

Analysis of The Effectiveness And Efficiency of Performance Based Shopping Budget in The Government of Kendari City

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Abstract: This study aims to determine and analyze the effectiveness and efficiency of performance-based regional expenditure budgets in the Kendari City Government in 2013-2017. The type of data used is quantitative data. The data source used is secondary data. The data collection method used is documentation. The analytical method used is descriptive analysis method. The results of the study show that the effectiveness of the Kendari City Government's regional budget for 2013-2017 fluctuated. The level of effectiveness is measured by comparing the realization of the Budget with the Budget Target. The highest effectiveness level occurred in 2013 with the effective category while the 2014-2017 year was categorized as quite effective. This is because there are several budgeted activities that are not implemented. While the level of efficiency of regional expenditure is measured by comparing the realization of the Direct Budget with the Realization of the Budget. The level of efficiency of the regional expenditure budget for 2013-2017 is categorized as very efficient. Thus the efficiency of the Kendari City Government's regional expenditure budget for 2013-2017 as a whole has been carried out efficiently, this is indicated by the results of calculations which show a percentage below 60%.

Keywords : Effectiveness, Efficiency, Budget

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I. Introduction

1.1. Background

In accordance with the mandate of the 1945 Constitution of the Republic of Indonesia, regional governments have the authority to regulate and manage their own government affairs according to the principle of autonomy. The granting of broad autonomy to the regions is directed to accelerate the realization of people's welfare through service improvement, empowerment and the role of the community. Besides that through broad autonomy, the regions are expected to be able to increase their competitiveness by paying attention to the principles of democracy, equalization and justice in the system of the Unitary State of the Republic of Indonesia. In the context of public accountability, local governments must carry out budget optimization carried out effectively and efficiently to improve the welfare of the community. Effective means that the use of the budget must achieve targets or goals. Efficiency means that the use of public funds can produce maximum output (efficient).

On the other hand, there are many budget allocations that do not match the needs and priority scale and do not reflect the effective and efficient aspects because the quality of budget planning is relatively weak. Weak budget planning is also followed by the inability of local governments to increase local revenue on an ongoing basis. Meanwhile, regional expenditures continue to increase, so that this will cause underfinancing of a work unit of government institutions / organizations. New demands arose for public sector organizations to pay attention to value for money in carrying out their activities. The analysis of regional expenditure is very important to evaluate whether the regional government has used the Regional Budget (APBD) economically, efficiently and effectively (value for money).

Expenditure in the budget realization report is an important component that invites public attention. This is because the community as a public funder through the local tax they pay has an interest in knowing whether the funds have been used properly and are oriented to the public interest. The regional expenditure also reflects the regional government policy and the direction of regional development. In an organization generating income is more difficult than spending. Because the nature of spending is relatively easy to do and prone to leakage, planning, controlling, and monitoring of expenditure are very important. After being spent and reported in the budget realization analysis report on this expenditure, it is absolutely necessary to be used as the basis for future evaluations, corrections and improvements.

1.2. Research Objectives

The purpose of this research is to find out and analyze the effectiveness and efficiency of the regional performance budget based on the Kendari City Government in 2013-2017.

II. Literature Review

2.1. Regional Finance

According to Government Regulation No. 58/2005, regional finances are all the rights and obligations of the region in the context of the administration of regional government which can be valued in money including all forms of wealth related to the rights and obligations of the region. Law Number 23 Year 2014 states that regional finance is all rights and obligations of the region that can be valued with money and everything in the form of money and goods that can be owned by the region which is related to the implementation of these rights and obligations.

2.2. Regional Budget Revenues and Expenditures

Regional Revenue and Expenditure Budget is a plan of government activities in the form of figures that include all sources of income and expenditures as high as possible that may be needed to finance the interests of the region and other parties and are credits to do expenditure for a particular budget . According to Law Number 17 Year 2003 the APBD structure is a unit consisting of: 1) regional income, 2) regional expenditure, and 3) regional financing.

2.3. Performance-Based Budgeting

Performance-based budgeting is a budgeting system that is oriented towards organizational output and is very closely related to the organization's vision, mission and strategic plans. Budget that is not effective and not oriented on performance will be able to thwart the planning that has been prepared. Measuring performance on an ongoing basis will provide feedback, so that continuous improvement efforts will achieve success in the future. (Indra Bastian, 2006).

2.4. Effectiveness

Effectiveness is basically related to the achievement of policy objectives or targets (outcomes). Effectiveness is the relationship between outputs with goals and objectives that must be achieved. Operational activities are said to be effective if the process of achieving the policy objectives and objectives (spending wisely). Effectiveness focuses on outcomes. An organization, program or activity is said to be effective if the output carried out can meet the expected target (Mahmudi, 2007).

2.5. Efficiency

Efficiency is the ratio between expenses incurred for expenditure activities which include employee expenditure, routine expenditure in the form of goods, maintenance expenditure, travel expenditure, and operational expenditure, this measure is used to obtain certain income used as minimum as possible as economic motives. Therefore, the level of efficiency that occurs will be greater if the costs incurred to realize revenue are pressed as low as possible, so that the realization of revenue increases, then the efficiency to see efforts to optimize the use of input combinations or to produce a certain level of output with a minimum amount of costs (Mahmudi, 2007).

III. Research Methods

3.1. Types of Research

This type of research used in this research is descriptive research. Descriptive research is research conducted to determine the value of an independent variable, either one variable or more without making comparisons, or linking one variable to another.

3.2. Research Locations and Objects

The location of this research is at the Kendari City Financial and Asset Management Agency (BPKAD) located at Jalan Abdullah Silondae, Mandonga Sub-District, Kendari District, with the object of research being the Regional Government Budget and Expenditure (APBD) of the Kendari City Government in 2013-2017.

3.3. Data Collection Methods

The method of collecting data and information in this study using the documentation method is a way of collecting data obtained from existing documents or records that are stored as disclosed by Sugiyono (2016: 240).

3.4. Data Analysis Methods

The method of data analysis begins with the calculation of the level of effectiveness and the level of efficiency of the regional budget based on work. To be able to know and measure the level of effectiveness, the formula is used (Mohamad Mahsun, 2018):

$$Effectiveness = \frac{Realized\ Budget}{Target\ Budget} \times 100\%$$

Based on Decree of the Minister of Home Affairs No. 690,900-327 of 1996 concerning the evaluation criteria and financial performance, the determination of the level of effectiveness of the expenditure budget is as follows:

Table 1
Effectiveness Ratio

Effectiveness Ratio (%)	Criteria
>100	Very Effective
90 - 100	Effective
80 - 90	Effective
60 - 80	Less Effective
< 60	Not Effective

Source: Literature Study, 2018

The calculation of the level of efficiency of the expenditure budget can be calculated by comparing the level of realization of the expenditure budget with the realization of the direct budget. The expenditure budget referred to here is the total expenditure from direct and indirect expenditure. Then the following formula is used (Mohamad Mahsun, 2018):

$$Efficiency = \frac{Realized\ Direct\ Budget}{Realized\ Budget} \times 100\%$$

The level of efficiency classification is based on Minister of Home Affairs Decree No. 690,900-327 of 1996 concerning Financial Assessment and Performance Criteria are as follows:

Table 2
Efficiency Ratio

Efficiency Ratio (%)	Criteria
>100	Inefficient
90 - 100	Less Efficient
80 - 90	Efficient enough
60 - 80	Efficient
< 60	Very Efficient

Source: Literature Study, 2018

IV. Research Result

4.1. Research Results

1. Analysis of the Effectiveness of the Regional Budget of the Kendari City Government in 2013-2017

Table 3
Level of Effectiveness Analysis of Regional Budgets
Kendari City Government 2013-2017

Year	Budget Expenditure (Rp)	Realization of Expenditure Budget (Rp)	Effectiveness Level (%)	Criteria
2013	918.051.809.231,04	849.332.245.959,80	92,51	Effective
2014	1.216.277.930.840,88	1.047.963.007.639,35	86,16	Effective Enough
2015	1.345.191.908.880,94	1.148.108.935.240,55	85,35	Effective Enough
2016	1.597.597.889.723,34	1.416.199.278.988,74	88,65	Effective enough
2017	1.310.022.376.902,84	1.124.652.357.038,82	85,85	Effective enough

Source: BPKAD Kendari City Government, 2018 (Data Processed)

During the 2013-2017 budget period, the level of effectiveness of the budget fluctuated from year to year, sometimes decreasing sometimes increasing. In 2013 the level of effectiveness of the regional budget by 92.51% decreased in 2014 by 6.35% to 86.16%. After that it declined again in 2015 to 85.35%. In 2016 it increased slightly to 88.65% and in 2017 it decreased again to 85.85%. In 2013 the level of effectiveness showed an effective category while in 2014-2017 it was in the quite effective category.

2. Analysis of the Level of Efficiency of the Kendari City Government Regional Budget 2013-2017

Table 4
Analysis of the Level of Efficiency in Regional Budgets
Kendari City Government 2013-2017

YEAR	Realized Direct Budget (Rp)	Realized Budget (Rp)	Efficiency Level (%)	Criteria
2013	370.003.662.135,65	849.332.245.959,80	43,56	Very Efficient
2014	511.392.342.392,00	1.047.963.007.639,35	48,79	Very Efficient
2015	556.751.430.224,00	1.148.108.935.240,55	48,49	Very Efficient
2016	744.077.882.979,74	1.416.199.278.988,74	52,54	Very Efficient
2017	580.609.003.168,82	1.124.652.357.038,82	51,62	Very Efficient

Source: BPKAD Kendari City Government, 2018 (Data Processed)

The table above shows the level of efficiency of the Kendari City Government regional budget from the 2013-2017 budget period. In 2013 the level of efficiency of the budget by 43.56% decreased as a percentage to 48.79 for 2014. In 2015 the efficiency level was 48.49% and again decreased in 2016 the percentage to 52.54% but still in the very category efficient. In 2017 the efficiency level was 51.62%. Overall the level of efficiency of the expenditure budget from 2013-2017 is in the very efficient category because the percentage of efficiency is below 60%.

4.2. Discussion

1. Effectiveness of the Kendari City Government Regional Budget. The management of the Kendari City Government budget has varying effectiveness criteria from 2013 to 2017. Based on the results of calculations from 2013-2017 the level of effectiveness of the Kendari City Government budget is still quite effective. The greater the budget realization, the higher the percentage of effectiveness and vice versa, the lower the budget realization, the lower the level of effectiveness of the Kendari City Government regional budget.

2. The efficiency of the Regional Budget of the Kendari City Government. From the results of the calculation of the level of efficiency of the Kendari City Government regional budget is said to be very good, where in 2013-2017 the efficiency of the Kendari City Government regional budget as a whole is very efficient. The smaller the percentage rate, the more efficient the Kendari City Government's regional budget and vice versa, the greater the percentage of the Kendari City Government's regional budget. In calculating the level of efficiency, based on costs. Where efficiency will only be determined by the accuracy in utilizing the budget by giving priority to factors that can refer to the achievement of goals.

Where there are a number of activities directed at compulsory government affairs which are routine programs and activities as follows:

1. Office administration service program.
2. Apparatus facilities and infrastructure improvement program.
3. Apparatus discipline improvement program.
4. Apparatus capacity building program.
5. Program to improve the development of performance and financial reporting systems.
6. Regional development and information promotion program.

In accordance with the notion of efficiency, namely the use of minimum funds to achieve maximum results, the program that has been carried out above the Kendari City Government has succeeded in meeting the level of efficiency of the regional budget or successfully using small funds to achieve maximum results.

V. Closing

5.1. Conclusions

The results of the research and discussion described earlier can be concluded that the level and criteria of effectiveness of the Kendari City Government regional budget in 2013-2017 vary. The highest level of effectiveness occurred in 2013 with effective criteria while in 2014-2017 it was quite effective. This difference occurs because there are activities that are budgeted but not realized. The 2013-2017 Kendari City Government

regional budget as a whole has been processed efficiently where the 2013-2017 regional expenditure budget is in the very efficient category. Budget management has met the efficiency requirements, namely the use of minimum funds to achieve maximum results. The results of this study only apply to measure the level of effectiveness and efficiency of the Kendari City Government budget during 2013-2017. Did not rule out the possibility for the next year the effectiveness and efficiency of the Kendari City Government budget could be more than now.

5.2. Suggestions

The advice used is as follows:

1. For Kendari City Government

A. Kendari City Government to further improve effectiveness and maintain efficiency in the management of the regional budget for the following year, and need to conduct a performance evaluation or training in improving the quality of Human Resources to all work unit leaders to address the low realization of the regional budget in the future.

B. Programs and activities that are urgent, strategic and have a large impact and are directly related to the problems of the development of Kendari City should be completed in the relevant fiscal year and adjusted to the financial capacity of the region.

C. Every fund from the Kendari City Regional Budget which is allocated to each work unit should be able to spur development and reduce poverty and unemployment.

2. For Further Researchers

This research is limited to measuring the level of effectiveness and efficiency by looking at regional financial performance through calculations and analysis of the achievement of targets and realization of the budget. We recommend that for further research in assessing the accountability of a government agency is to look at financial performance through calculations and analysis both in terms of input, output, outcome, impact and benefits.

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