population. The

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secondary data is obtained from literature studies reviewed through books, related government regulations, and previous research journals.

Data analysis was carried out with a series of multiple linear regression analysis tests using SPSS ver 23 software. The process in testing is explained as follows: (a) research instrument test, namely validity test and reliability test, (b) descriptive statistical analysis,

(c) classical assumption test consisting of normality test, heteroskedastistity test, and multicononierity test, (d) analysis of the coefficient of determination (R2), (e) simultaneous test (F test), (f) partial test (t test).

RESULTS AND DISCUSSION

Research examining the influence of various variables on budget absorption has been conducted. Various variables that are influencing factors that have been studied include budget planning and the quality of human resources. In the research of Ramadhani, et all (2019), Ferdinan, et all (2020), Sulistyanti, et all (2021) and Furqana, et all (2022) it was found that budget planning had a significant positive correlation and the quality of human resources had a positive but insignificant effect. This is in line with Sri Wahyuni, et all (2022) which also proves that budget planning is positively correlated with budget absorption but is different from Sri Wahyuni, et all (2022) which explains that the quality of human resources has a significant influence on budget absorption. Meanwhile, in the research of Rahmawati, et all (2020), the opposite results were obtained that budget planning and the quality of human resources in a partial scope had no effect on budget absorption. This is supported by Handayani (2022) who states that budget planning has no effect on budget absorption.

With the variation of previous research, the majority of these researchers suggest that retesting with different variables and objects of research can produce research outputs that can provide reinforcement for one side that is considered correct. The results of the tests carried out related to the analysis of the effect of budget planning and the quality of human resources on budget absorption at the Coordinating Ministry for Economic Affairs are explained as follows.

Results

Instrument Testing Validity Test

1. The consequences of testing budget absorption (X1) can be assumed that all question items 1 to 8 are valid where the significance value is sig. (2- tailed) for all items <0.05.
2. The consequences of testing the quality of human resources (X2) can be assumed that all question items 1 to 10 are valid where the significance value is sig. (2-tailed) for all items <0.05.
3. The consequence of testing budget absorption (Y) can be assumed that all question items 1 to 9 are valid where the significance value is sig. (2- tailed) for all matters <0.05.

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Reliability Test

The results of reliability testing found that all variables are reliable. This is based on the results of Cronbach's alpha for all variables which show results> 0.7.

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		20
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.58656871
Most Extreme Differences	Absolute	.184
	Positive	.121
	Negative	-.184
Test Statistic		.184
Asymp. Sig. (2-tailed)		.073[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Tabel 2 Uji Normalitas

The test results obtained Asymp.Sig. (2-tailed) for all variables has> 0.05, namely 0.073. So it can be concluded that further testing can be done on the basis of normally distributed data.

Correlations

			Perencanaan Anggaran	Kualitas SDM	Unstandardized Residual
Spearman's rho	Perencanaan Anggaran	Correlation Coefficient	1.000	.597**	.037
		Sig. (2-tailed)	.	.005	.877
		N	20	20	20
	Kualitas SDM	Correlation Coefficient	.597**	1.000	.239
		Sig. (2-tailed)	.005	.	.310
		N	20	20	20
	Unstandardized Residual	Correlation Coefficient	.037	.239	1.000
		Sig. (2-tailed)	.877	.310	.
		N	20	20	20

**. Correlation is significant at the 0.01 level (2-tailed).

Tabel 3 Uji Heteroskedastisitas

The results of testing the prerequisites of heteroscedasticity using the Spearman Rho method show that Sig. (2-tailed) for variable X1 is 0.877 and variable X2 is 0.310. The significance value of each variable has reached >0.05 so that there are no symptoms of heteroscedasticity.

Coefficients[a]

		Collinearity Statistics	
Model		Tolerance	VIF
1	Perencanaan Anggaran	.633	1.579
	Kualitas SDM	.633	1.579

a. Dependent Variable: Penyerapan Anggaran

Tabel 4 Uji Multikolonieritas

Testing the multicolonieriety test found that the tolerance number of the collinearity statistic is more than 0.10, namely 0.633 and VIF (variance inflation factor) is less than 10, namely 1.579 for both variables. This implies that there is no significant relationship

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between the independent variables. In this way, these variables do not suffer from a case of multicolonaryity and the test can proceed.

Descriptive Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Perencanaan Anggaran	20	24	39	32.30	4.555
Kualitas SDM	20	21	49	39.15	6.167
Penyerapan Anggaran	20	23	45	36.35	5.641
Valid N (listwise)	20				

Tabel 5 Analisis Deskriptif.

1. The test shows that the average value of the budget planning variable consisting of 8 questions is 32.3. This shows that the budget planning variable at the Coordinating Ministry for Economic Affairs is in a good category with the majority of respondents choosing scale 4 which means agreeing with the indicators of questions related to budget planning.
2. The test shows that the average value of the HR quality variable consisting of 10 questions is 39.15.10 questions is 39.15. This shows that the budget planning variable at the Coordinating Ministry for Economic Affairs is in a good category with the majority of respondents choosing scale 4 which means agreeing with the question indicators related to the quality of human resources.
3. The test shows that the average value of the budget absorption variable consisting of 9 questions is 36.35. This shows that the budget absorption variable at the Coordinating Ministry for Economic Affairs is in a good category with the majority of respondents choosing scale 4 which means agreeing with the indicator questions related to the quality of human resources.

The majority of respondents chose scale 4 which means they agree with the budget absorption question indicator.

Quantitative Analysis

Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.778	6.619		.722	.480
	Perencanaan Anggaran	.904	.240	.730	3.766	.002
	Kualitas SDM	.061	.177	.067	.343	.736

a. Dependent Variable: Penyerapan Anggaran

Tabel 6 Analisis Regresi Berganda.

$$Y = 4.778 + 0.904X1 + 0.061X2$$

a. The constant is 4.778, meaning that if budget planning and the quality of human resources are 0, budget absorption at the Coordinating Ministry for Economic Affairs can be expressed in units of 4.778.

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b. Budget planning has a coefficient of 0.904, meaning that budget planning is positive on budget absorption at the Coordinating Ministry for Economic Affairs. This means that if budget planning increases, budget absorption also increases by 0.904 units.

c. The quality of human resources has a coefficient of 0.061, meaning that the quality of human resources is positively related to budget absorption at the Coordinating Ministry for Economic Affairs. This means that if the quality of human resources increases, the budget absorption also increases by 0.061 units.

Coefficient of Determinant

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.772[a]	.596	.548	3.792

a. Predictors: (Constant), Kualitas SDM, Perencanaan Anggaran

Tabel 7 Koefisien Determinan

Based on the test conducted to determine the coefficient of determination of budget absorption at the Coordinating Ministry for Economic Affairs, the adjusted R square value shows 0.596. Thus, the contribution of the two variables to budget absorption at the Coordinating Ministry for Economic Affairs is 54.8%. The 45.2% is the proportion of the influence of variables outside the study.

t-Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.778	6.619		.722	.480
	Perencanaan Anggaran	.904	.240	.730	3.766	.002
	Kualitas SDM	.061	.177	.067	.343	.736

a. Dependent Variable: Penyerapan Anggaran

Tabel 8 Uji t

a. The calculated t value is 3.766 and the significance value (sig = 0.002, <0.05). So, the budget planning variable has a significant influence on budget absorption at the Coordinating Ministry for Economic Affairs.

b. The calculated t value is 0.343 and the significance value (sig = 0.736, > 0.05). So, the variable quality of human resources has an influence but not significant on budget absorption in the Coordinating Ministry for Economic Affairs.

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F-Test

ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	360.144	2	180.072	12.525	.000b
	Residual	244.406	17	14.377		
	Total	604.550	19			

a. Dependent Variable: Penyerapan Anggaran
b. Predictors: (Constant), Kualitas SDM, Perencanaan Anggaran

Tabel 9 Uji F

Based on the F test, it is known that the calculated F value is 12.525 and the significance value is 0.000 (p<0.05). This shows that both variables simultaneously affect budget absorption at the Coordinating Ministry for Economic Affairs.

DISCUSSION

Based on the results of hypothesis testing, the results between variables can be interpreted as follows:

Effect of Budget Planning on Budget Absorption

The first hypothesis (H1) is that budget planning has a significant effect on budget absorption at the Coordinating Ministry for Economic Affairs. Based on the partial statistical test or t test on the budget planning variable, the t value is 3.776 with a significance value of 0.002. This value is smaller than 0.05 which indicates that budget planning has a positive and significant effect on budget absorption. So, the first hypothesis (H1) can be accepted.

The results of the study are in line with those stated by Ramadhani, et al. (2019), Ferdinan, et al. (2020), Sulistyanti, et al. (2021) and Furqana, et al. (2022) which explain that budget planning has a significant effect. The resulting research disagrees with Rahmawati, et al. (2020) and Handayani (2022) who say budget planning has no influence on budget absorption.

The Effect of Human Resource Quality on Budget Absorption

The second hypothesis (H2) is that the quality of human resources has a significant influence on budget absorption at the Coordinating Ministry for Economic Affairs. Based on the partial statistical test or t test on the budget planning variable, the t value is 0.343 and the significance value is 0.736 which is greater than 0.05. This shows that the quality of human resources has a positive effect but not a significant effect on budget absorption. This shows that the quality of human resources has a positive but insignificant effect on budget absorption. So, the second hypothesis (H2) can be accepted even though partially.

The results of this study are still in line with the research of Ramadhani, et al. (2019), Ferdinan, et al. (2020), Sulistyanti, et al. (2021) and Furqana, et al. (2022) which also state that the quality of human resources has an influence but is not significant on budget absorption. However, in contrast to the results of research by Sri Wahyuni, et

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al. (2022) which explains that the quality of human resources actually has a positive and significant effect.

Simultaneous Effect of Budget Planning and Human Resource Quality on Budget Absorption

The second hypothesis (H3) is that the two variables have a simultaneous influence on budget absorption at the Coordinating Ministry for Economic Affairs. Based on the F test, the calculated F value is 12.525 and a significance value of 0.000 (p <0.05). This means that both variables have a simultaneous effect on budget absorption. So, the third hypothesis (H3) can be accepted.

This is in line with Sri Wahyuni, et al. (2022) who revealed the same thing that budget planning and the quality of human resources simultaneously affect budget absorption.

CONCLUSIONS

This study examines the effect of budget planning and the quality of human resources on budget absorption at the Coordinating Ministry for Economic Affairs with the following conclusions:

1. Budget planning variables at the Coordinating Ministry for Economic Affairs have a positive and significant effect on budget absorption.
2. The variable quality of human resources at the Coordinating Ministry for Economic Affairs has a positive and insignificant effect on budget absorption.
3. Budget planning variables and the quality of human resources at the Coordinating Ministry for Economic Affairs have a simultaneous effect on budget absorption.

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