FACTORS THAT INFLUENCE THE APPLICATION OF UNIT WORKING BUDGET OF MEDAN CITY GOVERNMENT WITH MONITORING AND EVALUATION AS A MODERATING VARIABLE

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Abstract: The objective of this study was to analyze the influence of the budget planning, quality of human resources, bureaucratic reform, work discipline and motivation with monitoring and evaluation as moderating variable on the budget absorption of Medan City Government. The study used causal research method. The population was 57 SKPDs (Regional Work Unit) that consisted of PPK-SKPD (Financial Management Official of SKPD) and treasurers of Medan City Government, and all of them were used as the samples (census sampling). Primary data were gathered by using questionnaires. Hypothesis was tested by using multiple regression analysis and moderating test with residual test. The result of the study showed that the budget planning, quality of human resources, bureaucratic reform, work discipline and motivation had significant influence on the budget absorption simultaneously. Partially, the budget planning, quality of human resources, bureaucratic reform, work discipline and motivation had significant influence on the budget absorption. Monitoring and evaluation as moderating variable could not moderate the correlation of the budget planning, quality of human resources, bureaucratic reform, work discipline and motivation with the budget absorption of Medan City Government.

Keywords: budget absorption, budget planning, quality of human resources, bureaucratic reform, work discipline and motivation with monitoring and evaluation.

I. INTRODUCTION

Problems about the lack of budget absorption in local government, ministries and institutions are often blamed for poor performance of the bureaucracy. Budget absorption itself is important to encourage the creation of a multiplier effect on the economy. However, the true performance of the bureaucracy can not be measured solely by budget absorption. Failure of budget absorption target will indeed result in loss of shopping benefits. Because the funds that have been allocated turned out not all can be utilized which means there is idle funds. Whereas if the budget allocation is efficient, then despite the limited funding sources, the state can still optimize the funding of other strategic activities.

The same problem faced by all government agencies is the low level of budget realization. Although the high budget realization is not the main benchmark of an agency's performance, the budget becomes very important and relevant in the local government, as the budget affects the performance of the government associated with the function of government in providing services to the public. Along with the increasing public demand for transparency of public expenditure budgeting, the Performance Based Budgeting system was introduced as a replacement for the old budget system with incrementalism traditional system and the line item structure. In the traditional system the main emphasis is on input, where the change lies in the amount of budget increased compared to the previous year with less emphasis on the output to be achieved and less consider the priorities and policies set nationally. Performance based budgeting is designed to create efficiency, effectiveness and accountability in the utilization of public budget with clear output and outcomes in accordance
with national priorities so that all budgets issued can be accounted transparently to the public at large. Performance-based budgeting will also improve the quality of public services, and strengthen the impact of improved services to the public. Performance Based Budgeting takes into account the interrelationship between funding with outputs and expected outcomes including efficiency in achieving these outcomes and outputs so that the principles of transparency, efficiency, effectiveness and accountability can be achieved. Performance-based budgeting system establishes performance as the primary goal so that clear and transparent performance measurement tools are performance indicators. In addition to performance indicators there is also a need for clear targets so that performance can be measured and compared so that it can further assess the efficiency and effectiveness of the work performed and the funds that have been spent to achieve the output / performance that has been determined. The role of performance indicators is to provide information as a consideration for decision making. This does not mean that an indicator will provide a definitive measure of program achievement. The value for money indicators are divided into two parts: (1) cost allocation indicators (economy and efficiency), and (2) indicators of service quality (effectiveness). The three subjects in value for money (economical, efficient, and effective) relate to one another. Economists discuss the inputs, the efficiency of discussing the inputs and outputs, and the effectiveness of the discussions about outputs and outcomes.

II. ALREADY LITERATURE AND DEVELOPMENT OF HYPOTHESES

Budget Absorption

Budget absorption reflects the ability of local government in implementing and accounting for every activity that has been planned (Mardiasmo, 2009). The absorption of local government budget is an accumulation of budget absorption done by SKPD. Noviwijaya (2013) SKPD budget absorption is "the proportion of work unit budget that has been disbursed or realized within one budget year". Ability to absorb the budget is considered good and successful if the realization of budget absorption in accordance with actual physical work that can be completed, with the assumption that the actual physical work is relatively similar to the target completion of the planned work (Nugroho and Ananda, 2013). Budget absorption is not only measured by how much the budget can be absorbed, but also measures the efficiency of the budget and the effectiveness of the budget. Individual factors are related to how an employee who handles the budget directly delivers performance in the performance of the task. Often employees who lack adequate competence hold important positions and are given responsibility for budget realization. Organizational factors also determine how the budget is structured through proper planning so that it can be used in accordance with its designation. Psychological factors influence the absorption of the budget. Where external pressure also contributes to budget absorption.

Budget Planning

The most important factor in the absorption of the budget to get more leverage is planning. The problems that arise in budget planning are due to the perceived notion that not all proposed budgets will be approved, so the proposed budget is bigger than required without considering the ease of implementation and real needs in the field (Septianova and Helmy, 2013). In addition, planning activities are not mature and the implementation of activities undertaken not in accordance with the planning (Single, 2011). Budget planning also contributes to the absorption of local government budgets. Notoatmodjo (2003) "planning is the core of management
because all the activities of the organization concerned are based on the plan. To implement the planning of an activity certainly needed budget. Mardiasmo (2009) budget is "a statement about the estimated performance to be achieved over a specified period of time expressed in financial size". Accurate budget planning will facilitate budget execution. The process of planning activities in budgeting is one of the important steps in budget management. Since the twelve months prior to the start of the fiscal year, the planning and spin-off process has begun.

**Quality of Human Resources (HR)**

Not maximal budget absorption in some SKPD because SKPD has not been able to maximize its resources. This is due to inadequate human resources and inadequate budget planning (Maulana, 2011). SKPD budget absorption will be good if the quality of human resources owned good work unit. United Nations Development Programs (2008) defines the quality of human resources as a capability possessed by individuals or individuals, which refers to the skills, experience, and knowledge they possess to do a good job that can be gained through education and training. The better the quality of human resources of a SKPD as the receiver of the trust (steward) in running the programs and activities of the principal, the budget absorption will be better, because the human resources already understand the main duties and functions (Tupoksi).

**Bureaucracy Reform**

The meaning of bureaucratic reform is a major change in the paradigm and governance of Indonesia. Big gamble for the Indonesian nation in facing 21st century challenge. With regards to the thousands of overlapping processes among government functions, involving millions of employees, and requiring a considerable budget. Efforts to rearrange the bureaucratic process from the highest to the lowest levels and make new breakthroughs with gradual, concrete, realistic, earnest, thinking out-of-the-ordinary steps, and with extraordinary efforts. Efforts to revise and develop various regulations, modernize central and local government management policies and practices, and customize government agency functions with new paradigms and roles.

The implementation of bureaucracy reform in each government agency is done based on the policy / program / activity which has been outlined in Grand Design of Bureaucratic Reform and Road Map of Bureaucracy reformation, as well as various implementation guidelines. Furthermore, the implementation of bureaucratic reform requires a solid and credible monitoring and evaluation system and can reflect an objective measurement system, and the user can receive and follow up on the results of the system. In this context, it is stipulated Permenpanrb no. 1 of 2012 on the Self-Assessment of Bureaucratic Reform Implementation, and for its operation is stipulated Permenpanrb no. 31 of 2012 on Technical Guidelines for Independent Assessment of Bureaucratic Reform Implementation Online. Guidelines and Technical Guidelines for Self-Assessment The Implementation of Bureaucratic Reform (PMPRB) is a reference for government agencies to assess the achievement of Bureaucratic Reform program in line with the achievement of national targets, indicators and targets. The PMPRB links the assessment of outputs and outcomes of bureaucratic reform programs in government agencies, as well as the achievement of Key Performance Indicators of each government agency with indicators of successful bureaucracy reform nationally. The Self-Assessment System for the Implementation of Bureaucratic Reform (PMPRB), plays an important role in knowing and assessing
and guarding the achievement of bureaucratic reform as expected.

Work Discipline
Work discipline is a process of constructive development for an interested employee because the discipline of work is demonstrated in the action rather than the person. Discipline is also an exercise process for employees so that employees can develop self-control and to be more effective at work. Thus disciplinary action should also have a positive, educational and corrective objective, not a negative action that impose a disciplined employee or subordinate with the intention of disciplinary action to improve the effectiveness of daily duties and interactions in the future rather than punish past activities.

Work discipline can be seen as something of great benefit, both for the benefit of the organization and for its employees. For the organization of the discipline of work will ensure the maintenance of order and smooth implementation of the task, so that obtained optimal results.

As for the employees will get a pleasant working atmosphere so that will add morale in carrying out their work. Thus, employees can carry out their duties with full awareness and can develop energy and mind as much as possible for the realization of organizational goals (Sutrisno, 2009).

Motivation
Motivation, derived from the word motive (motive), which means encouragement, driving force or driving force that pushes humans to act or a force within the human being that causes humans to act. Motivation also means a condition that encourages or becomes the cause of a person doing an action / activity, which takes place consciously.

Motivation can be sourced from within a person (the worker) in the form of awareness of the importance of the benefits of the work he does. Such motivation is called intrinsic motivation. They feel responsible for a job, so without any outside factors affecting them are motivated to carry out their work. But there is also a motivation that comes from outside the person concerned is referred to as extrinsic motivation (extrinsic motivation). Extrinsic motivation is a job impetus that comes from outside the worker's self, in the form of a condition that requires him to perform a job maximally.

Monitoring and Evaluation
Monitoring and Evaluation in the implementation of regional development are two closely related management functions. Monitoring is conducted for supervision, control or to know the level of success and failure of an ongoing activity within a Fiscal Year. While Evaluation is done as an assessment of the results of the activity in order to know whether the achievement of results, progress and obstacles encountered in the implementation of activities can be studied in order to improve the implementation of activities in the future. These two terms often transform into the acronym "monev". Monitoring and Evaluation is no less important than the Planning Stage.

There are many monitoring and evaluation tools in Government, whether created by the center, then established by law and regulation, and must be implemented by the region, or initiated by the region itself.

III. RESEARCH METHOD
This type of research is a comparative causal research that is research that investigates possible causal relationships that exist. The population in this study are Financial Administration Officials (PPK SKPD) and Expenditure Treasurer of 57 (fifty seven) SKPDs in Medan City Government. Sampling using census method so the number of samples is 2 x 57 SKPD that is 114 respondents.
IV. DATA ANALYSIS METHOD

Data analysis method used in this research is multiple linear regression analysis and moderating analysis. Testing for the first hypothesis uses multiple regression methods and for the second hypothesis by testing moderating effects. This method requires 2 regression equations, the first aims to test the influence of independent variables with the dependent variable. While the second test whether the moderation variable is able to moderate the relationship between independent variables with the dependent variable.

V. RESEARCH RESULTS

The classical assumption test results show that there is no violation of classical assumption testing and the model can be used to perform multiple regression analysis. Next thing to do is testing the hypothesis. To see the effect simultaneously that is by using statistical test F, while to see the effect partially that is by using statistical test t.

Coefficient of Determination \((R^2)\)
The value of \(R\) in essence to measure the magnitude of the relationship of independent variables with the dependent variable. The adjusted \(R^2\) of 0.588 means that 58.8% of budget absorption factors can be explained by budget planning, human resource quality, bureaucratic reform, work discipline and motivation and the balance of 0.412 or 41.2% can be explained by other factors not included in this study.

Simultaneous Test Results (Test Statistic \(F\))
The result of simultaneous test (\(F\) statistic test) on budget planning, human resource quality, bureaucratic reform, work discipline and motivation to budget absorption obtained significance value \(F\) 0.000 smaller than value \(\alpha = 0.05\), hence can be concluded hypothesis proposed accepted. This means simultaneous (simultaneous) budget planning, quality of human resources, bureaucracy reform, work discipline and motivation affect the variable absorption budget at the level of significance \(\alpha = 5\%\).

Partial Test Results (Test Statistic \(t\))
1. Regression coefficient for budget planning variables are positive and significance value of 0.004 smaller than the level of significance \(\alpha = 0.05\), it can be concluded the proposed hypothesis accepted. This shows that partial budget planning variable has a significant positive effect on budget absorption;
2. Regression coefficient for variable quality of human resources is positive and significance value of 0.024 smaller than the significance level \(\alpha = 0.05\), it can be concluded hypothesis proposed accepted. This shows that the variable quality of human resources partially have a significant positive effect on the budget absorption;
3. Regression coefficient for bureaucracy reform variable is positive and significance value equal to 0.007 less than significance level \(\alpha = 0.05\), hence can be concluded hypothesis proposed accepted. This shows that the variable of bureaucracy reform partially has a significant positive effect on budget absorption;
4. Regression coefficient for work discipline variable is positive and significance value of 0.046 is smaller than the level of significance \(\alpha = 0.05\), it can be concluded the proposed hypothesis accepted. This shows that the variable of work discipline partially have a significant positive effect on budget absorption.
5. Regression coefficient for motivation variable is positive and significance value equal to 0.041 smaller than significance level \(\alpha = 0.05\), hence can be concluded hypothesis proposed accepted. This shows that the variable of motivation partially have a
significant positive effect to the budget absorption.
Based on the hypothesis test that has been done, then the result of research regression equation is as follows:

\[ Y = 1.157 + 0.287 \times X_1 + 0.196 \times X_2 + 0.259 \times X_3 + 0.273 \times X_4 + 0.144 \times X_5 \]

The equation shows that the variables \( X_1, X_2, X_3, X_4 \) and \( X_5 \) have positive regression coefficients. This shows that the relationship of variable of budget planning, human resource quality, bureaucracy reform, work discipline and motivation with budget absorption is positive hence can be concluded higher / better variable of budget planning, human resource quality, bureaucracy reform, work discipline and motivation hence the higher / better budget absorption SKPD Medan City Government. From the regression equation above, it can be seen that:

**a. Budget planning (X1) on budget absorption (Y)**
Value of coefficient of budget planning equal to 0.287 mean every increase of budget planning value equal to 100% hence value of variable of budget absorption will increase equal to 28.7% with assumption of other independent variable in regression model is fixed.

**b. Quality of human resources (X2) on budget absorption (Y)**
Value of human resource quality coefficient of 0.196 means every increase of human resource quality value of 100% then the value of variable absorption budget will increase by 19.6% assuming other independent variables in the regression model is fixed.

**c. Bureaucracy reform (X3) on budget absorption (Y)**
The value of the bureaucratic reform coefficient of 0.259 means that every increase of bureaucracy reform value is 100%, then the variable absorption value of the budget will increase by 25.9% with the assumption that the other independent variable in the regression model is fixed.

**d. Work discipline (X4) on budget absorption (Y)**
Work discipline coefficient value of 0.273 means that each work discipline value increase of 100% then the value of the variable absorption budget will increase by 27.3% assuming other independent variables in the regression model is fixed.

**e. Motivation (X5) on budget absorption (Y)**
Motivation coefficient value of 0.144 means that each increase in motivation value of 100% then the value of the variable absorption budget will increase by 14.4% assuming other independent variables in the regression model is fixed.

**Hypothesis Testing 2**
Regression test results obtained by the results of the second hypothesis regression equation as follows:

\[ Z = 7.062 + 0.147 \times X_1 + 0.097 \times X_2 + 0.048 \times X_3 + 0.002 \times X_4 + 0.266 \times X_5 \]

The result of regression test of second hypothesis shows that variable of budget planning and motivation have positive significant effect to budget absorption, while variable of human resource quality, bureaucratic reform, work discipline have positive effect not significant to budget absorption.
The next step is to transform the residual value from the second hypothesis regression test to produce the residual absolute value. The absolute value will be regreated with the dependent variable that
is budget absorption. The residual test equation as follows:

\[ |e| = -1.541 - 0.082 Y \]

A variable is said to moderate if P-Value (Sig) < 0.05 and the value of the parameter coefficient is negative. The result of residual test shows that significant value 0.000 is smaller than \( \alpha = 0.05 \) (0.000 > \( \alpha = 0.05 \)) but regression coefficient value is 0.082 it can be concluded that monitoring and evaluation is not a moderating variable of relationship between budget planning variable, human power, bureaucratic reform, work discipline and motivation with budget absorption.

**Discussion of Research Results**

The results of the first hypothesis testing concluded that simultaneous and partial planning variables, human resource quality, bureaucratic reform, work discipline and motivation have a significant positive effect on budget absorption. This shows the planning, quality of human resources, bureaucratic reform, work discipline and motivation are factors that can support the increase of budget absorption in Medan City Government. The results of the second hypothesis testing concluded that monitoring and evaluation can not moderate the relationship of planning, quality of human resources, bureaucratic reform, work discipline and motivation with budget absorption in Medan City Government. In detail described as follows.

The results of testing the influence of planning variables partially to the variable absorption budget shows a significance level of 0.004 smaller than \( \alpha = 0.05 \) and regression coefficient 0.287. This is in accordance with the research hypothesis that the planning has a significant positive effect on the variable absorption budget.

The result of test of influence of variable of motivation partially to variable of budget absorption showed level of significance equal to 0.046 smaller than \( \alpha = 0.05 \) and regression coefficient 0.273. This shows that work discipline has a significant positive effect on budget absorption variable.

The result of test of influence of variable of motivation partially to variable of budget absorption showed level of significance equal to 0.046 smaller than \( \alpha = 0.05 \) and regression coefficient 0.273. This shows that work discipline has a significant positive effect on budget absorption variable.

The residual test results show that monitoring and evaluation have a significance level of 0.000 smaller than \( \alpha = 0.05 \) and the regression coefficient is worth -1.541. This suggests that the monitoring and evaluation variables are not moderating variables because they can not moderate the relationship between budget planning, human resource quality, bureaucratic reform, work discipline and motivation.
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